

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

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

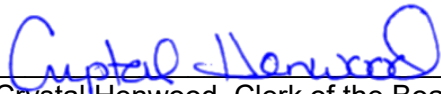
From: Board Counsel Consultant - **Morrison Park Advisors**

Responses Due: Thursday, October 29, 2026

Copies: 1 electronic copy (PDF searchable)

Contact Person: Pelino Colaiacovo, Managing Director
Tel: 416-861-2233
Email: pcolaiacovo@morrisonpark.com

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



Crystal Henwood, Clerk of the Board

1 **Request IR-1:**

2 References: Application Appendix B (Confidential)

3 Please provide supporting analysis for the estimated "Securitization Bond Interest Rate". In that
4 analysis, please make reference to:

- 5 • Prevailing Government of Canada and Government of Nova Scotia 30-year bond rates
- 6 • The expected credit rating of Securitization Bond, and the range of credit spreads that
7 currently apply to that class of bonds
- 8 • The prevailing prices of other specific bonds in Canada with a similar credit rating and
9 profile, as well as the credit spread that applied to those bonds at issuance

10
11 **Request IR-2:**

12 References: Technical Conference Transcript

13 During the Technical Conference, NSP representatives stated that, on the advice of financial
14 advisors, NSP believes that a bond of at least \$1 Billion would produce the best possible financial
15 results for ratepayers.

16 Please provide supporting evidence for this statement. Specifically, please estimate the
17 difference, in basis points, of interest rates that would apply to otherwise similar bonds of \$1 Billion
18 compared to, e.g., bonds of \$750 million. Where possible, please provide historical examples of
19 bonds at different sizes that otherwise had the same credit rating, term length, and were issued
20 by issuers in the same industry (or the same issuer at different times, taking into account
21 movements in market credit spreads).

22
23 **Request IR-3:**

24 References: Application page 12

25 Thermal Assets in the DDA are listed in the application, amounting to \$713 Million of Net Book
26 Value as of December 31, 2025, that has been segregated in the DDA. For each of the assets,
27 please provide the expected remaining useful life that applied prior to the decision to take these
28 assets out of service as of December 31, 2029. In addition, please indicate the annual
29 depreciation that would have been applicable to the NBV (i.e., even-annual depreciation over the
30 remaining years of life, or declining balance at some percentage rate, etc.). Please calculate the
31 weighted average remaining life of the portfolio of assets, and the Net Present Value (as of
32 December 31, 2026) of the cost to ratepayers if the assets were retired over their remaining useful
33 life, at the 2026 WACC.

1 For the purposes of this calculation, please assume that the assets would not have been renewed,
2 refurbished, life-extended, expanded or otherwise re-invested. In addition, please ignore
3 operating costs, additional maintenance capital expenditures that may have applied, or any other
4 additional cost.

5
6 **Request IR-4:**

7 Nova Scotia Power has previously made arrangements to (effectively) securitize FAM balances
8 with external parties. \$500 Million of FAM balances were previously securitized with the
9 assistance of a Government of Canada loan guarantee, over 28 years, and \$117 Million of FAM
10 balances were securitized through an arrangement with the Government of Nova Scotia over 10
11 years.

12 Please comment on the reasoning behind the 28-year and 10-year terms of these other
13 arrangements, and the reasoning supporting the use of a 30-year term in the current proposal,
14 specifically with respect to FAM balances in general, and the specific circumstances relating to
15 the FAM balances that were previously securitized.

16 In addition, please comment on the choice to use even-annual principal repayments in the 28-
17 year arrangement, versus the use of “mortgage-style” principal repayment in the current proposal.
18 Please illustrate the impact on ratepayers of even-annual versus “mortgage-style” repayment in
19 the current proposal, both in terms of the annual rate rider that would be required, as well as net
20 present value of each alternative debt structure. Finally, please comment on the availability and
21 cost differences (in terms of interest rates) between even-annual principal repayment debt
22 instruments versus “mortgage-style” debt instruments.

23
24 **Request IR-5:**

25 References: Application page 20

26 Nova Scotia Power has requested approval for a \$5 Million Capital Reserve Account.

27 Please relate the size of this requested Account to the bond payment schedule that is expected
28 to result from bond issuance. If the intended bond is expected to require semi-annual payments,
29 please comment on whether the \$5 Million Capital Reserve Account will be sufficient to manage
30 potential fluctuations in cash flows that may occur over time. Alternatively, if the proposed bond
31 is expected to have a different payment structure, please address the size of the Capital Reserve
32 Account in relation to that payment frequency.

1 **Request IR-6:**

2 References: Application page 21

3 Nova Scotia Power has requested “Annual Servicing Fees” of \$500,000, because “As servicer,
4 NS Power will be responsible for determining customers’ electricity usage; billing, collecting and
5 remitting the Securitized Surcharge; preparing and submitting periodic true-up calculations; and
6 performing such other administrative duties as may be required under the Financing Order and
7 transaction documents.”

8 Please confirm that Nova Scotia Power already determines customers’ electricity usage, and
9 performs billing and collecting functions as part of its normal course business. Please estimate
10 the incremental cost, in both person-hours and dollars, of annually calculating the Securitized
11 Surcharge, and performing the other incremental functions enumerated.

12
13 **Request IR-7:**

14 References: Application page 25 and Appendix B (Confidential)

15 Nova Scotia Power has calculated a Net Present Value difference as between the proposed plan
16 and the assumed “Traditional Recovery” of more than \$265 Million.

17 Please calculate the portion of this improvement in Net Present Value that results from the lower
18 proposed cost of capital in the Securitized Financing, and the portion that results from the 30-year
19 term of the Securitized Financing as compared to the 13-year term of the “Traditional Recovery”.

20 Please comment on the inter-generational fairness implications of the choice between the 13-year
21 term and the 30-year term.