Nova Scotia Energy Board

IN THE MATTER OF

The Public Utilities Act, R.S.N.S 1989, c. 380, as amended
and the
The Maritime Link Act, S.N.S 2012 c.9
and the
Maritime Link Cost Recovery Process Regulations, N.S. Reg. 189/2012

NSPML
2027/2028 Assessment Application

REDACTED

June 25, 2026

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LIST OF ATTACHMENTS

1) HVDC Long-Term Service Agreement Costs (Confidential)
2) Rate Base Continuity Schedule (Confidential)

1.0 INTRODUCTION

NSP Maritime Link Incorporated (NSPML, Company) makes this Application for approval of an assessment from Nova Scotia Power Incorporated (NS Power) for recovery by NSPML of its 2027 and 2028 revenue requirements.

In this filing, NSPML is seeking $200.3 million for its 2027 Assessment and $191.5 million for its 2028 Assessment, which includes Operating and Maintenance (O&M), depreciation, interest, and financing costs (debt and equity and including Federal Loan Guarantee 2 (WA2)). The Company is also seeking approval of an alternate approach to inclusion of the planned 2027 full marine survey due to its materiality and, in the Company's opinion, it being a prudent approach to securing value for customers. As reviewed in greater detail below and primarily for confidentiality reasons, NSPML has included a proxy amount of $[redacted] (the Placeholder Marine Survey cost)[1] in the O&M category of expenses in relation to the marine survey.

These requested amounts compare to an Assessment of $197.5 million in 2026, with changes primarily relating to debt and equity financing costs decreasing by ~$2.9 million in 2027 as compared to 2026 and by $3.6 million in 2028 as compared to 2027, offset by increases to certain O&M items plus inflationary impacts.

For the purposes of forecasting recoverable costs as part of this Application, the Company has incorporated the Nova Scotia Energy Board's (NSEB, Board) recently determined return on equity of 8.75 percent and a debt-to-equity ratio (DER) of 70/30 for undepreciated capital expenditures.

[1] For clarity throughout this Application, NSPML will refer to the proxy amount as the "**Placeholder Marine Survey cost**". The cost estimate for the marine survey as an outcome of the RFP process to be specified in a negotiated contract with the preferred supplier will be referred to as "**Contracted Marine Survey cost**", which NSPML requests be the final amount in the Assessment. For clarity, this amount would also include a relatively small amount of estimated expert consultant fees.

This Application also responds to items from prior orders including the approach for collection of the marine survey costs and information relating to the financing of sustaining capital and provides updates regarding the Company's asset management plan and depreciation study.

In preparation for filing this Application, NSPML confirms it met with the Consumer Advocate, the Small Business Advocate, and representatives for the Industrial Group and Port Hawkesbury Paper on February 25, March 4 and May 28, 2026 to discuss several of the key topics within this Application, particularly the approaches regarding the marine survey outlined below, a high-level overview of the cost elements of the requested assessment including Operations & Maintenance costs, and the option of a paper process versus an oral hearing to help create regulatory efficiencies and save costs for customers. Although NSPML believed there was general support from the representatives for NSPML's marine survey approach and for a paper review process, both as put forth in this Application, representatives indicated a preference to reserve final judgement until they had an opportunity to fully review NSPML's Application once filed.

NSPML now files this Application for a multi-year assessment for approval and recovery of its revenue requirement for 2027-2028 and respectfully requests the NSEB issue an Order pursuant to Section 64 of the PUA and Section 8(2) of the ML Regulations for recovery of its forecasted 2027 and 2028 Maritime Link revenue requirements in the amount of $200.3 million for 2027, and $191.5 million for 2028, from NS Power, subject to any adjustment for an updated marine survey cost (as directed by the Board).

In addition to its Assessment request, NSPML also provides comment in regard to the regulatory review process for this Application.

2.0 2027-2028 FORECASTED COSTS

2.1 Overview

The components of NSPML's forecast 2027 and 2028 revenue requirement are outlined in Table 1 below:

TABLE 1

Description (Amounts in $millions)	2026 (approved)	2027	2028
O&M[2]	22.0	27.2	21.6
Depreciation[3]	57.2	57.7	58.1
Debt Financing Costs			
• **Interest (Net)**	37.8	36.7	35.4
• **Amortization of Deferred Financing Costs**	1.4	1.5	1.4
Equity Financing Costs	39.4	38.4	37.0
FLG2	39.7	38.8	38.0
Total Costs	**197.5**	**200.3**	**191.5**

As has been the case since 2018, NSPML will continue to invoice NS Power for recovery of its approved 2027 and 2028 assessments in equal monthly instalments ($13.46 million per month for 2027, and $12.79 million per month for 2028), apart from FLG2 costs that will be collected in the month prior to payments being due. Any variance to the Contracted Marine Survey cost and the Placeholder Marine Survey cost (as set out below in Section 2.2.2) will also require incorporation (subject to the Board's

[2] 2026 included $[redacted] relating to 2024 marine survey, while 2027 includes the $[redacted] Placeholder Marine Survey amount relating to the planned 2027 marine survey.
[3] Increase in depreciation cost from 2026 to 2027 relates to depreciation of the rock protection campaign being a full year expense starting in 2027, as opposed to partial year in 2026 due to timing of completion of the campaign. The increase in depreciation from 2027 to 2028 relates to depreciation of the station control monitoring system update currently expected to be implemented during NSPML's annual September outage in 2028.

determination in this matter). Invoices will be issued to and payable by NS Power on the first day of each month, commencing on January 1, 2027.

2.2 O&M Costs

NSPML's forecasted O&M costs for 2027 and 2028 are $27.2 million and $21.6 million, respectively. As presented in this Application and consistent with past filings, O&M costs are comprised of the cost categories outlined in Table 2 below.

Table 2: O&M Forecast – 2027 and 2028 vs. 2026 ($ millions)

O&M Costs (Amounts in $millions)	2026 (approved)	2027	2028
Maintenance & Inspections (Note 1)	7.7	12.8	7.1
Labour and Administration	9.5	9.8	10.0
Insurance	4.5	4.3	4.2
Independent Engineer	0.3	0.3	0.3
Total	**22.0**	**27.2**	**21.6**

Note 1: Converters and substation operations, marine surveillance, and service agreements for asset maintenance programs have been aggregated to protect against disclosure of commercially sensitive information.

2.2.1 Maintenance & Inspections

Overall, the 2027 O&M required for maintenance & inspections increased by ~$5.1 million in 2027 versus 2026 and then decreases by ~$5.7 million in 2028 (as compared to 2027). Of note is that a portion of the variance relates to the 2026 maintenance & inspection costs including ~$[redacted] of the forecasted full 2024 marine survey costs, while 2027 has $[redacted] relating to the planned Placeholder Marine Survey amount.

In addition to changes to marine survey costs in each year, an overview of additional drivers of maintenance & inspection cost changes from year to year is provided as follows:

- The existing HVDC Original Equipment Manufacturer (OEM) converter station service agreement will expire at the end of Q1 2027, and renewal negotiations are at sufficient maturity to include indicative pricing for the preferred service scope and the added materials and consumables that are to be purchased by the Company post warranty period. As was articulated in detail as part of the 2026 Assessment process, this pricing detail was not available for the prior assessment as the parties had just recently completed negotiations for the existing two-year service agreement. Further information is provided in Confidential Attachment 1.
- As reviewed in NSPML's previous two assessment processes, NSPML has adopted a condition-based approach to vegetation management for transmission lines by developing an Integrated Vegetation Management (IVM) methodology that delivers the appropriate vegetation management treatment at the appropriate time. IVM is a data-driven process and requires more educated scoping compared to a cyclical time-based approach. Information on vegetation and vegetative conditions are obtained by means of in-situ observations, LiDAR data and aerial photos (obtained during LiDAR campaign). This information is used to delineate the rights-of-way into vegetation management units and identify where treatment is needed and when. In general, for the majority of the rights-of-way, as the incompatible vegetation is the target of vegetation control while protecting compatible (i.e. lower growing vegetation), these vegetation management units are anticipated to convert to less frequent management over the long term. Since access to the transmission lines is of critical importance for inspections and maintenance, vegetation that impedes accessibility is considered incompatible and requires periodic treatment.

As a result of the above, NSPML is now in a position to provide a vegetation management estimate for the 2027/2028 Assessment Application.

- NSPML's 2027 and 2028 assessments includes $[redacted] in funding for the contingency support agreement relating to the HVDC (primarily submarine) cables that is intended to improve outage responsiveness. Efforts continue towards achieving such a contingency support agreement with the OEM and/or engaging third parties that can provide some of the anticipated scope. NSPML understands the importance of achieving such support through an arms-length bilateral agreement that balances the value of such support with what is expected to be a material cost to customers. As an agreement meeting this balance has not been achievable to date, NSPML is proposing to treat the associated budgeted amount in the same manner as it has in the past – meaning funds not specifically allocated for such services (whether via OEM or third party) shall be refunded to customers with Weighted Average Cost of Capital (WACC).

2.2.2 Marine Survey Cost Recovery Approach

Given the unique nature of the planned full marine survey scope and NSPML's objective to achieve the best outcome for customers, the Company proposes a cost recovery approach broadly similar to NS Power's fuel cost treatment. An initial Placeholder Marine Survey amount of $[redacted] included in the proposed assessment amount, with the Contracted Marine Survey cost to be provided to the Board once contracted. In terms of the process, the Company proposes that the Board would then acknowledge the variance and incorporate it into a revised assessment amount in NSPML's 2027 assessment and also confirm that the amount (including procurement process) is subject to later review. For efficiency, NSPML proposes that the prudence of the Contracted Marine Survey cost be reviewed during the Company's next assessment Application.

While this approach introduces some added process, it enables NSPML to pursue the most cost-effective procurement strategy for an activity that will recur multiple times over the remaining life of the Maritime Link. The alternative approach of locking in pricing earlier could reduce risk to NSPML but would likely increase costs to customers.

The Company has discussed this approach with customer representatives and believes it warrants Board consideration.

NSPML's rationale for this treatment includes:

- Marine survey costs are significant, representing over [redacted]% of maintenance & inspection costs and approximately [redacted]% of total O&M, with potential to increase further.
- Cost certainty in alignment with the goal of achieving the most value for customers is not reasonably achievable until late 2026 or early 2027 due to supplier market conditions and competing supplier opportunities in other offshore jurisdictions such as North Sea and/or Gulf of Mexico.
- Forecasting inaccuracies could materially affect earnings, potentially moving returns outside the approved range of return for reasons unrelated to performance or prudence.
- Flexible procurement timing improves the likelihood of competitive responses and enables suppliers to optimize vessel utilization, lowering costs for customers.

Unfortunately, the optimal procurement timeline does not align with the regulatory review cycle, and cost variability could result in apparent over or under-earning, regardless of NSPML's management of this issue; with outcomes stemming from inherent uncertainty rather than imprudence.

To address this, NSPML proposes to file the Contracted Marine Survey cost confidentially[4] (with supporting procurement details) after the contract award. The variance from the Placeholder Marine Survey cost would then be incorporated into the 2027 assessment either across the full year or the remaining portion of the year,

[4] Which would be the delta between the Placeholder Marine Survey cost and the Contracted Marine Survey cost after the RFP process is complete.

depending on timing.[5] The public (including the marine market) would see only the difference between the Placeholder Marine Survey amount and the Contracted Marine Survey amount which is not commercially sensitive.

For oversight, NSPML proposes that the Contracted Marine Survey cost be reviewed in the next assessment application to support regulatory efficiency, though an earlier, abbreviated review could be undertaken if preferred.

This approach does not face the same legislative timing constraints as NS Power rate changes and will not impact 2027 customer rates, as relevant amounts are already embedded in NS Power customer rates for 2027.

Although somewhat more involved, this process allows NSPML to optimize procurement outcomes,[6] maintain appropriate accountability, and preserve regulatory oversight. NSPML believes that, if successful, this approach would be applied in future assessments.

To protect third party commercially sensitive information and avoid prejudicing future procurements, NSPML proposes using the confidential Placeholder Marine Survey amount in this Application.[7] Once the Contracted Marine Survey cost is known, only parties with access to the Placeholder Marine Survey cost can infer the actual amount, while all stakeholders will see the resulting variance and overall cost impacts.

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[5] NSPML is not seeking to include the Actual Marine Survey cost (the final amount NSPML pays the preferred supplier) in the Assessment for 2027. Recovery is requested for the Contracted Marine Survey cost (the cost estimate for the marine survey as an outcome of the RFP process). Performance risk, cost overruns, etc. remain with the Company.

[6] Although suppliers are resistant to lock in early, there is potential that NSPML could find a supplier willing to commit further in advance but that commitment is likely to come with a risk premium priced in as there is an increased chance the NSPML project inhibits the ability to participate in another more substantial opportunity for the supplier that is offered at a later date.

[7] This amount, $[redacted] and is not intended to be a representation of anticipated 2027 costs. It is an amount that will only be known to confidential intervenors and is designed to protect the confidentiality of the ultimate contracted amount.

NSPML commits to filing the Contracted Marine Survey cost and supporting documentation after the procurement decision (expected Q4 2026 or Q1 2027), along with the resulting assessment adjustment and any WACC implications (see section 2.2.3 below). The Company requests that the Board then issue an updated Order reflecting the revised assessment, with an applicable procurement review occurring during the next assessment application. An earlier review process could be implemented if desired but would require additional regulatory effort.

Overall, this approach is straightforward in concept and analogous to fuel cost recovery: NSPML provides an initial estimate, updates with contract amount, and is subject to subsequent review.

2.2.3 Summary of Requested Marine Survey Cost Treatment

Based on the above information, the Company requests the Board accept the following process to include marine survey costs in the 2027/2028 assessment:

- The Board and stakeholders evaluate this Application with the Placeholder Marine Survey cost, as defined above in footnote 1.
- Based on this Application with the Placeholder Marine Survey cost, the Board issues an interim order for the 2027 and 2028 assessment from NS Power.
- When the Contracted Marine Survey cost is determined, NSPML will file the cost and associated support with the Board. Included in the filing will be an adjusted assessment payment schedule reflecting the increase in cost to customers (if the Contracted Marine Survey cost is higher than the Placeholder Marine Assessment cost) or decrease in cost to customers (if the Contracted Marine Survey cost is lower than the Placeholder Marine Assessment cost). An adjustment lower will trigger a refund to customers including WACC (if applicable). As an incentive to finalize the Contracted Marine Survey cost in a timely manner, NSPML will not seek an adjustment for WACC should the Contracted Marine Survey cost not be available

prior to year-end 2026, are higher than the Placeholder Marine Survey cost and such increase is included in assessment recoveries over the remainder of 2027.

- Based on the filing of the Contracted Marine Survey cost the Board will issue a final order for the 2027 and 2028 assessment from NS Power, subject to review of the marine survey procurement process at the next assessment filing.
- In the next cost assessment application (the 2029 assessment) the Board and stakeholders can assess the prudence of the Contracted Marine Survey costs included in NSPML's assessment. Any adjustments to customers will occur as part of that future assessment application.[8]

2.2.4 Labour & Administration

The labour and administration cost category is composed of costs related to regulatory and legal, consulting, and labour and incentive. The increases in 2027 and 2028 are reflective of inflationary increases of approximately 3 percent year over year.

2.2.5 Insurance

Insurance costs for 2027 are forecast to be $4.3 million, a decrease of $0.2 million from the 2026 budget, followed by a further decrease of $0.1 million in premiums forecasted for 2028.[9] As conveyed in prior assessment proceedings, premium estimates are provided by NSPML's insurance broker, with the corresponding amount (and changes) subject to overall insurance market trends in the industry. Such estimates assume no major changes in NSPML's operation or insurance structure.

[8] Alternatively, the prudence of the Contracted Marine Survey cost could be conducted immediately after NSPML files the information (expected in late 2026 or early 2027) through an abbreviated evidentiary process (abbreviated in that only the Contracted Marine Survey cost would be in question). NSPML believes this approach would involve additional regulatory process versus the approach noted above.

[9] Actuals in 2025 were $4.0 million.

2.3 Depreciation

2.3.1 Original Capital Costs

In the Final Project Costs Decision (M10206), the NSEB approved NSPML's depreciation policy as developed from the depreciation study conducted by Gannett Fleming. This policy is built on the overriding assumption that all assets must be fully depreciated at the end of the 35-year duration of the NS Block when the Maritime Link is to be transferred to NLH[10] pursuant to the agreements between the parties.

NSPML recognizes the recommendation of Board consultant Grant Thornton in the 2025 Assessment Decision[11] that a depreciation study should be updated every 5-7 years and notes that the previous study was conducted in 2021. As discussed during the 2026 Assessment process, Gannett Fleming recommended updating the depreciation study upon completion of NSPML's first material sustaining capital project (in this case the Cable Protection Project). Given the Cable Protection Project is scheduled for completion in Q3 2026, NSPML commits to undertaking and filing an updated depreciation study within six months of Cable Protection Project completion and subject to review as determined by the Board.

2.3.2 Sustaining Capital

NSPML anticipates that it will incur capital expenditures in 2027 of $0.5 million for routine capital expenditures and $[redacted] in 2028. $[redacted] (pending application and approval) in 2028 relates to upgrades to the Station Control Monitoring System (SCM). Funding for routine capital expenditures is being sought in this Application. In addition, the Application includes $[redacted] in 2028 that relates to the estimated depreciation associated with the SCM upgrade presently set to take place during the Maritime Link's annual outage in September 2028. No approval or recovery

[10] With the exception of the Woodbine AC station, which is to be transferred to NS Power.
[11] 2025 Assessment (M11791), Decision paragraph 36.

of any other costs related to the SCM upgrade is being sought in this Application. As the project is projected to exceed the $1 million capital threshold, NSPML will file a separate capital application to the Board for approval of the full project costs.[12]

Table 3 provides the description of the routine capital projects (these capital assets will be depreciated over the depreciable life of the assets; only the depreciable amount for 2027 and 2028 is included in the 2027 and 2028 Assessment):

Table 3

Capital Initiatives (Amounts in $millions)	2027	2028	Comments
Routine Capital & Routine Spares	0.5	1.5	Recurring, smaller expenditures including any maintenance, repairs, alterations, improvements, replacements, renewals and additions. The increase in 2028 from 2027 primarily relates to purchase of IGBT spares.
Station Control Monitoring System	-	[redacted]	
Total	**0.5**	[redacted]	

2.3.3 Capital Depreciation

Consistent with the Final Costs Decision and its approved depreciation policy, NSPML seeks to recover $57.7 million in depreciation in 2027 and $58.1 million in 2028 which is calculated in accordance with NSPML's NSEB-approved opening rate base plus sustaining capital.[13] The increase from 2026 primarily relates to the Cable Protection Project, which is expected to be completed in Q3 2026 and will result in full year

[12] Public Utilities Act, section 35AA.
[13] In the Final Project Cost Decision (M10206), the NSEB directed NSPML to provide a detailed accounting of final costs associated with close-out work related to some small outstanding insurance, warranty, expropriation and contract claims, and to include in such accounting any resulting adjustment to the approved Maritime Link Project capital cost determined in that proceeding. Some of these close-out matters remain outstanding and the timing of finalization is dependent on third party determinations (e.g., government directed/appointed land expropriation). NSPML expects to file its final accounting shortly after third party determinations are received. These adjustments are not expected to have a material impact on NSPML's NSEB approved Maritime Link Project costs, or NSPML's rate base or 2027/2028 revenue requirement.

depreciation costs starting in 2027.[14] The increase in 2028, in comparison to 2027, primarily relates to the SCM upgrade, which is presently expected to take place during the scheduled annual outage at the end of Q3 2028 (pending application and approval) and results in $[redacted] added to capital depreciation in Q4 2028.

2.4 Debt Financing Costs

Debt financing costs consist of two components: (i) annual net interest costs and (ii) amortization of deferred financing charges. These debt financing arrangements were reviewed by the NSEB and confirmed as prudent in the Final Costs Decision.

2.4.1 Annual Net Interest Costs

The requested recovery of annual net interest costs in 2027 is $36.7 million. This represents total coupon interest costs of $36.1 million, letter of credit fees of $0.4 million, interest on debt financing for sustaining capital of $0.9 million, partially offset by forecasted interest revenue of approximately $0.5 million to be earned on cash accounts, and $0.2 million of disallowed interest expense as a result of a reduction in NSPML's approved Project Costs arising from the Final Cost Decision.

The requested recovery of annual net interest costs in 2028 is $35.4 million. This represents total coupon interest costs of $34.7 million, letter of credit fees of $0.4 million, interest on debt financing for sustaining capital for the Cable Protection Project and SCM upgrade[15] of $1.0 million, partially offset by forecasted interest revenue of approximately $0.5 million to be earned on cash accounts, and $0.2 million of disallowed interest expense as a result of a reduction in NSPML's approved Project Costs arising from the Final Cost Decision.

[14] NSPML Cable Protection Project (M12285).
[15] Pending application and approval.

The debt financing of the Maritime Link under the Maritime Link Credit Agreement is based on the $1.3 billion of bonds issued by ML Financing Trust and guaranteed in accordance with the Federal Loan Guarantee (FLG) secured for the Maritime Link Project. The bonds have a locked-in coupon interest rate of 3.5 percent during their term, which runs to December 1, 2052. The coupon interest is payable on a semi-annual basis. In 2027 the coupon interest is payable in the amounts of $18.2 million due on June 1 and $17.9 million due on December 1. In 2028 the coupon interest is payable in the amounts of $17.5 million due on June 1 and $17.2 million due on December 1. The reduction in coupon interest costs compared to 2026, and between the first and second payments in 2027 and 2028, results from reduction of the principal amount following semi-annual principal repayments which began on December 1, 2020 and continue until fully repaid.

NSPML also provides an update regarding the debt portion of financing sustaining capital. Specifically, the Company has committed to a term unsecured revolving credit facility for up to $25 million at [redacted],[16] in addition to an uncommitted accordion of $10 million. The financial covenants related to this facility mirror the FLG2 covenants. As previously conveyed, the original FLG relating to the Maritime Link (along with FLG2) presently limit additional borrowings by the Company to $10 million. As such, utilization of the credit facility will be limited to that amount while the Company works to appropriately expand its borrowing capabilities to better manage its mid- to long-term sustaining capital requirements.

Of note is that when NSPML sought this financing, the primary reason provided by the banks being willing to extend borrowings to NSPML was due to it being a member of the Emera group of companies and the lender of record required language to confirm that the lending agreement was deemed terminated if Emera does not maintain a controlling interest. The lenders were also aware of the regulated utility structure and

[16] [redacted]

associated cost recovery rights. Of note is that, at this time, none of the lenders were willing to extend more than the $35 million set out above. Absent unexpected funding requirements, this amount will meet NSPML's funding requirements over the next three years.

The $35 million is not long-term financing but is more like a short-term line of credit. The interest rate payable by NSPML will be higher than the blended rate in the FLG as NSPML does not have assets to offer as security. The terms of FLG are such that all assets of NSPML are secured by Canada, and all short-term financing will be contractually subordinate to the $1.8 billion of Canada bonds. Therefore, lenders willing to offer the $35 million will charge higher interest to offset the lack of security and the indisputable priority of Canada in a default situation.

A solution to the Company's longer term borrowing requirements is a top priority.

2.4.2 Amortization of Deferred Financing Charges

Consistent with the NSEB's Final Cost Decision, NSPML has included recovery of $1.5 million in Deferred Financing Costs in 2027 and $1.4 million in 2028 in its revenue requirement.

In support of the FLG debt financing program, NSPML incurred $50.1 million in deferred Financing Charges to hedge interest rate risk pending financial close. In 2016 the NSEB approved a request from NSPML to revise its Allowance for Funds Used During Construction (AFUDC) accounting policy to allow it to record actual carrying costs incurred. In the Final Cost Decision, the NSEB confirmed the prudence of NSPML's hedging arrangements.

During construction of the Maritime Link, $4.4 million of the Deferred Financing Charges was charged to AFUDC and included in the $207.6 million, which was the

AFUDC figure included in NSPML's NSEB-approved opening rate base, leaving $45.7 million of these charges as of the commercial operation date for deferred recovery.

The NSEB previously directed NSPML to amortize these deferred financing charges over a period to match the term of the FLG bonds. Recovery of these charges was deferred in 2018 and 2019, and commenced in 2020 as directed by the NSEB, resulting in a 33-year amortization period. In total, NSPML will have recovered $9.4 million to the end of 2026, leaving $36.3 million to be recovered going forward, including the $1.4 million in Deferred Financing Charges for which recovery is sought for both 2027 and 2028.

The increase of $0.1 million in 2027 relates to deferred financing charges associated with NSPML's new credit facility as discussed in section 2.4.1 above. Total financing charges incurred were $0.2 million, which will be amortized over the term of the loan.

2.5 2027 and 2028 Equity Financing Costs

For the 2027 and 2028 Assessment, NSPML has applied an ROE of 8.75 percent, consistent with the Board's 2026 Assessment Decision.[17]

For 2027, applying the NSEB-approved 30 percent equity thickness and 8.75 percent ROE to NSPML's average rate base[18] of $1,463.2 million results in total equity financing costs of $38.4 million.

For 2028, applying the NSEB-approved 30 percent equity thickness and 8.75 percent ROE to NSPML's average rate base of $1,407.9 million results in total equity financing costs of $37.0 million.[19]

[17] 2026 Assessment (M12394), Decision paragraph 6.
[18] Consisting of original project costs average rate base and sustaining capital.
[19] Please see Confidential Attachment 2 for NSPML's 2027 and 2028 Rate Base Continuity Schedule.

3.0 FEDERAL LOAN GUARANTEE 2

In 2024, NSPML completed a $500 million federally guaranteed bond offering. As approved by the Board in the Decision of the Supplemental Application,[20] NSPML excludes the $500 million loan for purposes of NSPML's regulated capital structure and from NSPML's Annual Regulated Financial Statements and therefore has included the 2027 and 2028 recovery request separately from the rest of NSPML's 2027 and 2028 financing costs.

The requested recovery for FLG2 of annual financing costs in 2027 is $38.8 million. This represents total coupon interest costs of $18.6 million, $17.9 million principal portion of the debt, and $2.3 million Guarantee Fee. The coupon interest is payable on a semi-annual basis. In 2027, the coupon interest is payable in the amounts of $9.4 million due on June 1 and $9.2 million due on December 1.

The requested recovery for FLG2 of annual financing costs in 2028 is $38.0 million. This represents total coupon interest costs of $17.9 million, $17.9 million principal portion of the debt, and $2.2 million Guarantee Fee. The coupon interest is payable on a semi-annual basis. In 2028, the coupon interest is payable in the amounts of $9.0 million due on June 1 and $8.9 million due on December 1.

The reduction in coupon interest costs between the first and second payments in 2027 and 2028 results from reduction of the principal amount following semi-annual principal repayments which begin on June 1, 2025, and continue until fully repaid.

[20] NSPML 2025 Assessment and Supplemental Assessment Application (M11791/M11902), Decision, paragraph 81.

4.0 MARINE SURVEY COST RECOVERY (IN YEAR OR SMOOTHED)

Discussion of how to recover marine survey costs, which occur approximately once every three years, has been part of recent regulatory reviews and stakeholder engagement.

NSPML does not believe multi-year smoothing, whether in advance of or following the work, is in the best interests of customers or regulatory efficiency. While previously applied, NSPML believes the financial impacts and administrative complexity outweigh any benefit, particularly given that NS Power's FAM already provides a mechanism to manage variability. NSPML notes however that this is not a material issue, and that the Company can comply with a NSPML smoothing approach if that is the preferred approach by the Board.

Key considerations include:

- NSPML's borrowing rates are higher than NS Power's due to the absence of a credit rating and the pledging of all assets under FLG and FLG2.
- Based on NSPML's understanding of the traditional application of WACC, smoothing is likely to create adverse WACC impacts for customers.[21] Prepayment requires customers to effectively fund such prepaid amounts through NS Power's FAM, thereby paying NS Power's higher WACC to effectively borrow from the FAM while receiving NSPML's lower WACC for the prepaid amount, resulting in a net cost increase to customers.

[21] Although NSPML acknowledges that the Board could adopt an alternate approach to calculating WACC, it is NSPML's understanding that WACC and its applicability to FAM balances was part of an extended design process. NSPML would be concerned with an ad-hoc alternate approach being developed for a unique item that is projected to require such treatment once every three years.

- At the end stage of financing over a multi-year period, deferring recovery requires NSPML to borrow funds, likely at higher rates than NS Power and, as such, increasing costs ultimately recovered from customers[22].
- NSPML's limited borrowing flexibility due to the limits on additional borrowing expressed in the FLGs, driven by a lack of unencumbered assets as all NSPML assets, current and future, are subject to security in the FLGs and lack of credit rating could constrain its ability to manage timing differences. In other words, when NSPML needs to borrow to "repay" customers, the timing and terms may be constrained.
- NSPML does not have a balancing mechanism comparable to the FAM, and adding one could introduce unnecessary complexity for a cost incurred infrequently.
- Managing smoothing on NSPML's balance sheet could complicate adherence to required debt-to-equity ratios since NSPML does not have the levers other companies may have to offset additional debt.
- Prepayment requires forecasting costs up to two years in advance, which creates additional complexity as outlined in above.

Notwithstanding the above, if the Board directs NSPML to implement smoothing, NSPML will comply. However, NSPML would request flexibility to adjust DER impacts and to revisit the approach if it becomes impractical due to borrowing constraints or risks to debt covenant compliance (e.g., FLG requirements).

[22] As previously mentioned, NSPML's lack of assets to pledge and a lack of credit rating make it a higher risk borrower.

5.0 ASSET MANAGEMENT OUTLOOK

Similar to NSPML's update in the 2026 Assessment Application, material near to mid-term expenditures continue to be the Cable Protection Project[23] and updating or replacement of HVDC station controls.

As previously described in NSPML's 2026 Assessment, Maritime Link sustaining capital projects will be required periodically based on life cycle, obsolescence, performance degradation and related factors. There has been no change to the mid-term outlook provided in NSPML's 2026 Assessment Application, however NSPML provides commentary on near term initiatives for updated context. The planned sustaining capital program will complement the annual corrective and preventative maintenance activities for the Maritime Link footprint. As with the planned maintenance practices, NSPML's sustaining capital outlook has been and will continue to be informed by OEM recommendations, industry standards and guidelines, condition assessments, and the applicable obligations under various agreements.

The Maritime Link has been in service since 2018, and as of 2027/2028 will have been in service for 9 and 10 years respectively. With a limited quantity of small and routine capital expenditures (< $1M annually), the only other items that have been of note to date are the purchasing of spare Insulated-Gate Bipolar Transistors and the Submarine Cable Protection Project.

5.1 Five Year Outlook - Planned Sustaining Capital Projects (2027-2032)

There are two material sustaining capital initiatves in progress and under development in the near term; the first is the Submarine Cable Protection Project. The second is a project to replace the Station Control Monitoring system (SCM). Otherwise the sustaining capital requirements over this period are expected to be routine in nature.

[23] NSPML Cable Protection Project (M12285).

5.2 2026 Submarine Cable Protection Project

NSPML received approval by the NSEB of this initiative under Board Matter number M12285 in Q4 2025. A portion of the work was accelerated from 2026 into 2025 as a result of the local availability of a suitable vessel. The remaining scope of work is anticipated to be complete in Q3 2026 following which Final Costing of the project will ensue. The project is currently forecasted to be within budget.

5.3 2027 Station Control and Monitoring System (SCM)

The Maritime Link SCM system is a communication and monitoring system that includes a collection of hardware and software sub-systems that monitors and controls the HVDC Converter Station Control and Protection systems both locally and remotely.

In consultation with the HVDC OEM, it is evident that elements (both hardware and software) of the station control monitoring system are becoming obsolete and will become increasingly difficult to source. To maintain ML reliability and availability, the SCM system will need to be updated.

In the 2026 Assessment Application, NSPML reported that, consistent with the OEM's recommendation to update the SCM 7-10 years after installation, it was developing a Station Control Monitoring update project, currently forecasted for the 2028 timeframe. This work continues; assessment, scoping and timing of this initiative continues to evolve (independently and in consultation with the OEM) and will be the subject of a future, separate capital application to the Board. For the purposes of this Application, NSPML has limited related depreciation costs to [redacted].

5.4 Routine – General

NSPML's routine capital program is for recurring annual expenditures of like-for-like replacement of small pieces of equipment, upgrades or restoration to property and other small additions as required. The type of equipment typically expected to be addressed under this general routine initiative include requirements for general plant and transmission assets such as vehicles, telecommunication upgrades and replacements, and property improvements. The annual amount is nominally $0.5 million, with the exact figure to be determined from year to year to meet operational needs.

5.5 Routine – IGBTs

The HVDC Converter Valves Insulated-Gate Bipolar Transistors (IGBTs) are a key and critical component of the Hitachi (formally ABB) Voltage Source Converter technology. As background, the Maritime Link converter valves use thousands of individual IGBT Stack Pack modules. These IGBT modules are physically located in each of the positive and negative valve halls for each of Pole 1 and Pole 2 halls in each of the NS and NL converter stations. They are a critical component in the conversion of AC to DC to facilitate transmission across the HVDC system and conversion from DC to AC for injection into the Nova Scotia Grid.

This initiative continues NSPML's ongoing process to reach a target IGBTs module spare inventory of 224 units while maintaining adequate redundancy within the operating valves. An order was made in 2024 which was delivered in Q2 2026. NSPML has not yet placed an additional order but now expects to do so in 2027 in which case delivery would be in 2028, assuming similar timelines to the current order. Once the target spares level is reached, NSPML anticipates the placement of orders in alignment with actual or expected failure rates.

5.6 Future Reporting

NSPML will continue to assess, report, and execute on its obligations, and will bring sustaining capital applications >$1 million forward for approval as and when required and as they are identified and developed. NSPML will continue to provide insight into its capital outlook as part of its annual reporting activities. Updates on the commercial LTAMP progress with Newfoundland & Labrador Hydro will be provided in accordance with the Board's directives.

6.0 REGULATORY REVIEW PROCESS

The Board indicated in early 2026 in its draft schedule of regulatory processes that NSPML's assessment could be pursuant to an in person regulatory review process, which NSPML assumes would be similar to the 2026 Assessment Application process.

Given that this Application for 2027 and 2028 does not presently include expert evidence on any component of the Application, NSPML discussed with customer representatives their desire for an oral versus paper review process; understanding that the Board ultimately determines a process in the best interests of customers. During this discussion with customer representatives, NSPML indicated that a paper process is significantly less onerous on corporate resources (including the requirement for external legal counsel to assist with preparing for and participation in an oral hearing) and, that if the Board was comfortable with a paper process NSPML agrees to proactively refund its $154,000 regulatory budget amount forecasted for the 2027/2028 Assessment process less any fees billed by the Energy Board (limited to expert evidence and Board Counsel), the Consumer Advocate, the Small Business Advocate and any NSPML expert costs required to respond to interrogatories or other filed expert evidence. Customer representatives were generally supportive but wished to retain the ability to request conversion to an oral hearing during the process.

NSPML recognizes that the Board determines the appropriate review process in the best interests of customers. If the Board determines that the 2027/2028 Assessment Application will be subject to an oral hearing process in the same manner as 2026, the Company requests that the Board allow for written submissions following closing oral arguments. The primary reason for this request is that in the 2026 Assessment, oral closing was the first time customer advocates presented their positions with respect to NSPML's filings and there were also references to a past expert report for the first time. The request for written submissions following oral closing is an effort to maintain an efficient process while also enabling a complete and well-tested evidentiary record.

7.0 REQUEST FOR RELIEF

In consideration of the above, NSPML respectfully requests that the Board issue an Order pursuant to sections 64 of the *Public Utilities Act* and 8 of the ML Regulations:

1. Approving a 2027 and 2028 assessment for NSPML in the total amount of $200.3 million and $191.5 million, respectively, payable monthly by NS Power on the first day of each month with the exception of the FLG 2 obligation that will be payable in May and November of each year (the month prior to payout).
2. Approval of a process to include the Contracted Marine Survey amount in NSPML's 2027 Assessment, subject to review at NSPML's next assessment application.

Attachment 1
has been removed due to confidentiality

Attachment 2
has been removed due to confidentiality