

Emera Third Quarter 2025 Earnings Conference Call

Transcript – 42:11

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OPERATOR

Good morning, ladies and gentlemen, and welcome to the Emera Third Quarter 2025 Earnings Conference Call. At this time, all lines are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session. If at any time during this call you need assistance, please press star zero for the operator. This call is being recorded on Friday, November 7, 2025. I would now like to turn the conference over to Dave Bezanson. Please go ahead.

DAVE BEZANSON

Thank you, Joanna. And thank you all for joining us this morning for Emera's Third Quarter 2025 Conference Call and live webcast. Emera's Third Quarter Earnings release was distributed this morning via Newswire, and the financial statements, management's discussion and analysis, and the presentation being referenced on this call are available on our website at [Emera.com](https://www.emera.com).

Joining me for this morning's call are Scott Balfour, Emera's President and Chief Executive Officer Greg Blunden, Emera's Chief Financial Officer, and other members of Emera's management team. Before we begin, I'd like to advise you that this morning's discussion will include forward-looking information which is subject to the cautionary statement contained in the supporting slide. Today's discussion and presentation will also include reference to non-GAAP financial measures.

You should refer to the appendix for reconciliation of historical non-GAAP measures to the closest GAAP financial measure. And now I will turn things over to Scott.

SCOTT BALFOUR

Thank you, Dave, and good morning, everyone. Emera enters these last months of 2025 with solid momentum. Our third quarter marked our fifth consecutive quarter of strong adjusted earnings growth, which has been underpinned by disciplined execution and customer-focused investments and reflects both the strength of our strategy and the quality of our portfolio.

With a record \$3.6 billion in capital investment this year and a newly extended 7% to 8% rate-based growth profile and a \$20 billion capital plan through 2030, we're confident in our ability to continue to deliver sustainable value for customers and shareholders alike. This morning, we reported third quarter adjusted earnings per share of 88 cents, a nearly 9% increase over the same period in 2024. Year-to-date, adjusted earnings per share of \$2.94 represents a 14% increase over the same period in 2024. The progress this year sets us up well to deliver on our 5% to 7% adjusted earnings per share growth guidance through 2027.

In September, our board of directors approved a 1% dividend increase, our 19th consecutive year of annual increases. This continued growth in our dividend reflects our

confidence in the strength of our premium asset portfolio and our ability to deliver consistent earnings and cash flow growth. We remain focused on delivering value to all stakeholders and we're delivering.

We're on track to deliver our largest annual capital spend of \$3.6 billion in 2025 with more than \$2.6 billion already deployed across key projects including solar and reliability investments in Tampa Electric, energy storage and transmission upgrades in Nova Scotia, and gas infrastructure at People's Gas. And we remain on track to fully execute on our four-year plan.

Looking forward, our 2026 to 2030 capital plan adds \$20 billion of essential investment across our portfolio, enabling us to continue to deliver the reliable energy our customers expect. Like many across the sector, we see increased demand for core investments in reliability, resilience, modernization, and generation capacity driven by key market conditions such as accelerating demand growth, changing grid configuration, renewables integration, and of course electrification. Put simply, there is no shortage of investment opportunity across our portfolio. Our capital plan thoughtfully maintains our 7% to 8% rate-based growth trajectory as we remain focused on pacing our capital investment in a way that best delivers value and manages cost impacts for customers while also delivering solid and sustainable growth for investors.

Affordability for customers is an important consideration that we must balance with the need to invest in our systems to ensure we are able to reliably deliver the energy our customers need. Since our acquisition of Tampa Electric in 2016, Tampa Electric's rate

base has grown by more than 8% annually, driven by investments to support the delivery of essential service to our customers. Over the same period, Tampa Electric's bill increases have remained below the national average. Our success in managing customer cost impacts is driven by prudent cost management, smart investments, and a focus on strategic initiatives that deliver value for customers.

For example, our solar investments in Florida have saved customers more than \$350 U.S. million in avoided fuel costs. In Nova Scotia, investments required to meet growth in the province to maintain reliability in the face of increasing severe weather and to support government policies of closing coal plants are also driving rate-based investment and growth, and we're working to find creative solutions to minimize the impact on customer rates. Last year, Nova Scotia Power is supported by both federal and provincial governments. We securitized more than \$600 million in fuel costs, and the recently filed Consensus General rate application proposes an additional \$700 million of securitization related to a portion of Nova Scotia Power's thermal generation assets. These steps are helping to minimize near-term customer cost impacts and demonstrate the thoughtful approach we continue to take in managing rates for customers.

Florida continues to be a powerful engine of growth, with robust population and economic expansion driving increased demand for electricity and natural gas. In the last five years, Florida has experienced nearly 38 percent GDP growth, and in 2024, it was the number one state for net migration and experienced the second-highest population

growth in the country. To support that growth, more than 80 percent of our capital plan will be deployed here. The influx of new customers has translated into increased demand for both electricity and natural gas across both residential and commercial sectors. As Tampa Electric's capacity needs grow as a result of economic development, our 2026 to 2030 capital plan includes approximately \$1.2 billion of transmission expansion and capacity improvements, averaging approximately \$240 million of investment per year. This is in addition to the more than \$2 billion of anticipated ongoing spend on solar and complementary energy storage projects, which will result in 2,100 megawatts of solar to be in service by the end of 2028.

At People's Gas, our investments will be targeted at bringing new customers online as we see continued growth in natural gas demand. In addition, our investments will continue to focus on hardening the system and increasing reliability for customers. As a direct result of the growth we continue to see in Florida, we expect rate-based growth from our local utilities to outpace the average of our consolidated plan, with these investments driving eight to nine percent rate-based growth through 2030. And with the recently approved settlement of People's Gas and last year's Tampa Electric rate case, both of which include subsequent year adjustments, we are pleased to have regulatory clarity and support our investment in rate base over the next three years.

I'd like to acknowledge that a capital plan of this size is not just numbers on a page. It requires a team of dedicated professionals to execute on. I'm very proud of our teams across all our companies that year after year develop thoughtful plans that take our

customers' current and future needs and government regulations and policies into consideration, anticipate what it'll take to execute, and then go out and deliver on these plans, safely and efficiently.

We made meaningful regulatory process in 2025. The Florida Public Service Commission approved the People's Gas Settlement with 67 U.S. million dollars of new rates to go into effect in 2026 and subsequent year adjustments of 25 million U.S. dollars and 5 million U.S. dollars in 2027 and 2028, respectively. The settlement agreement also reflects a 15 basis point increase in return on equity, bringing it to 10.3 percent. This agreement helps to manage regulatory lag in the recovery of investments and important reliability and distribution expansion needs across the state. Earlier this week, the FPSC formalized Tampa Electric's 2026 base rate increase of 88 million U.S., which was approved as part of their 2024 decision.

In Nova Scotia, the utility filed a consensus general rate application with the Nova Scotia Energy Board in September, requesting new rates for 2026 and 2027. This consensus GRA reflects agreement reached with all customer representatives following extensive engagement and constructive collaboration with key stakeholders across the province. The hearing has been scheduled for January 2026, and we expect a decision and new rates early next year.

The GRA enables critical reliability and infrastructure investments necessary to support the needs of Nova Scotians, which are reflected in our updated capital plan. If approved

as filed, the settlement provides Nova Scotia Power with a path to return to earning its approved ROE in 2026 and 2027.

Finally, at New Mexico Gas, the sales process is proceeding. The regulatory hearing began earlier this week, and we remain confident in attaining regulatory approval in early 2026. Before turning the call over to Greg, I wanted to highlight that while we extended our rate based growth forecast today through 2030, we've maintained our 5 to 7% adjusted earnings per share growth guidance through 2027. We plan to roll forward our EPS guidance on our fourth quarter call in February of 2026. And with that, I'll turn the call over to Greg.

GREG BLUNDEN

Thank you, Scott, and all of you for joining us this morning. Turning to our financial highlights, this morning we reported third quarter adjusted earnings of \$263 million and adjusted earnings per share of \$0.88 compared to \$236 million and \$0.81 in the third quarter of 2024. This represents a 9% increase in our Q3 earnings per share. Year-to-date, we reported adjusted earnings of \$878 million and adjusted earnings per share of \$2.94 compared to \$603 million and \$2.10 per share in 2024, representing a 40% increase in earnings per share over the same period in 2024.

The robust earnings growth the business has delivered so far has translated into a 23% increase in operating cash flow compared to the same period last year when normalized

for fuel and storm deferrals. In addition, recently we issued \$750 million in hybrids, effectively replacing the expected proceeds from the sale of New Mexico gas this year and de-risking our hybrid maturity in 2026.

This quarter's cash flow growth, in addition to the hybrid offering in late September, has delivered an over 150-basis point improvement in our key credit metrics since this time last year, bringing us to 11.9% on a trailing 12-month basis for the much-watched Moody's metric.

Turning to the drivers of our third quarter results, adjusted earnings per share increased \$0.07 to \$0.88 compared to \$0.81 in Q3 2024. At Tampa Electric, new rates in 2025, reflecting the level of capital we've invested on behalf of customers and continued customer growth, increased contributions by \$0.16 compared to the third quarter of 2024. Contributions from our other electric utilities modestly increased due to lower operating costs, and a slightly stronger U.S. dollar increased adjusted earnings by \$0.01 during the quarter, while a higher share count decreased adjusted earnings per share by \$0.03 compared to 2024. Contributions from our Canadian electric utilities decreased \$0.04 compared to the third quarter of 2024, primarily driven by higher operating costs and higher depreciation expense.

Timing differences in the valuation of long-term compensation and related hedges, primarily related to a large gain recognized in 2024, drove a \$0.02 increase in corporate costs compared to the third quarter of 2024. And at Emera Energy, favorable weather conditions that led to higher natural gas prices and increased volatility modestly

increased contributions from marketing and trading, but this was offset by lower earnings at Bear Swamp due to an outage. And at our gas utilities, lower contributions from New Mexico Gas and People's Gas decreased earnings by \$0.02 compared to the third quarter of last year.

Year-to-date adjusted earnings per share is up \$0.84 compared to the same period in 2024. Many of the drivers for the quarter are the same as for the year, but there are a few items I'd like to highlight. In addition to new rates at Tampa Electric in 2025, driving increased earnings year-to-date, favorable weather conditions in Florida contributed \$0.07 year-over-year. The timing differences in the valuation of long-term compensation and related hedges and the reversal of evaluation allowance on deferred tax assets also drove lower corporate costs.

The weakening Canadian dollar increased the earnings contribution from U.S. operations by \$25 million for the year, contributing \$0.09 year-to-date. Emera Energy's year-to-date performance reflects their record first quarter, where cold weather in the northeast early this year brought higher pricing and market volatility that the business was able to capitalize on. As a result, in the first quarter of this year, we adjusted Emera Energy's earnings guidance up to a range of \$35 to \$45 million U.S. And contributions from Canadian electric utilities benefit from the recognition of investment tax credits related to the ongoing energy storage projects and favorable weather in Nova Scotia in the first quarter of 2025. This was partially offset by the sale of our equity interest in Labrador Island Link in June of 2024.

Our capital plan for 2026 to 2030 is similar in size to our previous capital plan, and that is true for our funding plan as well. The only change in our funding plan this year is the inclusion of the proposed asset securitization at Nova Scotia Power that Scott mentioned earlier. The largest source of funding for our new \$20 billion capital plan will continue to be reinvested cash flows from our operations. We expect our cash flow generation to provide 45 to 50 percent of our funding needs.

We expect debt to be issued by our operating companies to support staying aligned with the regulated capital structures. And at the holding company, we expect to maintain our holding company debt at 30 to 35 percent of total debt. As Scott mentioned in his regulatory update, a final decision on the sale of New Mexico gas is expected in early 2026, and we remain confident in a constructive outcome. Proceeds from the sale will be used to fund approximately \$700 million U.S. dollars of our capital plan. And in addition, Nova Scotia, the expected securitization of thermal assets will contribute an additional \$700 million Canadian for our funding needs.

We continue to expect to access equity markets for our DRIP and ATM programs for up to 10 percent of our funding needs, supporting the strong profile of organic growth reflected in our \$20 billion capital plan. On average, this represents approximately \$400 million of equity annually. And we believe hybrid capital has an important role to play in meeting our funding requirements and are pleased with the competitive rates we accessed in the hybrid market a few weeks ago. The 50-50 debt equity treatment by

rating agencies makes them attractive tools that we will strategically access to fund up to 5 percent of our funding plan. And with that, I'll now turn it back over to Scott.

SCOTT BALFOUR

Thanks, Greg. Before I move into my closing remarks, I want to take a moment to acknowledge that after nearly 10 years, this will be Greg's last earnings call as CFO. On behalf of all of us at Emera, I'd like to thank Greg for his significant contributions over the last decade. Over his tenure, Greg helped the company navigate a challenging macro environment, unexpected headwinds driven by policy changes, and helped to absorb our transformative acquisition of TECO. Thanks to Greg's leadership, today Emera is on solid financial footing and well-positioned to execute on the organic growth we see ahead. And importantly, I'm pleased that Greg will continue to be part of the team in his new role of Executive Vice President Finance for our U.S. utilities, supporting our largest and fastest-growing businesses.

We also look forward to welcoming Jared Green to the Emera team as our CFO as of December 1st. Greg will, of course, work closely with him to ensure a smooth and seamless transition of finance responsibilities as Jared steps into his new leadership role at Emera.

More broadly, for everyone in our industry, this is a critical time to invest in meeting growing demand while strengthening resilience and improving efficiency and, of course,

being focused on affordability for customers. Emera will continue to build on our strong momentum, executing our customer-focused \$20 billion capital plan at a pace that best manages cost impact for customers. With a strong foundation, premium portfolio of assets, and expert teams, we will continue to deliver value for customers and shareholders alike and achieve our targeted adjusted per earnings per share growth. This concludes our formal presentation, and we now open the call for questions from our analysts.

OPERATOR

Thank you. Ladies and gentlemen, we will now begin the question and answer session. Should you have a question, please press the star followed by the one on your touchtone phone. You will hear a prompt that your hand has been raised. If you wish to decline from the polling process, please press star followed by the two. And if you are using a speakerphone, please lift the handset before pressing any keys.

The first question comes from Rob Hope at Scotiabank. Please go ahead.

ROB HOPE

Good morning, everyone. And Greg, all the best. Thanks for all the years.

GREG BLUNDEN

Thanks, Rob.

ROB HOPE

Okay. Maybe just take a look at the capital forecast. So, if we compare the capital forecast that you put forward today versus your prior one, there seems to be a little bit of a different shape, specifically a little bit less capital here in the next couple of years. Looks like across the board and maybe a little bit more in kind of that 29-30 timeframe. Can you maybe speak to kind of how some of the capital has been shifted as well as kind of what the key drivers are there?

GREG BLUNDEN

Yeah, Rob, it's Greg. I think there's a couple of things. One of the things that you may notice is that some of the planned capital at Tampa Electric for the 2026 and 2027 period, some of that has been accelerated into 2025, in particular around some of our solar investments and getting in front of some of the uncertainty that we see from a policy perspective a couple of years out.

And secondly, as part of the rate settlement at People's Gas, there was an agreement with intervenors that some of the capital we had planned to spend, it would be better to profile that out over a little bit longer period of time. So, that would be an example of a couple of things.

ROB HOPE

All right. Appreciate that. And then maybe once again on the capital forecast, how do you think about your credit metrics as being a governor or maybe to ask this a different way? Are you seeing potential upside to the forecast and would you be willing to go there if it did require some incremental equity?

GREG BLUNDEN

I think as Scott said, Rob, there's no shortage of opportunities to deploy capital in our business. I think it's a question of pace. And when we look at that, we look through all lenses in terms of the ability to execute the lead times on certain equipment, the impact on customer rates, and whether there's any kind of regulatory lag associated with large capital projects.

And of course, funding and credit metrics are part of that as well. But like I think many companies in our sector, we're not going to shy away from issuing equity if we need to to fund accretive capital projects in our businesses.

ROB HOPE

That's great. Thank you.

GREG BLUNDEN

You're welcome.

OPERATOR

Thank you. Next question comes from John Mould at TD Cowen. Please go ahead.

JOHN MOULD

Hi. Morning, everybody. First, best wishes to Greg on the next step. And thanks very much for all your assistance. I'd like to just start appreciating it's early days here. But it started with WindWest. It continues to be topical across political levels, came up in the

federal budget. I appreciate any involvement by yourselves would be on the transmission side. But wondering what conversations have you been a part of on this initiative? How are you thinking about potential scale and timing? And maybe just higher level comments on the broader opportunity for Amera that could come from this push on projects of national importance.

SCOTT BALFOUR

Yeah, John, thanks. Thanks for the question. And may get Peter to add on to perspective you hear from me here.

So first of all, obviously, it's still very early days on all of these projects of national interest that are all at various stages of planning activity. Some, as you know, the SMR program in Ontario is already under construction. You know, and I think from a broad perspective, from Amera's perspective, you know, we're here, we're interested in seeing how this progresses. We're cheering the Premier on certainly for his bold vision as it relates to the WindWest initiative and pleased that the federal government seems to have been captured with that vision and enthusiasm. But of course, it is still very early days.

We'll be looking to support the Premier's initiative in any way that we can. You're right, you know, we would not naturally look to be participating in offshore wind development. That's not our game. But if we can be assisting those developers with

subsea connection into mainland Nova Scotia, if we can be assisting and participate in the transmission build requiring to bring that energy to broader markets beyond Nova Scotia, of course, you know, we're interested to be doing that. We'll be paying attention, of course, to the Budget Implementation Act, which is expected in the coming weeks. It will increasingly provide more clarity.

We will support the office that is organizing these projects of national interest led by Don Farrell in any way we can. So at this point, you know, we're early days. We're trying to be helpful to the parties that are there. And there's still a lot of questions to answer as to where this project sits and its timing. But overall, you know, I think it's exciting to see that the focus of the federal government and many premiers is on enhancing and building national infrastructure in Canada. And we'll be pleased to play any part in that that we can. Peter, anything you want to sort of add a little more Nova Scotia perspective within that?

PETER GREGG

I think you covered it really well, Scott. But I just say I think the potential for that east-west transmission is real. You know, we've looked at that in the past. I think, you know, it's exciting opportunity getting a lot of attention at both the provincial and federal level. I think, you know, the opportunity to start optimizing generation resources through transmission links in the region is something we should look at. I think it's good

for Nova Scotia. And I think it's good for Atlantic Canada. So, you know, we'll continue to stay close to the conversation and see what happens.

JOHN MOULD

Okay, great. Thanks. Thanks for all that detail. And then just going back to the capital plan and the generation aspect in Florida, you know, you commented earlier about the magnitude of customer savings that solar investments in Florida have brought through avoided fuel costs. I'm just curious, as you work through your capital plan, how did all the moving pieces with the federal tax credits and some of the FEOC concerns or uncertainty, you know, affect where you landed in terms of the timing of generation spend and whether, you know, there's potential for further customer saving investments there if you do get, you know, further clarity on some pieces of that puzzle?

GREG BLUNDEN

Yeah, John, it's Greg. Yeah, the fuel savings that Scott referred to, obviously, is related to the bill of the solar in our service territory that is obviously economic for customers. And part of that is the, you know, availability of tax credits.

And, you know, if you go back to my comments in response to Rob, that's one of the reasons why we've accelerated some of the otherwise planned solar investments for the next couple of years is to advance those projects, realize the savings for customers earlier, and also just get in front of what could be some policy uncertainty in the next couple of years. So, it hasn't changed our overall plans, but on solar in particular, a little bit more sooner rather than later.

JOHN MOULD

Okay. Thank you.

OPERATOR

The next question comes from Maurice Choy at RBC Capital Markets. Please go ahead.

MAURICE CHOY

Thank you, and good morning, everyone. Can I just start with the Nova Scotia rate case? I wanted to specifically ask about your engagement with the Nova Scotia government, both leading up to the settlement and even after the filing with the regulator,

particularly given the government's public comments about the rate impact. And with that, what can be done to avoid the outcome that we saw in 2022?

PETER GREGG

Thanks, Maurice. It's Peter again. I think, you know, obviously, affordability is on a lot of people's minds, including our Premier. I won't speak for the Premier, but when we look at, you know, how we came to this filing, and I think it's important to underline that it's a consensus filing, as Scott mentioned, with all of the customer representatives. So, we spent, you know, several months working with them. I think we found the path to balancing reliability and affordability through this rate case, and I think it's significant that it is a consensus agreement that was filed. And we're on a path to that hearing in early January.

Obviously, you would imagine there have been ongoing discussions with provincial officials for months. Those continue. We do have a productive relationship with officials inside the government, and we continue those discussions. I think it's important, too, that, you know, the Premier's statements, while he's concerned about affordability, and I understand that, his statements have also been that they will become intervenors in the process, the regulatory process. Which is normal that the government does have a lawyer that participates in that.

So, that's our expectation. We'll continue to prepare for the hearing in January.

MAURICE CHOY

Maybe it's a quick follow-up. Are you detecting any differences in, say, body language or engagement that would avoid any legislative intervention?

PETER GREGG

No, no. We continue to have those discussions with, you know, I'd say partners in government on a number of files, a number of issues. We'll stay close to that. But again, I think, you know, the strength of the filing in front of the regulator, because we've spent all of that time with all the customer representatives, I think, has struck that right balance between reliability and affordability.

MAURICE CHOY

Great. And if I could just finish up with a discussion about credit metrics and payout ratio. Wasn't much mentioned here about credit metrics. And I remember, Greg, that previously you mentioned that the funding plan supports about a 50 BIPs improvement annually in your cash flow to debt metrics, as well as payout ratio towards 80% by 2027. Your thoughts on what this funding plan impacts on today mean for both?

GREG BLUNDEN

Yeah, I think, thanks for the question, Maurice. Yeah, nothing's changed from our view.

The funding plan is consistent with what we had before. And with the, you know, soon to be closing of the sale of New Mexico and the securitization of the thermal plants or assets at Nova Scotia Power, we fully expect to continue to have that level of improvement in our credit metrics over the next couple of years.

So, we're very pleased about that. You know, on a trailing 12-month basis, we are at our downgrade threshold or our threshold with Fitch now, who has us at stable. We've got about 150-plus basis point cushion on our downgrade threshold at S&P. They have us at stable. And as I mentioned in my remark, we are effectively at the 12% with Moody's as well. So, albeit we're still on negative outlook. So, all to say is we've accomplished what we needed to do. And the path for further improvement over the next couple of years has not changed.

MAURICE CHOY

That's great. Thanks, Greg, for the many great years. And I look forward to continuing our engagement in your new role along with Jarred when he arrives.

GREG BLUNDEN

Yep. Thanks, Maurice.

OPERATOR

Thank you. The next question comes from Eli Jossen at JP Morgan. Please go ahead.

ELI JOSSEN

Hey, good morning, everyone. Just wanted to kind of start on the strategic leadership changes. Congrats to Greg on next steps and Jared and the rest of the team. Top priorities going forward. I think the release highlighted a lot of the strategic goals for the business. But just from a very high level, how should we think about this leadership transition moving forward?

SCOTT BALFOUR

Yeah, Eli, thanks for the question. And welcome to Emera. So, yeah, I mean, this is really just about, you know, continuing to strengthen the strength on the bench, as we've, you know, shared with others in the past. Greg and I are within months of the same age and looking to, you know, bring Jared in and just continue to strengthen the bench. We're

blessed with, you know, I'm blessed with working with a great team. And as I said, pleased that Greg can continue to contribute to the team. Adding Jared on just continues to bring some fresh talent and fresh perspective and, you know, position as well for the future. And, you know, we've got great talent, those, you know, that are on this call and their teams underneath them.

We're, as I say, blessed with a team of really terrific people. We don't, I don't use that term in the call script, expert teams lately. And really believe that we've got a deep bench and a strong team. And just continue to think about, you know, ensuring that succession planning in the years ahead continues to be thoughtful as we've, you know, navigated in the past with a number of executives retiring and not missing a beat and keeping the momentum that we've got of strong performance through the piece. So just looking to continue to do that.

ELI JOSSEN

Great. And then maybe just pivoting to some of the attractive growth that's been discussed on this call in Florida. So I guess, can we just talk a little bit about potential pockets of upside beyond the plan that you see, whether that's in the near or longer term?

You know, what do those look like from a mix shift industrial, you know, possible data center opportunities, you know, across your service territory?

SCOTT BALFOUR

Yeah, I think Eli would, you know, would say, first of all, I'd anchor back to the point that Greg made, which is, you know, there is no shortage of capital for us to invest. We could, you know, easily put forward a capital plan that's a significant more capex over the next couple of years. But we're working really hard to balance, you know, that capital investment profile with the impact on affordability for customers. And at the same time, to make sure that we can execute it both safely, but also cost effectively and, you know, construction capacity and supply chains in this market are constrained. And so there's risk that in the ability to execute is with excellence, as I think we have over the years in our capital programs. And so, you know, that is sort of home base for us.

Now, you know, as you mentioned, data centers, you know, data centers have not yet been a part of our story. But, you know, I would say that we continue to see active interest in and by the data center side of things in our service territories. Of course, particularly in Florida. And, you know, there's nothing material that we're in a place to share now, but continue to be encouraged by the conversations. And, you know, we'd like to think that we may see some opportunity to grow at the very least to make sure

that we're sustaining that 78% rate-based growth for a durable time, which I continue to believe.

But over time, you know, we may see some opportunity to upside that. But as we sit today, we continue to believe that 78% rate-based growth profile is kind of the sweet spot. And data center growth may help to support the affordability impacts on broader customers if we can use some of that revenue generation from data centers to mitigate cost impacts for the broader system. This is all part of the equation that every utility I know is dealing with. And as we sit today, as I say, that 78% growth is home base for us. We see that as durable for a long time.

GREG BLUNDEN

Great. Appreciate the colour. I'll leave it there.

OPERATOR

Thank you. The next question comes from Mark Jarvi at CIBC Capital Markets. Please go ahead.

MARK JARVI

Thanks. Good morning, everyone. Scott, when you guys gave EPS guidance, I think you said you wanted to walk before you run and weren't comfortable going out to sort of five years. As you think about rolling over guidance next year, is the plan to stay with a three-year guidance, or would you line that up with the capital plan to five years?

SCOTT BALFOUR

You know, I mean, we haven't fully landed on that yet, Mark, but I would reasonably expect that we'll stick with a three-year forecast for now.

MARK JARVI

Got it. And then just one question on maritime link and, you know, depreciating asset, kind of a bit of a drag on the rate-based CAGR. It doesn't require capital, but what's your view on that asset? Are you wedded to it? Is there a lot of strategic value when you think about potentially some of the transmission opportunities in the Atlantic provinces, just sort of long-term view on that asset?

SCOTT BALFOUR

Yeah, it's a pretty strategic asset, I think. I mean, it really is just an extension of Nova Scotia Power. It's regulated by the same regulators as Nova Scotia Power. All of that cost profile, effectively, it is a, in a way, a generation source for Nova Scotia Power through import, through the maritime link. So it really is tagged with Nova Scotia Power. And the only reason, really, it was separated into its own distinct entity was for financing purposes. And being able to secure the federal loan guarantee, the federal government was looking to ensure that that asset was physically separated, legally, structurally separated from Nova Scotia Power. So I really think of it as an extension of Nova Scotia Power.

MARK JARVI

Would there be an opportunity to maybe do, like, minority sale if you saw some other opportunities to continue to push rate-based investments across your portfolio?

SCOTT BALFOUR

Yeah, we've always got options like that, Mark, but not something that we're thinking of or pursuing at the current time.

MARK JARVI

Okay, thanks for the time.

OPERATOR

Thank you. Ladies and gentlemen, as a reminder, should you have any questions, please press star 1. The next question comes from Ben Pham at BMO. Please go ahead.

BEN PHAM

Hi, good morning. A follow-up question on Mark's query on the EPS tagger. I'm wondering, from your perspective, when you think about setting the taggers and that starting year you roll forward, how are you thinking about 2025 as a base, just because you have the marketing trading benefit and tamper rates going up? Like, it's a high starting point that it's tough to get a tagger that looks similar to the last or the current CAGR you have right now.

SCOTT BALFOUR

Yeah, Ben, I think – I'm sorry. Go ahead if you want, Greg.

GREG BLUNDEN

Yeah, Ben, I think if you think back to when we first established it, there was a couple of, I'd call it baseline assumptions that was embedded on the 5 to 7, and that was that Mira Energy would earn kind of their midpoint of their earnings range of \$15 to \$30 million, and it was also based off a consistent foreign exchange rate over the period. So, again, I don't want to get over our skis in terms of what we're thinking about for February, but I think it's fair to assume that when we talk about going forward EPS guidance, it would be normalizing for some of those things that were a bit of a tailwind in 2025.

BEN PHAM

Okay, that makes sense. We're seeing that from other companies as well. Can you talk about the – I'm not sure if on Nova Scotia-powered or rate-based CAGR you have here – it's been quietly creeping up over the years in a good way. What's in that rate-based? What's driving that? And I assume you note here you're normalizing for the thermal securitization. It's apples to apples?

GREG BLUNDEN

Yeah, we are, Ben. The rate-based investments going forward in Nova Scotia-powered are really focused on reliability investments and predominantly, if I take even a step

back, transmission and distribution investments. And what I would include in that also is battery projects, battery storage. So, transmission upgrades between Nova Scotia and New Brunswick, strengthening the backbone of the transmission system in the province, you know, more vegetation management and other distribution things, all the things to support the transition to an ISO in New England and ultimately getting to our 2030 renewable energy targets in Nova Scotia.

BEN PHAM

Okay. Just one last cleanup question. I know there's a – I think I saw a positive contribution from Block Energy, which I thought you may have shut down a while back. Is that different now in terms of where that business is?

GREG BLUNDEN

No, we had a settlement on a contract that we had accrued last year as part of the wind-up, and the settlement was more favorable than we would have anticipated. So, basically, just adjusting for an over-accrual from 2024.

BEN PHAM

Okay, got it. Thank you.

GREG BLUNDEN

You're welcome.

OPERATOR

Thank you. We have no further questions. I will turn the call back over for closing comments.

DAVE BEZANSON

That concludes our call for today. Thank you all for joining us. Please reach out to the Investor Relations Team if you have any further questions. Have a great weekend.

OPERATOR

Ladies and gentlemen, this concludes our conference call for today. We thank you for participating, and we ask that you please disconnect your lines.