



First Quarter Report

Year-to-date results
For the period ended
June 30, 2021

NEW BRUNSWICK
POWER CORPORATION


Énergie NB Power | the power of possibility
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Message from the President and CEO

With the beginning of our new fiscal year in April, we were encouraged to see interest in our efficiency services return to pre-pandemic levels. We were very pleased that many of our business customers took advantage of our Business Rebate Program, which was developed to help New Brunswick businesses offset the cost of efficiency upgrades. This Program will continue to help business customers save on their energy bills, help the environment while supporting the provincial economy.

We were also pleased to recognize seven New Brunswick individuals, businesses, organizations, educational institutions, and communities with Energy Efficiency Excellence Awards for their outstanding leadership in energy efficiency. Since 2018, these Awards have celebrated the achievements of New Brunswickers who undertake efficiency projects or demonstrate a long-standing commitment to driving energy efficiency in the province.

During the quarter, we chose a New Brunswick solar company with its own unique design, The Smart Energy Company of Quispamsis, to help us build our new 1.63 MW solar farm in Shediac. This solar farm is the first of its kind in the province, and an important part of the larger Smart Grid Atlantic renewable energy research and demonstration program being run by NB Power, Siemens Canada, and Nova Scotia Power. Adding renewable energy to our grid is vital to lowering our greenhouse gas emissions as a province.

In an effort to provide more real-time information to our customers, we began posting the real-time water levels of the Mactaquac headpond on our website. This information is helpful for boaters, people who have docks along the river above the headpond, and recreational fishers.

We experienced two significant generation challenges during the quarter with low hydro flows and a 13-day unplanned outage at the Point Lepreau Nuclear Generating Station to address a mechanical issue related to the conventional, non-nuclear side of the plant. While it was disappointing to start the year with these challenges, I was pleased with how our team responded in order to minimize the impact of the outage.

In recent months, we have seen an increase in the number of break-ins and attempted break-ins at NB Power sites. It is impossible to overstate how dangerous these break-ins are - they endanger the lives of the people breaking in and risk the health and safety of our employees. Members of the public should never, under any condition, enter a substation. These facilities can be extremely dangerous, as electric power flows through them at high voltage levels.

At NB Power, we recognize our critical role as an essential service provider. I can assure you that we remain committed to ensuring every business, hospital and home in New Brunswick stays connected as our province continues on its pandemic-recovery path.



Year-over-Year Financial Highlights¹

NB Power continues its journey along the path towards a post-pandemic recovery. The June 2021 results and resulting year-over-year comparison reflect these gradual improvements in provincial conditions. As a result, the first quarter of 2021/22 reflect economic conditions similar to pre-pandemic whereas the previous year's first quarter results were significantly impacted by the need to temporarily shut down non-essential businesses.

Electricity Operations

NB Power's operating earnings were \$54 million for the three-month period ended June 30, 2021, which was \$1 million or two per cent higher than the same period last year.

Revenue from electricity sales in New Brunswick totalled \$312 million, an increase of \$13 million or four per cent from the same period last year. This increase is mainly due to commercial customer sales volumes that more closely aligned with pre-pandemic sales and an increase in regulator-approved customer rates that went into effect March 2021. Offsetting this year-over-year increase was a reduction in residential sales volumes due to warmer weather. Out-of-province revenue was \$92 million, which was an increase of \$4 million or five per cent over the prior year's first quarter, resulting from increased opportunity sales with customers in Canada.

Fuel and purchased power costs were \$144 million, an increase of \$19 million or 15 per cent over the same period last year. This increase is primarily due to increased generation requirements to meet a return to pre-pandemic commercial customer sales volumes, necessary replacement generation costs due to an unplanned outage at Point Lepreau Nuclear Generation Station, and lower hydro flows.

Operation, maintenance and administration (OM&A) costs were \$131 million, a year-over-year increase of \$3 million or two per cent for the three-month period. The primary drivers were the unplanned maintenance outage at Point Lepreau Nuclear Generating Station and a return to pre-pandemic field work activities. Partially offsetting this year-over-year increase was a planned capital maintenance outage at the Coleson Cove Generating Station that resulted in a reduction in other maintenance activities completed at the Station.

Depreciation and amortization expense was \$83 million, a decrease of \$2 million or two per cent over same the three-month period in 2020/21.

¹The financial information contained in the report includes abbreviated and condensed financial statements that have not been audited and contains financial estimates that are subject to change. Certain comparative figures have been restated to reflect adjustments made to the period results subsequent to the issuance of the prior year quarterly report.

Finance Costs and Investment Income

Unrealized gains of investments were \$27 million or 50 per cent lower than the previous year. The previous year's results were significantly impacted by the financial market rebound in the first quarter. The investment market values are subject to market conditions, which continue to be volatile.

Financial Overview

Net earnings for the period ended June 30, 2021 were \$18 million, which represents a \$24 million decrease compared to the same period last year. This variance was primarily due to the lower unrealized gains on investments.

Debt Management

Net debt is \$4,932 million as at June 30, 2021, an increase of \$3 million for the three-month period. The main drivers for this increase were the reduced availability of the Point Lepreau Nuclear Generating Station due to the unplanned outage and the timing of certain payments for carbon tax and generation fuel.

Consolidated Net Debt

In millions of dollars (Unaudited)

	30 June 2021	31 March 2021	Variance
Total debt	\$5,358	\$5,342	\$16
Cash	(1)	3	(4)
Sinking fund receivable	427	410	17
Total net debt	\$4,932	\$4,929	\$3

Consolidated Statement of Earnings

In millions of dollars (Unaudited)

Period Ended June 30,

	2021	2020	Variance
Revenue			
Sales of electricity			
In-province	\$ 312	\$ 299	\$13
Out-of-province	92	88	4
Miscellaneous	20	16	4
Total revenue	424	403	21
Expenses			
Fuel and purchased power	144	125	19
Operations, maintenance and administration	131	128	3
Depreciation and amortization	83	85	(2)
Taxes	12	12	-
Total operating expenses	370	350	20
Operating earnings	54	53	1
Finance costs and investment income			
Finance costs	61	59	2
Sinking fund and other investment income	(1)	3	(4)
Unrealized gains on investments	(27)	(54)	27
Total finance costs and investment income	33	8	25
Net earnings before changes in regulatory balances	21	45	(24)
Net changes in regulatory balances	(3)	(3)	-
Net earnings	\$18	\$42	\$(24)

Operating Statistics

Period Ended June 30

	2021	2020	Variance
In-province sales (GWh)	2,857	2,765	92
Heating degree days	686	794	(108)
Export sales (GWh)	1,346	1,063	283
Hydro flows (below) long-term average (%)	(20)%	(6)%	(14)%
PLNGS net capacity factor (%)	85%	100%	(15)%

Consolidated Statement of Financial Position

In millions of dollars (Unaudited)

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021
Assets			
Current			
Cash	\$(1)	\$(2)	\$3
Accounts receivable	210	196	272
Materials, supplies and fuel	223	233	222
Prepaid expenses	44	40	20
Derivative assets	70	11	5
Total current assets	546	478	522
Non-current assets			
Property, plant and equipment	4,731	4,645	4,741
Sinking fund receivable	427	378	410
Other non-current assets	959	867	903
Total non-current assets	6,117	5,890	6,054
Total assets	6,663	6,368	6,576
Regulatory balances	854	868	858
Total assets and regulatory balances	\$7,517	\$7,236	\$7,434

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021
Liabilities and equity			
Current liabilities			
Short-term indebtedness	\$626	\$534	\$608
Accounts payable and accrued interest	296	262	353
Current portion of long-term debt	624	-	400
Current portion of lease liability	5	3	5
Derivative liabilities	19	62	19
Total current liabilities	1,570	861	1,385
Non-current liabilities			
Long-term debt	4,108	4,744	4,334
Lease liability	26	2	25
Other non-current liabilities	1,359	1,279	1,373
Total non-current liabilities	5,493	6,025	5,732
Total liabilities	7,063	6,886	7,117
Total equity	454	350	317
Total liabilities and equity	\$7,517	\$7,236	\$7,434

Consolidated Statement of Cash Flows

In millions of dollars (Unaudited)

Period Ended June 30,

	2021	2020
Operating activities		
Cash receipts from customers	\$486	\$483
Cash paid to suppliers and employees	(387)	(373)
Interest paid	(36)	(58)
Cash provided by operating activities	\$63	\$52
Investing activities		
Expenditures on property, plant and equipment	\$(68)	\$(46)
Cash expenditure on decommissioning	(2)	(2)
Cash used in investing activities	\$(70)	\$(48)
Financing activities		
Proceeds on long-term debt	\$ -	\$303
Debt retirement	-	(367)
Increase (decrease) in short-term indebtedness	19	(157)
Sinking fund changes	(15)	213
Principal repayment of lease obligation	(1)	(1)
Cash provided by (used in) financing activities	\$3	\$(9)
Net cash (outflow)	\$(4)	\$(5)
Cash, beginning of period	3	3
Cash, end of period	\$(1)	\$(2)