

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: THE PUBLIC UTILITIES ACT

- and -

**IN THE MATTER OF: AN APPLICATION by the TOWN OF LUNENBURG ELECTRIC
UTILITY for Approval of Revisions to its Schedule of Rates, for
Electric Supply and Services (Flow Through Rate Application)**

RESPONSES TO INFORMATION REQUESTS

From: **Town of Lunenburg**
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By email: ldagley@townoflunenburg.ca

To:: Board Staff
Nova Scotia Energy Board

Responses Due: **Monday, July 20, 2026**

Copies: 1 electronic copy (PDF searchable)

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Issued at Lunenburg, Nova Scotia, this 20th day of July, 2026.

Lisa Dagley, Town of Lunenburg

IR-1 to IR-2 refer to the Data Sources Tab from Exhibit L-1(iv).

Request IR-1:

Cell E131 suggests there is an embedded FAM charge in the approved rates from the past General Rate Application (GRA), matter M12179, of 0.107¢/kwh. However, the rates approved in the 2025AA/BA matter for NS Power for the municipal class were 0.418 and 0.105, respectively, totalling 0.523¢/kwh.

In the Utility's response to Synapse's IR-10 in the GRA, the utility suggested they include 0 for the AA and 0.105¢/kwh for the BA.

- a) Please reconcile the amounts approved for the municipal rate class with what the utility is applying for in this application and the amount noted in response to IR-10. If the numbers in the Excel file require changes, please refile with the changes, and include any updated schedules and exhibits as required.

Response:

TOLEU understands this question as raising the issue that a rate change, and specifically a change of the FAM rate, which went into effect before approval of the past GRA, is not included in the "existing" cost of power computation for purposes of this flow-through application.

It is correct that the GRA was filed using rates that were in effect at the time the application was being prepared by TOLEU and was not updated during the course of the proceeding. TOLEU's response to Synapse's IR-10 transparently shows the rates that were used, included a forecast rate increase of 3% effective January 1, 2026 for part of the test year, which did not come into effect as forecast. The schedule in the Synapse IR-10 response shows the rates used, and the computation of total cost of power as \$6,325,911, based on forecast consumption for the test year.

The rate was not corrected for the compliance filing, resulting in retail rates approved by the Board in its final order based on a cost of power of \$6,325,911. The effect for the Utility is the loss of the opportunity to recover the revised FAM charges over recent months, and the Utility acknowledges that it would have been appropriate to make the correction during the GRA proceeding.

It is the Utility's position, however, that for purposes of a flow-through rate adjustment where the current retail rates were established by a GRA, the "existing" cost of power should appropriately be computed on the same basis that it was computed to establish the revenue requirement, and therefore the retail rates, approved by the Board in the GRA. To the

1 extent that the GRA approved cost of power is based on rates that include an error or a
2 forecast variance, this will affect the percentage increase needed to adjust retail rates in the
3 flow-through. In the opinion of the Utility, this approach results in cost of power being
4 properly adjusted to reflect the new wholesale rates, while the alternative of making
5 corrections to the "existing" rates will embed the errors or variances into future retail rates
6 established in the flow-through.

7 As a result, no changes have been made to the analysis in response to this IR.

8
9 **Request IR-2:**

10 The energy rate of 0.11705 in Cell I128 looks like the approved amount of 0.11600 plus the FAM
11 amount of 0.00105.

- 12 a) Should the rate in Cell I128 have included the FAM amount, or was that a mistake?
13 b) If it was a mistake, please refile the worksheet with the corrected amounts, and update
14 any worksheet or rates that flow from the correction.

15
16 **Response:**

17 0.11705 was a figure taken from a rate document prior to the Board's final Order and was not
18 intended to include any FAM amount. The appropriate amount has been verified as 0.11600 per
19 the Board's Order, and has been corrected in Cell I128 and K128.

20
21 IR-3 to IR-7 refer to the Test Year Load Forecast Tab from Exhibit L-1(iv).

22 **Request IR-3:**

23 Rows 14-19 in Column J look like actual energy consumption from 25/26 was adjusted by a growth
24 factor that was based on an average of the growth rates estimated in the GRA and actual year
25 over year growth the previous year.

- 26 a) Please confirm if this is how the growth factors were set.
27 b) Please explain why the utility took this approach to setting growth for the coming year, as
28 opposed to some other estimate?

29 **Response:**

30 (a) This is correct. The growth factor is estimated as the average of the approved forecast
31 growth rates from the GRA and the most current actual year over year growth rate.

32 (b) In submitting this forecast for purposes of a flow through application, the Utility is
33 attempting to take into account both the detailed analysis that was carried out and filed
34 with the Board in its GRA and also the actual observed changes in class loads as they

1 occurred after the GRA forecast was completed. The Utility sees only four possible
2 alternatives: (i) to use the most current actual year load without growth as a proxy for the
3 future test year; (ii) to apply the GRA approved growth rates ignoring more current data;
4 (iii) to use the most current one or two actual years' growth and ignore longer term data;
5 or (iv) to repeat and update the detailed analysis carried out for the GRA with updated
6 data to produce a new forecast. The fourth alternative, to conduct a full forecast analysis,
7 would be both costly and time-consuming, and would delay this application to recover the
8 approved changes in NSPI's rates. The Utility's understanding is that the flowthrough
9 approval process is intended to expedite rate adjustments reflecting changes in wholesale
10 cost of power. It therefore adopted this compromise approach, which could be applied
11 quickly and at reasonable cost, while reflecting the expectation of some growth over the
12 prior year.

13 **Request IR-4:**

14 The distribution line loss factor calculated in Cell C30 looks to be the average line loss over the
15 past three years and the line loss used in the GRA. The Board understands that the GRA line loss
16 factor was based on a rolling average from April 2022 to March 2024, so the line losses for
17 2023/24 would have been included in that number.

- 18 a) By using this methodology, are line losses for 2023/24 being included twice, making them
19 overrepresented in the average used?
20 b) Please explain the rationale for this methodology to estimate line losses.

21 **Response:**

- 22 a) The Utility acknowledges the reasonableness of this suggestion, but in such case
23 suggests that the GRA value, representing two years of data, should then be double
24 weighted in the calculation. This would reduce the loss forecast based on a historic
25 average from 4.63% to 4.59%, before the adjustment discussed in the response to IR-5.
26 Following the adjustment discussed in the response to IR-5, the impact of this change is
27 to reduce average line losses from 4.45% to 4.41%.

28
29 **Request IR-5:**

30 Looking at Cells C26 to C28:

- 31 a) Please explain the large increases in line losses from 2023/24 to 2024/25, and the even
32 larger increase from 2024/25 to 2025/26.
33 b) Is the increase in 2025/26 a new normal amount of line loss, or is it a one-off caused by
34 factors that are not expected to recur every year?

- i. If it is not the “new normal”, should this number be excluded when calculating the average line loss factor for this application?

Response:

On review of the results of this analysis, it was discovered that certain billing adjustments had not been included in energy consumption amounts for 2024/25 and 2025/26. On the basis of further analysis completed on a preliminary basis, adjustments have been made to energy consumptions, primarily in the domestic class. TOLEU’s current estimate is now 4.54% for 2024/25 and 5.90% for 2025/26. The Utility continues to have concerns about the 2025/26 figures specifically, but has not yet been able isolate additional causes for this high value.

On this basis, the Utility submits that the averaging approach used in the revised computations mitigates the impact of recent year data, and that an estimated line loss for purposes of this flow-through application of 4.41% is within reasonable range of values.

Please note that this change results in a change to the estimated kWh purchases for 2026/27, thereby affecting the forecast annual peak.

Request IR-6:

The split in the estimated purchased energy in 2026/27 in Cells D38 and D39 appears to be based on the timing of actual purchases in a past period, but the factor for energy from April to December does not appear to come from calculations in the Data and Sources tab, cell D71 (67% vs the calculated 66.42%).

- a) Is the 67% used in the formula the calculated 66.42% rounded to 67%, or did this number come from somewhere else?
- b) If the 67% came from somewhere else, please explain how it was developed.

Response:

It is correct that the approach used was to estimate this factor based on actual purchases in prior periods. Reflecting the fact that relative energy use in each month varies from year to year, TOLEU has used an average of the three most recent actual years of data. For 23-24, the amount is calculated at D36 as 68.06%. For 24-25, the amount is calculated at D71 as 66.42%. For 25-26, the amount is calculated at D97 at 66.67%. A calculation of the average of these values has been added at cell C120 of the Data and Sources sheet, and provides the value 67.02%. In the interest of transparency in the computations, the referenced calculation has been updated to reference Cell 120, rather than an input value. Impact is not significant.

Request IR-7:

Regarding the reduced demand shown in Cell C38 relative to C37, please explain why the historical number is more appropriate than the January 2026 number.

Response:

The forecast demand at Cell C38 is computed by applying the load factor in the historic year to the forecast energy purchases. In the absence of other analysis, this was considered to be a reasonable approach.

Request IR-8:

Referring to the Retail Rates 2026 Tab:

In column O, Rows 51-76, the GRA Billing Determinants from column T were scaled for growth. This scaling appears to have used the energy growth rates calculated in the Test Year Load Forecast tab (this also seems to be the case for the 2027 rates).

- a) Please explain the reasonableness of the assumption that demand and the number of customers change at the same rate as energy consumption, as is shown in the application.

Response:

- a) The Utility understands that year over year and over a longer term, consumption per customer and individual load factors change due to many factors. The Utility has not conducted any study to analyze such changes. For purposes of the GRA, recent historic billing data were used to estimate customer load factors and a forecast was made of growth in number of customers that took account of known development in the community as well as long term trends. In the interest of time and controlling costs in completing this application, the GRA test year forecast data was adopted as representative of the relationship of billing determinants in each customer class for computation of revenues from the existing and proposed rates. TOLEU considers it reasonable that such factors developed in the course of a GRA be considered valid for a few years, and will re-examine these relationships in its next GRA, which it anticipates filing within a year.

Request IR-9:

Referring to the Retail Rates 2027 Tab, the calculation of the rates seems to be using the same billing determinants as 2026, so it does not appear that growth was taken into account for projecting the revenue for 2027, yet it appears to have taken into account year over year changes in determining the cost of the power increase in 2027 (Data and Sources tab, Cells K122-K417 and L122 to L147)

- 1 a) Please confirm if year-over-year changes in consumption, demand and customer charges
2 were not considered on the revenue side.
3 i. If this is the case, please explain why not.
4 b) If it should have considered the revenue side of the equation, please update and refile all
5 affected tabs, exhibits, and schedules, taking this into account.
6

7 **Response:**

- 8 a) Yes, in adjusting to a calendar 2027 year for the January 2027 approved municipal rate,
9 the same adjustment applicable to wholesale power should have been applied to retail
10 sales. To do so, a 2027 calendar class kWh forecast has been computed in tab Test Year
11 Load Forecast, column M cells M14 to M19, by adding the same increment used for
12 wholesale purchases to each class. While the Utility understands that the weighting of
13 consumption of different classes over the months of a year will be different, in view of the
14 differences in billing period between purchases and sales and the cycle billing process, it
15 is complex to calendarize retail consumption. TOLEU has therefore made this simplifying
16 assumption.

17 **Request IR-10:**

- 18 b) Please confirm the billing cycle dates.
19 c) If the decision on this application is made later this month and effective on July 1, 2026,
20 will the utility have issued bills since July 1, with usage that went past July 1, 2026, and
21 therefore have to retroactively adjust them?
22

23 **Response:**

24 The billing cycle is monthly, with consumption from the 15th of one month to 15th of the
25 following month, billed at the end of every month. When rates are approved effective the
26 first of a month, ½ of the increase is applied in the first billing period after the effective
27 date. There have been no bills issued for July 1 forward consumption yet as they will be
28 issued at the end of July.
29
30