Nova Scotia Energy Board

3rd Floor, 1601 Lower Water Street
Halifax, Nova Scotia B3J 3P6

Mailing Address
PO Box 1692, Unit M
Halifax, Nova Scotia B3J 3S3

TEL 902-424-1332
FAX 902-424-3919
TF 1-833-809-0040

board@novascotia.ca
nserbt.ca/nseb

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shellie.woolham@emera.com

Shellie Woolham
Director, Regulatory Affairs & Governance
Emera Newfoundland & Labrador
1223 Lower Water Street
Halifax, NS B3J 3S8

Dear Ms. Woolham:

M12779 – NSP Maritime Link Inc. (NSPML) - 2025 Financial Statements and Cost Containment Report

Nova Scotia Power Maritime Link filed its 2025 Audited Consolidated Financial Statements on March 31, 2026. NSPML also filed its 2025 Regulated Capitalization Balance Sheet, 2025 Regulated Statement of Income, and 2025 Cost Containment Report.

This matter was reviewed by Steven M. Murphy, MBA, P.Eng., Panel Chair; Jennifer L. Nicholson, CPA, CA, Member; and Bruce H. Fisher, MPA, CPA, Member.

The Board issued Information Requests (IRs) on May 1, 2026, and the responses were received from NSPML on May 25, 2026. NSPML requested confidential treatment for responses to the following IRs:

- NSEB IR-7, NSEB IR-12 Attachment 7, NSEB IR-14 and NSEB IR-15, NSPML sought confidential treatment as the responses contain commercially sensitive information.
- NSEB IR-12 Attachments 1 and 3, NSPML asked for confidential treatment as the documents contain personal information for specific individuals.

The Board accepts these confidentiality requests.

The Board included the following directive in its decision in Matter M11628 (Final Approval of NSPML Project Costs and approval of the 2024 Cost Assessment):

> Going forward, the Board directs NSPML to include a note in future Regulated Capitalization statements clarifying these categories of future/deferred income taxes. This note should provide additional context and alert stakeholders if at any point these amounts cease to offset each other.

In the 2025 financial statements, the Board confirms that the Future Income Tax Regulatory Asset value of $188.3 million offsets the corresponding liability under Deferred Income Taxes of $188.3 million.

The Board notes that NSPML achieved a regulated Return on Equity (ROE) of 8.71% in 2025.

The Board also observes that NSPML’s average regulated equity thickness over the five-quarter period ending December 31, 2025, was 31.4%, slightly above the 30% regulatory target. This resulted in a higher average equity base ($485.5 million) compared to the target equity amount of $464.2 million, based on the approved 30% of regulated capitalization level. NSPML has confirmed that no dividends were paid on earnings above the allowed return applied to the 30% equity base.

The Board notes NSPML’s acknowledgment of the 1.4% variance from the approved equity thickness. NSPML attributed approximately 1.0% of the variance to the accounting treatment of the Maritime Link holdback mechanism and the remaining 0.4% to disallowed Maritime Link project costs.

The Board has reviewed the information provided and accepts the information as filed.

The Board also accepts NSPML's proposal to report its cost containment initiatives within future assessment applications rather than through a separate report. The Board is satisfied that this approach will continue to provide appropriate regulatory oversight and transparency while streamlining the reporting process. Accordingly, future reporting on NSPML's cost containment initiatives shall be incorporated into its assessment applications.

Yours very truly,

Crystal Henwood

Crystal Henwood
Clerk of the Board