

Q3 | Third Quarter Report

Year-to-date results for the period
ended December 31, 2024



Énergie NB Power

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Message from the President



**President and CEO
Lori Clark**

With every passing day, the utility sector's transition to producing cleaner, greener energy becomes more of a reality. To make the changes that are necessary to achieve net-zero energy production will require innovation and collaboration with key partners, both of which are critical paths forward we've identified in our Strategic Plan - *Energizing our Future*.

That's why I was pleased to participate in an event held on December 8 in Dieppe that brought together an integral group of our federal, provincial and First Nations partners. Together we affirmed our commitment to New Brunswick's clean energy future and to work to make access to affordable, reliable and clean electricity a reality for all New Brunswickers. As part of the event, the federal government announced they'll be providing up to \$1.05 billion in new funding to support our province's priorities as we implement innovative approaches to a net-zero energy future. For example, the investment will support Indigenous-led wind projects, the conversion of the Belledune Generating Station from coal-fired power to biomass and predevelopment work for new small modular reactor capacity at the Point Lepreau Nuclear Generation Station.

Following the announcement, my colleagues and I led a number of the event participants, including the Hon. Steven Guilbeault, federal Minister of Environment and Climate Change, on a tour of our solar farm in Shediac. Online for over a year now, our solar farm illustrates how we can add renewable energy to the grid in a way that brings value to all New Brunswickers.

In December, the Point Lepreau Nuclear Generating Station returned to service following the completion of its maintenance outage and important repairs to the generator stator bars, just in time for the winter heating season. We're continuing to assess the financial impact of this extended outage and are exploring options to mitigate costs for customers, including potential recovery through corporate insurance policies. We'll have more to share on this in future reports.

In addition to operational and infrastructural improvements, NB Power, in partnership with the New Brunswick Emergency Measures Organization, conducted Synergy 2024 in October, a large-scale emergency preparedness exercise at the Point Lepreau Nuclear Generating Station. As part of NB Power's Power Reactor Operating Licence, issued by the Canadian Nuclear Safety Commission, a full-scale exercise of this nature is required every three years, and is evidence of our commitment to emergency readiness, as well as the safety of our employees, communities and province overall.

This quarter we also reaffirmed our focus on public safety as we supported our customers to use electricity safely. From National Fire Prevention Week to Storm Preparedness Week, we offered customers access to an array of accessible information in an endeavour to help them keep their families, homes and businesses safe.

On November 8, the New Brunswick Energy and Utilities Board (EUB) issued its ruling on our two-year General Rate Application, which was filed in December 2023. We know changing rates can be a challenge for customers, and that they rely on us to help them manage their energy use and costs. We reached out to each customer class directly to let them know how they'll be impacted, as well as what options for bill and energy use management are available to them.

The fall and winter storm season has brought a number of strong weather systems to our region, resulting in some of our customers losing power. We're grateful to our customers for their patience, and to our field crews and contractors who worked around the clock to safely and efficiently restore service. We know our customers rely on us and any loss of power is an inconvenience. We're continuing to engage with communities that were most affected, sharing our plans to improve reliability in their areas.

This quarter, we focused on educating the next generation of New Brunswickers and participated in Nuclear Science Week. We also became a Power Partner in Electricity Now, a program that helps promote energy literacy and attracts students to the energy sector.

In closing, I want to assure you that we're taking action in response to concerns raised by some customers about higher-than-expected power bills in January. We're taking each and every one of these concerns incredibly seriously and are internally reviewing our systems, processes and communications. We're also participating in a third-party independent review of our billing and metering systems. If issues are uncovered related to billing, we'll take immediate action to rectify the situation. In the meantime, we're continuing to work with our customers to help them manage their energy use and bills, and are offering a variety of supports, including equalized billing, payment assistance and information on how to access our energy efficiency programs.



Lori Clark
President and CEO

Year-over-Year Financial Highlights¹

On November 8, 2024, the New Brunswick Energy and Utilities Board (EUB) issued a verbal decision on NB Power’s two-year General Rate Application, filed in December 2023. The decision approved the majority of the application. NB Power completed all necessary adjustments to the budget for changes in customer rates and service charges by the end of the third quarter.

The Point Lepreau Nuclear Generating Station (PLNGS) returned to operation on December 11, 2024, following the completion of its spring maintenance outage and important repairs to the generator stator bars which required an extended outage at the Station. The final financial impact of the extended outage will be reflected in NB Power’s year-end financial results.

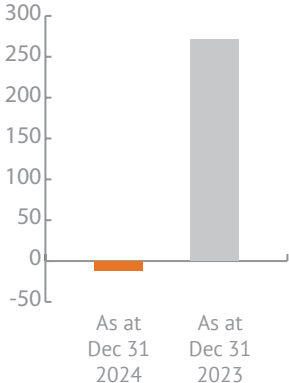
Electricity Operations

NB Power had an operating loss of \$12 million for the nine-month period ended December 31, 2024, which was a decrease of \$283 million from the same period last year.

Revenue from electricity sales in New Brunswick totaled \$1,248 million, a \$149 million or 14 per cent increase from the same period last year. The primary driver was an increase in sales prices resulting from the rate increase effective April 2024 and variance account charges.

Out-of-province revenue for the period was \$375 million, representing a \$699 million or 65 per cent decrease over the same period last year. The electricity export market is a competitive market with inherent variability in sales opportunities and service contracts available at a given time. Out-of-province revenue is subject to variability and will result in swings in year-to-year out-of-province results. Sales to customers outside of the province decreased by 5,816 GWh to 3,262 GWh in the current period. This was a result of decreased contracts with customers in the United States.

\$12
Operating loss
(in millions of dollars)



¹ The 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.

Fuel and purchased power costs were down by \$327 million to \$908 million, a 26 per cent decrease over the same period last year. This was primarily due to lower supply volumes as a result of a decrease in sales to customers in the United States. The decrease was partially offset by the cost of replacement energy required during the extended outage of the PLNGS. Higher prices of fuel consumed in the production of electricity and lower than average hydro generation also contributed to higher fuel costs.

Operation, maintenance, and administration costs were up by \$31 million to \$478 million, a seven per cent increase over the same period last year. This was primarily due to the repair of the generator at PLNGS, increased customer demand work and efficiency initiatives. Higher incentives and rebates to customers also contributed to the increase. These increases were partially offset by a reduction in general maintenance activities at PLNGS during the extended capital maintenance outage and lower storm costs compared to the same period last year.

Depreciation and amortization expense was \$303 million, a \$47 million or 18 per cent increase over the same period last year. Increased depreciation is a result of on-going investments in infrastructure to improve reliability and modernize the grid. Such investments include major maintenance outages at the generating stations, as well as expenditures to strengthen the transmission and distribution systems. The change of the economic life of the PLNGS generator is another contributor to increased depreciation..

Finance Costs

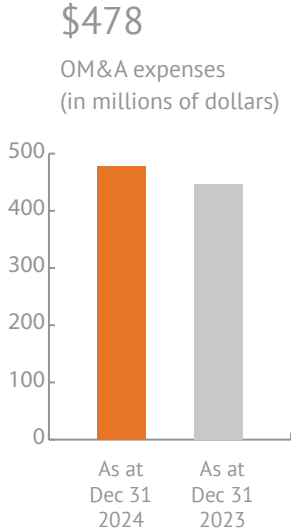
Finance costs were \$242 million, a \$13 million or six per cent increase as compared to the same period last year. This is mainly due to an increase in net debt balances during the period resulting in higher interest costs. This increase was partially offset by lower borrowing rates during the period.

Sinking Fund and Other Investment Income

Sinking fund and other investment income were \$14 million, a \$3 million or 27 per cent increase from the same period last year. The increase is primarily due to changes in amortization of discounts/premiums.

Unrealized Gains on Investments

Unrealized gains on investments were \$75 million, a \$35 million or 88 per cent increase over the same period last year. This was primarily the result of several interest rate cuts by central banks in Canada and abroad which drove continued strength in equity and fixed income markets.

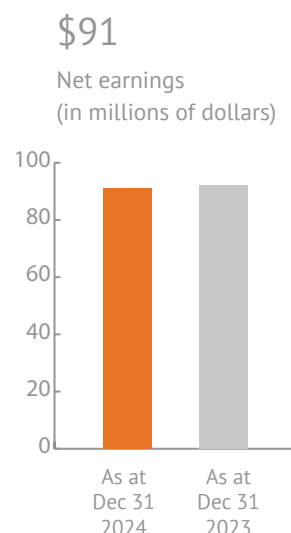


Net Changes in Regulatory Balances

Net changes in regulatory balances of \$256 million was recognized in earnings, a \$257 million increase compared to the same period last year. During the first three quarters, the unfavourable gross margin variance compared to plan, variance account charge and associated interest were reclassified to the regulatory account. The increase in the current year is also being impacted by the PLNGS outage replacement energy and rate smoothing regulatory accounts approved by the Energy and Utilities Board in 2024/25.

Net Earnings

The above variances resulted in \$91 million net earnings for the period ended December 31, 2024, compared to net earnings of \$92 million in the same period last year, which represents a \$1 million unfavourable variance.



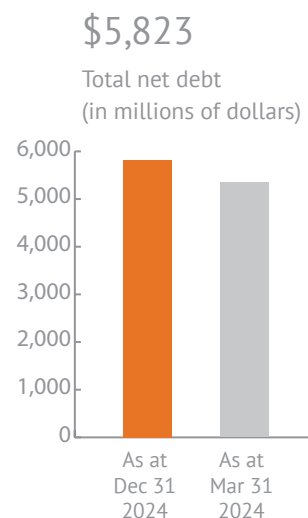
Debt Management

Net debt is \$5,823 million as at December 31, 2024, a \$476 million increase since March 31, 2024. The operating loss for the period resulted in the requirement to obtain additional debt to fund capital spending on major projects. This was partially offset by positive working capital changes.

Consolidated Net Debt

In millions of dollars (Unaudited)

	As at Dec 31, 2024	As at Mar 31, 2024	Variance
Total debt	\$6,376	\$5,859	\$517
Cash	2	10	(8)
Sinking fund receivable	551	502	49
Total net debt	\$5,823	\$5,347	\$476



Consolidated Statement of Earnings

In millions of dollars (Unaudited)

Period ended December 31

	2024	2023	Variance
Revenue			
Sales of electricity			
In-province	\$1,248	\$1,099	\$149
Out-of-province	375	1,074	(699)
Miscellaneous	90	72	18
Total revenue	1,713	2,245	(532)
Expenses			
Fuel and purchased power	908	1,235	(327)
Operations, maintenance and administration	478	447	31
Depreciation and amortization	303	256	47
Taxes	36	36	-
Total operating expenses	1,725	1,974	(249)
Operating (loss) earnings	(12)	271	(283)
Finance costs and investment income			
Finance costs	(242)	(229)	(13)
Sinking fund and other investment income	14	11	3
Unrealized gains on investments	75	40	35
Total finance costs and investment income	(153)	(178)	25
Net (loss) earnings before changes in regulatory balances	(165)	93	(258)
Net changes in regulatory balances	256	(1)	257
Net earnings	\$91	\$92	\$(1)

Operating Statistics

Period ended December 31

	2024	2023	Variance
In-province sales (GWh)	9,299	9,339	(40)
Heating degree days	2,139	2,196	(57)
Export sales (GWh)	3,262	9,078	(5,816)
Hydro flows below long-term average %	(22.0%)	18.0%	(40.0%)
PLNGS net capacity factor (%)	6.5%	83.0%	(76.5%)

Consolidated Statement of Financial Position

In millions of dollars (Unaudited)

	As at Dec 31, 2024	As at Dec 31, 2023	As at Mar 31, 2024
Assets			
Current			
Cash	\$2	\$6	\$10
Accounts receivable	438	437	412
Materials, supplies and fuel	324	301	326
Prepaid expenses	34	32	25
Derivative assets	119	19	29
Total current assets	917	795	802
Non-current assets			
Property, plant and equipment	4,991	4,765	4,810
Nuclear decommissioning and used fuel management funds	1,015	929	941
Sinking fund receivable	551	514	502
Other non-current assets	121	135	125
Total non-current assets	6,678	6,343	6,378
Total assets	7,595	7,138	7,180
Regulatory balances	1,162	1,020	907
Total assets and regulatory balances	\$8,757	\$8,158	\$8,087
	As at Dec 31, 2024	As at Dec 31, 2023	As at Mar 31, 2024
Liabilities and equity			
Current liabilities			
Short-term indebtedness	\$1,133	\$586	\$570
Accounts payable and accrued interest	439	473	443
Current portion of long-term debt	200	150	50
Current portion of lease liabilities	7	6	7
Derivative liabilities	13	104	57
Total current liabilities	1,792	1,319	1,127
Non-current liabilities			
Long-term debt	5,043	5,137	5,274
Lease liabilities	39	39	39
Decommissioning and used fuel management liability	1,081	1,006	1,069
Other non-current liabilities	209	223	172
Total non-current liabilities	6,372	6,405	6,554
Total liabilities	8,164	7,724	7,681
Total equity	593	434	406
Total liabilities and equity	\$8,757	\$8,158	\$8,087

Consolidated Statement of Cash Flows

In millions of dollars (Unaudited)

Period ended December 31

	2024	2023
Operating activities		
Net Income	\$91	\$92
Adjustments to reconcile net income to cash provided by operating activities		
Finance costs	242	229
Depreciation & Amortization, net of gain and loss on disposal	302	256
Change in market value of derivatives	(41)	(3)
Net changes in regulatory balances	(256)	1
Investment fund earnings	(88)	(51)
Used nuclear fuel	1	4
Net Changes in non-cash working capital balances	(55)	-
Interest paid	(184)	(173)
Net post-employment benefits	(4)	(4)
Net Customer contributions	4	4
Change in long-term pre-paids	-	(3)
Cash provided by operating activities	\$12	\$352
Investing activities		
Expenditures on property, plant and equipment, net of proceeds of disposal	\$(461)	\$(328)
Cash expenditures on decommissioning	(27)	(24)
Nuclear investment funds withdrawals	-	7
Cash used in investing activities	\$(488)	\$(345)
Financing activities		
Proceeds from long-term debt	\$ -	\$442
Debt retirements	(50)	(200)
Increase in short-term indebtedness	562	(211)
Sinking fund installments	(41)	(38)
Sinking fund withdrawals	5	9
Principle repayment of lease obligation	(8)	(6)
Cash provided by (used in) financing activities	\$468	\$(4)
Net cash (outflow) inflow	\$(8)	\$3
Cash, beginning of year	10	3
Cash, end of year	\$2	\$6