

M13133

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: THE PUBLIC UTILITIES ACT

- and -

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

- and -

IN THE MATTER OF: an application filed by **NOVA SCOTIA POWER INCORPORATED** for approval of a financing order authorizing the securitization of \$1 billion in costs, collected through a Securitization Cost Recovery Rider.

NON-CONFIDENTIAL
INFORMATION REQUESTS

To: Nova Scotia Power Incorporated (“Nova Scotia Power”)

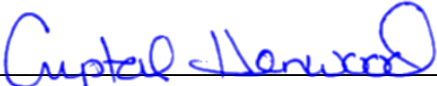
From: Doane Grant Thornton LLP

Responses Due: **OCTOBER 29, 2026**

Copies: 2 electronic copies – 1 PDF (searchable), 1 Microsoft Word

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Issued at Halifax, Nova Scotia, this 22 day of October 2026



Crystal Henwood, Clerk of the Board

Request IR-1:

Reference: Sections 2.0-2.4; Figure 1; Appendices A-C; Appendix B, "Balances to Securitize".

Please provide NS Power's existing reconciliation of the approximately \$987.5 million Securitization Regulatory Asset to the material component balances in the Application and supporting schedules. For each material component, identify the originating account or approved balance, measurement date, amount included in the securitization, remaining balance, and corresponding Application schedule. For Fuel and Purchased Power, separately reconcile the September 30, 2026 FAM balance, forecast under-recovery and additional prepayment, and identify how any forecast amount will be trued up.

Request IR-2:

Reference: Sections 3.2, 5.0 and 12.2; Figures 4 and 5; Appendix B.

Please provide the following:

- a) NS Power's existing tax memorandum, calculation, or other supporting analysis for the securitization transaction, including:
 - i. the applicable taxpayer, tax rate, and Income Tax Act provisions;
 - ii. the tax treatment and timing of the securitized-cost recoveries, financing costs, bond proceeds, intercompany loan, third-party and intercompany interest, surcharge revenues, and principal repayments;
 - iii. the transfer of Securitized Property to the limited partnership, including fair market value, tax cost, elected amounts, and consideration received on the transfer;
 - iv. the entity claiming each deduction or reporting each income item, including any tax deductions available for the limited partnership related to the securitized property;
 - v. the deductibility of bond interest and financing costs and the related deferred-tax impacts;
 - vi. whether retaining the physical assets and related tax attributes in NS Power produces a different tax result than transferring them; and,
 - vii. reconciliation of annual current and deferred income-tax amounts to Appendix B and the financing-cost schedules.
- b) Specifically explain the source of the projected income-tax expense in Appendix B, including the use of the 29 percent tax rate and why income tax arises if interest revenue and bond interest expense are expected to offset, as well as the basis for forecasting no income-tax expense in 2027.

Request IR-3:

Reference: Sections 2.0 and 3.1; Figure 3; Appendix A, Summary; Appendix B, "Balances to Securitize".

Please reconcile the references to financing fees. Appendix A and Section 2.0 describe \$12.5 million as 1.25 percent of \$1 billion, while Appendix B labels \$12.5 million as 1.35 percent of \$1 billion. Please:

- a) confirm the correct percentage;
- b) explain whether the difference is a labeling error or reflects a different calculation;
- c) identify affected schedules and disclosures; and,
- d) confirm whether any financing-cost, accounting, tax, Rider, revenue-requirement, NPV or other Application conclusion is affected.

Request IR-4:

Reference: Section 9.0, including Figure 9; Section 12.1; Appendix F; Appendices A, B CONF, C and C Attachment 1 CONF, E and H

Please provide, by securitized-cost component:

- a) the forecast-to-actual differences expected to arise and where each difference will be recorded and carried forward;
- b) the specific amounts and calculations showing how recoveries included in the securitization will be removed from or credited against the FAM, PHP deferral, IESO-NS recovery and any other existing recovery mechanism to prevent duplicate recovery;
- c) the detailed support for the treatment of pre-bond-issuance collections and component-level differences in the first BA1/BA2 calculation, including any amounts or assumptions derived from Appendix B CONF or Appendix C Attachment 1 CONF; and,
- d) please reconcile the component-level calculations to the applicable confidential schedules and explain how the same treatment will apply in subsequent rider years.

Request IR-5:

Reference: Sections 4.0-5.0 and 11.7; Appendix B.

Please provide existing support for NPV assumptions or conventions that are not evident from Appendix B, including the following:

- a) cash-flow timing/discounting convention;
- b) source and approval status of material inputs;
- c) issuance and collection timing;
- d) terminal treatment by component; and,

- e) please also provide any existing analysis of principal issuance-size or term alternatives considered, including the related annual customer charges, total financing costs and NPV customer savings.

Request IR-6:

Reference: Section 5.0; Figure 5; Appendix B.

Please provide the NPV of customer benefits by securitized-cost component, including Thermal Assets, Thermal Asset Financing Cost Deferral, PHP Deferral, IESO-NS Deferral and Fuel and Purchased Power, reconciling to the approximately \$265.6 million total NPV benefit reported in Appendix B.

Request IR-7:

Reference: Sections 3.1-3.2; Figures 3-4; Appendix B.

Please provide the existing methodology, assumptions, and supporting calculations used to estimate each category of Upfront Financing Costs and Ongoing Financing Costs in Figures 3 and 4. Please explain how the total Ongoing Financing Costs were derived from the Year 1 estimates, including any escalation, inflation, timing, and first- or final-year assumptions.

Request IR-8:

Reference: Sections 11.0 and 12.1; Figures 10-11; Appendix A

Please provide NS Power's existing accounting memorandum or other supporting analysis for the proposed securitization transaction, including the applicable accounting guidance and conclusions regarding:

- a) recognition and recovery of the approximately \$987.5 million Securitization Regulatory Asset;
- b) reclassification or derecognition of the underlying PP&E and regulatory account balances;
- c) Upfront Financing Costs and the Capital Reserve Account, including Restricted Cash and regulatory liability treatment;
- d) whether physical PP&E or only Securitized Property or related regulatory rights are transferred to the limited partnership;
- e) consolidation of the limited partnership and securitization debt;
- f) expected balance-sheet presentation; and,
- g) please also provide any existing illustrative or proposed journal entries for the initial transaction, receipt and lending of bond proceeds, surcharge collections, principal and interest payments, ongoing financing costs and BA1/BA2 true-ups, identifying the entity recording each entry.

Request IR-9:

Reference: Sections 7.0-10.0 and 14.0; Appendices F, G-1, G-2 and H

Please identify the filed or proposed tariff and billing mechanism for ELID, the BTL classes, Shore Power, and OATT MEUs effective January 1, 2027, and briefly clarify the interim-to-final billing process following bond issuance.

Request IR-10:

Reference: Section 9.0, including Figure 9; Section 12.1; Appendix F

Please explain:

- a) how Securitized Surcharge collections received before bond issuance will be reflected in the first balancing adjustment;
- b) the general process for recording and carrying forward forecast-to-actual differences;
- c) the controls used to ensure that amounts included in the securitization are removed from or credited against existing recovery mechanisms to prevent duplicate recovery; and,
- d) please include one illustrative first-year BA1/BA2 calculation using the Appendix F formulas, based only on publicly available or illustrative amounts, and explain how the same mechanics will apply in subsequent rider years.

Request IR-11:

Reference: N/A

Would there be any debt associated with any of the Securitized Property that would be assumed by the partnership?

Request IR-12:

Reference: N/A

Does a fully executed partnership agreement currently exist? If so, please provide a copy. If not, please provide the most recent draft of this agreement? If a draft is not available, please provide an update on the status of the agreement and a timeline for completion.