TOWN of LUNENBURG
A World Heritage Site

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RECREATION
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July 20, 2026

Crystal Henwood
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
PO Box 1692, Unit "M"
Halifax, NS B3J 3S3

Dear Crystal Henwood:

Re: M12943 - Town of Lunenburg Electric Utility

Attached please find responses to the Board's IRs 1-10. As required, TOLEU has edited its analysis schedule and proposed Rate Schedules for all changes that in the Utility's submission were required by the responses. The following methodology description has been updated to reflect the results of those changes.

The attached schedules for Rates Effective immediately and for Rates Effective January 1, 2027 reflect rounding to three decimal places due to constraints of the Utility's billing software.

On the basis of Municipal rates now effective and a forecast of loads for its 2026/27 financial year, all as refined to reflect responses to the Board's IRs in this Matter, TOLEU computes the additional revenue required on an annualized basis at **$142,512.** The increase is comprised of

- increases in NSPI's demand and energy charges of **4.94%,** to be recovered by TOLEU in retail rates through an increase in its demand and energy rate components of **3.890% and**
- adjustments to the DSM and FAM charges. These are a relative decrease as compared with rates previously in effect. For these, TOLEU computes that an adjustment of **0.388**cents applied to all kWh of its retail customers should apply.

Overall, the weighted average rate increases to TOLEU's retail customers reflecting the immediate cost of power increase is computed as **1.77%.** The percentage impacts to each class vary slightly due to rate design.

To compute rate adjustments reflecting the Board approved NSPI rates to become effective January 1, 2027, TOLEU adjusted its load forecast to reflect a 2027 calendar year. The utility computes that, assuming Board approval to remove the cap on its general service class rates approved in M12179 prior to January 1, 2027, and no changes in DSM or FAM charges at that time, the increase in its wholesale cost of power would be a further **$185,151** or **2.90%.** The required rate increase to the demand and energy components of retail rates would be 2.289**%.** The proposed rate change results in a weighted average rate increase across all customer classes of 2.10%. The rate impact varies slightly among classes due to rate design.

Methodology

1. Cost of power at existing rates was computed by applying the NSPI forecast rates included in TOLEU's GRA M12179 to forecast purchases. As TOLEU's Test Year for this GRA of 2025/26 included an expected NSPI rate increase effective January 1, 2026, cost of power at existing rates splits the load into periods of April to December and January to March, and applies rates accordingly.

2. For 2026/27 Forecast loads, revised forecasts for the load of each class were estimated based on review of the forecast submitted in the GRA and more recent actual results. The revised figures reflect continuing growth in the domestic (standard) class, a loss of 3 customers in the Time of Day group, and reduced loads in the Small General and General classes as compared with the Utility's expectation two years ago. The number of customers has declined in the Small General Service class. Load for Street and Yard Lighting was forecast as unchanged. Overall growth as compared to the previously forecast (GRA) Test Year of 2025/26 is forecast at 0.9%. This percentage was applied to loads in the months of April to December to provide a forecast for calendar year 2027.

3. Based on these assumptions, kWh sales for 2026/27 were computed at a total of **41,049,477 kWh**, and for Calendar 2027, at **41,304,629 kWh**.
4. To forecast kWh purchases, the sales figure was increased by **4.41%** to adjust for system losses. This is the average of recent years.

5. For the forecast 2026/27 wholesale billing demand, the peak established in January 2026 was used. For calendar 2027, a historic load factor was applied.
6. No allocation to supply sources was required, as TOLEU purchases 100% of its supply from NSPI.

7. Cost of Power was computed for the 2026/27 forecast purchases, by applying the rates approved by the Board for NSPI Municipal customers effective April 30, 2026 to 12 months of consumption.

   The difference between this cost and the cost of power computed as noted in paragraph 1 above was then computed at **$142.512.** As the forecast loads are the same in both computations, this differential is entirely due to unit prices.
8. For metered load classes, revenues at forecast sales and current rates were computed by applying the existing rates to the billing determinants, as computed by applying the percentage changes in load for each class to the billing determinants filed with the GRA.

9. Zero growth was assumed for street lighting and yard lighting. Since the rates as approved consist entirely of variable kWh, the percentage increase in demand and energy charges and the per kWh DSM and FAM amounts are applied in full.

10. On May 29, 2025 TOLEU communicated to the Board its intention to remove the rate cap approved in M12179, This has been posted as Exhibit L-1 for M12885. TOLEU is concerned that computing the application of this flow through increase to the existing rates might result in an inappropriate allocation, since the rate cap applies to the general service classes only. Removal of the rate cap will change the relative contributions of classes to the total revenue requirement. As a result, computation of the new rates for 2026 has been adjusted as follows:

    a. First, existing rates have been adjusted to reflect removal of the rate cap where it applies.
    b. The percentage increase in cost of power has then been applied to demand and energy charges, and a per kWh adjustment for DSM and FAM is applied to all kWh charges.
    c. The adjustment for the rate cap, where applicable, is then removed to calculate rates adjusted for the flow through amounts, with the rate cap still in effect.
    d. This computation has the effect of computing the rates which TOLEU will request in its application to remove the cap, and which will then already incorporate the flow through amounts.

For 2027 rates reflecting the January 1, 2027 Municipal Rate increases, the existing (pre flow through) amounts are assumed to reflect previous removal of the rate cap.

11. These computations are included in the attachment to produce proposed rates for all customer classes including Time of Day. For those rates, 2x the Domestic balance block rate will apply to peak hours, 1x the Domestic balance block rate will apply to mid-peak hours, and the NSPI Municipal energy rate of 11.600 cents per kWh for 2026, adjusted for losses of 4.0%, will apply to off-peak consumption. For 2027, the NSPI energy rate of 11.744 cents per kWh, adjusted for losses of 4.0%, will apply.

Yours truly,

Lisa Dagley, CPA, CGA
Finance Director

Encls.

Cc:
Paul Nopper, CAO
Paula Zarnett, BDR North America Inc.