Crystal Henwood
Clerk of the Board
Nova Scotia Energy Board

August 10th, 2026

Dear Ms. Henwood:

London Economics International ("LEI") has reviewed NS Power and the interested parties' comments regarding the draft Terms of Reference ("ToR") for a review of NS Power's variance accounts. The table below summarizes LEI's views on the filed comments.

Entity	Relevant extracts from intervenor comments	LEI's view
Industrial Group ("IG") – filed on July 21st, 2026	**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.	LEI considers this to be within the scope of the ToR. This analysis and related findings will be part of the LEI report.
	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.	LEI considers this to be within the scope of the ToR. While LEI will comment on relevant principles that the

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	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.	Board could consider when assessing potential interest rate treatment for future deferral and variance accounts ("DVAs"), LEI would not want to opine on specific treatment associated with any future DVA(s).
Small Business Advocate ("SBA") – filed on July 27th, 2026	One addition in relation to Step 5: LEI to prepare and file and independent report. We would propose that the following be added to that step: *This shall include documentation of the various accounts and balances that are shared across or updated by the many matter numbers referenced in the Background section of the TOR so that stakeholders can follow LEI's findings related to interest rate treatment and potential future deferral and variance accounts.* It is submitted that this addition clarifies LEI's deliverables and ensures that the Board and stakeholders receive the information they require to understand LEI' s ultimate conclusion and recommendations.	LEI considers this to be within the scope of the ToR. In its report, LEI will clearly present the relevant analysis for each of the five DVAs, including the matter numbers referenced in the Background section of the ToR. This would allow the reader to clearly follow LEI's findings. With regards to potential future DVAs, as noted in the response to IG comments, while LEI will comment on relevant principles that the Board could consider when assessing potential interest rate treatment for future DVAs, LEI would not want to opine on specific treatment associated with any future DVA(s).
Consumer Advocate ("CA") – filed on July 30th, 2026	Step 2 - it would be helpful if LEI could comment on whether it has observed instances where Nova Scotia Power sought interest rate treatment that appeared to be inconsistent with the requirements of the applicable legislation.	LEI considers this to be within the scope of the ToR. The LEI report will comment on NS Power's interest rate treatment sought for the cited DVAs, vis-à-vis the applicable legislation.
	Step 4-in addition to the topics identified for review, LEI should provide an overview of the current practice in other Canadian jurisdictions as well as the principles applied to inform that practice.	LEI considers this to be within the scope of the ToR. In its report, LEI will provide a jurisdictional scan for treatment observed in similar DVAs for

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		select North American jurisdictions.
	LEI should also review different calculation methods (such as monthly or/ annually-based on a mid-year balance) in addition to different rate treatment options.	LEI considers this to be within the scope of the ToR. LEI will analyze multiple calculation methods / interest rate periods.
NS Power – filed on July 30th, 2026	NS Power notes that the ToR document title is *Interest Rate Treatment,* which may imply that the deferral and variance accounts are only being financed through debt. For clarity, NS Power suggests that the title be revised to *Cost of Financing Treatment* to recognize that its deferral accounts are financed through sources other than debt alone.	LEI does not have an issue with replacing 'Interest Rate Treatment' with 'Cost of Financing Treatment'.
	The following comments from NS Power relate to Step 4**:** *Analyze optional interest rate treatment for deferral and variance account balances: in addition to reviewing NS Power's information/responses provided following Step 3, LEI will independently analyze alternative interest rate treatment options, including the default interest rate under s. 64AB (i.e., the Bank of Canada policy interest rate plus 1.75%, simple interest), WACC, interest rate periods and any other treatment options.* In NS Power's respectful submission, during that review, each alternative must consider the regulatory compact that provides NS Power with the opportunity to recover all prudently incurred costs and the resulting impact on ratepayers.	LEI considers this to be within the scope of the ToR. The LEI report will consider the regulatory compact in its analysis. To be clear, while the LEI report will provide analysis associated with alternative cost of financing treatment for the DVA account balances, a comprehensive rate impact study/analysis is not envisioned to be part of the LEI report.
	With respect to the regulatory process set out in Steps 6 through 12, NS Power respectfully submits that it should be provided with the opportunity to provide final submissions/rebuttal and that right ought not be afforded to LEI.	LEI believes it should be afforded the right to file a rebuttal, if necessary. This enables LEI to comment on submissions filed by all intervenors, allowing for the docket to be complete / comprehensive.
	In addition, NS Power submits that this matter should be set as a paper hearing, with the option to convert to an oral hearing and that a default oral hearing (even if termed as optional) is not appropriate.	LEI would defer this decision to the Board's judgement.