

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: THE PUBLIC UTILITIES ACT

- and -

IN THE MATTER OF: THE FINANCING ORDERS AND SECURITIZED BONDS REGULATIONS

-and-

IN THE MATTER OF: AN APPLICATION by NOVA SCOTIA POWER INCORPORATED
for approval of a Financing Order authorizing the securitization of
\$1 billion in costs to be collected through a Securitization Cost
Recovery Rider

INFORMATION REQUESTS

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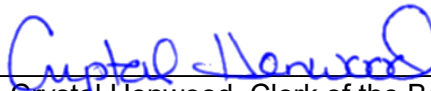
From: **Board Staff**
Nova Scotia Energy Board

Responses Due: Thursday, October 29, 2026

Copies: 1 electronic copy (PDF searchable)

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Crystal Henwood, Clerk of the Board

Request IR-1:

Please confirm, or clarify otherwise, that at a high level (rounded to exclude the financing costs), the main impacts of accounting for the transaction as applied for would be:

Debit		Securitization Regulatory Asset	\$ 1,000,000,000	
	Credit	Thermal assets		\$ 740,600,000
		FAM		\$ 214,500,000
		PHP Deferral		\$ 12,200,000
		IESO Deferral		\$ 20,200,000
		Financing Costs		\$ 12,500,000
Debit		Investment in LP	\$ 1,000,000,000	
	Credit	Securitization Regulatory Asset		\$ 1,000,000,000
Debit		Cash	\$ 1,000,000,000	
	Credit	Loan Payble to LP		\$ 1,000,000,000
Debit		Old debt	~\$600,000,000	
		Retained Earnings (or Share Capital)	~\$400,000,000	
	Credit	Cash		\$1,000,000,000

Request IR-2:

On pg. 8 of its application, NS Power stated: “While NS Power originally contemplated during the 2026-2027 GRA that the proposed securitization might require two separate bond issuances, ongoing analysis and discussions with its financial advisors indicate that sufficient market interest is expected to exist to support a single issuance for the full amount proposed in this Application”.

[Emphasis added]

- a) What ongoing analysis was taking place and how did this analysis inform NS Power’s view that market interest is expected to support the full amount requested in the application?
- b) What information or advice did NS Power receive from its financial advisors that supported this conclusion?
- c) What happens if the full amount is not taken up in the one issuance?
- d) Please confirm that under s. 3(1) of the *Securitization Regulations*, NS Power is entitled to only one Financing Order outstanding at any time.
- e) In terms of the statement that “sufficient market interest is expected to exist to support a single issuance for the full amount proposed in this Application”, does this mean that a minimum amount of \$1 billion is required to attract “sufficient market interest”?

- 1 f) Is it NS Power's position that a bond issuance of less than \$1 billion would not attract
2 "sufficient market interest"? If not, what amount would no longer attract "sufficient market
3 interest"?
- 4 g) Please explain specifically why a bond issuance of \$1 billion will better attract market
5 interest than a lesser amount.
- 6 h) In terms of attracting "sufficient market interest", please explain the expected benefits of
7 a \$1 billion bond offering compared to the results of the December 2024 \$500 million bond
8 issuance related to the NSPML FLG 2 matter.
- 9

10 **Request IR-3:**

11 On pg. 39 of the technical conference transcript, Mr. Flemming of NS Power stated: "as we note
12 in the application, for the efficiency of marketing the bonds to attain interest, and therefore, the
13 best rate possible for customers, our financial advisors advised us that issuing for \$1 billion round
14 number would provide the best results". Please explain what is meant by the statement "the
15 efficiency of marketing the bonds to attain interest".

16

17 **Request IR-4:**

18 With respect to NS Power's statement that a \$1 billion bond issuance compares favourably to a
19 lesser amount, please explain in terms of each of the following:

- 20 a) The type of investor attracted to this proposed bond offering;
- 21 b) The number of investors attracted to this proposed bond offering;
- 22 c) The rating applied to the proposed bond offering by credit rating agencies; and
- 23 d) The underwriting and rating agencies fees paid for conducting the proposed bond offering.
- 24

25 **Request IR-5:**

26 Page 12 of the application presents Figure 12: Unrecovered Net Book Value of the Thermal
27 Assets as of December 31, 2025, and financing. Please provide an updated version of this table
28 using the forecasted values as of December 31, 2026 (including any sustaining capital), plus
29 financing, under the assumption securitization does not occur.

30

31 **Request IR-6:**

32 NS Power proposes to "...securitize \$214.5 million of fuel and purchased power costs. This
33 amount consists of \$149.6 million in forecast under-recovered fuel and purchased power costs

1 as at September 30, 2026, along with a \$64.9 million prepayment towards future fuel and
2 purchased power costs.” [Exhibit N-1, pp. 12-13]

3 a) Why is it appropriate to pay these costs incurred in 2026-2027 over 30 years?

4 b) What benefits will future ratepayers receive from the fuel and power purchased in 2026-
5 2027?

6 c) Does NS Power have a final (non-forecast) balance for the September 2026 under-
7 recovery?

8 i) If so, does it change the amount of the fuel and purchased power under-recovery
9 that should be included in the Securitized Assets?

10 d) With reference to page 13 of the application (lines 8-13), is the main reason for including
11 an additional \$23.2 million prepayment (in addition to the \$41.7 million forecast under-
12 recovery in Q4 2026 and 2027) to bring the total securitization amount to an even \$1
13 billion?

14
15 **Request IR-7:**

16 On pp. 14 and 15 of its application, NS Power proposes that any difference between the forecast
17 balances and actual balances of the PHP Deferral and IESO Deferral be applied as adjustments
18 to the \$64.9 million FAM prepayment, with the offset recorded to the Securitization Regulatory
19 Asset, and addressed through the Formula-based True-up Mechanism and Balancing Adjustment
20 (BA) mechanism.

21 a) Please confirm that this methodology will account for any differences in cost allocation
22 between customer classes for the PHP Deferral and the IESO Deferral as proposed on an
23 interim basis in the application, or in the event there is any change in the cost allocation
24 approved by the Board after the final cost allocation issues have been decided in a second
25 phase of the proceeding.
26

27 **Request IR-8:**

28 Section 2.3 of the application addresses the PHP Deferral account. NS Power says the “...PHP
29 Deferral account was approved by the Board during the 2026-2027 GRA to address uncertainty
30 associated with the treatment of costs and revenues relating to PHP.” The Board understands
31 that NS Power proposes to only include the forecast amount up to December 31, 2026.

32 a) Please confirm that the forecast amount arises because there was no above-the-line rate
33 established for PHP, and none will be established, effective before December 31, 2026.

1 b) There is currently a proposed Extra Large Industrial Dispatchable (ELID) tariff application
2 before the Board (Matter M12661) that was designed for PHP with an effective target date
3 of January 1, 2027. Please confirm that if there are any deviations from the 2026/2027
4 GRA assumptions in the final approved ELID tariff, that are eligible to be included in the
5 PHP Deferral account, these will not form part of the Securitized Costs.

6 c) If not confirmed, how will such deviations, if any, be captured in the Securitized Costs?
7

8 **Request IR-9:**

9 On pg. 16 of its application, NS Power stated: "As noted in the 2025 DDA Annual Report
10 proceeding, while expanding the scope of a securitization transaction has the potential to increase
11 customer benefits, practical considerations relating to transaction size, financing costs, and the
12 certainty required by credit rating agencies and bond investors must also be considered.
13 Accordingly, and in consultation with its financial advisors, NS Power has selected significant
14 identifiable balances that will provide the expanded benefit to customers through securitization".
15 [Emphasis added]

16 a) Please explain specifically what is meant by "practical considerations" relating to each of
17 the following:

18 (i) Transaction size;

19 (ii) Financing costs;

20 (iii) Certainty required by credit rating agencies; and

21 (iv) Certainty required by bond investors.
22

23 **Request IR-10:**

24 a) How were the Upfront Financing Costs in Figure 3 of the application and the Ongoing
25 Financing Costs in Figure 4 of the application estimated? Please provide any available
26 back-up documentation.

27 b) Please elaborate on the road show and marketing expenses incurred and why these
28 expenses should be included in the Securitization rather than allocated to Operating
29 expenses.
30

31 **Request IR-11:**

32 a) Are there penalties associated with the early repayment of the ~\$600,000,000 of debt that
33 currently funds the assets proposed to be securitized?

34 b) If so,

- i) How much will the penalties be?
- ii) Have these penalties been factored into the NPV analysis?

Request IR-12:

On p. 15 of its application, with respect to the inclusion of Fuel and Purchased Power costs, the PHP Deferral and the IESO Deferral in the transaction, NS Power states that “[t]he proposed securitization is consistent with the approach advanced by NS Power in the 2026-2027 GRA and with the Board’s findings in that proceeding.

- a) Please explain how these three components in the present application are consistent with the securitization discussion in the 2026-2027 GRA when the latter discussion was about the securitization of the DDA assets that will be stranded assets.

Request IR-13:

On pp. 16-17 of its application and pp. 35-36 of the technical conference transcript, NS Power advances the benefits of the securitization of Fuel and Purchased Power costs, the PHP Deferral and IESO Deferral for future customers in terms of supporting the energy transition. However, the costs related to these proposed securitized costs represent expenses that would typically be paid by existing customers over one year or the very short term in that they were not incurred for future customers. On pp. 52-53 of the technical conference transcript, NS Power discusses the importance of avoiding significant rate increases in the near term as the province is transitioning towards renewables and as both levels of government have set policy objectives around electrification. NS Power asserts that significant rate increases in the near term would offend those policy objectives by discouraging adoption of things like heat pumps.

- a) What evidence does NS Power have to demonstrate that future benefits of electrification are sufficient to justify the transferring of current costs to future generations (intergenerational inequity) that would result from this approach?
- b) Is NS Power aware of any quantitative analysis around the level of rate increases that would have a negative impact on electrification policy objectives?
- c) If so, please provide a reference to the information or analysis.
- d) If projected load growth and electrification benefits do not materialize, how does that satisfy principles of intergenerational equity?
- e) Please discuss any consideration given to issuing bonds over a shorter time horizon than 30 years, in the context of intergenerational equity.

1 **Request IR-14:**

2 On p. 17 of its application, NS Power noted that, if not securitized, the September 2026 FAM
3 balance would need to be collected through the existing FAM process resulting in an increase of
4 about 7 – 8%.

5 a) When combined with other approved or anticipated increases, what would the total
6 average increase be for 2027 if FAM balances were not securitized and the September
7 2026 FAM balance was collected in the normal course? Also provide the increases that
8 would apply by customer class.

9 b) Based on its discussions with customer representatives, would NS Power consider the
10 increase in part a) to result in rate shock for customers?

11 c) Please explain why the entire September 2026 balance necessarily needs to be collected
12 in 2027.

13 i) Could NS Power defer some of that balance to collect the amounts over a few
14 years to avoid the immediate 7-8% rate increase?

15 d) Based on discussion with customer representatives ahead of the application, is it NS
16 Power's understanding that customer representatives were in favour of securitization of
17 the FAM balance as at September 30, 2026?

18 e) Based on discussion with customer representatives ahead of the application, is it NS
19 Power's understanding that customer representatives were in favour of securitization of
20 the "prepaid" FAM costs incurred after September 30, 2026?

21 f) Is the proposed securitization of the prepayment for fuel costs from the continued
22 operation of legacy thermal generation only or will it include all fuel costs?

23 g) If the application is approved as proposed for the inclusion of Fuel and Purchased Power
24 in Securitized Costs, please confirm, or clarify otherwise, that the next AA/BA rate
25 adjustment for customers would only occur effective January 1, 2029.

26 h) On p. 41 of the transcript of the technical conference, NS Power noted that securitization
27 of unexpected fuel costs has been employed in other jurisdictions:

28 i) Please note the other jurisdictions in which unexpected fuel costs have been
29 securitized.

30 ii) Were there any "prepaid" fuel costs securitized in any of those jurisdictions?

31
32 **Request IR-15:**

33 With respect to the 0.5 percent or \$5 million capital reserve:

- 1 a) Page 22 states that this level is customary for utilities undertaking securitization in the
2 United States. Please identify the utilities applying the same fee level and the values and
3 terms of their securitization bonds.
- 4 b) Please discuss if the inclusion of this cost in Securitization transactions is industry
5 standard.
- 6 c) Please discuss how NS Power estimated this to be an appropriate and adequate figure to
7 cover temporary collection shortfalls.

8

9 **Request IR-16:**

10 Page 22 explains that accounting, audit and other administrative fees are forecasted to grow by
11 2.5% per year.

- 12 a) Please explain why NS Power selected a 2.5% growth rate for these fees?
- 13 b) Why did NS Power not consider the mid-point of the Bank of Canada's inflation target to
14 be appropriate?

15

16 **Request IR-17:**

17 On pg. 23 of its application, NS Power states that the "requested Financing Order would include
18 a Formula-based True-up Mechanism to provide for periodic adjustments to the Securitized
19 Surcharge to correct any over-collections or under-collections..."

- 20 a) Please explain what is meant by the phrase "periodic adjustments"? Do these periodic
21 adjustments refer to the application NS Power intends to file annually with the Board each
22 November 1st?
- 23 b) Please describe any circumstances when a periodic adjustment would be sought by NS
24 Power outside of the annual November 1st cadence?

25

26 **Request IR-18:**

27 On p. 24 of the application, lines 19-23, NS Power estimates the net present value of total
28 customer payments under traditional recovery principles at "...\$1.242 billion over a 13-year
29 recovery period." The Board understands from the technical conference transcript this 13-year
30 recovery period only applies to thermal assets.

- 31 a) Why did NS Power choose a 13-year recovery period for the thermal assets?
- 32 b) Please provide the NPV analysis comparison with a change to the thermal asset recovery
33 through the DDA of 20 years instead of 13 (including the sensitivity table showing
34 variances at different rates).

Request IR-19:

On p. 29 of the application, lines 17-19, say:

...the ELID tariffs will be updated following the Board's determination of M12661, while the changes to the BTL tariffs will be reflected in the AAR application.

- a) Can the Board's decision about the ELID tariff in Matter M12661 impact the interim allocation the Board must make in this matter?
 - i) If so, how and how will this be addressed?
- b) What types of revisions are anticipated to the BTL tariffs in the 2027 AAR proceeding if the Board approves this application?
- c) Since the 2027 AAR application is anticipated to be filed before November 7, 2026, and the written process in this matter (with a decision pending) will not be completed until November 25, 2026, how does NS Power anticipate reflecting the changes arising from the decision in this matter in the 2027 AAR proceeding?

Request IR-20:

On p. 33 of the application, at lines 9-11, when discussing a Future Reconciliation and Process Proposal, NS Power states there will be a calculation about:

(iii) approved deposits to, or withdrawals from, any reserve accounts; and (iv) any earnings on reserve accounts, which will reduce the required Securitized Surcharge.

- a) What are these reserve accounts meant to capture?
- b) Who determines whether there will be deposits or withdrawals from these reserve accounts and on what basis?

Request IR-21:

Section 9.0 of the application provides a brief summary of future reconciliation process proposed to be filed on November 1st annually.

- a) Assuming a securitization of \$1 billion and other category amounts used for illustrative purposes, please provide a sample spreadsheet or flowchart showing the various steps and information to be provided by NS Power in its annual reconciliation filing, including how the following items will be addressed (assume no change in cost allocation among classes):
 - i. The adjustment of the Securitized Surcharge and the components described in lines 7-12 on page 33 of the application;

- ii. The adjustment of the Securitization Rider based on the revised Securitization Surcharge and the approved revenue requirement and forecast sales noted in lines 3-4 on page 33 of the application;
- iii. Application of the Formula-based True-up Formula described on pages 34-36 of the application (assuming Year 3).

Request IR-22:

Pp. 35-36 of the application discusses a Balancing Adjustment (BA) mechanism for reconciling certain items, including:

2. any Securitized Surcharges that have been collected prior to NS Power abandoning the issuance of Securitized Bonds after the issuance of a Financing Order; ...

- a) The wording of item 2 mirrors the language of the *Regulations*. What is meant by the term “abandoning the issuance of Securitized Bonds” and in what circumstances could this event arise?

Request IR-23:

On p. 37 of the application, NS Power states:

Once the final terms of the Securitized Bonds have been established, NS Power will file an issuance advice letter with the Board confirming the bond terms.

- a) If this application is approved, how long after the Board decision does NS Power anticipate the terms of the Securitized Bonds will be finalized?

Request IR-24:

Page 38 of the application (line 3) states “The Securitized Bonds will be issued by a bankruptcy-remote limited partnership...”

- a) What is meant by “bankruptcy-remote” in this context?
- b) Are the constating documents of the limited partnership finalized?
 - i) If so, please provide a copy.

Request IR-25:

- a) Is the “separate loan agreement” discussed at lines 13 to 16 of p. 38 already prepared?
 - i) If so, please provide a copy.
 - ii) If not, what will be the key terms of this “separate loan agreement”?

Request IR-26:

- a) Has the sale agreement with respect to all of NS Power's right, title and interest in, to and under the Securitized Property discussed in section 11.2 of the application been finalized.
- i) If so, please provide a copy.

Request IR-27:

On pg. 41 of its application, NS Power requests that the Financing Order should authorize the appointment of a successor servicer if NS Power is unable or unwilling to continue.

- a) Please provide greater detail about what circumstances would cause NS Power to be unable or unwilling to continue to act as servicer.
- b) Under the Financing Order, who does NS Power propose should appoint a successor servicer if the need arises?

Request IR-28:

Section 11.7 of the application discusses the proposed flexibility in bond terms. This section says (in the technical conference at pp. 10-12 of the transcript, NS Power also addressed flexibility):

Pursuant to section 3(3)(g) of the Securitization Regulations, NS Power requests flexibility be afforded to it in establishing the terms and conditions of the Securitized Bonds, including but not limited to the repayment schedule, interest rate and other Financing Costs, such that the issuance be permitted to proceed so long as the transaction reflects prevailing interest rates and continues to result in quantifiable net present value benefits to customers. The final bond terms and an updated net present value calculation shall be provided through the issuance advice letter process described in Section 10.0. See also Section 5.0 and Appendix B for the net present value calculation.

- a) Should there be a threshold amount of quantifiable net present value benefits to customers incorporated in the Financing Order?
- b) In the technical conference, there was a discussion about the Board potentially putting a bookend "...as to when, from the Board's view, the transaction and securitization would cease to be just or reasonable or in the best interests of customers..." (Transcript, p. 12) Does NS Power have any views on where that bookend should be placed?

Request IR-29:

Section 11.8 of the application addresses the requirement of an indemnity agreement from the Province of Nova Scotia to proceed with securitization. The letter from Deputy Minister Kelliann Dean dated October 8, 2026, is expressly not a commitment on the part of the Province of Nova Scotia to provide such an indemnity.

- 1 a) When does NS Power anticipate having a definitive answer from the Province about the
2 required indemnity?
3

4 **Request IR-30:**

5 On pg. 44 of its application, NS Power addresses Accounting and Tax Treatment.

- 6 a) Does NS Power propose to prepare new accounting policies to address the accounting
7 matters resulting from the securitization transaction?

8 i. If so, when will the policies be filed?

9 ii. If not, why not?

- 10 b) Please confirm, or clarify otherwise, that the LP will not be consolidated in the regulated
11 financial statements, but filed as a separate set of financial statements within the
12 regulatory financial statements package.

- 13 c) Please confirm, or clarify otherwise, that the only overall difference in total taxes over the
14 term of the bonds (excluding any timing differences and minor differences due to financing
15 fees) is the reduction of taxes due to the return on equity component of the securitized
16 costs.
17

18 **Request IR-31:**

19 Using a \$900 million figure as an alternative scenario for a securitized bond issuance (about equal
20 to excluding FAM prepaid balances, the PHP deferral and the IESO deferral):

- 21 a) Please provide an NPV calculation for this amount.

- 22 b) Please provide, by customer class, the rate increases that would apply to each customer
23 class on an overall basis for 2027, broken out into the previously approved general rate
24 increase, securitization surcharge, IESO rider (assuming the deferral was collected in
25 2027), forecast Demand Side Management rider increase, and any other increases
26 anticipated to impact rates in 2027.
27

28 **Request IR-32:**

29 During the technical conference, NS Power noted that it was unsure if the securitized bond term
30 could be set lower than 30 years and noted it would follow-up.

- 31 a) Has NS Power inquired about this potential with its financial advisors?

32 i) What was the response?

- 33 b) Please provide an NPV calculation for a term of 25 years and one for a term of 20 years
34 (leaving intact the other assumptions in the application).

1 **Request IR-33:**

2 On pg. 66 of the technical conference transcript, NS Power stated that rating agencies would omit
3 the securitized bonds in their calculations of credit metrics.

4 a) Has NS Power confirmed this with credit rating agencies?

5 i. If not, what is the basis of this belief and is there a risk that the credit rating
6 agencies will not omit the bonds in their credit metric calculations?
7

8 **Request IR-34:**

9 On pp. 68-69 of the technical conference transcript, NS Power notes that the magnitude of the
10 0.05% servicing fee is consistent with precedent transactions in the US. Please reference the
11 precedent transactions NS Power is referring to and identify the magnitude of the service fee in
12 each transaction.
13

14 **Request IR-35:**

15 On pdf page 73 of the technical conference transcript, NS Power explained that the forecast
16 interest rate was set based on guidance from its financial advisors. On pdf page 45 of the
17 transcript it was explained that the total amount to be securitized is where its financial advisors
18 indicated NS Power would cap out in terms of interest.

19 a) Did the financial advisors recommend the interest rate based on the total value to be
20 Securitized?

21 b) Did the financial advisors indicate that the interest rate reflects a ratepayer backed
22 bond issuance?

23 c) Did the advisors provide a range of rates for the total amount to be securitized?

24 i. If so, please provide the range suggested by the financial advisors and why NS
25 Power considers the selected rate to be most appropriate.

26 d) Did the advisors provide a range of rates for different amounts to be securitized?

27 i. If so, please provide the range suggested by the financial advisors and why NS
28 Power considers the selected rate to be most appropriate.

29 e) Did the financial advisors reference a floor for the amount of the issuance in terms of
30 market interest?

31 **Request IR-36:**

32 On p. 81 of the technical conference transcript, NS Power notes that there will be interest to the
33 Limited Partnership on the intercompany loan that is then distributed back to NS Power, which
34 was designed to manage the tax result.

1 a) Is there any tax risk related to this structure?

2 b) Has NS Power sought professional advice or an advanced ruling from CRA with respect
3 to any tax risk that may exist in relation to the transaction?
4

5 **Request IR-37:**

6 Appendix B appears to be missing a worksheet labeled as TABLE that is used to present the
7 values in the cells D123 to F140.

8 a) Are the range of rates presented in the table in worksheet 'NPV Analysis – Securitization' in
9 Appendix B reflective of the range of interest rates recommended by the financial advisors
10 based on the amount of the Securitized bond issuance?
11

12 **Request IR-38:**

13 When NS Power places its bond on the market is there a possibility that NS Power will need to
14 adjust the interest rate based on the response of the market/investors?

15 a) If so, what strategies does NS Power plan to utilize to ensure the bond issuance remains
16 appropriately priced to preserve benefits for ratepayers?
17

18 **Request IR-39:**

19 Please provide the total cost of securitization that customers will incur over the 30-year period.
20

21 **Request IR-40:**

22 If the securitization of the proposed costs proceeds, does NS Power expect it to have an effect
23 on NS Power's remaining borrowing costs (as new debt is issued)?

24 a) If so, is NS Power able to provide an estimate of that impact?
25

26 **Request IR-41:**

27 Please provide a copy of the PowerPoint slides displayed during the technical conference.