

Decision in a Nutshell

Release date: March 25, 2026

M12451

Nova Scotia Power Inc.
– 2026 General Rate Application



What was decided?

The Energy Board approved NS Power's application with adjustments. It decided adjustments were needed to keep customer rates fair and reasonable in 2026 and 2027, and is directing the utility to implement them.

What key issues were considered in making this decision?

- **Reasonableness of costs:** Are the rates NS Power seeks to charge customers fair, justified, and based on reasonable costs put forward by the utility?
- **Settlement agreement:** Should the Board approve the settlement agreement and its proposed rate changes? The agreement was presented by NS Power and representatives of most of its customer groups.
- **Securitization:** Should the Board approve NS Power's request for a "securitization deferral" account?
- **Return on equity:** What is a reasonable rate of return on equity for NS Power? This refers to the amount the utility is allowed to earn on the money it has invested in the business.
- **Affordability:** What authority does the Board have to address electricity affordability, especially for customers with low or fixed incomes?
- **Reliability:** Why should the Board consider NS Power's rate increase in light of reliability, cyber, and other customer concerns?

What were the Board's findings on those issues?

- Rate increases are needed to cover the rising costs of providing service, increased service requests, and the cost of operating more renewable resources. However, **the Board determined that some of the costs** the utility requested to pass on to customers **should be reduced or eliminated**.
- The settlement agreement deserves consideration, but the Board does not have to approve it if it is not satisfied it is in the public interest to do so. While many of the terms are appropriate, **the Board finds that some changes are required** to ensure final rates are just, reasonable, and in the public interest.
- NS Power has not recovered about \$704 million on its investment in coal plants, which the utility is required by law to retire by 2030. To avoid significant rate increases associated with trying to recover its investment before the assets are retired, NS Power is proposing to "securitize" the assets so these costs can be recovered from customers **over a longer period at lower financing costs**. NS Power did not include certain costs for these assets in its rate application because it assumed the assets would be securitized by Jan. 1, 2026. However, the legislation needed for that to occur has not been brought into force. **A "securitization deferral" account is approved** to allow the utility the opportunity to recover these costs later.

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Board findings continued...

- **The Board finds that NS Power's current 9% return on equity should be maintained.** The Board followed well-recognized legal requirements and was guided by expert evidence in making this decision. Approval of the 9% return on equity will help NS Power keep its existing credit rating. Otherwise, the credit rating is at risk and expert evidence indicated that a downgrade could increase costs for customers by at least \$25 million per year. A reasonable return on equity is important because **it helps attract and retain investors** who provide the upfront capital needed to build, operate, and maintain the electrical system. Customers who use the system repay those costs over time.
- The Board is keenly aware of affordability issues. However, **it does not have the power** under the Public Utilities Act to create the requested Mi'kmaq Rate Class, income-based rates for customers, or to use its authority to address specific social issues. **The Board is not permitted to refuse a utility from recovering legitimate costs just to make rates more affordable.**
- **The Board cannot make rate decisions or reduce rates based solely on reliability issues or current public opinion about the utility.** It can impose appropriate regulatory measures if a utility is found to have an inadequate or unreliable system, or to encourage performance improvements. In NS Power's case, the Board is reviewing issues such as performance standards, the 5-Year Reliability Plan, and the cyber incident in separate, ongoing proceedings.

What adjustments are ordered by the Board to ensure rates are just and reasonable?



- A further \$8-million reduction in Operating, Maintenance, and General expenses in each of 2026 and 2027 (over and above the \$9 million outlined in the settlement agreement)
- A reduction in NS Power's proposed executive compensation in both 2026 and 2027
- The denial of about \$1 million proposed for a general rate application deferral account
- A \$1.8-million reduction in fuel and purchased power costs
- A change to how NS Power splits distribution system costs among different customer groups based on their demand (it will shift related costs from residential, small general, and unmetered customers to other rate classes)
- The denial of a proposed fee for customers who have not agreed to the installation of an AMI smart meter for remote meter reading and billing purposes

What is the impact on customers?



- Electricity rates for all customer classes will change this year (the 2026 effective date is to be determined) and on January 1, 2027.
- With the Board's adjustments, the increase for residential customers is expected to be **slightly lower** than NS Power's originally proposed 3.8% increase in 2026 and 4.1% increase in 2027.

What happens next?



- NS Power will adjust its rates for 2026 and 2027 based on the Board's findings and submit the final figures within two weeks. After a review, the Board will issue an Order confirming the new rates for all customer classes and specifying when the 2026 changes will come into effect.