



Q1 | First Quarter Report

Year-to-date results for the period ended
June 30, 2024



Énergie NB Power

the power of possibility
débordant d'énergie

Message from the President



**President and CEO
Lori Clark**

This quarter marked an important milestone for NB Power as we celebrated the one-year anniversary of the launch of our Strategic Plan – *Energizing our Future*. This plan is helping us ensure we always put our customers’ needs first and it’s helping us make important decisions as we transition to a cost-effective, clean and secure energy supply, modernize the grid, and electrify and grow our load.

In the last few months, we’ve made progress on a number of these fronts, as well as had the opportunity to reflect on our successes to date and engage with customers and those in other jurisdictions about our exciting plans to become a utility of the future.

In April, we were pleased to host a series of open houses to provide customers with an update on the future of the Mactaquac Generating Station. The station is New Brunswick’s largest and most reliable source of renewable energy, meaning it’s critical to our strategic plan. The project is moving through the province’s rigorous environmental regulatory approval process, and the open houses, held in Fredericton, Keswick Ridge and Woodstock, provided an opportunity for customers to engage directly with NB Power team members to learn more.

Another important infrastructure project we embarked on this quarter was a planned maintenance project at Point Lepreau Nuclear Generating Station. These maintenance outages are incredibly complex and are vital to ensuring energy security for New Brunswickers, as well as safe, reliable and low-emitting electricity generation for all of our customers. We’ll continue to provide updates on the status of this important and comprehensive work.

This quarter, I had an exciting opportunity to participate in an international panel on nuclear power’s vital role in safeguarding global energy security at Reuters Events: SMR & Advanced Reactor 2024. While at the conference, I officially signed a MoU with the presidents of Korea Hydro & Nuclear Power and ARC Clean Technology, outlining our shared commitment to future international collaboration between Korea, the USA and Canada to accelerate global SMR deployment. This is another key tenet in our strategic plan and is required to support more renewable energy on our electricity grid.

As we are continuing to advance our efforts to incorporate more renewables into our grid, ensure energy security, as well as form new partnerships, all integral to our strategic plan. In June, we issued a Request for Expressions of Interest (REOI) for a partner to construct and operate a dual-fuel combustion turbine. This new facility will serve as critical backup during any gaps in renewable energy availability, including disruptions during extreme weather conditions.

There were some new faces welcomed to NB Power this May, as Patrick Oland, chief financial officer of Moosehead, and Wayne Power, a recently retired J.D. Irving, Limited senior executive, joined our board of directors. We're looking forward to their fresh perspectives as we work collectively on our future goals. I'm happy to say we have a very engaged, qualified and professional board at NB Power guiding our future.

There was one more critical milestone reached this quarter, as the hearing for our General Rate Application got underway in June. We understand no one wants to see rising rates, especially when the cost of everyday things like gas and groceries are continuing to rise. However, as a cost-of-service utility, NB Power's core responsibility is to provide New Brunswickers with safe, reliable and cost-effective electricity.

We respect the regulatory process and the role the New Brunswick Energy and Utilities Board (EUB) plays in ensuring New Brunswickers pay a fair rate for their power. The hearing is scheduled to conclude next quarter. An interim rate increase went into effect on April 1; however, if the EUB's final decision is different, customers will be rebated accordingly. We'll continue to share updates with customers as the proceeding continues.

We're committed to helping New Brunswickers who need support to more effectively manage their arrears and remove any barriers preventing them from reaching out for help. As well, we're continuing to support our customers by educating them about their energy usage and providing access to energy efficiency programs.



Lori Clark
President and CEO

After the end of the first quarter, during post-outage start-up of the Point Lepreau Nuclear Generating Station a critical issue related to the main generator on the non-nuclear side of the Station was identified. This equipment was not part of the outage scope. This issue must be addressed before the Station can return to service. NB Power is currently assessing the overall impact to its operations and finances, including all mitigation options and will report on this in the second quarter report.

Year-over-Year Financial Highlights¹

NB Power is currently before the New Brunswick Energy and Utilities Board presenting a two-year general rate application for approval. On March 15, 2024, the EUB granted NB Power’s interim rate request and the impact of this is seen in the first quarter results. Changing global market conditions have also had a positive impact on the unrealized gain on investments during the first quarter results.

NB Power’s new Strategic Plan, Energizing our Future, was launched in June of last year. The plan is designed to ensure we are making the right strategic decisions to meet our customers’ evolving expectations while placing NB Power in a stronger financial position and continuing our path to cleaner, greener energy.

Electricity Operations

NB Power’s operating earnings were \$57 million for the three-month period ended June 30, 2024, which was \$38 million or 40 per cent lower than the same period last year.

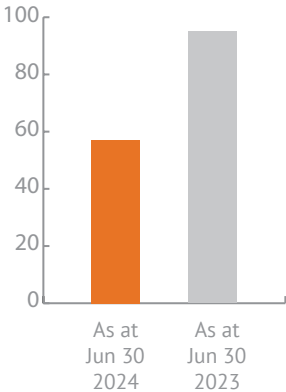
Revenue from electricity sales in New Brunswick totaled \$391 million, a \$40 million or 11 per cent increase from the same period last year. The primary driver was an increase in sales prices resulting from the interim rate increase effective April 2024. Other load growth also contributed to increased sales but was offset by warmer weather in the current year.

Out-of-province revenue was down 66 per cent to \$117 million, a \$228 million decrease over the same period last year. This was a result of decreased contracts with customers in the United States.

Fuel and purchased power costs were down by \$148 million to \$239 million, a 38 per cent decrease over the same period last year. This was primarily due to the decrease in sales to customers in the United States and associated lower supply volumes.

\$57

Operating earnings
(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.

Operation, maintenance, and administration costs were down by \$1 million to \$134 million, a one per cent decrease over the same period last year. A longer planned capital maintenance outage at PLNGS in the current year has resulted in a decrease in other maintenance activities at the generating station. The decreased expenditures are partially offset by higher storm costs, increased maintenance spending in other areas of the organization as well as higher energy efficiency expenditures.

Depreciation and amortization expense was \$90 million, a \$3 million or three 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.

Finance Costs

Finance costs were \$78 million, a \$1 million or one per cent decrease as compared to the same period last year. This is mainly due to changes in interest rates.

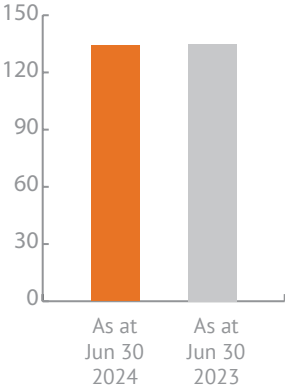
Sinking Fund and Other Investment Income

Sinking fund and other investment income were \$5 million, a \$3 million or 150 per cent increase from the same period last year due to a change in the calculation of the amortization of premiums and discounts in April 2023.

Unrealized Gains on Investments

Unrealized gains on investments were \$15 million, a \$12 million or 400 per cent increase compared to the same period last year. The investment market values are subject to market conditions which have started to rebound as inflationary fears subside.

\$134
 OM&A expenses
 (in millions of dollars)



Net Changes in Regulatory Balances

Net changes in regulatory balances of \$47 million was recognized in earnings, a \$38 million increase compared to the same period last year. During the three-month period, 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 two new deferral accounts currently before the Energy and Utilities Board for approval.

Net Earnings

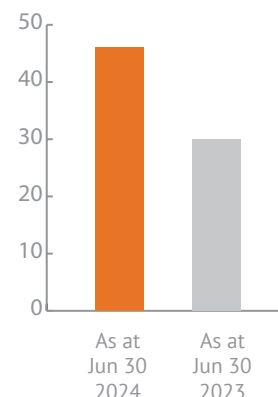
The above variances resulted in \$46 million net earnings for the period ended June 30, 2024, compared to net earnings of \$30 million in the same period last year, which represents a \$16 million favourable variance.

Debt Management

Net debt is \$5,398 million as at June 30, 2024, a \$51 million increase since March 31, 2024. Capital spending was the main driver of the increase, partially offset by positive working capital changes due to increased payments from customers. Capital spending is required to ensure the system remains robust in order to meet the needs of New Brunswickers.

\$46

Net earnings
(in millions of dollars)



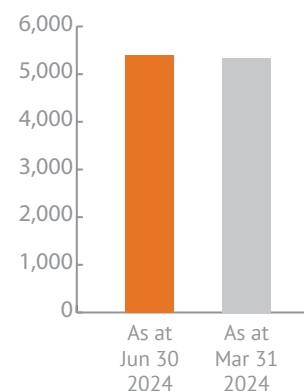
Consolidated Net Debt

In millions of dollars (Unaudited)

	As at Jun 30, 2024	As at Mar 31, 2024	Variance
Total debt	\$5,919	\$5,859	\$60
Cash	5	10	(5)
Sinking fund receivable	516	502	14
Total net debt	\$5,398	\$5,347	\$51

\$5,398

Total net debt
(in millions of dollars)



Consolidated Statement of Earnings

In millions of dollars (Unaudited)

Period ended June 30

	2024	2023	Variance
Revenue			
Sales of electricity			
In-province	\$391	\$351	\$40
Out-of-province	117	345	(228)
Miscellaneous	24	20	4
Total revenue	532	716	(184)
Expenses			
Fuel and purchased power	239	387	(148)
Operations, maintenance and administration	134	135	(1)
Depreciation and amortization	90	87	3
Taxes	12	12	0
Total operating expenses	475	621	(146)
Operating earnings	57	95	(38)
Finance costs and investment income			
Finance costs	(78)	(79)	1
Sinking fund and other investment income	5	2	3
Unrealized gains on investments	15	3	12
Total finance costs and investment income	(58)	(74)	16
Net earnings before changes in regulatory balances	(1)	21	(22)
Net changes in regulatory balances	47	9	38
Net earnings	\$46	\$30	\$16

Operating Statistics

Period ended June 30

	2024	2023	Variance
In-province sales (GWh)	2,995	2,988	7
Heating degree days	654	751	(97)
Export sales (GWh)	1,071	2,952	(1,881)
Hydro flows below long-term average %	(22.0%)	(16.0%)	(6.0%)
PLNGS net capacity factor (%)	5.1%	54.4%	(49.3%)
Return on nuclear investment funds (%)	6.4%	1.4%	5.0%
Return on nuclear investment funds (\$)	15	3	12

Consolidated Statement of Financial Position

In millions of dollars (Unaudited)

	As at Jun 30, 2024	As at Jun 30, 2023	As at Mar 31, 2024
Assets			
Current			
Cash	\$5	\$4	\$10
Accounts receivable	309	326	412
Materials, supplies and fuel	302	311	326
Prepaid expenses	53	45	25
Derivative assets	43	26	29
Total current assets	712	712	802
Non-current assets			
Property, plant and equipment	4,935	4,706	4,810
Nuclear decommissioning and used fuel management funds	956	893	941
Sinking fund receivable	516	492	502
Other non-current assets	119	163	125
Total non-current assets	6,526	6,254	6,378
Total assets	7,238	6,966	7,180
Regulatory balances	954	1,030	907
Total assets and regulatory balances	\$8,192	\$7,996	\$8,087
	As at Jun 30, 2024	As at Jun 30, 2023	As at Mar 31, 2024
Liabilities and equity			
Current liabilities			
Short-term indebtedness	\$678	\$688	\$570
Accounts payable and accrued interest	427	403	443
Current portion of long-term debt	0	350	50
Current portion of lease liabilities	7	5	7
Derivative liabilities	20	120	57
Total current liabilities	1,132	1,566	1,127
Non-current liabilities			
Long-term debt	5,241	4,838	5,274
Lease liabilities	38	31	39
Decommissioning and used fuel management liability	1,078	997	1,069
Other non-current liabilities	206	174	172
Total non-current liabilities	6,563	6,040	6,554
Total liabilities	7,695	7,606	7,681
Total equity	497	390	406
Total liabilities and equity	\$8,192	\$7,996	\$8,087

Consolidated Statement of Cash Flows

In millions of dollars (Unaudited)

	Period ended June 30	
	2024	2023
Operating activities		
Net Income	\$46	\$30
Adjustments to reconcile net income to cash provided by operating activities		
Finance costs	78	79
Depreciation & Amortization, net of gain and loss on disposal	90	87
Change in market value of derivatives	(4)	(10)
Net changes in regulatory balances	(47)	(9)
Investment fund earnings	(20)	(5)
Used nuclear fuel	0	1
Net Changes in non-cash working capital balances	48	2
Interest paid	(29)	(37)
Net post-employment benefits	(1)	(2)
Net Customer contributions	0	2
Change in long-term pre-paids	0	0
Cash provided by operating activities	\$161	\$139
Investing activities		
Expenditures on property, plant and equipment, net of proceeds of disposal	\$(209)	\$(117)
Cash expenditures on decommissioning	(4)	(3)
Nuclear investment funds withdrawals	0	7
Cash used in investing activities	\$(213)	\$(113)
Financing activities		
Proceeds from long-term debt	\$ -	\$101
Debt retirements	(50)	0
Increase in short-term indebtedness	108	(109)
Sinking fund installments	(15)	(16)
Sinking fund withdrawals	5	0
Principle repayment of lease obligation	(2)	(1)
Cash provided by financing activities	\$47	\$(25)
Net cash (outflow)	\$(5)	\$1
Cash, beginning of year	10	3
Cash, end of year	\$5	\$4