

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, collected through a Securitization Cost Recovery Rider

INFORMATION REQUESTS

To: **Blake Williams**
VP, Legal and Regulatory
Nova Scotia Power Inc.
1223 Lower Water Street
P O Box 910
Halifax, Nova Scotia B3J 3S8
By email: blake.williams@nspower.ca

From: The Consumer Advocate

Responses Due: **October 29, 2026**

Copies: 1 electronic copy (PDF searchable)

Contact Person: **David J. Roberts**
Consumer Advocate
Pink Larkin
1463 South Park Street
Halifax, NS B3J 3S9
Tel: (902) 423-7777
Email: drobotts@pinklarkin.com

1 **Request IR-1:**

2
3 As noted in NSPI's Application:

4
5 At the time of the 2026-2027 GRA, NS Power proposed to securitize a forecast amount of
6 \$704 million of the unrecovered net book value of thermal assets within the scope of the DDA
7 (\$500 million in 2025 and \$204 million in 2026). This was expected to result in a net present
8 value of \$224.2 million in customer savings over the 30-year amortization period associated
9 with the forecast securitized balance.

10
11 However, given the passage of time and in order to derive the greatest benefit possible for
12 customers, NS Power has continued to evaluate the proposed transaction and engage with its
13 financial advisors regarding the optimal financing structure and scope of securitization. As a
14 result, NS Power now proposes to securitize \$1 billion, which is expected to result in \$265.6
15 million in customer savings over the 30-year amortization period. These savings arise because
16 securitization replaces NS Power's traditional debt and equity financing with 100 percent debt
17 financing, eliminating the requirement to provide a return on equity, and providing access to a
18 lower interest rate than NS Power could achieve on a standalone basis.

19
20 While NS Power originally contemplated during the 2026-2027 GRA that the proposed
21 securitization might require two separate bond issuances, ongoing analysis and discussions
22 with its financial advisors indicate that sufficient market interest is expected to exist to support
23 a single issuance for the full amount proposed in this Application.

24
25 (N-1, page 8 of 51)

26
27 Appendix B of Exhibit N-1(C)(ii) provides a savings NPV calculation of \$265.6 million for \$1
28 billion securitization.

29
30 (a) Please provide detailed back up for the referenced savings NPV \$224.2 million for the
31 \$704 million securitization.

32
33 (b) Please provide pros and cons of two separate bond issuances vs a single issuance, including
34 any difference in customer savings.

35
36 **Request IR-2:**

37
38 NSPI states:

39
40 NS Power's Q3 Forecast includes a forecast Fuel Adjustment Mechanism (FAM) under-
41 recovery of \$41.7 million, before interest, in Q4 2026 and 2027. The \$64.9 million FAM
42 prepayment consists of this forecast under-recovery together with an additional prepayment of
43 \$23.2 million. The inclusion of the additional \$23.2 million prepayment increases the total
44 securitization issuance to \$1 billion, supporting a more efficient execution of the Securitized
45 Bond issuance in the capital markets. The additional prepayment represents approximately 2
46 to 3 percent of annual fuel costs and provides a buffer against fuel cost volatility arising from

factors such as commodity prices, foreign exchange rates, the timing of renewable generation additions to the system, generation mix, system conditions, and customer demand. The application of this additional balance to the FAM will assist in moderating fuel rate impacts when fuel rates are reset for the 2028 period; this has the potential to be particularly helpful as a result of the fuel rate smoothing that was undertaken as part of the 2026-2027 GRA, which resulted in the Base Cost of Fuel (BCF) being set below the forecast 2027 fuel costs. (N-1, page 13 of 51)

The Unrecovered Fuel Costs also play a key role in the energy transition. These costs represent expenditures incurred, and expected to be incurred, during the transition period. Securitization allows those costs to be recovered in a cost-effective manner and shared not only by customers today, but also by future customers who will benefit from the transition. This helps ensure that customers in the near term are not disproportionately burdened by the costs associated with achieving the Province's energy transition objectives. These fuel costs arise, in part, from the continued operation of legacy thermal generation, while replacement renewable generation, storage, the NS-NB inter-tie, and other energy transition-related assets are built and brought into service. Securitizing these costs helps align recovery of these transitional costs with the long-lived, lower-fuel-cost electricity system they are intended to support. (N-1, page 17 of 51)

(a) Please provide NPV comparison, with supporting detail, of FAM prepayment of \$23.2 million via a 30-year securitization and fuel rate impacts moderation in 2028.

(b) Please explain why NSPI proposes to include a forecast FAM \$41.7 million under-recovery in Q4 2026 and 2027 in the 30-year securitization rather than recovering those costs from current customers.

(c) Did NSPI consider intergenerational equity in developing its proposed treatment of FAM costs? If yes, please provide any analyses NSPI undertook. If not, please explain why not.

(d) Please explain how FAM fuel cost variances in 2029 and beyond will be recovered by NSPI.

Request IR-3:

NSPI provides the following summary of securitization analysis (N-1, page 25 of 51):

Figure 5: Summary of Securitization Analysis (Partially Confidential)

	Traditional Recovery	Securitization
Eligible Costs	1,040,567,763	1,000,000,000
Recovery Period	13 Years (2027 - 2039)	30 years (2027-2056)
Cost of Financing	6.59%	
NPV of Total Customer Payments	1,242,280,711	976,634,134
NPV of Customer Benefits		265,646,577
Percentage Savings		21%

(a) Please explain the difference in eligible costs between traditional recovery (\$1,040,567,763) and securitization (\$1,000,000,000).

(b) NPV analysis assumes NSPI equity ratio applies to the full amount of securitization (i.e. \$1 billion) under the traditional recovery approach.

- i. Please explain whether NSPI earns return on equity on all other items proposed for inclusion in the securitization in addition to the unrecovered Thermal Assets (i.e., FAM balance, Thermal Assets Financing Cost Deferral; PHP Deferral and IESO Deferral).
- ii. If so, please explain the regulatory basis for NSPI earning return on equity on each of these deferrals rather than charging an interest expense.

Request IR-4:

Appendix D and Appendix E to the Application show proposed rate schedules with securitization rider and proof of revenue for 2026 and 2027 by customer class. The proposed securitization riders by customer class are also provided in Figure 6 of the Application.

Figure 6: Impact of the Securitization Rider on FAM customer class revenues in 2027

Increases in Customer Class Revenues in 2027					
	Securitization Rider				
Customer Class	Thermal Assets (%)	Fuel & Purchased Power (%)	PHP Deferral (%)	IESO NS Deferral (%)	Total Securitization Rider (%)
Domestic Service	2.4	0.4	0.0	0.1	2.9
Small General	2.2	0.5	0.0	0.1	2.9
General	2.5	1.2	0.0	0.1	3.7
Large General	2.6	1.6	0.0	0.1	4.4
Small Industrial	2.4	0.9	0.0	0.1	3.4
Medium Industrial	2.6	1.3	0.0	0.1	4.0
Large Industrial Firm Transmission Connected	2.7	2.6	0.0	0.1	5.5
Large Industrial Firm Distribution Connected	2.6	2.4	0.0	0.1	5.1
Large Industrial Firm	2.6	2.5	0.0	0.1	5.3
Large Industrial Interruptible Transmission Connected	3.0	2.7	0.0	0.1	5.9
Large Industrial Interruptible Distribution Connected	2.8	2.5	0.0	0.1	5.5
Large Industrial Interruptible	3.0	2.6	0.0	0.1	5.7
Large Industrial	2.9	2.6	0.0	0.1	5.7
Municipal	3.1	2.4	0.1	0.1	5.6

Increases in Customer Class Revenues in 2027					
	Securitization Rider				
Customer Class	Thermal Assets (%)	Fuel & Purchased Power (%)	PHP Deferral (%)	IESO NS Deferral (%)	Total Securitization Rider (%)
Unmetered	2.1	1.0	0.0	0.1	3.3
Total FAM Classes	2.4	0.7	0.0	0.1	3.3

Figure 7: Securitization Rider for Below the Line (BTL) customer class in 2027

	2027 Securitization Rider (c/kWh)				
Customer Class	Thermal Assets	Fuel & Purchased Power	PHP Deferral	IESO NS Deferral	Total
GEN.REPL./LOAD FOLL.	0.310	-	0.005	0.012	0.327
BUTU	0.663	(0.065)	0.013	0.012	0.623
REAL TIME PRICING	0.233	-	0.003	0.012	0.248
ELID	0.311	-	-	0.012	0.324
SHORE POWER	0.239	-	0.003	0.012	0.254

- a) Please explain the Fuel and Purchased Power credit to BUTU and the associated amount.
- b) Please provide the derivation of Thermal Assets, PHP Deferral and IESO NS Deferral proposed securitization riders for ATL and BTL customer classes.

Request IR-5:

Section 2.3 PHP Deferral proposes that \$12.2 million as of December 31, 2026 is proposed for securitization made up of the actual deferral account balance as at August 30, 2026; the forecast deferrals from September 1, 2026 through December 31, 2026 and accrued interest calculated at the Bank of Canada policy rate plus 1.75 percent.

- a) Please comment on why NSPI is proposing securitization of the PHP deferral balance given there is no Board decision yet in Matter M12661.
- b) Please confirm the reference in Section 2.3 should be to August 31, 2026 and not August 30, 2026. If not confirmed, please indicate how NSPI intends to treat amounts related to August 31, 2026.
- c) Please itemize the interest portion of the proposed amount for securitization.
- d) Please explain why NSPI is proposing to securitize accrued interest given the amounts in question have been owing for less than 12 months and specifically indicate how this treatment is consistent in NSPI's view with the provisions of section 64AB (2) (a) and (b) of the *Public Utilities Act*.

Request IR-6:

Section 2.4 IESO Deferral states that \$20.2 million as of December 31, 2026 is proposed for securitization made up of the actual deferral account balance as at August 30, 2026; the forecast deferrals from September 1, 2026 through March 31, 2027 based on the IESO-NS Fee Recovery

1 Mechanism Application and accrued interest calculated at the approved weighted average cost of
2 capital rate of 6.59 percent.
3

4 a) Please confirm the reference in Section 2.4 should be to August 31, 2026 and not August
5 30, 2026. If not confirmed, please indicate how NSPI intends to treat amounts related to
6 August 31, 2026.
7

8 b) Please explain why NSPI is proposing to securitize accrued interest and specifically
9 indicate how this treatment is consistent in NSPI's view with the provisions of section
10 64AB (2) (a) and (b) of the *Public Utilities Act*.
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46