Nova Scotia
Energy Board

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July 9, 2026

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Christopher Smith
Executive Vice President, Finance, Legal & Regulatory
PO Box 910
Halifax, NS B3J 2W5

Dear Mr. Smith:

M12954 – Review of Nova Scotia Power Incorporated Treatment of Variance Accounts

On November 9, 2022, the Government of Nova Scotia amended the *Public Utilities Act*, SNS 2022, c 52, specifically s. 64 AB regarding the application and treatment of interest by Nova Scotia Power Incorporated on the Fuel Adjustment Mechanism and any other regulatory deferral.

On December 23, 2024, the Nova Scotia Utility and Review Board decided in matter M11912 it would establish a generic proceeding to address and consider issues arising from the application of s. 64AB of the *Public Utilities Act* to deferral and variance accounts and establish a formal rule for the assessment of interest.

On April 1, 2025, on proclamation of the *Energy and Regulatory Boards Act*, SNS 2024, c 2, Sch A, the Nova Scotia Energy Board succeeded the Nova Scotia Utility and Review Board for all matters relating to the regulation of electric utilities under the *Public Utilities Act*.

This will advise that the Nova Scotia Energy Board is initiating this generic proceeding. London Economics International (LEI) has been retained to independently review the current treatment of interest rates applied to NS Power's variance and deferral accounts and to analyse the potential of alternative approaches. The Board has formally opened this matter on its docket, under the matter number noted in the subject line. The Board Members assigned to this matter are: Stephen T. McGrath, K.C., Chair; Roland A. Deveau, K.C., Vice Chair; and Steven M. Murphy, MBA, P.Eng., Member.

Draft Terms of Reference for this review are included with this letter for review and comment by NS Power and other parties who may intervene in the proceeding. Once the Board has reviewed these comments, it will finalise the Terms of Reference and LEI will begin its work.

As noted in the draft Terms of Reference, LEI will file a report with the Board for a public review. The Board anticipates this will occur by November 2026. The Board will issue a formal hearing order once the report is filed, setting a timeline for formal steps leading to a public hearing. This will provide NS Power with an opportunity to respond to the report and any recommendations for the treatment of NS Power's variance accounts. It will also outline procedural steps allowing other parties to seek additional information and provide input into any decision the Board may make about the treatment of NS Power's deferral and variance accounts.

The Board expects NS Power's full cooperation during this review. The Board directs NS Power to respond to data and documentation requests from LEI.

The timeline for the initial steps in this proceeding are as follows:

Notices of Intervention	**July 30, 2026**
Comments on draft Terms of Reference from NS Power and Intervenors	**July 30, 2026**

Yours very truly,

Crystal Henwood

Crystal Henwood
Clerk of the Board

c. William L. Mahody, K.C., Board Counsel
London Economics International
Interested Parties