M12661

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: ***THE PUBLIC UTILITIES ACT***

- and -

IN THE MATTER OF: **AN APPLICATION by NOVA SCOTIA POWER INCORPORATED** for approval of an Extra Large Industrial Dispatchable Above-the-Line Tariff applicable to Port Hawkesbury Paper

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TRANSCRIPT

HEARD BEFORE: Mr. Stephen T. McGrath, K.C. Chair
Mr. Richard J. Melanson, LLB, Member

PLACE HEARD: Offices of the Nova Scotia Energy Board
1601 Lower Water Street, 3rd Floor
Halifax, Nova Scotia

DATE HEARD: Monday, September 21, 2026

APPEARANCES:

APPLICANT: **Nova Scotia Power Inc.**
Ms. Mollie Morrie, Counsel, Regulatory
Ms. Kathleen Murray, Counsel, Regulatory
Mr. Blake Williams, Vice President, Legal and Regulatory

INTERVENORS:	**Consumer Advocate** Mr. David J. Roberts, Counsel Mr. Michael Murphy, Counsel
	Small Business Advocate Ms. Melissa P. MacAdam, Counsel Ms. Rebekah L. Powell, Counsel
	EfficiencyOne Mr. James Gogan Ms. Lucia Westin-Eastaugh
	Industrial Group Ms. Nancy G. Rubin, K.C., Counsel Ms. Brianne Rudderham, Counsel
	Nova Scotia Independent Energy System Operator Mr. David Luther, General Counsel Mr. Mark Peachey, Director, Regulatory Affairs
	Port Hawkesbury Paper LP Mr. David MacDougall, Counsel Mr. James MacDuff, Counsel Ms. Melanie Gillis, Counsel

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BOARD COUNSEL:	Mr. William L. Mahody, K.C.
BOARD STAFF:	Mr. Steve Pronko Mr. Robert Norwood, Public Proceeding Assistant Ms. Svitlana Lykhina, Public Proceeding Assistant
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Halifax, Nova Scotia

--- Upon commencing on Monday, September 21, 2026, at 10:00 a.m.

THE CHAIR: Good morning.

This is a hearing of the Nova Scotia Energy Board relating to an Application by Nova Scotia Power Incorporated for the approval of a tariff for Port Hawkesbury Paper, identified as the extra-large industrial dispatchable, or ELID, Tariff.

This hearing was initiated as a paper proceeding but later converted to an oral hearing.

My name is Stephen McGrath; my pronouns are he/him, and I'm the Chair of the Board. The Board encourages the sharing of pronouns and titles by those who choose to do so.

I'm joined in the Panel hearing this matter by Board Member Richard Melanson. Due to unforeseen circumstances, the third member assigned to the Panel has become unavailable for the hearing and will not

be participating in the decision in this matter.

Assisting the Board with the hearing today are Board's public proceeding assistants, Robert Norwood and Svitlana Lykhina.

A Notice of Hearing for this proceeding was distributed to interested parties with respect to the Energy Board's electricity mandate and posted on the Board's social media accounts and on its website.

This hearing is being livestreamed and being conducted in a hybrid fashion, with some participants in the Board's hearing room in Halifax and some appearing virtually.

To accommodate the streaming of the hearing, cameras have been set up at the front of the hearing room and parties who are giving Opening Statements or who question witnesses are asked to come to the table set up in front of the room when it is time to do so, so that anyone watching can see you.

Some information in this proceeding has been filed confidentially. If it's necessary to go into a confidential session with any of the witnesses, the public streaming of the hearing will be discontinued for the duration of the confidential session, and the hearing room will be cleared of anyone who has not been approved for access to confidential information in the proceeding.

For hearing participants who are connecting virtually, a separate link has been sent for confidential virtual session, and it will be necessary for those people to sign off the public broadcast and connect to the confidential session.

The Board received no letters of comment in this matter.

We'll try to have a 15-minute mid-morning break and mid-afternoon break and a break for lunch sometime around 12:30. We'll target breaking for the day sometime between 4:30 and 5:00. These times may be varied or extended, depending on the flow of evidence

and the proceeding, and the pace to try to complete the hearing by the end of the allotted time.

Gender-neutral washrooms are available on this floor, and gender-specific washrooms are available on other floors in the building.

If there's a fire alarm, there are staircases off the halls on either side of the elevators, and everyone is asked to take the stairs to the ground level and exit the building at the back on the harbour side and gather at the Wave on the boardwalk to the left of the door as you exit.

I'm just now going to go down through the list of parties and ask for introductions on the record, beginning with Nova Scotia Power.

MS. POWER: Good morning, Mr. Chair, Members of the Board. I'm Jennifer Power; my pronouns are she/her. I'm Director of Regulatory at Nova Scotia Power, and I'm joined this morning by the panel and my colleague, Mollie Morris.

THE CHAIR: Thank you.

Port Hawkesbury Paper?

MR. MacDOUGALL: Good morning, Mr. Chair. Port Hawkesbury Paper is represented by myself, David MacDougall, and my colleagues, James MacDuff and Melanie Gillis.

THE CHAIR: Good morning.

Consumer Advocate?

MR. ROBERTS: Good morning. David Roberts and Michael Murphy for the Consumer Advocate.

THE CHAIR: Good morning.

Small Business Advocate?

MS. POWELL: Good morning, Mr. Chair.

Rebekah Powell for the Small Business Advocate. Melissa MacAdam will be joining us later, in a couple of days. Thank you.

THE CHAIR: Thank you, thank you.

And Industrial Group?

MS. RUBIN: Good morning, Mr. Chair.

Nancy Rubin and Brianne Rudderham for the Industrial Group.

THE CHAIR: And did I miss anyone before going to Board counsel?

Board counsel?

MR. MAHODY: Good morning, Mister Chair. Bill Mahody, and I'm joined by Steve Pronko.

THE CHAIR: All right. Are there any preliminary matters from any of the parties before we begin? Okay. Not seeing any, we'll move on to Opening Statements.

There are a number of statements that have been filed. Some, I believe, are counsel statements and some for the witness panels. Nova Scotia Power's statement is a witness panel statement. I think the first counsel statement would be Consumer Advocate, then.

It's Exhibit N-40. Mr. Norwood.

(SHORT PAUSE)

OPENING STATEMENT BY CONSUMER ADVOCATE

MR. ROBERTS: Good morning.

In August of 2025, the Consumer Advocate, together with other Interveners, as well as Nova Scotia Power and Port Hawkesbury Paper, concluded a Settlement Agreement as part of Nova Scotia Power's General Rate Application for 2026 and 2027. The Settlement Agreement included the basic terms under which Port Hawkesbury Paper, the utility's largest customer, would become an above-the-line customer and share in the cost of receiving electricity service with other customers. The Settlement Agreement anticipated agreement on the new tariff and time for implementation by January 1, 2026.

Unfortunately, this did not happen. There was no agreement on a new tariff, leaving Nova Scotia Power to make this application without the support of Port Hawkesbury Paper.

Port Hawkesbury Paper, for its part,

is proposing terms for a new tariff that are different from those to which it agreed last year. Those changes would result in costs that Port Hawkesbury Paper had agreed to assume being shifted to other customers of the utility.

The Consumer Advocate has provided evidence prepared by Andrew McLaren and Hayitboy Mahmudov of InterGroup Consultants that supports reaffirmation of the features of the Port Hawkesbury Paper tariff that were set out and agreed to in the General Rate Application Settlement Agreement.

In the alternative, if the Board does consider changes to the terms of the tariff that were agreed to last year, they should be changes that fairly apportion the costs of providing electrical services to Port Hawkesbury Paper.

Under the terms of the Settlement Agreement, Port Hawkesbury Paper does not have to accept the outcome of this hearing. If they find the result is

unsatisfactory, they can go back to Nova Scotia Power and try to negotiate another below-the-line agreement for electricity service. However, they stand to lose the advantages of certainty and predictability in electricity pricing that brought them into the Settlement Agreement in the first place.

The challenge for the parties and the Board is to come to a result that protects the operation of one of the province's largest industrial enterprises, while minimizing additional upward pressures on the electricity rates set out in the General Rate Application.

I thank the Board for the opportunity to make this Opening Statement.

THE CHAIR: Thank you very much.

Small Business Advocate.

(SHORT PAUSE)

MS. POWELL: Thank you.

OPENING STATEMENT BY SMALL BUSINESS ADVOCATE

MS. POWELL: This Application by Nova Scotia Power for approval of an above-the-line tariff applicable to Port Hawkesbury Paper arises in part from the Settlement Agreement that was entered into by a number of Intervenors in the last General Rate Application and was filed as the current tariff that applies to PHP, the Extra-Large Industrial Active Demand control, ELIDC, tariff is scheduled to expire at the end of this year.

This Application was originally scheduled to proceed as a paper hearing, but a request was made by counsel for the Industrial Group for it to be converted to an oral hearing. The reasons for the request included, but were not limited to, the lack of a consensus agreement between NSPI and PHP on the proposed ELID tariff, and the conflicting expert opinions, as well as the complex and novel issues involved in this Application.

The SBA wrote to the Board as well and concurred with the Industrial Group that an oral hearing

was appropriate given all the circumstances, and the Board set a timetable for this hearing.

The complexity of the Application comes in part due to the technical nature of the issues involved, including how this tariff is the same and how it is different from the ELIADC tariff that preceded it. The SBA notes that the ELIADC tariff went through more than one iteration since initial approval in 2020.

There is also the issue of the Settlement Agreement from the last General Rate Application that appeared to set out the structure of at least some parts of the ELID tariff, and it's unclear what impact that Settlement Agreement may or may not have on the positions taken by Intervenors as part of this Application.

There have also been important issues raised by the parties about the equity of the proposed ELID tariff as compared to other customers, and these concerns need to be fully canvassed and understood by all

parties before the tariff is approved.

The SBA thanks the Board for the opportunity to provide this Opening Statement, looks forward to hearing from both NSPI and PHP on the issues identified by the experts who've provided evidence in this Application, including the equity concerns that have been raised.

Thank you.

THE CHAIR: Thank you.

Industrial Group?

MS. RUBIN: Thank you, Mr. Chair.

OPENING STATEMENT BY INDUSTRIAL GROUP

MS. RUBIN: Nova Scotia Power Inc. has applied to establish a new above-the-line tariff for Port Hawkesbury Paper, the Extra-Large Industrial Dispatchable Tariff, the ELID.

The ELID is the long-awaited successor to the existing Extra-Large Industrial Active Demand Control Tariff, which served PHP as a below-the-line customer.

The ELID is a unique tariff structure serving a single customer. While modelled in part on the Large Industrial Tariff, it introduces features specific to PHP, including a Dispatchable Rider, an Interruptible Rider, with an additional premium for priority interruptibility, and an accounting mechanism addressing the treatment of output from the Goose Harbour Lake Wind Farm, owned by a sister company to PHP.

Unlike in previous proceedings, establishing a rate to serve PHP or its predecessor, this

is not a joint proposal. Despite lengthy negotiations since the summer of 2023, NSPI and PHP have reached no consensus on the appropriate terms of the tariff. NSPI, PHP, and the expert witnesses, including Patrick Bowman, Brubaker and Associates, Inc.; Bates White Economic Consulting; Synapse Energy Economics, Inc.; and InterGroup Consultants Limited, diverge on almost every aspect of the Application, including the customer charge, the demand charge, PHP's forecast energy usage, its theoretical customer baseline load, or the CBL, the operation of the Dispatchable Rider, the value of interruptibility, and the revenue cost ratio to serve this class.

The Industrial Group's overarching submission is straightforward: Whatever methodology the Board ultimately adopts, the ELID must be a principled tariff grounded in the foundational tenets of ratemaking -- above all, cost causation -- consistent with the treatment of other above-the-line customers. PHP should be charged for the costs it causes the system with

appropriate credit for genuine load shifting benefits it provides, and no more. It should not have bargaining power extended to it to negotiate terms it considers satisfactory.

Nothing in the Settlement Agreement reached in NSPI's General Rate Application, Matter M12451, forecloses submissions by the parties in this matter. To the contrary, the settlement expressly provides that it remains open for all parties to take any position they so choose, including whether each of the PHP, ADC, and tariff filings is inconsistent with the load characteristics and basic tariff structure as set out above.

The tariff structure in the figures in the Cost-of-Service Study were assumptions used for settlement purposes in the GRA in the absence of a complete tariff application, and evidentiary support.

Within the range of expert opinions before the Board, the industrial Group relies on the conclusions and recommendations of its consultant, Patrick

Bowman, as the most principled, properly sequenced, and well-reasoned approach.

Mr. Bowman's evidence proceeds in logical order. First, a cost-of-service-based CBL reflecting PHP's expected high load factor demand must be determined before any riders are considered.

Second, the Dispatchable Rider should be applied to credit PHP for genuine load shifting -- sorry; genuine load shaping relative to the true CBL based on the benefit provided, tempered by benefit sharing consistent with the approach taken under the ELIADC and recognizing the practical difficulty of calculating a precise CBL.

Third, any interruptible credit should be sized to what the historical record shows. PHP load is rarely, if ever, available for interruption given the operation of the Dispatchable Rider. On this sequencing, PHP is entitled to a modest interruptible credit, at most, and should receive no credit for priority

interruptibility.

The appropriate CBL is central to the Board's determination in this proceeding. Mr. Bowman recommends 120 megawatts, reflecting PHP's expected demand on its full annual energy requirement before any wind or dispatch credit. That figure tracks NSPI's recorded PHP load when it is not dispatched down under the previous ADC.

NSPI proposes 65 megawatts, a figure carried over from the GRA settlement, and that is itself an average of PHP's historical already dispatched down demand at the time of system peak. PHP proposes 8 megawatts, its bare firm load.

The Industrial Group submits that Mr. Bowman's approach is the only one of the three proposals that is analytically coherent with the premise of an above-the-line rate and reflects the demand on which NSP has built its system.

A further complicating factor is the

interaction between the ELID and the separate commercial arrangements between PHP and its affiliate, PHP Wind Limited, for the output of the Goose Harbour Lake Wind Farm. Those arrangements permit deemed delivery and monthly or annual banking of wind output against PHP's billed load. How the ELIDs billing determinants will interact with that banking and deeming mechanism remains materially unresolved on this record and warrants careful exploration during the hearing.

In addition to the above, the Industrial Group flags the following issues for exploration at the hearing:

One, the adequacy of NSPI's proposed dispatch rates under the Dispatchable Rider given PHP's ability to decline dispatch direction; two, the appropriate degree of benefit sharing and Dispatchable Rider savings; and three, oversight of operational procedures and reporting.

The Industrial Group looks forward to

exploring these issues during the hearing and may raise additional issues as the evidence develops.

Thank you for the opportunity to make this Opening Statement.

THE CHAIR: Thank you.

I think that was all the counsel statements; didn't miss anyone? Okay.

I think that takes us to Nova Scotia Power's panel. Ms. Power?

MS. POWER: Thank you, Mr. Chair.

Would you like to affirm the panel before or after I introduce them?

THE CHAIR: I'll do that now.

MICHAEL WILLETT, Solemnly Affirmed:

ERIC FERGUSON, Solemnly Affirmed:

CRAIG MOWATT, Solemnly Affirmed:

DAVID STANFORD, Solemnly Affirmed:

THE CHAIR: Thank you.

MS. POWER: Thank you, Mr. Chair.

DIRECT EXAMINATION BY MS. POWER

Q. I'll start on my left with Mr. Dave Stanford.

Mr. Stanford, you're a semi-retired former senior manager with Nova Scotia Power; is that correct?

A. (Stanford) That's correct. I'm a semi-retired former senior manager with Nova Scotia Power, and currently provide consulting services in support of renewable energy integration and decarbonization initiatives.

Q. Have you appeared before the Board as a witness in the past?

A. (Stanford) Yes, I have appeared before this Board on three prior occasions as a Nova Scotia Power witness.

Q. Can you please remind the Board of your background, qualifications, and experience?

A. (Stanford) I'm a graduate of the electrical engineering program at the Technical University of Nova Scotia and a Registered Professional Engineer in Nova Scotia with more than 38 years of experience in the electric utility industry.

My early career included engineering and management responsibilities in telecommunications, metering, compliance, and field engineering and operations. During the latter part of my career, I served as Manager of Technical services, Manager of Transmission and Distribution System Planning and Optimization, and Senior Manager Control Centre Operations.

In these roles, I was responsible for the planning and operation of the Nova Scotia Bulk

Electric System, compliance with North American Electric Reliability Standards, generator interconnection, wholesale electricity market operations, and grid modernization initiatives. I also led the integration of the Maritime Link into Energy Control Centre operations, and participated in numerous regulatory proceedings before this Board.

Following my retirement from Nova Scotia Power in 2023, I returned as a Senior Engineering Lead consultant for the Energy Control Centre Renewables and Decarbonization portfolio, supporting projects related to renewable generation, battery energy storage, advanced operational tools, and other initiatives required to facilitate Nova Scotia Power's transition to cleaner -- pardon me; cleaner electricity system, while maintaining system reliability.

I'm here today to speak to matters regarding system dispatch and grid operations. Thank you.

Q. Thank you, Mr. Stanford.

Mr. Mowatt, you're the Manager of Portfolio Optimization for Energy and Risk Management?

A. (Mowatt) That's correct.

Q. And have you testified before this Board before?

A. (Mowatt) No, I have not.

Q. Can you please tell the Board of your background and experience?

A. (Mowatt) Absolutely.

I hold a Bachelor of Commerce degree and a Master's in Business Administration with a focus in finance from Dalhousie University. I earned the Chartered Financial Analyst designation from the CFA Institute in 2023, and hold the Energy Risk Professional Certification from the Global Association of Risk Professionals, which I obtained in 2017.

I've been with Nova Scotia Power since 2015, working within the Portfolio Optimization Department and working with energy and risk management the entire

time.

Prior to joining Nova Scotia Power, I worked with Mira Energy, holding various analytical and market-facing positions.

I'll be addressing energy and risk management topics such as forecasting, Dispatchable Rider calculations, including customer baseline, and other fuels-related topics. Thank you.

Q. Thank you.

Mr. Ferguson, you are the Senior Director of Pricing and Transformational Regulatory Initiatives with Nova Scotia Power.

A. (Ferguson) That's correct.

Q. And have you appeared before the Board as a witness in the past?

A. (Ferguson) Yes. I have appeared before the Board previously in General Rate Applications, prior tariff applications concerning service to Port Hawkesbury Paper, and capital and customer-related

matters.

Q. Can you please remind the Board of your background, qualifications, and experience?

A. (Ferguson) I am a Chartered Professional Accountant and hold a Bachelor of Commerce degree. I have worked in Nova Scotia Power for 41 years. I currently hold the position of Senior Director, Pricing and Transformational Regulatory Initiatives, through which I have a lead role at Nova Scotia Power in tariff development.

I was part of the team at Nova Scotia Power that developed the Extra-Large Industrial Dispatchable Tariff for service to Port Hawkesbury Paper, and contributed to the development of the Application before the Board in this proceeding.

Prior to my current role, I served as Nova Scotia Power Director of Regulatory Affairs and Director of Strategy and Policy, other roles within the Regulatory Affairs Group, and roles in the Finance and

Power Reduction groups for Nova Scotia Power.

I will be speaking primarily to matters of regulatory policy. Thank you.

Q. Thank you.

Mr. Willett, you are the Senior Director of Regulatory for Nova Scotia Power; correct?

A. (Willett) That's correct.

Q. And have you appeared before the Board as a witness in the past?

A. (Willett) Yes. I've appeared before this Board on a number of occasions, including ACE Plans, fuel matters, Annapolis hearing, and prior General Rate Applications.

Q. Can you please describe your background, qualifications, and experience for the Board?

A. (Willett) I have a Bachelor of Commerce degree from McMaster University, a Master's of Business Administration from Saint Mary's University, and I am a CPA, completing my Certified Managerial Accountant

designation in Ontario.

I worked in manufacturing and the financial industry before joining Nova Scotia Power as Manager, Fuel Accounting and Reporting in 2009. I've continued to work for Nova Scotia Power in progressively more senior roles, including Senior Manager, Fuel Planning and Performance; Senior Manager of Customer Experience; Controller; Director, Regulatory Finance, and I started my current role as Senior Director Regulatory in May of 2026.

I'll be speaking to costing and rates and regulatory-related matters today. Thank you.

Q. Thank you, Mr. Willett.

Mr. Ferguson, you and these panel members have the responsibility for the evidence of Nova Scotia Power in this matter; is that correct?

A. (Ferguson) Yes.

Q. And that evidence includes the tariff application filed on December 29th, 2025?

A. (Ferguson) Yes.

Q. And Nova Scotia Power's responses to information requests filed on April 10th, 2026?

A. (Ferguson) Yes.

Q. And Nova Scotia Power's reply evidence filed July 8th, 2026?

A. Ferguson) Yes.

Q. And all of this evidence was prepared under your direction or the direction of one of your panel members?

A. (Ferguson) That's correct.

Q. Is this evidence true and correct to the best of your knowledge and belief?

A. (Ferguson) Yes.

Q. Are there any corrections, revisions, qualifications, or amendments that you wish to make to that evidence today?

A. (Ferguson) Yes. I have comments on Nova Scotia Power's responses to certain information requests.

Q. Please go ahead.

A. (Ferguson) In Industrial Group IR-8, Part (a), the Industrial Group requests.

THE CHAIR: Maybe we can just go through these and pull them up as we go.

MR. FERGUSON: First one ---

MS. POWER: Yes, Mr. Chair. And we can offer to refile them as well, if it is a lot to digest.

THE CHAIR: Okay. Are there a number?

MS. POWER: There are.

THE CHAIR: Okay. All right.

MS. POWER: Mr. Chair, to clarify, there are two main issues, but one of the issues does impact a number of IRs.

THE CHAIR: Would it make sense to talk about the issues first and then we can get into the corrections?

MS. POWER: Yes. I think what Mr.

Ferguson has to say we'll clarify, and we can go from there.

THE CHAIR: Okay. So the Industrial Group IRs, I believe, was Exhibit N-6, Mr. Norwood.

MR. FERGUSON: I will be speaking to Part (a) and Part (b).

THE CHAIR: Which IR was it again, Mr. Ferguson?

MR. FERGUSON: Industrial Group IR-8.

THE CHAIR: IR-8.

(SHORT PAUSE)

MR. FERGUSON: Part (a) and (b).

THE CHAIR: Okay. Go ahead, Mr. Ferguson. Thank you.

MR. FERGUSON: In Part (a), the Industrial Group requests:

> Please confirm that the ELID tariff would apply to energy delivered in excess of the [subject energy amount] from hour to hour. If not, please explain.

NSP Power's response is "Confirmed." This requires clarification. While Port Hawkesbury Paper load and Wind Farm energy will, in general, vary hourly. It is the monthly total of the energy delivered in excess of the subject matter energy amount to which the ELID tariff energy charge will apply.

With respect to Part (b), Nova Scotia Power's response includes the following statement:

> The Cost of Service Study...modeling assumes [Port Hawkesbury Paper]'s total forecast energy, net of the forecast production from the Goose Harbour Lake Wind Farm is consumed under the ELID Tariff at the levelized load.

This is incorrect. For the GRA and ELID Applications, the PHP load used was the optimized load with the ELID Tariff energy-related cost of service based on the monthly optimized balances after removal of the forecast Goose Harbour Lake Wind Farm generation. This process is explained further in Industrial Group IR-16.

Finally, in a number of responses,

Nova Scotia Power provided that Port Hawkesbury Paper has not been called for load reduction under the interruptible provisions of the ELIADC Tariff. However, in Port Hawkesbury Paper's responses -- response to SBA IR-1, Parts A to C, PHP provides that one interruption occurred on September 9th, 2021. Nova Scotia Power confirms that the PHP response is correct, with Port Hawkesbury Paper having been interrupted at 1727 on that date.

NS Power's affected IR responses IG IR-13, Parts B, C, D, and F; IG IR-24, Part C; Synapse IR-27 Parts G and H; SBA IR-3, Parts A to D, and SBA IR-6, Parts C and D.

MS. RUBIN: Mr. Chair, sorry to interrupt. I'm wondering if there is already a written copy of this so that we can try and follow along, because these are substantive changes and I can't take notes as quickly as these changes are being made on the fly.

THE CHAIR: Ms. Power.

MS. POWER: Yeah, understood. I think

we can have written copies ready to circulate by our lunch break. We don't have them all prepared at this time.

THE CHAIR: Ms. Rubin?

MS. RUBIN: Is there a record of what is being read out by Mr. Ferguson that could be circulated?

MS. POWER: Yes.

THE CHAIR: Okay. So you were able to send that to the Clerk or distribute it in the room as well, perhaps?

MS. POWER: Yes.

THE CHAIR: Okay. Are you able to do that now?

MS. POWER: Yes, I can.

THE CHAIR: Okay.

MS. POWER: Do we want to continue -- we'll continue on into Opening Statements and I can ---

THE CHAIR: That was the end of the changes, was it?

MS. POWER: That's the end of the changes, yes.

THE CHAIR: Okay. Well, we'll break before cross-examination so we can -- we can do that then.

MS. POWER: Sure.

THE CHAIR: Okay.

(SHORT PAUSE)

THE CHAIR: Just -- sorry.

And just so I'm clear, Mr. Ferguson, those last series of changes that you listed through rather rapidly, those all relate to the fact that Nova Scotia Power's original response was there was no -- calls for load reduction, but there was, in fact, the one instance?

MR. FERGUSON: That's correct.

THE CHAIR: Okay.

MS. POWER: Thank you, Mr. Chair.

Nova Scotia Power has a brief Opening Statement that'll be delivered by Mr. Ferguson.

MR. FERGUSON: Prior to beginning the Opening Statement, on behalf of Nova Scotia Power I would like to express our condolences to the Board Members and staff on the recent passing of Bruce Outhouse.

Bruce was a mentor and friend to many of us, and a pillar in the development of regulatory practice in Nova Scotia. We all benefitted from his guidance and friendship and will miss him.

Thank you.

THE CHAIR: Thank you, Mr. Ferguson.

OPENING STATEMENT BY NOVA SCOTIA POWER

MR. FERGUSON: Nova Scotia Power is here before the Board in support of its Application for approval of the Extra-Large Industrial Dispatchable, or ELID, Tariff applicable to Port Hawkesbury Paper.

This Application was filed on December 29, 2025. Over the last several months, parties have had an opportunity to test the proposal through written evidence, information requests, a technical conference requested by the Industrial Group, evidence from Board counsel's consultant and Intervener consultants, further information requests and reply evidence from both Nova Scotia Power and Port Hawkesbury Paper.

Equally important, this proceeding does not begin with the filing of the Application. The foundation for the proposed ELID Tariff was established through the Cost-of-Service Study and the 2026/'27 General Rate Application process. The treatment of Port Hawkesbury Paper as an above-the-line customer, the

allocation methodologies reflected in the Cost-of-Service Study and the key assumptions underlying the tariff were presented through the GRA process, which included stakeholder consultation, technical conferences, and negotiations involving Nova Scotia Power, Port Hawkesbury Paper, the Consumer Advocate, the Small Business Advocate, the Industrial Group, and Municipal Electric Utilities.

The resulting Settlement Agreement reflected a broad consensus on the core parameters supporting an above-the-line tariff framework. The ELID Tariff is therefore not a departure from the regulatory path established through the GRA; it is the logical implementation of that path.

In Nova Scotia Power's submission, the move from the existing ELIADC Tariff to the above-the-line structure delivers meaningful benefits to both Port Hawkesbury Paper and other customers.

First, it provides enhanced cost certainty and predictability. Unlike the existing below-

the-line framework, the ELID Tariff places Port Hawkesbury Paper within the same embedded cost framework that applies to other above-the-line customers. Costs are allocated using established cost-of-service methodologies, and the customer baseline provides a transparent reference point against which dispatchability benefits can be measured. This approach offers greater certainty regarding cost allocation and recovery, while enabling Port Hawkesbury Paper's contribution toward the embedded cost of the system.

Second, the ELID Tariff creates regulatory and administrative efficiencies. Rather than relying on a separate and complex tariff construct, Port Hawkesbury Paper becomes part of established above-the-line mechanisms, including the Fuel Adjustment Mechanism. The tariff utilizes processes, methodologies, and review mechanisms already familiar to the Board and stakeholders. The proposed Dispatchability calculations rely on the same production cost modelling tools, methodologies, and

oversight processes already used elsewhere within Nova Scotia Power's operations and regulatory framework. Any impact to the FAM remains subject to the established audit and review processes.

Third, the ELID Tariff enhances overall system planning and risk management. Incorporating PHP within the above-the-line and FAM frameworks allows Nova Scotia Power to manage supply costs, forecasting, and portfolio risk in a fully integrated fashion. It aligns Port Hawkesbury Paper with the Fuel Stability Plan hedging and broader energy risk management practices that are designed to benefit all customers through greater cost stability and reduced exposure to energy market volatility.

Given the existing Power Purchase Agreement and Power Sales Agreement arrangements associated with supply from the Goose Harbour Lake wind Farm, the proposed above-the-line framework represents the most coherent and practical long-term tariff structure.

Fourth, and perhaps most importantly, the ELID Tariff preserves valuable operational flexibility for the electric system. As Nova Scotia continues its transition towards a system with increasing levels of renewable generation, demand-side flexibility becomes increasingly important.

Throughout this proceeding, parties and consultants have proposed various refinements to elements of the tariff. Nova Scotia Power has carefully considered those recommendations and has responded through evidence and information request responses. The Board has before it a substantial record demonstrating both the rationale for the tariff and the customer impacts associated with alternative assumptions and methodologies.

At its core, this proceeding is about ensuring that Port Hawkesbury Paper's transition to an above-the-line tariff appropriately recognizes the value of dispatchable load, maintains priority interruptible service by Port Hawkesbury Paper, accommodates the Goose

Harbour Lake Wind Farm Power Purchase and Sales Agreements, and advances the interests of the broader customer base.

Nova Scotia Power submits that the proposed ELID Tariff achieves those objectives. It reflects the work of the cost of -- the cost-of-service proceeding, and the General Rate Application settlement provides a practical and administratively efficient framework for the future and equips the utility with tools that will become increasingly important as the Province's electricity system continues to evolve. Those are the reasons the company respectfully requests that the Board approve the Application.

Thank you for the opportunity to share this Opening Statement.

THE CHAIR: Thank you.

Ms. Power?

MS. POWER: Mr. Chair, I have emailed the summary of the corrections to our evidence to all

Intervener counsel in the room, including Mr. Mahody.

THE CHAIR: Did you send a copy to the Clerk as well so that we can we can get it?

MS. POWER: I'm -- just was tracking down his email address, but I certainly will. Unless you can tell me now, I can do that right away. Thank you very much.

THE CHAIR: All right. So that brings us to cross at this point.

MS. POWER: That's correct, Mr. Chair.

THE CHAIR: Mr. MacDougall, do you have a preference whether you go now or whether you go just before Board counsel?

MR. MacDOUGALL: I'm fine to go now, Mr. Chair.

THE CHAIR: Okay. So we'll start with Port Hawkesbury Paper, then.

(SHORT PAUSE)

MR. MacDOUGALL: Mr. Chair, in advance

of our cross-examination, I would like to, on behalf of the regulatory bar, echo the comments of Nova Scotia Power with respect to Mr. Outhouse; and in particular, I understand that Mr. Melanson was a colleague of Mr. Outhouse for many years before he joined the bar.

Mr. Outhouse was nothing short of an exemplary Board counsel, and the regulatory bar is certainly lesser without him.

THE CHAIR: Thank you, Mr. MacDougall.

CROSS-EXAMINATION BY MR. MacDOUGALL

Q. Good morning, gentlemen.

A. (Ferguson) Good morning.

MR. MacDOUGALL: Mr. Norwood, if we could pull up Exhibit N-1, which is Nova Scotia Power's Application? And if we could go to page 8 of 19, and if we could go to the second paragraph here?

Thank you.

BY MR. MacDOUGALL:

Q. So, gentlemen, you'll see in your application you say:

> As noted in the [Settlement Agreement], for 2026 and 2027, the proposed interruptible credit applicable to PHP is the same as proposed for the [Large Industrial Interruptible Rider of] 7.638 per kVA and 7.67 per kVA of interruptible service for 2026 and 2027, respectively.
>
> And then you go on to state:
>
> It is important to note that this is a significantly lower figure than would be applicable to PHP had the credit been developed in accordance with the Company's established practice for pricing of the

interruptible credit...

And that number would have been $13.107 per kVA demand coincident with system peak. And you finalize that by saying:

> Subject to a Board Decision in this matter, it is anticipated the ELID interruptible credit will be revisited in the next GRA.

So that's a direct quote from your application; correct?

A. (Ferguson) That's correct.

Q. So my understanding is that the interruptible credit you're proposing in this Application is significantly lower than what would have been applicable to PHP had the credit been developed in accordance with Nova Scotia Power's established practice for pricing of an interruptible credit?

A. (Ferguson) Yes.

Q. And how long has that methodology or that established practice been used by Nova Scotia Power?

A. (Ferguson) For many years. Decades.

Q. Yeah. Subject to check 1996 or somewhere thereabouts?

A. (Ferguson) Yes.

Q. And you note that had the credit been developed in accordance with your established practice, it would have been $13.107 per kVA demand coincident with system peak instead of 7.667 for 2027; correct?

A. (Ferguson) Correct.

Q. Okay.

MR. MacDOUGALL: And now if we can go to the footnote at the bottom of the page, Mr. Norwood? That's footnote 5.

BY MR. MacDOUGALL:

Q. And here you show the derivation of the $13 and 107; correct?

A. (Ferguson) Yes.

Q. And in developing that figure, you used an annual levelized avoided peaker cost of $160.44; correct?

A. (Ferguson) Yes.

Q. Okay.

MR. MacDOUGALL: Mr. Norwood, could we pull up Exhibit N-2, the evidence of BAI in this proceeding? And if we could go to page 3, line 18. I think it's page -- it's page 3 of the document, Mr. Norwood. Sorry; unless I say otherwise, I'll be referring to the document pages. If it's a PDF page, I will let you know.

BY MR. MacDOUGALL:

Q. And you see here at line 18, gentlemen, the sentence starting at the end of the -- at the end of the margin:

> This interruptible credit should be priced at NS Power's estimated marginal cost of capacity of 13.107/KVA.

And then by goes to say:

...and updated in the next GRA filing to reflect the current cost of capacity.

Do you agree that regardless of the number used, the annual levelized cost of a peaker should be updated in the next GRA filing to reflect the current cost of capacity?

A. (Ferguson) Yes, that has been our practice in the past couple of GRAs.

Q. Thank you.

MR. MacDOUGALL: Mr. Norwood, if we could go to Exhibit N-6, NSPI's response to the interruptible [*sic*] group information request. And if we could go to IR-10(b), and because there were a huge amount of attachments in here, that's actually PDF page 1370. And if we could look at the question first, you were asked here to provide all supporting evidence to support the 13.107 calculation. And you stated in response to that, "Please refer to footnote 5 on page 8 of the Application." Which is what we had been looking at. And then you

continue:

> The $13.107 per kVA is equivalent to the 57,000 kW of interruptible at time of winter coincidence system peak, adjusted for demand losses [which comes up to] (59,446 kW) multiplied by the per kW cost of a peaker, and converted to a kVA charge.

And so that's your standard methodological practice to develop an interruptible credit?

A. (Ferguson) That's correct.

Q. Okay.

MR. MacDOUGALL: If we could now go to Exhibit N-8, Mr. Norwood. And that's Nova Scotia Power's responses to PHP IRs. And if we go to IR-4(c), which is PDF page 6. If we could go up to the question first, Mr. Norwood? Number (c). No problem.

BY MR. MacDOUGALL:

Q. And here you were asked to:

> Please provide the reduction in allocated cost to PHP in each of 2026 and 2027 if the interruptible credit independently developed for PHP is used as opposed to the interruptible credit calculated for the

[Large Industrial Interruptible Rider].

MR. MacDOUGALL: And if we could go to the answer, Mr. Norwood?

BY MR. MacDOUGALL:

Q. And in response to that question, you noted that:

> The reduction in PHP's annual cost is $4.2 million in the 2026 and 2027 test years if the interoperable credit independently developed for PHP is used as opposed to the interruptible credit calculated for the [Large Industrial Interruptible Rider].

And then you also refer to another information response.

And is that $4.2 million per year?

A. (Ferguson) Yes.

Q. And now if we can go down to your responses to 4(d) and (e).

MR. MacDOUGALL: I think it's under response (a, d and e) all together, Mr. Norwood. So it would start at (a). There we go.

BY MR. MacDOUGALL:

Q. And starting in the second sentence here, you say:

> The Interruptible Credit (prior to the inclusion of the Priority Interruptible Provision) proposed to be included in the ELID Tariff is based on the provisions of the GRA Settlement Agreement, to which PHP is a signatory.

So your position is that the interruptible credit you're proposing is based on the GRA Settlement Agreement?

A. (Ferguson) That's correct.

Q. Okay. Not based on development using your normal methodology?

A. (Ferguson) Yes.

Q. So is it fair to say that absent the language of the Settlement Agreement, Nova Scotia Power would not likely have proposed an interruptible credit that was simply the same number as proposed for the Large Industrial Interruptible clause?

A. (Ferguson) I expect that's the

case, Mr. MacDougall.

Q. Okay. Thank you, Mr. Ferguson.

MR. MacDOUGALL: And if we could go back to the Application, Mr. Norwood, Exhibit N-1. And if we could go to page 15; that's document page 15, and if we could go to lines 25 to 27?

BY MR. MacDOUGALL:

Q. And here you say, The proposed..." -- and actually, if we could look at the footnote as well, if we could raise that so we could see both that and the footnote. And here you say:

> The proposed ELID Tariff is a fully cost-based tariff. The demand and energy components are embedded cost based. The Customer Charge, the Interruptible Rider and the Dispatchable Rider credit are incremental cost based.

Correct?

A. (Ferguson) Yes.

Q. And in the footnote, you note that:

> The 26 and 27 Interruptible Rider, as proposed, adopt the incremental-cost-based [Large Industrial Interruptible Rider credit].
>
> Correct?

A. (Ferguson) Yes.

Q. So in this Application, the proposed Interruptible Rider does not reflect the actual cost impact, either embedded or incremental, of PHP's load, but rather simply the dollar figure derived out of the creation of LIRR credit; correct?

A. (Ferguson) It's correct. We have not recalculated it based on the methodology; we've adopted the number as prescribed however you -- in the Settlement Agreement.

Q. Great. Thank you.

MR. MacDOUGALL: Now, if we could go back to the Application, Exhibit N-1, and if we could go to page 8. And that's page 8 of the document, Mr. Norwood. Thank you. And if we could go to line 16?

BY MR. MacDOUGALL:

Q. And here you say:

> Subject to a Board Decision in this matter, it is anticipated the ELID interruptible credit will be revised revisited in the next GRA.

Correct?

A. (Ferguson) Yes.

Q. And when is the next GRA anticipated?

A. (Ferguson) A determination hasn't been made in that regard.

Q. Okay. So what would occur if you don't hold a GRA in 2027 for application of the interruptible credit in subsequent years?

A. (Ferguson) The current proposed figure would be carried forward.

Q. Was the Settlement Agreement for anything more than 2026 and 2027?

A. (Ferguson) The Settlement Agreement provided the terms proposed to apply for the

General Rate Application for the test years '26/'27 and applicable to the development of the ELID Tariff for '26/'27 on the understanding that rates that are set through General Rate Application do carry forward until the next General Rate Application.

Q. That latter point, that wasn't set out in the Settlement Agreement anywhere, that I'm aware of.

A. (Ferguson) Not in the Settlement Agreement. It's my understanding and experience that that's -- elements that are set through General Rate Applications are subsequently changed through General Rate Applications.

Q. Okay. Thank you, Mr. Ferguson.

Now, if we could turn to Nova Scotia Power's reply evidence.

MR. MacDOUGALL: That's Exhibit N-38, Mr. Norwood. And that's N-38 at page 6 of 25. And if we could go -- to starting at line 22.

BY MR. MacDOUGALL:

Q. And here at line 22 you state in your reply:

> Specifically the GRA SA [that's the Settlement Agreement] provides:
>
> In the PHP ADC and tariff processes that will be brought forward for approval by the Board later this year, it remains open for all parties to take any position they so choose, including whether...

And then you highlight:

> ...each of the PHP ADC and tariff filing(s) is inconsistent with the load characteristics and basic structure as set out above.

Correct?

A. (Ferguson) Yes.

Q. And as I noted, the highlighting starts at the word "Each"; correct?

A. (Ferguson) It does.

Q. Okay. And you can confirm that the two words before the word "Each" are "Including whether"?

A. (Ferguson) I can.

Q. And the sentence before that states in part that, "...it remains open for all Parties to take any position they so choose,..." before the words, "...including whether..."?

A. (Ferguson) Yes.

Q. Now, if we can go to the top of page 7 of this document. And here you say:

> The Settlement Agreement does not provide that parties are able to take whatever position they so choose on all ELID Tariff issues but rather whether the application is consistent with the 'basic tariff structure as set out above'...

That's your position?

A. (Ferguson) Yes.

Q. So NSPI's position is that the clause is narrowly restricted to the basic tariff structure set out earlier in the Settlement Agreement?

A. (Ferguson) Our position is that elements of the Application, tariff text, terms of the Dispatchable Rider, provisions like the priority

interruptible proposal, are subject to whatever position is appropriate, but our view is that the parameters for the costing and pricing of the ELID tariff were established and agreed to in the Settlement Agreement.

Q. Notwithstanding the language of section F, or in your interpretation, I guess, of the section of language F -- section F?

A. (Ferguson) Yes. Our interpretation is that parties could take whatever position, including whether or not there was consistency between what was agreed to and what was filed.

Q. And ---

A. (Ferguson) I don't believe -- I don't believe any party has argued that we've done something differently than was prescribed in the Settlement Agreement. And our view is that those parameters were established through the Settlement Agreement; the demand energy levels, in particular, the revenue cost ratio, and the value of the interruptible

credit.

Q. Okay. So let's take a look, maybe, what some of the other parties did say, though, rather than what they didn't say.

MR. MacDOUGALL: If we could go to Exhibit N-43? And that's the Opening Statement of counsel for the Industrial Group. And if we could go to line 33?

BY MR. MacDOUGALL:

Q. And here in the Industrial Group's Opening Statement that Ms. Rubin read out into the record earlier today, the Industrial Group states that:

> Nothing in the settlement reached in NSPI's General Rate Application (Matter M12451) forecloses submissions by the parties in this matter. To the contrary, the settlement expressly provides that 'it remains open for all Parties to take'...

And in this situation, the Industrial Group highlights:

> ...any position they so choose, including whether each of the PHP EDC and tariff filing(s) is inconsistent with the load characteristics and basic tariff structure as set out above.'

So I take it that NSP would disagree with that position?

A. (Ferguson) We disagree with the position, and I would -- it may be helpful at some point that we try to describe our reasons for our position on this question in Consumer Advocate 9.

Q. Okay. And if we go to the evidence of Ms. Whited of Synapse; that would be Exhibit N-21. And here, if we could go to page 6 of the document at lines 12 to 15. And here Ms. Whited states:

> Although the Settlement Agreement provides an outline for the ELID tariff proposal, the agreement specifically states that settling parties can take any position within this ELID tariff filing. Thus, while the terms of the Settlement Agreement were approved by the Board, they are not requirements for the ELID tariff.

So I take it you would disagree with Ms. Whited as well.

A. (Ferguson) Can you just hold that one moment, Mr. MacDougall, while I look at the Opening

Statement again?

Q. Sure. This is a separate point, Mr. Ferguson, from the Opening Statement. This one is now in the evidence of Ms. Whited of Synapse.

A. (Ferguson) Oh.

Q. Sorry. I pulled up a different reference, Mr. Ferguson.

A. (Ferguson) So the question is?

Q. Whether NSPI agrees with Ms. Whited's position. I'm assuming you do not.

A. (Ferguson) That's correct.

Q. Okay. Thank you.

MR. MacDOUGALL: Mr. Norwood, could we pull up the Board's decision in Matter 12451, NSPI's recent GRA?

And, Mr. Chair, I had provided that document earlier to Mr. Norwood and to Nova Scotia Power.

And if we could go to paragraph 341, Mr. Norwood?

BY MR. MacDOUGALL:

Q. And here in the Board's decision on your recent GRA, the Board stated:

> While the PHP Deferral contemplated in the settlement agreement was agreed...by the customer representatives, it is clear from the questioning at the hearing that there may be uncertainty about parts of the scope of the deferral account as between NS Power and some of the customer representatives. The settlement agreement contained a clause that the parties were free to take any position they wished during the Board's review of the PHP successor tariff.

So in coming up with your interpretation of section F that we discussed earlier, did you take account of the Board's statement in your recent GRA that the Settlement Agreement contained a clause that the parties were free to take any position they wished during the Board's review of the PHP successor tariff? Was that -- was that considered?

A. (Ferguson) We recognize the provision in the Board's decision, the acknowledgement of that clause in the Settlement Agreement. We stand by our

perspective and position with respect to the interpretation and application of the Settlement Agreement.

Q. Okay. Thank you very much, Mr. Ferguson.

Gentlemen, I'm now going to move on from the interruptible credit per se. And this is a good segue into the deferral account that you had approved at the most recent GRA.

MR. MacDOUGALL: So if we could go to paragraph 349, Mr. Norwood?

BY MR. MacDOUGALL:

Q. And here it says:

> [Nova Scotia] Power requests a PHP deferral account to track any variances in revenue between that which would occur based on the assumptions in the GRA cost-of-service study treating PHP as an ATL customer versus that which results from the eventual ELID tariff, in the form ultimately approved by the Board. This deferral account was expressly contemplated in the settlement agreement, which also set out various assumptions incorporated into the GRA's cost-of-service study about PHP taking service under an ATL

rate.

And would it be fair to say that during the GRA process, NSPI's view was that it was very important to ensure a deferral account was put in place to deal with any differences between the assumptions in the Settlement Agreement, or the GRA process, and what was finally approved by this Board in this proceeding?

A. (Ferguson) It was an agreed element of the Settlement Agreement, and yes, we do think it was important to have it established.

Q. Okay. Thank you. And now if we can go to paragraph 351.

And here it says, in the Board's decision:

> While the deferral account was addressed in the settlement agreement, the scope of the account is somewhat uncertain, at least based on the Industrial Group's submissions. However, no party opposed the creation of the PHP Deferral Account. The Board recognizes that there could be significant variances to NS Power's revenue requirement depending on the final adjudication of NS

> Power's application for the PHP successor tariff. The creation of the proposed deferral account, and the assumptions underlying it, do provide some certainty for utility and the customer classes. The Board finds that it is appropriate to approve the deferral account.

So here the Board recognized that there could be significant variances to your revenue requirement depending on the final adjudication of this application; correct?

A. (Ferguson) Yes.

Q. Okay. And if we can go to paragraph 352? And at the beginning of that paragraph, you'll see the Board says it's addressing the scope of the deferral account. And then it goes on to say:

> It would be appropriate for customers and other parties to provide evidence on the issue if they consider it necessary. Accordingly, as outlined in part (g) of the 'PHP Treatment' section of the agreement, the Board finds that the deferral account will:
>
> > ...account for any NS Power revenue variances that may arise in 2026 or 2027 from the following scenarios, which costs would be collected/refunded

from [or] to above the line customers:

And then one of those scenarios is:

> where a Board decision on the PHP tariff, including the Active Demand Control Rider, differs from the above the line PHP tariff assumptions included in the 2026-2027 GRA;

So to the extent there's a difference between those assumptions and the final decision in this matter, the Board has already set up a deferral account to address those costs; correct?

A. (Ferguson) Yes.

Q. Okay. And when the Board here is referring to item (g), that's the paragraph that follows directly After item (f), the provision that allows for parties to take any position in this hearing; correct?

A. (Ferguson) Yes. Paragraph (g) follows (f); correct.

Q. Thank you, Mr. Ferguson.

MR. MacDOUGALL: And if we can now go to NSPI's closing reply in the GRA, Mr. Norwood, in

M12451? That's another document I had provided previously. Okay. Yeah. Sorry, I didn't see the reply to closing piece there. Sorry. If we could go to page 35, and if we can go to line 27.

BY MR. MacDOUGALL:

Q. And here, starting at the end of line 27, it states:

> It is important to recognize that the approximately $8 million reduction in revenue requirement [and if we could go up] reflects the parties' agreement, pursuant to the terms of settlement, to model PHP as an above-the-line customer in the GRA forecast, which means that PHP is assigned those costs. Had PHP remained below the line, that 18 million in costs would not be paid by PHP, would have been assigned to FAM customers, and would be reflected in higher rates for all FAM customer classes. (As read)

Do you agree with that statement that was made by Nova Scotia Power in the -- in its closing reply in the GRA?

A. (Ferguson) Yes.

Q. And then Nova Scotia Power goes

on to say:

> Against that backdrop, modelling PHP above the line was reasonably agreed to, and the PHP deferral represents a balanced approach to addressing the material uncertainty regarding PHP successor tariff in the development of this GRA. (As read)

So Nova Scotia Power recognized that there was material uncertainty in the ultimate cost to be approved in this rate compared to what was modelled in the GRA; correct?

A. (Mowatt) That's correct. But I would also note that the timing of when PHP would ultimately take that tariff was an important aspect of that as well.

Q. Understood. Thank you very much, Mr. Mowatt. And no new rates were approved for PHP as part of the GRA process; correct?

A. (Ferguson) Yes.

Q. And the GRA process, no new rates were even put forward for approval for PHP; correct?

A. (Ferguson) That's correct.

Q. And that was left to this proceeding to determine?

A. (Ferguson) Yes.

Q. Thank you.

Gentlemen, I'm now going to spend a little bit of time talking about the billing determinants.

MR. MacDOUGALL: If we could go back to the Application, Mr. Norwood, Exhibit N-1, and if we could go to page 6 and go to line 9.

BY MR. MacDOUGALL:

Q. And here you state in your Application that:

> For 2026 and 2027, the [Settlement Agreement] provides 'The cost of service has been prepared on the basis of the following PHP load characteristics: PHP's firm loaded 8MW at three coincident peaks; PHP's firm, plus interruptible load, at a forecast of 65 MW based on prior actual PHP metered load at the time of NSP's 3CP...]. The 65 MW figure has been used in the COSS proceeding modeling (M11475), which preceded the GRA and is included in the GRA as Appendix 12. As noted, the 65 MW figure reflects the

figure used in prior forecasts for estimating the demand of PHP at 2CP based on PHP's historical demand at the time of system peak as dispatched by the Company.

So that remains your position?

A. (Ferguson) Yes.

Q. And for this Application, you're proposing the use of 65 megawatts being the 8 megawatts firm load and 57 megawatts of interruptible load, subject, I think, to line losses.

A. (Ferguson) Correct.

MR. MacDOUGALL: If we can now pull up NSPI's response to SBA IR-1(a); that's Exhibit N-9. Mr. Norwood, NSPI responses to the SBA. Ir-1(a).

BY MR. MacDOUGALL:

Q. And here you were asked to describe the rationale for the use of 65 megawatts for 3CP. And if we could go to their response. And here you say:

> The 65 MW is a figure that has been used in prior forecasts for estimating the demand of PHP at the time of coincident peak. This

value, 65 MW, is based on the optimized load profile for PHP developed for the 20 2012 Stern Paper Mill Load study, and has been periodically confirmed to remain a reasonable quantity.

Correct?

A. (Ferguson) Correct.

MR. MacDOUGALL: Now, if we go to the BAI evidence, Exhibit N-2, Mr. Norwood, and if we can go to page 15? Okay.

BY MR. MacDOUGALL:

Q. And here we see a table showing NSPI's summary of PHP historical 3CPs that cover January, February, and December of each of 2022 and 2023; correct? With the exception that I believe there's a typo that says 2033 to 2023.

A. (Ferguson) Correct.

Q. So this is NSPI information and a summary of PHP's historical 3CPs that cover those two years; correct?

A. (Ferguson) Yes.

Q. Okay. And here you see the average PHP demand is 65,332; correct?

A. (Ferguson) Correct.

Q. And during this time period, PHP was on the ELIDC Tariff?

A. (Ferguson) That is correct.

Q. And it was subject to NSP dispatch instructions under the ADC provisions of that tariff?

A. (Ferguson) Correct.

MR. MacDOUGALL: Now, if we could go, Mr. Norwood, to Exhibit N-6?

And, Mr. Chair, there's a confidential version of N-6. The response that I'm going to refer to was filed confidentially by Nova Scotia Power because it refers to PHP information, but PHP no has no issue with this being in the -- in the open record. So Nova Scotia Power and ourselves have agreed that we can we can show this part of the confidential document in this session.

THE CHAIR: Thank you, Mr. MacDougall.

MR. MacDOUGALL: You're welcome.

So if we could pull up the confidential version of Exhibit N-6, Mr. Norwood. And if you could go to PDF page 1470. Because I guess we should be careful not to show any other confidential information.

THE CHAIR: Yeah, just pull it up first before you move it over to the public monitor, please, Rob.

MR. MacDOUGALL: It's a single page PDF, page 1470, that would have a similar chart, Mr. Norwood, to what we were recently looking at.

(SHORT PAUSE)

MR. FERGUSON: Mr. MacDougall, which IR- are you referring to?

BY MR. MacDOUGALL:

Q. IR-30, NSPI's responses to Industrial Group IR-30.

A. (Ferguson) Thank you.

(SHORT PAUSE)

MR. MacDOUGALL: No IR-30 in Exhibit 6. It's Exhibit N-6 (Confidential), NSPI responses to the Industrial Group IRs.

(SHORT PAUSE)

MR. MacDOUGALL: My colleague, Mr. MacDuff says that PDF page may be the PDF page in the non-confidential. So just look for IR-30 and the one chart that's shown as confidential.

The problem is that document is very large, Mr. Chair. It's somewhere in the area of 1470.

(SHORT PAUSE)

MR. MacDOUGALL: That's a regulatory learning lesson, Mr. Chair, that large attachments maybe should always go at the back of the IR package.

THE CHAIR: That's what you're looking for on the screen there, Mr. MacDougall?

MR. MacDOUGALL: That's correct.

THE CHAIR: Okay.

MR. MacDOUGALL: Thank you very much.

THE CHAIR: Sorry for the delay.

MR. MacDOUGALL: No, thank you very much.

Thank you very much, Mr. Norwood.

BY MR. MacDOUGALL:

Q. And here in this question, you were asked by the Industrial Group to update the PHP historical 2CPs for 2024 and 2025; correct?

A. (Mowatt) Correct.

Q. Okay. And if we do that, my understanding is that the average of these numbers, as was set out in PHP's reply evidence, is 28 megawatts; is that correct?

A. (Mowatt) Subject to check, I'll take your average on that.

Q. Great. Thank you very much. And except for January 19, 2024, these numbers are all even with adjusted losses under 18,000 kW; correct?

A. (Mowatt) Correct.

Q. Okay. And this was in -- responding to this, this was the same methodology to determine the 3CPs as was done for the prior chart we looked at with respect to 2022 and 2023; correct?

A. (Ferguson) Could you repeat that, Mr. MacDougall?

Q. Sure. My understanding is this chart was prepared in the same way as the chart we were recently looking at that was based on NSPI information for the years '22/'23. This was done in the same manner but using the CPs for '24/'25. Same manner as you created the 65 megawatts.

A. (Ferguson) Correct.

Q. Okay. So the method relied upon by NSP to derive the 65 megawatts yields 28 megawatts if one uses more current historical data; correct?

A. (Ferguson) Correct.

Q. Thank you. If we can go back to

the Application, page 5. Sorry; that's Exhibit N-1, and if we could go to page 5 starting at line 21.

And here you state:

> As proposed, rather than relying solely on PHP metered data at the time of the 3CPs, the setting of the PHP coincident peaks for costing and pricing purposes will require judgment as to the level of demand which is representative of PHP system usage and provides for fair allocation of demand-related costs across ATL classes.

Correct?

A. (Ferguson) Yes.

Q. So can you help me with understanding on how you're proposing to reset the demand determinant applicable to PHP going forward? What's the -- what's the methodology that we're having approved in this Application that will carry on since we're trying to get an above-the-line tariff put in place for Port Hawkesbury Paper?

A. (Ferguson) The methodology -- because of the unique characteristics of Port Hawkesbury Paper, where it is dispatchable load with a -- it is the

largest customer on the system with a very high peak load relative to other customers, a significant average load relative to other customers, and a potentially low value at time of 3CP, I think we're going to have to consider further what the right number is that provides appropriate allocation, recognizes Port Hawkesbury Paper's contribution to 3CP, but also provides for fair allocation of costs across classes.

The judgment we're talking about is that exercise; what's the appropriate level? There's been a couple of different views put forward in this Application: Port Hawkesbury Paper should rely on the firm figure only; Mr. Bowman used an average number, and the Settlement Agreement provides for a number that's roughly in the middle of those two options.

So an objective of utility pricing is to provide for fair allocation of costs. We'll need to consider going forward as part of GRA process what the fair figure is for Port Hawkesbury Paper. We've -- I

think we have the benefit through the Settlement Agreement of having a solid foundation for the first two years of the tariff, 2027 now, and I think it -- the figure that we're using has historical foundation, recognizes that Port Hawkesbury Paper is likely to be lower relative to its average load during time of 3CP, but also relies significantly on the transmission and generation systems in that. In total, they account for 8 percent of the power system load after the provision for the Goose Harbour Lake Wind Farm 4 or 5 percent. So we think the judgment is in trying to find that right number and it may not be able to rely on historical or purely forecast figures at time of system peak, like we do for other classes.

Q. Would you acknowledge that -- I think it's -- I mean, I know it's in the PHP evidence that Nova Scotia Power and Port Hawkesbury Paper have been on and off negotiating this rate since 2023, roughly?

A. (Ferguson) I think it's about

that time that we began engaging in it. My recollection is that there was a pause put on that work because the cost-of-service work was recognized as being fundamental to whatever arose from the ELID process. So there was initially some certainly collaborative work between Port Hawkesbury Paper and Nova Scotia Power, but it did pause for the roughly a year, year and a half timeline when the cost-of-service work was ongoing.

Q. But there was a considerable amount of effort put in between the two parties to bring forward this Application; correct?

A. (Ferguson) In the early days of development, we had worked collaboratively, yes.

Q. And are you aware that what PHP is seeking through an above-the-line rate is to actually try to achieve greater certainty and predictability of its energy costs?

A. (Ferguson) Yes.

Q. And isn't it this process that's

meant to do that, to set a rate form that can be relied on as an above-the-line rate going forward, as opposed to saying, "We're going to set a rate today, but one of the key factors, the billing determinant for the 3CP, may be revised and we don't know what methodology we're going to use"?

A. (Ferguson) Well, I think we've acknowledged from the outset that that is one of the complications of this tariff, trying to design an above-the-line tariff applicable to Port Hawkesbury Paper with its unique characteristics, where its load at time of system peak could be so variable. It may be as low as the firm number 8 megawatts; however, it might be that, depending on the circumstances of the power system at the time, if we have high wind it might be generating more, or if Port Hawkesbury Paper is operating -- being held as operating reserve, likewise, it could be held at a higher number. Our view is you'll need to look at those circumstances. This is new ground for us. So initially

it's going to take a further study.

We -- as I said, we feel that where we landed with the Settlement Agreement and with a number that was based on historical levels, is a good starting position.

Q. But will you confirm that we just went through and showed that more recent historical data is a significantly different number than the 2022/'23 data that you folks relied on?

A. (Ferguson) Yes. And that's the point kind of, that the data will vary. I expect that there will be significant variability in Port Hawkesbury Paper's load at time of system peak across the years. The question is what's the right number for the purpose of cost allocation? Is it the actual load at time of system peak, or is it going to be some more representative figure, representative of -- that tries to more fairly apportion Port Hawkesbury Paper's responsibility for generation demand-related costs?

Q. Yeah, but would you agree that if the Board determined that Port Hawkesbury Paper was correct, that it should be 8 megawatts firm, we wouldn't have that issue?

A. (Ferguson) I'd really need to understand the Board's direction, you know, reaching that determination.

Q. Sure, but there's proposals being put forward that don't rely on the methodology you suggest or the judgment level that you suggest.

A. (Ferguson) Yes.

Q. Thank you.

Can we go to page 6? We may be -- may be on that page. And look at lines 4 to 7.

And here in your Application you state:

> Consistent with the foregoing, it is proposed that the assumed costing/billing demand also be adopted and applied for billing purposes throughout the year. (i.e. the PHP 3CP figure employed for Tariff costing and pricing would also be applied

for billing purposes essentially making the demand cost recovery a fixed charge).

So your Application as proposed, with respect to the interplay between costing and billing, would suggest that once the demand cost recovery would set, it would essentially act like a fixed charge throughout the year?

A. (Ferguson) Yes.

Q. And my understanding is this is specifically reflected in the proposed ELID Tariff?

A. (Ferguson) Yes.

Q. Okay. Thank you.

Gentlemen, I'm now going to spend a little time talking about renewable energy credit valuation.

THE CHAIR: Sorry, Mr. MacDougall. Just it's around 10:30. I don't know if this is a convenient place for a break or if you're anticipating another convenient spot, maybe in the next 15 minutes or

so?

MR. MacDOUGALL: This is absolutely convenient right now, Mr. Chair.

THE CHAIR: Okay. So we'll break now. It's 10:30. We'll come back at a quarter to 11:00.

MR. MacDOUGALL: Thank you.

--- Upon recessing at 10:30 a.m.

--- Upon resuming

MICHAEL WILLETT, Resumed:

ERIC FERGUSON, Resumed:

CRAIG MOWATT, Resumed:

DAVID STANFORD, Resumed:

THE CHAIR: Thank you, Mr. MacDougall.

MR. MacDOUGALL: Thank you, Mr. Chair.

If we could pull up, Mr. Norwood, Exhibit N-37, PHP's reply evidence, and if we could go to page 5, and if we could go to line 20?

CROSS-EXAMINATION BY MR. MacDOUGALL, (Cont'd)

Q. So, gentlemen, this is PHP's

reply evidence, and you'll see starting at line 20 PHP states:

> Importantly, in exchange for such treatment...

That was treatment under the Goose Harbour arrangements:

> ...NS Power retains pursuant to section 2.1(e) of the Power Sales Agreement...all of the renewable energy attributes related to the energy purchase by NS power under the Power Purchase Agreement.

And is -- is that your understanding as well of the of the arrangements with respect to the Goose Harbour Wind?

A. (Ferguson) That's correct.

MR. MacDOUGALL: And, Mr. Norwood, if we could pull up another one of the documents I provided to you in Matter 13042? That's the current proceeding before the Board to approve the Green Choice PPA, and its Exhibit N-1(i), and we're at page 22.

BY MR. MacDOUGALL:

Q. And here at page 22...

MR. MacDOUGALL: If we could go back to that, Mr. Norwood. Sorry. No, my fault for not saying PDF page.

BY MR. MacDOUGALL:

Q. And here we see there's a definition of a renewable attribute loss. And it says:

> That means the loss of the benefit of renewable energy credits referred to in section 3.4 of the agreement relative to the contract energy, shortfall energy, and shortfall contract energy. (As read)

And then under the following definition:

> The renewable attribute loss rate means an amount equal to $21.93 per megawatt hour increased based on cumulative increases in the Consumer Price Index. (As read)

So would you agree that if that PA as filed with the Board is approved, the loss of the benefit of RACs in the Nova Scotia Green Choice context would be in the order of $22, escalating over time?

A. (Ferguson) I would agree to that.

Q. Thank you.

A. (Ferguson) Just hold on one moment, Mr. MacDougall.

Q. Sure.

A. (Ferguson) Thank you.

Q. Gentlemen, I'm going to go to a different topic now, default rates -- potential default rates and the Large Industrial Interruptible Rider.

MR. MacDOUGALL: If we could go, Mr. Norwood, to Exhibit N-14, that's PHP's responses to Board staff IR-2, which is PDF page 3 in Exhibit N-14.

BY MR. MacDOUGALL:

Q. And here, gentlemen, starting at line 19 [*sic*] you'll see, in response to this IR, Port Hawkesbury Paper had stated:

> Further, as noted at section 7.3.3 of Elenchus' Cost of Service Cost of Service Study Consultative Report for [Nova Scotia] Power...

Which was an exhibit in NS Power's

recent GRA Application, Elenchus stated that:

> The load volumes and active demand control characteristics of PHP are sufficiently different from other classes that it is appropriate to treat PHP as a separate rate class if they move above-the-line. NS Power's proposed approach to allocate costs to PHP if they move above-the-line would treat them in a consistent manner as other rate classes with differences in cost allocation arising from the specific load characteristics of the class. In Elenchus' view this is a reasonable approach for PHP and NS Power's other rate classes.

So does NS Power agree with Elenchus' statement that was made in your -- as part of a report in your cost-of-service proceeding that was dealt with in the recent GRA?

A. (Ferguson) Yes.

Q. Okay.

MR. MacDOUGALL: If we can turn to Exhibit N-4, and this is NSPI's responses to Bates White. And if we can go to IR-7(e); I think it's PDF page 13, and the response to 7(e). Could you go up, Mr. Norwood, to the question?

BY MR. MacDOUGALL:

Q. And here the question was:

> Please provide an estimate of PHP's annual charges for 2026 and 2027 if PHP was to take power under the existing Large Industrial Interruptible Rate. For purposes of estimation, please assume PHP's load equal to...2025 actual load.

And if we could go to the response to (e). And here it says:

> Please refer to the following table....This does not include wind generated by the Goose Harbour Lake Wind Farm.

Correct?

A. (Ferguson) Correct.

Q. Okay. And here, for 2027, I see that the total charge was 72.9 million; correct?

A. (Ferguson) Correct, under the load profile from 25 actuals, which would be running under the EIADC load, dispatchable load.

Q. Okay, yeah. If you've used 2025, that's correct.

A. (Ferguson) Correct.

Q. And then if we can just scroll down to line 10. And here you caveated that number by saying:

> It is important to note the costing and pricing of the LIIR Tariff does not incorporate the load of PHP.

Correct?

A. (Ferguson) That's correct.

Q. Okay. But accepting the caveat that you made there, if we can go to the response to IR-7(f), and here you were asked to provide an estimate of PHP's annual charges under the ELID Tariff assuming PHP's load also equal to its 2025 actual load; correct?

A. (Ferguson) Correct.

Q. Okay. And here you show for 2027 83.2 million, roughly 10 million more than -- the 72.9; correct?

A. (Ferguson) That's correct.

Q. Okay. And if we can go now to

IR-8(a), PDF page 16. And here you are asked to:

> Please provide updated cost of service Attachments referenced in the text assuming PHP takes service as a Large Industrial Interruptible customer.
>
> Correct?

A. (Willett) Correct.

Q. Okay. And now if we can go to the response to that? In (a), you say:

> The Company has not undertaken the requested analysis. In order to complete such analysis, PHP's load profile would need to be combined with the forecast Large Industrial class load profile to establish a revised class demand and energy shape for the Large Industrial class.
>
> Correct?

A. (Willett) Correct.

Q. But would you agree that to test and understand the implications for PHP of any potential rate options, the PHP would have to know what the rate would be?

A. (Willett) Can you repeat that?

Q. Sure. In order for Port Hawkesbury Paper to be able to test and understand the implications of a potential option to the ELID, do you agree that they would have to know what that rate would be for the comparison purposes?

A. (Willett) I think that would be important. And I would say under the LIIR you would have the same challenges as well with what are some of those billing determinants in order to -- to appropriately price them in that tariff as well.

Q. Okay. And you say here that you:

> ...would need to determine the applicable cost of service elements, likely including an updated IT credit amount.

Correct?

A. (Willett) Correct.

Q. Why would an updated interruptible credit amount be needed?

A. (Willett) Yeah. So I think we are acknowledging here that if you would be pricing PHP in

this tariff, you would be going through the full process of pricing them in that tariff, including looking at what the appropriate demand levels, what the appropriate load profile would be. You would be visiting all elements of the tariff, including the Interruptible Rider pricing.

Q. Okay. Thank you. And you have a forecast monthly load profile for PHP for 2027?

A. (Willett) We utilize a load profile provided from PHP for the current year and flowed into the next year.

Q. Correct. And you have that information that has been provided by PHP.

A. (Willett) Yes.

Q. And then PHP has also provided a forecast of the anticipated production from Goose Harbour Wind for 2027 as well?

A. (Ferguson) Correct.

Q. Okay. So are you able to undertake to provide what the Large Industrial

Interruptible Rate would be for PHP in 2027, including the impact on other Large Industrial Interruptible customers using the data and assumptions that you have available?

A. (Willett) I would -- I would say we -- we can do that. The one item I would just mention is there would need to be assumptions made on what level of demand that would be utilized in that pricing would be appropriate for -- for that modelling. As I mentioned earlier, you would have the same challenges that we're currently discussing about what an appropriate demand level is under the ELID versus what it would be under a LIIR tariff as well.

Q. Okay. Thank you.

If I could just have a minute?

But the methodology would be the same methodology as you would use for other customers in that class; correct? If we're just determining how the Large Industrial Interruptible Rate would be priced for PHP, not ADC or anything like that, just the -- if PHP was to go on

the Large Industrial Interruptible Rate, I assume you would deal with it in the same manner that you deal with other customers in that class.

A. (Willett) I would just go back to what my colleague, Mr. Ferguson, had spoke to before about the use of historical demand numbers being appropriate, given the fact that this load has been dispatchable over time, and what demand levels would it be appropriate to -- to price that tariff under, similar to what we've been talking about with the ELID.

So that would be an open question on what is appropriate to utilize for the demand numbers, given that this load has been dispatched during those times of system peak.

A. (Ferguson) Just one moment, Mr. MacDougall, please.

Q. Sure.

A. (Ferguson) One issue that comes immediately to mind for me is the Large Industrial

Interruptible Rider class. That demand is a ratchet; it's the higher of demand in the current month versus demand over December, January, February. So would you incorporate? So we have to figure out what the cost would be for PHP incorporated within there. What would your thought be around the demand -- billing demand treatment?

Q. Well, I think my view would be that we should approach it the same way you would approach any other customer.

Let's step back just one tiny bit. During the written portion of this process, I think various parties raised that the availability criteria for the Large Industrial Interruptible Rate is available for Port Hawkesbury Paper; correct?

A. (Ferguson) That's been raised, yes.

Q. Yeah. So I think you would have to approach it in the same manner that you approach any other customer. So at the end of the day, the billing

would have to be done in the same manner that the billing and the costing are done for other Large Industrial Interruptible customers. It would be no different. We wouldn't -- we wouldn't be dealing with the LID issue where we know you have a process where the billing demand and the cost of demand is the same, and it becomes essentially a fixed charge. We talked about that earlier.

The other situation is if Port Hawkesbury Paper simply said to Nova Scotia Power that their intention had been to go on the Large Industrial Rate without providing ADC or priority interruptibility; they have the right to do so. So I would assume NSP would then develop a rate that would be an applicable option for Port Hawkesbury Paper, using the assumptions you think appropriate.

A. (Ferguson) Yes, I think we could undertake the analysis. My hunch would be that it'll have a number of caveats that we'll just have to make assumptions like that for. And the one I'm talking about

is, so if PHP was part of the LIIR class, it would be the peak billing demand; a big number, yeah. And then if that happened in January, December -- December, January, February, that would carry through a large number as the billing determinant for the class, yeah.

Q. Understood.

A. (Ferguson) Okay. Yes, we can undertake to do the analysis. I would just expect that there will be -- it'll take some time to figure out what the appropriate treatment of a number of those issues are, and it'll come with some caveats, but most of -- we understand that.

Q. Understood. And the caveats are fine; we totally understand that. It's really for informational purposes to be able to see what option might be available to Port Hawkesbury Paper, if for some reason that option needs to be looked at.

A. (Ferguson) Thank you.

THE CHAIR: Mr. MacDougall, there's a

bit of back and forth there.

MR. MacDOUGALL: Yes.

THE CHAIR: Just so it's clear when the record is transcribed, could you just kind of summarize or restate the request for undertaking U-1?

MR. MacDOUGALL: Sure.

If Nova Scotia Power could provide, using assumptions that they feel appropriate, the rate that would apply to Port Hawkesbury Paper if Port Hawkesbury Paper applied to go on the Large Industrial Interruptible Rate with interruptible credit, and the impact that would have on other Large Industrial Interruptible customers.

THE CHAIR: Mr. Ferguson, that's clear?

MR. FERGUSON: Yes.

THE CHAIR: Thank you. Thank you both.

MR. MacDOUGALL: Thank you.

UNDERTAKING U-1 - Nova Scotia Power to provide, using assumptions that they feel appropriate, the rate that would apply to Port Hawkesbury Paper if Port Hawkesbury Paper applied to go on the Large Industrial Interruptible Rate with interruptible credit, and the impact that would have on other Large Industrial Interruptible customers

BY MR. MacDOUGALL:

Q. Gentlemen, I'm going to ask a few questions on the concept of the true-up of rates.

MR. MacDOUGALL: If we could pull up, Mr. Norwood, a document I sent to you, M12861, Exhibit N-1? That's NSP's 2026 load forecast report.

No problem. Take your time, Mr.

Norwood.

And if we could go to page 76 of 105, and if we could go to the second paragraph under the Figure 5.3? So we could just go up a tiny bit. I'm sorry; I guess it's down in length. There you go. That's great.

BY MR. MacDOUGALL:

Q. And in this load forecast report, NSPI states:

> Like the Large General rate class, load for these rate classes is forecast using a combination of customer survey and historical sales information.
>
> And the customer classes they're talking about are above. It says:
>
> Other Industrial rate classes include Large Industrial, Large Industrial Interruptible, Generation Replacement...Load Following, One-Part Real Time Pricing, Shore Power, and the [ELIAD]...
>
> And then you go on to state:
>
> Customers are surveyed regularly to gather their electricity requirements over the next

> three-year period. Details on planned production levels or equipment changes help inform expectations on energy sales. In the absence of any survey or general public information, load levels are forecast as being flat. [And] For the 2026 survey, seven [companies] said energy consumption would remain the same, eleven indicated consumption would increase, and twelve customers did not respond.

So for these customers, such as the Large Industrial and the Large Industrial Interruptible, if at the end of the day they don't meet their load forecast; for example, they use significantly less energy than forecast, what occurs?

A. (Willett) So rates are set based on forecasted load at a -- at a point in time. So if a customer or a customer class were to have lower sales, as you mentioned in that case, there is mechanisms within the FAM to true-up fuel costs related to their actual consumption of energy.

Q. Mechanisms in the FAM? But if they used less energy, they don't have to pay for energy they didn't use.

A. (Willett) That's correct. Their energy costs would be trued-up based on what they actually used.

Q. What they actually used. So they don't have to pay unrecovered costs to NSP based on what they forecasted?

A. (Willett) So the FAM would have both a volume component and a pricing component related to the actual cost of fuel. So let's just say in this example that actual fuel cost came in the same as what rates were set. It would just be that volume component based on actual that would be trued up.

Q. Okay. Thank you.

MR. MacDOUGALL: If we could go to NSPI's responses to PHP's IRs; that's Exhibit N-8, Mr. Norwood. And if we could go to IR-3(a), PDF page 4.

BY MR. MacDOUGALL:

Q. And here you were asked in IR-3(a):

Please confirm that these proposed energy charges do not include any costs associated with the securitization deferral account as proposed in the GRA.

MR. MacDOUGALL: And if we could go to the response, Mr. Norwood?

BY MR. MacDOUGALL:

Q. And hear you say, "Please refer to..." Sorry. You just say "Confirmed"; correct?

A. (Willett) Correct.

Q. Okay. And then in (b) and (c), you state:

A securitization program has not been established. Consistent with this a securitization rider has not yet been developed.

And then in (c):

The Company has not undertaken the financial analysis or cost of service model development to complete this work.

Correct?

A. (Willett) That's correct.

Q. But if PHP goes above-the-line,

it will be subject to securitization rider as an additional cost, if that gets put in place, or subject to potential recovery of a portion of the cost of the assets to be proposed to be securitized, if securitization doesn't occur?

A. (Willett) Correct.

Q. Okay. Thank you.

I want to ask a few questions on reliability. I think these will be for you, Mr. Stanford. And I note that we're both semi-retired, but we're here at a hearing, so I don't know how well that's working for either of us.

Your responsibility on this panel is principally with respect to issues regarding system dispatch and grid operations. Is that what I heard earlier today?

A. (Stanford) Yes, that's correct.

Q. Okay. And if we could go to Exhibit N-39, Nova Scotia Power's Opening Statement, and

if we could go to page 2, the paragraph that starts the, "Fourth"?

And here you said -- or Nova Scotia Power overall said:

> Fourth, and perhaps most importantly, the ELID Tariff preserves valuable operational flexibility for the electric system. As Nova Scotia continues its transition toward a system with increasing levels of renewable generation, demand-side flexibility becomes increasingly important.

Why was the emphasis made here on, "And perhaps most importantly"?

A. (Stanford) The emphasis on the term, "Most importantly" speaks to the evolving power system as we're -- as our power system in Nova Scotia is evolving from a system with dispatchable generation, moving towards larger quantities of variable generation, having access to as many operational tools as we can becomes more and more important to ensure the reliable operation of the power system.

Q. Great. Thank you. And although

not fully quantified in this Application, from a reliability perspective what would be the implications if Port Hawkesbury was to no longer be an Active Demand Control customer?

A. (Stanford) If PHP were to no longer be an Active Demand Control customer, there could be -- there could be some implications for reliability. We've provided for, in our Application, that the active demand component or Dispatchable Rider component of the ELID tariff. We feel that because it is a large -- a large load on our system, it is under control of the System Operator, that it would be premature to not recognize those reliability -- potential reliability benefits.

The -- could you repeat the question again, Mr. MacDougall?

Q. Sure. I was just trying to get a sense of if Port Hawkesbury Paper was no longer to be an Active Demand Control customer, what value would NSPI lose

in that case?

A. (Stanford) The -- well, we would lose the ability to dispatch Port Hawkesbury Paper load in response to -- you know, when I look at it from a real-time operations perspective, if we see a capacity shortfall situation on the horizon, and you know, associated with that as capacity on the system becomes tighter, the marginal cost increases. So the Active Demand Control provides the ability for the System Operator to dispatch down Port Hawkesbury Paper in advance of those situations, and that provides the benefit of doing it on a more, I'd say, planned basis to reduce PHP as opposed to enacting the interruptibility provisions of the tariff, which would -- basically, if we got into a capacity shortfall situation, the Operator, if we were relying solely on interruptibility provisions, Port Hawkesbury Paper would have to dispatch or reduce load within 10 minutes.

Q. And what if -- what are the

implications if Port Hawkesbury Paper were, at the same time, no longer a priority interruptible customer?

A. (Stanford) The implications if Port Hawkesbury Paper were no longer priority interruptible are that in that case -- and if there was no Active Demand Control, when a capacity shortfall situation did arise, other interruptible customers would be essentially rotated in, in concert with Port Hawkesbury Paper when an interruption was required. So there would be likely more interruptions to other interruptible customers in the Large Industrial Interruptible Rider class, for example.

Q. Thank you very much, Mr. Stanford.

Gentlemen, I now want to talk a little bit about revenue-to-cost ratios.

MR. MacDOUGALL: And, Mr. Norwood, if we could go again to NSPI's Application, Exhibit N-1, but in this case, I want to go to an attachment; Attachment 4,

which is the Settlement Agreement.

That's it, Mr. Norwood. Thank you.

BY MR. MacDOUGALL:

Q. And, gentlemen, I brought this up, but it's really a general question. I didn't see any explicit reference in the Settlement Agreement to RC ratios. Is that your understanding; that there's no explicit reference to RC ratios in that agreement?

A. (Stanford) Not explicitly in the Settlement Agreement, but within the models that were provided the outcomes of the GRA Settlement Agreement produced the results. And within that supporting documents, the RC ratio was defined for PHP within -- within those models.

Q. But there was no rate being set in that proposal for PHP. I believe you acknowledged that previously.

A. (Stanford) There was no rate for PHP, but all other customer rates were impacted by that RC

ratio for PHP.

Q. Okay. And if an above-the-line rate is adopted for PHP, the intention is that it will make a cost-based contribution to NSPI's fixed costs; is that correct? An embedded cost-based contribution to NSP's fixed costs?

A. (Ferguson) Yes.

Q. And Port Hawkesbury Paper has not historically been subject to the cost of service for the making of its electricity rates to date, has it?

A. (Ferguson) Correct.

Q. So cost shifts between the various classes on account of any of the cost-of-service changes were not on account of a change in a cost base Port Hawkesbury Paper rate, were they?

A. (Willett) Could you repeat that?

Q. Sure. There were -- cost shifts occurred in changes to the cost of service between the various classes, but those -- those cost shifts weren't on

account of cost shifting with respect to Port Hawkesbury Paper, were they? Because Port Hawkesbury Paper isn't covered by the cost of service, or was not covered by the cost of service prior to the GRA?

A. (Willett) So in the current -- the 2026/2027 GRA, there would have been cost shifts as a result of the cost of service, and there would have been changes to the costs as well from moving Port Hawkesbury Paper from a below-the-line customer to an above-the-line customer.

Q. Correct. But the rate wasn't finally settled for Port Hawkesbury Paper.

A. (Willett) The rate for Port Hawkesbury Paper, but all other customer classes' rates would be -- were different as a result of PHP being above-the-line.

Q. Okay. Thank you.

And, gentlemen, I want to talk a bit about your methodology for energy and demand costing. Can

you confirm that Nova Scotia Power utilizes a system load factor methodology to split generating resource costs between demand and energy?

A. (Willett) Correct.

Q. So as I understand it, and you can correct me if I'm incorrect, Mr. Willett, a portion of fixed generation capacity costs are actually recovered through or proposed to be recovered through the ELID non-fuel portion of the energy charge, rather than the demand charge; is that correct?

A. (Willett) Yes, that's correct, energy-related fixed costs.

Q. Great. Thank you.

And I just have one other area I'd like to deal with, gentlemen, with respect to forward replacement costs. For the determination of the value of ADC used in the year, you're proposing to compare the actual PHP load against an essentially flat CBL determined for PHP using a forward replacement cost mechanism;

correct?

A. (Mowatt) You're speaking to the dispatch rider calculation?

Q. Correct, I am.

A. (Mowatt) That is correct.

Q. Okay. And can you explain why you're using the forward replacement cost mechanism as opposed to average accounting costs for that exercise?

A. (Mowatt) Certainly. The exercise itself isn't costing out PHP's full cost to serve. This is simply looking at the load shifting benefits that are generated through the Dispatchable Rider. Because that requires one to look at how the system was dispatched using replacement cost methodology and segregating just the load-shifting benefits, it's important to utilize the same pricing in both cases, one with the shaped PHP actual load versus the customer baseline load.

Q. Great. Thank you very much, Mr. Mowatt.

MR. MacDOUGALL: Mr. Chair, those are all my questions.

THE CHAIR: Thank you.

Consumer advocate.

(SHORT PAUSE)

MR. ROBERTS: Thank you, Chair. And before I start, I would just like to join in the expressions of condolences that have been brought forward this morning. Mr. Outhouse's contributions to this Board, this room, are well known, and I should just add that I had the privilege of working with him for many years in his capacity as a labour arbitrator. And he was always right. He was.

THE CHAIR: Thank you, Mr. Roberts.

MR. ROBERTS: Thank you.

CROSS-EXAMINATION BY MR. ROBERTS

Q. I'm going to ask some questions about the Settlement Agreement in the GRA.

MR. ROBERTS: And I believe you had it up a short time ago. Mr. Norwood, but I can -- it's in the material, Exhibit N-1(i).

MR. NORWOOD: What was it one of the ones that Mr. ---

MR. ROBERTS: Yes. Mr. MacDougall had it, I think. That's right. And it's -- I have it as page 40 of 50, in terms of the actual PHP treatment portion.

MR. NORWOOD: Was it the load forecast?

MR. ROBERTS: It was the actual -- he -- you had the cover -- front page of the Settlement Agreement up.

UNIDENTIFIED SPEAKER: It's also N-1 and Attachment 4, yeah.

MR. ROBERTS: N-1, yeah, sub (i).

(SHORT PAUSE)

THE CHAIR: No, that's not it. It's Exhibit N-1.

MR. ROBERTS: Yes.

THE CHAIR: It's Attachment 4 in N-1, Mr. Norwood. There you go.

MR. ROBERTS: There you go. Thank you. And if you scroll down, you'll come to the document numbered pages on the document page 6, which has a box titled "PHP "Treatment".

No. Keep going. Yes, page 11 of 20, I believe. There you go. And just "PHP Treatment" is the portion I'm going to focus on. Thank you.

BY MR. ROBERTS:

Q. And in particular subparagraph (a) of this portion reads:

> Nova Scotia Power's '26/'27 Cost of Service Study includes PHP as an above-the-line customer, based on the forecast of receiving Board approvals for a new PHP tariff in time to implement for January 1, 2026. (As read)

And my question is if you could confirm that that statement is based on the premise that you would have come here with a joint application with PHP on the new tariff.

A. (Ferguson) I've seen or heard comments about lack of consensus between ourselves and Port Hawkesbury Paper. I would just preface it -- response by, to my mind, they overstate the areas of difference. I think we have general agreement across all parties on the construct. And generally these parties agree with the notion of Dispatchable Rider and that Port Hawkesbury Paper should benefit in accordance with value created.

So I think the hope is always that we come forward with the customer with consensus and the company's view is we thought we had that consensus across all parties, not just Port Hawkesbury Paper on some key elements.

Q. And you had that consensus

expressed in the terms and the Settlement Agreement that are listed under "PHP Treatment," and there are a number of subparagraphs.

A. (Ferguson) Yes.

Q. Okay. Now, subparagraphs (b), (c), and (d) put forward broad terms of that tariff construct that you believe you had consensus on; correct?

A. (Ferguson) Yes.

Q. Okay. And just looking at subparagraph (b), there are particular numbers that are listed there: PHP's firm load, 8 megawatts, three coincident peaks, firm plus interruptible load 65 based on prior actual PHP metered load at the time of 3CP and PHP energy will be based on the forecast uses for the test years.

Were those known -- those values known at the time that this consensus agreement was reached?

A. (Ferguson) It was understood that that's what the modelling was based on, and the GRA

application that incorporated PHP above-the-line was based on those numbers.

Q. Okay. And that agreement was also based on those numbers; correct?

A. (Ferguson) Yes.

Q. Now, in paragraph (c), you were questioned about this particular segment:

> The dollar value of the interoperable credit to be applicable to PHP's interruptible load shall be the same as the credit for Large Industrial Interruptible customers... (As read)

Was that an assumption that was part of the consensus that you referred to?

A. (Ferguson) Yes.

Q. And going on:

> ...plus the value of priority interruption provided, if any, then the priority interruptibility service that may be provided by PHP is modelled at an additional 10 percent credit. (As read)

Again, was there any lack of understanding within the consensus about what that meant?

A. (Ferguson) Not in my view. That was an exception. It was recognized that that was a modelling provision, explicitly a modelling provision, and parties could have a different view as to how it unfolded.

Q. If you turn over the -- or if you go to the next page, subparagraph (e):

> NS Power and PHP shall reflect the foregoing in a written tariff which shall also include a proposal for priority interruptibility to be brought forward for approval by the Board later this year, effective January 1, '26. (As read)

Now, that didn't happen, right?

A. (Ferguson) It certainly wasn't effective January 1st, 26. Is that the question?

Q. Well, that's part of it.

A. (Ferguson) Yeah.

Q. But also, there was no -- there was no consensus application made either, was there?

A. (Ferguson) No. There are certainly areas we differ among parties who are parties to

this proceeding, yes.

Q. Including PHP.

A. (Ferguson) Yes.

Q. And what's your explanation for the failure to deliver on the premise of that paragraph, the basis of the Settlement Agreement?

A. (Ferguson) Mr. Roberts, is it my explanation for as to why parties disagree on what -- with ---

Q. Well.

A. (Ferguson) Sorry.

Q. Fair enough. As I read the question, "NS Power and PHP will reflect the foregoing," the provisions we just reviewed:

> ...in a written tariff, which shall also include a proposal for priority interruptibility. (As read)

You weren't able to reflect the foregoing in a written tariff along with PHP, were you?

A. (Ferguson) Sorry. It's clear.

Q. Yeah.

A. (Ferguson) The -- no, it is generally the company's responsibility to make an application.

Q. Yes.

A. (Ferguson) An objective is that with a customer that we would have consensus with the customer who we're proposing to subscribe to the tariff. In this case, we don't have that consensus, agreed.

Q. Now, you've -- if you go on to (f), the portion that deals with the ability of parties to take any position they choose on matters that related to the tariff, you've observed in your reply evidence that there's a difference of opinion among the parties as to what this particular paragraph means.

A. (Ferguson) Yes.

Q. And in your discussions with Mr. MacDougall, you, I think, said something to the effect that you'd like the opportunity to say why you, Nova

Scotia Power, takes the position it does on the effect of this paragraph.

A. (Ferguson) Yeah. I recall that I said we've put our position forward in response to CA 9 as clearly as possible.

Q. Right.

A. (Ferguson) And why we think that despite those provisions that the parties have agreed to the costing -- the costing and pricing parameters; 65 -- the elements I mentioned; 65, the eight, the revenue cost ratio, and the value of the Interruptible Rider. And we see this provision, that allows the parties to take contrary positions is -- with respect to those billing and pricing parameters, is to the extent that they disagree with what was agreed to, would -- that they do not reflect what was agreed to. And as I mentioned earlier, no party has argued or found that what was used for the costing and pricing of the tariff is different -- those parameters is different than what's provided in the Settlement

Agreement.

Q. Is it your position that the position that's advanced here by Port Hawkesbury Paper is consistent with the basic parameters of the tariff as agreed in the GRA?

A. (Ferguson) No.

Q. And in what respects would you say that?

A. (Ferguson) We've outlined it in response to CA 9. It's our view, the company's view, that the costing and billing parameters; the 65 megawatts of total coincident peak load, the 8 megawatts of firm load, the differential of 57 of interruptible load are prescribed in the Settlement Agreement, as is the treatment of the costing of Port Hawkesbury Paper at the higher revenue cost ratio, the 104 percent, and the value of the Interruptible Rider would not be developed as we discussed earlier with Mr. MacDougall, not in accordance with the company's normal practice, but in accordance with

the value that's applicable to customers who take service under the Large Industrial Interruptible Rider; $7 and 757 -- yeah, $7.70 per kVA.

Q. And so what does Nova Scotia Power say are the implications of the positions being put forward by PHP on these particular aspects of the Settlement Agreement and the terms that were agreed? What are the implications for the costs that would be borne by other rate classes if they were adopted?

A. (Willett) Just give me a moment. I'm just finding a reference IR. Just a second.

CA IR-2 provides a reflection of those changes and the impact on the cost of service. I would note that it doesn't go as far as calculating the rates, but it shows an impact in the cost of service of making those changes per the PHP proposal.

Q. Is this something that you can do, in terms of providing information through an undertaking?

A. (Willett) So I believe what the cost of service shows is a good representation of the impacts to the various customer classes. So it would show the decreased contribution from PHP to the fixed costs of the system, which would be then passed on to other customer classes and have an impact on their rates.

Q. Is this something you can do, though, by way of an undertaking?

A. (Willett) I guess we can do it. I'm just -- discussing about the value, given that there is a considerable amount of work to go to that next step, but I believe the cost of service does give a good representation of those impacts to the various customer classes.

Q. All right.

A. (Willett) And I would just note as well, it does give an indication by customer class on what that percent change would be.

Q. Thank you. And if you look at

subparagraph (g), again, there are a number of different scenarios in (a) that essentially inject a conditionality into the outcomes of this process. The last one being if PHP determines that PHP, ADC, and tariff processes outcome is not satisfactory. What's your understanding of what would happen if that were the case?

A. (Ferguson) Well, I hope it's not the case. We've all done a lot of work on this and we think we have a credible construct that allows Port Hawkesbury Paper to move above-the-line. We've said in other IRs, we've noted that the current tariff under which they're served -- PHP has served will expire at the end of 2026. So we would have to look for alternatives to the ELID tariff. One would be to consider how we might move forward with a below-the-line tariff like the ELIADC. It's understood from prior Board decisions that if we were to do that, it would require a revisit of many of the elements of the ELIADC, the cost adders, sharing mechanism, potentially just all the -- all the parameters

of the ELIADC.

Q. And any idea about -- you've -- it's been noted that you've been working on this off and on since 2023. How long would that process that you just described take?

A. (Ferguson) Well, we'd have to get it done, have a plan in place for January 1, 2027. The Purchase Power Agreement -- the two agreements, the Purchase Power and Sales Agreement, I think, complicates that matter somewhat. It seems more straightforward on an embedded cost basis where you're swapping energy and prices developed on an embedded cost basis for generation from the -- from the customer's affiliate. To untangle that on an incremental cost basis, I'm not quite sure how we would do that.

So you know, it's a fervent hope that that doesn't happen and that we will get to a solution here that works for Port Hawkesbury Paper. I think we've got a strong foundation to get there. But ultimately, if

we don't, we'd have to consider what the Board's determination was that led the Board to make the changes or reject -- reject the proposal, and what caused PHP to determine that they could not subscribe to the outcome and see what we did at that point.

Q. Thank you. Those are my questions.

THE CHAIR: Small Business Advocate?

(SHORT PAUSE)

MS. POWELL: Thank you, Mr. Chair.

My apologies; I have forgotten a pen. Thank you.

And just before I begin, I did want to echo. I was thinking about what Dave said as a member of the Labour Bar, Arbitrator Outhouse was a clear giant among many. And I was also thinking that I probably was on the other side to Dave a couple of times. And the Management Bar always considered he was right as well. So my condolences to the Board.

CROSS-EXAMINATION BY MS. POWELL

Q. As often happens, I'll be directing my questions to the panel, and then whoever might have the appropriate response can respond. Thank you.

If we could turn to the Application, Exhibit N-1, looking at page 5 -- PDF page 5 of 50. And specifically looking at that page where we have line 7 for the monthly customer charge, I will be asking questions about that and then flipping also to page 29 of 50, which gives the Application, the attachment, and the range that we see there of the customer charge.

Can you tell me why NSP chose the low range rather than the high range in determining the customer charge there?

A. (Ferguson) It really was in recognition, Ms. Powell, around our uncertainty with the costs. It's a new tariff like the ELIADC, but it's likely to impose additional incremental costs associated with administering it. The ELIADC Tariff doesn't have a

customer charge associated with it. And my recollection is how we got there from ELIADC is a recognition that there was a sharing mechanism and both Port Hawkesbury Paper and all other customers benefitted from the pursuit of the lower system costs associated with dispatch.

So both parties had responsibility for administering the cost of the tariff . And so there wasn't a customer charge, is my recollection. In this case because there is there is no sharing mechanism, it's important, in our view, that the cost is -- the additional cost of administering the dispatch element of the tariff be recognized and recovered from Port Hawkesbury Paper.

Why we use the lower number, it was really just -- we had originally conducted a high-level analysis and forecast of that. And in light of the uncertainty, we proposed a more conservative figure.

MS. POWELL: Please, could we turn to page 17, Mr. Norwood, of the Application, 17 of PDF.

BY MS. POWELL:

Q. Seventeen (17); looking at line 17 to 19, and it reads there that the:

> [Dispatchable Rider] service will reduce total system costs; however, because (as proposed) the benefits of this will accrue to PHP, the net effect on customers will be neutral.

So can you explain why the Dispatchable Rider's service reduces total system costs, but the net effect on customers is neutral?

A. (Ferguson) The premise for the tariff is that the foundation for the costing is Port Hawkesbury Paper at a levelized load. As discussed at the opening, the cost-of-service treatment is that levelized load minus the -- excuse me. The energy related cost of service is the levelized load minus Port Hawkesbury Paper wind, with the residual flowing through to the cost of service as the energy determinant -- monthly energy determinant. Because energy fuel is allocated in the cost of service based on monthly balances, we -- for energy-related figures, fuel-related figures, we use the energy -- excuse me, the

monthly figures.

So why customers are held harmless, it begins really with the notion that if Port Hawkesbury Paper was a LIIR customer and they have -- they're billed only on energy and demand, typically a large industrial customer minimizes the overall cost by operating at a high lower factor -- load factor. So you aren't volatile. You have a high load factor, high relationship between average energy consumed and peak energy consumed.

So really the premise is that that's what Port Hawkesbury Paper, absent DR, would be driven to do. And that's the foundation that leads ultimately to the costing of the energy portion of the tariff.

And then because it's PHP's responsibility to accept that it should move its load in accordance with the company's dispatch, which is intended to provide the optimal overall dispatch to the system, unlike other customers, they are expected to move in accordance with the company's direction. So accepting that the starting

point is the notion of a flat, load it effectively keeps other customers harmless because it sets the benchmark. It establishes the benchmark of which costing for service to Port Hawkesbury Paper will be established, and then variances from that positive or negative flow to Port Hawkesbury Paper.

And I'll just ask if my colleagues have anything they wish to add.

Good. Thank you.

Q. Thank you. And so just following along on that -- in that -- in the application by NSP, the next line along -- so thank you for providing some clarity on the first part -- says:

> ...the GRA as filed includes the assumed benefit of DR service in the fuel budget but does not include compensation due to PHP...

So could you just clarify for me where in the GRA does it assume the benefit of the DR service in the fuel budget?

A. (Ferguson) Because of where we were in

the GRA process, we developed a fuel forecast that assumed Port Hawkesbury Paper was operating at an optimized load to begin with. So the fuel forecast included in the GRA does not reflect that flat assumed baseline as a starting point; it assumes the optimized load. So normally it would be the -- you begin with the flat. Assumed variances from the flat, assume our savings to Port Hawkesbury -- or savings to the system and savings to Port Hawkesbury, but the payment to Port Hawkesbury offsets that. So because the payment to Port Hawkesbury for that optimization is not included in the fuel budget it's understated.

Going forward, as we said, subject to Board's approval and PHP's agreement to go on the tariff, we will begin with a levelized load and then start from that. And by doing that, the fuel component of the optimization will effectively be included in the fuel cost.

And earlier in the session, I mentioned

when we were talking about the changes to the IR, I mentioned IR-16 -- IG IR-16, and that that describes it.

Q. Thank you.

A. (Ferguson) Thank you.

THE CHAIR: Ms. Powell, if I could just jump in here for a second?

I just want to make sure that I understand what the plan is going forward. So costs in a GRA to set the base cost of fuel, I guess, would be based on the flat load, the levelized load?

MR. STANFORD: Mr. Chair, the way that we run Plexus would be you'd require both the optimized schedule as well as the flat-load schedule, so that that DR credit could be attributed to those customers. So yeah, you'd set -- you'd run a total fuel cost with the optimized load inclusive by adding -- sorry; by adding back the DR benefit on top of that, then you get to that CBL level for fuel cost.

THE CHAIR: And I think I understand that's

the exercise that will be done at the end of the year when you're calculating the credits.

MR. STANFORD: Correct.

THE CHAIR: What I'm trying to understand is when -- when actual customer rates are set in a GRA, My understanding is that the costs that are assumed in the fuel forecast, for example, are going to assume a levelized load for PHP as opposed to the optimized load?

MR. STANFORD: Yeah, that's correct. Yes.

THE CHAIR: Okay. So that from a FAM perspective, as PHP then moves forward through the course of the year and optimizes its load, it saves fuel costs, which lowers the FAM balance, but then that is offset by the credits that are paid, ---

MR. STANFORD: Correct.

THE CHAIR: --- in theory, to bring that up to equivalency or zero again, assuming everything else is equal.

MR. STANFORD: Correct.

THE CHAIR: Okay. Thank you.

Sorry, Ms. Powell.

MS. POWELL: Thank you, Mr. Chair.

Can we just scroll down that page a little bit further, Mr. Norwood, down to line 22, I believe? Yeah. Just in that sub (2).

BY MS. POWELL:

Q. In this section, you refer to the benefits for all ATL customers when the marginal costs are below average and the reverse when marginal costs are above average. Do you know what the marginal costs have been in 2026.

A. (Mowatt) I wouldn't have those exact figures at my disposal. I could estimate, but it would be subject to check, 90 to $100 on average. But I don't know what a marginal cost would be at a time of peak or anything like that.

Q. Thank you.

A. (Stanford) I'll just note as well for

2026, that hasn't been an impact because PHP has been on the ELIADC for 2026.

Q. Thank you for that clarification. My apologies; I'm a bit old school. I find it paper first. My apologies.

(SHORT PAUSE)

BY MS. POWELL:

Q. In that Application, we don't necessarily need to pull up this page, but it is found when you're discussing, in section 2.5, your Dispatchable Rider around page 9. You state in there that the -- that there's value to the system. I'm wondering -- and I know we heard earlier some discussions of the value to the system, but could you expand a little bit on what the value to the system is being compensated through, first, the Dispatchable Rider? And if you need a line reference, it's where -- lines 13 to 18 on that page.

A. (Ferguson) Yes, it’s discussed frequently Port Hawkesbury Paper is the largest customer

on the system and the largest load on the system, accounting for total energy supply from Nova Scotia Power, 8 percent of the load. So in fixing their consumption and their cost of service responsibility at the -- at a levelized -- beginning with a levelized base, you provide Port Hawkesbury Paper with the opportunity to optimize on that base --, follow the dispatch direction of Nova Scotia power to optimize the base and receive benefits. It's good for Nova Scotia -- excuse me; good for Port Hawkesbury Paper.

A benefit I see for other customers is, I think, important to recognize is what could happen if Port Hawkesbury Papers, an above-the-line customer without a strong incentive to follow and optimize dispatch, load of the magnitude of Port Hawkesbury Paper choosing to run on peak, for instance, at time of high marginal cost, absent something like the DR mechanism, has the potential to drive significant cost into the FAM. And unless you have the DR, those costs are spread across all customers in the

FAM and Port Hawkesbury Paper just gets its portion, which after the provision of the wind, you know, could be 3 or 4 percent of the system. So it can have a dramatic effect on the FAM in my view, which -- and which is avoided with the isolation and costing of Port Hawkesbury Paper on that base, beginning with the base, and having the opportunities to improve in that benefit -- on that base flow to Port Hawkesbury Paper.

Essentially, Port Hawkesbury Paper's load profile is costed and locked in on the FAM, variances from it -- other customers are insulated from variances in that through the DR mechanism.

Q. And so if we turn back one page to page 8 where you talk about the interruptible service, can you expand on what the value to the system is being compensated through the interruptible credit in light of what you've just said? Is it similar?

A. (Ferguson) The foundation of the interruptible credit in Nova Scotia is similar in that

customers can choose to accept interruptible service, and the value of that service is recovered in the rates of all other customers. So because customers agree to interruptible, as a result we don't have to include their load as firm in the -- in our resource planning exercise, we don't have to build generating capacity to meet it. Those costs are saved. That saving is realized by all customers by having lower fixed costs on the system. But the cost of achieving that saving is spread across all the base, so effectively all customer classes are held -- are indifferent to whether these customers offer interruptible service or not. They pay for the interruptible -- all classes pay for the interruptible service; all classes benefit from the fact that you haven't built some work about generating capacity that would be spread across all classes.

Q. So I just wanted to turn and get some clarification on some of your responses to the Industrial Group's IRs. So turning to Exhibit N-6, and what I'll do

is -- we are going to end up on PDF page 1373, starting there, of 1474. I'll just read the question.

So you've got the question:

> Please provide all data [and] or internal documentation making up an NSPI's 'initial analysis' of the priority interruptible service, including details on the interruptions determined to be avoided.

And then in the response you -- NSPI states, "Please refer to Attachment 1," which is what we've got up on the screen, and also "...refer to SPA IR-2 part (i)."

This document up on the screen is the "Port Hawkesbury Paper Above-the-Line Tariff Development: Priority Interruption," the draft discussion. It runs from 1373 to 1385. I'm just interested in the conclusion.

MS. POWELL: So if we turn to page 1383, Mr. Norwood? And it should be the page with the conclusions. Thank you.

BY MS. POWELL:

Q. Under the heading "Conclusions," in

the first bullet it states:

> ...there is no system need or benefit for Priority interruption - forms of 10-minute interruptible load provide the same level of load management capacity.

And then later in the second bullet, just the last part of that last sentence says:

> ...this benefit does not accrue to all customers, rather only to those experiencing less interruptions.

And this is a document that was produced by NSPI. Does NSPI still believe this to be true?

A. (Ferguson) Those were the initial findings when we first considered this matter; however, in light of the timing between the Settlement Agreement in September and the filing of an Application in December, we discussed what the company's position should be with respect to priority interruptible supply. It's explicitly recognized in the Settlement Agreement as something that should -- needs to be addressed.

As we've described in our IR responses,

there's a regulatory foundation in the past that the Board has attributed incremental value to the fact that Port Hawkesbury Paper is -- agrees to go before other interruptible customers. But when we thought about it a little bit harder, it really was it just recognized that it is a tool that the System Operator has had for decades. It is load that can be 10, 20 percent of the power system at a point in time. So -- and to Mr. Stanford's points earlier about the changes in the power system in recent years, we just determined that it was -- it would have been premature just to propose elimination of the premium without doing a full review of the reliability implications, the perspective of other customers who are likely to be interrupted more frequently, ultimately, what the cost-of-service treatment would be for that. Currently, it's spread across all classes like the Interruptible Rider.

So it's really a more in-depth exercise and we see it as a more important consideration that would

have been premature to jump to a conclusion immediately to terminate it.

Q. So thank you. So just so that I've got my understanding correct. You've explained the analysis that you did to determine that it would not be removed, and you've indicated that you would need to do -- it's premature to remove it because you'd have to do the study. So I just want to confirm that that study or that analysis hasn't been done aside from the description that you've provided this morning, in terms of the considerations that you took into account to move from this position in the conclusions to what was included in the Application? Is that correct?

A. (Ferguson) That's correct. Our view is that subject to the Board's approval of the tariff, it's work that would have to be done before the next General Rate Application.

Q. Thank you for that clarification.

Just to clarify a couple of things on

interruptibility so that we've got the understanding correct. Does NSP agree that interruptibility may reduce generation capacity requirements?

A. (Ferguson) Yes.

Q. And does it -- does it?

A. (Ferguson) Excuse me. Oh, I'm sorry to interrupt, Ms. Powell. You mean not interruptibility especially, but just interruptibility?

Q. Yeah, I apologize, ---

A. (Ferguson) No, ---

Q. --- Mr. Ferguson.

A. (Ferguson) --- not at all. Not at all.

Q. Yes.

A. (Ferguson) Yes, I agree with that.

Q. And then in terms of interruptibility, so does it eliminate transmission system requirements or other demand-related cost elements, other than generation capacity?

A. (Ferguson) Our evidence is really its generation capacity. That's the primary beneficiary, which is reinforced by the mechanism that's been in place for compensating interruptible load over time. Interrupt -- the demand-related costs are allocated and the cost of service based on a total forecast demand, and then the credit is based on the anticipated interruptible load.

Sorry; I lost my train of thought. On interruptible load versus the value of the capacity saving that's provided. Excuse me; could you just repeat the question? I think I've gotten off track a bit.

Q. The question was, and does interruptibility eliminate transmission system requirements or other demand-related cost elements, other than generation capacity?

A. (Ferguson) Sorry.

Q. Does that get you back on track?

A. (Ferguson) Yes, it does help. Thank you.

Our view is the beneficiary, the primary benefit to the system is avoided generating capacity. I'm sure I should have gotten there -- back on that track more directly.

Q. And so a follow up of where -- what you said and the questions, does interruptibility, just so I'm clear, eliminate transmission planning responsibility?

A. (Stanford) I would -- I would say no. Generally transmission system is planned to serve the peak of both firm and non-firm loads.

Q. Thank you. I think that clarifies ---

MEMBER MELANSON: Are those two answers the same? I'm just wondering. The first answer was restricted to primarily impact on generation capacity, and then the second answer talked about transmission. I'm just wondering if those are consistent answers in the same panel.

MR. FERGUSON: Yes. My comment was that the benefit -- system benefit is a generating system

benefit, and I understand Mr. Stanford's to be it's not a transmission benefit. I shouldn't put words in your mouth, Mr. Stanford. But you agree the benefit is a generating benefit -- a generating capacity benefit?

MR. STANFORD: Yes, I agree, Mr. Ferguson.

MEMBER MELANSON: I must have misheard a word. Thank you.

(SHORT PAUSE)

BY MS. POWELL:

Q. If we just stay on this document, I might have just one more question there to clarify.

If we look at -- I'm just trying to find it. If we look at the conclusions, and I recognize that you've clarified, Mr. Ferguson, that things have changed in terms of the prior -- the recommendations here, the conclusions since then. But in terms of the priority interruptible credit, just to confirm, which customer rate classes ultimately pay for that priority interruptible credit that PHP would receive in the ELID Tariff?

A. (Stanford) It's paid for by all above-the-line customer classes.

Q. And that's notwithstanding in that second bullet where it says the "...benefit does not accrue to all customers, rather only to those experienced less interruptions"? It's to all customer classes?

A. (Ferguson) Yes, the priority interruptible credit and the interruptible credit are -- cost responsibility are allocated in the same fashion across all classes.

This finding was that the primary beneficiary was other interruptible customers. Whether or not that's true and is part of the work that we need to undertake subsequent to a Board decision.

Q. Thank you for that clarification.

A. (Ferguson) I should see if I could add, Ms. Powell, one of the other considerations around the proposal to maintain the priority interruptible compensation is an acknowledgement that ADC does deliver

some reliability benefit to the system; Mr. Stanford spoke to that earlier. So it's not just the -- the proposal to continue with the 10 percent premium is not just solely based on priority interruptible service. It's to recognize that the broader service provided by Port Hawkesbury Paper is understood to provide some reliability benefits. So that's part of the compensation. It's just not -- we haven't done the work to understand the various components and the magnitude of them.

MS. POWELL: Mr. Norwood, I think what are -- the next questions that I have, perhaps I'll get you to pull up where we're going to end, because it's sort of directed from starting one IR and ending in a different IR. And I'll take the panel as to -- I'll read out where we're going first, so that we're not getting whiplash.

So we're going to end up in the Synapse's IRs, so that is -- let me just give you your exhibit number, Exhibit number 10, and we're going to end up at PDF page 35 of 39. This is the response to the SI -- IR-

14, it should be. I hope. Yeah, okay.

BY MS. POWELL:

Q. But to get there, if I can take the panel through this, we start off in the -- we're starting off in Exhibit N-6. We don't need to pull this up; I'll just describe how we get there, because you reference that response, but I want to read the question that we get there.

So start off in Exhibit N-6, which are the IRS to the IG. And we are at -- if people want to -- for reference, we're going to IR-23(c). That's at PDF 1455 of 1474. And the question there says, Can PHP simultaneously receive:" -- and then (i), the question is:

> a DR credit for being dispatched down through the Dispatchable Rider; and
>
> (ii) an interruptible credit for having its load interrupted under the Interruptible Rider - for the same reduction in load? If yes, please address how NSPI proposes to avoid double-counting. If no, please explain how these two mechanisms interact and what governs which credit applies in any given circumstance.

So at the bottom of that page on (c), NSP states:

> Yes. Please refer to Synapse IR-14 which discusses the distinction between these two Riders, and the different capacity and energy benefits they provide to the system as the foundation for the separate value and compensation streams that underpin each.

So then we go to what should be up on the screen. And we see in IR-14 that we're looking for the response to -- I'm just checking my notes here. So (a) and (b). And then if we go down to 14(e), which is the response I'm looking for. So if we go down to 14(e), which is on the next page, page 39, I believe.

MS. POWELL: Sorry. Thanks, Mr. Norwood.

BY MS. POWELL:

Q. So if we look at 14(e) there, in reading 14(e) -- here's my question, gentlemen. In reading 14(e), I understand that PHP would receive the IR credit, regardless of whether it was interrupted or not. And then would also get the DR credit in the event that

they were dispatched down; correct?

A. (Ferguson) Yes.

Q. Okay. And then if we stay -- thank you.

If we stay in this Synapse 14 -- IR-14, but we go back up to -- I'm just looking for my reference here; my apologies -- (c) and (d). So the questions on (c)and (d) are:

> Could PHP potentially be credited under both the dispatchable rider and interruptible credit in a way that double-counts the value of this resource. Please explain why or why not...

And then:

> Please explain if the interruptible rider could be adapted to meet the operational benefits dispatchable rider without having a separate dispatchable rider in place.

And then if we go down to PDF, page 38, please, for the responses. And it sort of starts on page 38 and goes on to 39, so you'll see (c) and (d) there. Maybe we can -- may be able to pull it completely up on the screen. Yes. That captures the whole answer of (c)

and (d).

So my question is, is there likely to be a high level of coincidence between periods when PHP is interrupted and when PHP is dispatched down?

A. (Ferguson) Are they being compensated for the same occurrence on the system being dispatched down, compensated for the error and higher? I got it right.

I think the question in some respects highlights the difference between the two services. We see them as two distinct services. And the Interruptible Rider is not dependent on actual interruptions. It's because the company does not have to build something to meet the load, and that benefit is provided, returned, to the customer who enables it, whether it's customers in the Large Industrial Interruptible Rider class or Port Hawkesbury Paper.

The DR is truly an operating cost benefit. It's fuel savings that are realized by the system and

produced by the dispatch of the system. It's pure operating costs, fuel and variable energy.

So two separate services. There can be interplay between the two of them. At times when Port Hawkesbury Paper is dispatched down because of higher system costs, it may very well be a time where the system is constrained. But the benefit is -- is not the cost benefit in that hour, it's the longer term opportunity of not including Port Hawkesbury Paper's load as part of the firm requirement, like other Large Industrial Interruptible Rider customers.

Q. So just to follow up on what you're saying, if I may, Mr. Ferguson. So say there's -- if there's an interruption-related reduction in load, say, of 50 megawatts, it's not a question of NSP determining how -- whether that will be compensated under the Interruptible Rider or the Dispatchable Rider; they're two different sort of mechanisms, two different approaches. One is for the -- like you've just described in the

interruptible part. Is that right? So it's not a proportionality?

A. (Ferguson) Correct, yeah. The time horizon is different. For the DR, that's the system savings created across the year, but made up of all those decisions throughout the year to dispatch changes load, whether up or down. The IR is just an ongoing tool Nova Scotia Power has to require Port Hawkesbury Paper and other LIIR customers to reduce their load within 10minutes. It may happen. It could happen multiple times throughout the year; it may not happen at all throughout the year. It's an issue we get that's been raised over the years, but it's really been highlighted in this matter. The discrepancy between customers are being compensated for accepting interruptible service, but very few interruptions and sense that there's some sort of unequal value exchange there. But the value exchange, in my perspective, the company does all it can from an operating perspective to minimize interruptions; they're

bad for everybody. But -- so you can have this circumstance where you don't use the tool, but there is value realized by just having the tool, by reducing the fixed cost imposed on the system by the addition of generating capacity.

Q. Thanks. I wanted to ask you some questions about the RC ratio.

MS. POWELL: If we reference the SBA's information requests, so that's Exhibit N-9. And we're looking at IR-8(a). Sorry; which is on PDF page 24 of the 24. Thanks, Mr. Norwood.

BY MS. POWELL:

Q. And I understand that this is the proposed revenue RTC ratio is 1.04373, correct, by NSP?

A. (Willett) Yes.

Q. And just following up from your evidence this morning, Mr. Willett, in talking about -- I understand that this -- in response, I believe it was to questions by my friend from the PHP, that this amount is

not stated in the Settlement Agreement, but it is developed from the assumptions that you put into developing the GRA that arose out of the Settlement Agreement. So is it fair to say that this ratio is -- was part of or arising out of the Settlement Agreement that was negotiated between the parties?

A. (Willett) Yes.

Q. And would you agree that altering one item of a settlement package risks undermining the basis for the entirement of the settlement?

A. (Willett) What I would say is there is puts and takes in any type of Settlement Agreement. So I don't want to speak about which elements would potentially disrupt a Settlement Agreement, but within any agreement there are puts and takes.

Q. And thank you for that clarification. And that this ratio, 1.04373, arises out of one of those puts and takes, as you described them?

A. (Willett) I'm not prepared to get into

the specifics of settlement discussions, but what I would say is reiterate what I mentioned before, that this was an outcome of the Settlement Agreement and the modelling that was an outcome of that agreement.

Q. Now, I appreciate that, wasn't -- and wasn't asking you to go into those negotiations. So thank you for clarifying that.

Is NSP able to quantify the change if, as proposed by PHP, the RC ratio was reduced from 1.04373 to 1.0, and the impact on the classes --- resulting impact?

A. (Willett) Within the GRA Application, and I forget the exact reference, but it's part of the SR-01 attachment. So it could be Attachment 4, but I forget the exact reference. It does provide the calculations of the RC ratios. And within that file for 2027, it would show that there was approximately 1.5 to $2 million range impact in 2027.

Q. And just to clarify, because I don't -- I don't have that in front of me when you're -- when

you're talking, would it show the impact on each? Is it broken down by each customer class in that?

A. (Willett) I'm just pausing to think through it a second.

So it would show how that $1.7 million of additional revenue from Port Hawkesbury Paper was assigned to various classes to reduce their cost responsibility.

Q. And that just so that I am -- so if we reduce the RC ratio from 1.04373 to 1.0 in that document, in the other matter that you're referring to, it shows that if it went down to that 1.0, the division between the other classes of what you said, we'd be able to find that there?

A. (Willett) Yeah, I believe it shows what it is at 1.0, and then it shows what it got moved to when we moved it to 1.043.

Q. Thank you, Mr. Willett. I had a note to avoid an undertaking if we could if it was on the record somewhere. So we'll go find it. Thank you.

THE CHAIR: Sorry; if I could -- if I could maybe jump in here just to make sure that I -- that I have the right number?

Mr. Norwood, could you pull up Exhibit N-1(i), please? It's an Excel spreadsheet. And if you could go to the -- you can't see it on the screen I have here, but there should be a sheet labelled "PHP"?

MR. NORWOOD: Yeah.

THE CHAIR: Mr. Willett, just looking at 2026 number under 17 September, there's a cost-of-service column and then there's a revenue column. It looks like there's an $81.9 million figure in the cost-of-service box for 2026, and an 85.4 million under the revenue. Is that the difference that we're talking about?

MR. WILLETT: I was referring to 2027 specifically.

THE CHAIR: Which would be below? So you want to scroll down, Mr. Norwood?

MR. WILLETT: Yeah. And that's about $1.7

million difference between the 80 -- 79.9 number versus the 81.7 number.

THE CHAIR: Okay.

(SHORT PAUSE)

MS. POWELL: Sorry; I was -- I was too busy reading. Thank you, Mr. Chair.

BY MS. POWELL:

Q. Just referencing back to the application and your discussion of the demand charge. We don't need to pull it up, but it is found, if you're looking for it, on pages 5 to 6 at the bottom of the page 5 and going on to page 6.

And just so -- so the demand charge is based on 65-megawatt demand determinant; correct?

A. (Ferguson) Yes.

Q. And are any other above-the-line customers billed using a fixed-demand determinant established in advance, rather than actual metered demand?

A. (Ferguson) No.

Q. And is there any way for NSPI to do a metered demand for PHP?

A. (Ferguson) Yes.

Q. I'm just seeing if some of my questions have already been answered, so just a moment.

(SHORT PAUSE)

BY MS. POWELL:

Q. I'd like to turn now to actually the Opening Statement of the Industrial Group's consultant. So this is Exhibit 44, the Opening Statement of Patrick Bowman, specifically on page 1 of 4.

And I believe we've heard earlier and in your evidence that the NSP relies in part on the PHP's historical contribution at coincident peaks. And so Bowman -- in his Opening Statement, Mr. Bowman states -- and we're in, I believe, under his discussion for customer base line CBL in the second paragraph there. Yes, I think that should capture it in that second paragraph.

The second sentence states:

Those historical peaks are not representative of PHP's underlying load and using those hours as the basis for future peak demand estimates effectively credits PHP a second time for past load shaping, for which it already received credit through the ELIADC.

What is your position on his argument there?

A. (Ferguson) It takes us back, I think, Ms. Powell, to what is the appropriate demand determinant to be applied to PHP with their dispatchable load and their very low level of firm power relative to total potential demand. Should it be the peak demand? Should it be their average demand as Bowman suggests or should it be their firm only demand? Or should it be the company's perspective, which is utilize the number that's been established through the Settlement Agreement? Not solely because it's through the Settlement Agreement, but because it had a foundation in -- as an historical figure. Was that influenced by the ELIADC as Mr. Bowman suggests? Perhaps. But, again, it's interesting for me that it does

have a historical base. It's kind of in the middle of what Port Hawkesbury Paper and Mr. Bowman are recommending. It may be more representative of where they'll land, but we'll have a better sense of that once we've been operating under the regime. We think as a starting point, it's a reasonable one.

Q. Thank you. And so following up from that, if -- and I think you gave evidence earlier as to your considerations if PHP was not going to accept service under the ELID tariff and was going to be under a more typical above-the-line large industrial tariff.

So I'm taking from what you've stated now and what you stated earlier that you wouldn't be looking to these types of analysis identified by Mr. Bowman up to the 120, but it would be more based on the elements that you've just described as to what was an appropriate amount. Can you expand a little bit on that?
If they chose not to take service under the ELID?

A. (Ferguson) Yes. We're into a

different exercise. We don't have the benefit of a Settlement Agreement, which we believe has set those parameters. So we are having to study, develop a position on what the appropriate mechanism is. We've described that in our Application as requiring judgment. We think we have to go through that process. Like all regulatory processes, that would be -- there would be an opportunity for all participants to provide their perspective, and the company would have to develop its own.

But where we'd land? It's hard to say at this point. I think where we have landed through the Settlement Agreement is a reasonable position. It's -- it -- it's not as low as firm, which I think would be the company's evidence would be disproportionately low portion of transmission and generation-related costs. But it's lower than Mr. Bowman's number because, in all probability, it seems that Port Hawkesbury Paper will be lower than the average load during times of 3CP. But that's -- that's the exercise we'd have to undertake if we

were going to develop an above-the-line alternative.

Q. If I could just ask a question of clarification on the tariff that is before the Board, so back to the Application, if I may. Thank you for that previous response.

If we look at page 16 of PDF 50. So -- and down towards the bottom at lines 22 to 26. So I just wanted to confirm, so if PHP's contractual firm entitlement is 8 megawatts, what portion of the remaining 57 drives NSP's need for additional capacity investment?

A. (Ferguson) Difficult to say from a planning perspective. The forecast -- our load forecast includes segregates, firm and non-firm load, and generating capacity in general is driven by shortfalls in firm capacity. So the 57, if it was to be firm, would add to the forecast firm load and certainly would bring forward the requirement for additional capacity. But it wouldn't -- it's difficult to say a specific element that the 57 would trigger what it would trigger as generating

response. That work now has been assumed by the IESO. So I expect that that's something that they'll start to begin to undertake and focus on more in their new planning role.

But, fundamentally, generating capacity is built based on to meet firm requirements plus reserve margins. The 57 would be excluded from that figure.

Q. So just following up from that. If -- so I guess I was trying to understand whether if it's firm at 8, but you still have that 57 where you have to at least try to serve them as possibly, would that not generate some sort of investment -- capital investment? Capacity. Sorry; not capital, capacity investment for that?

A. (Ferguson) No, because we optimize our system and we try to meet all -- all load requirements. But if we're capacity deficient we have the ability to interrupt that load. So you do undertake to try to serve it like all customers -- all interruptible load like all customer load. But when you hit those constraint moments,

you have the ability to interrupt customers who agreed to take interruptible service.

Q. Thank you for that clarification. That's helpful.

MS. POWELL: If we go to Exhibit N-1, please, the Application, PDF 39 of 50, I'm looking at -- in the Attachment 4 under COS (b), if we can pull that up, Mr. Norwood? I think it's on page 10 of 21. I'm not quite sure of which PDF number it is; my apologies. I think it might be 39. Yeah.

BY MS. POWELL:

Q. Under (b) it states:

> NS Power will collect and disclose the data outlining the extent to which PHP uses, relies upon and/ or benefits from the High Voltage transmission system and in any proceeding to determine rates for PHP after the 2026...test period, Parties may make submissions regarding the extent to which PHP is to be responsible for any costs of the High Voltage transmission system;...

Has the analysis referenced there been completed?

A. (Willett) To my understanding, it hasn't been completed yet.

Q. And do you know when it might be completed? Is there a plan?

A. (Willett) I would say before the next GRA.

Q. Thank you.

MS. POWELL: I'm cognizant of the time, Mr. Chair, but I think I only have a couple more questions left. So with your indulgence -- and thank you for the clarification to the panel this morning about the correction on our IR.

BY MS. POWELL:

Q. But this is just referencing -- we don't need to pull up the IR. It's referencing -- it's in Exhibit N-9 and it's our IR-3, which I think there were some corrections on. So just wanted to confirm that PHP has not been called upon for an interruption under the ELIADC, other than the date that you provided this

morning, which is a correction in the evidence of September 9th, 2021? So have they been called upon on any other dates?

A. (Stanford) That is correct.

Q. And other than in 2021, when was the last time PHP was called for an interruption?

A. (Stanford) I don't have that information, but I know that in the evidence we filed, we looked back as far as 2020, and there were no -- while PHP was on the ELIADC Tariff there were no interruptions except for the January 9, 2021 interruption event.

If I could just as well just speak to -- maybe provide some additional context as to why there would be less interruptions. Under interruptible tariffs such as the ELIADC and the Large Industrial Interruptible Rider we've, in recent years, introduced a concept of telemetry and control.

One of the main reasons for initiating an interruption is that the System Operator has a shortfall

of operating reserve. And with the introduction of telemetry and control, we're able to reduce the actual number of interruptions by carrying, for example, PHP and Large Industrial Interruptible customers with telemetry and control as part of the operating reserve metric. That -- it provides the benefit that the System Operator gets to maintain the operating reserve and the customer continues to be served during that period.

Q. Thanks. And now the last question I have. If we can -- it may help to pull up the text. So if we could -- we're in the Application. If we can go to page 7 of 50 at lines 25 to 27. I'll just give you a chance to read that.

So there's reference here to the outcome as a -- changes as a result of the outcome of the matter involving Maritime Link, and that decision was issued earlier this year. So what changes are expected or have they been calculated arising?

A. (Willett) No changes as those costs

were included in in the tariff.

Q. Thank you.

MS. POWELL: Mr. Chair, those are my questions.

Thank you.

Thank you, panel.

THE CHAIR: Thank you very much.

So we will break for lunch now. So it's approximately 10 to 1:00. We'll come back at 10 to 2:00.

--- Upon recessing at 12:50 p.m.

--- Upon resuming at 1:50 p.m.

THE CHAIR: Okay. Welcome back. I see the Industrial Group is all set up and ready to go.

MS. RUDDERHAM: I figured it was less clunky this way.

THE CHAIR: That’s perfect. Thank you very much.

MS. RUDDERHAM: Thanks.

MICHAEL WILLETT, Resumed:

ERIC FERGUSON, Resumed:

CRAIG MOWATT, Resumed:

DAVID STANFORD, Resumed:

CROSS-EXAMINATION BY MS. RUDDERHAM

Q. Good afternoon. My name is Brian Rudderham, and I'll be asking questions on behalf of the Industrial Group. I think I've met most of you, maybe not in person, so it's nice to see some faces to names.

I'm going to be asking questions to the panel. I'll do my best to determine who best to answer, but I'll leave it amongst yourselves to determine that.

So I'll start out by just confirming the proposed -- I think we've discussed today is the proposed ELID billing determinants and assumptions are largely grounded in the Settlement Agreement; what's been articulated in the Settlement Agreement and what we've gone over with the various counsels this morning.

A. (Ferguson) Yes.

Q. And when the Settlement Agreement was reached, just to be clear, this was before the ELID Tariff had been fully drafted and tested on any sort of record?

A. (Ferguson) The parameters were included in cost-of-service work that had been done in advance of that, but yes, the tariff was not developed.

Q. Okay.

MS. RUDDERHAM: Now, Mr. Norwood, if you don't mind bringing up Exhibit N-38, which is NSPI's reply evidence, and I'm looking specifically at PDF page 8, and starting at line 9.

BY MS. RUDDERHAM:

Q. So I'll just read this in here for the record. I'm starting, it says:

> While, for the reasons cited on the record in this proceeding, the SA [Settlement Agreement] prescribed 65 [megawatts] initial demand assumption is reasonable, to appropriately support this figure in a regulatory proceeding would require a formal analysis of the historical operations and future outlook for PHP and, likely expert evidence as to the appropriate regulatory treatment for a class where the sole

customer's load is dispatchable by the utility and the customer's interruptible load accounts for a high portion of total load.

That's what's written there in the record.

A. (Ferguson) Yes.

Q. So you'd agree with me that when this Settlement Agreement was completed, no party knew what the terms of the ultimate tariff proposal would be when the Cost-of-Service Study was completed.

A. (Ferguson) Yeah. Our position is the parties understood the costing parameters, but no, not the tariff ---

Q. And one of the ---

A. (Ferguson) --- the tariff provisions.

Q. Oh. And one of the key aspects of the tariff is the credits associated with the ADC or the -- now the Dispatchable Rider component of the tariff. So those credits were not known at the time that the Settlement Agreement was drafted; correct?

A. (Ferguson) Correct.

Q. And in the lead up to concluding those demand assumptions -- I'm referring to the 65-megawatt initial demand that's noted in that passage -- there were no -- as it's included in their formal analysis of historical operations and future outlook for PHP; correct?

A. (Ferguson) Yes, correct.

Q. And that would be by either NSP or any of the stakeholders?

A. (Ferguson) Excuse me. I should say we had the benefit of historical information. And we had used the 65 megawatts in earlier cost-of-service work. But the analysis that's described here, that's correct; that was not undertaken.

Q. And when you say "We had" the historical data, was all of that historical data provided to each of the stakeholders that were signatories on the Settlement Agreement, or are you referring specifically to NSP and PHP?

A. (Ferguson) I was using the broader use, but I may have erred in that. It might have been Nova Scotia Power and PHP.

Q. Okay.

A. (Ferguson) I'm not sure. I don't -- it may not have been shared broader.

Q. Okay. Now, were you referring to the need, in this passage, for expert evidence to test what the appropriate demand assumptions would be? What you're referring to here, is this different than what's currently on the record now, where there is expert evidence that's disputing what the appropriate demand assumption should be?

A. (Ferguson) There is expert opinions on the table now. The company has not prepared a position on that to date. Again, we refer to -- we've relied on the provisions of the Settlement Agreement rather than try to do a detailed analysis around the regulatory foundation for a particular number, again, when you have an unusual

class like ELID class single customer with highly variable load.

Q. And so when, in this passage, you're referring to the need for formal analysis and expert evidence on the record, am I correct, then, you're saying expert evidence on behalf of NSPI, but there currently is expert evidence in relation to the demand assumptions and what should be put in place for PHP on the record currently?

A. (Ferguson) Yes, there is expert opinions on that. The company -- as you suggested, the company has not undertaken that work. And our position has been that it's necessary because versions of the Settlement Agreement.

Q. Now, earlier this morning there was some discussion about the typical approach to setting demand on an embedded-cost basis. And I believe, Mr. Ferguson, you had confirmed that you would typically look at the historical demand load at peak along with, I think

it was surveys that may have been completed for what the future load would be for a large customer. Am I correct?

A. (Ferguson) Yes, the load -- forecasts of load on peak depend on historical results applied to updated forecasts.

Q. And just to be clear, the issue that we're seeing here in relation to PHP's load is that for the last six years, they've been dispatched up and down at the request of NSPI, so it's difficult at peak times to see what their typical load would be or what that historical load would be at peak times. Am I correct; it's the dispatchable impact?

A. (Ferguson) I think it's -- you can see the amount; we have the record. The question remains for the company is how much can you rely on that for determination of demand-related costs if their demand -- if it turned out that their demand was consistently at 8 megawatts. Does that mean that they should bear less than a half a percent of the generation demand related --

excuse me; generation and transmission-related costs? The company's view is no, that's too light in light of their consistent -- their consistent usage of the generation and transmission systems or their reliance on the transmission system for 800 gigawatt hours.

So it's not so much that we can't determine what their load was at time of system peak as much as from a rate-making perspective, what do we do with that determinant?

Q. Okay. So it's not only the dispatchable or that historical load. You're also looking at what portion I suppose, of the system is PHP's.

A. (Ferguson) Yes, how -- what provides for fair allocation of demand-related costs.

Q. And I think that the evidence is that PHP's load can represent, I think it's roughly 25 percent of the total system load; is that correct?

A. (Ferguson) I think in an individual hour it can be that much, high load -- PHP load, system

load you could get to that kind of ratio.

I'll just confirm with Mr. Stanford.

A. (Stanford) Yes, that would be correct.

A. (Ferguson) I would just add, Ms. Rudderham, again, how do you determine that billing determinant when the purpose of the tariff is to move the load around in a way that produces the optimal outcome? So it's -- it's challenging.

Q. But you'd agree with me that the tariff is drafted; it does provide a separate mechanism to compensate for those dispatchable or when the load is moved up and down by -- at the request of NSPI; correct?

A. (Ferguson) I agree.

Q. Okay. The reason why setting a proper demand assumption is important, it has to do with preventing intraclass subsidization; correct?

A. (Ferguson) Well, it has to do with, yes, appropriate allocation of system costs among classes.

Q. The idea is if it's set too low, other

customers would carry the cost of that, other above-the-line customers would carry the cost of that. And if it's too high, then PHP would be paying too much of the -- their share of the costs on the system?

A. (Ferguson) Yes.

Q. Okay. And just to be clear, so PHP currently is served on a below-the-line rate, and this is to move them above-the-line. And the difference being for above-the-line it's based on embedded cost to serve principles; am I correct?

A. (Ferguson) Yes.

Q. And when you're below-the-line, the rates are based largely on incremental pricing with the contribution to a certain number of fixed costs as determined under a tariff; correct?

A. (Ferguson) That's correct. In my earlier response around embedded cost principles, I go a bit further than that to say based on the cost-of-service methodology as approved for this jurisdiction, which are

based on embedded cost principles.

Q. I know we've spoken about the difficulty of looking at the historical load data for PHP, and I just -- I just want to be clear. Would you agree that using the historical data at 3CP for PHP would reflect dispatched-down events already?

A. (Ferguson) I think generally, but there are some -- is some complexity with that. It really -- we have to remember that 3CP is the high-load period, but it's a function of also what's available on the system to meet that load. It might be that during the period of high demand, you have a lot of wind generating, which might relieve some of the pressure and might cause Port Hawkesbury Paper to be operating in a more normal levels.

Likewise, as discussed earlier, with telemetry and control we have the ability to maintain Port Hawkesbury Paper running even during periods of high load.

Just ask; anything to add to that Mr. Stamford?

A. (Stanford) Yeah. Just to further add on to that, Mr. Ferguson, you're correct, during periods when we get into a period of capacity shortfall, it is possible that PHP could be running during those periods. And if we are deficient on operating reserve, we could carry PHP As part of that operating reserve without having to interrupt them.

Q. I just want to follow up on something you had said, Mr. Ferguson. I believe what you said is that sometimes the load would be dispatched down and it would be lower than ordinary or otherwise; there could be a lot of wind. And then I think what you said is, "And then they would operate as normal." When you say, "Operate as normal," what do you mean?

A. (Ferguson) I really just meant at higher -- higher levels. We've heard that their -- you know, their average load is 120, but -- so I don't know if that high but higher levels. But I really should ask my panel members if there's any further comment on that.

A. (Stanford) So yeah, so it would be possible to see them in excess of 100 megawatts during some of those periods.

Q. And when you say you could see them in excess of 100, are you relying on the historical 3CP data that that's not dispatched down to say -- I think it's between 8 and 13?

(SHORT PAUSE)

MR. MOWATT: Apologies; we're just looking for the IR that we referenced earlier.

BY MS. RUDDERHAM:

Q. I think it's IG IR-30 and that's, I believe, Exhibit N-6.

A. (Mowatt) Yeah, I believe that's the one that Mr. MacDougall went through earlier today.

In that IR, and I believe in the 2022 through 2023 period, you could see PHP above 100 megawatts on some of the hours that were listed there.

Q. Okay. So that's -- those are the

figures that -- I believe it was Mr. Stanford had answered. That's where you're getting that above the 100?

A. (Mowatt) Yes, that's correct.

Q. Okay. And for rates that are above-the-line, and they're based on embedded costs, I'm correct in saying that the basis of setting rates at those historical figures is about ensuring that costs are set based on the -- on what the system has been built to support. Is that fair?

A. (Ferguson) The cost-of-service methodology provides for the allocation of costs across classes based on an approved methodology. The system has been built to meet the load requirements. So I agree that what's being apportioned is the embedded costs that have been incurred to provide electricity.

Q. And on a principled basis, would you agree that the demand assumptions should be established using a load value that reflects normal or ordinary

operating conditions, rather than one that incorporates dispatch-down events?

A. (Ferguson) I think it's in this case because of the unique characteristics of the tariff, where load may or may not coincide significantly with 3CP, we have -- we're going to have to look to what provides a fair mechanism, regardless of whether historically they're low or they're high. Because that dispatch is being directed by the company, we're just going to have to figure out what a fair representation is. I understand Mr. Bowman suggested 120; Port Hawkesbury Paper suggested eight. Our perspective is it's established through the Settlement Agreement, but we also, as discussed this morning, we think that the 65 megawatts is a reasonable starting point. It has an historical foundation, and it's, interestingly, halfway between what Port Hawkesbury Paper and Mr. Bowman are saying. We think it's an area that'll benefit from broader examination with the benefit of actual results going forward.

Q. But you'd agree with me that part of the unique nature of this ELID Tariff is that PHP is being compensated for that dispatch up and down through the dispatch rider credit; correct?

A. They're being compensated, yes, that's correct.

Q. So wouldn't you agree that using those dispatch-down data in calculating what the ordinary or typical operating conditions would be on an above-the-line tariff, that would artificially reduce the load that would be necessary or that the system has been built to support, and would otherwise be compensated for under the dispatch rider?

A. (Ferguson) I understand the question is if historically you had results that produced remarkably low amounts at time of system peak, would that be -- would my view be it would be inappropriate to use those numbers and cost allocation? It is. Yes, it is.

I think our view is -- and, again, it's

where the judgment is going to come into this for this one, is what provides a fair representation of Port Hawkesbury Paper's use of the generation and transmission systems.

I'm just reminded by Mr. Willett, so the DR benefit, when you talk about it, is fuel and variable OM&G only. The system costs under the proposal -- under the tariff being proposed are being allocated based on embedded cost, except the cost-of-service methodology. It's really just, for me, what are the appropriate parameters in doing that? What are the -- that balance, as raised in the evidence of the experts, cost causation and fairness.

Q. I believe this morning Mr. MacDougall had taken the panel to an excerpt from an SBA information request response. I don't think we need to bring it up, but it refers to the 65-megawatt demand assumptions being derived from an optimized load profile in the 2012 Stern Paper Mill Load Study. Do you recall that?

A. (Ferguson) I do.

Q. And that there had been periodically confirmed to remained reasonable quantities. Recall reading that?

Q. (Ferguson) Yes.

Q. Okay. So first this 2012 study, has this been included as part of the record of this proceeding or is that in previous proceedings?

A. (Ferguson) I don't think it's in this proceeding.

Q. Is there any way we could have a copy of that provided by way of undertaking? I'm not sure if it requires to be confidential or not, but that can be determined when it's produced.

A. (Ferguson) We can undertake to do that, just a question of locating it, but yeah.

THE CHAIR: Just in terms of the ability to locate it, would that have been impacted by the cybersecurity incident?

MR. FERGUSON: I'm not sure. I just -- I just haven't seen it myself. It's 2012; it's over ten years old, so...

MS. RUDDERHAM: I believe ---

THE CHAIR: So best efforts, or...?

MS. RUDDERHAM: Best efforts.

BY MS. RUDDERHAM:

Q. But just as a reminder to the panel, I believe it had been produced as part of a previous proceeding.

A. (Ferguson) Yeah, probably is.

Q. And I'm not sure if you're able to locate it that way, but I think it had been produced confidentially, so I was not able to look at it.

A. (Ferguson) We'll try -- we'll try to locate that. And to the chair's comment, might be some challenges; we'll try our best.

THE CHAIR: That was a load retention tariff application?

MR. FERGUSON: I think so.

THE CHAIR: Okay. So Undertaking U-2 then, I guess, is to provide the 2012 study for -- is it Pacific West Corporation?

MS. RUDDERHAM: It's the Stern Paper Mill.

THE CHAIR: Stern Paper, okay.

UNDERTAKING U-2 - To provide the 2012 Stern Paper Mill Study

BY MS. RUDDERHAM:

Q. And onto that -- the second portion of that discussion we're having, the periodic confirmations that that value is a reasonable quantity. Were these periodic confirmations done by NSPI?

A. (Ferguson) Yes. My understanding is -- of it it's been carried forward in subsequent load forecasts as a forecast associated with anticipated PHP load at time of system peak.

Q. When you're saying, "It's been carried forward," has there been assessments on each one of these

years in which it's been used in the load forecast to verify that 65 megawatts is, as it says, a reason -- remains a reasonable quantity?

A. (Ferguson) We've had the information on the record that shows the volatility in this proceeding, and that despite the volatility, it produces a number on average that's similar, it goes back to that 65 megawatts. So -- and that's presented in the information in Brubaker and Associates evidence at the table. So confirmed in that regard as indicative of an average over time.

Q. Okay. And I believe what you're referring to is the average during peak in 2022 and 2023; correct?

A. (Ferguson) Correct.

Q. And you've indicated that this number, the 65 megawatts, has carried over in subsequent load forecasts since, I guess, this was completed or flagged in the 2020 -- or the 2012 study. Is that right?

A. (Ferguson) I believe that to be the case, but I haven't confirmed it against specific forecasts.

Q. (Ferguson) Okay. And each ---

A. (Ferguson) To my understanding.

Q. And each time that that number has, as you said, carried forward, does NSP independently verify each time that that number remains the proper or reasonable quantity for which PHP's low demand is measured?

A. (Ferguson) I'm not sure if there's been a specific confirmation of the amount as part of a separate analysis.

Q. Perhaps it can be provided as an undertaking. And what I'd be looking for is the periodic confirmations completed by NSPI that the 65 megawatts is in fact the reasonable quantity for PHP demand load.

A. (Ferguson) We'll do that. Thank you.

THE CHAIR: That'll be Undertaking U-3.

UNDERTAKING U-3 - To provide the periodic confirmations completed by NSPI that the 65 megawatts is in fact the reasonable quantity for PHP demand load

BY MS. RUDDERHAM:

Q. We've been -- we've been speaking a lot about the 65-megawatt demand assumption and the firm 8-megawatt assumption that's derived from the Settlement Agreement that came before the GRA. Just to confirm, there was a lot of discussion back and forth before the filing of that GRA and the Settlement Agreement between NSPI and a number of customer representatives to figure out what would what -- would be included or revised in the GRA. Would you agree with that?

A. (Ferguson) Yes, lots of engagement that led to the development of the Settlement Agreement.

Q. And there would have been various batches of demand or data requests from stakeholders to

NSPI, and then NSPI would provide a response to each one of those data requests that they were able to do to the best of their ability. You'd agree?

A. (Willett) Yeah. So I would say there's two processes, one would have been the cost-of-service process, where there was over a year-long process where there would have been data requests provided to the company and responded to, to Interveners. And those were all filed as part of the General Rate Application as part of settlement discussions. There would have also been a lot of back and forth items that took place. But those responses are not part of the record and were part of settlement.

Q. So I'm referring to the second part that you've discussed in the -- in the summer or the months leading up to the GRA filing data requests from stakeholders to NSPI, which were answered to the best of the ability of the company; correct?

A. (Willett) That's correct. I would

just say they were answered to stakeholders, but they were not filed or part of the record. They were part of the confidential settlement discussions.

Q. I agree they're not part of the record, but they were referred to within the record for the GRA of the discussions that would have led to the Settlement Agreement and the revisions to the GRA; correct?

A. (Willett) Subject to check, but that aligns with my understanding.

Q. Okay. And the data requests themselves weren't -- were in response to inquiries about specific information, not about reaching a conclusion of a settlement; correct?

A. (Willett) Could you just repeat that?

Q. The data requests were not for the purpose of settling; they were for the purpose of sorting out some of the issues in advance of the General Rate Application. To secure facts.

A. (Willett) I wouldn't necessarily characterize it that way. I would say that there was questions provided to the company, and the goal of providing those questions and answering those questions was in the hopes of achieving settlement with various customer groups.

Q. But the data requests and the responses to the data requests were about facts. They weren't about -- they weren't settlement offers; correct?

A. (Willett) So I would -- I'm just looking at counsel here. I'm just getting a little cautious about how much I can go into of settlement discussions. But I think I'm probably safe on this one, and would say that would be my understanding as well, that it was getting a better understanding to inform those settlement discussions.

Q. Okay. And I was going to show you a response to a DR that would have been provided in the second batch. And perhaps I can speak with counsel to

just confirm that they are not covered by settlement privilege, their data requests that were shared with all stakeholders.

MS. POWER: Mr. Chair, if it's okay if we take a minute to discuss?

(SHORT PAUSE)

MS. POWER: Mr. Chair, it might take more than a few seconds. If we could just step out?

THE CHAIR: Would it be easier if we stepped out?

MS. RUDDERHAM: Whichever you prefer, Mr. Chair.

(SHORT PAUSE)

MS. RUDDERHAM: I think we're ready to proceed. We spoke amongst counsel and all of our -- all are agreed that we can look at the data requests that I've sent to Mr. Norwood in advance, but I'm going to do a preamble of what it is we're looking at and what it's describing.

MS. POWER: Do you mind if I just make the point that we're happy to have Ms. Rudderham proceed on the basis that these DRs would have formed part of the Application? It would have actually been incorporated into the Application that's before the Board today. And I say that just for the benefit of the panel, so they understand why we're okay with proceeding and toeing that line between what was settlement and what was -- what would be on the record for this Application.

THE CHAIR: Thank you.

MS. RUDDERHAM: All right.

THE CHAIR: Ms. Rudderham?

MS. RUDDERHAM: Thank you.

BY MS. RUDDERHAM:

Q. So, Mr. Willett, now that we're clear and you don't have to tiptoe, we'll confirm. There were an exchange of data requests and responses between stakeholders and Nova Scotia Power throughout 2025, with the responses coming through the summer of 2025; correct?

A. (Willett) That's correct.

Q. There would have been three batches of data requests responses which would have responded to the questions posed by each of the stakeholders involved in the process; correct?

A. (Willett) I don't remember the exact number, but I'll take your word for that.

Q. Okay. And PHP would have been one of those stakeholders that had been engaged and had asked data requests; correct?

A. (Willett) Correct.

Q. And the first time that PHP was modelled as an above-the-line customer within the Cost-of-Service Study using the 2026/2027 revenue requirement would have been as part of that data request process; correct?

A. (Willett) That's correct. And I heard you distinguish the '26/'27 revenue requirement because through the cost-of-service process, there was modelling

exercises that took place of modelling PHP as an above-the-line, but that was using '23 test year data for that.

Q. Correct. Yes, I was distinguishing that.

MS. RUDDERHAM: Mr. Norwood, if you don't mind pulling up the -- I believe it's labelled PHP DR 4.01 that I had sent to you earlier.

So here is a -- oh, if you don't mind scrolling up just so everyone can see the top so that we can identify the document. There, yeah.

BY MS. RUDDERHAM:

Q. So I can give you a minute to familiarize yourself, but this is a data request response responding to PHP's data request. And it would have been provided as part of the July 11, 2026 responses; is that fair? I mean, 2025. Sorry.

A. (Willett) Sounds about right, yes.

Q. Okay. And you've been familiar with this; you would have seen these data responses; correct?

A. (Willett) I'll say there was a lot of different data responses, so -- and it's been a while since I've looked at this, but yes.

Q. Okay. And this would have been provided by NSPI?

A. (Willett) Correct.

MS. RUDDERHAM: And I'm wondering if we can mark this document, the response to 4.01 or 4-01 as an exhibit. It's just this page.

THE CHAIR: That's Exhibit N-46.

--- EXHIBIT N-46:

Response to 4-01, one page

BY MS. RUDDERHAM:

Q. And so, Mr. Willett, looking at this request from PHP, it says to provide a Cost-of-Service Study with PHP as an above-the-line customer with the three following billing determinants. And then if you look to the billing determinants listed there, it says firm load modelled at 8 megawatts at the three coincident

peak. You have the interruptible load will be modelled at actual PHP metered load at the time of NS Power's 3CP, which is 65 megawatts for this model. And then total energy at 110 gigawatt hours based on forecast usage. And then it says the proposed billing determinants for the cost-of-service model will be applicable to the BCF model as well. You see that there?

A. (Willett) And I would just correct it was 810 GWh versus 110, yes.

Q. Oh, sorry, I misspoke there. I did see the 810. That was my bad.

So fair to say, then, that the first time that this was modelled on these billing determinants for the current test period, it was specifically done so at the request of PHP?

A. (Willett) Yes. As discussed before, this was the first time on the 2026/2027 revenue requirement with these specific billing determinants.

Q. In response to data requests?

A. (Willett) In response to PHP's data request. But our note, as before, mentioned that they had been modelled as above-the-line customer throughout the cost-of-service process in the prior year.

Q. Okay. And now, this would have been the first time these -- this cost-of-service model on these demand assumptions with PHP at the above-the-line on this test period would have been shared with stakeholders; correct?

A. (Willett) That's my recollection.

Q. Okay.

MS. RUDDERHAM: Now, if you if you don't mind scrolling down, Mr. Norwood there.

BY MS. RUDDERHAM:

Q. So the Cost-of-Service Study for 2027 is provided as an attachment. And then I'm looking at the second paragraph there. It says:

> Also please refer to DR IG-5-12 concerned with the impact of PHP moving above-the-line in 2027 on the proposed rate increases. (As

read)

That's what that says there?

A. (Willett) Yes.

Q. Okay.

MS. RUDDERHAM: Mr. Norwood, if you don't mind bringing up that other DR, the 5-12? So if you scroll up there just so we can see the title? There.

BY MS. RUDDERHAM:

Q. So, Mr. Willett, this was a data request response provided by NSPI to the IG, along with all the other stakeholders. And this is entitled 5-12. Do you see that there?

A. (Willett) Sorry; you said five -- what was the, 5-12?

Q. Just up in the -- at the top righthand corner there.

A. (Willett) Yes. Yeah, correct.

Q. Okay. And this would have been provided in, again, batch two on July 11, 2025 as part of

that second batch of data requests responses from NSPI?

A. (Willett) Yes.

Q. And you're familiar, I assume, the same with the last data request with this same data request format and process, to the best of your ability, knowing that there were several?

A. (Willett) Yes.

Q. Okay.

MS. RUDDERHAM: Are we able to mark this as an exhibit as well?

THE CHAIR: That'll be N-47.

--- EXHIBIT NO. N-47:

Data request response provided by NSPI to the IG, entitled 5-12

BY MS. RUDDERHAM:

Q. So in this data request, as was alluded to in the response to the PHP's DR, it relates to a request asking about what the impact to rate increases or impact to other above-the-line customers would be with

PHP being moved to above-the-line. It's a fair summary of what the question is rather than reading them all in?

A. (Willett) Yes.

Q. Okay.

MS. RUDDERHAM: And Mr. Norwood, if you don't mind scrolling down. I'm looking at the, yeah, that answer there.

BY MS. RUDDERHAM:

Q. So I can give you a moment to familiarize yourself with the response here. I will suggest to you that the preamble responds saying that NSPI and PHP are continuing to work on a potential above-the-line successor to the ELIADC, which had been broken up into two steps; one is -- determined the cost-of-service treatment and second is the rate design and pricing; correct? Fair summary?

A. (Willett) That's fair.

Q. Okay. Now, I'm looking specifically at lines 21 to 25, and I'll just read that in for the

record. It says:

> Currently Nova Scotia Power and PHP efforts are focused primarily on step one. While this work has been leveraged in the preparation of GRA DR responses, this information should be considered indicative as the pricing and costing for the potential successor tariff remain under development, and in the normal course of tariff development, this will be examined fully [in a regulatory -- or sorry] in the regulatory proceeding which may arise from this work. (As read)

That's what that says there?

A. (Willett) That's what it says.

Q. Okay. So at the time, fair to say that that cost-of-service modelling with those determinants, those inputs that have been requested by PHP, had not yet been fully tested in relation to the costing out of PHP and above-the-line customers?

A. (Willett) Yes.

Q. And when it says, "Indicative," I assume that that means that it's directional but not final; it hadn't -- because it had not yet been tested;

correct?

A. (Willett) I would say that's one component of it, yes.

Q. Okay. It had -- it specifically referenced to it not being fully tested in the normal course of tariff development because the tariff itself had not been drafted or completed; correct?

A. (Willett) Correct.

Q. And it's fair to say that you can't truly know what the cost to serve the customer would be without defining all the aspects of the tariff design. That's why it's broken down into two steps, and these would have been indicative costings; correct?

A. (Willett) Yeah, I would -- I would say can't know fully, but the cost of service would give an indication of the cost responsibility to PHP for this modelling work. But agree to your point, you wouldn't be able to know fully without the pricing.

Q. And now here it references the fact

that PHP and NSPI were working on the first step of that costing-out process; correct?

A. (Willett) It specifies that that's where the efforts were focused at that time, yes.

Q. And up to that point, the stakeholders hadn't been engaged with respect to what the appropriate billing determinants would have been in respect to the Cost-of-Service Study for PHP in the process of this GRA?

A. (Willett) I would just say that there was modelling done on the 23 with various billing assumptions -- billing determinant assumptions in the cost-of-service process, but as stated previously, for '26/'27, this would have been the first time.

Q. Fair to say that the stakeholders had not received the full historical load data to test the billing determinants that were used up -- leading up to the settlement Agreement and the GRA?

A. (Willett) Yes.

Q. Okay. So they wouldn't have had the

opportunity to fully test whether those billing determinants that were used were reasonable and accurate.

A. (Willett) I would say we were having active discussions with stakeholders, and there was opportunity to ask whatever questions stakeholders felt necessary during those settlement discussions. But I take your point that there wasn't the data that was provided in these IR responses in this proceeding.

Q. Sorry; you said the data was provided in the IR responses. You mean in this current proceeding, this would have been the first time it was seen?

A. (Willett) What I was saying is there was the opportunity for data requests in the settlement discussions, but in this proceeding is where that detail had been provided, as those questions were not asked during those DRs.

Q. And based on the response here, where it says, "Will be fully examined in the regulatory proceeding," fair to say it was -- the assumption would

have been that data would have been provided in the future proceeding like the one we're currently in; correct?

A. (Willett) Yes, in this one or the GRA itself.

Q. Okay. Sorry; I'm just looking for a specific reference. One moment. Sorry about that. It was just in the wrong spot.

So I want to ask you about a specific figure or a specific methodology that's flagged in the tariff draft itself.

MS. RUDDERHAM: So, Mr. Norwood, if you don't mind pulling up Exhibit N-1, which is the Application, and I'm specifically looking at Attachment 1, which starts at PDF page 20.

BY MS. RUDDERHAM:

Q. And this is the proposed ELID Tariff wording, and I'm looking specifically at page 3 of that document, which appears at PDF page 22. Right there.

So I'm looking at the heading there that

says, "Power Factor Correction"; do you see that there?

A. (Ferguson) We do.

Q. Okay. Now, this Power Factor Correction clause requires that PHP maintain an average power factor of not less than 90 percent lagging, calculated from actual kilowatt hours consumed and lagging kVAR hours as recorded; correct?

A. (Stanford) Yes, that's correct.

Q. Okay. I'll refer my questions to you, Mr. Stanford.

A. (Stanford) Sure.

Q. And just so we can orient ourselves here, the power factor measures the efficiency that the customer's equipment uses the power delivered to it at any given moment; correct?

A. (Stanford) It's a measure of the amount of reactive power that the customer consumes. So the higher the power factor -- yeah, so I guess to your point, using the word efficient, I would go with that,

yes, I would agree.

Q. It's about ensuring that the customer's compensating for that reactive power that you're referring to, and that's based on how efficient the equipment is; fair?

A. (Stanford) Yeah, but not efficient in the sense of how efficiently, but it's more about how much reactive power Nova Scotia Power has to deliver to deliver the same amount of kilowatts. So if a customer, for example, has poor power factor, then Nova Scotia power must deliver -- it drives up the amount of current, which increases the amount of losses. So I guess to your point, it is more efficient to have a higher power factor load.

Q. Okay. And under the current draft of the tariff, if PHP's average power factor for a billing period falls below 90 percent threshold, an adjustment constant is applied; correct?

A. (Stanford) Correct.

Q. And that's what we see in the table

there where it says power factor 90 to 100, 80 to 90, 75 to 80, 70 to 75; correct?

A. (Stanford) Yes, that's correct.

Q. Okay. Now, power factor corrections, they also apply to other large industrial rates or other conventional Nova Scotia Power tariffs; correct?

A. (Stanford) They do, that's correct.

Q. And for the large industrial tariff, the Power Factor Correction is applied to the demand charge; correct?

A. (Stanford) I can't -- I don't have a copy of that tariff right here in front of me to confirm, but...

Q. Could you take it subject to check that it would have been applied to the demand?

A. (Stanford) Yeah, sure. Subject to check.

Q. Okay. Now, here what's being applied -- what's included in the tariff is that the -- that the

adjustment constant is applied to PHP's energy charge; correct?

A. (Stanford) Yes, correct. It refers to kilowatt hours consumed.

Q. Now, I had looked at other tariffs offered by NSPI, and the other rates that apply the Power Factor Correction to the energy charge, at least that I could find, were below-the-line rates; is that correct?

A. (Stanford) I don't have the answer to that.

Q. Mr. Ferguson, are you aware?

A. (Ferguson) I'm not sure, no.

Q. Okay. Perhaps you can have an undertaking to confirm?

A. (Ferguson) Yes.

THE CHAIR: That's an undertaking to confirm whether the other rates that apply the Power Correction Factor to energy are all below-the-line rates?

MS. RUDDERHAM: Correct, yes. Thank you,

Mr. Chair.

THE CHAIR: U-4.

UNDERTAKING U-4 - To confirm whether the other rates that apply the Power Correction Factor to energy are all below-the-line rates

BY MS. RUDDERHAM:

Q. Now, am I correct that the Power Factor Correction clause was originally created or developed to recognize the additional system capacity required to serve customers operating at lower power factors?

A. (Ferguson) Ms. Rudderham, I'm not -- I don't know what the original reason for going in that direction was. Nobody on the panel does.

Q. Okay. Maybe I'll reword. That reactive power we've been discussing, that has to do with ensuring proper system capacity or demand; is that correct?

A. (Willett) Not sure. We -- yeah, I'm not sure if it's a demand-related issue or an energy related issue.

Q. So -- okay. The provision itself is addressing the ratio of real power, which is kilowatt hours or the power that actually does useful work, to the apparent power, which would be kVA, the total power the utility must generate and deliver at any given time; is that correct?

A. (Stanford) Yes, that's correct.

Q. Now, does that relate to demand or overall energy consumption?

A. (Stanford) It would relate to both.

Q. Okay. So I guess what would be the significance of having it calculated based on overall energy charge versus a demand charge?

A. (Stanford) If it was based on demand charge, it would imply that the system would have to have additional demand to serve that -- the additional draw on

the system due to the poor power factor of the customer. If it was energy related, then there would have to be additional energy produced to supply that load.

Q. So does that mean, and including this Power Factor Correction here, NSP has flagged a potential issue, or they want to ensure that it's not going to impact the overall energy for PHP; it's not a demand issue? Is that what you're explaining to me?

A. (Stanford) No, I didn't say that. I was just explaining the difference between the energy and the demand.

Q. Okay. So maybe you can explain to me what the rationale behind tying this correction to the energy charge is versus tying it to the demand charge like would appear in other Large Industrial Interruptible Rates.

A. (Ferguson) Ms. Rudderham, I think we just have to take that as an undertaking for the background and the decision to go in the different

directions under the different tariffs.

Q. Okay. And I had had a series of questions specifically in relation to why it wasn't tied to demand and energy. So I assume in that undertaking response, perhaps I can ask you to answer specific questions?

A. (Ferguson) Yes.

Q. Okay. One would be does the fact that the demand charge is fixed for PHP impact its ability to be tied to the demand charge? How this power factor would impact the calculation of embedded costs for PHP, or why it was not tied to demand versus energy. Whether in drafting the ELID Tariff, the Power Factor Correction clause needed to be modified to reflect the fact that PHP's charge would have been fixed rather than metered, and whether an alternative mechanism was considered that would allow the Power Factor Correction to operate through a demand component of the -- of a rate to charge PHP.

A. (Ferguson) Thank you.

Q. And -- oh, sorry one more. What other alternatives would have been evaluated?

A. (Ferguson) Good. Thank you.

THE CHAIR: U-4. It's U-5. Sorry.

UNDERTAKING U-5 - Does the fact that the demand charge is fixed for PHP impact its ability to be tied to the demand charge? How would this power factor impact the calculation of embedded costs for PHP, or why it was not tied to demand versus energy? In drafting the ELID Tariff, did the Power Factor Correction clause need to be modified to reflect the fact that PHP's charge would have been fixed rather than metered, and whether an alternative mechanism was considered that would allow the Power Factor Correction to operate through a demand

component of a rate to charge PHP? What other alternatives would have been evaluated?

BY MS. RUDDERHAM:

Q. Now, I'm not sure if this question would also require an undertaking. It's -- perhaps you're aware. This Power Factor Correction clause is the same as appears in the ELIADC; correct?

A. (Ferguson) Yes, that is correct.

Q. Is there a historical actual power factor for PHP while being served under the ELIADC that would determine whether this was a live risk or a theoretical one?

A. (Stanford) Subject to check, I believe PHP's power factor is in excess of 90 percent. So it would -- there would not have been penalties applied under this provision in the past.

Q. So this questioning on power factor kind of ties back to questions that were responded to from

Mr. MacDougall.

MS. RUDDERHAM: And Mr. Norwood, if you don't mind bringing up N-1, which is the Application. I'm looking at, I believe it's page 8.

BY MS. RUDDERHAM:

Q. And it's the footnote 5, which is the formula or the calculation for the interruptible credit for PHP if it was done on the traditional methodology or the established methodology., you see that there?

A. (Ferguson) Yes.

Q. So here it applies a power factor of 1.06383. I just want to understand why is it a -- first, why is it above 1 and why is it constant?

A. (Ferguson) I don't have that information, and the panel doesn't, Ms. Rudderham.

Q. Could we get a response -- an undertaking for that?

A. (Ferguson) Certainly.

THE CHAIR: Undertaking U-6.

UNDERTAKING U-6 - To advise why footnote 5 is above 1 and is constant

BY MS. RUDDERHAM:

Q. And am I correct that a -- like, a perfect coincidence would be one, a factor of one?

A. (Stanford) What do you mean by coincidence?

Q. The coincident demand on the tariff. So here it says the coincident demand of ELID at the customer's metre times a factor of 1.06, the power factor of 1.06. I just want to understand what's the coincident demand.

A. (Ferguson) Could you repeat the question, please?

Q. I'm just going to move on to another subject area.

I want to understand a little bit more about the Dispatchability Rider here and how the dispatchability will work. So under the DR, PHP would be

asked to dispatch down based on, say, unexpected or increased system costs, which would signal an economic impact to PHP to reduce its load; is that correct?

A. (Mowatt) PHP would be asked to be dispatched either up or down, based on system conditions.

Q. And when you say, "System conditions," you mean increased -- what?

A. (Mowatt) Generally as the system becomes more tight, either due to higher load or generation availability, pricing can go up. But likewise in periods of low load or high wind pricing can come down. So PHP would be scheduled to run at a higher level.

Q. And under the mechanism as proposed NSPI can't force PHP to shift its load up or down; correct?

A. (Mowatt) The Dispatchable Rider is meant to provide PHP a financial incentive to follow those schedules for economic signals, in terms of when it's appropriate for PHP to move its load around.

Q. When those requests are done, though, PHP isn't given a specific economic or financial number when it's being asked to dispatch up or down; is that correct?

A. (Mowatt) Are you referring to, like, a price or...?

Q. Yes, a price.

A. (Mowatt) No. It could be inferred that if we're scheduling PHP at a higher load, the system conditions are such that it's more economic for PHP to run up.

Q. Okay. And if PHP does not respond to the request, there's no penalty under the DR; correct?

A. (Mowatt) No. PHP would just be forgoing whatever Dispatchable Rider benefit at that time.

Q. So the -- fair to say the financial consequence or the impact of not responding is simply forgone savings?

A. (Mowatt) To PHP; correct.

Q. Yes. But if PHP does not respond and those costs then end up being incurred, who pays for those costs, increased costs that could have been avoided?

A. (Mowatt) So PHP would be foregoing the opportunity of the Dispatchable Rider, at which point those costs would be pushed back towards the levelized load portion that would be -- sorry. If PHP does not follow the Dispatchable Rider, they're the ones losing the benefit in terms of that decision.

Q. So these pricing signals, you're saying there's no sharing of those increased costs amongst above-the-line customers?

A. (Mowatt) So as the variance of the Dispatchable Rider benefit accrue to PHP, as they don't follow it it's entirely in their ability to either capture those benefits or forgo them based on whatever economic reasons they would have at that time.

Q. Yet you had indicated that there's a correlation or -- there's a correlation between the

pricing signals and the constraint on the system; is that correct?

A. (Mowatt) Typically, as a system gets tighter due to system constraints, pricing can go up.

Q. Okay. And if NSP -- or sorry; if PHP does not dispatch down, NSPI's costs would increase, then.

A. (Mowatt) If PHP does not dispatch down, system costs could be higher than had they fallen -- or followed a dispatch lower, but not necessarily to the level of a customer baseline.

Q. But the DR credit is calculated at year end; it's not being tracked hour for hour or dollar for dollar as to these pricing signals; correct?

A. (Mowatt) That's correct. And one of the reasons for that is, you know, in a single hour, it may not appear as optimal for PHP to follow a certain dispatch, whereas over a period of time that optimality can present itself. For instance, it might make more sense to -- for PHP to run up in some hours and be

dispatched down in later hours to show that the system is better off doing that.

Q. And if at any given time, PHP does not respond to the dispatch down request, and NSPI does realize those increased system costs, wouldn't those be shared with all the above-the-line customers?

A. (Mowatt) The way the ELID Tariff is designed is such that other above-the-line customers should be indifferent to the Dispatchable Rider benefit as they're set based on the customer base line or the levelized load. The variance that they'd be exposed to is the degree to which PHP can capture that Dispatchable Rider benefit.

Q. So you've referred to it as they're supposed to be indifferent. Does that mean that there is a potential risk that it would not be indifferent and could be carried by the remaining above-the-line customers?

A. (Mowatt) No. They -- my apologies if

I didn't speak clearly there. But above-the-line, customers would be indifferent. It should also be noted that when we're talking about PHP following or not following dispatch instructions that they do try to follow dispatch instructions as best to their ability, but they are a mechanical process, so there are times in which they might not be able to exactly follow that dispatch. But they do work very closely with both Nova Scotia Power Marketing and the System Operator to ensure that they're following that schedule as best of their ability.

Q. And am I correct that one of the difference between the ELID and the ELIADC is under the ELIADC, when the request is made to dispatch down, PHP refuses, NSPI does not agree to that change in the -- in the system operation, and PHP still says, "No, we're not dispatching down," there used to be incremental cost payments for that refusal under Cause Code 5; correct?

A. (Mowatt) That's correct, under the ELIADC.

Q. Okay.

A. (Mowatt) I would also point out that you would also require that due to the sharing mechanism under the ELIADC between PHP and the other stakeholders.

Q. The sharing mechanism you're referring to is the 75 percent going to above-the-line customers and 25 percent going to PHP; correct?

A. (Mowatt) Correct.

Q. And when that sharing mechanism was originally put in place and decided by the Board in the -- I think it was 2019 decision, it had to do with incentivizing or participation, encouraging participation for PHP to maximize the benefits on the whole system; correct?

A. (Mowatt) Subject to check, but yes.

Q. Okay. And that Cause Code 5, those costs, the costs aren't shared. The costs are the cost increases for PHP's dispatch not being reduced as per the request. It's the incremental costs to serve; correct?

A. (Mowatt) I'm not 100 percent clear on the calculation of that. But yeah, that is my understanding that it is a marginal cost-based approach for that.

Q. In understanding the DR credit calculation, fair to say that the credit itself is intended to compensate PHP for system savings caused by their load-shifting activity when requested by NSP; correct?

A. (Mowatt) The Dispatchable Rider benefit, as calculated, would compare PHP's actual dispatch that it completed throughout that year to the levelized load calculation, the customer baseline. So it would capture everything that PHP did. We're not comparing to a specific schedule; it's how PHP actually ran versus that CBL schedule.

Q. And is it NSPI's understanding that PHP doesn't generally run at a levelized level? It's seasonal; correct?

A. (Mowatt) I would say that in the past there was definitely more seasonality than what we've been saying. I believe in PHP's evidence that they've mentioned that they've received some new customers where they're not as affected by seasonal orders. You know, I think in the past few months we've typically been seeing PHP run a little bit flatter, but generally speaking, there would have been that seasonality prior to the last few months.

Q. Okay. And I'm sure you're aware of evidence filed by Bates White that raises some concerns that the calculation methodology for the DR credit would credit PHP for those business demand responses rather than the system; correct?

A. (Mowatt) Yes, I understand that's what Bates White's evidence. I think that some context there would be around Port Hawkesbury Paper's been subject to a price-sensitive rate for well over 15 years. So how they might have designed order books, if they were agnostic to

pricing, is -- we don't know what that would have looked like. It's also, as I did just previously mention, they are -- some of their new order books are making it so that they're less sensitive to that seasonal adjustment.

Q. Less sensitive to the seasonal adjustment, but likely still some seasonality, which would be compensated for under the DR credit. Is that fair?

A. (Mowatt) Yes.

THE CHAIR: Ms. Rudderham, I know you're kind of in the middle of a line here, but if you do see a convenient place to stop, if you wouldn't mind.

MS. RUDDERHAM: I probably have a couple more minutes of this line and then...

THE CHAIR: Sounds good. Thank you.

MS. RUDDERHAM: Thanks. Sorry.

BY MS. RUDDERHAM:

Q. For the Dispatchable Rider credit, does it -- in calculating the benefits and the credits to PHP, does it also account for benefits for reliability to

the system?

A. (Mowatt) As my colleague Mr. Stanford noted, that there is some inherent reliability associated with Active Demand Control or dispatchability of PHP, and the fact that being able to plan around your largest load when system conditions are tightening is beneficial. From a Nova Scotia Power marketing desk, it would allow you to procure imports, knowing where PHP could be during those periods of time. It's not necessarily indicative of a -- like a reserve benefit to the -- to that extent, but there is some ancillary benefit to that. But there's -- I would add that there's no compensation for that planning benefit. It's already shaped into that, into their load shape.

Q. Their levelized load shape?

A. (Mowatt) Their actual load shape.

Q. Okay.

A. I would just add, Ms. Rudderham, that that's -- per discussion, I think it was this morning

around understood reliability benefit associated with ADC captured in as part of the company's justification for continuing the priority interruptibility credit. We haven't explicitly valued that reliability benefits, but it's just part of the reason that we're proposing to retain the premium associated with priority interruptibility.

Q. You just said to maintain the premium of the priority interruptibility, but there's no current -- there's no, currently, compensation for priority interruptibility; correct?

A. (Ferguson) That is true. I misspoke. That's right, to retain what we had modelled.

Q. Okay. So when you're saying to preserve that credit or that premium, you're actually adding a premium onto the tariff as proposed; correct?

A. (Ferguson) It has a history in that the previous Board decisions had approved the addition of a premium from years back. But yes, it's in addition to

the Interruptible Rider, correct.

Q. I think it's a premium from only one of the past five riders or five tariffs that would have would have served; is that correct?

A. (Ferguson) I would say that it wasn't explicitly priced in those prior tariffs, but it was a service included as part of the provision of -- exchange of services with Port Hawkesbury Paper.

Q. Priority service provided, but no premium credit given.

A. (Ferguson) No. Part of the tariff construct, though, is that the level of service to Port Hawkesbury Paper included that they be priority interruptible.

Q. I think that what you had -- and the discussion you were alluding to was with my friend representing the Small Business Advocate. You had indicated that it was -- it would be premature to remove the proposed credit; correct? That's what you had

indicated?

A. (Ferguson) Well, premature to discontinue the provision of priority interruptible service by Port Hawkesbury Paper, which would presumably result if we were to terminate the credit.

Q. You're saying it would presumably result in that. Why do you think that there wouldn't be priority if there's been priority without any credit for many years?

A. (Ferguson) Because it was part of the tariff construct in those previous tariffs. It was part of the ELIADC, all the parameters of the tariff. One of them was -- and by -- and Port Hawkesbury Paper includes priority interruptible service. Under the schemes, they were priced as a below-the-line incremental cost-based tariff. In this circumstance, we're moving to an above-the-line embedded cost-based tariff. And Port Hawkesbury Paper, like other large industrial customers, is being compensated for interruptible -- providing -- accepting

interruptible service. And they're further being proposed to be compensated for being first in line among the other interruptible customers, other than the GLF and Shore Power.

Q. Okay. And that 10 percent credit that we're talking about, it's never been priced out by NSPI; correct?

A. (Ferguson) The premium as -- in addition to the Interruptible Rider, has been approved in past Board decisions from years ago. The last time the service was priced in this manner with the elements in this manner ---

Q. When was that?

A. (Ferguson) I don't have the date top of mind. We did provide the background to it. It may be in that Synapse 14. I'm not sure. It's on the record; I just don't have the date with me.

Q. Okay. It was a long time ago, though; correct?

A. (Ferguson) It was, yeah.

Q. Okay. And there's nothing on the record now that would support a 10 percent premium value; correct?

A. (Ferguson) We have -- well, what's on the record is the company's support for why we recommend that approximately half a million-dollar premium be paid to Port Hawkesbury Paper.

MS. RUDDERHAM: I'm cognizant of time, and I feel like I'm getting into a totally different topic. So perhaps we break here just because I know, Mr. Chair, you had flagged that for me, but I have a long series of questions in relation to the priority interruptible service.

THE CHAIR: Thank you, Ms. Rudderham.

So it's 25 after 3:00. We'll come back at 20 to 4:00.

--- Upon recessing at 3:25 p.m.

--- Upon resuming at 3:40 p.m.

MICHAEL WILLETT, Resumed:

ERIC FERGUSON, Resumed:

CRAIG MOWATT, Resumed:

DAVID STANFORD, Resumed:

THE CHAIR: We're back. So we can get ready whenever -- or we can get going whenever you're ready, Ms. Rudderham.

MR. FERGUSON: Ms. Rudderham, could I just interrupt? And Mr. Willett located the IR I was speaking about where it talks about the date that the priority interruptible premium was last approved, and it's in SBA IR-2(i).

CROSS-EXAMINATION BY MS. RUDDERHAM, (Cont'd)

Q. Thank you.

So before the break, we were talking about the interruptibility. We were switching from Dispatchable Rider to the Interruptibility Rider, which is a separate component of the ELID proposed in this Application; correct?

A. (Ferguson) Yes.

Q. Now, in principle, any interruptibility credit should reflect a realistic availability of interruptible load during system constraints; is that correct?

A. (Ferguson) Well, the practice is -- yes.

Q. And I know there's been some revisions to the Application, but NSPI's evidence has been that historically, at least over the past six years in which PHP was served under the ELIADC, in periods of capacity, scarcity, PHP's load has generally been dispatched down and not interrupted; correct?

A. (Stanford) Yes. Generally in the event of a capacity shortfall, the System Operator will see the potential tight situation in the coming hours, with the knowledge that during periods of tight system constraints, prices, marginal costs will go up, and we'll dispatch down PHP accordingly, so yes.

Q. Now, I know that the evidence is that the interruptibility rider and the dispatchability rider are two separate components of the rate application; correct?

A. (Stanford) Yes, that's correct.

Q. But they are fairly intertwined or related in that the pricing signals that would trigger a dispatch, especially dispatch down, would coincide often with system constraints; correct?

A. (Stanford) I would say that the two services, the DR and the IR, are separate and distinct services. But there are occasions when the two kind of overlap or coincide with the reduction in load.

Q. And looking historically at the dispatchability function, the way it's proposed to operate is quite similar to the ADC that's currently in operation; correct?

A. (Stanford) Yes. From a dispatch perspective that's correct.

Q. Okay. And when you're looking historically, I believe the revised evidence is that there's only ever been one interruption to PHP since the ELIADC has been -- they've taken service under it since 2020; correct?

A. (Stanford) Yes, that is correct.

Q. Now, that was a revision to the evidence provided. Can you explain why was NSPI not aware that it had previously interrupted PHP?

A. (Stanford) When we reviewed the interruption records we had missed that particular event on January 9, 2021, and it came to light in PHP's evidence when it submitted a response to SBA IR-01.

Q. Okay. So you've referred to January 9, 2021. And earlier today, counsel had indicated in a note that it was September 9, 2021. Are these two separate incidences or is the interruption from January 9?

A. (Stanford) The interruption is from January 9th, 2021.

Q. Okay. Can we have confirmation as to the timing of that interruption? Because the information we've been provided is September 9th, 2021 at 1727. So if someone could provide what the actual time is of that previous interruption, that would be helpful.

A. (Stanford) Yeah, I can confirm that the correct date was January 9th, 2021 at a time of 1727.

Q. Okay. Thank you for clarifying that.

A. (Stanford) January. Yes, January.

Q. When PHP was interrupted on that day, can you confirm for me what PHP's load was before that interruption occurred?

A. (Stanford) I'm just trying to determine the value here. Just bear with me one second.

(SHORT PAUSE)

BY MS. RUDDERHAM:

Q. I assume you're looking at Exhibit N-16, which is confidential and was provided in response to SBA IR, which provides the hourly data dating back. And

if you are, I think the line you're looking for is 211 or 213.

(SHORT PAUSE)

MR. STANFORD: I'm sorry; I don't have that exhibit right here in front of me.

BY MS. RUDDERHAM:

Q. Okay, then what are you looking at?

A. (Stanford) I was looking at some additional information that I had acquired with respect to that event.

Q. Are you able to produce that record?

A. (Stanford) Yes, I can. I don't necessarily have it right here that I can produce, but I'm just making an estimate based on looking at a graph here. It looks like maybe they were reduced by approximately 30 megawatts at that time. Subject to confirmation.

Q. And perhaps are you able, as an undertaking, to provide that data that you're referring to there, and in that response confirm how much was actually

interrupted physically?

A. (Stanford) Yes, we can provide that data in an undertaking.

THE CHAIR: Okay. That'll be Undertaking U-7. And it's the data that Mr. Stanford is looking at for the interruption event on January 9, 2021, as well as the exact amount of load that was interrupted?

MS. RUDDERHAM: Yes. Thank you, Mr. Chair.

UNDERTAKING U-7 - To confirm that the data Mr. Stanford is looking at is for the interruption event on January 9, 2021, as well as the exact amount of load that was interrupted

BY MS. RUDDERHAM:

Q. In looking at some of the hourly data, which has been provided confidentially so I won't go into it, I just wanted to understand what does cause code NDN mean?

A. (Stanford) Do you know what number

that is, cause code? Because there's 1 through 5.

Q. No. I'm looking at the hourly data, and then in one of the columns ---

A. (Stanford) Oh, apologies.

Q. --- it's identified as NDN. And I was wondering if you knew what that was referring to. It coincides with the same date that we're discussing.

A. (Ferguson) Is there a reference you have for where you're seeing that?

Q. I was seeing it in -- it's a confidential exhibit. It's N-16(i), which is a spreadsheet, and I don't -- I'm not intending on bringing it up. And I'm looking at, I think it's line 213 and it says in the comment section, "Cause code" or -- it says, "NDN". And I just was wondering what those initials stand for.

(SHORT PAUSE)

MR. FERGUSON: It's not something you haven't heard -- copy you could share with the panel? We

don't have it over here.

BY MS. RUDDERHAM:

Q. No. I can move on for right now just because I have -- I have other questions and we can come back to it at another time.

A. (Stanford) I did find a definition for it. So cause code NDN refers to, "Energy System Operator requested load drop."

Q. Requested load drop?

A. (Stanford) Yes.

Q. Okay.

A. (Stanford) Correct.

Q. And that's under the ADC or that's under the interruptible?

A. (Stanford) That would be a cause code under the ELIADC, Active Demand Control.

Q. Okay.

A. (Stanford) Yeah.

Q. Thank you for clarifying that.

And so for the last undertaking where you're going to provide the information about the interruptible from January 9, 2021, will that also include whether there were dispatched down under the ADC? Will it show the difference between what was dispatched down and what was interrupted?

A. (Stanford) Yes, we can provide that information as well.

Q. As part of that undertaking.

A. (Stanford) Yes.

Q. Just to clarify what was actually interrupted versus what was already dispatched down.

A. (Stanford) Yes, we can provide that.

Q. All right. Thank you.

Now, I know we've only -- we've spoken -- there's been one physical interruption of PHP over the last six years; correct?

A. (Stanford) Yes, that's correct.

Q. There have been several other

interruptions on the system for other customers, though; correct?

A. (Stanford) Yes, that is correct.

Q. So over the four-year span of 2022 to 2025, there were actually 25 interruptions of Large Industrial Interruptible customers; correct?

A. (Stanford) Subject to check, yes, that number sounds about right.

Q. So where PHP has priority interruption, how come all of those customers were interrupted but PHP was not?

A. (Stanford) So there could be a couple of reasons. So one reason could be that PHP had previously been dispatched down under the ELIADC Active Demand Control Protocol. So if that was the case, they would have no load available to interrupt at that time. Another reason would be that -- would be in the reason itself that an interruption is required. So in the event that the System Operator runs short on operating reserve,

the ELIADC load has telemetry and control, as does a portion of the Large Industrial Interruptible Rider. So if the System Operator is running short on operating reserve, they can carry that load of the PHP and the Large Industrial Interruptible Rider customers as operating reserve without interrupting them.

Q. And that -- I believe what you're describing -- that holding them in reserve, it's a similar, if not the exact same treatment of a large industrial customer on telemetry and control; correct?

A. (Stanford) Yes, that's correct.

Q. Okay.

A. (Stanford) That's what I'm referring to, yes. And in the event that we're in that situation and the operating reserve that is being held by PHP and the Large Industrial Interruptible Rider telemetry and control, if that's still not enough to meet the minimum operating reserve requirement, then the next step is to interrupt Large Industrial Interruptible Rider customers

that do not have telemetry and control. And the reason we do that is because it would make no sense to interrupt Port Hawkesbury Paper at that time; we're already holding their load as reserve. So by interrupting them, we're not going to increase the amount of reserve we have on the system. The only way we can get additional reserve on the system at that point is to interrupt the Large Industrial Interruptible Rider non-T&C customers.

Q. And so if the priority interruptible was removed from the ELID, would that remove that access to that telemetry, or would it be treated the same as a large industrial telemetry customer?

A. (Stanford) I believe -- it's my thinking that the ELIADC would continue to have telemetry and control and could be held as part of operating reserves.

Q. You said ELI -- you mean ELID?

A. (Stanford) Yes, ELID. Yes, correct. Sorry.

Q. And for those other telemetry customers, those customers would have had to pay to upgrade their systems in order to provide that benefit to NSPI to see their load and account for that in their operating reserve; correct?

A. (Stanford) Yes, that's correct.

Q. Are you aware of the range of costs that customer investment would be?

A. (Stanford) Subject to check, it could be -- it could be tens of thousands of dollars up to a couple hundred thousand dollars, depending on the -- on the nature of the installation.

Q. And where those customers on telemetry are treated very similarly, if not the exact same as PHP would be on ELID, how come they haven't been provided the option of a priority credit?

A. (Ferguson) I can speak to that, Ms. Rudderham, and Mr. Stanford can add on as required.

It's kind of the sequence of events that

we've had this service for an extended period from Port Hawkesbury Paper. It's been incorporated in the tariffs that they've been served on for decades now. And part of the assessment that we're proposing to undertake is just to understand what the value of priority interruptible service is to the system. So before we would undertake to expand the offering to other customers, we really need to understand the value of this service provided by this customer. I expect it'll be an outcome of that process will be determined whether or not it should be expanded. I'm not -- I don't know that it will, but it's kind of the work, a step at a time.

Q. Will there be any analysis as to whether, if it's not priority, that benefit to the system of having them accounted for in that operating reserve, regardless of the order of interruption?

A. (Stanford) The value of holding the customer as part of operating reserve is kind of an offshoot of the Interruptible Rider. So the Interruptible

Rider contains a provision that allows Nova Scotia Power System Operator to hold those interruptible customers with telemetry and control as part of operating reserves.

Q. And we've kind of been, when speaking about in terms of the order of actual physical interruptions, the non-telemetry, large industrial customers would come before PHP under the ELID; correct?

A. (Stanford) Not in all circumstances. So what I explained to date was a scenario where customers are interrupted, Large industrial Interruptible Rider customers are interrupted to replenish operating reserves. There's another scenario where during a capacity shortfall event if the System Operator needs to activate operating reserves, either due to a contingency within the balancing area, either loss of resource or loss of a firm import, or another example would be if we need to export energy under a reserve sharing agreement with New Brunswick, or if we run short on synchronous reserve, which is part of our -- a component of our 10-minute operating reserve, if any of

those three scenarios occur where we have to actually operate that operating reserve, then PHP is targeted first as a priority interruptible service.

Q. And is that what occurred on January 9, 2021?

A. (Stanford) Yes, that's correct.

Q. Okay. And how often does that occur?

A. (Stanford) Well, it certainly occurred on January 9th, 2021. But I don't have a ---

Q. Fairly infrequent for any of those other three scenarios you've described to come up? It's only come up once in the last six years?

A. (Stanford) You know, subject to check, I would say that most interruptions occur as a result of a shortage of operating reserves, and not as many come up as a result of needing to activate reserves.

Q. When you said PHP targeted first, just to be clear, you're saying first in relation to the large industrial customers, but not first in line overall?

A. (Stanford) Yeah. Just referring to the order of interruption provided in the ELID Tariff as part of -- filed as part of the Application. Generation replacement load following would be targeted first, followed by ELID, short power, and then Interruptible Rider to the Large Industrial Tariff.

Q. Thank you. And we spent some time talking about the priority interruptible credit, and I believe you had -- Mr. Ferguson, you had confirmed the, I think it's the $500,000 annual number for the value of that 10 percent figure; is that correct?

A. (Ferguson) Approximately, yes.

Q. Yeah. And that appears in the in the Application, I believe.

A. (Ferguson) Right.

Q. So when we're looking at that $500,000 figure, is that just the difference between the currently proposed ELIR standard credit plus that 10 percent premium, just the difference?

A. (Ferguson) Correct.

Q. If the $13 -- I can't recall the decimal points -- credit were used, what would be the value of that premium credit on a yearly basis?

A. (Ferguson) We're not proposing that it increase. We're proposing to be retained at 500,000, approximately 10 percent of the existing tariff.

Q. Yeah, and I understand that's the position. I just -- I want to know if you have the information as to what that differential would be if the interruptible credit were ordered by the Board to be increased to that $13 figure and a priority interruptible credit were provided, what would be that differential on an annual basis?

A. (Ferguson) I don't have it readily at hand. It's not hard to calculate, but we can do that if helpful.

Q. Is it roughly double; about $1 million a year?

A. (Ferguson) It's 10 percent on top ---

Q. It’s going from 7 to about 13?

A. (Ferguson) --- of $13 instead of 10 percent on top of 770 or so.

Q. Yeah.

A. (Ferguson) So yes.

Q. Over $1 million?

A. (Ferguson) I expect so, yes.

Q. Yeah. And what happens if another large load comes onto the system with the ability to be interruptible? Will that change the stack order or the value proposition that -- of the 500,000 or the more than $1 million for the premium?

A. (Ferguson) I just want to be -- so I understand the hypothetical around should the Board, but the company is not supporting 10 percent on a larger number. It's $500,000, is what we're proposing. The 10 percent on top of the 760, not that it be increased commensurate with the potential increase in the

intractable credit, so...

Q. Yeah. Yeah, okay. So my follow-up question was what happens if another large load comes on the system with the ability to be interruptible or potentially priority interruptible?

A. (Ferguson) So what would happen if another large industrial customer came along that was willing to accept interruptible load? Well, if they met the terms of the large industrial tariff, I expect they would be put on the tariff. If -- as long as the company had the capacity to serve that additional load, depending if any of it was firm or not, it would have to be a conversation examination. I expect that would be the responsibility of the IESO these days.

Q. Yeah. And I guess what I'm trying to understand is this premium credit, would it or could it be offered to another customer who comes on the system with a larger load?

A. (Ferguson) Not at this time. We're

not proposing to extend the premium. So the premium for priority interruptible service, you mean?

Q. Yeah.

A. (Ferguson) No. No. So if that -- if it was to happen and a customer was to come along to agree to be priority interruptible supply, my expectation is before we landed on a position like that, we'd want to complete the work that we've been talking about.

Q. So I guess what I want to understand is why does the work need to be completed before another customer gets the premium, but does not need to be completed before PHP gets the premium?

A. (Ferguson) Well, as we said in our evidence, the premium is attached to a few things. It's -- we've had this service provided by Port Hawkesbury Paper for decades. And again, in the interim, between completion of the Settlement Agreement and filing of this Application would have required some further study as to the implications from a System Operator dispatch of

implications, if any, of discontinuing it. But moreover, there's also been a recognition that ADC comes with reliabilities that -- benefits that are not being compensated. So the company's position is not just that retain the priority interruptible service and maintain the 10 percent premium as modelled but rather maintain that service and that compensation in light of the other factors that require more analysis to fully understand.

Q. Okay. And the reason why I'm asking, have you seen the 10-year system outlook report that was filed by the IESO in June of this year?

A. (Ferguson) I haven't reviewed it in detail. I know that's been issued.

Q. Okay.

MS. RUDDERHAM: And Mr. Norwood, I had sent that to you earlier. If you don't mind bringing that up, just so that Mr. Ferguson can review that. And I'm looking specifically at PDF page 24, and this is Exhibit N-1 in matter M12916.

MR. NORWOOD: Which page?

MS. RUDDERHAM: Twenty-four (24), please. And if you don't mind scrolling down to Table 8 there, which outlines the large load system impact studies that would have been completed.

If you don't mind scrolling up just a little bit so we could see the -- just the preamble there, there. Thank you.

BY MS. RUDDERHAM:

Q. And as you can see there, there are requests for peak of 325 megawatts and another one that's for 230 megawatts. You agree those would be higher than the maximum for PHP's demand?

A. (Ferguson) I may ask for Mr. Stafford's input, but just so I've got the question -- earlier question; is it would we accept priority interruptible service, or would we provide compensation for it?

Q. I'm just trying to understand what the

impact here of using this priority credit, if another customer here that has an even larger -- a load comes along and agrees to priority. They're not being offered a priority credit but presumably would impact the value of the priority credit for PHP.

A. (Ferguson) So I can't speak to what service offerings these loads might take, ---

Q. Yeah.

A. (Ferguson) --- just to be clear, or the circumstances under which they're taking power. I don't know that. And I don't know if that would factor into a subsequent tariff offering or no, just to be clear on that point.

And then to your question, which is the implications of these specific requests. Any thoughts?

(SHORT PAUSE)

MR. FERGUSON: Could you just repeat the question, please, Ms. Rudderham?

BY MS. RUDDERHAM:

Q. I just kind of want to understand what the impact of having these additional extra loads come on the system would be for the value calculation of PHP as a priority interruptible. And I believe your evidence earlier was that they wouldn't be offered priority like a credit, but they could be offered priority at some point. I just want to understand.

A. (Ferguson) So I really -- I can't comment on that hypothetical.

Q. Okay.

A. (Ferguson) These are -- the list here I've looking at are large loads will have implications for the power system, I expect would have to be studied on their own and an appropriate tariff framework developed and brought forward. I just don't know what that would be at this time.

Q. Okay. So fair to say that in proposing the 10-percent credit, NSP hasn't considered other large loads, new large loads coming onto the system?

A. (Ferguson) Correct.

Q. Okay. Skipping topics slightly, in the Application, it confirms that the Notice of Termination of PHP being served on an above-the-line tariff, the ELID, the notice period would range from between 15 months to just about three years, depending on when the notice is given; correct?

A. (Ferguson) I'm afraid I'm guilty, Ms. Rudderham, of thinking about -- continuing to think about your last question.

Q. Okay.

A. (Ferguson) And I just -- I just have to be completely clear; there are some large loads being contemplated, is my understanding. We have done some work with potential customers around tariffs development, but it hasn't really advanced to a situation where we've reached any final conclusions. Of course, if that is to happen, obviously that would be subject to discussion with stakeholders and approval by the NSEB, however that

concludes.

Q. Yeah. And I guess what I am trying to get at with my questions about the interruptible priority credit, assuming and knowing that Nova Scotia Power cannot act discriminately before or -- sorry; discriminatively before -- or to customers, if another customer comes in, is priority interruptible, wouldn't that mean that they would have to offer that credit?

A. (Ferguson) Well, the legislation, as I understand it, is undue discrimination. So you know, there may be some circumstances where different treatment would be for a short period of time, but again, it would be -- I think it would be informed by that work we plan to undertake, if and when the Board approves the tariff and PHP subscribes to it.

Q. Yeah. And I want to understand what the risk would be to other above-the-line customers who would be funding that priority credit afforded to other customers.

A. (Ferguson) The effect on other customers if we extend priority interruptibility premium to new customers?

Q. (Ferguson) I guess what -- well, let me reword it. Wouldn't you agree there'd be increased risk to above-the-line customers to pay for other premiums if it's instituted before it's been studied?

A. (Ferguson) Yes. I think to expand priority interruptible service or compensation for that service to customers beyond PHP would require additional analysis and ultimately approval by the NSEB, I expect.

Q. Okay. And back to my other question that I was asking before about the notice provisions. Just confirming, the notice provisions under the ELID are to switch from an above-the-line rate would range from about 15 months to about three years, depending on the time of the year when the notice is given; correct?

A. (Mowatt) Yes.

Q. And for under the Large Industrial

Interruptible tariff, the notice provisions of five years to go from not interruptible to firm?

A. (Mowatt) This provision is around PHP being above-the-line specifically. If PHP were to move below-the-line, that can have impacts to hedges that would have been put in place during those timeframes. So the dates that you're looking at there for the tariff term is to align with Nova Scotia Power's hedging plan to ensure that you're not over- or under-hedging over periods of time during those notice periods.

Q. Okay. Is there a notice of termination restriction on PHP to switch off interruptible or pre-priority interruptible?

A. (Stanford) Yes, there is. In the ELID Tariff provided in our Application under "Availability," Clause 5. It provides the requirement for a five-year advance written notice.

Q. Okay. Thanks for confirming that.

And in terms of the hedging, ---

A. (Ferguson) Sorry; can you just hold on one second?

(SHORT PAUSE)

MR. FERGUSON: Was your question about five-years notice to move to firm service or to non-priority interruptible service?

Q. It was for both. But I assume what you're saying is it's five years. Is it five years for either?

A. (Ferguson) It's five years for ---

Q. Interruptible to firm?

A. (Ferguson) --- interruptible to firm; correct.

Q. Is there a notice period to switch from priority to in sequence?

A. (Ferguson) No.

Q. Has NSPI considered whether there should be an increased notice period for priority?

A. (Ferguson) I think that's probably

part of the exercise that we're proposing, is to understand the value of the service, and depending on the outcome of that, whether there should be any additional parameters imposed.

Q. Okay. And back to Mr. Mowatt's comments about the hedging, where PHP is not currently an above-the-line customer -- and it's not clear; it depends on the outcome of this proceeding, whether they will take service January 1 as an above-the-line customer -- how is that impacting NSPI's planning for its hedges in 2027 currently?

A. (Mowatt) So we are still currently hedging without PHP in our forecasts. If PHP moves above-the-line and takes service under this tariff, we then include their load in our normal course of forecasts and hedging plan and then adjust hedges appropriately.

Q. So when would NSP need to know whether PHP was switching to an above-the-line tariff in order to appropriately hedge for 2027 starting Jan 1?

A. (Mowatt) So it should be noted that currently we have hedges in place for 2027. We're significantly hedged, somewhere above 80 percent for the no PHP portfolio; I don't know the exact number specifically. Adding PHP's load to that amount would simply reduce those hedge percentages to some number lower, at which point we would work hedges in as we do our normal forecasting.

So the first forecast that we could do, we'd include PHP's load on an optimized basis and then use that as the basis for our hedge rebalancing going forward, if that makes sense.

Q. So -- yeah. So if NSPI doesn't hedge or increase its hedges on that timeline, I think we've discussed between like September and October, does that put other customers at risk of being under-hedged, or ineffectively hedged?

A. (Mowatt) So you know, I think it's important to provide some context in terms of how

significant PHP's load would be in terms of the overall impact on hedges. It's about somewhere in the neighbourhood of 5 to 8 percent on the total portfolio. Our hedging plan is designed such that we continually increase hedging rates as we go through time. So for '27 we're targeting a higher percentage. In 2028 it's lower. And as we go through time, we'd be layering that on as we go.

Whenever PHP were to take service under this tariff, once we're notified, we would put that into our processes and ensuring that we're properly hedging for PHP going forward. The amount of hedging that would be required to be incremental to that wouldn't be as significant as hedging the overall no PHP portfolio.

Q. Okay. Does there need to be, like, a notice period for NSP to do that, once it's notified that PHP will, in fact, go above-the-line, or can you do it right away? Like, implement the rate right away as of Jan 1?

A. (Mowatt) Implement the hedges right away?

Q. Yeah.

A. (Mowatt) We would have to rerun another forecast at that point to ensure that we can properly run system conditions, updated pricing, unit availability to ensure that that portfolio makes sense.

Q. And could that increase costs for other customers?

A. (Mowatt) I'm not sure I follow costs to other customers. Are you saying that ---

Q. Like, if there's a risk of being under hedged, could it increase costs otherwise if you had to obtain fuel elsewhere?

A. (Mowatt) So I think -- I think I'm following you, if I may recharacterize it?

Q. Absolutely.

A. (Mowatt) You're comparing that to a world of no PHP hedging versus a world with PHP above-the-

line and needing to close that gap?

Q. Yeah.

A. (Mowatt) As I stated previously, we'd be fairly significantly hedged for the current year and the near-term. Outer years are very difficult to obtain enough liquidity to fully hedge that kind of a portfolio anyways. So in the near term, we'd already be fairly close to that with PHP level. Maybe not specifically on every fuel group, but as a total portfolio would be very close to a level that would be within those guidelines.

Q. Okay. I'm going to switch topics to discuss the methodology to quantify the value of the DR credit.

First, just confirming Nova Scotia Power has recently developed a new methodology to quantify the value of ADC; correct?

A. (Mowatt) Are you referring to what was filed in the Q2 FAM Small Working Group?

Q. I was referring to the reference

that's in the reply evidence. And perhaps it'd be easier to bring it up. N-38, Exhibit N-38, which is Nova Scotia Power's reply, and I'm looking at page 23, starting at line 15.

Here it says:

> As discussed during the Q2 2026 FAM Small Working Group...meeting, [Nova Scotia] Power has developed a methodology to quantify the value of ADC to value load shifting isolated from changing prices. This was developed in accordance with Recommendation [5-3] from the 2022-2023 FAM audit. This methodology will be subject to FAM [Small Working Group] review and, subject to Board approval of the ELID Tariff application, future FAM Audits.

You see that there?

A. (Mowatt) Correct, yeah.

Q. Is this new methodology intended to be used to quantify the DR credit under the ELID going forward?

A. (Mowatt) Yes.

Q. Okay. And do I understand correctly that NSPI takes the position that it is subject to Board approval before it is, in fact, implemented?

A. (Mowatt) So it would Nova Scotia Power's expectation that the tariff itself would be approved and the methodology would be examined through FAM Audits.

Q. This new methodology, it's meant to more accurately calculate the value of shifting PHP's load, isolated from price fluctuations. Is that right?

A. (Mowatt) Yes, it does that.

Q. Okay. Has NSPI provided a copy of that specific methodology for the Board's review?

A. (Mowatt) Just what was filed recently based from the Q2 FAM Small Working Group.

Q. The Board ---

A. (Mowatt) I believe it was.

Q. The Board isn't generally a part of the FAM Small Working Group.

A. (Mowatt) Oh, sorry. Sorry; just one second.

Subject to check, Ms. Rudderham, but I

believe something was filed in accordance with the ELIADC 2025 decision where we filed something, a letter regarding the methodology that we went over with the Q2 FAM Small Working Group.

Q. Is that the letter from September 15th? I had -- did not think there were any qualifications in that letter.

A. (Mowatt) Then if it wasn't filed there, then we haven't filed anything around that yet.

Q. Is there something that could be provided through this proceeding that outlined what that methodology is?

A. (Mowatt) Yes.

Q. Could you provide that as by way of undertaking?

A. (Mowatt) Absolutely.

THE CHAIR: The Undertaking U-8, and that's to provide the methodology discussed at the Q2 2026 FAM Small Working Group meeting?

MS. RUDDERHAM: Yeah.

UNDERTAKING U-8 - To provide the methodology discussed at the Q2 2026 FAM Small Working Group meeting

BY MS. RUDDERHAM:

Q. And just to be clear what's going to be produced, is there, like, a specific document that outlines how it works, or are you just going to be describing what was discussed at the FAM Small Working Group?

A. (Mowatt) I'm happy to provide a narrative now, if you feel it helpful. The -- what we can provide is what was provided to the Q2 FAM Small Working Group, which I believe discussed the calculation methodology in that.

Q. Okay. And can you describe for me, just without the benefit of looking at that, what the main differences are between this new methodology and the approach that has historically been taken?

A. (Mowatt) Absolutely. So under the current ELIADC tariff, the processes that Nova Scotia Power would forecast PHP's customer baseline costs CBL through the annual Adjusted Rate Application process, which is utilizing their levelized load at that time. And then under the current ELIADC, we take a look at how PHP actually ran using their actual cost to serve to calculate out that difference. So under the ELIADC there's multiple things that can be changing there. You have changes in your PHP forecast versus actual load data. You have also changing in pricing.

The ELID Tariff process for the Dispatchable Rider and what was presented to FAM Small Working Group in Q2 was specifically around PHP's load shifting benefits. So we would take, at the end of the year, PHP's actual load and actual load profile and the prices used to dispatch the system at that time. We would then take the -- PHP's ending year load and levelize that throughout the year, based on the number of down days that

they had, so days that they were at house load or 12 megawatts, spread those evenly throughout the months and randomize those throughout the year, and then run that using the same prices that would have went into the dispatch at that time. And you'd get a different dispatch, except for you'd be locking down your wind, hydro unit availability through that period of time, but you'd be letting port ops reoptimize that levelized load profile. And then you compare the two forecasts.

Q. And this ---

A. (Mowatt) Sorry. And compare actuals to that CBL calculation.

Q. Okay. So that CBL calculation, is it different than has been described for the DR in the current application?

A. (Mowatt) No.

Q. Okay. And when does NSPI intend to use this new methodology for the first time? Is it the end of 2027, if the ELID is, in fact, approved?

A. (Mowatt) If PHP goes on the ELID Tariff for '27, then that's when we would use it, yeah.

Q. Okay. And if NSPI is proposing that it's not subject to Board approval, what's the process for stakeholder engagement? Is it just through the FAM Small Working Group?

A. (Mowatt) Nova Scotia Power is put in its evidence that would be reporting on the ELID annually. So there would be a report after the last 60 days of 2027. It would also be subject to FAM Audits per the normal process.

Q. I had meant in relation to the methodology change that you're proposing. If somebody had had comments on the methodology proposal, or if experts were able to engage and provide feedback for improvements or things like that, is that simply just through the Small Working Group FAM?

A. (Mowatt) Yes.

Q. Okay.

MS. RUDDERHAM: I am cognizant of the time. It says it's 4:30. I do still have a number of questions. I hope I won't be too long, but if I'm able to continue or if...?

THE CHAIR: I think we usually try to target somewhere between 4:30 and 5:00.

MS. RUDDERHAM: Okay, great.

I'm going to switch gears to discuss the operating procedures for the ELID. And just to confirm, the operating procedures for the ELID, NSPI's also taking the position they do not need to be approved by the Board; correct?

A. (Mowatt) Correct.

Q. Okay.

MS. RUDDERHAM: If we could bring up, Mr. Norwood, Exhibit N-6, which is Nova Scotia Power's responses to the Industrial Group. And I'm looking specifically at IR-12. I don't -- yeah. And it would be the Attachment 1. There, yeah.

BY MS. RUDDERHAM:

Q. So this has been provided as the draft operating procedures; correct?

A. (Mowatt) Correct.

Q. Now, where these are draft have they changed at all since the time they were produced in response to the IR?

A. (Mowatt) I don't believe so.

Q. Okay. Now, these operating procedures would define the key terms used under the ELID and how the mechanism of the Dispatchable Rider would work; correct?

A. (Mowatt) The operating procedures are first and foremost a communication tool between Port Hawkesbury Paper and Nova Scotia Power. It has various aspects to it in terms of when parties would expect to receive schedules or updated demands. So it is about the smooth operations of the Dispatchable Rider itself or Active Demand Control.

Q. Okay. And here on the page you have

the CBL definition, and I believe that matches the description you had just given where there's the -- there's -- it's levelized and then there's randomized days of full day outages; correct?

A. (Mowatt) Yes.

Q. And is that how CBL is generally used with other above-the-line customers or defined for other above-the-line customers?

A. (Mowatt) We have no other above-the-line tariffs that utilize the CBO.

Q. Okay. And sorry; before going on, this document is all marked up, like red writing on it. It's because it's a revision to the ELIADC operating procedures; correct?

A. (Mowatt) Correct.

Q. Okay. And I just had a couple questions about some of the revisions to the procedures.

MS. RUDDERHAM: Mr. Norwood, if you don't mind going to the next page down.

BY MS. RUDDERHAM:

Q. And so under the definition for Intra-Day Demand Schedule, the DR schedule looks like it's been shifted from 24-hour duration to 48-hour duration. Can you explain, what's the significance of that?

A. (Mowatt) I believe, and subject to check, that it's to provide both parties with a longer sense in terms of how schedule will look going forward.

Q. Okay. And then if you scroll down just slightly, here at the very, very bottom, the Weekly Demand Schedule has been eliminated entirely. Can you explain why?

A. (Mowatt) I'm not exactly sure on why the Weekly Demand Schedule was scratched out, although I think it has something to do with the fact that the Intra-Day and the Seven Day Demand Schedule are listed there in section 6 following.

Q. So would have just been like a redundancy ---

A. (Mowatt) Correct.

Q. --- for the seven day and weekly day?

A. (Mowatt) Yes.

Q. They just mean the exact same thing?

A. (Mowatt) Yes.

Q. Okay.

A. (Mowatt) The seven day could be a rolling seven-day rate, so -- since it's a 24-hour market, so okay.

MS. RUDDERHAM: And if you just scroll down to the next page there. Just scroll down a little bit more. Sorry; it might be on the next page.

BY MS. RUDDERHAM:

Q. I was just going to ask you about the cause codes.

A. (Mowatt) I believe that's at the end, actually.

Q. Okay, at the end. Sorry.

MS. RUDDERHAM: Yes, there. Go scroll

down. Oh, maybe not. No. Scroll down, sorry.

BY MS. RUDDERHAM:

Q. I'll just confirm, some of the revisions here is to narrow down the cause codes to three separate cause codes; correct?

A. (Mowatt) Correct.

MS. RUDDERHAM: Yeah, I think it's in C(11) there, if you scroll down. Part C(11), right there, "Through the use of cause codes." And then there's -- it's on the next page there. Scroll down to the next page there, just to section 13 there.

BY MS. RUDDERHAM:

Q. Here it's eliminated entirely:

> The overall impact on system costs (if any) for the tracked deviations will be initially estimated on a quarterly basis,...

And so it's eliminated that whole requirement entirely. And that has to do with the fact that there's no costs charged to PHP in association with that cause code where it's refused dispatch down; correct?

A. (Mowatt) Correct.

Q. Okay. Can you clarify for me why the cause codes have been specifically reduced down to three rather than, I think it was five?

A. (Mowatt) The cause codes that we're looking to track PHP's failure to meet dispatch due to equipment or process constraints or initiate a PHP initiated a new dispatch and it's agreed to, or deviations from decision to vary from dispatch solely on PHP's behalf are -- those are the most impactful to any kind of Dispatchable Rider benefit. Knowing that the calculation itself will show all changes because we're using PHP's actual load compared to that CBL, any deviation that PHP makes will be reflected against that customer baseline load profile. So if it chooses not to follow a dispatch for whatever reason, and that decision isn't as optimal as PHP's schedule -- or my apologies, Nova Scotia Power's schedule, PHP is simply losing benefit that it could have had. So that was a decision to reduce down to these three

main cause codes, as they would be the ultimate decision.

Q. Okay. I'm going to switch gears here, and I'm going to follow up on some questions that were asked by counsel for the Small Business Advocate in relation to the customer charge.

MS. RUDDERHAM: Mr. Norwood, if you don't mind bringing up Exhibit N-1, that's page 4 of 19. There. Is that the application? Yeah. Oh, yeah, "Customer charge," sorry; it's just at the bottom there.

BY MS. RUDDERHAM:

Q. So here NSPI has provided a list of tasks that would be required to support the tariff. And at line 22 it says, "but are not limited to" and lists eight items there; correct, between pages 4 and pages 5?

A. (Mowatt) Correct.

Q. So where it says, "are not limited to," has NSPI identified any additional tasks or cost categories associated with the administration of the tariff since completing this list?

A. (Mowatt) We haven't identified anything yet.

Q. Have you taken additional steps to analyze whether there are other areas since the list was completed, or other tasks?

A. (Mowatt) No. The tariff itself hasn't been approved yet, so there could be changes that occur to that list once they're on the tariff. That's really what the "not limited to" is indicating.

Q. Okay. Now, the DR is modelled after the current Active Demand Control mechanism. Is there any reason to believe that facilitating the DR would result in any less work to NSPI, or would be it less costly than now?

A. (Mowatt) I don't think so, no.

Q. So there's no reason to believe it could be less, is the cost associated with facilitating the ADC a reasonable comparator?

A. (Ferguson) One moment, please.

(SHORT PAUSE)

MR. FERGUSON: Could you repeat the question, please?

BY MS. RUDDERHAM:

Q. Okay. I said where you've confirmed that there's no reason to believe that facilitating the DR would result in any less work or be less costly, would the cost associated with facilitating the ADC then be a reasonable comparator?

A. (Mowatt) Ms. Rudderham, I'm sorry; I was just confirming with my colleague there.

So as I mentioned before, until they get on the ELID Tariff, it's difficult to say how those costs could be higher than ELIADC. There could be requirements for further work between the parties that, given the difference in the tariff, that might require more work that we haven't thought of yet because the tariff isn't in operation. The ADC itself, the demand control itself or the dispatchability of PHP, that isn't changing

significantly, but there are aspects of the tariff that are different than ELIADC that would require the same group of people to possibly come up with things that both parties might need in terms of forecasting -- and these are hypotheticals, I don't know; I'm just trying to provide examples -- or more communication flow for both parties. But those are just some of the, the, the circumstances that I can hypothesize now.

Q. Okay. And is NSPI aware of over the last six years while operating under the ELIADC, what the actual cost was for administering the ADC mechanism?

A. (Mowatt) Not to my knowledge, no.

Q. Has NSPI ever looked into it?

A. (Mowatt) Not to my knowledge.

Q. So NSPI wouldn't have tracked any of those costs?

A. (Mowatt) Not explicitly, no.

Q. Okay. Now, as I understand, NSPI's evidence is that it's being set at the $10,000 per month,

which is the lower end of the range, and any variance would be tracked in the deferral account. Am I correct with that?

A. (Ferguson) Yes.

Q. And NSPI agrees that the scope of the deferral account would be as ordered by the Board in the GRA; correct?

A. (Ferguson) Yes, subject to the Board's direction as provided in the GRA decision. And, ultimately, I expect subject to a subsequent approval at some point.

Q. Would you agree that these costs would be operating expenses?

A. (Ferguson) I believe so.

Q. Okay. And so what you're saying is any increase in the operating expenses for facilitating the ADC would be shared amongst the remainder of the above-the-line customers?

A. (Ferguson) Yes. Differential between

incremental costs to deliver the service, and incremental revenue associated with the customer charge would flow to the deferral.

Q. So if the actual costs were lower than $10,000 a month, will above-the-line customers be getting a refund?

A. (Ferguson) Yes, it'll all be accumulated.

Q. Now, where NSPI had been administering the ADC, and there were costs associated with administering the ADC are those costs not captured in the General Rate Application' operating costs?

A. (Ferguson) That will have to be taken into consideration as part of the determination around the incremental costs.

Q. Sorry; what do you mean by that?

A. (Ferguson) If there was some included already in the revenue requirement, then we wouldn't include those costs as incremental.

Q. And I had thought that your evidence was that they weren't necessarily being tracked; correct?

A. (Ferguson) Correct.

Q. So how would that determination be made? How could it be made?

A. (Ferguson) Well, we'd have to make a comparison of additional resources added to perform the function over and above what was included in the GRA and related functions.

Q. So how much was included in the GRA for the administration of the ADC as operating costs in 2026/2027?

A. (Ferguson) I don't have an explicit number. It's part of a number of people's functions within Fuel. So we'll have to go through that exercise to determine what is the incremental amount, what is the incremental resources required.

Q. So where PHP is getting the full credit of the Dispatchable Rider, why aren't all of those

costs not being recovered from PHP?

A. (Ferguson) It's recognizing, really, that the individuals involved perform other functions. So we will look to isolate the portion that's dedicated to PHP. To the extent it's incorporated within revenue requirement already, we'll have to take that into consideration. Haven't really gone into that much detail around it, but we understand it'll be examined as part of the deferral.

Q. So there's a possibility that NSPI will look at its revenue requirement for 2027, determine that there is already costs associated with administering the ADC in the GRA costs. Will those then be refunded to above-the-line customers?

A. (Ferguson) Well, it's getting down to quite a level of precision now. We just have to consider at the time when we understand the numbers better. It's -- you know, you do put -- as part of a GRA, you do develop forecasts and you live with the forecast,

understanding that there's variances that will arise over time. I understand your point. We'll have to take that into consideration.

Q. Are you able to provide as an undertaking the costs associated with administering the ADC, which are already included in the 2027 revenue requirement?

A. (Ferguson) As we said, we haven't been tracking that function to date.

Q. So I guess I want to understand, then, if $10,000 per month does not cover the full costs associated with the ADC -- or sorry; the DR mechanism, there's a possibility that if approved by the Board, that could be -- the variance could be included in the deferral account, and it could be double compensating for operating costs associated with the exact same mechanism.?

A. (Ferguson) We would not want it to be double counted. We'll be conscious of that when we go through the exercise.

Q. How is it going to be verified if it's not -- that it's not double counted, if it's not being tracked and you don't know how much is in the current revenue requirement associated with that mechanism?

A. (Ferguson) Well, it places a significant onus, obviously, on making sure that that analysis of the incremental cost is solid. So we'll have to go through that exercise and make sure it stands up to scrutiny. We understand that the potential overlap and will have to be judicious to make sure that doesn't happen.

Q. And you do agree that in the 2027 revenue requirement, there are costs included, shared amongst above-the-line customers related to the administration of the ADC?

A. (Ferguson) Yes.

Q. Okay. I'm going to move on to another aspect -- unique aspect of the ELID mechanism, specifically in relation to Goose Harbour.

MS. RUDDERHAM: And I am cognizant that it's 4:57; it's my last area of questions. I'm happy to continue, but -- I can see you nodding your head yes? Okay. Bear with me.

BY MS. RUDDERHAM:

Q. So the tariff administration or calculation becomes more difficult because of the wind output from Goose Harbour and the prescribed power agreement. Would you agree?

A. (Ferguson) It adds complexity to the exercise, yes.

Q. Okay. Now -- and I know there's been some clarifications to prior IRs, so if I'm misunderstanding some of those changes, please correct me. But as I understand it, PHP is going to be billed at the at the applicable above-the-line tariff for energy consumed at the mill that's in excess of the Goose Harbour contracted amount. Am I correct?

A. (Mowatt) That's correct.

Q. Okay. So effectively, Goose Harbour is being treated as a behind-the-meter supply of energy.

A. (Mowatt) Yes.

Q. And the energy charge as proposed is calculated using a forecasted net amount of energy to be consumed by PHP?

A. (Mowatt) Yes.

Q. And as I understand energy charges in simple terms, when you set it, the higher the anticipated load, the lower the energy charge and vice versa. Am I correct on those simple -- simplified understanding?

A. (Ferguson) Because a portion of the energy charge -- the portion of the energy-related costs are associated with fixed costs, energy-related fixed costs Mr. Willett was speaking to earlier, the result is the higher the volume, the lower the price in the forecast.

Q. And vice versa, right? The lower the volume, the higher the price?

A. (Ferguson) Yes, correct.

Q. Okay. And the way that PHP's energy charge is being calculated under the ELID is net of the Goose Harbour output; correct?

A. (Ferguson) If I could just add to my previous answer -- sorry, Ms. Rudderham, that just a order of magnitude is important, though. And the energy charge, approximately 80 percent of it is variable, so it does move with volumes. It's the 20 percent that produces the effect I was talking about. But most of the energy charge is actually variable fuel.

Sorry for interrupting.

Q. Oh, that's helpful to clarify.

And the energy charge under the ELID as filed is calculated using an assumed Goose Harbour installed capacity of 130.5 megawatts; correct?

A. (Mowatt) Yes.

Q. And it's since been confirmed on the record that it's -- the plan capacity is actually 165

megawatts; correct?

A. (Mowatt) A hundred and sixty-eight (168).

Q. Sixty-eight (68), yeah. Sorry. And I assume the only reason why 130.5 megawatts was used when the energy charge was originally calculated was just a matter of timing and what was known at the time?

A. (Mowatt) Yeah. I'm not familiar with the background of that, but that's my understanding.

Q. Okay. I assume nobody else on the panel's aware of that, why it wasn't set at the 168?

A. (Willett) Same understanding, yes.

Q. Okay. And do you agree in principle with Bates White opinion that the assumed capacity for Goose Harbour impacts the calculation of the energy charge?

A. (Willett) The energy charge in the COSS or energy charge.

Q. In the ELID.

A. (Willett) In the ELID?

A. (Stanford) Yes. As we've discussed, the amount of load can have an impact. Higher the load and lower the load as we discussed, can have an impact. And I just comment that this is an item for any class as costs or rates are established based on a forecasted load, and all above-the-line classes are set in that manner and will vary from those forecasts.

Q. So when did Nova Scotia Power learn that the capacity was 168 megawatts?

A. (Ferguson) The panel doesn't have that information, I'm afraid.

Q. Could I get an undertaking of when Nova Scotia learned that the planned capacity was 168 ---

A. (Ferguson) Yes.

Q. --- for the Goose Harbour Wind Project?

A. (Ferguson) Yes.

THE CHAIR: Undertaking U-9.

UNDERTAKING U-9 - To advise when Nova Scotia learned that the planned capacity was 168 for the Goose Harbour Wind Project

BY MS. RUDDERHAM:

Q. And if PHP's net load is lower and it turns out the energy charge was set too low, who absorbs the difference of those costs?

A. (Stanford) So I'll just comment on the fuel portion. There's obviously the FAM AABA process which would true up to those actual costs and actual load. But on the non-fuel, it's the same as all other above-the-line customers.

Q. So the fuel-related difference would be charged to PHP in a true up, but the non-fuel would be shared amongst all other above-the-line customers. Is that what I'm understanding?

A. (Stanford) We've talked about the deferral mechanism in the past and around the load

assumptions for the wind potentially having an impact on that. And so that would need to be examined as part of the potential deferral mechanism that was approved in the GRA.

Q. But the deferral mechanism is only recovered from other above-the-line customers, correct, not PHP?

A. (Stanford) I think I misunderstood your question before. So what I would say is this is similar to any other above-the-line customer class where the rates would be set and those variances would work just as any other variance of an above-the-line customer class. So there wouldn't be a true up on the non-fuel component to PHP.

Q. And in understanding the ELID structure, the Goose Harbour treatment is calculated on an annual aggregate basis rather than matching generation with PHP load hour by hour; correct?

A. (Mowatt) I think you meant monthly.

So are you talking about specifically around the billing of PHP for the wind?

Q. I guess there's no requirement for the Goose Harbour output to be consumed in the hour it's generated; correct?

A. (Mowatt) That's correct.

Q. Okay. And in the Power Sales Agreement all Goose Harbour outputs deemed to serve PHP, regardless of whether that output actually coincides hour by hour; correct?

A. (Mowatt) Correct.

Q. Okay. And so in billing, are you saying that the Goose Harbour output is -- it's aggregated on an annual basis; correct? Or is it monthly?

A. (Mowatt) It would be treated monthly. And then there, I believe, is a reconciliation process at the end of the year.

Q. That's the banking mechanism?

A. (Mowatt) Correct.

Q. So the energy produced can be banked for billing purposes and calculated against PHP's load at a different time; correct?

A. (Mowatt) Correct.

Q. Okay. So if Goose Harbour's output in any given month exceeds PHP's consumption in that month, it's carried forward and banked?

A. (Mowatt) Correct.

Q. So it's possible that there could be high wind output, low price banked and offset it for a period in which there's higher prices?

A. (Mowatt) Correct.

Q. Okay. And that's trued up at the end of the year? Or not trued up, but calculated and confirmed and billed at the end of the year?

A. (Mowatt) Yeah, there's a reconciliation process at the end of the year.

Q. And in determining the mechanism here with the Goose Harbour, how has that been taken into

consideration in determining the methodology for the DR credit?

A. (Mowatt) So under the credit PHP and Goose Harbour Lake are treated as two separate entities, so we wouldn't evaluate or net off PHP's wind. It's just part of the overall system generation stack in both the actual low PHP load scenario as well as the CBL scenario.

So to put it more simply, if there's 500 GWh of wind from Goose Harbour Lake at the end of the year it's not netted off. That's just part of the system itself. Does that make sense?

Q. I'm just -- I'm trying to understand how that works with the banking mechanism, where PHP can bank those credits for a period in which there's higher costs.

A. (Mowatt) So the mechanism itself doesn't look at a monthly billing type of scenario. What the DR is meant to look at is specifically for the load shaping of PHP. So it's indifferent to the carryover

effect of the wind.

Q. So why doesn't the DR credit look at those circumstances in which PHP is able to bank low-cost time production towards its higher-cost production times?

A. (Mowatt) So to the extent that PHP could follow the wind forecast, i.e. ramp up in times when there's more wind, that's going to generate more of a DR credit going forward, because that would be a lower price environment, you know, all else equal. To the extent that they can't do that, then that will lead into the DR.

Is that what you're asking for, Ms. Rudderham?

Q. It does answer my question in terms of how they interplay with one another and how it impacts the ultimate credit received. It's just based on they don't receive the savings if they don't ramp up under the DR credit.

A. (Mowatt) Correct. As compared to that CBL profile.

Q. Yeah.

A. (Mowatt) Yes.

Q. Now, in looking at Bates White's calculations, do you agree with the plausible scenario in which PHP's annual net load, subject to the ELID energy charge could be zero, meaning PHP would pay no energy charge and contribute nothing towards embedded costs that charge is -- that it’s designed to cover?

A. (Mowatt) I think -- I think mathematically that's a valid exercise. I think probabilistically that's not, on the whole, likely to happen. If PHP were to have such a low load, there could be other things going on with that. I don't want to speculate onto that, but from my experience working with PHP that low of a load to match their wind would be significantly different than my experience.

Q. Okay. And I understand the probability of it. Is there any safeguards or guardrails built into the mechanism here that could protect

ratepayers if that is in fact the outcome?

A. (Willett) So I would mention there's the demand charge and the customer charge, which we've discussed previously. The demand charge, as proposed, would be essentially a fixed cost for the year. And on the energy charge, a lot of that energy charge is variable component. So if there was a point where there was zero energy, there would also be lower fuel being consumed by Nova Scotia Power and lower costs. So those would be the safeguards in place around that.

Q. Okay. So there's nothing specific in the tariff or the mechanism; it's just simply the way it works with the FAM?

A. (Willett) That's correct. The fact that they would be consuming no above-the-line energy and therefore not being charged for that energy. But a significant portion of that energy charge, as discussed previously, is variable.

Q. Okay. Now, in the Application at page

13 -- I don't think we need to bring it up -- there's mention that if the aggregated amount is in excess of PHP's consumption in that year, then the amount in excess from Goose Harbour will be carried forward and applied to PHP's bills and future billing periods. Can you explain that to me? Doesn't that mean that there's the possibility that it could exceed PHP's load?

A. (Mowatt) Ms. Rudderham, what section are you looking at specifically?

Q. I'm just going to pull it up here, just one second.

It's page 13 of the Application, lines 29 to 31.

It specifically says, "Where the PHPW PPA" -- oh, sorry, it's not up there. Do you want to just go to page 13?

A. (Mowatt) I have it here, Ms. Rudderham.

Q. Oh, okay.

A. (Mowatt) The billing period itself is a month. So it would just be carrying forward to a future month, not to a future year. There's an annual reconciliation process per the PSA that would ensure that any wind generated during that year is assigned to PHP and settled for that calendar year.

Q. Okay. So the billing period is actually monthly, but then it's ---

A. (Mowatt) Correct.

Q. --- reconciled at the end of the year separately?

A. (Mowatt) Correct.

Q. Okay.

A. (Mowatt) Correct.

Q. That was ---

A. (Mowatt) So that won't bleed into a follow up.

Q. Okay. That clarifies it, that -- for me.

A. (Mowatt) One other thing that my colleague reminded me of is under the -- and I can't remember if it's the PPA or the PSA, there's a ratcheting up of the administration fee for -- if PHP's load falls below a certain level, it goes from $2 to $4.

Q. Yes. The admin fee is what you're referring to?

A. (Mowatt) Correct?

Q. And that's prescribed.

A. (Mowatt) Correct.

Q. Okay. Now, geographically Goose Harbour Wind and PHP mills are separate facilities or in two different locations; correct?

A. (Mowatt) Correct.

Q. They're on either side of the Strait of Canso, is that right?

A. (Ferguson) Yes.

Q. Now, how is the energy transported from one facility, from the wind facility to PHP?

A. (Stanford) So the energy from the Wind Farm wouldn't necessarily be transported directly to PHP, but it would be injected into the grid at the interconnection point and supply load throughout the grid like any other generation resource.

Q. Okay. So if it's supplied to the grid like any other resource, how come there's no line losses applied to the netted amount?

A. (Stanford) That particular requirement was part of the agreement.

Q. It's in the PPA; is that what you're saying?

A. (Stanford) Subject to check, it's either in the PPA or the PSA, but it's in one of those two.

Q. Okay. So you're saying it's prescribed that no line losses are to apply to the netted amount?

A. (Stanford) That's correct.

Q. Okay. And I personally, I looked at the agreement I hadn't seen that. Are you able, as an undertaking, to provide me with the provision to the agreement or the Regs that that you're referring to, where it's prescribed that line losses will not apply to the energy.

A. (Mowatt) Yes.

THE CHAIR: Undertaking U-10.

UNDERTAKING U-10 - To provide the provision to the agreement or the Regs where it's prescribed that line losses will not apply to the energy

BY MS. RUDDERHAM:

Q. Now, where the load is netted out of the Goose Harbour output, but the energy still flows on the transmission and the distribution lines, are there any additional costs imposed for the transportation of that energy under the ELID?

A. (Mowatt) The answer is no, you know,

similar to any other PPA.

Q. And I just had a couple follow ups from the questioning this morning.

So earlier, PHP's counsel had asked a series of questions about modelling PHP taking service under the LIIR. And there was an undertaking, U-1, provided to calculate PHP being served under the LIIR with various assumptions.

Just wanted to clarify, when you're performing that modelling, is that inclusive or exclusive of the of the Goose Harbour Wind? And I specifically want to know if the energy paid for at the Goose Harbour rate would be a blended rate or not; like, how would how would that appear in the response?

A. (Willett) My expectation would be it would be net of the wind.

Q. Okay. And another -- the Consumer Advocate had asked about separately, a separate issue, the impact or cost of using PHP's imposed demand assumption of

8 megawatts as compared to the 65 megawatts. And I believe -- what -- I didn't quite catch it. I think you had indicated that you couldn't provide an undertaking for that because the calculation would be difficult to determine the financial impact on above-the-line customers with that shift. And am I correct on that, or was there an undertaking provided for that?

A. (Willett) If it was the line of questioning from the CA, there was no undertaking.

Q. Okay. That's what I had thought, and I had thought that you had indicated that it would be difficult to calculate that financial impact on above-the-line customers taking into that.

A. (Willett) I think what I -- if I recall the line of questioning appropriately, it was that the cost-of-service impact would be a good indication of what the impact would be. And it's provided by class level already. So it would give an indication of what that change would be by customer class.

MS. RUDDERHAM: And Mr. Norwood, if you don't mind bringing up N-15, which is Nova Scotia Power's information request to PHP, and I'm looking specifically at IR-2. I think it's, like, on page 3 or 4. There. There.

BY MS. RUDDERHAM:

Q. So in the request here, Table 1 seems to provide -- if you scroll down there -- the difference or the variance between being modelled with the 65 demand and the 8-megawatt demand at the total impact. Is that what you were referring to?

A. (Willett) And could you scroll up? Who -- which questions are these? These are from...?

Q. These are posed by NSPI to PHP. And the question is about the cost allocation created by the reduction in PHP's demand from 65 megawatts to 8 megawatts. And then the table there outlines -- if you scroll down just a little bit -- for each year in 2026 versus 2027, and it looks like it's roughly a $4 million

difference on transmission, and I think it's 5 million on generation. Is that right?

A. (Willett) Yeah. I was not specifically referring to this response. I believe I was referring to a Nova Scotia Power response where we provided cost of service impacts. I don't have the exact reference, but it could have been the CA IR-2 response.

Q. Yeah. So this was created by NSPI, right? This calculation, this table?

A. (Willett) That's my understanding, yes.

Q. Okay. And I was just pointing you to the variance line for dollar. It says for generation the difference is 5.2 million, transmission is 4.1 million.

MS. RUDDERHAM: And Mr. Norwood, if you don't mind scrolling down.

BY MS. RUDDERHAM:

Q. And it goes on distribution and then retail, and then it looks like the variance in total is

$9.4 million. And that's just the impact of shifting from 65 megawatts to 8 megawatts. Is -- am I understanding that correctly?

A. (Willett) Just give me a second. I'm just checking on my notes here.

Yes, this is similar to the analysis that we provided in IG IR-7, which showed a $9.4 million change in 2027 due to the impact of changing the demand.

Q. Thanks.

And also earlier this morning during the examination by Mr. MacDougall he had referred to evidence that says NSPI anticipates that the ELID interruptible credit will be revisited in the next GRA, and I believe, Mr. Ferguson, you had indicated or confirmed that the value of the peaker would be reviewed. Can you confirm that this review of the value of the interruptibility is not limited to PHP, but also extends to the LIIR?

A. (Ferguson) Yes.

Q. Okay. So the peaker will be analyzed

in relation to both.

A. (Ferguson) That's my expectation, yes.

Q. Okay.

MS. RUDDERHAM: I believe those are all my questions. If you just give me one moment to confer.

THE CHAIR: You have five seconds.

(LAUGHTER)

MS. RUDDERHAM: I apologize. I'm always so long winded, aren't I?

BY MS. RUDDERHAM:

Q. Those are all my questions. I appreciate the patience and the responsiveness.

Thank you.

A. (Ferguson) Thank you.

THE CHAIR: Thank you very much.

So we'll resume the hearing tomorrow at 9:00 a.m.

Just to the panel, you remain under oath so you're unable to discuss your testimony with anyone other

than yourselves.

Thank you. We're adjourned for the day.

--- Upon adjourning

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