yukon energy

2024
annual report

Yukon Energy 2024 Annual Report

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Yukon Energy Corporation
yukonenergy.ca

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Cover: Peter Mather

Jim Petelski

who we are

Established in 1987, Yukon Energy is a publicly owned electrical utility. We are the main generator and transmitter of electrical energy in the Yukon. We work with our parent company, Yukon Development Corporation, to provide Yukoners with reliable and renewable electricity.

There are more than 23,000 electricity consumers in the territory. Yukon Energy directly serves over 2,700 of these customers, most of whom live in and around Dawson City, Mayo and Faro. Yukon Energy also sells directly to industrial customers. Indirectly, we provide power to most other Yukon communities through ATCO Electric Yukon. ATCO buys wholesale power from us and sells it to retail customers in the territory.

Based on a 25-year average, over 90% of the electricity we produce is renewable, coming from our Whitehorse, Aishihik and Mayo hydropower facilities. In addition, we use Liquefied Natural Gas (LNG) and diesel to ensure dependable electricity is available in the winter, during emergencies and when renewable sources of electricity are not available.

Our headquarters are located at the Whitehorse Rapids Generating Station in Whitehorse, with operations in Dawson City, Faro and Mayo.

We acknowledge that our office and facilities are located on the Traditional Territories of Yukon First Nations who have occupied this land since time immemorial.

yukon energy
the power of yukon

our vision

Our vision is a resilient and renewable energy future for all Yukoners.

our mission

To lead the transition to a more reliable, robust and renewable electricity system that meets the demands of tomorrow while safeguarding the energy needs of today.

our values

We are safe.

We are accountable.

We collaborate.

We are respectful and inclusive.

We innovate.

We care about the environment.

We support reconciliation.

message to Yukoners

Reflecting on 2024, it was a year of progress and growth for Yukon Energy, representing a pivotal turning point as we set our sights on the future and chart a new course ahead. As electricity demand continues to rise across the territory, especially during the colder winter months, it has become more important than ever for Yukon Energy to deliver reliable power to meet the needs of Yukoners.

Population growth, increasing adoption of electric vehicles, and a shift toward electric home heating are all contributing to a broader trend of electrification, particularly in Whitehorse. These changes, combined with the realities of our northern climate, are reshaping our electricity system and driving the need for long-term planning and investment.

In 2024, we faced challenges seen across Canada: aging infrastructure, rising capital costs and the effects of a changing climate. Yet rather than slowing us down, these challenges have helped clarify our path forward. We began work to define our long-term vision and a five-year strategic plan for 2025–2030, with a strong focus on building a more reliable, resilient and renewable energy system for the future. Key to this is investing in our infrastructure and increasing winter capacity to meet Yukoners' needs, safeguard our power system and address both current and emerging challenges. By reinforcing our foundation today, we are paving the way for the next generation of community renewables to be built in the Yukon.

Collaboration with First Nations continues to be a cornerstone of our approach. In 2024, we developed relationships and engaged with First Nations across the Yukon to ensure their perspectives were integrated into our decision-making and planning processes. Moreover, safety remained our top priority, and we maintained an unwavering commitment to protecting both our employees and the communities we serve.

As we close out 2024, I want to express my deep gratitude to our employees and partners for their dedication to Yukon Energy's success. I'd also like to extend a special shout-out to Lesley Cabott for her dedicated service as Chair of the Board over the past several years, and heartfelt thanks to all outgoing Board members for their valuable contributions during their terms. Our collective efforts have set the stage for a stronger, more resilient energy future for the Yukon.

Rod Savoie
Chair, Yukon Energy Corporation Board of Directors

2024 Board of Directors

Lesley Cabott, past Board Chair
Azmy Aboulazm
Paul Burbridge
Gayle Corry
Joeseph Fred
Carlene Hajash
Matthew Hall
Guy Morgan
Mike Pemberton
Frederique Prince
Rod Savoie
Rod Snow
Christina Thomas
Susan Tulloch

> **"By reinforcing our foundation today, we are paving the way for the next generation of community renewables to be built in the Yukon."**

Jim Petelski

president's welcome

As we look back on 2024, it stands out as a year of transformation – marked not only by the lessons we learned, but by the steps we took in advancing a more resilient and renewable energy future for the Yukon. By concentrating on our strategic priorities, we've established a solid foundation for building a more reliable electricity system capable of meeting the evolving needs of Yukoners.

One of the most important initiatives we focused on last year was advancing efforts on water use relicensing for our hydro facilities in Whitehorse and Mayo. For the Aishihik hydro facility, we continued to action the commitments we made during the relicensing process years ago. This work is critical to ensuring that our hydro assets remain viable and sustainable over the long term, supporting the continued reliability of a system where renewable electricity generation has averaged over 90% for the past 25 years.

Furthermore, we made significant strides with the Peak Smart Home program, which has been helping reduce the strain on our power system by shifting electricity use from peak demand. By empowering customers with the tools to change their electricity use habits, the program contributes to a more stable and efficient grid. This initiative is part of our broader commitment to enhancing public understanding of energy across the territory and supporting communities in making informed decisions about their electricity use.

Yukon Energy

In 2024, we released our Climate Change Adaptation Plan. This plan will guide our work moving forward, helping to ensure that we are not only prepared for the effects of climate change but also able to adapt and build resilience into our infrastructure and systems. It identifies adaptation priorities to respond to climate challenges, and it will be instrumental as we continue to build a more reliable and resilient electricity system for Yukoners.

“Looking ahead, we are focused on advancing critical infrastructure upgrades to ensure that we are ready to meet the future needs of Yukoners.”

Another highlight was the successful grid connection of four megawatts of wind power on Haeckel Hill, a project that marks a significant step in diversifying our renewable energy sources in collaboration with Yukon First Nations. We also connected two new independently owned solar farms, further advancing renewable electricity generation in the territory.

Of course, 2024 did present obstacles that tested our system. We saw the impacts of low water levels in the Aishihik reservoir, along with increasing maintenance work and notable equipment failures, all of which affected our hydro generation capacity. These events reinforce the importance of continuing to upgrade and modernize our infrastructure to support the growing demand for electricity, particularly during the colder winter months, as well as investing in new sources of electricity that we can rely on during the winter.

Looking ahead, we are focused on advancing critical infrastructure upgrades to ensure that we are ready to meet the future needs of Yukoners. This means strengthening our grid and expanding our dependable winter capacity, while continuing to innovate and build new partnerships with First Nations. On top of that, we are planning for emerging technologies and new opportunities that will drive progress in the coming years.

The work we’ve done in 2024 reflects our unwavering commitment to Yukoners – ensuring that we can meet their electricity needs today while preparing for tomorrow. Fundamentally, we are creating the conditions for the successful build-out of more renewable energy in the future.

I want to thank our dedicated team, our partners and the communities we work with for their continued support and hard work. Together, we are shaping a stronger, more renewable and reliable energy future for the Yukon.

Chris Milner
President and CEO, Yukon Energy Corporation

2024 at a glance

our commitment to environmental, social and governance matters

The Environmental, Social and Governance Board Committee assists the Yukon Energy Board in providing oversight of Yukon Energy's sustainability program as well as environmental and social matters in such a way that fulfills Yukon Energy's purpose and is in compliance with Yukon Energy's policies, standards and legal and regulatory obligations.

Ultimately, the Committee's goal is to create value for the Corporation and for the Yukon. Tracking key metrics is critical to measuring and creating this value.

environment

82% renewable generation

7 reportable spills[1]

52.1 kilotonnes cumulative greenhouse gas emissions (including fleet)

44,263 salmon fry[2] released

social

$114,875 donated to community organizations

Over 35 community organizations and events supported

15 school tours

6 scholarships granted

operational

113 megawatts peak demand[3]

525 gigawatt hours of electricity generated

140 megawatts of system capacity[4]

109 megawatts of dependable capacity in the winter[4]

14 controllable outages

856,362 kilometres driven by Yukon Energy staff

1 Non-reportable spills are still recorded internally and investigated.

2 Juvenile Chinook

3 Recorded on January 11, 2024. Includes residential, commercial and industrial customers.

4 Based on nameplate capacity. Summer and winter output of the grid is less than the nameplate capacity of the grid. Does not include rental diesels, Independent Power Producers, thermal replacements in Faro and Whitehorse, new diesel at the Callison Generating Station, the grid-scale battery energy storage system, and demand-side management capacity.

Yukon Energy

2019 to 2024 strategic plan – 2024 update

Our priorities for 2019 to 2024 recognized the rapidly evolving energy landscape, placing an emphasis on increasing reliability, developing renewed relationships with First Nations and preparing for the future. We also continued to prioritize the safety of our workforce, especially as our team expanded, and committed to fostering a safer work environment for all.

strategic priority	actions
Generate reliable and renewable electricity	In 2024, 82% of the electricity generated on the grid was renewable. Although this is below our 25-year average of over 90%, it still positions the Yukon among leaders in renewable electricity within Canada. The decrease was primarily due to lower water levels and repairs at our hydro facilities. During the winter months, hydropower forms the backbone of our electricity supply, with thermal resources such as Liquefied Natural Gas (LNG) and diesel generators providing necessary support. These thermal resources ensure we meet winter demands, respond to emergency situations, and maintain reliable power during periods of low water levels or critical repairs. We continued to champion renewable electricity in 2024 by: • Advancing the water use relicensing processes for our Whitehorse and Mayo hydro facilities; • Progressing on our grid-scale battery energy storage system project; • Connecting four megwatts of wind power on Haeckel Hill and two additional independently owned solar farms to the grid; and • Developing a 25-year road map for a more renewable and reliable energy future.

strategic priority	actions
Secure long-term sustainable funding	In August 2023, Yukon Energy filed an application with the Yukon Utilities Board (YUB) requesting approval of the forecast revenue requirements for 2023 and 2024 to have more regular and smooth rate adjustments. In September 2024, the YUB provided its decision. Final rates were in place effective October 1, 2024. In 2024, to reduce the financial impact on ratepayers, we continued to seek funding for major capital projects. For example, Yukon Energy submitted an Expression of Interest in the Smart Renewables and Electrification Pathways (SREP) Utility Support Stream requesting funding in the amount of $50 million. In addition, Yukon Energy continues to work with the Yukon Development Corporation and the Government of Yukon to explore new funding sources. We updated our five-year capital plan, which has been accepted by the Government of Yukon, and worked with our shareholder, the Yukon Development Corporation, to help secure construction financing for the projects in the plan. We continued to support the Yukon Development Corporation’s efforts to build a framework for First Nations investment opportunities that will lead to best practices and generate benefits for First Nations governments and development corporations in Yukon Energy projects.
Build a workforce for the future	In 2024, Yukon Energy experienced continued growth and organizational change. A total of eight new positions were added, including those created as backfills for employee leaves. Over the year, we completed 43 permanent and term hires, with 21 of those (49%) being internal transfers, including casual employees who transitioned into term or permanent roles. The remaining 22 positions were filled by external candidates. Vacancies arose due to a range of factors, including the creation of new positions, internal transfers, resignations and retirements. To help develop and train employees, we selected a learning management software that will be launched in 2025. This will help automate and streamline the employees' learning experience at Yukon Energy. Additionally, the software will help employees succeed and develop in their roles here at Yukon Energy, as well as provide access to a wide variety of training options. In 2024, we also conducted an Employee Engagement Survey. The results of the survey have helped focus and develop our 2025 goals to ensure areas of improvement found in the survey are addressed. Encouragingly, the survey showed that employees feel safe at work, value the organization's flexibility, and are comfortable speaking up to their supervisors. Looking ahead, we will focus on enhancing internal communication, balancing workloads and strengthening proactive planning.

strategic priority	performance
Develop mutually beneficial First Nations partnerships	In 2024, Yukon Energy focused on building relationships and forming meaningful partnerships with First Nations governments. This included creating and hiring for a new position at Yukon Energy, the Director of Partnerships, with the goal of improving and advancing discussions with First Nations as they relate to energy projects and initiatives. We continued discussions with Yukon First Nations and the Government of Yukon about the relicensing of the Whitehorse Rapids Generating Station with the intent of establishing and fostering positive long-term relationships, based on partnership, respect and reconciliation as it relates to the operation of the facility, the Yukon's electricity sector more broadly, and other energy infrastructure within the Traditional Territories of the three First Nations. In August of 2024, the Chiefs of the Ta'an Kwäch'än Council and the Kwanlin Dün First Nation, as well as the Premier of the Yukon, signed a joint letter expressing their support of the process and the importance of the facility. Through the year, we worked with the First Nation of Na-Cho Nyäk Dun to better understand and incorporate their interests and values into the assessment process as we relicense our hydro facility in Mayo. We worked closely with Champagne and Aishihik First Nations through the implementation of the Aishihik Generating Station monitoring and adaptive management plan. Another milestone was the signing of Peak Smart Home Participation Agreements with the Ta'an Kwäch'än Council, Kwanlin Dün First Nation and the First Nation of Na-Cho Nyäk Dun. Yukon Energy understands that First Nations ownership of energy projects and/or utility assets has been a key area of interest raised by some Yukon First Nations. As a public utility, we strive to fulfill commitments as outlined in Chapter 22 of the Umbrella Final Agreement, including economic development, employment, procurement and investment, amongst others. In 2024, we continued work with the Yukon Development Corporation to establish a process and parameters for these investments and also presented at the Arctic Indigenous Investment Conference to share the current context of our electricity system and the types of investments needed.
Strengthen governance practices	In 2024, the Yukon Energy and Yukon Development Corporation Board Chairs signed a new Protocol Agreement. The Agreement describes Yukon Energy's accountabilities in relation to the Yukon Development Corporation's performance expectations for the utility. It outlines both corporations' agreement to each of their respective roles and responsibilities and provides a framework that encourages strong corporate governance of Yukon Energy.

strategic priority	performance
Provide outstanding, reliable customer and community value	In 2024, we continued to engage Yukoners and other stakeholders during the planning of new projects and initiatives, and incorporate, where possible, the interests of stakeholders in those plans. In 2024, Yukon Energy hosted public meetings in Whitehorse, Faro, Mayo, Dawson and Carcross.
Health and safety of employees and public	In 2024, we had an over 90% attendance rate at staff safety meetings. There were three minor motor vehicle incidents with no injuries and minimal damage, and zero Serious Incidents with Fatality Potential (SIFP) recorded. Yukon Energy Health and Safety also developed developed an SIFP and Incident Scene Management training package that was rolled out to all departments. To improve public safety, Yukon Energy, the Government of Yukon's Emergency Measures Organization, ATCO Electric Yukon and the City of Whitehorse conducted a drill to test their emergency aid protocol and communications plan. In addition, we began developing Mutual Aid Agreements with local and territorial governments to outline how each party can assist when demands for electricity are nearing the limits of our electricity supply.
Address regulatory reform and innovation	In 2024, as part of a process to update the *Public Utilities Act*, Yukon Energy was engaged by the Yukon Department of Justice to provide feedback on the proposed changes to the legislation. The proposed legislation changes by the Government of Yukon aim to ensure an effective and efficient process for regulating electricity in the Yukon. Yukon Energy also submitted a letter to the Minister responsible for the *Public Utilities Act* regarding the new regulation for an Electric Vehicle (EV) charging exemption, providing feedback on metering and rate structure matters to ensure investments required to support the new regulation can be made by the utility.

2024 corporate goals and performance

goal	performance
Achieve zero Serious Incidents with Fatality Potential (SIFP)	In 2024, we achieved our goal of zero Serious Incidents with Fatality Potential. Safety remains our highest priority, and we are committed to continuously evaluating and enhancing safety practices and procedures across all areas of our Corporation.
Achieve a return on equity of 8.15% through the filing of a General Rate Application (GRA)	Based on the outcome of our 2023–2024 General Rate Application, our 2024 return on equity was 7.43%.
Reduce loss of generation, human factor and equipment failure outages by 15% from five-year average (15)	In 2024, there were 14 outages caused by loss of generation, equipment failure or human error. This frequency is lower than our five-year average of 15. We are working to reduce these types of outages by investing in our aging system and increasing the supply of dependable winter capacity near the electricity load centre.
Secure short-term and long-term lending approvals from Government of Yukon to December 2025	By working with the Yukon Development Corporation, we secured construction financing and were able to obtain long-term financing for projects completed and currently in service.
Complete emissions permitting for Mayo, Dawson and Whitehorse	In December 2024, Yukon Energy received a renewed air emissions permit for the Whitehorse Generating Station. Due to environmental and socio-economic assessment and regulatory delays, a permit was received for Dawson and Mayo in March 2025.

goal	performance
Complete the Energy Supply Plan and build opportunities for First Nations involvement in energy projects	In 2024, Yukon Energy started the development of a Road Map to 2050 and a new five-year strategic plan. Yukon Energy will be working closely with the Yukon Development Corporation to advance long-term resource planning in collaboration with First Nations and other partners. Yukon Energy also started work with the Yukon Development Corporation to establish a process and parameters for First Nations investments in future energy projects.
Commission the battery energy storage system, and Faro and Callison thermal replacements	Due to ongoing supply chain challenges and operational delays, the commissioning of these projects was pushed to 2025. However, good progress was made, and we look forward to sharing updates as commissioning is completed.
Secure a multi-year rental generator contract	In 2024, we successfully secured a one-year rental generator contract, which aligned with our operational needs and planning requirements. We pivoted to this approach as it provided the necessary flexibility in a fluctuating environment and amid forecasting changes. Moving forward, we are focused on securing a multi-year contract in 2025, with the ability to adjust requirements based on updated planning assumptions and future conditions.
Design a permanent replacement for the Wareham spillway	In 2024, significant progress was made on advancing the design of the permanent replacement for the Wareham Dam spillway at the Mayo Generating Station. Based on conversations with the First Nation of Na-Cho Nyäk Dun, enhancements to fish passage are being considered in the design.
Complete critical assets information in the Enterprise Asset Management (EAM) program and develop maintenance checklists	In 2024, significant progress was made in advancing Yukon Energy's Enterprise Asset Management program, including the integration of critical assets. Key activities included: • Compiling and loading substation assets to the program; • Auditing and updating dam and spillway assets; • Developing dam and spillway annual inspection checklists; and • Defining maintenance test program for high voltage breakers.

management discussion and analysis

core business and strategy

Yukon Energy is responsible for generating and transmitting electricity to most of the Yukon. We are committed to delivering power that is robust, resilient and renewable. Our primary energy supply comes from our legacy hydro assets, and we prioritize minimizing reliance on non-renewable sources due to their higher variable costs and greater environmental impact.

"The Yukon grid operates in isolation, with no connection to other provinces or territories. As a result, Yukon Energy cannot import electricity during shortages or export surplus power. This means we must be entirely self-reliant in ensuring a reliable and sufficient supply of electricity – especially during peak demand on cold winter days and as Yukon's electricity needs continue to grow."

capability to deliver results

In order to deliver on our strategic goals and achieve planned results, Yukon Energy maximizes the use of available resources while considering risks and impacts to stakeholders. These resources include leadership, labour force, working capital, systems and processes, liquidity and capital resources.

We continue to develop human resources policies to adapt to our seasoned workforce and changing conditions in the workplace.

We monitor and forecast our cash and financial strength on an ongoing basis, including current and future projections. We require cash to finance our capital projects in 2025 and have obtained the necessary funding through coordination with Yukon Development Corporation.

Through established policies and procedures, Yukon Energy maintains a capital structure ratio of approximately 60% long-term debt and 40% equity.

We continually monitor and evaluate the condition of our assets and allocate a material portion of our capital budget for the maintenance of these assets, thereby ensuring the reliability of service to Yukoners.

We make it a priority to maintain and improve our key relationships with Yukoners, including the Government of Yukon, Yukon Development Corporation, Yukon First Nations, stakeholders and our bankers. We hold long-term debt with TD Bank, and our primary banking services are with CIBC.

challenges

The Yukon grid operates in isolation, with no connection to other provinces or territories. As a result, Yukon Energy cannot import electricity during shortages or export surplus power. This means we must be entirely self-reliant in ensuring a reliable and sufficient supply of electricity – especially during peak demand on cold winter days and as Yukon's electricity needs continue to grow. Right now, on an average day in winter, homes and businesses (excluding mines) use about 80% of all the power that Yukon Energy can generate during peak times[5].

Yukon Energy's isolated grid is currently challenged by multiple factors, including:

- High growth in non-industrial winter peak demands for electricity, the related ongoing challenge of providing new dependable winter capacity to supply homes and businesses, and the resulting impacts on needed investments, diesel rentals, staff resources, and overall Yukon Energy costs. Winter demand for power in the Yukon is nearly three times higher than demand in the summer;
- Fluctuating industrial loads and related impacts on Yukon Energy revenue requirements to be recovered from residential and commercial (i.e., general service) customers;
- A surplus of renewable summer energy that does not currently provide benefits to Yukon customers, and a shortage of renewable winter resources to provide needed dependable winter electrical capacity;
- A power system with aging infrastructure and equipment, requiring major ongoing investment, more staff, and other operating resources for Yukon Energy;
- Growing pressure on the electricity system stemming from population growth, increased use of electricity by homes and businesses, and the connection of intermittent renewable resources like solar across the territory;
- A power system with generating stations that require renewed permits and authorizations at a time when regulatory processes are becoming more complex and costly;
- A small customer base without economies of scale for large investments; and
- Increased competition for government funding and grants.

results

Net income, including net movement in regulatory balances, for the 2024 fiscal year was $1.3 million, compared to $7.0 million in the previous year. The decrease in net income was primarily due to increasing interest expenses due to increased levels of borrowing and higher interest rates. Revenue from the sale of power was $85.8 million – $7.4 million higher than the prior year, due to an increase in both consumption and higher electricity rates. The regulated rate of return on equity for 2024 was 7.43%, up from 7.02% the prior year. The current approved rate is 9.15%.

outlook

Net income for 2025 is forecast to increase to approximately $15 million primarily due to an increase in sales of power resulting from increased rates requested in the 2025–2027 General Rate Application (GRA). Operations and maintenance costs are also expected to rise due to an increase in fuel and purchased power resulting from the need for higher generation and increased fuel prices. Due to the potential for lower interest rates based on current market debt conditions, there is a risk of reporting an unrealized loss on debt instruments. As Yukon Energy intends to keep debt instruments to maturity, annual unrealized gains or losses net to $0 over the life of the debt. These unrealized gains or losses are not included in the calculation of return on equity. The forecast return on equity for 2025 is 9.15%, equal to the return on equity approved in the 2023–2024 GRA. The forecast return on equity is subject to considerable uncertainty until after the decision by the Yukon Utilities Board on Yukon Energy's 2025–2027 GRA.

5 Based on a winter day at an average temperature of -19 degrees Celsius. Measured in megawatts (MW).

risk management

Yukon Energy is exposed to numerous risks in providing service to our customers and achieving our strategic priorities. The impacts of these risks can range in scale from minor to significant. Yukon Energy endeavors to manage all the risks we face on a cost-effective basis, considering the resources required to mitigate risks compared to the reduction in risk achieved. We have an enterprise risk management framework that provides the basis for consistently applying risk management practices.

Yukon Energy assesses and updates its top risks annually and develops treatment plans with the goal of reducing the residual risk exposure to an acceptable level. The progress of risk treatment plans and status of risk drivers are reviewed on a quarterly basis. The current top risks are highlighted below by their impact on our strategic priorities.

Ensure employee and public safety

As an electrical utility, our highest priority is ensuring the safety of both our employees and the public. Safety is deeply embedded in our culture and is at the forefront of every task we undertake. To effectively manage this critical risk, we implement a comprehensive approach that includes ongoing training, robust policies and procedures, routine inspections, and regular performance reviews.

Generate reliable and renewable energy

Key risks related to this priority include insufficient installed capacity. Treatment activities are focused on the safe and timely completion of critical projects that will increase our generation portfolio and support public safety.

Secure long-term sustainable financing

Successfully managing financing risk is critical to achieving this priority. Recent success in improving the process for financing approval and access to capital has shifted the focus towards deploying those funds successfully in our annual capital plan.

Develop mutually beneficial First Nations partnerships

Key components to achieving this strategic priority include fostering meaningful relationships, developing mutual trust and aligning priorities with First Nations. Risk treatment activities include establishing project-specific agreements, building new partnerships and collaborating with the Yukon Development Corporation to develop a First Nations investment framework.

Achieve excellence in employee engagement

Employee recruitment, retention and labour shortage risk is important to address to ensure we have the staff to successfully pursue our strategic priorities. Risk treatment actions are focused on benchmarking our wage and benefits offering as well as improvements to our internal training program.

Streamline and clarify governance

While our exposure to government priority alignment risk has decreased in recent years, ongoing communication remains essential to ensure Yukon Energy's priorities and challenges are well understood across all levels of government.

Provide outstanding, reliable customer value

The key risk related to this priority is system reliability. The ongoing refurbishment of critical infrastructure and equipment along with improving the reliability of our rental diesel fleet will reduce the frequency and severity of outages that directly impact our customers.

financial statements

yukon energy

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May 7, 2025

Management's Responsibility for Financial Reporting

Management is responsible for the preparation of the financial statements and all other financial information relating to the Utility contained in this annual report. The financial statements have been prepared in conformity with IFRS Accounting Standards using methods appropriate for the industry in which the Utility operates and necessarily include some amounts that are based on informed judgments and best estimates of management. The financial information contained elsewhere in the annual report is consistent with that in the financial statements. The Auditor General of Canada is the external auditor of the Utility.

Management has established internal accounting control systems to meet its responsibilities for reliable and accurate reporting. These systems include policies and procedures, the careful selection and training of qualified personnel and an organizational structure that provides for the appropriate delegation of authority and segregation of responsibilities.

The Board of Directors, through its Audit Committee, oversees management's responsibilities for financial reporting. The Audit Committee meets regularly with management and the independent auditor to discuss auditing and financial matters to ensure that management is carrying out its responsibilities and to review the financial statements. The auditors have full and free access to the Audit Committee and management.

Chris Milner
President and CEO

Jason Epp
Vice President Finance, and Chief Financial Officer

Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Yukon Energy Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Yukon Energy Corporation (the Corporation), which comprise the statement of financial position as at 31 December 2024, and the statement of operations and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Yukon Energy Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Public Utilities Act* and regulations, the *Business Corporations Act* and regulations, and the articles and by-laws of the Yukon Energy Corporation.

In our opinion, the transactions of the Yukon Energy Corporation that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Yukon Energy Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Yukon Energy Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.

David Irving

David Irving, CPA, CA
Principal
for the Auditor General of Canada

Edmonton, Canada
7 May 2025

Yukon Energy Corporation
Statement of Financial Position
(in thousands of Canadian dollars)

As at		December 31 2024		December 31 2023
Assets				
Current				
Accounts receivable (Note 5)	$	27,537	$	17,059
Inventories (Note 6)		5,221		5,072
Prepaid expenses		1,726		1,686
		34,484		23,817
Non-current				
Property, plant and equipment (Note 7)		602,208		570,446
Intangible assets (Note 8)		29,269		27,342
Right-of-use assets (Note 9)		1,550		1,776
Post-employment benefits assets (Note 15)		676		-
Derivative related asset (Note 28)		655		2,405
Total assets		**668,842**		625,766
Regulatory debit balances (Note 10(a) and 28)		54,096		39,318
Total assets and regulatory debit balances	**$**	**722,938**	$	665,104
Liabilities				
Current				
Bank indebtedness (Note 11)	$	78,004	$	44,457
Accounts payable and accrued liabilities (Note 12)		24,595		21,644
Construction financing (Note 13)		47,677		58,277
Current portion of deferred revenue (Note 17)		2,484		1,851
Current portion of lease liability (Note 9)		175		160
Current portion of long-term debt (Note 14)		11,764		62,733
		164,699		189,122
Non-current				
Post-employment benefits liability (Note 15)		635		964
Contributions in aid of construction (Note 16)		169,823		170,169
Deferred revenue (Note 17)		17,589		17,615
Lease liability (Note 9)		520		695
Long-term debt (Note 14)		193,854		122,743
Total liabilities	**$**	**547,120**	$	501,308
Equity				
Share capital				
Authorized. Unlimited number of a single class of shares with no par value				
Issued and fully paid: 3,900 shares	$	39,000	$	39,000
Contributed surplus		26,568		15,968
Retained earnings		76,592		74,289
Total equity	**$**	**142,160**	$	129,257
Total liabilities and equity		**689,280**		630,565
Regulatory credit balances (Note 10(b) and 28)		33,658		34,539
Total liabilities, equity and regulatory credit balances	**$**	**722,938**	$	665,104

Commitments and Contingencies (Notes 23 and 24)

The accompanying notes are an integral part of these financial statements.

Approved by the Board

______________, Chair ______________, Director

Yukon Energy Corporation
Statement of Operations and Other Comprehensive Income
(in thousands of Canadian dollars)

For the year ended **December 31**		**2024**		2023
Revenues				
Sales of power (Note 18)	$	85,843	$	78,458
Other (Note 19)		1,119		6,565
		86,962		85,023
Operating expenses				
Operations and maintenance (Note 20)		58,951		36,936
Depreciation and amortization (Notes 7, 8 and 9)		15,200		14,405
Administration (Note 21)		18,394		17,575
		92,545		68,916
(Loss) income before other income and other expenses		**(5,583)**		16,107
Other income				
Amortization of contributions in aid of construction (Note 16)		3,319		3,091
Allowance for funds used during construction		2,438		1,840
		5,757		4,931
Other expenses				
Interest expenses		12,800		6,791
Unrealized loss on interest rate swap (Note 26)		1,750		2,503
Net (loss) income for the year before net movement in regulatory balances		**(14,376)**		11,744
Net movement in regulatory balances related to net income (Note 10(d))		15,656		(4,727)
Net income for the year after net movement in regulatory account balances		**1,280**		7,017
Other comprehensive income (Note 3(o))				
Item that will not be reclassified to net income in subsequent periods				
Re-measurement of defined benefit pension plans (Note 15)		1,021		(262)
Total comprehensive income for the year	**$**	**2,301**	$	6,755

The accompanying notes are an integral part of these financial statements.

Yukon Energy Corporation
Statement of Changes in Equity
(in thousands of Canadian dollars)

	Number of shares	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance at December 31, 2022	**3,900**	**$ 39,000**	**$ 15,968**	**$ 94,796**	**$ -**	**$ 149,764**
Net income for the year and net movement in regulatory account balances	-	-	-	7,017	-	7,017
Other comprehensive income	-	-	-	-	(262)	(262)
Transfer of re-measurement of defined benefit pension plans to retained earnings	-	-	-	(262)	262	-
Dividends (Note 27)	-	-	-	(27,260)	-	(27,260)
Balance at December 31, 2023	**3,900**	**$ 39,000**	**$ 15,968**	**$ 74,291**	**$ -**	**$ 129,259**
Net income for the year and net movement in regulatory account balances	-	-	-	1,280	-	1,280
Other comprehensive income	-	-	-	-	1,021	1,021
Transfer of re-measurement of defined benefit pension plans to retained earnings	-	-	-	1,021	(1,021)	-
Shareholder contribution (Note 27)	-	-	10,600	-	-	10,600
Balance at December 31, 2024	**3,900**	**$ 39,000**	**$ 26,568**	**$ 76,592**	**$ -**	**$ 142,160**

The accompanying notes are an integral part of these financial statements.

Yukon Energy Corporation
Statement of Cash Flows
(in thousands of Canadian dollars)

For the year ended **December 31**	**2024**	2023
Operating activities		
Cash receipts from customers	$ 78,605	$ 81,794
Cash receipts from contributions in aid of construction	1,833	7,167
Cash paid to suppliers	(51,746)	(36,977)
Cash paid to employees	(17,573)	(15,434)
Cash receipts from insurance claim settlement	113	4,387
Cash refund paid to customers	(643)	-
Interest paid	(12,903)	(6,657)
Cash (used in) provided by operating activities	**(2,314)**	34,280
Financing activities		
Net advance from (repayment to) line of credit	33,800	33,491
Dividends paid	-	(1,500)
Proceeds from long-term debt	27,254	7,425
Repayment of long-term debt	(7,112)	(6,900)
Lease payments	(205)	(178)
Cash provided by financing activities	**53,737**	32,338
Investing activities		
Additions to property, plant and equipment	(47,463)	(59,585)
Additions to intangible assets	(3,707)	(6,876)
Cash used in investing activities	**(51,170)**	(66,461)
Net increase (decrease) in cash	253	157
Cash, beginning of year	**3,218**	3,061
Cash, end of year (Note 11)	**$ 3,471**	**3,218**

The accompanying notes are an integral part of these financial statements.

Yukon Energy Corporation

Notes to Financial Statements
(tabular amounts in thousands of Canadian dollars)
December 31, 2024

1. NATURE OF OPERATIONS

a) General

Yukon Energy Corporation ("the Utility") is incorporated under the Yukon *Business Corporations Act* and is a wholly-owned subsidiary of Yukon Development Corporation ("YDC" or "the Parent"), a corporation owned by the Yukon Government ("the Government" or "YG"). The Utility generates, purchases, transmits, distributes and sells electrical energy in the Yukon. The Utility is not subject to income taxes. The Utility's principal place of business is located at #2 Miles Canyon Road, Whitehorse, Yukon, Y1A 6S7.

The Utility is subject to overall regulation by the Yukon Utilities Board ("YUB") and specific regulation by the Yukon Water Board. Both boards are consolidated by the Government and as such are considered to be related parties for accounting purposes. Management has assessed that these boards operate independently from the Utility from a rate setting and operating perspective.

b) Rate regulation

The operations of the Utility are regulated by the YUB pursuant to the *Public Utilities Act*. The Utility is subject to a cost of service regulatory mechanism under which the YUB establishes the revenues required (i) to recover the forecast operating costs, including depreciation and amortization, of providing the regulated service, and (ii) to provide a fair and reasonable return on utility investment in rate base. There is no minimum requirement for the Utility to appear before the YUB to review rates. However, the Utility is not permitted to charge any rate for the supply of power that is not approved by an Order of the YUB. As actual operating conditions vary from forecast, actual returns achieved will differ from approved returns.

The regulatory hearing process used to establish or change rates typically begins when the Utility files a General Rate Application ("GRA") for its proposed electricity rate changes over the next one or two forecast years. The YUB must ensure that its decision, which fixes electricity rates, complies with appropriate principles of rate making, all relevant legislation including the *Public Utilities Act* and directives issued by the Government through Orders-In-Council ("OIC") that specify how the interests of the customer and Utility are to be balanced.

The YUB typically follows a two-stage decision process. In the first stage, the total costs that the Utility expects it will incur to provide electricity to its customers over the forecast years are reviewed and approved. The approval of these costs determines the total revenues the Utility is allowed to collect from its customers. It is the responsibility of the YUB to examine the legitimacy of three classes of costs:

- the costs to the Utility to run its operations and maintain its property, plant and equipment (personnel and materials);
- the cost associated with the depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets; and
- the return on rate base (the borrowing costs related to borrowing that portion of rate base which is financed with debt plus the costs to provide a reasonable rate of return on that portion of rate base which is financed with equity).

The YUB assesses the prudency of costs added to rate base, which includes an allowance for funds used during construction ("AFUDC") charged to capital projects. The YUB also reviews the appropriateness of property, plant and equipment depreciation rates, which are periodically updated by the Utility through depreciation studies.

In the second stage, the YUB approves how the revenue will be raised. This stage essentially determines the electricity rates for the various customer classes in the Yukon: wholesale, general service, industrial, residential, sentinel and street lights and secondary sales. This process is guided mainly by requirements of OIC 1995/90 and can include a cost-of-service study which allocates the Utility's overall cost of service to the various customer classes on the basis of appropriate costing principles.

Yukon Energy Corporation

Notes to Financial Statements
(tabular amounts in thousands of Canadian dollars)
December 31, 2024

1. NATURE OF OPERATIONS (continued)

b) Rate regulation (continued)
In August 2023, the Utility filed a GRA for the years 2023 and 2024 requesting approval of revenue requirement and related rate increases of 6.25% for 2023 and 7.40% for 2024. The YUB issued an order in July 2024 requiring the Utility to make changes and complete a compliance filing. The Utility submitted the compliance filing in August 2024. The YUB approved the compliance filing as submitted in September 2024 resulting in a rate increase of 7.23% for 2023 and 6.39% for 2024.

Refer to Note 4 regulatory account balances.

c) Water regulation
The Yukon Water Board ("YWB"), pursuant to the Yukon *Waters Act*, decides if and for how long the Utility will have water licences for the purposes of operating hydro generation stations in the Yukon. The licences will also indicate terms and conditions for the operation of these facilities. The current water licences have the following terms:

Aishihik Generating Station	December 31, 2027
Mayo Generating Station	December 31, 2025
Whitehorse Generating Station	May 31, 2025

d) Capital structure
The Utility's policy which has been reviewed and approved by the YUB is to maintain a capital structure of approximately 60% debt and 40% equity (Note 27).

2. BASIS OF PRESENTATION

a) Statement of compliance
These financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS").

These financial statements were authorized for issue by the Board of Directors on May 7, 2025.

b) Basis of measurement
The financial information included in the financial statements has been prepared on a historical cost basis, except where otherwise indicated.

Yukon Energy Corporation

Notes to Financial Statements
(tabular amounts in thousands of Canadian dollars)
December 31, 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION

a) Revenue recognition
The Utility recognizes revenue from contracts where the right to consideration from a customer corresponds directly with the value to the customer of the Utility's performance completed to date.

The majority of the Utility's revenues from contracts with customers are derived from the generation, purchase, transmission, distribution, and sales of electricity under the *Public Utilities Act*. The Utility evaluates whether the contracts it enters into meet the definition of a contract with a customer at the inception of the contract and on an ongoing basis if there is an indication of a significant change in facts and circumstances. Revenue is measured based on the transaction price specified in a contract with a customer. Revenue is recognized when control over a promised good or service is transferred to the customer and the Utility is entitled to consideration as a result of completion of the performance obligation.

Deferred revenue is recognized when the Utility receives consideration before the performance obligations have been satisfied. A contract asset is recognized when the Utility has rights to consideration for the completion of a performance obligation when that right is conditional on something other than the passage of time. The Utility recognizes unconditional rights to consideration separately as a trade receivable. Contract assets are evaluated at each reporting period to determine whether there is any objective evidence that they are impaired.

The Utility receives amounts from customers for connection to the grid. The customer contributions related to the provision of on-going access to electricity are recognized into revenue over the useful life of the asset to which the contribution relates. The amounts received from Independent Power Producers ("IPPs") in accordance with an Electricity Purchase Agreement ("EPA") are recognized into revenue as the Utility provides the construction activities of the related connection or if applicable over the useful life of the asset to which the contribution relates.

Electricity sales contracts are deemed to have a single performance obligation as the promise to transfer individual goods or services is not separately identifiable from other obligations in the contracts and therefore not distinct. These performance obligations are considered to be satisfied over time as electricity is delivered because of the continuous transfer of control to the customer. The method of revenue recognition for the electricity is an output method, which is based on the volume delivered to the customer.

The Utility's electricity sales are calculated based on the customer's usage of electricity during the period at the applicable published rates for each customer class. Electricity rates in the Yukon are set by the YUB. Electricity sales include an estimate of electricity deliveries not yet billed at period-end. The estimated unbilled revenue is based on estimated consumption and applicable rates for the period between the last billing date and the end of the period.

Payment for Sales of Power are due within the month following service.

b) Translation of foreign currencies
The functional currency of the Utility is the Canadian Dollar. Revenue and expense items denominated in foreign currencies are translated at exchange rates prevailing during the period. Monetary assets and liabilities denominated in foreign currencies are translated at period-end exchange rates. Non-monetary assets and liabilities are translated at exchange rates in effect when the assets are acquired or the obligations are incurred. Foreign exchange gains and losses are reflected in net income for the period.

Yukon Energy Corporation

Notes to Financial Statements
(tabular amounts in thousands of Canadian dollars)
December 31, 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

c) Allowance for funds used during construction
The cost of the Utility's property, plant and equipment and intangible assets includes an allowance for funds used during construction ("AFUDC"). The AFUDC rate is based on the Utility's weighted average cost of debt.

d) Cash
Cash is comprised of bank account balances (net of outstanding cheques).

e) Inventories
Inventories consist of materials and supplies, diesel fuel and liquefied natural gas. Inventories are carried at the lesser of weighted average cost and net realizable value. Cost includes all expenditures incurred in acquiring the items and bringing them to their existing condition and location. Critical spare parts are recognized in the Utility's property, plant and equipment.

The recoverable value of inventory considers its net realizable value, including required processing costs, and is impacted by estimates and assumptions on prices, quality, recovery and exchange rates. Obsolete materials and supplies are recorded at salvage value in the period when obsolescence is determined.

f) Financial instruments
Financial assets and financial liabilities are recognized on the Utility’s Statement of Financial Position when the Utility becomes party to the contractual provisions of the instrument.

i) Financial assets

Cash and accounts receivable, plus any transaction costs that are directly attributable to the acquisition of the financial asset, are initially measured at fair value. Subsequent to initial recognition, cash is measured at amortized cost and accounts receivable are measured at amortized cost using the effective interest rate method less any impairment. The Utility's business model is to hold these assets to collect contractual cash flows.

A provision for impairment of accounts receivable is established applying the expected credit loss model based on all possible default events over the expected life of the financial asset. For trade accounts receivable, the Utility applies the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables. For other receivables, at the reporting date, if credit risk has increased significantly since initial recognition, the Utility measures the loss allowance at an amount equal to the lifetime expected credit losses, otherwise, if the credit risk has not increased significantly since initial recognition, the Utility measures the loss allowance at an amount equal to 12-month expected credit losses.

Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or require financial reorganization, and default or delinquency in payments are considered indicators that the related accounts receivable are impaired. The accounts receivable carrying amount is reduced through the use of an allowance account and the loss is recognized in net income. A financial asset is derecognized when the rights to receive cash flows from the asset have expired, or the Utility has transferred its rights to receive cash flows from the asset and has transferred substantially all the risk and rewards of the asset.

Yukon Energy Corporation

Notes to Financial Statements
(tabular amounts in thousands of Canadian dollars)
December 31, 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

f) Financial instruments (continued)

Derivative financial instruments are financial contracts that derive their value from changes in an underlying variable. The Utility has entered into interest rate swaps to manage interest rate risk. The Utility's interest rate swaps are classified as fair value through profit and loss and are thus recognized at fair value on the date the contract has been entered into with any subsequent realized and unrealized gains and losses recognized in net income during the period in which the fair value movement occurred.

The fair value of the derivative related asset is calculated using market implied forward rates and discount factors, such as those for a Canadian dollar index, and which are specific to the credit risk and term to maturity of the asset. As the derivative related asset is fair valued using observable market data other than quoted prices for the asset, these inputs and the asset are categorized as level 2 in the fair value hierarchy.

ii) Financial liabilities

Bank indebtedness, accounts payable and accrued liabilities, construction financing, long-term debt and lease liabilities are initially measured at fair value less any transaction costs that are directly attributable to the issuance of the financial liability. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. A financial liability is derecognized when the obligation is discharged or cancelled, or expires.

Transaction costs are presented as a reduction from the carrying value of the related debt and are amortized using the effective interest rate method over the terms of the debts to which they relate. Transaction costs include fees paid to agents, brokers and advisors but exclude debt discounts and lender financing costs.

The fair value of the long-term debt is calculated using the net present value of principal and interest cash flows. The discount rates used in the present value calculation are obtained from the issuing banking institutions, and are specific to the credit risk and term to maturity associated with the long-term debt. As these discount rates are based on unobservable data, they are categorized as level 3 inputs in the fair value hierarchy.

g) Property, plant and equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and any asset impairment charges. Cost includes the direct costs of acquisition and materials, direct labour, and, if applicable, an allocation of directly attributable overhead costs, AFUDC and any asset retirement costs associated with the property, plant and equipment.

AFUDC is applied to actual costs in work-in-progress less any contributions in aid of construction. For items of property, plant and equipment acquired prior to January 1, 2011, the AFUDC rate also included a regulatory cost of equity component as allowed by the YUB. Capitalization of AFUDC ceases when the asset being constructed is substantially ready for its intended purpose.

Assets under construction are recognized as construction work-in-progress until they are operational and available for use, at which time they are transferred to the applicable component of property, plant and equipment.

Yukon Energy Corporation

Notes to Financial Statements
(tabular amounts in thousands of Canadian dollars)
December 31, 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

g) Property, plant and equipment (continued)

Depreciation is recognized in net income based on the straight-line method over the estimated useful life of each major component of property, plant and equipment.

The range of the estimated useful lives of the major classes and subclasses of property, plant and equipment is as follows:

Generation:	
Hydroelectric plants	20 to 103 years
Thermal plants	12 to 72 years
Transmission	12 to 65 years
Distribution	16 to 55 years
Land	No Depreciation
Buildings	20 to 55 years
Transportation	8 to 25 years
Other equipment	5 to 20 years

Depreciation commences when an asset is available for use. The estimated useful lives of the assets are based upon depreciation studies conducted periodically by the Utility and any changes in the estimated useful lives are accounted for prospectively.

Major overhaul costs are capitalized and depreciated on a straight-line basis over the period of the expected useful life (until the next major overhaul) which varies from 2 to 10 years. Repairs and maintenance costs of property, plant and equipment are expensed as incurred unless they meet the criteria of a betterment.

h) Intangible assets
Intangible assets are carried at cost less accumulated amortization and any asset impairment charges. Cost includes the direct costs of acquisition and materials, direct labour, and, if applicable, an allocation of directly attributable overhead costs and AFUDC.

Amortization commences when an asset is available for use. Licenses are available for use when the license period commences. Amortization is recognized in net income on a straight-line basis over the estimated useful lives as follows:

Software	5 years
Financial software	10 years
Water licensing:	
Aishihik	5 years
Other hyrdo generation	17 to 25 years
Thermal permit	3 years
Other intangibles	5 years

Yukon Energy Corporation

Notes to Financial Statements
(tabular amounts in thousands of Canadian dollars)
December 31, 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

i) Leases
At inception of a contract, the Utility assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset. The Utility assesses whether:

- The contract involves the use of an identified asset;
- The Utility has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Utility has the right to direct the use of the asset.

At inception, the Utility allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices.

The Utility recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability and any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The Utility elected to exclude short-term leases with a term of twelve months or less as well as leases of low-value assets, and accounts for the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right-of-use assets are tested for impairment in accordance with IAS 36, *Impairment of Assets*, and impairments are recorded in net income.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Utility's incremental borrowing rate. Generally, the Utility uses its incremental borrowing rate as the discount rate. Subsequent to recognition, the lease liability is measured at amortized cost using the effective interest rate method. A lease liability is remeasured when there is a change in future lease payments arising mainly from a change in an index or rate, or if the Utility changes its assessment of whether it will exercise a renewal or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in net income if the carrying amount of the right-of-use assets has been reduced to zero.

Yukon Energy Corporation

Notes to Financial Statements
(tabular amounts in thousands of Canadian dollars)
December 31, 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

j) Impairment of non-financial assets
Property, plant and equipment, and intangible assets with finite lives are reviewed for impairment on an annual basis if there is an indication that the carrying amount may not be recoverable. Impairment is assessed at the level of cash-generating units, which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of value in use and fair value less costs to sell ("FVLCS"). Value in use is the net present value of expected future cash flows of the relevant cash-generating unit in its current condition.

The best evidence of FVLCS is the value obtained from an active market or binding sale agreement. Where neither exists, FVLCS is based on the best information available to reflect the amount the Utility could receive for the cash-generating unit in an arm's length transaction. This is often estimated using discounted cash flow techniques and where unobservable inputs are material to the measurement of the recoverable amount, the measurement is classified as level 3 in the fair value hierarchy. The cash flow forecasts for FVLCS purposes are based on management's best estimates of expected future revenues and costs, including the future cash costs of production, capital expenditure, closure, restoration and environmental cleanup. For regulatory debit balances the impairment review focuses on whether the amount is considered collectible based on the expected cash flows from the rates approved by the YUB.

These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. Changes in these assumptions may alter the results of impairment testing, impairment charges recognized in net income and the resulting carrying amounts of the assets.

k) Rate regulated accounting policies

Regulatory Deferral Account
Regulatory deferral accounts in these financial statements are accounted for differently than they would be in the absence of rate regulation; these are referred to throughout the statements as Regulatory Accounts. The Utility defers certain costs or revenues as regulatory debit balances or regulatory credit balances on the Statement of Financial Position and recognizes changes in the regulatory account balances in the net movement in regulatory account balances in the Statement of Operations and Other Comprehensive Income. The amounts recognized as regulatory account balances are expected to be recovered or refunded in future rates, based on approvals by the YUB. The recovery or settlement of regulatory balances through future rates is impacted by demand risk and regulatory risks (e.g. potential future decisions of the YUB which could result in material adjustments to these regulatory debit balances and regulatory credit balances as described in Note 1(b)).

Yukon Energy Corporation

Notes to Financial Statements
(tabular amounts in thousands of Canadian dollars)
December 31, 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

k) Rate regulated accounting policies (continuted)

i) Regulatory debit balances
Regulatory debit balances represent costs which are expected to be recovered from customers in future periods through the rate-setting process. In the absence of rate regulation and the Utility's adoption of IFRS 14, Regulatory Deferral Accounts, such costs would be expensed as incurred.

ii) Regulatory credit balances
Regulatory credit balances represent future reductions or limitations of increases in revenues associated with amounts that are expected to be refunded to customers as a result of the rate-setting process. In the absence of rate regulation and the Utility's adoption of IFRS 14, such amounts would be recorded in income as performance obligations are met.

Note 10 describes the individual regulatory debits and credits, the Utility's related regulatory deferral and amortization policies and describes the related account activity in the relevant periods.

l) Provision for asset retirement obligations
The Utility has legal obligations related to the closure and restoration of property, plant and equipment, which includes the costs of dismantling, demolition of infrastructure and the removal of residual materials and remediation of the disturbed areas.

Where a reliable estimate of the present value of these obligations can be determined, the total retirement costs are recognized as a provision in the accounting period when the obligation arises. There is also a corresponding increase to property, plant and equipment upon recognition of the obligation. Management estimates its costs based on feasibility and engineering studies and assessments using current restoration standards and techniques.

m) Provision for environmental liabilities
Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites. The Utility will accrue a provision when it has a present obligation as a result of a past event to remediate the contaminated site, it is expected that future economic benefits will be given up to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

If the likelihood of the Utility's obligation to incur these costs is either not determinable or the amount of the obligation cannot be reliably estimated, the contingency is disclosed in the notes to the financial statements.

The Utility reviews its provision for environmental liabilities on an ongoing basis and any changes are recognized in net income for the current period.

n) Contributions in aid of construction
Certain property, plant and equipment additions are made with financial assistance from the Utility's Parent, the YG, or the Government of Canada. These contributions are deferred upon receipt and amortized to income on the basis of the life of the asset to which they relate.

Yukon Energy Corporation

Notes to Financial Statements
(tabular amounts in thousands of Canadian dollars)
December 31, 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

o) Post-employment benefits and other comprehensive income
The Utility sponsors an employee defined benefit pension plan for employees joining the Utility before January 1, 2002. The Utility also sponsors an executive defined benefit pension plan and supplemental executive retirement plan for a former executive. Benefits provided are calculated based on length of pensionable service, pensionable salary at retirement age and negotiated rates. The Utility contributes amounts to the pension plans as recommended by an independent actuary.

For the defined benefit plans the cost of pension benefits is actuarially determined using the projected benefits method, prorated on service, and reflects management's best estimates of investment returns, wage and salary increases, and age at retirement. Re-measurements of the net defined benefit liability, including actuarial gains and losses and return on plan assets, are recognized in other comprehensive income (“OCI”) and are not reclassified to net income in a subsequent period. The Utility’s policy is to immediately transfer actuarial gains and losses recognized in OCI to retained earnings. The expected return on plan assets is based on the fair value of these assets.

Employees joining the Utility after January 1, 2002 are eligible for a defined contribution retirement plan and are not eligible to participate in the defined benefit pension plan. The Utility has no legal or constructive obligation to pay further contributions with respect to this plan. Contributions are recognized as an expense in the year when employees have rendered service and represent the obligation of the Utility.

p) Future application of changes in accounting standards

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements (IFRS 18), which replaces the guidance in IAS 1, Presentation of Financial Statements and sets out requirements for presentation and disclosure of information, focusing on providing relevant information to users of the financial statements. IFRS 18 introduces changes to the structure of the statement of profit or loss, aggregation and disaggregation of financial information, and management-defined performance measures to be disclosed in the notes to the financial statements. It will be effective for the Utility's annual period beginning January 1, 2027. Early application is permitted. The standard will be applied retrospectively with restatement of comparatives. The Utility is currently assessing the impact of adopting this standard.

Yukon Energy Corporation

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4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the use of judgment in applying accounting policies and in making critical accounting estimates that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of any contingent assets and liabilities. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected. Information about such judgments and estimates is contained in the accounting policies and/or the notes to the financial statements, and the key areas are summarized below.

Areas of significant judgment and estimates made by management in preparing these financial statements include:

Impairment of financial assets – Note 3(f)(i)
An evaluation of whether or not an asset is impaired involves consideration of whether indicators of impairment exist. Management continually monitors the Utility's operations and makes judgments and assessments about conditions and events in order to conclude whether possible impairment exists.

Impairment of non-financial assets – Note 3(j)
An evaluation of whether or not an asset is impaired involves consideration of whether indicators of impairment exist. Management continually monitors the Utility's operations and makes judgments and assessments about conditions and events in order to conclude whether possible impairment exists.

Asset retirement obligations – Notes 3(l) and 24
In determining the present value of the obligation, the Utility must estimate the amount and timing of the future cash payments and then apply an appropriate risk-free interest rate. Any changes to the anticipated amounts or timing of future payments or risk-free interest rate can result in a change to the obligation.

Depreciation – Notes 3(g), 7 and 9
Significant components of property, plant and equipment are depreciated straight line over their estimated useful lives. Useful lives are determined based on current facts and past experience and the results of depreciation studies. While these useful life estimates are reviewed on a regular basis and depreciation calculations are revised accordingly, actual lives may differ from the estimates. As such, assets may continue in use after being fully depreciated, or may be retired or disposed of before being fully depreciated. The latter could result in additional depreciation expense in the period of disposition.

Intangible assets – Notes 3(h) and 8
In determining whether to recognize costs as intangible assets, management makes judgments about when the criteria for recognition are met. Management also makes judgments about which costs in work-in-progress pertain to a particular new license because licensing activities occur on a continuing basis. Changes to management's judgments would affect the carrying amount of the Utility's intangible assets and amortization recognition.

Yukon Energy Corporation

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4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Post-employment benefits – Notes 3(o) and 15
The Utility accrues for its obligations under defined benefit pension plans using actuarial valuation methods and other assumptions to estimate the projected benefit obligation and the associated expense related to the current period. The key assumptions utilized include the long-term rate of inflation, rates of future compensation, liability discount rates and the expected return on plan assets. The Utility consults with qualified actuaries when setting the assumptions used to estimate benefit obligations. Actual rates could vary significantly from the assumptions and estimates used.

Revenue – Notes 3(a), 10(a)(viii), 18 and 19
In years where the Utility has submitted a General Rate Application and the decision from the Yukon Utilities Board is outstanding, the Utility estimates the recovery amount of the GRA revenue requested.

The Utility estimates usage not yet billed at year end, which is included in revenues from sales of power. This accrual is based on an assessment of unbilled electricity supplied to customers between the date of the last meter reading and the year end. Management applies judgment to the measurement of the estimated consumption. Significant judgments have also been made in determining the nature of the Utility's performance obligations, the appropriate measurement and the contract terms to be used in recognizing the related revenue.

Provisions and Contingencies – Notes 3(m), 24 and 25
Management is required to make judgments to assess if the criteria for recognition of provisions and contingencies are met, in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Key judgments are whether a present obligation exists and the probability of an outflow being required to settle that obligation. Key assumptions in measuring provisions include the timing and amount of future payments and the discount rate applied.

Where the Utility is defending certain lawsuits management must make judgments, estimates and assumptions about the final outcome, timing of trial activities and future costs as at the period end date. Management will obtain the advice of its external counsel in determining the likely outcome and estimating the expected obligations associated with these lawsuits; however, the ultimate outcome or settlement costs may differ from management's estimates.

Financial Instruments – Notes 3(f) and 26
The Utility enters into financial instrument arrangements which may require management to make judgments to determine if such arrangements are derivative instruments in their entirety or contain embedded derivatives, in accordance with IFRS 9, *Financial Instruments*. Key judgments are whether certain non-financial items are readily convertible to cash, whether similar contracts are routinely settled net in cash or delivery of the underlying commodity taken and then resold within a short period, and whether the value of a contract changes in response to a change in an underlying rate, price, index or other variable.

Regulatory Account Balances – Notes 1(b), 3(k) and 10
The Utility accounts for its regulatory accounts in accordance with IFRS 14 and the decisions of the YUB. As discussed in Note 1(b) the recovery of these balances will be determined by the YUB as part of the regulatory proceeding to approve the GRA. Management is required to make judgments about the extent that the Utility will be permitted to incorporate deferred amounts in future rates.

Yukon Energy Corporation

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5. ACCOUNTS RECEIVABLE

	December 31 2024	December 31 2023
Trade accounts receivable:		
Retail energy sales	$ 11,219	$ 7,781
Wholesale energy sales	11,545	5,061
Due from related parties (Note 22)	2,888	1,725
Other	1,885	2,492
	$ 27,537	$ 17,059

Included in Accounts receivable - Other is an amount of $926,000 (2023 - $831,000) related to GST ITC receivable.

At December 31, 2024, the aging of accounts receivable is as follows:

	Current	31 - 90 Days	Over 90 Days	Total
Accounts receivable	$ 17,173	$ 3,624	$ 6,750	$ 27,547
Allowance for doubtful accounts	-	-	(10)	(10)
	$ 17,173	**$ 3,624**	**$ 6,740**	**$ 27,537**

At December 31, 2023, the aging of accounts receivable is as follows:

	Current	31 - 90 Days	Over 90 Days	Total
Accounts receivable	$ 11,982	$ 624	$ 4,463	$ 17,069
Allowance for doubtful accounts	-	-	(10)	(10)
	$ 11,982	$ 624	$ 4,453	$ 17,059

A reconciliation of the beginning and ending amount of allowance for doubtful accounts is as follows:

	December 31 2024	December 31 2023
Allowance for doubtful accounts at beginning of year	$ (10)	$ (10)
Amounts written off as uncollectable	-	-
Allowance for doubtful accounts at end of year	**$ (10)**	$ (10)

Yukon Energy Corporation

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6. INVENTORIES

	December 31 2024	December 31 2023
Materials and supplies	$ 4,094	$ 3,777
Diesel fuel	885	1,192
Liquefied natural gas	242	103
	$ 5,221	$ 5,072

7. PROPERTY, PLANT AND EQUIPMENT

A reconciliation of the changes in the carrying amount of property, plant and equipment is as follows:

	Generation	Transmission & Distribution	Land	Buildings & Other Equipment	Transportation	Construction Work in Progress	Total
Costs:							
At December 31, 2022	$ 330,442	$ 236,204	$ 1,615	$ 20,362	$ 5,800	$ 29,063	$ 623,486
Additions	-	-	-	-	-	63,621	63,621
Transfers	10,622	15,686	-	1,618	1,052	(28,978)	-
Disposals	(3,467)	(140)	-	(50)	(27)	-	(3,684)
At December 31, 2023	$ 337,597	$ 251,750	$ 1,615	$ 21,930	$ 6,825	$ 63,706	$ 683,423
Additions	-	-	-	-	-	45,953	45,953
Transfers	6,977	3,193	-	7,102	1,884	(19,156)	-
Disposals	(1,208)	-	-	(438)	(543)	-	(2,189)
At December 31, 2024	**$ 343,366**	**$ 254,943**	**$ 1,615**	**$ 28,594**	**$ 8,166**	**$ 90,503**	**$ 727,187**
Accumulated depreciation:							
At December 31, 2022	$ 51,140	$ 42,858	$ -	$ 6,139	$ 2,877	$ -	$ 103,014
Depreciation	6,809	4,620	-	736	490	-	12,655
Disposals	(2,521)	(95)	-	(49)	(27)	-	(2,692)
At December 31, 2023	$ 55,428	$ 47,383	$ -	$ 6,826	$ 3,340	$ -	$ 112,977
Depreciation	7,154	4,879	-	827	529	-	13,389
Disposals	(616)	-	-	(235)	(536)	-	(1,387)
At December 31, 2024	**$ 61,966**	**$ 52,262**	**$ -**	**$ 7,418**	**$ 3,333**	**$ -**	**$ 124,979**
Net Book Value:							
At December 31, 2023	$ 282,169	$ 204,367	$ 1,615	$ 15,104	$ 3,485	$ 63,706	$ 570,446
At December 31, 2024	**$ 281,400**	**$ 202,681**	**$ 1,615**	**$ 21,176**	**$ 4,833**	**$ 90,503**	**$ 602,208**

The total AFUDC charged to property, plant and equipment during 2024 was $2,052,000 (2023 - $1,840,000). The AFUDC rate for 2024 was 2.88% (2023 - 2.77%).

Yukon Energy Corporation

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8. INTANGIBLE ASSETS

A reconciliation of the changes in the carrying amount of intangible assets is as follows:

	Software	Deferred Service Costs	Financial Software	Water Licensing	Thermal Permit	Other Intangibles	Work in Progress	Total
Costs:								
At December 31, 2022	$ 1,185	$ 443	$ 6,955	$ 483	$ -	$ -	$17,076	$26,142
Additions	-	-	-	-	-	-	7,247	7,247
Transfers	258	-	-	3,903	-	-	(4,161)	-
Disposals	(259)	-	-	(147)	-	-	-	(406)
At December 31, 2023	$ 1,184	$ 443	$ 6,955	$ 4,239	$ -	$ -	$20,162	$32,983
Additions	-	-	-	-	-	-	5,917	5,917
Transfers	244	-	-	755	216	260	(1,475)	-
Disposals	-	-	-	(118)	-	-	(2,404)	(2,522)
At December 31, 2024	**$ 1,428**	**$ 443**	**$ 6,955**	**$ 4,876**	**$ 216**	**$ 260**	**$22,200**	**$36,378**
Accumulated amortization:								
At December 31, 2022	$ 496	$ 443	$ 3,168	$ 364	$ -	$ -	$ -	$ 4,471
Amortization	233	-	492	820	-	-	-	1,545
Disposals	(228)	-	-	(147)	-	-	-	(375)
At December 31, 2023	$ 501	$ 443	$ 3,660	$ 1,037	$ -	$ -	$ -	$ 5,641
Amortization	280	-	456	812	-	38	-	1,586
Disposals	-	-	-	(118)	-	-	-	(118)
At December 31, 2024	**$ 781**	**$ 443**	**$ 4,116**	**$ 1,731**	**$ -**	**$ 38**	**$ -**	**$ 7,109**
Net Book Value:								
At December 31, 2023	$ 683	$ -	$ 3,295	$ 3,202	$ -	$ -	$20,162	$27,342
At December 31, 2024	**$ 647**	**$ -**	**$ 2,839**	**$ 3,145**	**$ 216**	**$ 222**	**$22,200**	**$29,269**

Additions to Financial Software, Water Licensing, Thermal permit and Other Intangibles were almost exclusively internally generated. Additions to Software was almost exclusively externally purchased.

Work in Progress consists of Software $434,000 (2023– $64,000), Financial Software $0 (2023– $118,000), Water Licensing $21,221,000 (2023 – $19,576,000), Thermal Permit $23,000 (2023 – $138,000) and Other Intangibles $520,000 (2023 - $266,000). Work in progress disposals of $2,404,000 (2023 - $0) are included in regulatory account expenses (Note 20).

The total AFUDC charged to intangible assets during 2024 was $304,000 (2023 - $404,000). The AFUDC rate for 2024 was 2.88% (2023 - 2.77%).

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9. LEASES

The Utility leases industrial land and building facilities. During the year the Utility has two existing land leases and one existing building lease. In 2023 the Utility renewed a building lease for a term of five years.
Right-of-use assets consist of land of $988,000 (2023 - $1,063,000) and building of $562,000 (2023 - $713,000).

	December 31 2024	December 31 2023
Right-of-use assets		
As at January 1	$ 1,776	$ 1,231
Additions	-	750
Depreciation expense	(226)	(205)
As at December 31	**$ 1,550**	$ 1,776
Lease liabilities		
Lease liabilities	$ 695	$ 855
Less: current portion	175	160
Non-current portion	**$ 520**	$ 695
Amounts recognized in net income		
Depreciation expense on right-of-use assets	$ (226)	$ (205)
Interest expense on lease liabilities	$ (45)	$ (18)
Expense relating to short-term leases	$ (5,279)	$ (3,556)

Yukon Energy Corporation

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10. REGULATORY ACCOUNTS

a) Regulatory debit balances

	Feasibility Studies (i)	Regulatory Costs (ii)	Dam Safety (iii)	Deferred Overhauls (iv)	Uninsured Losses (v)	Fuel Price Adjustment (vi)	Subtotal see next page
Cost:							
At December 31, 2022	$16,807	$ 8,384	$ 255	$ 1,399	$ 4,601	$ 3,165	$ 34,611
Costs incurred	1,510	3,363	-	-	555	-	5,428
Regulatory provision	-	(413)	-	(98)	(411)	2,193	1,271
Disposals	650	(423)	-	-	-	(2,112)	(1,885)
Contributions received	-	(453)	-	-	-	-	(453)
At December 31, 2023	$18,967	$10,458	$ 255	$ 1,301	$ 4,745	$ 3,246	$ 38,972
Costs incurred	4,146	2,153	20	-	9,581	-	15,900
Regulatory provision	-	(170)	-	98	(411)	(1,664)	(2,147)
Disposals	(426)	-	-	-	-	(46)	(472)
Contributions received	(232)	(458)	-	-	-	-	(690)
At December 31, 2024	**$22,455**	**$11,983**	**$ 275**	**$ 1,399**	**$13,915**	**$ 1,536**	**$ 51,563**
Accumulated amortization:							
At December 31, 2022	$ 3,039	$ 1,167	$ 76	$ 110	$ 1,257	$ -	$ 5,649
Amortization	1,074	321	51	138	205	-	1,789
Disposals	650	(349)	-	-	-	-	301
At December 31, 2023	$ 4,763	$ 1,139	$ 127	$ 248	$ 1,462	$ -	$ 7,739
Amortization	3,484	904	51	397	205	-	5,041
Disposals	(266)	-	-	-	-	-	(266)
At December 31, 2024	**$ 7,981**	**$ 2,043**	**$ 178**	**$ 645**	**$ 1,667**	**$ -**	**$ 12,514**
Net book value:							
At December 31, 2023	$14,204	$ 9,319	$ 128	$ 1,053	$ 3,283	$ 3,246	$ 31,233
At December 31, 2024	**$14,474**	**$ 9,940**	**$ 97**	**$ 754**	**$12,248**	**$ 1,536**	**$ 39,049**
Work in progress included in cost and net book value, not yet being amortized.							
At December 31 2023	$ 10,819	$ 2,258			$ 58		
At December 31 2024	**$ 1,680**	**$ 3,140**			**$ 9,161**		
Net increase (decrease) in regulatory debit balances (which are recognized in the net movement in regulatory account balances related to net income on the Statement of Operations and Other Comprehensive Income):							
December 31, 2023	$ 436	$ 2,102	$ (51)	$ (236)	$ (61)	$ 81	$ 2,271
December 31, 2024	**$ 270**	**$ 621**	**$ (31)**	**$ (299)**	**$ 8,965**	**$ (1,710)**	**$ 7,816**
Remaining recovery years:							
At December 31, 2023	1 to 5 years	1 to 30 years	3 years	3 years	Indeterminate	1 year	
At December 31, 2024	1 to 5 years	1 to 29 years	2 years	2 years	Indeterminate	1 year	
Absent rate regulation, net income for the year and net movement in regulatory account balances on the Statement of Operations and Other Comprehensive Income would increase (decrease) by:							
December 31, 2023	$ (436)	$ (2,102)	$ 51	$ 236	$ 61	$ (81)	$ (2,271)
December 31, 2024	**$ (270)**	**$ (621)**	**$ 31**	**$ 299**	**$ (8,965)**	**$ 1,710**	**$ (7,816)**

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10. REGULATORY ACCOUNTS (continued)

a) Regulatory debit balances (continued)

	Carry Forward	Vegetation Management (vii)	2023/24 GRA (viii)	2021 GRA (ix)	IPP Purchase Costs (x)	Hearing Reserve (xi) (Note 28)	Total (Note 28)
Cost:							
At December 31, 2022	$ 34,611	$ 2,216	$ -	$ 2,639	$ 26	$ 881	$ 40,373
Costs incurred	5,428	-	-	-	-	-	5,428
Regulatory provision	1,271	-	5,667	-	-	166	7,104
Disposals	(1,885)	-	-	(1,957)	-	-	(3,842)
Contributions received	(453)	-	-	-	-	-	(453)
At December 31, 2023	$ 38,972	$ 2,216	$ 5,667	$ 682	$ 26	$ 1,047	$ 48,610
Costs incurred	15,900	-	-	-	41	-	15,941
Regulatory provision	(2,147)	-	20,358	-	-	(81)	18,130
Disposals	(472)	-	(12,454)	(682)	-	-	(13,608)
Contributions received	(690)	-	-	-	-	-	(690)
At December 31, 2024	**$ 51,563**	**$ 2,216**	**$ 13,571**	**$ -**	**$ 67**	**$ 966**	**$ 68,383**
Accumulated amortization:							
At December 31, 2022	$ 5,649	$ 1,330	$ -	$ -	$ -	$ -	$ 6,979
Amortization	1,789	222	-	1,957	-	-	3,968
Disposals	301	-	-	(1,957)	-	-	(1,656)
At December 31, 2023	$ 7,739	$ 1,552	$ -	$ -	$ -	$ -	$ 9,291
Amortization	5,041	221	12,454	682	-	-	18,398
Disposals	(266)	-	(12,454)	(682)	-	-	(13,402)
At December 31, 2024	**$ 12,514**	**$ 1,773**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 14,287**
Net book value:							
At December 31, 2023	$ 31,233	$ 664	$ 5,667	$ 682	$ 26	$ 1,047	$ 39,319
At December 31, 2024	**$ 39,049**	**$ 443**	**$ 13,571**	**$ -**	**$ 67**	**$ 966**	**$ 54,096**

Net increase (decrease) in regulatory debit balances (which are recognized in the net movement in regulatory account balances on the Statement of Operations and Other Comprehensive Income):

December 31, 2023	$ 2,271	$ (222)	$ 5,667	$ (1,957)	$ -	$ 166	$ 5,925
December 31, 2024	**$ 7,816**	**$ (221)**	**$ 7,904**	**$ (682)**	**$ 41**	**$ (81)**	**$ 14,777**

Remaining recovery years:

At December 31, 2023		3 years	2 years	1 year	Indeterminate	Indeterminate	
At December 31, 2024		2 years	1 year	0 year	Indeterminate	Indeterminate	

Absent rate regulation, net income for the year and net movement in regulatory account balances on the Statement of Operations and Other Comprehensive Income would increase (decrease) by:

December 31, 2023	$ (2,271)	$ 222	$ (5,667)	$ 1,957	$ -	$ 81	$ (5,925)
December 31, 2024	**$ (7,816)**	**$ 221**	**$ (7,904)**	**$ 682**	**$ (41)**	**$ 81**	**$ (14,777)**

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10. REGULATORY ACCOUNTS (continued)

a) Regulatory debit balances (continued)

(i) Feasibility studies and infrastructure planning
The Utility undertakes certain studies to determine the feasibility of a range of projects and infrastructure proposals. While in progress, the costs of these studies are deferred within this account. The Utility is directed to defer and amortize the costs over terms (between five and ten years) at the discretion of the YUB. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(ii) Regulatory costs
These costs are associated with the YUB regulatory proceedings. The costs consist primarily of various rate and project review proceedings but also include resource plans and demand side management costs. The Utility is directed to defer and amortize the costs over terms at the discretion of the YUB. During the year, $170,000 (2023 - $413,000) was transferred to the regulatory debit balance class hearing reserve (Note 10(a)(xi)) and disallowed costs of $0 (2023 - $423,000) were derecogized. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(iii) Dam safety review
The Utility has a program of conducting safety reviews of its dams in accordance with standards set by the Canadian Dam Association. External consultants are hired every five years with intermittent costs incurred in the interim periods. These costs are being amortized over five years. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(iv) Deferred overhauls
YUB Order 2013-01 restricted inclusion of property, plant and equipment overhaul depreciation expense in rates charged to customers until the Utility comes before the YUB for a prudence review. As such, starting in 2013 the Utility deferred depreciation expense related to overhauls. In 2017, the Utility came before the YUB for a prudence review and began to recognize these deferred depreciation amounts. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(v) Uninsured losses
Uninsured losses is an account maintained to address uninsured and uninsurable losses as well as the deductible portion of insured losses. The account is maintained through an annual provision and collected through customer rates. There is an annual regulatory provision of $411,000 and amortization of the forecast 2020 accumulated balance of $2,048,000 over ten years ($205,000 per year). In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(vi) Fuel price adjustment
OIC 1995/90 directs the YUB to permit the Utility to adjust electricity rates to reflect fluctuations in the price of diesel fuel. The amount by which actual fuel prices vary from the long-term average prices is deferred and recovered from or refunded to customers in a future period through Rider F. As part of the 2023/24 GRA, the balance as at September 30, 2024 of $2,658,000 was transferred to the regulatory debit balance class 2023/24 GRA (Note 10(a)(viii)). For the period January 1, 2023 through December 31, 2023 the charge was 0.865 cents per kWh. For the period January 1, 2024 to October 31, 2024, the charge was reduced to 0.000 cents per kWh. Effective November 1, 2024, the charge was decreased to 0.289 cents per kWh. The Rider F charge(refund) was effective until March 31, 2024 at which time it changed back to 0.000 cents per kWh. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred and revenues be recognized as earned.

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10. REGULATORY ACCOUNTS (continued)

a) Regulatory debit balances (continued)

(vii) Vegetation management
Prior to 2017, the Utility was deferring annual brushing costs in excess of a prescribed maximum annual amount based on a review of prior year brushing costs. In 2017, the Utility established a vegetation management policy and as a result of expected annual costs, deferral is no longer required. The Utility completes a full cycle of all of its brushing requirements every 10 years and is amortizing previously deferred costs over a 10 year period. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(viii) 2023/24 GRA
The Utility recognizes a regulatory debit balance when the Utility has the right, as a result of the actual or expected actions of the rate regulator, to increase rates in future periods in order to recover its allowable costs plus return on rate base, as described in Note 1(b). The amount recognized represents management's best estimates of revenues for rates to be approved by the YUB less amounts received from customers. As part of the 2023/24 GRA, $5,667,000 was recognized for increase in revenue requirement. In 2023, the final decision by the YUB approved $7,717,000 for 2023. The increase of $2,050,000 has been included in the regulatory provision line in 2024. The 2024 provision also includes the 2024 YUB approved amount of $15,805,000 and $2,658,000 transferred from the regulatory debit balance class fuel price adjustment ((Note 10(a)(vi)). The ending balance at December 31 comprises the Utility's remaining revenue shortfall to be collected from customers in future years.

(ix) 2021 GRA
The Utility recognizes a regulatory debit balance when the Utility has the right, as a result of the actual or expected actions of the rate regulator, to increase rates in future periods in order to recover its allowable costs plus return on rate base, as described in Note 1(b). The amount recognized represents the amount approved by the YUB in February 2023, less amounts received from customers. The amount was fully collected during 2024.

(x) IPP purchase costs
OIC 2019/25 directs that in setting rates that the Utility is permitted to charge, it is able to recover the costs of purchasing electricity under an electricity purchase agreement with Independent Power Producers ("IPP's"). As such, starting in 2022 the Utility deferred costs to be charged to ratepayers in future years. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(xi) Hearing reserve
The Utility has established a deferral account for regulatory hearing costs to be recovered from or paid to ratepayers in the future. The regulatory provision for the year reflects an annual provision of $250,000 less $170,000 (2023 - $416,000) of approved costs transferred from Regulatory costs (Note 10(a)(ii)). In the absence of rate regulation, IFRS requires these costs to be expensed as incurred and revenues be recognized as earned.

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10. REGULATORY ACCOUNTS (continued)

b) Regulatory credit balances

	Deferred Insurance Proceeds (i)	Low Water Reserve Fund (ii)	Future Removal and Site Restoration (iii)	Contracts with Customers (iv)	McQuesten Substation (v)	Defined Benefit Pension (vi)	Total (Note 28)
Cost:							
At December 31, 2022	$11,602	$ 9,896	$ 2,690	$ 5,060	$ 2,526	$ 63	$31,837
Costs incurred	-	-	(653)	-	-	-	(653)
Regulatory provision	4,500	5,791	-	(96)	1,348	23	11,566
Disposals	-	-	-	-	-	-	-
Contributions received	-	-	-	-	-	-	-
At December 31, 2023	$16,102	$15,687	$ 2,037	$ 4,964	$ 3,874	$ 86	$42,750
Costs incurred	-	-	-	-	-	-	-
Regulatory provision	-	(3,067)	-	(96)	1,002	(22)	(2,183)
Interest	-	1,641	-	-	-	-	1,641
Contributions received	-	(79)	-	-	-	-	(79)
At December 31, 2024	**$16,102**	**$14,182**	**$ 2,037**	**$ 4,868**	**$ 4,876**	**$ 63**	**$42,129**
Accumulated amortization:							
At December 31, 2022	$ 7,948	$ -	$ -	$ -	$ -	$ -	$ 7,948
Amortization	262	-	-	-	-	-	262
Disposals	-	-	-	-	-	-	-
At December 31, 2023	$ 8,210	$ -	$ -	$ -	$ -	$ -	$ 8,210
Amortization	260	-	-	-	-	-	260
Disposals	-	-	-	-	-	-	-
At December 31, 2024	**$ 8,470**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 8,470**
Net book value:							
At December 31, 2023	$ 7,892	$15,687	$ 2,037	$ 4,964	$ 3,874	$ 86	$34,540
At December 31, 2024	**$ 7,632**	**$14,182**	**$ 2,037**	**$ 4,868**	**$ 4,876**	**$ 63**	**$33,658**

Net increase (decrease) in regulatory credit balances (which are recognized in the net movement in regulatory account balances related to net income on the Statement of Operations and Other Comprehensive Income):

At December 31, 2023	$ (4,238)	$ (5,791)	$ 653	$ 96	$ (1,348)	$ (23)	$ (10,651)
At December 31, 2024	**$ 260**	**$ 1,505**	**$ -**	**$ 96**	**$ (1,002)**	**$ 23**	**$ 882**

Remaining recovery years:							
At December 31, 2023	13 years	Indeterminate	Indeterminate	44 years	50 years	Indeterminate	
At December 31, 2024	**12 years**	**Indeterminate**	**Indeterminate**	**43 years**	**49 years**	**Indeterminate**	

Absent rate regulation, net income for the year and net movement in regulatory account balances on the Statement of Operations and Other Comprehensive Income would increase (decrease) by:

At December 31, 2023	$ 4,238	$ 5,791	$ (653)	$ (96)	$ 1,348	$ 23	$10,651
At December 31, 2024	**$ (260)**	**$ (1,505)**	**$ -**	**$ (96)**	**$ 1,002**	**$ (23)**	**$ (882)**

Yukon Energy Corporation

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10. REGULATORY ACCOUNTS (continued)

b) Regulatory credit balances (continued)

(i) Deferred insurance proceeds
The deferred insurance proceeds represents a gain on fire insurance proceeds related to a fire at the Whitehorse Rapids Generating Station in 1997 which is being amortized to income at the same rate as depreciation of the related replacement assets, and a gain on insurance proceeds related to damage to the Lewes River Boat lock in 2021 which is not yet being amortized as it has not yet received regulatory approval. In the absence of rate regulation, IFRS requires the gain to have been fully recognized as income in the year received.

(ii) Low water reserve fund
The Low Water Reserve Account ("LWRF") was established by YUB Order 2018-10. The LWRF is used to protect the Utility and ratepayers for costs associated with variability in thermal generation required when there is a thermal cost variance due solely to water-related hydro generation variances from YUB approved GRA forecasts. The Utility is required to file annual reports with the YUB on the LWRF's activity.

In accordance with YUB Order 2015-01, the Utility defers recognition of the additional amounts collected from rate payers when the cost of thermal consumed in the period is less than the long-term average thermal requirements estimated for the actual annual generation load. These deferred amounts are recognized as revenue in the period when the cost of thermal incurred for the period is greater than the long-term average thermal requirements and the reason for the shortfall is a shortage of water in the hydro system. There is a cap of +/- $16 million for the LWRF. If the balance falls outside of this range, the Utility is to make an application to the YUB requesting recovery or a refund to customers. YUB Order 2019-02 set the refund rider to 0.00 cents/kWh effective April 1, 2019. YUB order 2024-15 set the refund rider to 0.128 cents/kWh effective for the period November 1, 2024 to March 31, 2025.

In the absence of rate regulation, IFRS would require any amounts earned or incurred related to the LWRF to be included in the Utility's net income in the year incurred.

(iii) Future removal and site restoration costs
The Utility maintains a regulatory provision for future removal and site restoration related to property, plant and equipment, which is incremental to that required to be recognized as an asset retirement provision under IAS 37. The reserve has been established through amortization rates based upon depreciation studies conducted periodically by the Utility. As a result of YUB Order 2005-12, effective January 1, 2005, the provision is not to exceed the cumulative value of the provision at December 31, 2004 of $5,757,000.

Costs of dismantling capital assets, including site remediation, will be applied to this regulatory credit balance if they do not otherwise relate to an asset retirement provision. The period over which the provision will be reduced is dependent on the timing of future costs of demolishing, dismantling, tearing down, site restoration or otherwise disposing of the asset net of actual recoveries, and is therefore indeterminate. In the absence of rate regulation, IFRS requires these costs to be expensed or included in the gain or loss on disposal of the related property, plant and equipment, as applicable.

Yukon Energy Corporation

Notes to Financial Statements
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10. REGULATORY ACCOUNTS (continued)

b) Regulatory credit balances (continued)

(iv) Contracts with customers
Effective January 1, 2018 the Utility adopted IFRS 15, *Revenue from Contracts with Customers*. As a result of the impacts of IFRS 15, certain revenues are recognized in net income over a shorter period than allowed by the YUB for rate-setting purposes. The timing difference is reflected as a regulatory credit balance.

(v) McQuesten substation
YUB Order 2022-03 required the Utility to create a separate asset class for certain assets constructed at the McQuesten Substation relating to the Victoria Gold connection. These assets were required to be amortized over the mine life as opposed to the useful life of the assets. The timing difference is reflected as a regulatory credit balance.

(vi) Defined benefit pension
The Utility has established a deferral account to accumulate differences from approved pension funding versus actual funding requirements. The regulatory provision will be determined through a future regulatory proceeding. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(c) Regulatory account expenses

Regulatory account expenses represent costs incurred related to regulatory account debit balances of $15,941,000 (2023 - $5,428,000) and regulatory account credit balances of $0 (2023 - $653,000).

(d) Net movement in regulatory balances related to net income

Net movement in regulatory balances related to net income is $15,656,000 (2023 - ($4,727,000)) represents the adjustment to net income for the year before net movement in regulatory balances for the effects of rate regulation in accordance with IFRS 14. The net movement figure is comprised of an increase of $14,776,000 for regulatory account debit balances and a decrease of $881,000 for regulatory account credit balances for rate regulation compared to the amounts that are recognized under IFRS. The net movement figure for 2023 is comprised of an increase of $5,925,000 (Note 28) for regulatory account debit balances and an increase of $10,651,000 (Note 28) for regulatory account credit balances respectively for rate regulation compared to the amounts that would be recorded under IFRS absent rate regulation.

Yukon Energy Corporation

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11. BANK INDEBTEDNESS

The Utility has access to a line of credit. Effective December 18, 2023, the line of credit was increased temporarily to $100.0 million. The temporary increase expires December 31, 2025. The account accrues interest on withdrawals at prime rate minus 0.75% (2023 - prime rate minus 0.75%) per annum. The interest rate risk is minimal.

By agreement the financial institution has a legally enforceable right to set off the outstanding balance under the line of credit by cash balances in other accounts with the same bank. The amount outstanding on the line of credit balance at year end was $81.5 million (2023 - $47.7 million). The Utility has cash balances with the same financial institution of $3.5 million (2023 - $3.2 million). The Utility's bank indebtedness is comprised of:

	December 31 2024	December 31 2023
Line of credit	$ 81,475	$ 47,675
Less: bank balances	3,471	3,218
	$ 78,004	$ 44,457

For the purposes of the statement of cash flows, the line of credit is classified as financing activities as it is used to fund construction work in progress. In the statement of cash flows, cash is comprised of bank balances.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31 2024	December 31 2023
Trade payables	22,203	$ 19,376
Due to related parties (Note 22)	744	993
Employee compensation	1,377	1,006
Other	271	269
	$ 24,595	$ 21,644

Yukon Energy Corporation

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13. CONSTRUCTION FINANCING

	December 31 2024	December 31 2023
Construction financing, due December 31, 2025 bearing interest at 3.74% approved to a maximum of $47.676 million	$ 47,677	$ -
Construction financing, due December 31, 2024 bearing interest at 5.444% approved to a maximum of $27.26 million	-	27,260
Construction financing, due December 31, 2024 bearing interest at 5.444% approved to a maximum of $8.4 million	-	8,400
Construction financing, due December 31, 2024 bearing interest at 5.444% approved to a maximum of $14 million	-	12,617
Construction financing, due December 31, 2024 bearing interest at 5.444% approved to a maximum of $10 million	-	10,000
	$ 47,677	$ 58,277

Construction financing balances are monies advanced from the Parent to assist in the development of the Utility's infrastructure. Interest is payable annually at December 31 and at the maturity date.

A new construction financing agreement of $47.677 million has been added in 2024 to assist with working requirements for capital projects. The Utility received a shareholder contribution of $10.600 million through a non-cash settlement of construction financing. The remaining prior year debt was extinguished and replaced with the new debt on December 31, 2024.

Yukon Energy Corporation

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14. LONG-TERM DEBT

The Utility's long-term debt is unsecured and summarized as follows:

	December 31 2024	December 31 2023
Yukon Development Corporation:		
$3,958,745 term note bearing interest at 1.56% interest only payable monthly, due June 30, 2025	$ 3,959	$ 3,959
$77,723,273 term note bearing interest at 2.68% repayable in annual installments of $3,683,800 principal, plus accrued interest with the balance of $59,304,273 due December 31, 2024	-	59,304
$59,304,273 term note bearing interest at 3.94% repayable in annual installments of $3,683,800 principal, plus accrued interest with the balance of $40,885,273 due December 31, 2029	55,620	-
$5,505,000 term note bearing interest at 2.40% interest only payable monthly, due December 31, 2039	5,505	5,505
$20,984,404 term note bearing interest at 2.21%, interest payable monthly repayable in annual installments of $839,376 principal with the balance due December 31, 2040	13,430	14,269
$12,136,000 term note bearing interest at 2.10% interest only payable monthly, due December 31, 2041	12,136	12,136
$2,871,000 term note bearing interest at 2.90% interest only payable monthly, due June 30, 2044	2,871	2,871
$6,425,000 term note bearing interest at 4.10%. Payable in quarterly installments of $103,009 interest and principal with the balance due December 21, 2048 (i)	6,274	6,425
$27,254,000 term note bearing interest at 4.30%. Payable in quarterly installments of $446,114 interest and principal with the balance due October 12, 2049 (ii)	27,254	-
$21,900,000 flexible term note bearing interest up to 5.46% repayable in annual installments of $336,923 principal, plus accrued interest with the balance of $8,423,078 due December 31, 2051 (iii)	17,520	17,857
TD Bank:		
The Utility entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 2.06% per annum. Payable in monthly installments of $47,918 interest and principal with the balance due on September 28, 2035 (iv)	$ 6,552	$ 6,987
The Utility entered into an interest rate swap to convert the interest rate on the Bankers' Acceptance amounts from a variable interest rate based on the Bankers' Acceptance rates to a fixed rate of 3.40% per annum. Payable in monthly installments of $117,095 interest and principal with the balance due on August 23, 2043 (v)	19,403	20,135
The Utility entered into an interest rate swap to convert the interest rate on the Bankers' Acceptance amounts from a variable interest rate based on the Bankers' Acceptance rates to a fixed rate of 2.64% per annum. Payable in monthly installments of $30,868 interest and principal with the balance due on July 14, 2044 (vi)	5,659	5,877

Yukon Energy Corporation

Notes to Financial Statements
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14. LONG-TERM DEBT (continued)

	December 31 2024	December 31 2023
TD Bank (continued):		
The Utility entered into an interest rate swap to convert the interest rate on the Bankers' Acceptance amounts from a variable interest rate based on the Bankers' Acceptance rates to a fixed rate of 2.06% per annum. Payable in monthly installments of $20,478 interest and principal with the balance due on November 4, 2045 (vii)	4,175	4,333
The Utility entered into an interest rate swap to convert the interest rate on the Bankers' Acceptance amounts from a variable interest rate based on the Bankers' Acceptance rates to a fixed rate of 2.88% per annum. Payable in monthly installments of $35,853 interest and principal with the balance due on April 30, 2046 (viii)	6,850	7,079
The Utility entered into an interest rate swap to convert the interest rate on the Bankers' Acceptance amounts from a variable interest rate based on the Bankers' Acceptance rates to a fixed rate of 4.07% per annum. Payable in monthly installments of $86,661 interest and principal with the balance due on September 1, 2052 (ix)	$ 17,269	$ 17,598
Carmacks Stewart First Nation Liability		
Long-term liability payable to several First Nations related to the building of the Carmacks Stewart Transmission Line. These are non-interest bearing, repayment terms not yet established	$ 141	$ 141
Champagne and Aishihik First Nations		
On July 21, 2023, the Utility entered into $1,000,000 Long-term debt associated with the installation of the third hydro turbine at the Aishihik Hydroelectric Generating Station (AGS) and due on July 31, 2048. The interest rate is equal to the Utility's rate of return on equity, and interest payable annually (x)	$ 1,000	$ 1,000
Long-term debt	$ 205,618	$ 185,476
Less: current portion	11,764	62,733
	$ 193,854	$ 122,743

(i) $6,425,000 Flexible Term Note
On December 21, 2023, Yukon Development Corporation entered into a loan and interest rate swap with TD Bank to support the Utility for the purpose of continuing to develop the electrical infrastructure in the Yukon. The Utility will make payments of principal and interest to YDC in the amounts of each payment owing by YDC to the TD Bank.

(ii) $27,254,000 Flexible Term Note
On December 12, 2024 Yukon Development Corporation entered into a loan and interest rate swap with TD Bank to support the Utility for the purpose of continuing to develop the electrical infrastructure in the Yukon. The Utility will make payments of principal and interest to YDC in the amounts of each payment owing by YDC to the TD Bank.

Yukon Energy Corporation

Notes to Financial Statements
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14. LONG-TERM DEBT (continued)

(iii) $21,900,000 Flexible Term Note
The terms of the flexible term note provide for a maximum amount of interest payable within a calendar year, calculated based on the actual grid generation on the electrical grid system connected with the Mayo Hydro Enhancement Project. The amount of interest payable as a result of the interest rate exceeding the maximum interest payable will abate forever. The actual interest rate on this flexible note was 5.46% (2023 - 5.46%).

(iv) TD Bank Loan and 2.06% Interest Rate Swap
On December 28, 2012, the Utility entered into a loan and interest rate swap with TD Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. On September 11, 2020, the loan and interest rate swap was amended. The amendment changed the interest rate from 2.69% to 2.06% and the termination date from December 28, 2022 to September 28, 2035.

(v) TD Bank Loan and 3.40% Interest Rate Swap
On August 23, 2018, the Utility entered into a loan and interest rate swap with TD Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. On September 11, 2020, the loan and interest rate swap was amended. The amendment changed the interest rate from 3.67% to 3.40% and the termination date from August 23, 2038 to August 23, 2043.

(vi) TD Bank Loan and 2.64% Interest Rate Swap
On July 15, 2019, the Utility entered into a loan and interest rate swap with TD Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. On September 11, 2020, the loan and interest rate swap was amended. The amendment changed the interest rate from 2.90 % to 2.64% and the termination date from July 14, 2039 to July 14, 2044.

(vii) TD Bank Loan and 2.06% Interest Rate Swap
On November 4, 2020, the Utility entered into a loan and interest rate swap with TD Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. The loan matures November 4, 2045.

(viii) TD Bank Loan and 2.88% Interest Rate Swap
On April 26, 2021, the Utility entered into a loan and interest rate swap with TD Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. The loan matures April 30, 2046.

(ix) TD Bank Loan and 4.07% Interest Rate Swap
On August 29, 2022, the Utility entered into a loan and interest rate swap with TD Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. The loan matures September 1, 2052.

Yukon Energy Corporation

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14. LONG-TERM DEBT (continued)

(x) Champagne and Aishihik First Nations debt
On July 21, 2023, the Utility entered into a long-term debt agreement with Champagne and Aishihik First Nation associated with the installation of the third hydro turbine at the AGS. The debt matures July 31, 2048. The per annum interest rate is the actual final rate of return on equity for the Utility's regulatory income for the actual year most recently filed with the YUB under section 25(1) of the *Public Utilities Act*.

Long-term debt repayment

The change in long-term debt arising from financing activities during the year related to principal repayments of $7,113,000 (2023 - $6,900,000) and the issuance of additional debt in the amount of $27,254,000 (2023 - $7,425,000). In addition, a $77.723 million term note with a balance of $59.304 million due on December 31, 2024, was renegotiated and replaced on December 31, 2024 with a new obligation due on December 31, 2029.

Fair value
The fair value of long-term debt at December 31, 2024 is $213,303,000 (2023 - $178,176,000). The fair value for all long-term debt including current portions was estimated using discounted cash flows based on an estimate of the Utility's current borrowing rate for similar borrowing arrangements.

On May 16, 2022, Refinitiv Benchmark Services (UK) Limited (RBSL) announced the decision to cease the publication of Canadian Dollar Offered Rate (CDOR) after June 28, 2024. The impacted derivatives include all interest rate swap agreements with TD Bank. The impacted non-derivatives include the long-term debt held with YDC, TD Bank, and others who have yet to transition, as well as the Minto Decommissioning Fund.

For the TD Bank derivatives, and most long-term debt, the banks providing the Utility with fair value percentages transitioned from the CDOR 1-month to the Canadian Overnight Repo Rate Average (CORRA). The transition resulted in no significant impact on the fair value amount of the interest rate swaps and the long-term debt as the CORRA rates were not significantly different from the CDOR rates which were previously used to calculate fair value.

For the decommissioning fund held at CIBC, interest was based on the CDOR 3-month rate. Subsequent to the transition, interest is now based on the CORRA on the first day of the calendar quarter. The transition had no significant impact on cash and deferred revenue related to the fund as CCORA rates were not significantly different from the CDOR rates which were previously used to calculate cash flows.

The interest rate benchmark reform has not resulted in changes to the Utility's risk management strategy.

Yukon Energy Corporation

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15. POST-EMPLOYMENT BENEFITS

Characteristics of benefit plans
The defined benefit pension plan for employees is regulated by the Office of the Superintendent of Financial Institutions ("OSFI") through the *Pension Benefits Standards Act* and regulations. This Act and accompanying regulations impose, among other things, minimum funding requirements. The executive defined benefit pension plan and supplemental executive retirement plan are not registered with OSFI and are not subject to minimum funding requirements of the Act.

These minimum funding requirements require the Utility to make special payments as prescribed by OSFI to repay any unfunded liability or solvency deficiency that may exist. For the employee defined benefit pension plan the Utility is currently not required to make any special payments.

A committee of the Utility's Board of Directors oversees these plans and is responsible for the investment policy with regard to the assets of these funds.

Employees joining the Utility after January 1, 2002 are not eligible to participate in the employee defined benefit pension plan. The Utility makes contributions to a Registered Retirement Savings Plan (“RRSP”) on behalf of these employees and employees hired before January 1, 2002 who belonged to the employee defined benefit plan and elected to opt out of that plan. The RRSP is a defined contribution retirement plan. The costs recognized for the period are equal to the Utility’s contribution to the plan. During 2024, these were $836,000 (2023 - $673,000).

Risks associated with defined benefit plans
The defined benefit pension plans expose the Utility to risk such as investment risk and actuarial risk. Investment risk is the risk that the assets invested will be insufficient to meet expected benefits. Actuarial risk is the risk that benefits paid will be more than expected. There are no particular unusual, entity-specific or plan-specific risks or any significant concentration of risk.

Yukon Energy Corporation

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15. POST-EMPLOYMENT BENEFITS (continued)

Net defined benefit liability (asset):

	December 31 2024	December 31 2023
Present value of benefit obligations		
Balance, beginning of year	$ 23,894	$ 22,536
Employee contributions	21	45
Current service cost	88	120
Interest cost	1,077	1,131
Benefits paid	(1,143)	(1,022)
Actuarial (gains) losses on experience	(233)	(583)
Actuarial (gains) on demographic assumptions	(5)	(48)
Actuarial losses (gains) on financial assumptions	82	1,715
Balance, end of year	**$ 23,781**	$ 23,894
Fair value of plan assets		
Balance, beginning of year	23,006	21,785
Interest income on plan assets	1,035	1,093
Gains (losses) on plan assets	879	818
Employee contributions	21	45
Employer contributions	191	357
Benefits paid	(1,143)	(1,022)
Administrative costs	(76)	(70)
Balance, end of year	**$ 23,913**	$ 23,006
Effect of asset ceiling	**(91)**	(76)
Net defined benefit liability (asset)	**$ (41)**	$ 964

The net defined benefit liability (asset) includes a post-employment benefits asset of $676 (2023 - $0) and a post-employment benefits liability of $635 (2023 - $964).

Yukon Energy Corporation

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15. POST-EMPLOYMENT BENEFITS (continued)

Components of benefit plan cost:

	December 31 2024	December 31 2023
Current service cost	$ 88	$ 120
Interest cost	1,077	1,131
Interest income on plan assets	(1,035)	(1,093)
Administrative costs	76	70
Interest cost on effect of asset ceiling	4	4
Defined benefit expense in Statement of Operations	210	232
Defined contribution expense	836	673
Total benefit expense in Statement of Operations	**$ 1,046**	$ 905
Actuarial losses (gains) on obligation	(156)	1,084
(Gains) losses on plan assets	(879)	(818)
Effect of asset ceiling	14	(4)
Total re-measurements included in Other Comprehensive Income	**$ (1,021)**	$ 262
Total benefit costs recognized in Statement of Operations and Other Comprehensive Income	**$ 25**	$ 1,167

Distribution of plan assets of defined benefit pension plans
In October 2024 an annuity buy-in was purchased for the retired members of the Plan with a liability assumption date of January 1, 2025. Assets of $15.152 million were redeemed to facilitate the purchase.

The fair value of the defined benefit pension plans' equity and fixed income assets are based on market values as reported by the defined benefit pension plans' custodians as at each applicable Statement of Financial Position date. The value of the annuity buy-in is valued by present valuing expected future cash inflows at year-end using the discount rate for the accrued benefit obligation. The distribution of assets by major asset class is as follows:

	December 31 2024	December 31 2023
Equities	14.9 %	40.7 %
Fixed income securities	14.1 %	40.5 %
Real estate	7.0 %	18.8 %
Annuity buy-in	64.0 %	- %
Significant assumptions:		
Discount rate - accrued benefit obligation	4.7 %	4.6 %
Assumed rate of compensation increase	3.0 %	3.1 %
Pension growth	2.0 %	2.0 %

Yukon Energy Corporation

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15. POST-EMPLOYMENT BENEFITS (continued)

Sensitivity analysis of the defined benefit pension plans:
The sensitivities of each key assumption used in measuring accrued benefit obligations at each Statement of Financial Position date have been calculated independently of changes in other key assumptions. Actual experience may result in changes in a number of assumptions simultaneously. The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period. The mortality assumptions are based on the 2014 Canadian Pensioner Mortality Private Table projected with full generational mortality improvements using scale MI-2017.

At December 31, 2024, assumption and sensitivity to the recognized post-employment benefits liability is as follows:

	+1%	-1%	+1%	-1%
Discount rate	-11 %	13 %	$ (2,528)	$ 3,071
Salary growth	0.2 %	-0.2 %	$ 48	$ (46)
Pension growth	13 %	-11 %	$ 3,017	$ (2,530)
Life expectancy (1 year movement)	3 %	-3 %	$ 613	$ (623)

At December 31, 2023, assumption and sensitivity to the recognized post-employment benefits liability is as follows:

	+1%	-1%	+1%	-1%
Discount rate	-11 %	13 %	$ (2,605)	$ 3,173
Salary growth	0.3 %	-0.3 %	$ 67	$ (65)
Pension growth	13 %	-11 %	$ 3,053	$ (2,612)
Life expectancy (1 year movement)	3 %	-3 %	$ 607	$ (618)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same that is applied in calculating the defined benefit obligation liability recognized in the Statement of Financial Position.

The Utility pays the balance of the cost of the employee benefit plan over the employee contributions, as determined by the actuary. Members are required to contribute 3.5% of earnings up to the Year’s Maximum Pensionable Earnings ("YMPE") plus 5% of earnings above the YMPE. Permanent part-time members will have required contributions as above multiplied by their permanent part-time service ratio. Employees can make additional contributions to purchase ancillary benefits. Members choose the ancillary benefit on termination of service or on retirement.

The average duration of the benefit obligation is 11.9 years (2023 - 12.3 years). The Utility expects to make payments of $202,800 (2023 - $209,000) to the defined benefit plans during the next financial year.

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16. CONTRIBUTIONS IN AID OF CONSTRUCTION

	Government of Canada	Parent since 1998	Yukon Government since 1998	Pre-1998 contributions	Total
Cost:					
At December 31, 2022	$ 99,740	$ 89,730	$ 11,898	$ 1,739	$ 203,107
Additions	3,843	-	524	-	4,367
At December 31, 2023	$ 103,583	$ 89,730	$ 12,422	$ 1,739	$ 207,474
Additions	2,970	-	-	-	2,970
At December 31, 2024	**$ 106,553**	**$ 89,730**	**$ 12,422**	**$ 1,739**	**$ 210,444**
Accumulated amortization:					
At December 31, 2022	$ 11,614	$ 17,862	$ 3,142	$ 1,596	$ 34,214
Amortization	1,249	1,602	197	43	3,091
At December 31, 2023	$ 12,863	$ 19,464	$ 3,339	$ 1,639	$ 37,305
Amortization	1,359	1,712	201	45	3,317
At December 31, 2024	**$ 14,222**	**$ 21,176**	**$ 3,540**	**$ 1,684**	**$ 40,622**
Net book value:					
At December 31, 2023	$ 90,720	$ 70,266	$ 9,083	$ 100	$ 170,169
At December 31, 2024	**$ 92,331**	**$ 68,554**	**$ 8,882**	**$ 55**	**$ 169,822**

17. DEFERRED REVENUE

	Decommissioning Fund	Customer Contributions	IPP Contracts	Total
At December 31, 2022	$ 2,875	$ 15,548	$ 276	$ 18,699
Additions	154	459	1,822	2,435
Revenue recognized in Sales of Power and Other Revenue	-	(1,303)	(365)	(1,668)
At December 31, 2023	$ 3,029	$ 14,704	$ 1,733	$ 19,466
Additions (Refunds)	153	1,670	(66)	1,757
Revenue recognized in Sales of Power and Other Revenue	-	(1,210)	60	(1,150)
At December 31, 2024	**$ 3,182**	**$ 15,164**	**$ 1,727**	**$ 20,073**

The decommissioning fund represents monies paid in advance by an industrial customer to decommission the spur line that connects its operation to the Utility's grid. This money accrues interest at the rate of the Canadian Overnight Repo Rate Average ("CORRA"). This amount will be recognized to revenue when uncertainty associated with its recognition is satisfied.

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17. DEFERRED REVENUE (continued)

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied as at December 31, 2024:

	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Decommissioning fund	$ -	$ -	$ 3,182	$ 3,182
Customer contracts	2,176	7,502	5,486	15,164
IPP contracts	308	215	1,204	1,727
	$ 2,484	**$ 7,717**	**$ 9,872**	**$ 20,073**

At December 31, 2023 - the current portion of deferred revenue of $1,851,000 consisted of customer contracts ($1,295,000) and IPP contracts ($556,000).

18. SALES OF POWER

	2024	2023
Wholesale	$ 54,572	$ 46,665
Industrial	13,305	16,576
General service	12,316	10,793
Residential	4,992	4,084
Secondary sales	495	227
Sentinel and street lights	163	113
	$ 85,843	$ 78,458

19. OTHER REVENUE

Included in other revenue, the Utility recognized $60,000 (2023 - $365,000) in other revenue related to IPP contracts (Note 17) and $0 (2023 - $4,500,000) related to a gain on insurance proceeds.

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20. OPERATIONS AND MAINTENANCE EXPENSES

	2024	2023
Fuel	$ 19,754	$ 11,138
Regulatory account expenses (Note 10(c))	15,941	6,082
Wages and benefits	9,030	7,286
Rent	6,779	5,242
Contractors	3,886	3,825
Materials and consumables	2,219	1,713
Loss on asset disposals	762	1,024
Travel	479	533
Communication	101	93
	$ 58,951	$ 36,936

21. ADMINISTRATION EXPENSES

	2024	2023
Wages and benefits	$ 8,932	$ 7,879
Materials, consumables and general	1,305	2,472
Insurance and taxes	3,355	3,060
External labour	3,040	2,619
Licences and fees	1,371	1,027
Travel	270	362
Board fees	121	156
	$ 18,394	$ 17,575

22. RELATED PARTY TRANSACTIONS

The Utility is related in terms of common ownership to all YG departments, agencies and Territorial Corporations. Transactions are entered into in the normal course of operations with these entities. All sales of power transactions are recorded at the rates approved by the YUB.

Interim Electrical Rebate program revenues are received from YDC in accordance with terms established by YG which established the program to protect certain ratepayers. These revenues are included in sales of power on the Statement of Operations and Other Comprehensive Income.

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22. RELATED PARTY TRANSACTIONS (continued)

The following table summarizes the Utility's related party transactions with YDC for the year:

		2024	2023
Revenue			
Rate subsidy	$	379	831
Operating expenses			
Interest expense		6,975	4,741
Dividends		-	27,260
Other receipts			
Construction financing		-	37,260
Long-term debt		27,254	6,425
Other payments/deductions			
Repayment of long-term debt		5,011	4,860

In addition to the above transactions, the Utility entered into certain non-cash financing transactions with YDC during the year (Note 13 and Note 14).

At the end of the year, the amounts receivable from and due to related parties are as follows:

		December 31 2024		December 31 2023
YDC:				
Accounts receivable	$	2,388	$	1,485
Accounts payable		737		993
Construction financing		47,677		58,277
Current portion of long-term debt		9,599		60,631
Long-term debt		134,971		61,695
YG:				
Accounts receivable	$	500	$	240
Accounts payable		7		-

Included in Accounts receivable from YDC is an amount of $2,329,000 for capital projects funded by the federal government, which are administered through YG and YDC (2023 - $1,192,000). These balances are non-interest bearing and payable on demand except for construction financing and long-term debt.

Transactions with Key Management Personnel
The Utility's key management personnel include ten senior management team positions and nine Board of Directors positions. Key management personnel compensation is as follows:

		2024		2023
Short-term employee benefits	$	1,893	$	1,975
Post-employment benefits		134		110
	$	2,027	$	2,085

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23. COMMITMENTS

Contractual obligations
The Utility has entered into contracts to purchase products or services for which the liability has not been incurred as at December 31, 2024 as the product or service had not been provided. The following table summarizes the nature of the commitments:

	2024	2023
Property, plant and equipment	$ 30,096	$ 44,353
Other products or services	12,359	8,110
Intangible assets	814	1,747
	$ 43,269	$ 54,210

The Utility expects to fulfill contractual obligations of $41,769,000 in 2025 and $1,500,000 in 2026.

24. CONTINGENCIES

Asset Retirement Obligations
The Utility has not recognized a provision for the closure and restoration obligations for generation, transmission and distribution assets which the Utility anticipates maintaining and operating for an indefinite period, making the date of retirement of these assets indeterminate. A provision will be recognized when the timing of the retirement of these assets can be reasonably estimated.

25. PROVISION FOR ENVIRONMENTAL LIABILITIES

The Utility's activities are subject to various federal and territorial laws and regulations governing the protection of the environment or to minimize any adverse impact thereon. The Utility conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations.

The Utility has conducted environmental site assessments at all its diesel plant sites. No significant environmental contamination was found. As at December 31, 2024 no significant provisions for environmental liabilities, for which a legal obligation exists to remediate, have been identified by the Utility. The Utility has its Environmental Management System to monitor and assess previous and potential existing environmental liabilities on an ongoing basis. The Utility does not have a provision for environmental liabilities as there is no significant present obligation to remediate.

26. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

At December 31, 2024, the Utility's financial instruments included accounts receivable, bank indebtedess, accounts payable and accrued liabilities, construction financing, long-term debt, interest rate swaps and lease liabilities. The fair values of accounts receivable, bank indebtedness, accounts payable and accrued liabilities and construction financing approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

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26. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Interest rate swaps are financial contracts that derive their value from changes in an underlying variable. The fair value of the interest rate swaps is estimated using standard market valuation techniques and is provided to the Utility by the financial institution that is the counterparty to the transactions.

Interest rate risk
Interest rate risk is the risk that future cash flows or fair value of a financial instrument will fluctuate due to changes in market interest rates. The Utility's future cash flows are not exposed to significant interest rate risk due to its long-term debt having fixed interest rates, with the exception of the Bankers' Acceptances from the TD Bank. The Bankers' Acceptances have had the variable rate converted to a fixed rate using an interest rate swap to eliminate the interest rate risk.

The fair value of the interest rate swap agreements on December 31, 2024 was an asset of $655,000 (2023 - asset of $2,405,000). The decrease in the fair value in 2024 of $1,750,000 (2023 – decrease $2,503,000) is recognized on the Statement of Operations and Other Comprehensive Income as an unrealized loss. A 100 basis point increase or decrease in the interest rate assumption would have resulted in an increase/decrease in the interest rate swap agreements fair value of $5,930,000 (2023 - $5,844,000).

The Utility has access to a line of credit as described in Note 11 and a lease liability as described in Note 9.

Credit risk
Credit risk is the risk of failure of a debtor or counterparty to honour its contractual obligations resulting in financial loss to the Utility.

The following table illustrates the maximum credit exposure to the Utility if all counterparties defaulted:

	December 31 2024	December 31 2023
Accounts receivable	$ 27,537	$ 17,059
	$ 27,537	$ 17,059

Credit risk on accounts receivable is generally considered minimal as the Utility has experienced insignificant bad debt in prior years. Its primary customer is a rate regulated utility that purchases power from the Utility for resale and as such these receivables are considered fully collectible. Included in the accounts receivable past due but not impaired at December 31, 2024 is $10,364,000 (2023 - $5,077,000), of which $4,015,000 (2023 - $4,015,000) pertains to one customer. This customer is currently in receivership and working on asset liquidation. The recovery of any amount owing will not occur until after the liquidation is completed. The timing and certainty of a full recovery is unknown, and a wide range of outcomes are possible. However, based on amounts collected after year-end, other assets held, the nature of the receivables, and management's judgment and assessment, as at December 31, 2024, this amount continues to be considered fully collectible. Therefore, no allowance provision (2023 – $nil) has been recognized.

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26. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Liquidity risk
Liquidity risk is the risk that the Utility will not be able to meet its financial obligations as they fall due. The Utility manages liquidity risk through regular monitoring of cash and currency requirements by preparing cash flow forecasts to identify financing requirements. The Utility's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Utility's reputation.

The Utility's largest current liability is bank indebtedness. The utility uses a line-of-credit for construction financing purposes. When a project is completed, financing is transitioned to long-term debt and equity. In addition, rate regulation assists the Utility with liquidity management by providing consistent revenues and a consistent debt to equity ratio.

Undiscounted cash flows of financial liabilities

	Less than 1 year or on demand	Between 1 and 5 years	More than 5 years
Bank indebtedness - line of credit	$ 85,304	$ -	$ -
Accounts payable and accrued liabilities	24,595	-	-
Construction financing	49,460	-	-
Lease liability	210	562	-
Long-term debt	19,212	96,257	178,348
	$ 178,781	**$ 96,819**	**$ 178,348**

Fair values
The following table illustrates the fair value hierarchy of the Utility's financial instruments as at December 31, 2024:

	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
Derivative related asset	$ -	$ 655	$ -	$ 655
Long-term debt	-	-	213,303	$ 213,303

The following table illustrates the fair value hierarchy of the Utility's financial instruments as at December 31, 2023:

	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
Derivative related asset	$ -	$ 2,405	$ -	$ 2,405
Long-term debt	-	-	178,176	$ 178,176

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27. CAPITAL MANAGEMENT

The Utility's capital is its shareholder's equity which is comprised of share capital, contributed surplus and retained earnings. The Utility manages its equity by managing revenues, expenses, assets and liabilities to ensure the Utility effectively achieves its objectives while remaining a going concern.

The Utility has a policy which defines its regulatory capital structure at a ratio of approximately 60% debt and 40% equity. The capital structure ratio has been reviewed and accepted by the YUB for rate setting purposes.

The Utility monitors its capital on the basis of the ratio of total debt to total capitalization. Debt is calculated as total borrowings, which is comprised of long-term debt, including the portion of long-term debt due within one year, as well as the decommissioning fund (Note 16). Short-term debt related to assets under construction at the Statement of Financial Position date is excluded from the calculation of total debt, as the assets are similarly excluded from the determination of rate base. Total capitalization is calculated as total debt plus total shareholder's equity as shown on the Statement of Financial Position. The Utility maintains a balance in retained earnings as an indicator of the Utility's equity position.

The table below summarizes the Utility's total debt to total capitalization position:

	December 31 2024	December 31 2023
Long-term debt due within one year	$ 11,764	$ 62,733
Long-term debt	193,854	122,743
Total debt	$ 205,618	185,476
Add decommissioning fund (Note 17)	3,182	3,029
Total debt to include in the calculation	**$ 208,800**	$ 188,505
Share capital	$ 39,000	39,000
Contributed surplus	26,568	15,968
Retained earnings	76,592	74,289
Total shareholder's equity	**$ 142,160**	$ 129,257
Total capitalization	**$ 350,960**	$ 317,762
Total debt to total capitalization	**59 %**	59 %

There were no changes in the Utility's approach to capital management during the period. The Utility paid dividends of $0 (2023 - $27.260 million). The Utility received a shareholder contribution of $10.600 million (2023 - $0) through a non-cash settlement of construction financing (see Note 13).

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28. COMPARATIVE INFORMATION

Comparative figures for certain financial statement line items have been reclassified to conform to the current year's presentation. The changes made relate to the regulatory deferral accounts (Note 10). The hearing reserve account has been reclassified from a regulatory credit balance to a regulatory debit balance on the Statement of Financial Position.

The change in classification was done as experience has shown that the deferral account transactions are different than originally anticipated and that a change would result in more appropriate presentation. The reclassification results in the hearing reserve being a positive debit. It is anticipated that the hearing reserve will maintain a positive debit balance in the future.

	Previously reported 2023	Reclassification	After reclassification 2023
Regulatory debit balances	$38,272	$1,046	$39,318
Regulatory crebit balances	$33,493	$1,046	$34,539

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