NON-CONFIDENTIAL

Request IR-01:

Reference: Section 2.0, Table 1, Overall Revenue Requirement (p. 6).

a) Please explain what specific factors gave NSPML sufficient confidence to file a two-year assessment at this time, given that prior applications have been filed on a one-year basis and the Board previously observed that a Long-Term Asset Management Plan (LTAMP) could form a foundation for multi-year certainty (2024 NSUARB 199, paras. 37–38).

b) Please identify any costs or cost categories for which NSPML's forecasting confidence is materially lower for 2028 than for 2027 and explain how NSPML has addressed that uncertainty in its Application.

c) Please quantify the regulatory cost savings NSPML attributes to a two-year versus a one-year assessment process.

Response IR-01:

a) Please see pages 5, 7, 8 and 9 of M12394 Exhibit N-1 of NSPML’s 2026 Assessment Application for the primary rationale for not filing a multi-year assessment, as well as paragraph 84 on page 30 of the Board’s Decision in M11791 (NSPML’s 2025 Assessment). Please see pages 2, 5, 10, 12 and 27 in the Application for why NSPML was in the position to file a multi-year application, with the primary rationale being that the Company now has adequate information in relation to vegetation management and the OEM service agreement and has proposed an approach to Marine Survey costs that accommodates a multi-year assessment application while seeking the most beneficial solution for customers.

Understanding near-term costs (with an emphasis on larger capital requirements) as can be included in a long-term asset management plan[1] (or similar 3, 5 or 10 year plans) is of assistance in preparing a multi-year filing but, in this case, such information would not have changed the dynamics of the multiple items that have been referenced in detail in past proceedings and in this Application that prevented the company from bringing forward a multi-year assessment in recent filings. It is also worthy to note that changes in vegetation management and OEM service approaches created benefits for customers. Absent those fundamental changes, the Company would have been in a better position to estimate costs on a multi-year basis in the past, but customers would not have received the associated benefits created.

b) There is inherently more uncertainty in the outer year, mainly due to external factors becoming less predictable and the potential for events that could not have been reasonably foreseen or contemplated at the time the filing was put together. The Company has essentially used information from external advisors/experts (e.g., insurance broker) or has built in inflationary increases.

Absent unexpected events, the cost category with lower forecasting confidence relates to legal and regulatory costs. The Company has included budgeted costs in these areas that are generally consistent with past years and based on anticipated regulatory proceedings and legal requirements. However, during the period in question, there is potential for significantly more complexity (with an emphasis on legal costs) and, as such, potential for higher costs to manage. NSPML has not included a contingency for such costs but acknowledges there is significant risk.

[1] For clarity, and has been previously explained, this is not referencing the commercial LTAMP between NSPML and Newfoundland and Labrador Hydro.

c) From NSPML's perspective, the primary savings would be the cost relating to the participation of the Consumer Advocate, the Small Business Advocate and the Board in this type of proceeding. This assumes that the individual year assessments would have been paper processes and that this Matter continues as a paper process.

As this proceeding requires review of two years of information (which makes the review a bit more complex), savings would not be equivalent to the avoidance of one full assessment but there would be savings relatively close to that amount. Absent the requirement for expert evidence, paper proceedings can generally be managed with internal NSPML resources and, as such, two single year or one multi-year filing has no material impact on NSPML costs. However, if this process converts to an oral hearing, we believe costs of the multi-year filing would easily exceed two paper process reviews.

Directionally and assuming all would be conducted via paper processes, it is reasonable to assume a small amount of savings for customers; however, this amount would be significantly less in comparison to the benefits referenced in (a) above and covered in detail in past assessments.

REDACTED

Request IR-02:

Reference: Section 2.2, Table 2, O&M Forecast 2027 and 2028 vs 2026 ($ millions) (p. 7)

a) Please update Table 2 with additional columns showing the Forecasted, Approved (to the extent it differs from Forecasted), and Actual amounts for each of 2021, 2022, 2023, 2024, and 2025 for each O&M sub-category, and for 2026, the Approved amount and actuals to the most recent available date together with a revised forecast to year-end.

b) Please provide an explanation for any variances +/- 10% between Approved and Actual in each prior year.

c) Please disaggregate the Maintenance & Inspections line in as much detail as NSPML has, consistent with the level of detail provided in Confidential Attachment 1 and in response to prior-year M12394, N-7, NSPML (IG) IR-4.

Response IR-02:

a) Please see Attachment 1.

b) The only year in which the variance exceeded +/- 10% was 2024. The variance to the 2024 approved assessment was primarily due to a reduction in converter station costs, a reduction in contracted costs due to a forecasted agreement not executed in 2024, affiliate labour allocations, position vacancies, as well as certain consulting costs being deferred to 2025. Notably, in 2024, NSPML returned $2.5 million to customers which was primarily related to the underspend in OM&G. Also, in 2025, $[redacted] relating to the Contingency Support Agreement was refunded to customers.

c) Please refer to the maintenance and inspection section of CA IR-01 Attachment 1.

Table 2

O&M Costs ($m)	***2021***		***2022***		***2023***		***2024***		***2025***		***2026***			***2027***	***2028***
	Approved	***Actual***	***Approved***	***Actual***	***Approved***	***Actual***	***Approved***	***Actual***	***Approved***	***Actual***	***Approved***	***Actuals to June 30***	***Remaining Forecast***	***Assessment***	***Assessment***
Maintenance and Inspections	8.6	9.5	8.4	8.9	6.8	6.6	8.5	6.9	6.8	5.2	7.7	2.3	6.3	12.8	7.1
Labour and Administration	8.3	6.9	7.4	7.5	7.2	7.1	8.6	7.8	8.6	9.1	9.5	4.4	4.4	9.8	10.0
Insurance	3.0	3.1	3.8	3.5	4.0	3.9	4.6	4.2	4.6	4.0	4.5	2.1	2.4	4.3	4.2
Independent Engineer	0.3	0.1	0.3	0.2	0.3	0.2	0.3	0.2	0.3	0.2	0.3	0.1	0.2	0.3	0.3
Environmental Assessment	0.3	0.1	0.3	0.1	0.2	0.2	0.2	0.2	0.1	0.1	-	-	-	-	-
Contingency & Escalation	1.0	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-
Total Costs	***21.5***	***19.7***	***20.4***	***20.2***	***18.5***	***18.0***	***22.2***	***19.3***	***20.4***	***18.6***	***22.0***	***8.9***	***13.3***	***27.2***	***21.6***

REDACTED

Request IR-03:

Reference: Section 2.2.1, Maintenance & Inspections — HVDC Converter Station Service Agreement (p. 8).

Preamble: The Application states that the existing HVDC OEM converter station service agreement will expire at the end of Q1 2027 and that renewal negotiations are at sufficient maturity to include indicative pricing (p. 8).

a) Please confirm whether a new Long-Term Service Agreement (LTSA) has been executed. If so, please provide a copy (with any commercially sensitive pricing in a confidential attachment). If not, please confirm the expected execution date.

b) Please provide the annual amounts paid under the existing LTSA since the Maritime Link entered service, by cost sub-category (consistent with Confidential Attachment 1 of this Application).

c) Please identify and explain any material changes in scope, pricing structure, or duration between the existing LTSA and the proposed new agreement.

d) Attachment 1 includes line items for "Other Tech Support", "Maritime Link Models", and "Materials / Consumables". Please confirm if these are new line items, and if so, explain the basis for each of these new items and why they were not included in prior assessments.

e) Please provide the justification for redacting the support detail, rather than simply the confidential costs. If the support detail can be disclosed, please refile, redacting only the cost columns.

Response IR-03:

a) The new LTSA has not been executed. The current agreement will expire March 2027 with the new agreement to be in place prior to the expiration date.

REDACTED

b)

HVDC Support Detail	2018	2019	2020	2021	2022	2023	2024	2025	2026 (forecast)
Annual Scheduled Maintenance	[redacted]								
On-Site Engineering									
Off-Site Tech Support (Hotline Service)									
Other Tech Support									
Cyber Asset Technical Support									
Maritime Link Models (SO requirement)									
Materials/Consumables									
Life Cycle Analysis (approx. every 3 years)									
Other (parental leave, training, etc.)									
Total									

c) The scope of work for an initial proposal from the OEM continues to be under development. Key elements will include the Annual Scheduled Maintenance, Offsite Technical Support, Cyber Support Services as well as other studies/support, for instance Life Cycle Analysis. It is envisaged that the new LTSA base pricing structure will remain similar to previous and material changes are not anticipated affecting 2027 and 2028 costs. There are additional items added to the 2027 and 2028 budget, these are not new services from the OEM, rather new budget line items, please see part (d) below for additional information.

d) Regarding the item identified as Other Tech Support: this is not a new service but is a new line in the estimate for the Assessment. The existing LTSA has rates included in the agreement for additional engineering and other support beyond the basic hotline service (which supports NSPML for up to 8 hours per inquiry) and this line item provides an estimate for this.

REDACTED

Regarding the item identified as Materials/Consumables: NSPML has existing purchase order terms and conditions for materials supply under the LTSA, so this is not a new agreement line item. In the warranty phase, the OEM supplied these materials/consumables, therefore they had not been forecasted in previous assessments, and this is a new line item for 2027 and 2028.

The Maritime Link PSCAD and PSSE models were previously delivered by the OEM as part of the Project Engineering, Procurement and Construction (EPC) Agreement. This is a new line cost item in the Operations phase and stems from an NS IESO request in 2026 that NSPML provide updated models. NSPML is in discussions with the OEM about meeting the IESO's request.

e) This table has been refiled redacting the confidential figures. Please see Partially Confidential Attachment 1.

HVDC Support Detail	2026 Assessment	2027	2028
Annual Scheduled Maintenance	[redacted]		
Off-Site Tech Support (Hotline Service)			
Other Tech Support			
Cyber Asset Technical Support			
Maritime Link Models (SO requirement)			
Materials / Consumables			
Life Cycle Analysis (approx. every 3 years)			
Total			

REDACTED

Request IR-04:

Reference: Section 2.2.1, Maintenance & Inspections — Vegetation Management (p. 8).

Preamble: The Application states that, as a result of the Integrated Vegetation Management (IVM) methodology, NSPML is now in a position to provide a vegetation management estimate for the 2027/2028 assessment.

a) Please provide that estimate, broken down by year (2027 and 2028) and by activity (e.g., clearing, treatment, LiDAR, in-situ observation), and state any assumptions used.

b) Please explain why this estimate was not available for prior assessments and what specific information obtained from the IVM program now permits the estimate to be made.

c) Please provide the actual costs incurred for vegetation management in each year the Maritime Link has been in service and compare those actuals to any approved or forecast amounts.

Response IR-04:

a) Please refer to CA IR-03.

b) The statement was made in relation to NSPML's ability to propose a multi-year filing for annual assessment purposes. As NSPML has transitioned to a condition-based integrated vegetation management program for its Newfoundland overland transmission assets (as described in the Application), it is now more confident in its multi-year outlook and budget requirements for these activities. Please refer to CA IR-03 (b).

REDACTED

c) Please see table below and CA IR-03 (a) for additional detail:

	Approved	Actual
2018	[redacted]	[redacted]
2019	[redacted]	[redacted]
2020	[redacted]	[redacted]
2021	[redacted]	[redacted]
2022	[redacted]	[redacted]
2023	[redacted]	[redacted]
2024	[redacted]	[redacted]
2025	[redacted]	[redacted]

n/a means not available

REDACTED

Request IR-05:

Reference: Section 2.2.1, Maintenance & Inspections — Contingency Support Agreement for HVDC Cables (p. 9).

Preamble: The Application includes $[redacted] per year in 2027 and 2028 for a contingency support agreement relating to the HVDC cables and proposes to refund to customers any funds not specifically allocated for such services (stated as consistent with the treatment in prior assessments).

(a) **Please provide an update on the status of negotiations for a contingency support agreement with the HVDC OEM or third parties since the 2026 Assessment.**

(b) **Please identify what specific barriers have prevented NSPML from executing an agreement to date.**

(c) **Please quantify the amounts approved for this purpose in prior assessments and the amounts refunded to customers in each year, with applicable WACC, and provide the basis for any WACC applied.**

(d) **Please provide NSPML's current assessment of the likelihood that such an agreement will be concluded before the end of the 2027–2028 assessment period.**

Response IR-05:

a) There is a mostly new team representing the HVDC cable OEM and NSPML has assigned several resources to focus on bringing a potential agreement to resolution. Recent negotiations have continued with an in-person engagement in June and video meetings typically once every two weeks since that time, with meetings planned into the fall.

REDACTED

b) NSPML does have a robust cable repair framework already established. Please refer to NSPML's Submarine and Land Cable Maintenance & Repair Plan (last published in 2023) which has been periodically updated and filed with the Board since it was originally established in 2017. Marine contingency risks are periodically reviewed and updated and related work progresses year over year with the assistance of 3rd parties, all in parallel with the pursuit of the OEM Contingency & Support Agreement (CSA).

c) The primary barriers are likely similar to most contracts: certainty of the value (services) as compared to cost. In the last few years, one of the key challenges has been [redacted] NSPML continues to work with the OEM to secure an appropriate level of service for a cost that is prudent and reflective of the services received.

d) Please see CA IR-05.

e) Please refer to (b). NSPML continues to see the benefit of having such contingency support services [redacted] If the parties are unable to advance negotiations the Company's plan is to further migrate activities to mature its cable repair framework to third parties who can provide some of the desired contingency protections.

REDACTED

As it takes two willing parties to finalize an agreement, NSPML cannot commit that an agreement will be reached. However, NSPML can advise that:

- The OEM's experience in these arrangements has matured since the EPC engagement phase; Nexans' first Modular Repair Deck[1], which enables repair activities to occur using a wide pool of potential vessels, is expected to be ready for clients soon.
- Considerable work on a potential agreement has already occurred to date. The OEM team is engaged with NSPML on a regular basis and has committed to timelines and timely response to deliverables pursuant to an agreement.

[1] Inspection, Maintenance & Repair (IMR) for subsea cable reliability - Nexans

REDACTED

Request IR-06:

Reference: Section 2.2.2, Marine Survey Cost Recovery Approach — Placeholder Amount and Process (pp. 9–13).

Preamble: The Application proposes an interim approval based on a Placeholder Marine Survey cost, with the Contracted Marine Survey cost to be filed after procurement (expected Q4 2026 or Q1 2027) and incorporated into the 2027 assessment via an amended order.

(a) **Please explain the basis on which the Placeholder amount was determined, including all assumptions.**

(b) **Please provide the underlying [redacted] referenced in footnote 7 on p.11.**

(c) **The Application draws an analogy between this process and NSPI's fuel cost treatment. Please explain the key similarities and differences between the two mechanisms and whether there are material structural differences that bear on the appropriateness of the analogy.**

(d) **Does NSPML propose that intervenors will have the opportunity to review and comment on the Contracted Marine Survey cost and procurement process prior to the issuance of an updated Order and the revised assessment takes effect? Please explain.**

(e) **Please confirm who bears the risk if the Contracted Marine Survey cost exceeds the Placeholder amount by a material margin, and whether any cap or mechanism is proposed to protect ratepayers in that scenario.**

REDACTED

Response IR-06:

a) The Placeholder Marine Survey cost, as defined in footnote 1 of the Application, [redacted]. Footnote 7 provided the approach:

> 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.

b) Please refer to Confidential Attachment 1. [redacted]

c) The Application notes on page 9, lines 17-18 "…the Company proposes a cost recovery approach **broadly** similar to NS Power's fuel cost treatment…" [emphasis added]. The process proposed in the Application includes an estimate for a cost that is unknown - the Placeholder Marine Survey cost - that is to be trued up once the Contracted Marine Survey cost is known through the RFP process and then reviewed at a later date. The Fuel Adjustment Mechanism (FAM) is designed to utilize estimates for fuel costs - the Base Cost of Fuel - to be trued up as costs are incurred and then reviewed at a later date. In the end, customers pay only for the actual costs incurred and approved, although the structure difference in the process suggested in this Application is that customers pay the contracted amount of the survey, not the actual cost, unlike in the FAM.

REDACTED

d) NSPML proposed the following process to review the Contracted Marine Survey details on page 12 of the Application, lines 1-7:

> 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.

The Company believes the most efficient process is to review the Contracted Marine Survey costs submitted for recovery during the next assessment application, subject to the regular discovery mechanisms in most proceedings. As suggested in the Application, should the Board or intervenors want to review the Contracted Marine Survey before the final Order is issued, that process can be outlined by the Board. NSPML is neutral on whether the Contracted Marine Survey is reviewed before the final Order is issued or during the next assessment application and only offers an opinion on regulatory efficiency. NSPML bears the risk of a subsequent review resulting in a finding that diverts from what NSPML submits as the Contracted Marine Survey cost.

e) Please refer to the response to IG IR-7(a)(i) regarding the relevance (or lack thereof) of the Placeholder Amount to actual costs.

The situation posed in the question is not fairly described as a risk to be borne. In utility ratemaking processes, it is accepted that customers pay for prudently incurred costs. In the Decision in M12451, the most recent NS Power General Rate Application, the Board succinctly described the ratemaking process:

REDACTED

> …the Board's ratemaking function is designed to allow the utility to recover its legitimate costs of providing service and an opportunity to earn a reasonable profit at rates that are fair for its customers.

In the case of the marine survey costs, this work is necessary to maintain the assets, as noted by the Board's consultant, Cable Consulting International[1], and presuming the prudent execution of the work, the costs would thus be recoverable as part of the normal and ongoing operating and maintenance expenses.

The Company is engaged in a competitive procurement process to secure the best value for customers for this project. While the Placeholder Marine Survey cost was set as a "placeholder" for this Application, there are many variables that can impact the final pricing. The Company believes it is fair to recover the Contracted Marine Survey cost, and it is in keeping with fundamental rate setting methods.

If the Contracted Marine Survey cost was known at the time of the filing of this Application, that is what would have been included. Timing did not allow for this, which should not preclude recovery of the Contracted Marine Survey cost. This was part of the reason that NSPML did not file multi-year assessments in the past.

As a reminder, the Company proposed this true-up for marine survey costs because the anticipated total cost is a significant proportion of the submitted O&M costs and there are a number of variables influencing the timing and cost. As described in the Application on page 10:

> NSPML's rationale for this treatment includes:
>
> - Marine survey costs are significant, representing over 40% of maintenance & inspection costs and approximately 20% of total O&M, with potential to increase further.

[1] Cable Consulting International Report, January 6, 2016, M06865, Exhibit N-2.

REDACTED

- 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.

The market variability and uncertainty in securing and scheduling vessels is the inherent nature of the marine industry. This situation has been discussed at length in prior assessment applications and most recently in the December 2025 hearing. NSPML remains focused on completing the necessary work for the best value to customers.

This proposed process was discussed at length with intervenors on February 25, March 4 and May 28 leading up to the filing of this Application.

IG IR-06 Attachment 1
has been removed due to confidentiality

REDACTED

Request IR-07:

Reference: Page 12, line 28 – p.13, line 2.

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.

(a) **In stating the above, please confirm or otherwise explain:**

(i) **If the final Contracted Marine Survey cost turns out to be higher than the Placeholder, ratepayers would still pay the actual incremental cost through assessments in 2027.**

(ii) **NSPML would not seek compensation for the carrying cost of that delayed recovery (i.e. WACC) during the period between when the costs were incurred and when they were recovered.**

(iii) **Please provide the calculations showing a realistic order of magnitude (or range) of this incentive. State the assumptions regarding how much the Contracted Marine Survey costs exceed Placeholder, how long the recovery is delayed before being collected through assessments in 2027 and WACC.**

REDACTED

Response IR-07:

a)

i) NSPML appreciates the opportunity to clarify this item. Under NSPML's proposal, if the final Contracted Marine Survey cost turns out to be higher or lower than the Placeholder, ratepayers would pay the Contracted Marine Survey cost through the assessment in 2027. The actual price and supporting process will be subject to review at NSPML's next assessment application (or as otherwise determined by the Board). NSPML does not believe the Placeholder amount would have any relevance in reviewing whether the ultimate cost was prudent, [redacted] (See response to IG IR-06).

ii) The proposal in terms of WACC is part of the overall construct proposed by NSPML and is limited to timing of the notice to the Board and Intervenors of the actual estimated cost based on the results of the pending RFP. NSPML anticipates being able to provide such information prior to year-end (making this issue moot), and would recover the adjusted amount evenly over 2027.

If the notice slips into 2027 and the amount is higher than the Placeholder amount, it would mean that the amount collected in the 2027 months that preceded the notice would be less than required. In this case, NSPML is proposing that the shortfall relating to those months be made up in the next monthly assessment payment without allowance for WACC. Alternatively, if the actual amount is less, NSPML will credit customers the WACC relating to the amount of over-recovery in the applicable months.

iii) NSPML does not believe this is an overly material incentive and the overall treatment of WACC was designed to meet advocate expectations of WACC if there were over-collections early in 2027 (i.e. if the RFP price is lower than the Placeholder) and

REDACTED

alleviate advocate concerns that a delayed notice of the RFP cost combined with a price that is higher than the Placeholder amount would result in customers owing WACC. NSPML offered this concession as it felt it should simplify the process and, correspondingly, at very little (if any) waived WACC amount.

In terms of potential magnitude, hypothetically assume the RFP price is $1.2 million higher than the Placeholder amount and that notice of the price was provided at the end of January 2027. Under this scenario, NSPML under-collected $100,000 in January. As such the make-up amount in February under traditional WACC treatment would be the $100,000 plus WACC which would be 5.08% divided by 12 months, resulting in $423 in WACC. This calculation is linearly scalable, meaning that if the notice is delayed three months and is $1.2 million higher than the Placeholder amount the WACC would be $423 * 3 = $1,269.

REDACTED

Request IR-08:

Reference: Section 2.2.2 and 4.0 — Marine Survey Cost Recovery (In-Year vs. Smoothed) (pp. 9–13, 21–22).

(a) **Using the Placeholder Marine Survey cost as the base case and including WACC impacts, please provide a spreadsheet demonstrating the net cost to customers under each of the following scenarios, with all formulae intact and all assumptions stated:**

(i) **full in-year recovery in the year the marine survey cost is forecasted to be incurred (no smoothing and no true-up);**

(ii) **recovery smoothed over a three-year period immediately preceding the survey year (i.e., pre-collection);**

(iii) **recovery smoothed over a three-year period immediately following the survey year (i.e., post-collection);**

(iv) **recovery smoothed over a three-year period centred on the survey year (i.e. with costs collected before, during and after the year in which the survey cost is forecasted to be incurred);**

(v) **recovery smoothed evenly over a three-year period commencing in 2027;**

(vi) **recovery based on the approach described in the Application with a true-up adjustment once the actual Contracted Marine Survey cost is known, with the amount recovered where actual costs exceed the Placeholder;**

REDACTED

(vii) **recovery based on the approach described in the Application with a true-up adjustment once the actual Contracted Marine Survey cost is known, with the amount recovered where actual costs are lower than the Placeholder; and**

(viii) **recovery based on the Application approach where the Contracted Marine Survey costs equal the Placeholder.**

(b) **Provide a table of all scenarios that lists for each, the cumulative amount collected from ratepayers, the associated WACC/carrying cost impacts, and the net present value of customer payments over the recovery period.**

Response IR-08:

a)

i) – v), viii) Please see Confidential Attachment 1 filed electronically.

vi) – vii) As indicated in SBA IR-02 b) and IG IR-07 a) ii), NSPML expects to be able to submit a final contracted estimate cost prior to December 31, 2026. As a result, NSPML expects to have the Contracted Marine Survey estimate in time to true up into 2027 rates, which would then be recovered evenly over 2027. See IG IR-07 iii) for an example.

Please note that the 5.43% WACC included in the attached scenarios represents the actual impact to customers of the new debt during the relevant example periods. In practice, the new debt would be blended with other debt resulting in a slightly increased WACC that would then be applied to all capital. The overall financial impact would be the same. Please refer to NSEB IR-10.

REDACTED

b) See Table 1.

Table 1

Scenario	Amount Collected	Net WACC Impact	NPV[1]
(i)	[redacted]	-	[redacted]
(ii)	[redacted]	[redacted]	[redacted]
(iii)	[redacted]	[redacted]	[redacted]
(iv)	[redacted]	-	[redacted]
(v)	[redacted]	[redacted]	[redacted]
(vi)	See a) vi – vii) response.		
(vii)			
(viii)	[redacted]	-	[redacted]

[1] NPV calculated using NSPML's WACC rate of 5.08% and discounted to 2027, the year of the Marine Survey.

IG IR-08 Attachment 1
has been filed as a confidential
electronic file.

NON-CONFIDENTIAL

Request IR-09:

Reference: Section 4.0, Key Considerations (pp. 21-22).

(a) **Please quantify and explain the basis for NSPML's assertions that its borrowing rates "are higher than NS Power's" (bullet 1, p. 21), and "likely at higher rates" (bullet 3, p. 22) including any supporting documentation regarding NSPML's cost of borrowing under its current credit facility.**

(b) **Bullet 5, p. 22 states NSPML does not have a balancing mechanism comparable to NSPI's FAM. Please explain whether the Board could direct the establishment of a limited deferral account for marine survey cost timing differences, and whether NSPML has any objection in principle to such a mechanism.**

(c) **Please confirm whether the marine survey frequency of approximately every three years should now be treated as a settled assumption for planning purposes, or whether NSPML considers this subject to material change.**

(d) **Please explain what NSPML is requesting when it states "if the Board directs NSPML to implement smoothing…. NSPML would request flexibility to adjust DER impacts…"**

Response IR-09

a) NSPML acknowledges the response to this information request is likely more detailed than would typically be expected. This is primarily due to the number of questions relating to this item, which NSPML has attempted to answer in the past and a desire to provide a more comprehensive response. NSPML also does not believe the impact to customers of whether NSPML or NS Power borrows funds for marine survey cost recovery would be overly material to customers.

Based on the information in Attachment 1 from a Tier 1 Canadian national bank[1], NSPML's estimated incremental cost of borrowing relative to NS Power under current market conditions is in the range of CORRA + CSA + 170 bps to 220 bps (as compared to an unsecured, unsubordinated financing structure for a BBB- public utility whose price would fall within the range of CORRA + CSA + 145 bps to 170 bps). This differential reflects two primary structural factors that distinguish NSPML's credit profile from NS Power's:

1. Subordination and lack of security: All NSPML's present and future assets are pledged under the Federal Loan Guarantees (FLGs). Any future borrowing to fund sustaining capital is therefore structurally subordinated and unsecured which is comparable to an unsecured personal loan rather than a secured mortgage. NS Power, by contrast, can pledge new assets to secure new debt.
2. Lower equity cushion: NSPML's Board-approved capital structure includes 30% equity versus NS Power's 40%. This higher leverage reduces the first-loss buffer available to creditors and increases credit risk, particularly as NSPML's absolute equity balance continues to decline (from \$51 million in 2021 to a forecast \$37 million in 2028, declining approximately \$1.5 million annually thereafter, partially

[1] In the timing between the IR question being posed and filing date, NSPML was unable to obtain permission from the Tier 1 bank to disclose their identity (either publicly or on a confidential basis). However, the Tier 1 bank was comfortable with the letter being filed on a non-confidential basis.

offset by sustaining capital).

These factors were thoroughly examined and supported by expert evidence in NSPML's 2026 Assessment proceeding. While NSPML did not retain a cost-of-capital expert for the current application, the regulatory record and academic literature on this topic are consistent and well-established. The key supporting evidence is summarized below.

Regulatory Evidence: 2026 Assessment (Concentric)

Concentric's evidence in the 2026 Assessment proceeding identified both subordination and thin equity as material credit risk factors:

> Some may argue that the debt used to finance the Maritime Link project cost of $1.7 billion issued by the Maritime Link Financing Trust and guaranteed by the government of Canada lowers NSPML's risk. However, the debt guarantee does not protect equity investors. Any disallowances are 100% assigned to equity, and given the relatively thin equity ratio, these risks are disproportionately larger than would be the case with a typical capital structure.

Concentric further noted that NSPML's 70/30 debt-to-equity ratio is above what would typically be expected for a regulated public utility and materially weakens creditor protection. Although Concentric's analysis focused on equity holders, the same risk drivers affect secondary, unsecured debt holders who rank behind FLG-secured lenders and ahead of a relatively smaller (and continually shrinking) equity buffer.

Importantly, the allocation of cost overruns to equity described by Concentric applies not only to capital disallowances but also to non-capital operating cost overruns—further concentrating risk on the thin equity base and increasing the probability that losses could reach unsecured creditors.

Regulatory Evidence: 2013 Application (Foster Associates / McShane)

In the original 2013 Maritime Link Application, Kathleen McShane of Foster Associates quantified the equity risk premium associated with NSPML's capital structure. Comparing NSPML's 30% equity ratio to NS Power's then 37.5% ratio, McShane estimated that NSPML equity holders required an additional 1.0% to 1.5% ROE to compensate for the increased financial risk arising from higher leverage.

McShane explained the mechanism clearly:

> The use of debt in a firm's capital structure creates a class of investors whose claims on the cash flows of the firm take precedence over those of the equity holder... Since the issuance of debt carries unavoidable servicing costs which must be paid before the equity shareholder receives any return, the potential variability of the equity shareholder's return rises as more debt is added to the capital structure. Thus, as the debt ratio rises, the cost of equity rises.

While McShane's evidence addressed equity holders specifically, the underlying principles apply equally to secondary unsecured debt holders, who also rank behind senior secured debt and depend on the equity buffer for downside protection.

McShane also addressed business risk, noting:

> Business risk comprises the fundamental characteristics of the business and the political/regulatory operating environment that together determine the probability that future returns (including the return on and of the capital invested) to investors will fall short of their expected and required returns.

NSPML submits there is no material difference in political risk between NSPML and NS Power. However, in terms of regulatory risk, NSPML has experienced higher disallowances than NS Power in real dollar terms and, when considering NS Power's rate base is approximately four times larger and its higher equity ratio, disallowances have had significantly more impact at NSPML on a relative basis.

Response to Booth Evidence (2013)

NSPML acknowledges Dr. Laurence Booth's evidence in the original Maritime Link proceeding, in which he indicated it was difficult to see what material costs or risks the shareholder would bear, given the strong government support for the project and the FLG structure.

With the benefit of operational experience, NSPML respectfully submits that there are in fact significant unanticipated risks and costs that the shareholder has borne, and continues to bear, that were not contemplated in 2013. When compared to NS Power, these risks appear to be of similar or higher scale, especially considering:

- NS Power's 40% equity (versus NSPML's 30%),
- A rate base approximately four times larger than NSPML's,
- A balanced and diversified portfolio of generation, transmission, and distribution assets (versus NSPML's single HVDC submarine cable asset),
- The ability to secure new debt with new assets (versus NSPML's fully encumbered asset base),
- Investment-grade credit ratings from S&P and Moody's (which NSPML does not hold and cannot pursue given its subordinated structure).

These are precisely the factors that secondary lenders evaluate when determining rates and lending products available to NS Power as compared to NSPML.

The FLG Does Not Mitigate Risk to Equity or Unsecured Debt

There have been statements suggesting that the existence of the FLG lowers overall risk for NSPML, including for equity holders. NSPML agrees that the FLG lowers risk for the FLG debt holders themselves, backed by Canada's creditworthiness, which is why the project was able to secure preferential borrowing rates and support a 70/30 capital structure.

However, NSPML does not agree, nor do its experts, including Concentric and Foster Associates, that the FLG mitigates risk for equity holders or, in this case, unsecured creditors. In fact, by enabling a lower equity ratio, the FLG structure increases risk to both equity and secondary unsecured debt by:

- Concentrating all downside risk (disallowances, cost overruns, operational failures) on a thin and declining equity base, and
- Eliminating the ability to pledge assets as security for future borrowing.

Risk Grows Over Time as Equity Declines

This structural risk increases annually as debt and equity contributions are repaid in tandem under the FLG amortization schedule. The equity buffer available to absorb losses, and to protect unsecured lenders, shrinks in absolute dollar terms without a corresponding reduction in operational or regulatory risk:

- 2021: $51 million equity
- 2026: $39.4 million equity
- 2028 (forecast): $37 million equity

- Thereafter: declining ~$1.5 million/year, partially offset by sustaining capital investments

As this buffer erodes, the probability that operational or regulatory losses could impair unsecured creditors increases, further elevating the credit risk premium.

NSPML's Regulatory Status Does Not Offset These Factors

There has been reference to NSPML being a regulated utility with legislative cost recovery rights. While true, NS Power and other Canadian electric utilities operate under substantially similar regulatory frameworks, with materially longer track records, stronger credit profiles, and diversified asset bases. It is unlikely that lenders would deem NSPML to be more secure or less risky in this regard than NS Power or comparable utilities.

Conclusion

The factors outlined above, namely, subordination, lack of security, thin and declining equity, concentrated asset risk, and absence of credit ratings, are well-documented drivers of borrowing cost differentials in utility finance. Attachment 1 provides an assessment of these factors and their estimated impact on NSPML's cost of borrowing relative to NS Power under current market conditions.

b) The Board has broad authority to establish any regulatory mechanism it deems appropriate to the circumstances, including a limited deferral account for marine survey cost timing differences. NSPML does not object in principle to such a mechanism.

However, NSPML submits that should the Board decide to smooth marine survey costs over multiple years (vs. expensing it in the year incurred, as NSPML prefers) the preferable approach is to continue managing marine survey cost variances through NS Power's existing Fuel Adjustment Mechanism (FAM), as has been done to date and as contemplated in this Application.

Rationale for Preferring the Existing FAM Approach

1. **Administrative Efficiency and Established Processes**

NS Power's FAM is a well-established, tested mechanism with existing administrative processes, stakeholder familiarity, and Board oversight protocols. Incorporating NSPML's marine survey costs into the FAM avoids:

- The administrative burden and regulatory cost of designing, implementing, and maintaining a separate deferral account for NSPML,
- Potential duplication of regulatory processes and reporting requirements,
- The need for parties and the Board to monitor and adjudicate two separate deferral mechanisms for related entities.

2. **Proportionality**

Marine survey costs represent a single, infrequent cost category occurring approximately every three years (see more detail in part (c) below), with a total forecast cost that is small compared to the scale of costs managed through NS Power's FAM. Establishing a standalone deferral mechanism for NSPML would introduce complexity disproportionate to the materiality of the costs being managed.

By comparison, NS Power's FAM was designed, reviewed, and approved over an extended period to manage a significant and recurring portion of NS Power's cost structure. It has proven to be a complex tool requiring significant involvement by all parties and ongoing Board oversight. Creating a parallel but much smaller mechanism for NSPML risks introducing inefficiency without corresponding customer benefit.

3. Integrated Cost Management and Customer Transparency

NSPML's costs ultimately flow through to the same NS Power customer base. Managing both entities' timing variances through a single, integrated mechanism:

- Provides customers and stakeholders with a consolidated view of deferred costs,
- Simplifies rate-setting and true-up processes,
- Reduces the risk of inconsistent treatment of similar timing issues across the two entities.

4. NSPML's Unique Capital Structure Considerations

NSPML notes that any new regulatory mechanism must be assessed in light of considerations unique to NSPML's financial structure, including:

- A capped equity ratio of 30% with no flexibility band to accommodate variances,

- Strict debt service coverage and financial metric requirements under the Federal Loan Guarantees that could constrain NSPML's ability to absorb timing variances or access working capital,
- Limited borrowing flexibility due to NSPML's subordinated, unsecured debt position (as discussed in response to IR-09(a)).

These constraints mean that timing flexibility is operationally important to NSPML. The existing FAM process has proven capable of accommodating NSPML's cost recovery timing needs without creating unintended consequences for NSPML's capital structure, debt covenants, or operational flexibility.

While NSPML does not suggest these factors preclude the establishment of a limited deferral account, they underscore the importance of maintaining a well-understood, tested mechanism rather than introducing a new construct that could interact unpredictably with NSPML's unique constraints.

Conclusion

NSPML does not object in principle to the Board directing the establishment of a limited deferral account for marine survey cost timing differences, should the Board determine such an account is appropriate.

However, NSPML respectfully submits that, in addition to avoiding marginally higher costs for customers due to NSPML’s higher borrowing costs, continuing to manage these variances through NS Power's existing FAM is the more efficient, proportionate, and administratively sound approach, and is in the best interests of customers. This approach avoids unnecessary regulatory complexity while preserving the timing flexibility NSPML requires given its capital structure and covenant obligations.

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c) NSPML is progressing towards a 3-year interval for full scale marine surveys, noting that certain areas have just had cable protection augmented through the submarine cable protection initiative. The timing of each survey will be assessed and considered at the time of the close-out of the previous survey in conjunction with any applicable operational, environmental or other variables that can also change from time to time. For next steps, NSPML will source and execute the 2027 marine survey, complete the associated analysis and reporting and make a determination on the timing of the next full-scale survey at that time. It is expected that the survey will repeat throughout the life of the asset, but depending on the circumstances at the time, it may not necessarily be every three years.

d) In Section 4.0 of the Application (p. 22), NSPML stated that if the Board directs implementation of a multi-year cost smoothing mechanism for marine surveys, NSPML would comply but would require flexibility to adjust its debt-to-equity ratio (DER) <u>if necessary</u> to accommodate the financial impacts of smoothing. First of all, NSPML is not anticipating that such impacts would be overly material if smoothing was limited to marine surveys costs only. However, there is the potential for unintended consequences or variances.

A multi-year smoothing mechanism creates timing mismatches between cash flows and revenue recovery that can occur in multiple forms. For example, smoothing could involve pre-collecting a portion of costs in the year prior to incurring them, incurring the full expenditure in the subsequent year, and recovering the remainder in a third year. Alternatively, smoothing could involve incurring the full cost upfront and recovering it rateably over subsequent years (please see the question portion of IG IR-8 for other potential structures). In these scenarios, NSPML faces periods where cash outflows and revenue inflows are misaligned, requiring the company to either carry a regulatory asset (when costs exceed recovery) or a regulatory liability (when recovery precedes costs).

These timing differences must be funded through NSPML's capital structure, creating pressure on either the debt and/or equity components.

Unlike NS Power, which operates with 40% equity, investment-grade borrowing capacity, and the ability to pledge assets as security for new debt, NSPML operates under a capped, thin equity structure with subordinated, unsecured borrowing capacity as described in part (a) above. When smoothing requires additional cash flow, it requires an injection of debt and equity to maintain the 30/70 ratio. Timing differences in such injections could complicate efforts to meet the FLG’s debt service coverage or leverage covenants and/or maintain the 70/30 debt to equity ratio. As referenced in SBA IR-5(c), NSPML’s loan facilities have certain limits, such as minimum withdrawal and deposit limits, that could impact timing of debt balancing contributions.

Again, NSPML does not anticipate this as creating a high risk or having an overly material impact. However, NSPML notes that such flexibility would not be required if costs are recovered through NS Power's established FAM as discussed in (b) above, which would avoid the timing mismatch entirely and at a lower cost to customers.

August 7, 2026

NSP Maritime Link Inc.
1223 Lower Water St.
Halifax, NS
B3J 3S8

Re: An overview of consideration for financing for NSP Maritime Link Inc. ("NSPML")

To whom it may concern,

As requested, we are providing an overview for consideration and indicative spread estimate for short-term financing for NSP Maritime Link Inc. ("NSPML"), an unrated public utility. NSPML's existing unsecured, short-term financing is contractually subordinated to approximately $1.6 billion of Government of Canada-guaranteed bonds. Any new unsecured, short-term financing is assumed to be structured on the same basis. Given this unsecured and subordinated structure, today's indicative pricing would be expected to fall in the range of CORRA + CSA + 170 bps to 220 bps as compared to an unsecured, unsubordinated financing structure for a BBB- public utility whose price would fall within the range of CORRA + CSA + 145bps-170bps. The spread would generally step up as tenor increases, consistent with incremental risk and cost of extending financing over a longer period.

In assessing pricing for short term financing, a bank would consider NSPML's regulated utility profile, the strategic importance of the Maritime Link to Nova Scotia Power ("NSP"), and its relationship with NSP and Emera. These factors are supportive; however, the primary pricing considerations are (i) the facility's subordinated ranking behind the existing federally guaranteed bonds ("FLG"); and (ii) NSPML's highly leveraged capital structure, which is above what would typically be expected for a public utility and impacts a bank's assessment of creditor protection and recovery expectations. Regulation and equity support may provide additional comfort, but they do not remove the importance of creditor priority and structural subordination.

In this context, the pricing differential is not intended to reflect a negative view of NSPML's regulated utility status or the importance of the Maritime Link. Rather, it reflects the relative position of the proposed facility in the capital structure. A subordinated lender has lower priority than the senior guaranteed bondholders and therefore faces a different risk and recovery profile, which is reflected in the indicative spread.

Best regards,

For reference:

CORRA *means the Canadian Overnight Repo Rate Average administered and published by the Bank of Canada.*

CSA *means the Credit Spread Adjustment, equal to 0.29547% for a one-month CORRA tenor and 0.32138% for a threemonth CORRA tenor.*

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Request IR-10:

Reference: **Section 2.2.5, Insurance (p. 13).**

Preamble: **Insurance costs are forecast to decrease from $4.5 million (approved 2026) to $4.3 million in 2027 and $4.2 million in 2028.**

(a) **Please provide the insurance cost forecast by coverage type (e.g., property, liability, business interruption, marine, etc.) for 2027 and 2028.**

(b) **Please explain what drove the decrease in premiums compared to the approved 2026 amount and confirm whether these estimates reflect actual renewal terms or broker projections.**

(c) **Please confirm whether the Cable Protection Project, once complete, will affect NSPML's insurance structure or premium levels, and if so, how this has been reflected in the 2027 and 2028 forecasts.**

Response IR-10:

a)

Policies	2027 Budget	2028 Budget
Financial and Professional lines	$30,463	$31,211
Broker and other fees	$33,675	$33,859
Liability policies	$254,484	$270,347
Property policies	$3,987,031	$3,872,628
Total	$4,305,654	$4,208,045

b) The decrease is mainly driven by an expected decrease in the property premium due to favourable property market conditions. These estimates reflect broker projections.

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c) The Cable Protection Project will not affect NSPML's insurance structure. NSPML's insurers are aware of the project and, in determining premiums, expect NSPML to demonstrate appropriate risk management and diligence in managing its asset so that foreseeable or preventable insurance claims are avoided. As with any insured entity, the incidence of insurance claims over time would increase insurance premiums.

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Request IR-11:

Reference: Section 2.3.1, Depreciation — Depreciation Study Update (p. 14).

Preamble: The Application states that NSPML commits to undertaking and filing an updated depreciation study within six months of completion of the Cable Protection Project (expected Q3 2026), and subject to review as determined by the Board.

(a) Please confirm whether the Cable Protection Project is on track for completion by Q3 2026. If not, what is the updated completion date?

(b) Does NSPML propose a process for review of the updated depreciation study in advance of the next assessment application? If so, please describe the process, including a proposed timeline.

Response IR-11:

a) The rock installation work at site occurred in August 2026 and the project is substantially complete. Project completion still requires a number of steps including delivery of as-built drawings and contract close-out, which are expected to be finalized in Q4.

b) NSPML has committed to file an updated depreciation study when the cable protection project is complete and understands the NSEB will determine the process, if any, related to that filing.

REDACTED

Request IR-12:

Reference: Section 2.3.2, Sustaining Capital — Station Control Monitoring System (SCM) (pp. 14–15, 24).

Preamble: The Application includes $[redacted] in 2028 for SCM depreciation based on an original OEM quote of $[redacted], but states that NSPML will file a separate capital application for full project approval.

(a) **When does NSPML anticipate filing the separate capital application for the SCM upgrade? Will it be filed in sufficient time to be reviewed before the SCM work is planned to commence during the September 2028 outage?**

(b) **Please provide the original OEM quote of $[redacted] referenced in the Application (or a confidential version), along with the date of that quote and any subsequent revisions to scope or pricing.**

(c) **Please explain why only Q4 2028 depreciation ($[redacted]) is included in this Application rather than a full-year amount and confirm the assumptions regarding the expected in-service date of the SCM upgrade.**

Response IR-12:

a) NSPML will file the capital application when it has secured the key supply contract for the project scope of work. For a September 2028 installation, the OEM has presently advised a [redacted].

REDACTED

NSPML currently anticipates a filing date by Q3 2027, subject to potential, unforeseen issues that may impact that date, with approval timelines to be determined by the NSEB.

b) Budgetary pricing received from the OEM on October 7, 2025, by email is provided in Confidential Attachment 1. Please note that the total project costs would be higher than the OEM contract for this work due to the various other costs beyond the OEM scope, for example, internal and external labour.

c) The forecasted in-service date of the SCM upgrade is currently September 2028, therefore only a quarter of a year depreciation has been included.

IG IR-12 Attachment 1
has been removed due to confidentiality

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Request IR-13:

Reference: Section 2.3.3, Capital Depreciation (p. 15).

The Application seeks recovery of $57.7 million in depreciation in 2027 and $58.1 million in 2028.

(a) **Please reconcile the depreciation amounts in Table 1 and the Rate Base Continuity Schedule (Confidential Attachment 2), consistent with the reconciliation provided in response to N-7, M12394, NSPML (IG) IR-09 t.**

(b) **Please confirm whether any close-out matters remaining from the Final Project Costs Decision (M10206) have been resolved since the 2026 Assessment Application. For any still outstanding, please provide the same particulars and timing information previously provided in response to IG IR-10 in M12394, the 2026 Assessment.**

(c) **The Rate Base Continuity Schedule (Attachment 2) shows deferral and amortization of marine survey costs in certain years. Please confirm whether the 2027 Placeholder Marine Survey cost, and ultimately the Contracted Marine Survey cost, will be treated as an O&M expense (not capitalized) and explain qualitatively and quantitatively what, if any, impact that treatment has on the rate base continuity schedule.**

Response IR-13:

a) Please see table below:

Rate Base Continuity Schedule (millions)	2027	2028
Original ML Project - Depreciation & Amortization	57.9	57.9
Sustaining Capital - Depreciation & Amortization	1.3	1.6
Application Total	59.2	59.5
Application Table 1	**2027**	**2028**
Depreciation	57.7	58.1
Amortization of deferred financing charges	1.5	1.4
Total Depreciation and Amortization	59.2	59.5
Variance	-	-

b) There has been no change to the close-out matters referenced in the 2026 Assessment. As stated in IG IR-10 in the 2026 Assessment (M12394), the details of these matters are as follows:

Land Expropriation:

In Nova Scotia, there are 54 parcels of land that were provided to the NS Government in January 2021. NSPML has been working with Government to answer questions or provide information in response to any queries they have had since that time. The requested expropriation required Order-in-Council approval; 47 parcels have received this approval. NSPML understands that all documentation has been provided for the remaining 7 parcels since May 2025, and NSPML continues to check-in with Government to request that these move forward to finalize. Once Order-in Council is approved, NSMPL will proceed with the registration of same to complete the expropriation process.

In NL, an expropriation panel was originally set to manage the expropriations. NSPML has provided all documentation to the NL panel as far back as 2016 and then resubmitted all documentation as requested in mid-2024**;** unfortunately, since that time, the panel has been

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disbanded. NSPML has been prompting the NL Government to re-establish the panel or determine an alternative path to resolution.

Claims:

There are two outstanding land claims; NSPML is working with external counsel to resolve these.

In total, the outstanding project costs are expected to be no more than $6 million, on a total approved Project cost of $1.752 million (approximately .3% of the approved starting rate base).

NSPML provided these updates in the quarterly report filed on April 15, 2026, with updates provided in the quarterly report filed on July 6, 2026.

c) Confirmed. The estimated marine survey cost was included as an O&M expense and not capitalized in the 2027 and 2028 Assessment. The treatment of the survey as an O&M expense would have no impact on the rate base continuity schedule.

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Request IR-14:

Reference: Section 2.4.1, Annual Net Interest Costs (pp. 16-17).

Preamble: The Application states that NSPML has committed to a term unsecured revolving credit facility for up to $25 million, in addition to an uncommitted accordion of $10 million.

(a) **Please explain the significance of the "committed" credit facility and "uncommitted accordion".**

(b) **NSPML states that the FLG and FLG2 presently limit additional borrowings by NSPML to $10 million. Please explain whether any waivers or amendments to the FLGs are required, and if so, have been sought and/or secured**

(c) **Please explain what specific steps will be taken by NSPML to "appropriately expand its borrowing capabilities".**

(d) **Please confirm the amount of the credit facility that NSPML has drawn, or expects to draw, in 2027 and 2028, and provide the assumed interest rate used to forecast interest on sustaining capital debt.**

Response IR-14:

a) A committed credit facility is a lending arrangement where the lender has the contractual obligation to provide funds up to a specified amount, in NSPML's case, the funding available is $25M. An uncommitted accordion ($10M for NSPML) allows NSPML to request an increase in the size of the credit facility above the original committed amount, as the increase has already been approved by NSPML's Board of Directors. When it is uncommitted, the lenders are not obligated to provide the increase.

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b) For clarification, the original FLG and FLG2 text limits additional debt in terms of establishing an operating line of credit to $10,000,000. There is no limit on additional debt for post commissioning O&M costs that are necessary to sustain the Project in proper operating condition.

To ensure flexibility with respect to the $35 million in borrowing ability as set out in (a) above, ($25 million committed, $10 million uncommitted) NSPML requested an amendment to the FLG to increase the operating line of credit borrowing limit to $35 million.

c) The immediate focus of NSPML was to secure financing for near term sustaining capital, which closed in May 2026 ($35 million, consisting of $25 million committed, $10 million uncommitted). While the specific next steps to expand borrowing capabilities have not been set, NSPML has begun engagement with the relevant stakeholders.

d) NSPML has secured a short-term borrowing facility as discussed above ($35 million, consisting of $25 million committed, $10 million uncommitted). NSPML expects to draw approximately $33 million by the end of 2028, based on the assumption that the capital costs are as forecasted. While the interest rate is variable, the current rate is approximately 4.01%, which is the rate used for purposes of the 2027 and 2028 Application.

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Request IR-15:

Reference: Section 3.0, Federal Loan Guarantee 2 (p. 20).

Preamble: The Application seeks recovery of $38.8 million in FLG2 financing costs in 2027 and $38.0 million in 2028, comprising coupon interest, principal repayments, and a Guarantee Fee.

(a) Please confirm the current outstanding principal balance of the FLG2 bonds as of the filing date of this Application.

(b) Please provide an amortization schedule for the FLG2 bonds through to maturity showing semi-annual principal and interest payments, consistent with the information previously provided in N-7 M12394, NSPML (IG) IR-14.

Response IR-15:

a) The ending principal balance on June 25, 2026 is $473,933,069.

b) Please refer to Attachment 1 for the FLG2 Amortization Schedule. Please note that the referenced IR (IG IR-14) from the 2026 Assessment process did not provide an amortization schedule, it was a request to reconcile the transfer of funds to NS Power with the primary variance between the $500 million borrowed under FLG2 and the amount transferred to NS Power being financing costs. As previously approved by the Energy Board, NS Power is responsible for payments based on the $500 million borrowed amount, plus the Guarantee Fee.

SCHEDULE 1 (FINAL)
ESTIMATED INTEREST AND PRINCIPAL BOND REPAYMENTS
COUPON RATE 4.048%

Scheduled Bond Payment Dates	Opening Principal Balance	Interest Payment	Principal Payment	Total Debt Payment	Ending Principal Balance	Guarantee Fee (0.5%)
16-Dec-24					500,000,000	
1-Jun-25	500,000,000	9,260,493	8,182,664.65	17,443,157.80	491,817,335	2,500,000
1-Dec-25	491,817,335	9,954,383	8,942,133.37	18,896,516.24	482,875,202	
1-Jun-26	482,875,202	9,773,394	8,942,133.37	18,715,527.46	473,933,069	2,414,376
1-Dec-26	473,933,069	9,592,405	8,942,133.37	18,534,538.68	464,990,935	
1-Jun-27	464,990,935	9,411,417	8,942,133.37	18,353,549.90	456,048,802	2,324,955
1-Dec-27	456,048,802	9,230,428	8,942,133.37	18,172,561.12	447,106,669	
1-Jun-28	447,106,669	9,049,439	8,942,133.37	17,991,572.34	438,164,535	2,235,533
1-Dec-28	438,164,535	8,868,450	8,942,133.37	17,810,583.56	429,222,402	
1-Jun-29	429,222,402	8,687,461	8,942,133.37	17,629,594.78	420,280,268	2,146,112
1-Dec-29	420,280,268	8,506,473	8,942,133.37	17,448,606.00	411,338,135	
1-Jun-30	411,338,135	8,325,484	8,942,133.37	17,267,617.22	402,396,002	2,056,691
1-Dec-30	402,396,002	8,144,495	8,942,133.37	17,086,628.44	393,453,868	
1-Jun-31	393,453,868	7,963,506	8,942,133.37	16,905,639.66	384,511,735	1,967,269
1-Dec-31	384,511,735	7,782,518	8,942,133.37	16,724,650.88	375,569,602	
1-Jun-32	375,569,602	7,601,529	8,942,133.37	16,543,662.11	366,627,468	1,877,848
1-Dec-32	366,627,468	7,420,540	8,942,133.37	16,362,673.33	357,685,335	
1-Jun-33	357,685,335	7,239,551	8,942,133.37	16,181,684.55	348,743,201	1,788,427
1-Dec-33	348,743,201	7,058,562	8,942,133.37	16,000,695.77	339,801,068	
1-Jun-34	339,801,068	6,877,574	8,942,133.37	15,819,706.99	330,858,935	1,699,005
1-Dec-34	330,858,935	6,696,585	8,942,133.37	15,638,718.21	321,916,801	
1-Jun-35	321,916,801	6,515,596	8,942,133.37	15,457,729.43	312,974,668	1,609,584
1-Dec-35	312,974,668	6,334,607	8,942,133.37	15,276,740.65	304,032,535	
1-Jun-36	304,032,535	6,153,618	8,942,133.37	15,095,751.87	295,090,401	1,520,163
1-Dec-36	295,090,401	5,972,630	8,942,133.37	14,914,763.09	286,148,268	
1-Jun-37	286,148,268	5,791,641	8,942,133.37	14,733,774.31	277,206,134	1,430,741
1-Dec-37	277,206,134	5,610,652	8,942,133.37	14,552,785.53	268,264,001	
1-Jun-38	268,264,001	5,429,663	8,942,133.37	14,371,796.75	259,321,868	1,341,320
1-Dec-38	259,321,868	5,248,675	8,942,133.37	14,190,807.97	250,379,734	
1-Jun-39	250,379,734	5,067,686	8,942,133.37	14,009,819.19	241,437,601	1,251,899
1-Dec-39	241,437,601	4,886,697	8,942,133.37	13,828,830.41	232,495,468	
1-Jun-40	232,495,468	4,705,708	8,942,133.37	13,647,841.63	223,553,334	1,162,477
1-Dec-40	223,553,334	4,524,719	8,942,133.37	13,466,852.86	214,611,201	
1-Jun-41	214,611,201	4,343,731	8,942,133.37	13,285,864.08	205,669,068	1,073,056
1-Dec-41	205,669,068	4,162,742	8,942,133.37	13,104,875.30	196,726,934	
1-Jun-42	196,726,934	3,981,753	8,942,133.37	12,923,886.52	187,784,801	983,635
1-Dec-42	187,784,801	3,800,764	8,942,133.37	12,742,897.74	178,842,667	
1-Jun-43	178,842,667	3,619,776	8,942,133.37	12,561,908.96	169,900,534	894,213
1-Dec-43	169,900,534	3,438,787	8,942,133.37	12,380,920.18	160,958,401	
1-Jun-44	160,958,401	3,257,798	8,942,133.37	12,199,931.40	152,016,267	804,792
1-Dec-44	152,016,267	3,076,809	8,942,133.37	12,018,942.62	143,074,134	
1-Jun-45	143,074,134	2,895,820	8,942,133.37	11,837,953.84	134,132,001	715,371
1-Dec-45	134,132,001	2,714,832	8,942,133.37	11,656,965.06	125,189,867	
1-Jun-46	125,189,867	2,533,843	8,942,133.37	11,475,976.28	116,247,734	625,949
1-Dec-46	116,247,734	2,352,854	8,942,133.37	11,294,987.50	107,305,600	
1-Jun-47	107,305,600	2,171,865	8,942,133.37	11,113,998.72	98,363,467	536,528
1-Dec-47	98,363,467	1,990,877	8,942,133.37	10,933,009.94	89,421,334	
1-Jun-48	89,421,334	1,809,888	8,942,133.37	10,752,021.16	80,479,200	447,107
1-Dec-48	80,479,200	1,628,899	8,942,133.37	10,571,032.38	71,537,067	
1-Jun-49	71,537,067	1,447,910	8,942,133.37	10,390,043.61	62,594,934	357,685
1-Dec-49	62,594,934	1,266,921	8,942,133.37	10,209,054.83	53,652,800	
1-Jun-50	53,652,800	1,085,933	8,942,133.37	10,028,066.05	44,710,667	268,264
1-Dec-50	44,710,667	904,944	8,942,133.37	9,847,077.27	35,768,533	
1-Jun-51	35,768,533	723,955	8,942,133.37	9,666,088.49	26,826,400	178,843
1-Dec-51	26,826,400	542,966	8,942,133.37	9,485,099.71	17,884,267	
1-Jun-52	17,884,267	361,978	8,942,133.37	9,304,110.93	8,942,133	89,421
1-Dec-52	8,942,133	180,989	8,942,133.37	9,123,122.15	0	

Request IR-16:

Reference: Section 5.0, Asset Management Outlook (pp. 23–26).

(a) **Please confirm the status of the LTAMP negotiations with Newfoundland and Labrador Hydro (NLH). Please update whether resolution was achieved as anticipated in 2026 (as referenced in the response to prior-year M12394, N-7, NSPML (IG) IR-20(e)) and N-8, NSPML (NSEB) IR-6, and if not, please explain the barriers and provide a revised timeline.**

(b) **Please confirm the status of the Submarine Cable Protection Project, including whether it has been completed, whether it is within budget, and the final or estimated final cost.**

Response IR-16:

a) Please refer to NSPML's Q2 Quarterly Report and the NSPML's letter to the NSEB regarding the LTAMP, dated July 31, 2026 for status updates.

As the commercial process involves more than NSPML and is material and extremely complex, the Company cannot accurately predict or guarantee the timing of a resolution; if not in 2026, it could be 2027 or beyond depending on the pathway to resolution as determined through the steps ahead. As previously conveyed, NSPML will file such resolution with the Energy Board for review and consideration.

b) Please refer to the response to IG IR-11 (a). At this time, the project is within the Energy Board approved budget. The final cost is expected to be within budget and will be filed when the project is completed. NSPML is awaiting final costing from the contractor and entities engaged by NSPML to assist in the Project and anticipates savings compared to the approved project amount.

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Request IR-17:

Reference: Section 6.0, Regulatory Review Process (pp. 27).

Preamble: NSPML agrees to refund $154,000 in 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. if a paper process is adopted.

(a) Please provide a breakdown of budgeted and actual regulatory amounts from the 2026 assessment application, including the fees billed and costs incurred as described above.

(b) Please provide a breakdown of how this $154,000 figure was forecasted, including the component costs, and clarify how a refund would be applied.

Response IR-17:

a) NSPML's regulatory budget is based upon the expected number of filings or proceedings in a given year, factoring in the anticipated complexities for each. In 2026 NSPML had an overall regulatory budget of approximately $0.9 million; which includes the NSEB annual fees plus four potential regulatory proceedings and potential other activity. For 2026, the Holdback application was expected to be the most complex with an estimated budget of $206,000, while a multi-year assessment was estimated at $154,500, with remaining potential items allocated $257,500. Budgeting for regulatory and legal matters is far from an exact science, with potential additional (or less than expected) regulatory proceedings and/or legal matters and associated complexity (and number of items) often being driven by third parties.

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There have been minimal billed or costs incurred to date in regard to the 2027/2028 Assessment Application.

b) The budget is based upon historical costs, management estimates and judgement, as with any budgeting exercise. A refund would be calculated once the matter has concluded and all invoices have been received. A reconciliation will be performed, deducting the invoiced amounts from the offered amount of $154,000, and any remaining funds would be applied as a credit to the next monthly invoice to NS Power, flowing through the FAM as a benefit to customers.