

October 19, 2026

Dear Parties:

M13133 - Application for Financing Order authorizing the securitization of \$1 billion in costs, collected through a Securitization Cost Recovery Rider

This is further to the Industrial Group's letter dated October 16, 2026, requesting direction about procedural matters relating to this proceeding and the Hearing Order issued on October 13, 2026. The Consumer Advocate and the Small Business Advocate sought similar clarification in letters filed on the same date. Further, NS Power also filed a letter on October 16, 2026, addressing the Industrial Group's letter.

The Board panel considering this matter is comprised of Roland A. Deveau, K.C., Vice Chair; Richard J. Melanson, LL.B, Member; and Darlene Willcott, LL.B, Member.

The Industrial Group's letter canvassed three issues, as follows:

Two-step process

The Industrial Group noted NS Power's intent to proceed with this matter in two steps:

...first, an initial decision on the Financing Order, with a rider approved on an interim basis effective January 1, 2027 with the initial interim Securitized Surcharge confirmed after the final Bond terms are established; and second, a further process to determine certain matters on a final basis, including the cost-of-service treatment of the "buckets" of securitized costs and their allocation among customer classes.

The IG notes that this approach appears consistent with the structure contemplated by the Financing Orders and Securitized Bonds Regulations, which contemplate that the Board may grant interim approval of the allocation of securitized surcharges among customer classes pending final approval, while retaining the ability to approve a different allocation for implementation by the electric utility.

[IG Letter, October 16, 2026, p. 1]

The Industrial Group requested clarification about which matters will be determined under the Hearing Order's procedural schedule and which will be deferred to the second phase (a separate cost allocation proceeding). Ms. Rubin asks for clarification about two specific issues, and whether they are in scope for the present proceeding:

- whether the full \$1 billion is indeed required, or whether a lesser value is appropriate; and

- whether each of the “buckets” intended to be securitized as the basis for the financing are appropriate, whether some proposed should be excluded from securitization, and whether other items should be included.

While the scope of this proceeding must fall within the Board’s jurisdiction under the *Financing Order and Securitized Bonds Regulations*, its understanding is consistent with that of NS Power, i.e., the only element of a Financing Order that may be approved on an interim basis is the proposed manner of allocating securitized surcharges between customer classes (see sections 4(1)(a)(ii) and 5(1)(h) and (j) of the *Regulations*). Thus, the Board considers all issues under the *Regulations* to be in scope in this proceeding, including the proposed allocation of costs between customer classes. That said, the Board notes p. 37 of NS Power’s application contemplates the true-up of the Securitization Rider at the conclusion of a regulatory process to determine the appropriate final cost of service treatment (i.e., allocation) of the Securitized Surcharge. The Board interprets this as requesting that the Board establish a second phase of this proceeding to deal with final cost of service issues relating to allocation of costs between the customer classes. However, the Board must still decide the interim cost allocation issues in the first phase of the proceeding.

The allocation issues in both the first and second proceedings would conceivably include not only the allocation of a “global Securitized Surcharge amount”, but also the allocation of costs within each of the “buckets” comprising the Securitized Costs. Subject to the parties’ submissions, the Board proposes to confirm a process in the Financing Order (if the application is approved) to conduct the second “allocation” phase. Further, the Board sees s. 5(1)(i) of the *Regulations* as allowing cost allocation matters to be addressed in the future “from time to time in accordance with the financing documents”.

With respect to the Industrial Group’s inquiry about the \$1 billion total amount proposed to be securitized, whether each of the “buckets” (i.e., the different categories set out in Figure 1 of the application) are appropriate and whether the amounts in each of the “buckets” will be considered in the present proceeding, the Board sees these issues as being within the scope of the first proceeding. They are issues upon which the Board must make a final decision in the Financing Order, subject to any jurisdictional submissions that the parties may wish to make on the point. These issues cannot be determined on an interim basis under the *Regulations*. For further clarity, it is understood that the “buckets” being referred to are the Securitized Costs as set out in Figure 1 of the Application.

Scope of Information Requests

The Industrial Group asked whether Information Requests (IRs) in the first part of this proceeding “must be confined to matters necessary to assess the reasonableness of the proposed Financing Order, i.e., the “buckets” and the \$1 billion total (or such lesser amount as argued by the parties) or whether they may also address such matters as the following:

- cost classification and allocation for interim or final approval;
- future approaches to re-allocation and triggers for such re-allocations (e.g., changes in load or class composition); and
- responsibility for the securitized costs for above-the-line versus below-the-line customers”

Based on the Board’s comments about the first issue above, it considers all matters to be within scope in the IRs; however, it notes that while the interim cost classification and allocation matters are within scope, any interim order in the initial phase of this matter about the allocation issues will be canvassed further in a second phase of this



proceeding, which would afford the Intervenor another opportunity to ask IRs on the final allocation issues. However, the Board is required, at least, to approve an interim allocation process in the Financing Order. Accordingly, the parties should ask any IRs they consider necessary to address the interim allocation of costs and the Securitization Rider proposed to be approved on an interim basis effective January 1, 2027.

Opportunity to file Intervenor evidence

As previously noted, the Board remains mindful that the *Regulations* provide for the issuance of the Board's Order within 60 days of the filing of the application. The timeline contained in the Hearing Order was an attempt to balance procedural fairness with the very expedited timeline. It was the Board's intent that any evidence could be submitted with written submissions, but this was not adequately communicated. However, if there is an express contemplation that Intervenor will file evidence, that should be done on the same date as evidence by the Board Counsel Consultants, with NS Power having a short window to file rebuttal evidence, followed by submissions strictly confined to argument by both Intervenor and NS Power (i.e., Intervenor having the benefit of seeing NS Power's rebuttal evidence before submissions start). The Board will issue an amended Hearing Order to reflect these changes, adding a date for the filing of rebuttal evidence by NS Power on Thursday, November 12, 2026.

Yours very truly,

Lisa Wallace

for Crystal Henwood
Clerk of the Board

c William Mahody, K.C., Board Counsel
Interested Parties Electricity Mandate

