STEWART McKELVEY
LAWYERS • AVOCATS

Queen's Marque, 600-1741 Lower Water Street, P.O. Box 997
Halifax NS B3J 2X2 Canada tel: 902.420.3200 fax: 902.420.1417 stewartmckelvey.com

File No: SM002557-00287

Nancy G. Rubin, K.C.
Direct Dial: 902.420-3337
nrubin@stewartmckelvey.com

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Delivered by E-mail

Crystal Henwood
Regulatory Affairs Officer/Clerk
Nova Scotia Energy Board
3rd Floor, 1601 Lower Water Street
PO Box 1692, Unit "M"
Halifax NS B3J 3S3

Dear Ms. Henwood:

Re: M12954 - Review of NSPI Treatment of Variance Accounts

These comments are submitted on behalf of the Industrial Group in response to the Board's July 9, 2026, invitation for comments on the Draft Terms of Reference ("**TOR**") for the review of interest rate treatment associated with NSPI's variance and deferral accounts. The numbers correspond to the TOR.

STEP 4 – ANALYZE OPTIONAL INTEREST RATE TREATMENT FOR DEFERRAL AND VARIANCE ACCOUNT BALANCES

Given that s. 64AB establishes a default interest rate methodology while preserving the Board's discretion to direct otherwise, the Industrial Group suggests that Step 4 should expressly include consideration of the factors relevant to the Board's exercise of that discretion. Such analysis could include consideration of the nature and purpose of the various deferral and variance accounts, approaches adopted in other Canadian and comparable North American jurisdictions, the implications of applying a common versus account-specific methodology, and the impacts of alternative approaches on customers and shareholders.

In addition, the accounts identified in the Draft TOR, including the Fuel Adjustment Mechanism, DSM balances, Storm Cost Recovery Rider balances, the Securitization Deferral Account, and the Decarbonization Deferral Account, serve different purposes and arise in different circumstances. Accordingly, if not already contemplated in the draft TOR, it would be useful for LEI to consider whether a single approach is appropriate for all account types or whether the characteristics of a particular account may support different treatment.

STEP 5 – LEI INDEPENDENT REPORT

Step 5 contemplates LEI reporting on the interest rate treatment of the accounts under review and potential future NSPI deferral and variance accounts. If not already contemplated within the proposed scope of work, as a mirror of the recommended analysis done under Step 4, we suggest that LEI identify in its report the factors or considerations that may be relevant when assessing the appropriate interest treatment for future variance and deferral accounts. Doing so would assist the Board and parties in future proceedings, while preserving the Board's discretion under s. 64AB.

Yours truly,

Nancy G. Rubin

NGR/lmc