Request IR-01:

Refer to M12914, Exhibit N-1, Application by NS Maritime Link, Inc. (NSPML) for approval of its 2027 and 2028 revenue requirements and cost assessment, submitted by NSPML on June 25, 2026 (the "Application"), Section 2.2 O&M Costs, and Section 2.2.1 Maintenance & Inspections:

a) **Please provide a detailed breakdown of the major differences between the HVDC OEM converter station service agreement and the HVDC contingency support agreement.**

b) **Please confirm whether the HVDC OEM converter station service agreement has been finalized and if not, please explain why indicative pricing is sufficient to support this Application and the reasons why actual pricing might differ once finalized.**

c) **Please explain what circumstances have changed or additional information obtained that results in NSPML stating that it is "now in a position to provide a vegetation management estimate for 2027/2028 Assessment Application." (p. 8 of 28, lines 25-26).**

Response IR-01:

a) NSPML has not previously referred to a "HVDC contingency support agreement", however the HVDC OEM converter station service agreement, referred to as the "HVDC Long Term Service Agreement (LTSA)" does have some contingency related elements. The LTSA provides planned services, such as annual maintenance outage support and cyber related activities. It also provides ability for additional support to be sourced by

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NSPML if and when needed, such as the provision of spare parts and OEM labour to support the Maritime Link; these services may be planned or unplanned from year to year.

b) The existing service agreement is in place until March 2027 and renewal discussions are ongoing with the OEM. Although discussions with the OEM will continue over the course of the year, the indicative pricing provided represents the current expectations and is the best information available at this time to support the forecast prepared. Note that the actual costs under the contract will only be understood over the course of the contract as the agreement covers both planned and unplanned services.

Firm and final pricing from the OEM will not be obtained until all the technical, legal and other contractual issues are resolved. This is an expected and normal part of the commercial process.

Key reasons as to why actual pricing for the agreement might differ once finalized include:

i) Changes in the OEM's risk perception which are influenced by a host of factors affecting commercial decision making including other contractual commitments, supply chain and human resources, and regulatory and political factors.

ii) Defined scopes of work to be delivered under the contract. For instance, with respect to cyber services, the OEM's recommendations or the scope of services may evolve (for example, to align with decisions related to the Station Control Monitoring (SCM), whose components are updated as part of this annual scope).

c) Please refer to IG IR-4 (b).

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Request IR-02:

Refer to the Application, Section 2.2.3 Summary of Requested Marine Survey Cost Treatment, page 12 of 28, lines 22-30, and page 13 of 28, lines 1-2, which states:

- **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.**

a) Why does NSPML need an incentive to finalize the Contracted Marine Survey cost in a timely manner?

b) Given the joint conditions specified above for the event that Contract Marine Survey cost is higher than the Placeholder Marine Survey cost, does this mean that NSPML does <u>not</u> expect to finalize and submit an application to the Board for this cost by December 31, 2026?

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Response IR-02:

a) NSPML does not need an incentive to finalize the contract. The proposal was intended to simplify the process. Please see response to IG IR-7(a)(iii).

b) NSPML anticipates that it will be able to submit a final forecasted cost prior to December 31, 2026, but recognizes there is uncertainty when outcomes rely on arm's length parties.

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Request IR-03:

Refer to the Application, Section 2.2.4 Labour & Administration, p. 13 of 28, lines 13-16, which states:

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.

a) **What is the source or Board authorization for assuming a 3 percent annual inflationary increase cited above?**

b) **If NSPML is not able to finalize the above referenced Contract Marine Survey cost and/or the above referenced OEM and HVDC service agreements in a timely manner, should the incentive component of the labour and administration cost category in this Application be reduced to less than 3 percent?**

Response IR-03:

a) Please refer to NSEB IR-04 (c) (ii) for additional detail on inflationary assumptions.

b) The incentive referenced in section 2.2.4 is tied to “labour” costs (as in the short-term incentive component of employee remuneration) and as incentive amounts are tied to underlying base salary, it is practical to budget the incentive component the same was as the labour component is budgeted, i.e. applying an inflationary factor. Actual payout of the incentive to employees is dependent on the achievement, or not, of set Balanced Scorecard objectives for the year. Balanced Scorecard objectives have not been set for 2027 or 2028. A component of the objectives will relate to asset management, and those items will be determined at the time of Balanced Scorecard development and approval.

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Request IR-04:

Refer to the Application, Section 2.5 2027 and 2028 Equity Financing Costs, page 19 of 28, lines 16-27, which states:

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] [Footnotes in quote have been omitted but are referenced in the original text of the Application on page 19 of 28.]

a) Please provide schedules showing the above referenced ROE and cost of capital allocations and financing costs for 2027 separate from 2028 in spreadsheet format with formulas intact.

Response IR-04:

a) Please see Attachment 1 filed electronically.

REDACTED

Request IR-05:

Refer to the Application, Section 4.0 Marine Survey Cost Recovery (In Year Or Smoothed), page 21 of 28, lines 17-24, and page 22 of 28, lines 4-14:

a) **Please provide the evidence that supports NSPML's claim that its current borrowing rates are higher than NSPI's current borrowing rate and that this is due to the absence of a credit rating?**

b) **Has NSPML incurred any costs or penalties for being unable to adhere to required debt-to-equity ratios to-date? If so, please explain and provide supporting detail.**

c) **What is NSPML's estimated cost of complying with smoothing? How does this compare with the net cost increase to customers by applying the difference in NS Power's WACC and NSPML's WACC?**

Response IR-05:

a) Please refer to IG IR-09.

b) None to date.

c) The cost to NSPML to comply with a smoothing mechanism would not be material and any such costs would be additive to the expected higher financing costs of a smoothing mechanism within NSPML. Please see the responses to NSEB IR-10, IG IR-08 and IG IR-09.

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As set out in NSPML's response to IG IR-09(b), NSPML's concerns related to a mandated smoothing mechanism more so relate to potential unintended consequences than additional costs to customers. The primary area where additional costs are likely to arise are related to banking fees and those fees would depend on the requirements built into the smoothing mechanism. For example, the present borrowing terms have a minimum dollar ($[redacted]) limit on withdrawals and repayments. Altering such limitations will require updates to the lending documentation (involving some legal fees) and potentially additional banking fees related to any additional flexibility required. In any event, the differentiation in borrowing rates (which are also unlikely to be overly material) are likely to be the bigger cost to customers as compared to the potential additional banking fees.

Request IR-06:

Refer to the Application, Section 6.0 Regulatory Review Process, page 27 of 28, lines 6-20, which states:

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.

a) **Please provide a spreadsheet table showing the NSPML's regulator budget (including the work that comprises the $154,000 mentioned above) for the past three annual cost assessment applications.**

b) **Please confirm if NSPML is proposing to return funds already collected or is NSPML proposing to decrease the amount being claimed for 2027/2028?**

c) **How and under which account would NSPML track the refunded $154,000 regulatory budget amount should the Board decide not to hold an oral hearing?**

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Response IR-06:

a) NSPML's regulatory budget is based upon the expected number of filings or proceedings in a given year, while considering matter complexities, historical trends, as well as the use of management estimates and judgement. Please see table below:

Description	**2026**	**2025**	**2024**
NSEB Fees	0.3	0.2	0.2
Assessment Applications	0.2	0.2	0.7
Other expected filings or proceedings	0.4	0.4	0.3
Total	**0.9**	**0.8**	**1.2**

b/c) Please refer to IG IR-017 (b) for details on the proposed process for the potential return of funds.