M12551

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: *The Public Utilities Act,* R.S.N.S. 1989, c.380, as amended

IN THE MATTER OF: **An application by NOVA SCOTIA POWER INCORPORATED (NS Power) for approval of its 2026 Annually Adjusted Rates (AARs)**

INFORMATION REQUESTS (NON-CONFIDENTIAL)

To: **Michael Willett**
Director, Regulatory Finance
Nova Scotia Power, Inc. (NS Power)

From: Small Business Advocate

Responses Due: December 22, 2025

Copies: 1 electronic copy (PDF searchable)

Contact Person: **Melissa P. MacAdam**
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Issued at Bedford, Nova Scotia on this 1st day of December, 2025

Request IR-1:
Refer to M12551, Exhibit N-1, the Application for the 2026 Annually Adjusted Rates (AARs) submitted by NS Power (the "Application"), Section 6.1.1, BUTU Customer Charge, at pages 24 – 25 of 45, where NS Power described the reason for increasing the BUTU Customer Charge from $401.58 to $414.63 per customer per month, or an increase of 3.25 percent, as necessary due to the Board's prior directive to review the relevant rate of inflation to be used periodically, and refer to Appendix E2 for the calculations of the Customer Charge.[1]

a) What is the justification for the use of the 3.25 percent escalator and where is this justification included or discussed in the Application?
b) Please provide source and calculation for the 3.25 percent escalator?
c) Please confirm whether this 3.25 percent escalator is based on a third-party estimate of inflation for 2026 or from a survey of customer charge increases for other Canadian utilities offering a similar tariff. If confirmed, please provide this supporting information.
d) In addition to the BUTU and Spill Tariffs, has NS Power used this 3.25 percent escalation factor in any other application for approval of revised tariff rates for 2026 or in the proposed GRA in M12451?

Request IR-2:
Refer to M12551, Exhibit N-1, the Application Section 6.2 Spill Tariff Administration Charge, where NS Power has proposed an increase from $2,409.46 to $2,486.77 per supplier per month in 2026, based on a "supporting calculation" for the 3.25 percent escalator in Appendix E2.[2]

a) How does Appendix E2 provide supporting justification and calculations for the 3.25 percent escalation factor for the Spill Tariff and do these differ from that for other 2026 AAR tariffs that include this same escalation factor?

Request IR-3:
Refer to M12551, Exhibit N-1, the Application, page 9 of 45, at lines 26 – 31 and continuing through page 10 of 45, at lines 1 - 22, which states:

> Following the Board's 2024 AAR Decision, the Company filed (on July 31, 2024) and received, on October 31, 2024, Board acceptance of the Year Three (2023/24) Time-varying Pricing (TVP) Pilot Evaluation Report. In accordance with this 2024 AAR directive, NS Power conducted a review of the existing AAR Tariffs to determine which may be suitable for TVP consideration. On January 31, 2025, the Company distributed a memorandum to AAR Stakeholders outlining its planned approach for reviewing AAR's suitability for time-variable pricing and revisiting the methodology for the Fixed Cost Adder portion of One Part Real Time Pricing

[1] M12551, Exhibit N-1 NS Power's Application for the 2026 Annually Adjusted Rates (AARs) (the "Application"), page 25 of 45, at lines 8-20, and Appendix E2.
[2] M12551, Exhibit N-1,Application, page 28 of 45, at lines 8-22, and Appendix E2.

Tariffs (described in Section 4.1). The Company received feedback on the TVP aspects of the letter in February 2025. On March 25, 2025, the Board issued its Decision on the 2025 AARs, which provided the following directive:

> In the 2023 AAR decision, the Board noted that NS Power offered to develop on peak and off-peak AARs after the TVP pilot is complete, and the Board was satisfied with this recommendation. The Board directed NS Power to work with stakeholders and provide it with a recommendation on how to introduce a TVP structure for the AARs in the 2024 application. In 2024, the Board directed NS Power to add an additional pilot year to the TVP program. <u>The Board maintains its position that developing on-peak and off-peak AARs would be best after the TVP pilot evaluation is complete. The Board directs NS Power to engage with stakeholders on developing on-peak and off-peak AARs following the completion of the TVP pilot evaluation. FN13</u> [emphasis in original]

Subsequently, in April 2025, NS Power experienced a cybersecurity incident, which led to an extension for filing the 2024/25 TVP Evaluation Report and a temporary suspension of the TVP Tariffs for 2025/26, as further described under Matter M12499. In accordance with the Board's direction, NS Power intends to re-initiate stakeholder engagement on the TVP structure for AARs once systems have been fully restored, TVP operations have stabilized, and evaluations of the pilot are complete. The Company will provide an update on this matter in its 2027 AAR Application." [3]

a) Please confirm when NS Power plans to re-initiate stakeholder engagement with a schedule for offering a TVP structure for AARs?

Request IR-4:
Refer to M12551, Exhibit N-1, the Application, Section 7.0 Renewable to Retail Market (RtR) Tariffs and the proposed RtR Tariff Administration Charge , which states:

> The Company has calculated the RtR Tariff Administration Charges in accordance with past practice and based on near-term forecast annual administration costs. As activity in the RtR market increases, it is anticipated that the cost of administering the market to be recovered from the LRSs will increase. These costs include the recovery of costs incurred to date, deferred costs associated with the development of the RtR market, and capital and operating-related costs associated with the development and implementation of RTR billing systems. [FN 41]

[3] M12551, Exhibit N-1, the Application, page. 9 of 45, at lines 26-31 through page. 10 of 45, at lines 1-22.

> To the extent additional costs are incurred in 2026, these costs will be deferred by the Company for future recovery. The Company anticipates recovery under the tariff construct to start in 2027.[4]

a) Does NS Power have an estimated cost of these additional costs today? If so, please provide these estimated costs in response to this IR.
b) If NS Power has estimated costs, does NS Power intend to adjust these estimated costs for NS Power's current approved WACC or another interest costs in its calculation of these additional costs?
c) If NS Power does intend to include interest costs, please provide the expected interest rate to be used and the supporting documentation.

Request IR-5:
Refer to M12551, Exhibit N-1, the Application, Section 7.2 Standby Service Tariffs and Figure 10: Standby Service Tariff Charges, which shows the Administration Charge ($/customer/month) of $401.58 for 2025 and $414.63 for 2026.[5]

a) Does the proposed higher 2026 Administration Charge shown in Figure 10 reflect the same 3.25 percent increase also applied in other AAR tariffs included in this Application?
b) If so, please provide an explanation and supporting calculation for the use of this percentage increase for this component of the RtR Tariff as well as other AAR tariffs such as the BUTU tariff.

Request IR-6:
Refer to M12551, Exhibit N-1, the Application, Section 7.3.1.2 Annually Adjusted Energy Savings Credit, page 35 of 45, at lines 10-18, which states:

> 7.3.1.2 Annually Adjusted Energy Savings Credit
>
> The Annually Adjusted Energy Savings Credit is designed to credit the LRS with any non-fuel energy-related cost savings arising from freed-up capacity on NS Power's system as a result of a departure of its bundled service load to the RtR market. The Company's ability to mitigate this cost is limited by its ongoing requirement to maintain generation capacity in the event the RtR customer returns to NS Power's bundled service. The Company does not project savings in this cost category and proposes that the current value of zero remains in effect in 2026.[6]

a) Please explain why NS Power does not project savings in this cost category for 2026?

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[4] M12551, Exhibit N-1, the Application, page. 31 of 45, at lines 12-20.
[5] M12551, Exhibit N-1, the Application, page. 34 of 45, Figure 10, at lines 1-7.
[6] M12551 Application, page. 35 of 45, lines 10-17.

b) Has NS Power received any additional information from existing LRS companies that support NS Power's projected savings of zero? If so, please provide copies or summaries of this information.