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Delivered by E-mail

Crystal Henwood
Regulatory Affairs Officer/Clerk
Nova Scotia Energy Board
3rd Floor, 1601 Lower Water Street
PO Box 1692, Unit "M"
Halifax NS B3J 3S3

Dear Ms. Henwood:

Re: M12551 - NSPI - 2026 Annually Adjusted Rates (AARs)

These comments are filed on behalf of the Industrial Group regarding the request by Port Hawkesbury Paper LP ("PHP") for interim approval of the proposed 2026 Extra-Large Industrial Active Demand Control ("ELIADC") Energy Charge.

On December 12, 2025, PHP requested that the Board grant interim approval of the proposed 2026 ELIADC Energy Charge of $75.87/MWh, effective January 1, 2026. PHP asserts that the proposed charge constitutes a reduction in the existing schedule of rates paid by PHP, the sole customer in the ELIADC class, and that interim approval is warranted under s 69(1) of the *Public Utilities Act*, RSNS 1989, c 380. NSPI does not oppose the request.

Statutory Framework

Section 69(1) of the *Public Utilities Act* authorizes the Board to grant interim approval of a submitted schedule or change where, in the Board's opinion, it either constitutes a reduction in the existing schedule of rates paid by the majority of affected customers in the class, or applies only to a service with no previously approved rate; such interim approval may be with or without modification.

The statute language states the Board "**may**" grant interim approval. The provision is permissive, and the discretion must be exercised within the context of the overriding requirement to set just and reasonable rates. The Board is not required to grant interim relief simply because a rate decrease is proposed.

The Board's broader mandate is to set just and reasonable rates (s. 44) and to ensure fair treatment of all customers under its general supervisory authority (s. 18). These provisions suggest the Board's discretion under s 69 should not be exercised in isolation. Rather the Board should also consider the public interest and the interests of all ratepayers, not solely the interests of the customer(s) seeking interim relief.

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Multiple Moving Variables

The ELIADC is a below-the-line ("BTL") rate. The ongoing General Rate Application ("GRA"), Matter M12451, assumes PHP takes above-the-line ("ATL") service, as of January 1, 2026 – the same timeline in which PHP seeks interim approval of a reduced rate. While the GRA is premised on the assumption that PHP will transition to ATL service, there is no commitment for PHP to do so, and the new ATL tariff proposed to succeed the ELIADC, the Extra Large Industrial Dispatchable ("ELID") Tariff, was only applied for on December 29, 2025, in Matter M12661.

The GRA cost assumptions account for fuel cost savings from PHP moving ATL, but they do not account for the Active Demand Control credit payable to PHP. Within the ELID application, there appears to be notable disagreement as between PHP and NSPI on key tariff terms and assumptions, which will impact costs and cost allocation for that rate.[1]

Despite these numerous variables, and anticipated changes in cost and revenue characteristics associated with PHP's various rate options, NSPI is seeking to be kept whole through a deferral account. Essentially, NSPI seeks to shift the risk of timing and classification uncertainty onto other customers.

The timing and sequencing of the AAR, the ELID and the GRA applications were not controlled by ATL customers, and yet they bear all the risks. Lowering PHP's rates now, on an interim basis, would compound the risks and increase the burden on other ratepayers.

Other classes—including General, Large Industrial and Medium Industrial—also have declines in 2026–2027 rates proposed under the GRA. None have sought interim relief. Granting PHP's request would give a single customer relief while all others await the Board's final decision. This piecemeal approach is particularly inappropriate in the context of a rate that is already in flux and subject to multiple concurrent proceedings.

Minimal Timing Prejudice

PHP seeks interim approval retroactive to January 1, 2026, subject to adjustment with the final decision. The procedural schedule in this matter provides for submissions January 20, 2026; and reply submissions January 27, 2026. Based on the Board's practice in prior AAR proceedings, a final decision could reasonably be expected within one month of the reply deadline. This would result in final rates being effective February 1, 2026—a delay of only one month compared to PHP's requested effective date.

A legitimate question is why PHP requires interim retroactive relief. The intent was that NSPI file its application for the AARs so they may be in place for January 1st – not just for a single customer but for all customers. A review of past applications reveals variance in NSPI's application dates with the earliest filing October 22, 2019 (M09461) and the latest January 16, 2023 (M10959), with the majority filed the first week of November.

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1 M12661, N-1, ELID Application, page 6.

Where the costs and revenues from the annually adjusted rates feed into the cost of service, it is important to have alignment with rate increases for both ATL and BTL customer classes. The Industrial Group further recommends consideration be given to directing NSPI to move the AAR filing back in the calendar to early/mid-October to enable this, or to explain why this is not feasible.

Yours truly,

Nancy G. Rubin

Brianne Rudderham

NGR/BER/lmc

cc Participants