NTPC.COM





ANNUAL REPORT
2024-2025

NORTHWEST TERRITORIES POWER CORPORATION
Empowering Communities

NORTHWEST TERRITORIES HYDRO CORPORATION
Power for Generations

NTPC Mission, Vision and Values

Mission

To provide sustainable, affordable energy that encourages living, working and investing in the Northwest Territories

Vision

To reliably generate, transmit and distribute energy essential to our customers

Values

SAFETY

We make safety a cornerstone in all our actions and decisions

PEOPLE

We consider the well-being and success of every employee in all decisions

COMMITMENT

We are determined, agile and know how to keep the lights on

COMMUNITY

We work with and for all Northerners



NTPC attends career fairs across the NWT to inform youth about career opportunities

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Introduction

2024-25 was the first year since 2019-20 that did not include a significant disruption due to pandemic, flooding or wildfires. As a result, greater focus by employees on significant projects and initiatives was possible.



Maintaining distribution infrastructure is an ongoing effort and helps to ensure reliable electricity systems

The Board of Directors of the Northwest Territories Hydro Corporation and the Northwest Territories Power Corporation (NTPC) approved the long-term Strategic Plan for the corporations, setting a path for the next several decades. Work began on the Strategic Plan in 2017-18 and many of the actions taken by NTPC since that time have supported its general direction despite the fact it had not yet been formally adopted.

Key capital projects, such as the Taltson Overhaul and the installation of electrical vehicle charging stations in three communities were among the highlights as was the transfer of the Hay River electricity distribution franchise to NTPC.

A General Rate Application was submitted to the NWT Public Utilities Board (PUB) at the end of October and the review process continued into 2025-26. Funding from the Government of the Northwest Territories (GNWT) to offset the impact of low water on the Snare hydro system and cost escalations during construction of the Inuvik wind turbine along with dedicated funding for customer rate relief will help keep rates lower than they would otherwise have been. A final decision by the PUB on new electricity rates is expected in 2025.

There were promising signs of recovery in water levels on the Snare hydro system after three years of reduced hydro generation due to drought conditions. While hydro generation increased and diesel consumption in the North Slave decreased in 2024-25, water levels remain slightly below normal. Additional funding from the GNWT to offset those diesel costs will likely be required in 2025-26.



NTPC supports growth by bringing power to new subdivisions, including these new housing units in Nahanni Butte

Corporate Profile

NTPC was established in 1988 and is the leading electricity supplier in the Territory. Our mission is to generate, transmit and distribute clean, reliable and affordable energy to the Northwest Territories.

NTPC's team is made up of over 200 dedicated employees, located in 27 communities throughout the territory. We manage more than $630 million in assets including: three hydroelectric systems, 27 diesel plants, five solar arrays, one wind turbine, two battery storage systems, and one natural gas plant. Together these provide a total generating capacity of approximately 143 MW.

NTPC generates power for more than 43,000 residents, located across the Territory's 1.2 million square kilometers. This power is delivered to our customers through 565 kilometers of transmission lines and approximately 650 kilometers of distribution lines supported by approximately 13,000 power poles.

The Northwest Territories Power Corporation is a subsidiary of NT Hydro, which is a Crown Corporation. The Government of the Northwest Territories is its' sole shareholder.

Minister's Message

Providing NWT residents with access to affordable power rates is a priority for the GWNT.

As Minister Responsible for the Northwest Territories Power Corporation (NTPC), I am proud of the effort that employees put in every day, helping to keep the lights on for all residents of the Northwest Territories. I was pleased to have the chance to visit the NTPC plant in Fort Smith last winter and to witness first-hand the pride that employees have in their workplace.

The Government of the Northwest Territories (GNWT) and NTPC both recognize the significant impact that escalating power costs are having on residents. We will continue working with our Crown Corporation and other electrical power suppliers to keep rates as low and manageable as possible while planning for a more sustainable energy future. In December 2024, the GNWT announced a $48 million dollar subsidy of $12 million per year over four years to mitigate power rate increases for residents of the NWT. This subsidy, in direct response to escalating power costs across the NWT, aimed to offset impacts of rate increases proposed in NTPC's General Rate Application (GRA), lowering the proposed rate increase from 24.8 percent to 15 percent. The final funding amount and rate impact will be dependent on the final decision by the PUB.

The subsidy was in addition to previous funding to help offset additional costs associated with the extreme low water event as well as price escalations on the Inuvik Wind project. Providing NWT residents with access to affordable power rates is a priority for the GWNT. Funding to mitigate unusual or unexpected costs helps to reduce upward pressure on rates.

The electricity sector in the NWT faces many challenges, and I know that NTPC is committed to addressing those within its control. Its mission is to generate, transmit and distribute clean, reliable and affordable energy to the Northwest Territories. Safety, reliability and affordability have been and will continue to be high priorities when it comes to routine operations as well as to capital projects.

I want to express my thanks to the senior public servants who have served on NTPC's Board of Directors over the past several years. In 2025-26, we will move to a hybrid Board model that will include members of the public with specific skills and/or experience and two public servants.

Sincerely,

Honourable
Caroline Wawzonek

Minister Responsible for the Northwest Territories Power Corporation

Board of Directors

2024-25

CHAIR:

Stephen R. Loutitt

VICE-CHAIR:

William MacKay

DIRECTORS:

Pamela Strand

Erin Kelly

Terence Courtoreille

Robert Jenkins

CORPORATE SECRETARY:

Christine Duggan



Regular plant checks help to identify potential issues before they impact reliability

Year in Review

In the absence of major disruptions from flooding or wildfires, 2024-25 was as close to a normal year that NTPC has experienced since before the pandemic was declared in March 2020. A normal year for an electrical utility will still include some unusual or unexpected situations due to the nature of the business but NTPC was generally able to focus on its core business. The corporation was able to advance several projects and initiatives in 2024-25, with a primary focus on completing work safely and improving reliability.



Maintaining distribution infrastructure is an ongoing effort and helps to ensure reliable electricity systems

Generation

At the start of the fiscal year, low water in the Snare/ Bluefish systems continued to require more diesel generation to meet electricity demand in Yellowknife than in a normal year. The Snare low water event began in 2022, which significantly increased the cost for NTPC to deliver power to its customers in the Snare Zone over the past couple of years. Recognizing the impact that these higher costs would have on electricity rates, the GNWT provided funding of $15.2 million in 2023-24 and another $30 million in 2024-25 to help offset this rate pressure. The GNWT and NTPC will be working to identify other options for powering the Snare Zone when the next extreme low water event occurs.

Beginning in September 2024 increased hydro generation became possible due to increasing water levels in the Snare/Bluefish systems. There was a large increase in hydro generation between January and March 2025. In total, diesel generation for 2024-25 was only 17% of total Snare Zone generation compared to the original 2024-25 hydro summer forecast of 24%.

Regulatory issues facing Imperial Oil Limited (IOL) in Norman Wells had the potential to result in a shut-in as early as March 2025. NTPC purchases power from IOL at a lower cost than it can generate itself to provide primary power to the community. NTPC has a diesel generation plant in Norman Wells that provides backup power when IOL production is curtailed – this plant came into service in 2020. The plant was built to a standard capable of providing primary power due to uncertainty about the long-term future of IOL. The plant has sufficient capacity to meet peak community load, but this could be put at risk if an issue emerges that requires the shutdown of one of the two generators in the plant. If IOL were required to do an unplanned closure of its facilities, NTPC would need to assume responsibility for primary generation.

With the risk of IOL shutting down, NTPC explored other options for generating primary power to ensure the community continued to have a safe and reliable electricity supply. NTPC developed plans to ensure all required resources such as fuel supply, materials, and equipment were in place although, in the end, IOL was able to keep operating through the winter. NTPC's long-term plan is to install a third permanent generator in the main plant, which is scheduled to occur in 2027.

One of the highlights of the year occurred in May 2024 when NTPC was granted a 39- year water licence for its Snare hydro generation facilities by the Wek'èezhìı Land and Water Board following extensive technical review and public consultation. The process resulted in the consolidation of two licences into a single licence and outlined the conditions that must be present to support reductions to minimum water levels in response to forecasted low water conditions. The new licence also requires that a climate change report be prepared in 2028 and every 10 (ten) years thereafter to compare Water Licence conditions against environmental conditions affected by climate change.

Several projects were completed in the Hamlet of Whati that focused on increasing reliability of its electricity system. This involved two major planned outage events and work at the generation plant as well as on the distribution system. Over the past several years customers in Whati experienced more outages than in other thermal communities due to these issues.

Among the other projects that were completed in 2024-25 that will support reliability in the future are:

- Eleven generator and engine block replacements
- Commissioning work to get Taltson hydro unit back in service
- Major generator overhauls in eight communities
- Six fuel system upgrade projects

Transmission and Distribution

Maintenance and expansion of our distribution and transmission infrastructure is a critical responsibility for NTPC. While not always as exciting or visible as major work on generation assets, reliable distribution and transmission is necessary to ensure the reliability of electricity systems.

In 2024-25, a three-year pole assessment program concluded. This program saw distribution poles inspected in every community served by NTPC to identify which poles need replacement in the short, medium and long-term. In total, almost 13,000 distribution poles were inspected in every community. While most poles were found to be in good working condition, a limited number of poles were identified that are approaching end of life. Over the next three years, more than 100 poles per year will be replaced and we will complete the pole assessment project in newly acquired Hay River. In almost every community, poles that are 30 years old or less do not require replacement and are expected to remain workable for many years to come.

In advance of wildfire season and in response to wildfires in Fort Liard and Fort Good Hope in the summer of 2024, NTPC completed fire wrapping of power poles in high-risk areas to reduce the amount of fuel available in the event of a fire as well as to maintain reliability to critical infrastructure close to communities facing a wildfire threat. Fire wraps for power poles are protective materials, often intumescent mesh, that shield wood poles from fire damage. They work by expanding when exposed to heat, creating a protective barrier and insulating the wood – they are designed to withstand extreme weather conditions. Fire wrapping occurred in five locations, including at the Snare Hydro facility, along the transmission line to Fort Resolution as well as areas close to the communities of Fort Simpson, Fort Liard and Fort Good Hope.

It was also a very active year for our service desk, which is responsible for processing requests for new connections, disconnections, line locates, reconnections and line lifts for high load moves. Over the past several years, approximately 150 projects were opened. In 2024-25 alone, approximately 200 projects were opened. The connection of new subdivisions to the electricity system in some of the communities we serve reflected the arrival of new housing units and this will likely continue in the coming years, based on the priorities of both the federal and territorial governments.



Approximately 2000 meters in Hay River had to be switched as part of the transition to NTPC

Capital Projects

Taltson Hydro returned to service in March 2025, following a major overhaul, which enabled the communities of Fort Smith, Fort Resolution, Hay River, Enterprise and Kátł'odeeche First Nation to return to hydro supplied power after an extended period of being powered by diesel generation. The overhaul project faced ongoing challenges and delays that significantly increased its cost and timelines. Final work to complete the Taltson Overhaul is scheduled for the summer of 2025. This project was one of the largest and most complex projects in NTPC's history.

NT Energy established Level Three electric vehicle charging stations in three communities: Fort Smith, Hay River and Behchokǫ̀ with a fourth station due to open at Buffalo Junction in 2025-26. These stations form part of an electric vehicle charging corridor that will allow drivers to travel between Yellowknife and the NWT/Alberta border.

NTPC is continually improving reliability in the communities we serve, through maintenance, overhauls and capital projects.

Several multi-year projects started in 2024-25, including:

- Fort Smith voltage upgrade project
- Taltson transmission line replacement of tower anchors
- Snare 5B Bridge replacement
- Installation of new generator at Jackfish
- Hardening NTPC' s operational systems against cyber attacks

NTPC has focused considerable effort over the past couple of years in improving its capital and project planning and project delivery. In 2024-25, progress was made in the development of a new process for project management to ensure greater predictability of cost and schedule for major capital projects.

Moving forward, the new process will strengthen project scoping, refine capital planning and delivery structure, clarify roles and strengthen collaboration and improve capital budget flexibility to ensure that new and emerging issues can be addressed in a timely manner.

Renewables

The Inuvik Wind Project began commercial operation in the fall of 2023 and valuable operating experience has been gained in the subsequent year and a half. The percentage of power in Inuvik generated by the wind turbine increased in 2024-25 and represented approximately 20% of total community generation. Further gains are expected as understanding increases on how to make best use of the battery energy storage system and microgrid controller to maximize renewable generation. These were critical components to making the project possible, along with construction of the distribution line and site access road. The Government of the Northwest Territories provided an additional $38 million to offset the cost escalations that occurred over the course of the project.

A 1-megawatt solar array installed by Nihtat Energy Ltd. was added to the Inuvik grid through a Power Purchase Agreement with NTPC, which will help further reduce the amount of diesel and liquified natural gas required to power the community.

NT Energy has engaged in conversations with communities focused on their future energy plans, which in most cases involves renewable projects. Among the communities with which NT Energy has met are Paulatuk, Gameti, Fort Liard, Deline, Norman Wells and Nahanni Butte.

General Rate Application

On October 30, 2024, NTPC filed a General Rate Application (GRA) with the NWT Public Utilities Board (PUB) after being directed to do so by the PUB in an earlier regulatory proceeding related to the transfer of the Hay River franchise to NTPC.

The initial application indicated that rates across all customer class in all rate zones would increase by approximately 24%. Following a commitment by the GNWT to support the mitigation of rate increases, NTPC was able to propose an average rate increase of 15%. The PUB ultimately sets electricity rates for all customers in the NWT.

There were four primary categories behind the increasing cost for NTPC to provide electricity service to its customers:

- Extraordinary Events, such as extreme low water in the Snare Zone
- High Fuel Prices
- Large Capital Projects, such as the Taltson Overhaul, and
- Normal Operations, which includes inflationary pressures while electricity sales decline or remain flat

While these were the primary drivers of increased costs, there are other long-term factors that have an impact on the cost of electricity, including:

- Electricity sales have declined over the past decade
- Aging infrastructure – costs to maintain assets increase as they get older -- need to invest in refurbishment and/or replacement of critical assets (hydroelectric plants, thermal plants, transmission lines, etc.)
- Lack of new industrial sales to offset declining residential sales
- Interest and amortization (cost to repay loans used to pay for capital projects)

The review process continued throughout the year, with a final decision on new electricity rates expected in 2025.





Mayor Kandis Jamieson and NTPC President and CEO Cory Strang cut the ribbon to mark the transfer of the Hay River distribution franchise

Hay River Franchise

The Hay River electricity distribution franchise was successfully transferred to NTPC on March 1, 2025, resulting in a 25 percent increase in the number of customers served directly by NTPC. This will assist NTPC in achieving greater economies of scale in delivering services as well as purchasing goods and services, thereby helping to reduce the upward pressure on rates for all customers.

One of the initial requirements when NTPC became the electricity distributor in Hay River was to replace the standard meters that had been in place with smart meters. This work was completed over three weeks in March and involved the change out of approximately 2000 meters.

As the fiscal year ended, proposed lower rates for Hay River customers were still under review by the NWT Public Utilities Board. A final decision on rates is expected in 2025.

The Hay River electricity distribution franchise was successfully transferred to NTPC on March 1, 2025, resulting in a 25 percent increase in the number of customers served directly by NTPC.

Recruitment and Retention of Employees

Although there has been an overall improvement, employee turnover and high vacancy in some job categories continued to pose a challenge. NTPC turnover statistics shown here are representative of both voluntary and involuntary turnover for the identified period.

Fiscal Year	Turnover (%)
2020-21	10.64%
2021-22	16.36%
2022-23	13.96%
2023-24	12.44%
2024-25	10.21%

The job vacancies rate dropped significantly over the past year at NTPC. Statistics listed below are calculated using a snapshot of the number of positions vacant at the end of the fiscal year.

Fiscal Year	Vacancy (%)
2020-21	13.01%
2021-22	15.02%
2022-23	13.19%
2023-24	15.00%
2024-25	8.94%



Electric vehicle charging station in Behchoko.

Safety

The health and safety of employees and the public and respect for the environment are among the highest priorities of NTPC.

NTPC tracks its health and safety performance in a variety of different ways.
The graphs below are just two of the parameters which the Corporation measures on an annual basis.

Figure 2: Injuries by Class

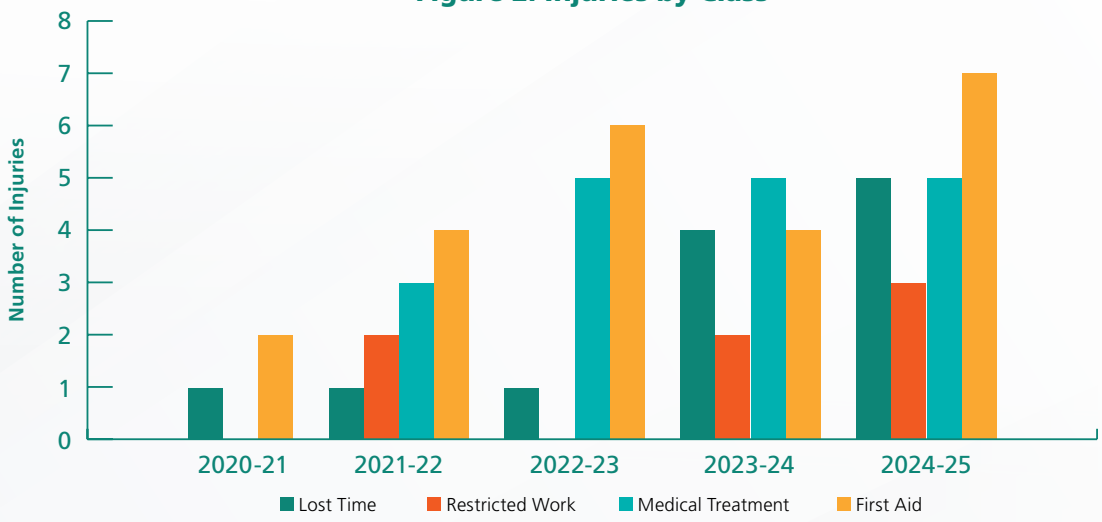
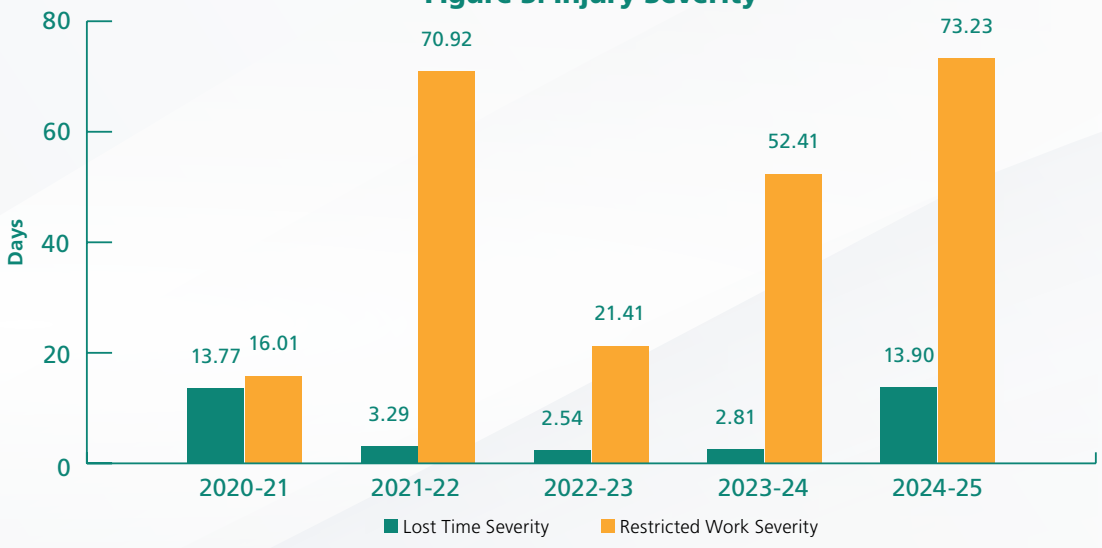


Figure 3: Injury Severity

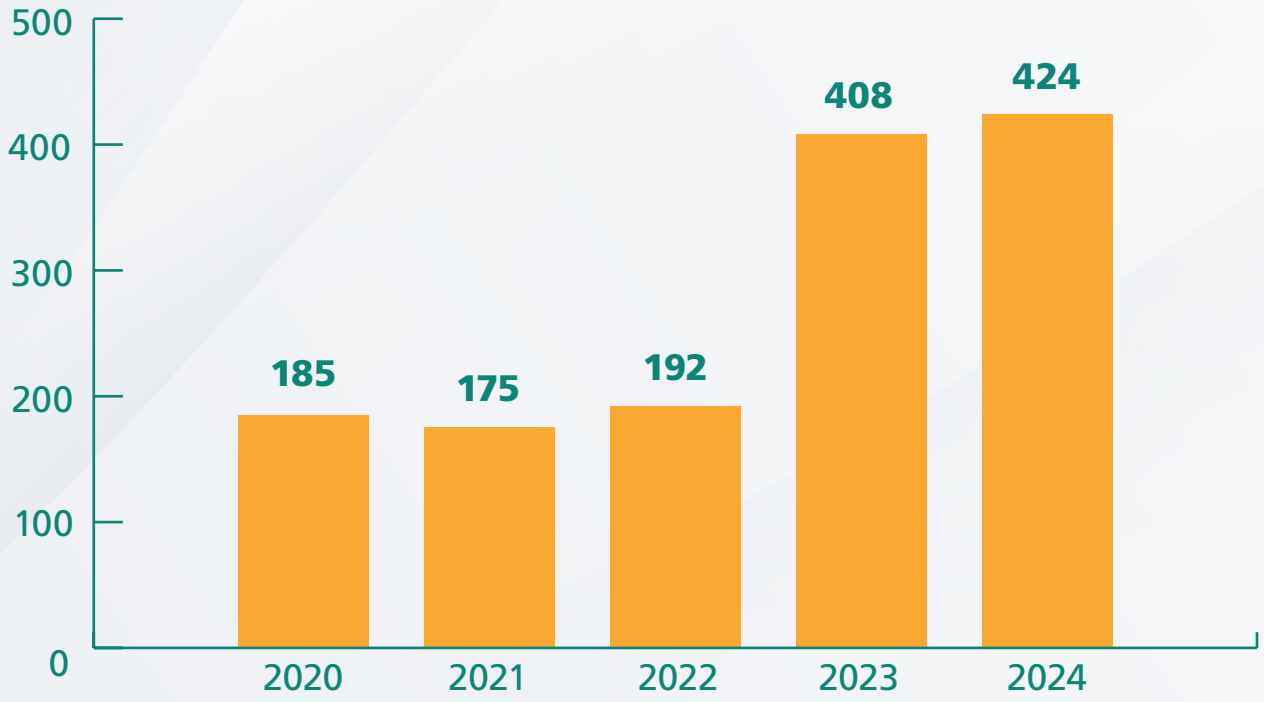


Environment

NTPC has assets with known environmental impacts in 22 communities with an approximate on-site volume of 49,696m3 of impacted soil.

NTPC is committed to reducing its greenhouse gas emissions, primarily by using less diesel to generate electricity. This data is tracked annually, using the calendar year rather than the fiscal year. The graph below illustrates our performance over the past five years. The volume of GHG emissions grew in 2024 due to an increase in diesel generation in the North and South Slave to offset low water at Snare Hydro and shutdown of Taltson Hydro for the overhaul project.

Greenhouse Gas Emissions (tCO2e) Per GWh of Generation



NTPC Employee Receives National Lifesaving Recognition

At a ceremony in Ottawa, Derwin Clille, NTPC's plant superintendent in Jean Marie River, received an Electricity Canada Lifesaving Award.

Derwin attended the scene of a house fire in JMR last August and discovered an elderly person trapped in the burning house. Derwin grabbed a ladder and took it to the window and rescued the elder out of the burning house, saving his life.



NTPC Hosts Tłı̨cho Paddlers at Snare

Snare Hydro sits on the traditional lands of the Tłı̨cho People.

On June 28, 2024, NTPC was honoured to assist with the portage of the Trail of our Ancestor paddlers as they travelled through our hydro sites. The Trails of Our Ancestors program aims to teach Tłı̨cho̧ youth about their cultural heritage and way of life, as well as strengthen unity among the youth, elders, families, and communities. The program focuses on preserving the Tłı̨cho language, culture, and way of life, and renews spiritual growth, abundance, and gathering to renew kinship, revive stories, and share knowledge.

The program offers training opportunities in various skills required on the land, such as geographical mapping, names, stories, recording, canoe safety, first aid, firearm safety, GPS training, policy, and basic survival skills. The Tłı̨cho people have a traditional lifestyle that involves seasonal nomadic travel by canoe for activities such as harvesting caribou, collecting hides for clothing and shelter, and fishing. The program encourages the youth to honor their ancestors, respect the land, and experience the traditional spirit that they will carry with them.



Customer Service

NTPC retained a public opinion firm to conduct a customer satisfaction survey between October 15 and 31, 2024. This company conducts similar surveys of utility customers in other Canadian jurisdictions and has previously conducted surveys in the NWT.

The results were less positive than in previous years but remained reasonably favourable. More than 60% of respondents indicated that NTPC provides good value for their money, operates a cost-effective electricity system, that the cost of electricity is reasonable compared to other utilities and provides info/tools to help manage electricity consumption.

NTPC uses the results of the customer satisfaction survey to help identify areas on which it should focus to improve customer experience.

Net Metering program

The Net Metering program has proven very popular since it was first introduced in 2014. The program is open to electricity customers who install solar panels on their property that does not exceed 15 kilowatts. Net Metering allows customers to accumulate energy credits monthly for any excess electricity they produce to be used against those months when their usage exceeds their production.

Currently, the amount of generation capacity is restricted to 20% of the average load in each eligible community to ensure the reliability of the local electricity system. Each eligible project is also restricted to a maximum rated capacity generally not exceeding 15 kilowatts. The community cap on renewables is expected to rise in the future.

As of March 31, 2024, there were a total of 82 approved and installed solar locations registered with the Net Metering Program with a total installed capacity of 678 kilowatts. Net metering customers supplied 238 megawatt hours in 2023-24, compared to 30 megawatt hours in 2018-19.

Reliability

The average electricity customer in the NWT experienced a higher frequency of outages in 2024 (calendar year) than the average Canadian customer. This increased frequency of outages is a common characteristic of remote electricity grids. However, the average length of outages experienced by the average NTPC customer is lower than what the average electricity customer faces across the rest of the country. The localized nature of NTPC's electricity systems normally allows power to be restored more quickly than is the case in southern provinces.

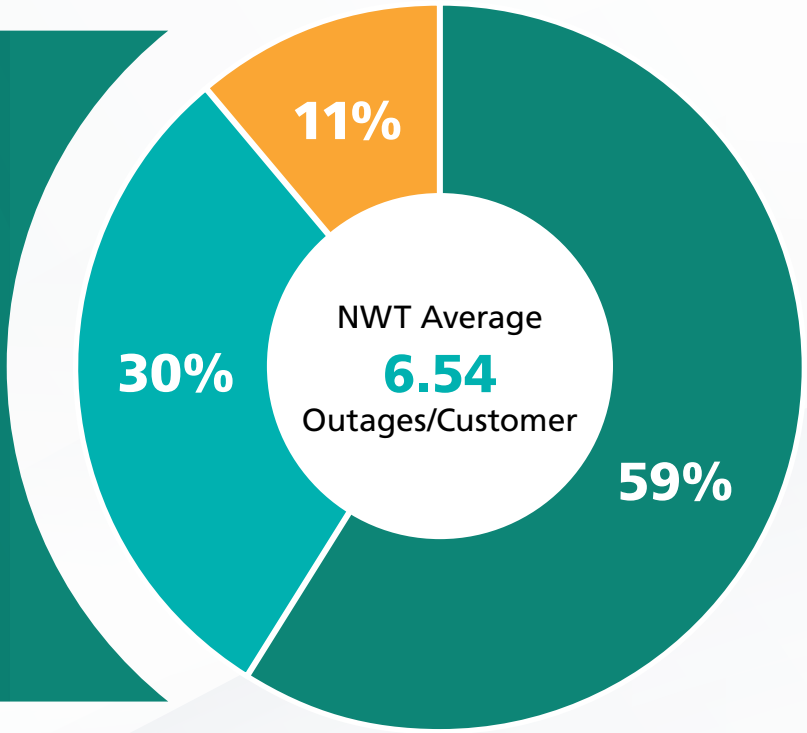
Average restoration time and total outage time for NTPC customers was lower in 2024 than it was in 2023, at least partially due to the fact that there were no extended outages related to wildfires.

Source of Outages

Average number of outages per NTPC customer: **6.54**
Average number of outages across Canada per customer: **2.63**

Average length of outage per NTPC customer: **34 minutes**
Average length of outages across Canada per customer:
2 hours and 24 minutes

Total length of outages per NTPC customer:
3 hours and 43 minutes
Total length of outages across Canada per customer:
6 hours and 19 minutes



Data above does not include Hay River electricity customers as NTPC did not provide primary power in the community due to the Taltson Hydro shutdown

Generation 59%
Distribution 30%
Transmission 11%

Empowering Communities

Our donations primarily focus on youth activities to help encourage development of a strong and well-rounded northern workforce and to support cultural and community development.

However, we encourage non-profit organizations from all across the NWT to apply for funding through our program, whether they are primarily focused on youth or not. All applications that meet the criteria of the Community Investment Policy will be reviewed and considered for support.

The number of applications to the Community Investment Program and requests for sponsorship increased significantly in 2024-25, returning to levels not seen since before the COVID-19 pandemic. The budget for the program has not increased in several years.

NTPC is proud to support organizations and events that enrich the lives of our customers in the communities we serve. Our community investment program focuses on four broad areas:



Education



Health and Wellness



Community



Environment

Financial Statements

MANAGEMENT DISCUSSION AND ANALYSIS

The following is a discussion of the consolidated financial condition and results of the operations of the Northwest Territories Hydro Corporation (NT Hydro) and the Northwest Territories Power Corporation (NTPC) for the year ended March 31, 2025. It should be read in conjunction with the audited consolidated financial statements and accompanying notes.

The enclosed 2024-25 financial statements adhere to Public Sector Accounting Standards (PSAS). All financial information is expressed in Canadian dollars.

Management assumes full responsibility for the information provided in this Discussion and Analysis and confirms that appropriate information systems, procedures and controls are in place to ensure that the information provided is complete and reliable.

This report contains forward-looking statements, including statements regarding the business and anticipated financial performance of the Corporations. These statements are subject to a number of risks and uncertainties that may cause actual results to differ from those contemplated in the forward-looking statements.

NTPC is proud to be a territorial owned provider of power to the second largest jurisdiction in Canada since May 5, 1988, when the Government of the Northwest Territories (GNWT/Shareholder) acquired the NTPC as a Crown Corporation.

Either through direct distribution of power or wholesaling power to a third-party, NTPC serves most of the communities in the Northwest Territories (NWT). NTPC manages and maintains a system of generation, transmission and distribution assets over a territory-wide service area which includes communities that are only accessible by air, barge, or winter roads.

In 2007, GNWT passed the Northwest Territories Hydro Corporation Act, creating NT Hydro. As a result, NT Hydro owns 100% of NTPC, which is also a public agency established under the Northwest Territories Power Corporation Act. In addition to NTPC, NT Hydro owns 100% of the NWT Energy Corporation (03) Ltd. (NT Energy).

NT Hydro's main operations in 2024-25 were carried out by NTPC. NTPC is focused on its core business of providing reliable electricity services through generation of power by hydroelectric, diesel, natural gas, wind and solar power generation facilities, as well as transmitting and distributing this power to customers in an environment regulated by the Northwest Territories Public Utilities Board (PUB).

NT Energy is a non-regulated subsidiary which is used to complete higher risk projects than those completed within NTPC. NT Energy's core focus is on growth targets in NT Hydro's 20 Year Strategic Plan specifically planning and developing safe and environmentally responsible energy projects to serve existing and new energy requirements in the Territories.

A Year in Review

Environmental Challenges

In 2024-25 NTPC continued to experience low water levels in its Snare Hydro system. Hydro generally provides 97% of the electricity generation requirement of Yellowknife, Behchokǫ and Dettah. The low water event, which began in 2022-23 limited hydro generation to about 83% of total demand. This shortfall required diesel generation using 9.1 million liters of diesel fuel and added $9.5 million of additional fuel expense and $7.6 million in additional generation operational costs.

Hay River Franchise

On March 1, 2025, NTPC successfully assumed operation of the Hay River electricity franchise, thereby becoming the retail provider of electricity in Hay River. NTPC began pursuing the Hay River franchise since 2017 when the Town of Hay River issued a Request for Proposal for the electricity franchise for the Town.

The NWT Public Utilities Board approved interim electricity rates prior to the transfer and final rates are currently being sought through a General Rate Application (GRA) undertaken in 2024-25.

General Rate Application

NTPC continues to face fuel costs which greatly exceed the fuel costs incorporated into its electricity rates. Fuel prices have increased 40% since electricity rates were last set.

Excess fuel costs are recoverable from customers over time. This is through the use of the rate stabilization fund and associated fuel riders, or they are recovered through Government contributions as the GNWT strives to keep electricity rates affordable. In 2023-24 the GNWT contributed $15.2 million to cover increased fuel costs and in 2024-25 NTPC received a further $30 million from the GNWT to offset the additional fuel costs

associated with the low water event. NTPC has incorporated current fuel pricing into its current rate application.

Major Capital Projects

The Inuvik High Point Wind (IHPW) project, which features the installation of a 3.5 MW wind turbine, a distribution extension and the installation of a battery electric storage system was commissioned in the fall of 2023. The project has generated approximately 9.4 GWh of electricity between September 2023 and March 2025 offsetting the equivalent of approximately 2.6 million liters of diesel fuel. Wind generation represented 20% of NTPC's power generation in Inuvik during the year. In 2024-25 the GNWT contributed a further $38 million towards this project

The Taltson Major Overhaul project was returned to service in March 2025 after experiencing delays caused by the summer 2024 wildfire event. Final commissioning will be completed in 2025-26.

2024-25 Financial Results

The majority of NT Hydro's operating results come from NTPC's operations. NT Energy's activities consist mostly of capital work in progress related to the Inuvik High Point Wind project, the establishment of an electric vehicle (EV) charging corridor and business development.

NTPC Results

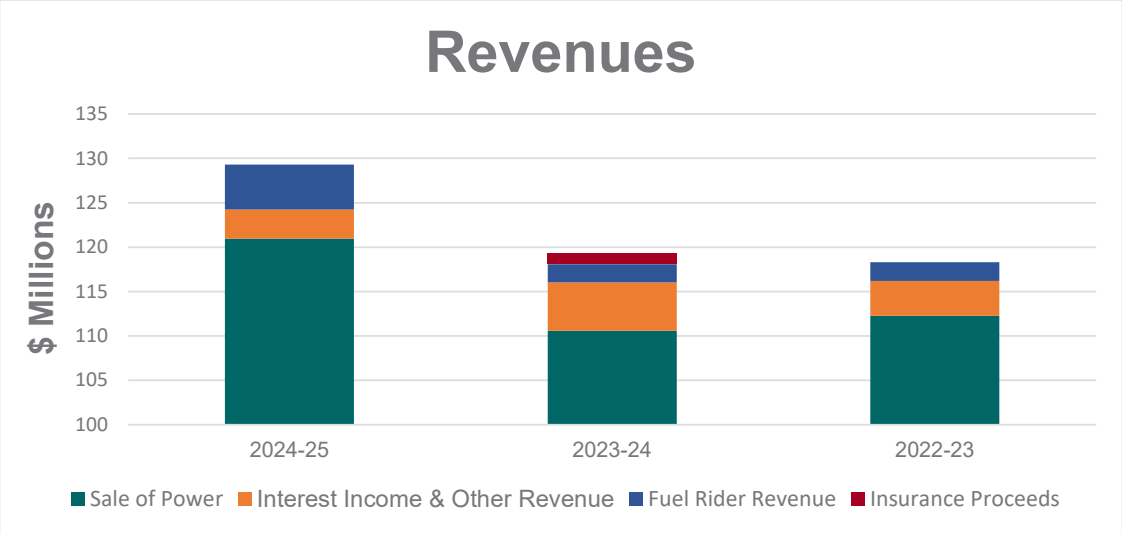
NTPC earned income of $80 million in 2024-25. This is primarily a result of two factors, increased electricity rates resulting from the general rate application and government funding for capital projects and low water fuel expense relief.

Revenues

NTPC Performance Indicator	2024-25 Results	2023-24 Results	2022-23 Results
Revenues: Current Year vs Prior Year	108%	101%	103%
Revenues: Actual vs Budget	91%	95%	100%

NTPC sales in 2024-25 had a 9% increase in electrical sales due to increased interim electricity rates resulting from the current General Rate Application, offset by a reduction

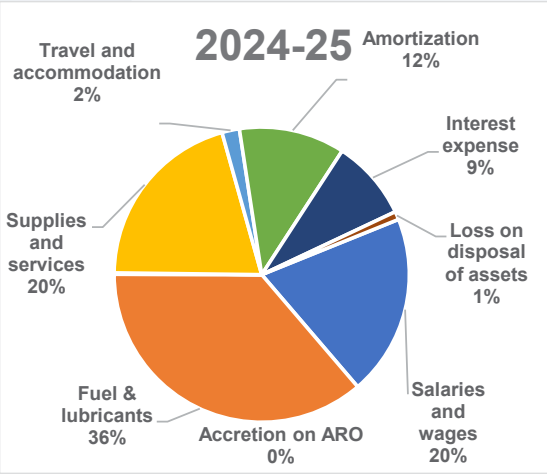
in wholesale revenues due to the Taltson Hydro shutdown. Income for the year also includes $120 million in funding for low water and capital projects.

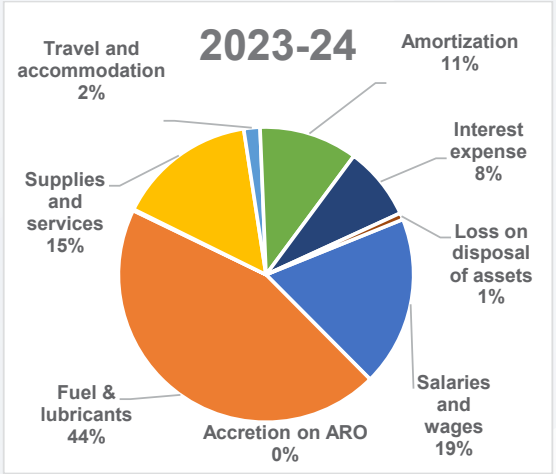


Expenses

NTPC Performance Indicator	2024-25 Results	2023-24 Results	2022-23 Results
Operating Expenses: Current Year vs Prior Year	100%	125%	113%
Operating Expenses: Actual vs Budget	88%	112%	113%

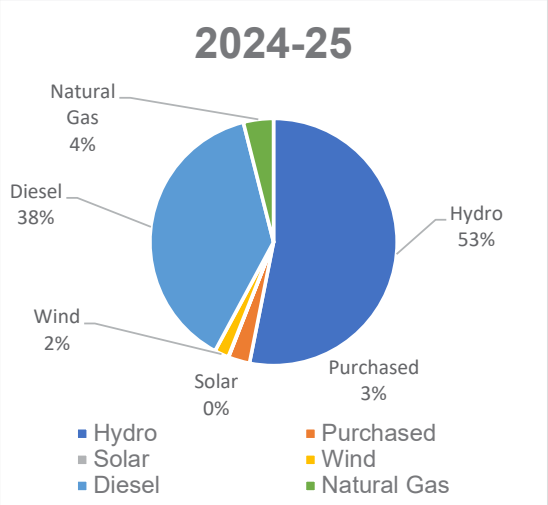
In 2024-25 NTPC actual versus budget expenses were lower primarily due to decreased low water fuel usage and operational costs.

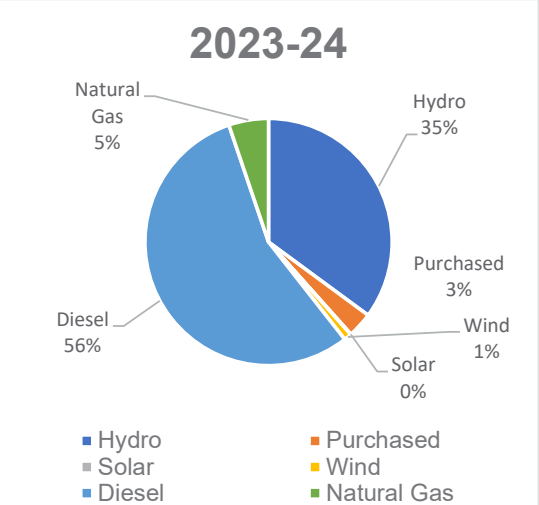




Generation by Source

Hydro has traditionally been NTPC's primary generation source, providing over 76% of all power generated. Due to the low water event and the shutdown on the Taltson hydro site for overhaul, hydro generation has fallen to 53% in 2024-25.





Performance Indicators and Financing

NTPC Performance Indicator	2024-25 Results	2023-24 Results	2022-23 Results
Net Income as % Total Revenues	62%	-29%	-10%
Net Income as % Total Assets	11%	-7%	-3%
Debt to Equity	2.65	3.70	2.43

Look Ahead

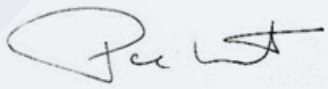
Climate Change and Water Levels

The impact of climate change, including both high-and low-water levels, remains one of the top risks for NTPC. The NWT is warming about three times the global rate, as highlighted in Canada's 2019 Changing Climate Report. To help mitigate climate change, NT Hydro's 2030 Strategic Plan is aligned with the GNWT's 2030 NWT Climate Change Strategic Framework and 2030 Energy Strategy, which aims to reduce GHG emissions from electricity generation. NTPC is accessing government programs to fund GHG reduction initiatives and advancing climate change mitigation projects.

Capital Expenditures

NT Hydro's strategic objectives include a focus on investing in core assets, increasing the distribution customer base, advancing Greenhouse Gas (GHG) reduction projects and reducing fuel consumption. The 2024-25 NT Hydro capital program included projects to advance these strategic initiatives. The Fort Providence transmission line project will transfer two diesel communities to hydro generation, construction of an LNG powerplant in Fort Simpson will significantly reduce GHG emissions in that community as well as relocating the powerplant out of the center of Town, and overhauls of aging hydro infrastructure will ensure the output from hydro generation does not decline.

NT Hydro continues to work closely with the GNWT in securing federal and territorial funding and to advance these projects focused on GHG reductions or climate mitigation.



Paul Grant, CPA
Chief Financial Officer

NORTHWEST TERRITORIES HYDRO CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2025

NORTHWEST TERRITORIES HYDRO CORPORATION

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements were prepared by management in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those it deems most appropriate in the circumstances. A summary of significant accounting policies are described in Note 2 to the consolidated financial statements. Financial statements include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Northwest Territories Hydro Corporation (NT Hydro) maintains financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further NT Hydro's objectives, and are protected from loss or unauthorized use, and that NT Hydro acts in accordance with the laws of the Northwest Territories and Canada. Management recognizes its responsibility for conducting NT Hydro's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to an agent of the territorial government. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

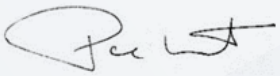
The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the consolidated financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors oversees management's responsibilities for financial reporting and reviews and approves the consolidated financial statements. The internal and external auditors have full and free access to the Board.

These consolidated financial statements have been approved by the Board of Directors.



Cory Strang
Chief Executive Officer



Paul Grant
Chief Financial Officer

Hay River, NT
October 28, 2025

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

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Hydro Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Northwest Territories Hydro Corporation and its controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net debt and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2025, and the consolidated results of its operations, consolidated changes in its net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Management Discussion and Analysis section included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Qualified Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Northwest Territories Hydro Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Financial Administration Act* of the Northwest Territories and regulations, the *Northwest Territories Hydro Corporation Act* and regulations, and the by-laws of the Northwest Territories Hydro Corporation.

In our opinion, except for the matter of non-compliance described in the *Basis for Qualified Opinion* section of our Report on Compliance with Specified Authorities, the transactions of the Northwest Territories Hydro Corporation that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Northwest Territories Hydro Corporation Act*, we report that, in our opinion, proper books of account have been kept by the Northwest Territories Hydro Corporation and the consolidated financial statements are in agreement therewith.

Basis for Qualified Opinion

Subparagraph 32(1)(b)(ii) of the *Financial Administration Act* of the Northwest Territories requires a public agency to submit its annual report to the responsible Minister not later than 90 days after the end of its fiscal year or not later than an additional period, not exceeding 60 days, that the Minister of Finance may allow. The Northwest Territories Hydro Corporation did not meet its extended statutory deadline for submitting its annual report to the responsible Minister for the year ended 31 March 2025.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Northwest Territories Hydro Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Northwest Territories Hydro 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 consolidated financial statements are in compliance with the specified authorities referred to above.



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

Edmonton, Canada
28 October 2025

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31
(in thousands of dollars)

	2025	2024
Financial assets		
Cash	$ 596	$ 866
Revenues receivable (Note 4)	18,024	14,901
Government contributions receivable (Note 20)	518	936
Investment in Aadrii Ltd.	379	415
	19,517	**17,118**
Liabilities		
Operating line of credit (Note 5)	101,928	38,966
Accounts payable and accrued liabilities (Note 6)	49,010	75,817
Debenture debt owing to third parties (Note 7)	255,377	258,868
Debenture debt owing to the GNWT (Note 7)	35,577	36,599
Asset retirement obligations (Note 8)	6,997	6,440
Environmental liabilities (Note 9)	16,379	15,066
Capital lease obligation (Note 10)	14,734	15,139
Other employee future benefits (Note 11)	2,510	2,092
Deferred government contributions (Note 20)	59	8,192
	482,571	**457,179**
Net debt	**(463,054)**	**(440,061)**
Non-financial assets		
Tangible capital assets (Note 12)	623,668	574,469
Purchased intangible assets (Note 3)	15,173	-
Inventories (Note 13)	17,671	17,158
Prepaid expenses	2,355	2,261
	658,867	**593,888**
Accumulated surplus / equity (Note 14)	**$ 195,813**	**$ 153,827**

Contractual obligations and contingent liabilities (Note 21)
Subsequent events (Note 23)

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

Approved on behalf of the Board:



Judith Goucher, Chair of the Board



Leigh-Anne Palter, Vice-Chair of the Board

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	2025 Budget	2025 Actual	2024 Actual
Revenues			
Sale of power (Note 15)	$ 121,984	$ 120,966	$ 110,583
Fuel rider revenue	13,639	5,040	2,019
Other revenue (Note 16)	2,515	2,581	3,597
Interest income (Note 18)	95	102	79
Insurance proceeds	-	-	1,260
Income from investment in Aadrii Ltd.	60	14	29
	138,293	**128,703**	**117,567**
Expenses (Note 17)			
Thermal generation	128,221	112,139	115,238
Hydro generation	25,037	21,541	21,306
Corporate services	16,330	16,919	15,818
Transmission, distribution and retail	15,346	13,621	13,226
Purchased power	4,792	3,490	3,959
Alternative power generation	1,545	2,459	283
	191,271	**170,169**	**169,830**
Deficit for the year before government contributions	**(52,978)**	**(41,466)**	**(52,263)**
Government contributions			
Contributions from the Government of the Northwest Territories (Note 19)	53,983	83,452	17,013
Surplus (Deficit) for the year	**$ 1,005**	**$ 41,986**	**$ (35,250)**
Accumulated surplus / equity, beginning of year	**153,827**	**153,827**	**189,077**
Accumulated surplus / equity, end of year	**$ 154,832**	**$ 195,813**	**$ 153,827**

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

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the year ended March 31
(in thousands of dollars)

	2025 Budget	2025 Actual	2024 Actual
Surplus (deficit) for the year	$ 1,005	$ 41,986	$ (35,250)
Tangible capital assets			
Additions (Note 12)	(64,902)	(63,752)	(65,521)
Capitalized overhead	(3,500)	(6,239)	(2,402)
Capitalized interest (Note 18)	(2,044)	(1,942)	(2,022)
Disposals (Note 12)	2,840	958	745
Amortization (Note 12)	25,114	21,776	19,373
	(42,492)	**(49,199)**	**(49,827)**
Acquisition of purchased intangible assets	-	(15,236)	-
Amortization of purchased intangible assets	-	63	-
Acquisition of inventories	(9,200)	(20,379)	(20,592)
Use of inventories	9,200	19,866	17,664
Acquisition of prepaids	(3,500)	(3,625)	(3,810)
Use of prepaids	3,500	3,531	3,582
	-	**(15,780)**	**(3,156)**
Increase in net debt for the year	**$ (41,487)**	**$ (22,993)**	**$ (88,233)**
Net debt, beginning of year	(440,061)	(440,061)	(351,828)
Net debt, end of year	**$ (481,548)**	**$ (463,054)**	**$ (440,061)**

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

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended March 31
(in thousands of dollars)

	2025	2024
Cash (used) provided by operating activities		
Cash receipts from customers	$ 124,307	$ 117,001
Contributions from the Government of the Northwest Territories	81,248	29,521
Insurance proceeds	-	1,260
Cash paid to suppliers	(127,001)	(84,311)
Cash paid to employees	(35,289)	(29,841)
Interest paid	(14,931)	(12,290)
Interest received	112	77
	28,446	**21,417**
Cash provided by investing activities		
Distribution from Aadrii Ltd.	50	-
	50	**-**
Cash (used) provided by capital activities		
Acquisition and development of tangible capital assets	(71,533)	(76,031)
Acquisition of purchased intangible assets	(15,236)	-
Proceeds on sale of tangible capital assets	12	44
	(86,757)	**(75,987)**
Cash (used) provided by financing activities		
Issuance of debenture debt	-	75,000
Repayment of capital lease obligation	(405)	(406)
Repayment of debenture debt	(4,566)	(4,413)
Proceeds from (repayments of) operating line of credit	62,962	(15,506)
	57,991	**54,675**
(Decrease) increase in cash	**$ (270)**	**$ 105**
Cash, beginning of year	866	761
Cash, end of year	**$ 596**	**$ 866**

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

NORTHWEST TERRITORIES HYDRO CORPORATION

1. The Corporation

a) Authority and corporate information

The Northwest Territories Hydro Corporation (NT Hydro) was established under the *Northwest Territories Hydro Corporation Act.* NT Hydro is a public agency under Schedule B of the *Financial Administration Act* of the Northwest Territories and is exempt from income tax. The Government of the Northwest Territories (GNWT) owns all shares of NT Hydro (Note 14).

NT Hydro's primary asset is its 100% ownership interest in Northwest Territories Power Corporation (NTPC), which owns and operates hydroelectric, diesel, natural gas and photovoltaic generation facilities for the distribution and transmission of utility services to residents and businesses in the Northwest Territories (NWT). NTPC controls one wholly-owned subsidiary, the Northwest Territories Energy Corporation Ltd. (NWTEC). NWTEC, under the authority of the *Northwest Territories Power Corporation Act*, financed the Dogrib Power Corporation in 1996 for the construction of a 4.3 MW hydroelectric facility. In previous years, NWTEC was responsible for the joint operation and shared ownership (50%) in one residual heat project in Fort McPherson, Aadrii Ltd. During the year, NWTEC sold its investment in Aadrii Ltd. to NT Hydro's subsidiary Northwest Territories Energy Corporation (03) Ltd. (NT Energy).

NT Hydro has another subsidiary, the Northwest Territories Energy Corporation (03) Ltd. (NT Energy). NT Energy is unregulated and involved in construction and development of energy related capital projects. NT Energy is also undertaking any work to develop prices and respond to requests for electricity pricing for potential mining operations.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 1. The Corporation (continued)

b) Regulated activities

The activities of NTPC are regulated by the Public Utilities Board (PUB) of the Northwest Territories pursuant to the *Public Utilities Act*. The PUB regulates matters covering rates, financing, accounting for regulatory purposes, construction, operation and service area. The PUB reviews the affairs, earnings and accounts of NTPC every year by way of its annual report of finances. As the PUB is a board appointed by the GNWT, and NTPC is a public agency of the GNWT, NTPC and the PUB are related parties.

The PUB uses cost of service regulation to regulate NTPC's earnings on a return on equity basis. The PUB approved a return on equity of 8% which will remain in effect until it is reassessed in the next General Rate Application (GRA) filing (Decision 6-2023). As actual operating conditions will vary from forecast, actual returns achieved may differ from approved returns.

On March 15, 2019, NTPC filed a collection rider application with the PUB to reduce the balance of the regulated Territory-wide Rate Stabilization Fund as a result of high fuel costs as well as reduced access to lower cost generation through purchased power in Norman Wells and liquefied natural gas generation in Inuvik. PUB approved the rider effective May 1, 2019 (Decision 4-2019). The rider ranges between 0.69 cents/kWh to 0.99 cents/kWh for all firm power customers with the exception of Northland Utilities (NWT) Limited. NTPC filed with the PUB in February 2024 an application to increase the fuel rider charged to customers. PUB approved a rider increase of approximately 1.07 cents/kWh (1.01 cents to 1.12 cents) which came into effect May 1, 2024 (Decision 8-2024) which excluded wholesale customers.

NTPC filed with the PUB an application for a rider for the low water event in the snare zone. This rider is required to help NTPC manage the operational costs associated with the low water event. The rider is for 2.34 cents/kWh and was approved by the PUB (Decision 8-2024). The rider came into effect May 1, 2024. The collection of this rider was terminated effective December 1, 2024 (Decision 25-2024).

The PUB directed NTPC to file a GRA application by December 31, 2024 (Decision 1-2024). Due to this decision NTPC filed for interim rate increases on May 9, 2024. Two interim rates were approved by the PUB. The first was for increases of 0.5% in the Snare zone, 0.9% in the Taltson zone, and 12.7% in the Thermal zone effective July 1, 2024. The second was for increases of 5.5% in the Snare zone and 5.5% in the Taltson zone effective December 1, 2024 (Decisions 15 and 25-2024).

On February 7, 2025, NTPC filed for interim rates for Hay River effective March 1, 2025. The interim rates were approved by the PUB (Decision 6-2025). Non-government customers are to be billed at Taltson rates, and government customers are to be billed Fort Smith rates plus 1.96 cents/kWh.

c) Economic dependence

NT Hydro has historically been dependent on the GNWT to maintain its operations and meet its liabilities. It is expected that the ongoing operations of NT Hydro will depend on continued financial support from the GNWT.

NORTHWEST TERRITORIES HYDRO CORPORATION

2. Significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Public Sector Accounting Board (PSAB). The accounting policies set out below have been applied in preparing the consolidated financial statements.

a) Basis of consolidation

The consolidated financial statements of NT Hydro consists of the transactions and balances of NT Hydro and its wholly-owned subsidiaries. Inter-entity transactions and balances with the wholly-owned subsidiaries are eliminated upon consolidation. NT Energy's investment in its government business partnership (GBP), Aadrii Ltd., is accounted for under the modified equity method to record its investment, net income and other changes in equity. Inter-entity transactions and balances with the GBP are not eliminated.

The consolidated budget figures presented in these consolidated financial statements were approved by the Board of Directors and include adjustments to eliminate budgeted inter-entity revenues and expenses. The budget figures do not reflect any forecast changes made throughout the year.

b) Measurement uncertainty

To prepare these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and the disclosure of contingent liabilities. Significant estimates include the estimated useful lives of tangible capital assets, impairment and the value of future economic benefits associated with the tangible capital assets, the provision for other employee future benefits and the provisions for asset retirement obligations and environmental liabilities.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available.

Measurement uncertainty exists in these consolidated financial statements. Actual results could differ significantly from these estimates.

c) Inventories

Inventories are only held for use and consist mainly of materials, supplies, lubricants, critical spare parts and fuel. Inventories are recorded at cost. Cost is determined using the weighted average cost method. Impairments, when recognized, result in a write-down to net realizable value.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

d) Financial instruments

The financial instruments of NT Hydro are classified and measured at amortized cost using the effective interest method and include the following: cash, revenues receivable, government contributions receivable, operating line of credit, accounts payable and accrued liabilities, debenture debt, and capital lease obligation.

Provisions for impairment of revenues receivable and government contributions receivable is established when there is objective evidence that NT Hydro will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that revenues receivable are impaired. The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of operations and accumulated surplus as bad debt expense. When a receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized in the consolidated statement of operations and accumulated surplus.

All financial assets are tested annually for impairment or more frequently if indicators of impairment exist. When these financial assets are impaired, impairment losses are recorded in the consolidated statement of operations and accumulated surplus. Such impairment is not reversed following a subsequent increase in value. Transaction costs, with respect to financial assets and liabilities carried at amortized cost, are added to the initial cost of the acquired financial asset or financial liability.

e) Tangible capital assets

Tangible capital assets represent property, plant and equipment and are recorded at historical cost less accumulated amortization and impairment losses. Costs include amounts that are directly related to the acquisition, design, construction, development, improvement and betterment of the assets. Costs include contracted services, materials and supplies, direct labour, attributable overhead costs, capitalized interest directly attributable to construction or development (IDC) and statutory, contractual or legal obligations associated with the retirement of tangible capital assets. Capitalization of interest ceases when no construction or development is taking place or when a tangible capital asset is ready for use.

The IDC rate for 2024-25 was 4.46% (2023-24 – 4.46%). Gains or losses on disposition are included in the consolidated statement of operations and accumulated surplus.

i) Leased tangible capital assets

Leases that transfer substantially all of the benefits and risks incidental to ownership of tangible capital assets are accounted for as leased tangible capital assets and a lease liability.

The value of the leased tangible capital asset and lease liability is recorded at the inception of the lease based upon the present value of the minimum lease payments, excluding executory costs.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

ii) Contributions of tangible capital assets

Tangible capital assets received as contributions from third parties are recorded as assets and revenue at their fair value at the date of receipt, except in circumstances where fair value cannot reasonably be determined, in which case they are recognized at nominal value.

iii) Impairment

When conditions indicate that a tangible capital asset no longer contributes to NT Hydro's ability to provide services, or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the carrying value of the tangible capital asset is reduced to reflect that a permanent decline in the value of the asset has occurred. The related expense is recorded in the consolidated statement of operations and accumulated surplus and is not reversed if conditions subsequently change.

iv) Amortization

Management has utilized amortization rates approved by the PUB (Decision 6-2023). The cost, less residual value, is amortized over an asset's useful life on a straight-line basis based on the average life of the group. Assets under construction are not amortized until they are ready for their intended productive use. NT Hydro uses amortization studies and other information to assess amortization rates and substantiate amortization rate changes. Amortization rate changes are accounted for on a prospective basis.

Annual amortization rates are as follows:

	2025 Rates (%)	2024 Rates (%)
Electric power plants	1.00 – 5.00	1.00 – 5.00
Transmission and distribution systems	1.54 – 6.67	1.54 – 6.67
Warehouse equipment, motor vehicles and general facilities	1.54 – 20.00	1.54 – 20.00
Electric power plant under capital lease	1.00 – 4.35	1.00 – 4.35

f) Purchased intangible assets

Purchased intangible assets represent non-monetary economic resources that are identifiable without physical substance acquired through an arm's length exchange transaction. Purchased intangible assets are recorded at cost less accumulated amortization and, if necessary, impairment losses. Purchased intangible assets have a finite useful life and are amortized on a straight-line basis over their useful life of 20 years.

NORTHWEST TERRITORIES HYDRO CORPORATION

g) Government contributions

Government contributions are recognized as revenue when the contributions are authorized and all eligibility criteria are met, except to the extent that stipulations of a contribution give rise to an obligation that meets the definition of a liability, in which case the contribution is recorded as a deferred government contribution and subsequently recognized as revenue when the stipulations are met.

h) Contributions in aid of construction

Certain tangible capital asset additions are made with the assistance of cash contributions from utility customers. These contributions are recorded as other revenues when all restrictions or stipulations imposed have been satisfied, generally when the resources are used for the purposes intended.

i) Public service pension plan

All eligible employees participate in the Public Service Pension Plan (the Plan), administered by the Government of Canada. The Plan is a multi-employer contributory defined benefit plan established through legislation. NT Hydro's contributions to the Plan are charged as an expense on a current year basis and represent the total pension obligations. NT Hydro is not required under present legislation to make contributions with respect to actuarial deficiencies of the Plan.

j) Other employee future benefits

The expected cost of providing these benefits is actuarially determined using assumptions based on management's best estimates and is recognized as employees render service. The benefit plans are not funded and thus have no assets, resulting in plan deficits equal to the accrued benefit obligation.

i) Severance and ultimate removal benefits

Under the terms and conditions of employment, eligible employees may earn severance and removal benefits based on employee start dates, years of service, final salary and location of hire. The benefits are paid upon resignation, retirement, ultimate removal or death of an employee.

ii) Sick leave benefits

NT Hydro provides certain sick leave benefits that are available to be used in future periods when claimed by the employee upon becoming sick. The sick leave benefits accumulate, but do not vest and are not paid out to employees upon resignation, retirement, ultimate removal or death of an employee.

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Note 2. Significant accounting policies (continued)

k) Asset retirement obligations

An asset retirement obligation (ARO) liability is recognized at the financial reporting date, when all of the following criteria are met:

- NT Hydro has a legal obligation to incur retirement costs,
- The past transaction or event giving rise to the liability has occurred,
- NT Hydro expects that future economic benefits will be given up, and
- A reasonable estimate of the amount can be made.

The estimate of an ARO incorporates a present value technique. When a liability for an ARO is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The liability is based on management's best estimate of retirement and/or abatement cost.

At each financial reporting date, the carrying amount of the liability is reviewed. NT Hydro recognizes period to period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. Once the related tangible capital asset is no longer in productive use, changes to the liability are recognized as an expense in the period they are incurred. NT Hydro continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

l) Environmental liabilities

A contaminated site is a site where physical, chemical, biological or radiological substances have been introduced in air, soil, water or sediment and have an adverse effect. A liability for remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, NT Hydro is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects NT Hydro's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination.

Environmental liabilities consist of the estimated costs related to the monitoring, maintenance and remediation of environmentally contaminated sites. Environmental liabilities are discounted for the time value of money. NT Hydro reviews its estimates of environmental liabilities on an annual basis.

m) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates at year-end. Foreign currency transactions are translated into Canadian dollars using rates in effect at the time the transactions were entered into. All realized exchange gains and losses are included in surplus for the year according to the activities to which they relate.

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Note 2. Significant accounting policies (continued)

n) Revenues

Revenues from transactions with performance obligations occur when there is an enforceable promise to transfer goods or services directly to a payor in return for promised consideration. These revenues are recognised when control of the benefits associated with the goods or services have transferred and there is no unfulfilled performance obligation.

Sales of power and fuel rider revenue consist of a single performance obligation, the customer's utilization of power. Performance obligations are satisfied as electricity is delivered because of the continuous transfer of control to the customer. These revenues are measured based on cyclical meter readings. Sale of power revenues and fuel rider revenues include accruals for electricity sale not yet billed.

Contract work revenue relates to construction contracts with customers. These revenues are recognized over time as performance obligations are fulfilled and are measured based on costs incurred.

Interest is recognized on an accrual basis.

o) Expenses

Expenses are recognized on an accrual basis.

p) Contractual obligations and contingent liabilities

The nature of NT Hydro's activities requires contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations pertain to funding commitments for operating and capital projects. Contractual obligations are obligations of NT Hydro to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The contingent liabilities of NT Hydro are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the occurrence of the confirming future event is likely but the amount of the liability cannot be reasonably estimated, the contingency is disclosed. If the occurrence of the confirming future event is not determinable, the contingency is disclosed.

q) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess revenues over expenses, provides the change in net debt during the year.

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Note 2. Significant accounting policies (continued)

r) Future accounting changes

Effective for periods beginning on or after April 1, 2026, NTPC will be required to adopt the new Conceptual Framework for Financial Reporting in the Public Sector. Earlier adoption of the new framework is permitted. NTPC is currently assessing the impact of this standard on the consolidated financial statements.

Effective for periods beginning on or after April 1, 2026, NTPC will be required to adopt PS 1202 Financial Statement Presentation. The standard sets out general and specific requirements for the presentation of information in financial statements. The financial statement presentation principles are based on the concepts in the Conceptual Framework. Earlier adoption is permitted if the Conceptual Framework for Financial Reporting in the Public Sector is early adopted. NTPC is currently assessing the impact of this standard on the consolidated financial statements.

3. Acquisition of Hay River Franchise

On March 1, 2025, NTPC completed the fair value acquisition of the Hay River franchise, including electricity distribution and backup generation assets and other related assets and liabilities. This transaction was executed through two sequential Asset Purchase Agreements (APA): first between Northland Utilities Limited (NUL, operating as Naka Power) and the Town of Hay River, and subsequently between the Town of Hay River and NTPC.

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Note 3. Acquisition of Hay River Franchise (continued)

Under the second agreement, NTPC acquired the following assets and assumed liabilities:

Original purchase price	$ 28,255
Less: Allocation of original purchase price	
Tangible capital assets	12,317
Accounts receivable	460
Inventory	279
Accounts payable and accrued liabilities	(37)
	13,019
Total purchased intangible asset	15,236
Subsequent adjustments to the original purchase price	
Accounts receivable	875
Inventory	(35)
	840
Adjusted purchase price	$ 29,095

The adjusted purchase price after subsequent adjustments is $29,095, of which $28,255 was transferred on the closing date of March 1, 2025, the remaining portion is still owing to NUL at March 31, 2025.

NTPC acquired certain regulatory deferral accounts, which are not recognized under PSAS. These will be recovered in future rates as approved by the Northwest Territories Public Utility Board (PUB).

As a result of the acquisition, NTPC capitalized, within the tangible capital assets ($5,792 to electric power plants, $5,733 to transmission and distribution and $792 to general facilities), related overhead costs and transfer costs of $591 and increased the asset retirement obligation related to the purchased buildings for $212. It was determined on acquisition that there is no obligation related to environmental liabilities.

The portion allocated to purchased intangible asset includes NTPC's exclusive franchise right to distribute electricity within the Town of Hay River for 15 years with an automatic 5-year extension assuming neither party has provided notice of non-extension.

The final consideration and associated asset values may be subject to further post-closing adjustments as outlined in the APA. These immaterial adjustments will be reflected in NTPC's 2025–26 fiscal year as necessary.

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4. Revenues receivable

At March 31, 2025, the aging of revenues receivable was as follows:

	2025			
	Current (less than 28 days)	**29-90 days**	**Over 90 days**	**Total**
Utility	$ 14,685	$ 2,097	$ 464	$ 17,246
Non-utility	656	105	297	1,058
Allowance for doubtful accounts	-	-	(280)	(280)
	$ 15,341	$ 2,202	$ 481	$ 18,024

At March 31, 2024, the aging of revenues receivable was as follows:

	2024			
	Current (less than 28 days)	**29-90 days**	**Over 90 days**	**Total**
Utility	$ 12,428	$ 694	$ 280	$ 13,402
Non-utility	1,458	140	155	1,753
Allowance for doubtful accounts	-	-	(254)	(254)
	$ 13,886	$ 834	$ 181	$ 14,901

The changes in the allowance for doubtful accounts were as follows:

	2025	**2024**
Balance, beginning of the year	$ (254)	$ (177)
Receivables written off	51	61
Change to allowance	(77)	(138)
Balance, end of the year	$ (280)	$ (254)

Revenues receivable on utility and non-utility accounts are due in 28 and 30 days, respectively. Interest is charged after the due dates at rates in the terms of the service agreement. As at March 31, 2025, NT Hydro provided an allowance for doubtful accounts for the estimated portion of its revenues receivable accounts. Additional disclosures on NT Hydro's exposure and management of credit risk associated with revenues receivable is included in Note 22.

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5. Operating line of credit

NT Hydro has a $150,000 (2023-24 - $75,000) operating line of credit with its bank with an interest rate of Prime less 0.5%. The operating line of credit allows NT Hydro to borrow using Bankers' Acceptances or other advances directly against the line of credit.

As at March 31, 2025, NT Hydro has borrowed $101,928 (2023-24 - $38,966) against the line of credit.

6. Accounts payable and accrued liabilities

The following is a summary of NT Hydro's accounts payable and accrued liabilities:

	2025	2024
Trade payables and accrued liabilities	$ 25,819	$ 24,097
Payable to GNWT and its related entities (Note 20)	10,993	39,689
Payroll liabilities	5,023	6,403
Other payables	4,010	2,436
Interest payable	3,165	3,192
	$ 49,010	$ 75,817

NORTHWEST TERRITORIES HYDRO CORPORATION

7. Debenture debt

a) Owing to third parties

	2025	2024
3.982% amortizing debenture, due February 17, 2047 repayable semi-annually in blended payments of $1,722	$ 50,170	$ 51,575
5.16% amortizing debenture, due September 13, 2040 repayable semi-annually in blended payments of $1,684	35,645	37,117
5.443% debenture – interest payable semi-annually, principal is due August 1, 2028	25,000	25,000
5.995% debenture – interest payable semi-annually, principal is due December 15, 2034	25,000	25,000
3.818% debenture – interest payable semi-annually, principal is due November 25, 2052	25,000	25,000
5% debenture – interest payable semi-annually, principal is due July 11, 2025	15,000	15,000
6.42% amortizing debenture, due December 18, 2032 repayable semi-annually. The first semi-annual payment is interest only, the second semi-annual payment is interest plus $667 principal	5,333	6,000
4.344% debenture – interest payable semi-annually, principal is due April 14, 2053	75,000	75,000
	$ 256,148	$ 259,692
Less: unamortized premium, discount and issuance costs	(771)	(824)
	$ 255,377	$ 258,868

The GNWT guarantees all third-party debenture debt.

b) Owing to the GNWT

	2025	2024
2.265% amortizing debenture, due September 30, 2050 repayable semi-annually in blended payments of $922	$ 35,577	$ 36,599

Principal repayments for future years on all debenture debt are as follows:

2026	2027	2028	2029	2030	Thereafter	Total
$ 19,721	$ 4,885	$ 5,055	$ 30,235	$ 5,420	$226,409	$ 291,725

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8. Asset retirement obligations

ARO include costs related to the disposal of generating plants on leased land. ARO also includes estimated remediation costs to remove asbestos from NTPC's buildings.

Following is a summary of the key assumptions upon which the carrying amount of the ARO is based:

- Total expected future cash flows - $13,311 (2023-24 - $13,020).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 37 years with the majority occurring after 2037.
- The discount rate is the year-end cost of borrowing of 3.94% (2023-24 – 4.34%) for those obligations to be settled in less than 10 years and 4.59% (2023-24 – 4.58%) for those obligations to be settled in 10 years or longer.
- Inflation was assumed to be 2% (2023-24 – 2%).

Following is a summary of the asset retirement obligations:

	2025	2024
Opening balance	$ 6,440	$ 6,498
Liabilities settled	-	(7)
Accretion expense	262	251
Valuation adjustment	74	(313)
Additions	221	11
Balance, end of year	$ 6,997	$ 6,440

The valuation adjustments relate to changes in discount rates, timing of cash flows and estimated costs to retire assets and remediate asbestos. The valuation adjustments are reflected as changes to the carrying value of the tangible capital assets.

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9. Environmental liabilities

Environmental protection legislation (Environmental Guideline for Contaminated Site Remediation, Northwest Territories Department of Environment and Natural Resources, 2003) establishes maximum standards for concentrations of petroleum hydrocarbons and other substances in soil to protect environmental quality and human health from the long-term effect of exposure to them. Legislation requires a responsible party to perform remediation activities if the concentrations exceed standard levels. NTPC estimates that it has 22 geographic locations (2023-24 - 22 locations) with multiple sites at each location which have contaminated soil that exceed the accepted maximum standard in the Northwest Territories. NTPC is responsible for remediation of the contaminated site upon sale of the land or termination of the lease.

Management estimates that over 75% of the contamination occurred prior to May 5, 1988 when the Government of Canada controlled Northern Canada Power Commission (NTPC's predecessor company). There is no provision recorded in these consolidated financial statements for a potential recovery from the Government of Canada.

Following is a summary of the key assumptions upon which the carrying amount of the environmental liabilities is based:

- Total expected future cash flows - $70,312 (2023-24 - $69,683).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 65 years with the majority occurring after 2061.
- The discount rate is the year-end cost of borrowing of 3.94% (2023-24 – 4.34%) for those obligations to be settled in less than 10 years and 4.59% (2023-24 – 4.58%) for those obligations to be settled in 10 years or longer.
- Inflation was assumed to be 2% (2023-24 – 2%).

Following is a summary of the estimated environmental liabilities:

		2025		2024
Opening balance	$	15,066	$	17,970
Liabilities settled		(43)		(1,078)
Valuation adjustment		1,356		(1,826)
Balance, end of year	$	16,379	$	15,066

The valuation adjustment relates to changes in the timing of or amount of expected future cash flows and changes to the discount rate applied. The valuation adjustment is recognized in supplies and services expense (Note 17).

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10. Capital lease obligation

In 1996, NTPC entered into a 65-year lease from the Dogrib Power Corporation for the Snare Cascades at a variable interest rate based on the weighted average return of equity and cost of debt. The lease matures August 2061. The interest rate on the lease as of March 31, 2025 was 7.75% (2023-24 – 7.75%). This rate is recalculated periodically in accordance with PUB orders as established through the GRA process (Note 1(b)). The lease can be renewed at NTPC's option subject to the same covenants, obligations and agreements except for the monthly rental price which shall be determined by mutual agreement or arbitration. The renewal term will be based on the useful life of the property at the end of the term or the expiry of the Ground Lease, whichever comes first. To reflect the effective acquisition and financing nature of the lease, the Snare Cascades is included in electric power plant under capital lease (Note 12).

Present value of minimum lease payments

The undiscounted contractual obligations, the effects of discounting and the present values of the minimum lease payments required for the capital lease obligation over the next five years and thereafter are as follows:

2026	$ 1,593
2027	1,562
2028	1,530
2029	1,499
2030	1,467
Thereafter	30,079
	37,730
Less: amounts representing imputed interest	(22,996)
Total capital lease obligation	**$ 14,734**

Additional disclosures on NTPC's exposure and management of risk associated with the capital lease obligation can be found in Note 22.

NORTHWEST TERRITORIES HYDRO CORPORATION

11. Other employee future benefits

a) Public Service Pension Plan

The employees of NTPC participate in the Plan. The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the Plan. The basic benefit formula is 2% per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. The employer contribution rate effective at the end of the year was 1.01 times (2023-24 – 1.02) the employees' contributions for employees who started prior to January 2013 and 1.00 times (2023-24 – 1.00) the employees' contributions for all other employees. The employer contribution rate at the end of the year for the portion of the employee's salary above $210 (2023-24 - $202) was 5.09 times (2023-24 – 4.63) the employee's contributions. Employer contributions of $2,802 (2023-24 - $1,910) were recognized as an expense in the current year. The employees' contribution to this plan was $2,621 (2023-24 - $1,749).

The Plan was amended during 2013 which raised the normal retirement age and other age-related thresholds from age 60 to age 65 for new members joining the Plan on or after January 1, 2013. For existing members, the normal retirement age remains age 60.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 11. Other employee future benefits (continued)

b) Other employee future benefits

Summary of other employee future benefit liabilities:

	2025			2024		
	Severance and Removal Benefit	Accumulated Sick Leave Benefit	Total	Severance and Removal Benefit	Accumulated Sick Leave Benefit	Total
Accrued benefit obligation, beginning of year	$ 3,154	$ 242	$ 3,396	$ 3,133	$ 246	$ 3,379
Benefits earned	260	18	278	266	18	284
Plan amendments	37	-	37	-	-	-
Interest	146	11	157	134	10	144
Benefits paid	(221)	(27)	(248)	(480)	(26)	(506)
Actuarial (gains) losses	168	28	196	101	(6)	95
Accrued benefit obligation, end of year	3,544	272	3,816	3,154	242	3,396
Unamortized net actuarial gain/(loss)	(1,135)	(171)	(1,306)	(1,109)	(195)	(1,304)
Net future obligation	$ 2,409	$ 101	$ 2,510	$ 2,045	$ 47	$ 2,092

NT Hydro provides accumulating sick leave employee benefits of one and one quarter days of sick leave per month which will require funding in future periods when claimed upon an employee becoming sick. Sick leave can only be used for paid time off for illness of the employee. Sick leave taken is paid at the employee's normal rate of pay. The sick leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick days accumulate and there are no limits to the accumulation. Sick leave benefits accumulate over the periods of service provided by employees and are recognized as services are performed to earn them.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 11. Other employee future benefits (continued)

Total expenses related to the severance, removal and sick leave benefits include the following components:

	2025	2024
Current benefits earned	$ 278	$ 284
Plan amendments	37	-
Interest	157	144
Amortization of net actuarial loss	194	185
	$ 666	$ 613

The actuarial valuation reflects management's best estimate based upon a number of assumptions including:

	2025	2024
Expected inflation rates	2%	2%
Discount rate used to determine the accrued benefit obligation	4.2%	4.5%
Expected average remaining service life of related employee groups (EARSL)	10.2 years	10.4 years

NORTHWEST TERRITORIES HYDRO CORPORATION

12. Tangible capital assets

	2025					
	Electric power plants	Transmission and Dist. systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	$ 455,751	$ 122,256	$ 166,183	$ 28,687	$ 93,144	$ 866,021
Additions	6,393	6,021	832	-	58,687	71,933
Transfers – completed projects	85,541	7,181	5,714	-	(98,436)	-
Disposals and adjustments	(5,431)	(433)	(1,551)	-	-	(7,415)
Closing balance	542,254	135,025	171,178	28,687	53,395	930,539
Accumulated amortization						
Opening balance	(179,543)	(47,926)	(52,536)	(11,547)	-	(291,552)
Amortization	(12,393)	(3,018)	(5,884)	(481)	-	(21,776)
Disposals and adjustments	4,624	355	1,477	1	-	6,457
Closing balance	(187,312)	(50,589)	(56,943)	(12,027)	-	(306,871)
Net book value	**$ 354,942**	**$ 84,436**	**$ 114,235**	**$ 16,660**	**$ 53,395**	**$ 623,668**

	2024					
	Electric power plants	Transmission and Dist. systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	$ 428,616	$ 112,720	$ 90,969	$ 28,733	$ 137,663	$ 798,701
Additions	11	-	-	-	69,934	69,945
Transfers – completed projects	28,887	9,615	75,951	-	(114,453)	-
Disposals and adjustments	(1,763)	(79)	(737)	(46)	-	(2,625)
Closing balance	455,751	122,256	166,183	28,687	93,144	866,021
Accumulated amortization						
Opening balance	(169,149)	(45,183)	(48,645)	(11,082)	-	(274,059)
Amortization	(11,559)	(2,811)	(4,522)	(481)	-	(19,373)
Disposals and adjustments	1,165	68	631	16	-	1,880
Closing balance	(179,543)	(47,926)	(52,536)	(11,547)	-	(291,552)
Net book value	**$ 276,208**	**$ 74,330**	**$ 113,647**	**$ 17,140**	**$ 93,144**	**$ 574,469**

The cost of land as of March 31, 2025 included in electric power plants cost is approximately $5,895 (2023-24 - $5,594). Amortization is not recorded on land.

NORTHWEST TERRITORIES HYDRO CORPORATION

13. Inventories

	2025	2024
Materials, supplies and lubricants	$ 9,579	$ 11,899
Critical spare parts	7,448	4,925
Fuel	644	334
	$ 17,671	$ 17,158

Inventories are used to make repairs, complete overhauls or generate electricity. Production fuel inventory is held in five of NTPC's operating plants. See also Note 21(a).

14. Accumulated surplus/equity

	2025	2024
Share capital, common and preferred shares	$ 43,129	$ 43,129
Accumulated operating surplus / equity	152,684	110,698
	$ 195,813	$ 153,827

The authorized share capital of NT Hydro is comprised of one common share without par value and one preferred, non-cumulative share without par value. As at March 31, 2025, 1 common share (2023-24 – 1 common share), at $43,129 per share (2023-24 – $43,129 per share), has been issued and fully paid, and one preferred share at one dollar. NT Hydro may only issue its shares to the GNWT.

15. Sale of power

	2025	2024
Power sales to external customers	$ 88,956	$ 81,161
Power sales to GNWT and its related entities	19,239	17,823
GNWT TPSP payments	7,522	6,856
GNWT HSP payments	5,249	4,743
	$ 120,966	$ 110,583

Sale of power includes GNWT support program payments received by NTPC on behalf of customers. The GNWT offers these support programs to both NTPC and Northland Utilities Ltd. customers.

The GNWT Territorial Power Support Program (TPSP) payments subsidize residential power rates to the rate paid in Yellowknife for energy used within a specified threshold.

The GNWT Housing Support Program (HSP) payments subsidize the difference between the specified rate paid by GNWT residential customers living in public housing and the PUB residential rate for that community.

Note 15. Sale of power (continued)

NTPC administers these support programs on behalf of the GNWT and invoices the GNWT monthly for the payments. The support payments are subject to the same terms as other utility customers as per NTPC's Terms and Conditions of Service.

16. Other revenue

	2025	2024
Contract work	$ 1,446	$ 2,486
Connection fees	329	369
Heat revenues	311	326
Pole rental	354	277
Other	141	139
	$ 2,581	$ 3,597

17. Expenses

The following is a summary of the expenses for the year by object:

	2025	2024
Fuel and lubricants (Notes 20, 21)	$ 59,059	$ 74,267
Salaries and wages	34,313	32,041
Supplies and services	34,930	26,049
Amortization of tangible capital assets (Note 12)	21,776	19,374
Amortization of purchased intangible assets	63	-
Interest expense (Note 18)	14,956	13,571
Travel and accommodation	3,291	3,036
Loss on disposal of assets	1,519	1,241
Accretion on ARO (Note 8)	262	251
	$ 170,169	$ 169,830

NORTHWEST TERRITORIES HYDRO CORPORATION

18. Interest expense and interest income

Interest expense

	2025	2024
Interest on debenture debt and capital leases (Notes 7,10)	$ 14,201	$ 14,323
Short-term debt financing costs	2,697	1,270
Capitalized interest during construction	(1,942)	(2,022)
	$ 14,956	$ 13,571

Interest income

	2025	2024
Income from overdue accounts and bank balances	$ 102	$ 79

19. Contributions from the Government of the Northwest Territories

NTPC has entered an agreement with the GNWT that included a contribution of $38,000 related to the Inuvik High Point Wind project that was completed in 2023-24 by NT Energy. The assets related to the Inuvik High Point Wind were acquired by NTPC from NT Energy in 2025.

In 2024-25, the GNWT contributed $30,000 (2023-24 - $15,200) towards increased fuel prices and additional fuel consumption incurred as a result of low water conditions.

In 2024-25, the GNWT authorized and paid a contribution to NTPC of $12,000. After year-end, this agreement was amended, which reduced future funding to $6,000 which is expected to be received in 2025-26. The funding is to assist in reducing utility rates, and this amendment allowed NTPC to apply funds against certain regulatory sunk costs which have already been expensed.

	2025	2024
Inuvik High Point Wind Project	$ 38,000	$ -
Contribution towards fuel costs related to low water event	30,000	15,200
Contributions to reduce sunk costs	12,000	-
Fort Providence/Kakisa Transmission Line Program	1,788	72
EV Charging Stations Program	1,290	931
Fort Simpson LNG Program	262	17
NT Energy Rent Program	98	98
Inuvik LNG Tank Program	14	-
NT Energy Bridge Funding Program	-	250
Sachs Harbour Power Plant Program	-	445
	$ 83,452	$ 17,013

NORTHWEST TERRITORIES HYDRO CORPORATION

20. Related party transactions and balances

NT Hydro is a Territorial public agency and consequently is related to the GNWT and its agencies and corporations. NT Hydro, through NTPC, provides utility services to, and purchases fuel and other services from, these related parties. These transactions are in the normal course of operations and are at the same rates and terms as those with similar unrelated customers and suppliers.

Transactions with related parties and balances at year-end not disclosed elsewhere (Note 7(b), 15, 19) in these consolidated financial statements are as follows:

Revenues	**2025**	**2024**
Other revenue	$ 233	$ 320
Fuel rider revenue	573	441
	$ 806	$ 761
Expenses		
Purchases of fuel from Fuel Services Division of the GNWT (FSD) (Note 21)	$ 32,277	$ 50,885
Other operating expenses	1,243	949
	$ 33,520	$ 51,834
Financial assets		
Revenues receivable		
Utility	$ 1,578	$ 978
Non-utility	44	243
	$ 1,622	$ 1,221
Government contributions receivable	$ 518	$ 936
Liabilities		
Accounts payable and accrued liabilities		
Accounts payable to FSD for fuel (Note 21)	$ 5,355	$ 39,689
Repayable government contributions	5,511	-
Other accounts payable and accrued liabilities	127	3
	$ 10,993	$ 39,692
Deferred government contributions	$ 59	$ 8,192

NORTHWEST TERRITORIES HYDRO CORPORATION

21. Contractual obligations and contingent liabilities

a) Contractual obligations

NT Hydro is contractually committed for the following expenses with non-related parties that will be incurred subsequent to March 31, 2025.

	2026	2027 and subsequent
Operational and lease commitments	$ 11,353	$ 130

Capital projects

NT Hydro has contractual obligations of $9,250 related to capital projects, of which payments are expected to be made in 2025-26.

Fuel management services agreement

NTPC has a fuel management services agreement with GNWT's Fuel Service Division (FSD). Under this agreement, FSD provides fuel inventory and maintenance of fuel tank farms of 20 communities served by NTPC. The price of fuel under this agreement changes with the change in market price, the cost of freight, the GNWT fuel tax rate and the amount of fuel purchased by NTPC from FSD in a given year. There is an annual minimum purchase requirement of 13 million liters averaged over a 2 year period. The contract expires March 31, 2029.

b) Contingent liabilities

A contractor of NT Hydro has filed a lawsuit seeking recovery of $4,964 for payment under a capital contract. NT Hydro is in the process of filing a statement of defense and counterclaim to offset the amount claimed and losses in excess of the amounts claimed. NT Hydro is also seeking indemnity under a performance bond issued for the project. An assessment of the likelihood of success of the claim, counterclaim or indemnity cannot be made as of March 31, 2025.

Asset retirement obligations

NTPC has not recognized a provision for the closure and restoration obligations for certain generation, transmission and distribution assets which NTPC anticipates maintaining and operating for an indefinite period, making the date of retirement of these assets indeterminate. These significant uncertainties around the timing of any potential future cash outflows are such that a reliable estimate of the liability is not possible at this time. A provision will be recognized when the timing of the retirement of these assets can be reasonably estimated.

NORTHWEST TERRITORIES HYDRO CORPORATION

22. Financial instruments and risk management

NT Hydro's financial instruments include cash, revenues receivable, government contributions receivable/payable, operating line of credit, accounts payable and accrued liabilities, debenture debts, and capital lease obligation.

NT Hydro is exposed to the following risks from its use of financial instruments: credit risk, liquidity risk, and interest rate risk. NT Hydro manages these risk exposures on an ongoing basis.

a) Credit risk

Credit risk is the risk that a third party will cause a financial loss for NT Hydro by failing to discharge its obligation. The following table sets out NT Hydro's maximum exposure to credit risk under a worst case scenario and does not reflect results expected.

	2025	2024
Revenues receivable	$ 18,024	$ 14,901
Government contributions receivable	518	936
Cash	596	866
	$ 19,138	$ 16,703

Revenues receivable

NT Hydro minimizes revenues receivable credit risk by taking cash deposits from customers. The size of the deposit varies depending on the risk exposure. Established customers or those with good credit are waived from having to provide a deposit. Total customer deposits at March 31, 2025 are $1,583 (2023-24 – $1,418). Thirty-four percent (2023-24 - 35%) of NTPC's sales of power are to two other utilities. Twenty-six percent (2023-24 - 27%) of sales of power, including HSP and TPSP are to the GNWT.

Government contributions receivable

The GNWT accounts for 100% of the government contributions receivable.

Cash

NT Hydro minimizes the credit risk of cash by dealing with only reputable financial institutions and investing in securities that meet minimum credit ratings as stipulated by its investment policy and limiting exposure to any one security or asset class. An ongoing review is performed to evaluate changes in the status of counterparties.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 22. Financial instruments and risk management (continued)

b) Liquidity risk

Liquidity risk is the risk that NT Hydro will encounter difficulty in meeting its obligations associated with its financial liabilities. Debt liquidity risk is managed by the use of amortization provisions. NT Hydro arranges its financing in such a manner that the total amount of debt maturing in any given year does not exceed its ability to borrow in any given year. This practice gives NT Hydro the maximum flexibility over the use of its cash flow such that both its existing capital expenditure program and its ability to consider any future investment opportunities will not be constrained.

Liquidity risk is also managed by continuously monitoring actual and forecast cash flows, having the opportunity to borrow on a short-term basis from its shareholder and by maintaining a $150,000 operating line of credit with a reputable financial institution. The accounts payable and accrued payables are expected to be settled within one year. The following table shows the maturities of the debenture debt, operating line of credit, and capital lease obligation:

	March 31, 2025				
	1 year or less	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	$ 32,083	$ 104,601	$ 197,433	$ 151,884	$ 486,001
Operating line of credit	101,928	-	-	-	101,928
Capital lease obligation	1,593	7,494	16,805	11,838	37,730
	$ 135,604	$ 112,095	$ 214,238	$ 163,722	$ 625,659

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Changes in market interest rates will cause fluctuations in fair value of the debenture debt as these have fixed interest rates. Changes in market interest rates will cause fluctuations in cash flows of the capital lease obligation and operating line of credit as these have variable interest rates.

NORTHWEST TERRITORIES HYDRO CORPORATION

23. Subsequent events

a) General Rate Application

NTPC filed a General Rate Application (GRA) in October 2024. As part of the regulatory process, various stakeholders (intervenors) had the opportunity to submit information requests and attend regulatory hearings related to NTPC's GRA. Following this process, the NWT Public Utility Board (PUB) issued a list of directives in June 2025 to NTPC to amend the revenue requirement. In August 2025, NTPC responded to those directives and updated its requested revenue requirement in a compliance filing. A final decision has not been issued by the PUB confirming the updated revenue requirement; however, based on the directives issued by the PUB in June 2025 management estimates the 2024-25 shortfall is $11,300. As of the reporting date, the final PUB approval has not been granted and no asset or revenue has been recorded in the financial statements. NTPC will continue to monitor developments and will recognize the asset and revenue once the definition of an asset and revenue meet the recognition criteria.

b) Insurance Settlement

In August 2025, NTPC finalized the settlement of an outstanding insurance claim related to a hydro unit failure at Snare Forks that occurred in 2018-19. Under the terms of the settlement, NTPC is expected to receive $6,000 in 2025-26 and NTPC provided the insurers with a full release for the claim. The insurance proceeds are expected to be recognized in 2025-26 as revenue.

NORTHWEST TERRITORIES POWER CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2025

NORTHWEST TERRITORIES POWER CORPORATION

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements were prepared by management in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those it deems most appropriate in the circumstances. A summary of significant accounting policies are described in Note 2 to the consolidated financial statements. Financial statements include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Northwest Territories Power Corporation (NTPC) maintains financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further NTPC's objectives, and are protected from loss or unauthorized use, and that NTPC acts in accordance with the laws of the Northwest Territories and Canada. Management recognizes its responsibility for conducting NTPC's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to an agent of the territorial government. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

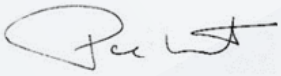
The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the consolidated financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors oversees management's responsibilities for financial reporting and reviews and approves the consolidated financial statements. The internal and external auditors have full and free access to the Board.

These consolidated financial statements have been approved by the Board of Directors.



Cory Strang
Chief Executive Officer



Paul Grant
Chief Financial Officer

Hay River, NT
October 28, 2025

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

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Power Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Northwest Territories Power Corporation and its controlled entity (the Group), which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net debt and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2025, and the consolidated results of its operations, consolidated changes in its net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Management Discussion and Analysis section included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Qualified Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Northwest Territories Power Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Financial Administration Act* of the Northwest Territories and regulations, the *Northwest Territories Power Corporation Act* and regulations, and the by-laws of the Northwest Territories Power Corporation.

In our opinion, except for the matter of non-compliance described in the *Basis for Qualified Opinion* section of our Report on Compliance with Specified Authorities, the transactions of the Northwest Territories Power Corporation that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Northwest Territories Power Corporation Act*, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Northwest Territories Power Corporation and the consolidated financial statements are in agreement therewith.

Basis for Qualified Opinion

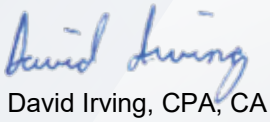
Subparagraph 32(1)(b)(ii) of the *Financial Administration Act* of the Northwest Territories requires a public agency to submit its annual report to the responsible Minister not later than 90 days after the end of its fiscal year or not later than an additional period, not exceeding 60 days, that the Minister of Finance may allow. The Northwest Territories Power Corporation did not meet its extended statutory deadline for submitting its annual report to the responsible Minister for the year ended 31 March 2025.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Northwest Territories Power Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Northwest Territories Power 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 consolidated financial statements are in compliance with the specified authorities referred to above.



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

Edmonton, Canada
28 October 2025

NORTHWEST TERRITORIES POWER CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31
(in thousands of dollars)

	2025	2024
Financial assets		
Cash	$ 596	$ 866
Revenues receivable (Note 4)	18,493	13,657
Government contributions receivable (Note 20)	58	-
Due from related parties (Note 20)	39,900	17,019
Investment in Aadrii Ltd. (Note 20)	-	415
	59,047	**31,957**
Liabilities		
Operating line of credit (Note 5)	78,755	18,075
Accounts payable and accrued liabilities (Note 6)	45,771	69,488
Due to related party (Note 20)	62,681	-
Debenture debt owing to third parties (Note 7)	255,377	258,868
Debenture debt owing to the GNWT (Note 7)	35,577	36,599
Asset retirement obligations (Note 8)	6,997	6,440
Environmental liabilities (Note 9)	16,379	15,066
Capital lease obligation (Note 10)	14,734	15,139
Other employee future benefits (Note 11)	2,510	2,092
Deferred government contributions (Note 20)	21	5,751
	518,802	**427,518**
Net debt	**(459,755)**	**(395,561)**
Non-financial assets		
Tangible capital assets (Note 12)	619,918	491,607
Purchased intangible assets (Note 3)	15,173	-
Inventories (Note 13)	17,671	17,158
Prepaid expenses	2,355	2,261
	655,117	**511,026**
Accumulated surplus / equity (Note 14)	**$ 195,362**	**$ 115,465**

Contractual obligations and contingent liabilities (Note 21)
Subsequent events (Note 23)

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

Approved on behalf of the Board:



Judith Goucher, Chair of the Board



Leigh-Anne Palter, Vice-Chair of the Board

NORTHWEST TERRITORIES POWER CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the year ended March 31
(in thousands of dollars)

	2025 Budget	2025 Actual	2024 Actual
Revenues			
Sale of power (Note 15)	$ 121,984	$ 120,966	$ 110,583
Fuel rider revenue	13,639	5,040	2,019
Other revenue (Note 16)	2,515	2,581	3,597
Interest income (Note 18)	3,395	708	1,840
Insurance proceeds	-	-	1,260
Income from investment in Aadrii Ltd.	60	-	29
	141,593	**129,295**	**119,328**
Expenses (Note 17)			
Thermal generation	128,221	112,139	115,238
Hydro generation	25,037	21,541	21,306
Corporate services	15,817	15,976	14,064
Transmission, distribution and retail	15,346	13,621	13,226
Purchased power	8,092	6,005	5,259
Alternative power generation	335	292	283
	192,848	**169,574**	**169,376**
Deficit for the year before government contributions	**(51,255)**	**(40,279)**	**(50,048)**
Government contributions			
Contributions from Northwest Territories Hydro Corporation (Note 19)	-	39,900	-
Contributions from the Government of the Northwest Territories (Note 19)	31,138	80,276	15,661
Surplus / (Deficit) for the year	**$ (20,117)**	**$ 79,897**	**$ (34,387)**
Accumulated surplus / equity, beginning of year	**115,465**	**115,465**	**149,852**
Accumulated surplus / equity, end of year	**$ 95,348**	**$ 195,362**	**$ 115,465**

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

NORTHWEST TERRITORIES POWER CORPORATION

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the year ended March 31
(in thousands of dollars)

	2025 Budget	2025 Actual	2024 Actual
Surplus (deficit) for the year	$ (20,117)	$ 79,897	$ (34,387)
Tangible capital assets			
Additions (Note 12)	(57,905)	(140,696)	(40,866)
Capitalized overhead	(3,500)	(6,239)	(2,402)
Capitalized interest (Note 18)	(2,044)	(1,942)	(2,022)
Disposals (Note 12)	2,840	958	745
Amortization (Note 12)	23,904	19,608	18,278
	(36,705)	**(128,311)**	**(26,267)**
Acquisition of purchased intangible assets	-	(15,236)	-
Amortization of purchased intangible assets	-	63	-
Acquisition of inventories	(9,200)	(20,379)	(20,592)
Use of inventories	9,200	19,866	17,664
Acquisition of prepaids	(3,500)	(3,625)	(3,803)
Use of prepaids	3,500	3,531	3,575
	-	**(15,780)**	**(3,156)**
Increase in net debt for the year	**$ (56,822)**	**$ (64,194)**	**$ (63,810)**
Net debt, beginning of year	(395,561)	(395,561)	(331,751)
Net debt, end of year	**$ (452,383)**	**$ (459,755)**	**$ (395,561)**

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

NORTHWEST TERRITORIES POWER CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended March 31
(in thousands of dollars)

	2025	2024
Cash (used) provided by operating activities		
Cash receipts from customers	$ 124,307	$ 117,001
Contributions from the Government of the Northwest Territories	80,000	22,921
Insurance proceeds	-	1,260
Cash paid to suppliers	(128,677)	(84,124)
Cash paid to employees	(34,626)	(29,394)
Interest paid	(14,927)	(12,290)
Interest received	109	77
	26,186	**15,451**
Cash used in investing activities		
Advances to related party	(1,899)	(2,757)
	(1,899)	**(2,757)**
Cash (used) provided by capital activities		
Acquisition and development of tangible capital assets	(65,042)	(48,020)
Acquisition of purchased intangible assets	(15,236)	-
Proceeds on sale of tangible capital assets	12	44
	(80,266)	**(47,976)**
Cash (used) provided by financing activities		
Repayment of capital lease obligation	(405)	(406)
Repayment of debenture debt	(4,566)	(4,413)
Issuance of debenture debt	-	75,000
Proceeds from (repayments of) operating line of credit	60,680	(34,794)
	55,709	**35,387**
(Decrease) Increase in cash	**$ (270)**	**$ 105**
Cash, beginning of year	866	761
Cash, end of year	**$ 596**	**$ 866**

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

NORTHWEST TERRITORIES POWER CORPORATION

1. The Corporation

a) Authority and corporate information

The Northwest Territories Power Corporation (NTPC) was established under the *Northwest Territories Power Corporation Act.* NTPC is a public agency under Schedule B of the *Financial Administration Act* of the Northwest Territories and is exempt from income tax. The Northwest Territories Hydro Corporation (NT Hydro) is the parent company and holds all of the common shares of NTPC. The Government of the Northwest Territories (GNWT) owns all shares of NT Hydro and owns one preferred share of NTPC (Note 14).

NTPC owns and operates hydroelectric, diesel, natural gas and photovoltaic generation facilities for the distribution and transmission of utility services to residents and businesses in the Northwest Territories (NWT). NTPC controls one wholly-owned subsidiary, the Northwest Territories Energy Corporation Ltd. (NWTEC). NWTEC, under the authority of the *Northwest Territories Power Corporation Act*, financed the Dogrib Power Corporation in 1996 for the construction of a 4.3 MW hydroelectric facility. In previous years, NWTEC was responsible for the joint operation and shared ownership (50%) in one residual heat project in Fort McPherson, Aadrii Ltd. During the year, NWTEC sold its investment in Aadrii Ltd. to NT Hydro's subsidiary Northwest Territories Energy Corporation (03) Ltd. (NT Energy).

NT Energy is unregulated and involved in construction and development of energy related capital projects. NT Energy is also undertaking any work to develop prices and respond to requests for electricity pricing for potential mining operations. Separate consolidated financial statements for NT Hydro are prepared each year.

NORTHWEST TERRITORIES POWER CORPORATION

Note 1. The Corporation (continued)

b) Regulated activities

The activities of NTPC are regulated by the Public Utilities Board (PUB) of the Northwest Territories pursuant to the *Public Utilities Act*. The PUB regulates matters covering rates, financing, accounting for regulatory purposes, construction, operation and service area. The PUB reviews the affairs, earnings and accounts of NTPC every year by way of its annual report of finances. As the PUB is a board appointed by the GNWT, and NTPC is a public agency of the GNWT, NTPC and the PUB are related parties.

The PUB uses cost of service regulation to regulate NTPC's earnings on a return on equity basis. The PUB approved a return on equity of 8% which will remain in effect until it is reassessed in the next General Rate Application (GRA) filing (Decision 6-2023). As actual operating conditions will vary from forecast, actual returns achieved may differ from approved returns.

On March 15, 2019, NTPC filed a collection rider application with the PUB to reduce the balance of the regulated Territory-wide Rate Stabilization Fund as a result of high fuel costs as well as reduced access to lower cost generation through purchased power in Norman Wells and liquefied natural gas generation in Inuvik. PUB approved the rider effective May 1, 2019 (Decision 4-2019). The rider ranges between 0.69 cents/kWh to 0.99 cents/kWh for all firm power customers with the exception of Northland Utilities (NWT) Limited. NTPC filed with the PUB in February 2024 an application to increase the fuel rider charged to customers. PUB approved a rider increase of approximately 1.07 cents/kWh (1.01 cents to 1.12 cents) which came into effect May 1, 2024 (Decision 8-2024) which excluded wholesale customers.

NTPC filed with the PUB an application for a rider for the low water event in the snare zone. This rider is required to help NTPC manage the operational costs associated with the low water event. The rider is for 2.34 cents/kWh and was approved by the PUB (Decision 8-2024). The rider came into effect May 1, 2024. The collection of this rider was terminated effective December 1, 2024 (Decision 25-2024).

The PUB directed NTPC to file a GRA application by December 31, 2024 (Decision 1-2024). Due to this decision NTPC filed for interim rate increases on May 9, 2024. Two interim rates were approved by the PUB. The first was for increases of 0.5% in the Snare zone, 0.9% in the Taltson zone, and 12.7% in the Thermal zone effective July 1, 2024. The second was for increases of 5.5% in the Snare zone and 5.5% in the Taltson zone effective December 1, 2024 (Decisions 15 and 25-2024).

On February 7, 2025, NTPC filed for interim rates for Hay River effective March 1, 2025. The interim rates were approved by the PUB (Decision 6-2025). Non-government customers are to be billed at Taltson rates, and government customers are to be billed Fort Smith rates plus 1.96 cents/kWh.

c) Economic dependence

NTPC has historically been dependent on the GNWT to maintain its operations and meet its liabilities. It is expected that the ongoing operations of NTPC will depend on continued financial support from the GNWT.

NORTHWEST TERRITORIES POWER CORPORATION

2. Significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Public Sector Accounting Board (PSAB). The accounting policies set out below have been applied in preparing the consolidated financial statements.

a) Basis of consolidation

The consolidated financial statements of NTPC consist of the transactions and balances of NTPC and NWTEC. Inter-entity transactions and balances with the NWTEC are eliminated upon consolidation. NTPC's investment in its government business partnership (GBP), Aadrii Ltd., is accounted for under the modified equity method to record its investment, net income and other changes in equity. Inter-entity transactions and balances with the GBP are not eliminated.

The consolidated budget figures presented in these consolidated financial statements were approved by the Board of Directors and include adjustments to eliminate budgeted inter-entity revenues and expenses. The budget figures do not reflect any forecast changes made throughout the year.

b) Measurement uncertainty

To prepare these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and the disclosure of contingent liabilities. Significant estimates include the estimated useful lives of tangible capital assets, impairment and the value of future economic benefits associated with the tangible capital assets, the provision for other employee future benefits and the provisions for asset retirement obligations and environmental liabilities.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available.

Measurement uncertainty exists in these consolidated financial statements. Actual results could differ significantly from these estimates.

c) Inventories

Inventories are only held for use and consist mainly of materials, supplies, lubricants, critical spare parts and fuel. Inventories are recorded at cost. Cost is determined using the weighted average cost method. Impairments, when recognized, result in a write-down to net realizable value.

NORTHWEST TERRITORIES POWER CORPORATION

Note 2. Significant accounting policies (continued)

d) Financial instruments

The financial instruments of NTPC are classified and measured at amortized cost using the effective interest method and include the following: cash, revenues receivable, government contributions receivable, due to/from related party, operating line of credit, accounts payable and accrued liabilities, debenture debt, and capital lease obligation.

Provisions for impairment of revenues receivable, government contributions receivable, and due from related party are established when there is objective evidence that NTPC will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that revenues receivable are impaired. The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of operations and accumulated surplus as bad debt expense. When a receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized in the consolidated statement of operations and accumulated surplus.

All financial assets are tested annually for impairment or more frequently if indicators of impairment exist. When these financial assets are impaired, impairment losses are recorded in the consolidated statement of operations and accumulated surplus. Such impairment is not reversed following a subsequent increase in value. Transaction costs, with respect to financial assets and liabilities carried at amortized cost, are added to the initial cost of the acquired financial asset or financial liability.

e) Tangible capital assets

Tangible capital assets represent property, plant and equipment and are recorded at historical cost less accumulated amortization and impairment losses. Costs include amounts that are directly related to the acquisition, design, construction, development, improvement and betterment of the assets. Costs include contracted services, materials and supplies, direct labour, attributable overhead costs, capitalized interest directly attributable to construction or development (IDC) and statutory, contractual or legal obligations associated with the retirement of tangible capital assets. Capitalization of interest ceases when no construction or development is taking place or when a tangible capital asset is ready for use.

The IDC rate for 2024-25 was 4.46% (2023-24 – 4.46%). Gains or losses on disposition are included in the consolidated statement of operations and accumulated surplus.

i) Leased tangible capital assets

Leases that transfer substantially all of the benefits and risks incidental to ownership of tangible capital assets are accounted for as leased tangible capital assets and a lease liability.

The value of the leased tangible capital asset and lease liability is recorded at the inception of the lease based upon the present value of the minimum lease payments, excluding executory costs.

NORTHWEST TERRITORIES POWER CORPORATION

Note 2. Significant accounting policies (continued)

ii) Contributions of tangible capital assets

Tangible capital assets received as contributions from third parties are recorded as assets and revenue at their fair value at the date of receipt, except in circumstances where fair value cannot reasonably be determined, in which case they are recognized at nominal value.

iii) Impairment

When conditions indicate that a tangible capital asset no longer contributes to NTPC's ability to provide services, or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the carrying value of the tangible capital asset is reduced to reflect that a permanent decline in the value of the asset has occurred. The related expense is recorded in the consolidated statement of operations and accumulated surplus and is not reversed if conditions subsequently change.

iv) Amortization

Management has utilized amortization rates approved by the PUB (Decision 6-2023). The cost, less residual value, is amortized over an asset's useful life on a straight-line basis based on the average life of the group. Assets under construction are not amortized until they are ready for their intended productive use. NTPC uses amortization studies and other information to assess amortization rates and substantiate amortization rate changes. Amortization rate changes are accounted for on a prospective basis.

Annual amortization rates are as follows:

	2025 Rates (%)	2024 Rates (%)
Electric power plants	1.00 – 5.00	1.00 – 5.00
Transmission and distribution systems	1.54 – 6.67	1.54 – 6.67
Warehouse equipment, motor vehicles and general facilities	1.54 – 20.00	1.54 – 20.00
Electric power plant under capital lease	1.00 – 4.35	1.00 – 4.35

f) Purchased intangible assets

Purchased intangible assets represent non-monetary economic resources that are identifiable without physical substance acquired through an arm's length exchange transaction. Purchased intangible assets are recorded at cost less accumulated amortization and, if necessary, impairment losses. Purchased intangible assets have a finite useful life and are amortized on a straight-line basis over their useful life of 20 years.

NORTHWEST TERRITORIES POWER CORPORATION

Note 2. Significant accounting policies (continued)

g) Government contributions

Government contributions are recognized as revenue when the contributions are authorized and all eligibility criteria are met, except to the extent that stipulations of a contribution give rise to an obligation that meets the definition of a liability, in which case the contribution is recorded as a deferred government contribution and subsequently recognized as revenue when the stipulations are met.

h) Contributions in aid of construction

Certain tangible capital asset additions are made with the assistance of cash contributions from utility customers. These contributions are recorded as other revenues when all restrictions or stipulations imposed have been satisfied, generally when the resources are used for the purposes intended.

i) Public service pension plan

All eligible employees participate in the Public Service Pension Plan (the Plan), administered by the Government of Canada. The Plan is a multi-employer contributory defined benefit plan established through legislation. NTPC's contributions to the Plan are charged as an expense on a current year basis and represent the total pension obligations. NTPC is not required under present legislation to make contributions with respect to actuarial deficiencies of the Plan.

j) Other employee future benefits

The expected cost of providing these benefits is actuarially determined using assumptions based on management's best estimates and is recognized as employees render service. The benefit plans are not funded and thus have no assets, resulting in plan deficits equal to the accrued benefit obligation.

i) *Severance and ultimate removal benefits*

Under the terms and conditions of employment, eligible employees may earn severance and removal benefits based on employee start dates, years of service, final salary and location of hire. The benefits are paid upon resignation, retirement, ultimate removal or death of an employee.

NORTHWEST TERRITORIES POWER CORPORATION

Note 2. Significant accounting policies (continued)

ii) *Sick leave benefits*

NTPC provides certain sick leave benefits that are available to be used in future periods when claimed by the employee upon becoming sick. The sick leave benefits accumulate, do not vest and are not paid out to employees upon resignation, retirement or death of an employee.

k) Asset retirement obligations

An asset retirement obligation (ARO) liability is recognized at the financial reporting date, when all of the following criteria are met:

- NTPC has a legal obligation to incur retirement costs,
- The past transaction or event giving rise to the liability has occurred,
- NTPC expects that future economic benefits will be given up, and
- A reasonable estimate of the amount can be made.

The estimate of an ARO incorporates a present value technique. When a liability for an ARO is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The liability is based on management's best estimate of retirement and/or abatement cost.

At each financial reporting date, the carrying amount of the liability is reviewed. NTPC recognizes period to period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. Once the related tangible capital asset is no longer in productive use, changes to the liability are recognized as an expense in the period they are incurred. NTPC continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

l) Environmental liabilities

A contaminated site is a site where physical, chemical, biological or radiological substances have been introduced in air, soil, water or sediment and have an adverse effect. A liability for remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, NTPC is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects NTPC's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination.

Environmental liabilities consist of the estimated costs related to the monitoring, maintenance and remediation of environmentally contaminated sites. Environmental liabilities are discounted for the time value of money. NTPC reviews its estimates of environmental liabilities on an annual basis.

NORTHWEST TERRITORIES POWER CORPORATION

Note 2. Significant accounting policies (continued)

m) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates at year-end. Foreign currency transactions are translated into Canadian dollars using rates in effect at the time the transactions were entered into. All realized exchange gains and losses are included in surplus for the year according to the activities to which they relate.

n) Revenues

Revenues from transactions with performance obligations occur when there is an enforceable promise to transfer goods or services directly to a payor in return for promised consideration. These revenues are recognised when control of the benefits associated with the goods or services have transferred and there is no unfulfilled performance obligation.

Sales of power and fuel rider revenue consist of a single performance obligation, the customer's utilization of power. Performance obligations are satisfied as electricity is delivered because of the continuous transfer of control to the customer. These revenues are measured based on cyclical meter readings. Sale of power revenues and fuel rider revenues include accruals for electricity sale not yet billed.

Contract work revenue relates to construction contracts with customers. These revenues are recognized over time as performance obligations are fulfilled and are measured based on costs incurred.

Interest is recognized on an accrual basis.

o) Expenses

Expenses are recognized on an accrual basis.

p) Contractual obligations and contingent liabilities

The nature of NTPC's activities requires contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations pertain to funding commitments for operating and capital projects. Contractual obligations are obligations of NTPC to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The contingent liabilities of NTPC are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the occurrence of the confirming future event is likely but the amount of the liability cannot be reasonably estimated, the contingency is disclosed. If the occurrence of the confirming future event is not determinable, the contingency is disclosed.

NORTHWEST TERRITORIES POWER CORPORATION

Note 2. Significant accounting policies (continued)

q) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess revenues over expenses, provides the change in net debt during the year.

r) Future accounting changes

Effective for periods beginning on or after April 1, 2026, NTPC will be required to adopt the new Conceptual Framework for Financial Reporting in the Public Sector. Earlier adoption of the new framework is permitted. NTPC is currently assessing the impact of this standard on the consolidated financial statements.

Effective for periods beginning on or after April 1, 2026, NTPC will be required to adopt PS 1202 Financial Statement Presentation. The standard sets out general and specific requirements for the presentation of information in financial statements. The financial statement presentation principles are based on the concepts in the Conceptual Framework. Earlier adoption is permitted if the Conceptual Framework for Financial Reporting in the Public Sector is early adopted. NTPC is currently assessing the impact of this standard on the consolidated financial statements.

NORTHWEST TERRITORIES POWER CORPORATION

3. Acquisition of Hay River Franchise

On March 1, 2025, NTPC completed the fair value acquisition of the Hay River franchise, including electricity distribution and backup generation assets and other related assets and liabilities. This transaction was executed through two sequential Asset Purchase Agreements (APA): first between Northland Utilities Limited (NUL, operating as Naka Power) and the Town of Hay River, and subsequently between the Town of Hay River and NTPC.

Under the second agreement, NTPC acquired the following assets and assumed liabilities:

Original purchase price	$ 28,255
Less: Allocation of original purchase price	
Tangible capital assets	12,317
Accounts receivable	460
Inventory	279
Accounts payable and accrued liabilities	(37)
	13,019
Total purchased intangible asset	15,236
Subsequent adjustments to the original purchase price	
Accounts receivable	875
Inventory	(35)
	840
Adjusted purchase price	$ 29,095

The adjusted purchase price after subsequent adjustments is $29,095, of which $28,255 was transferred on the closing date of March 1, 2025, the remaining portion is still owing to NUL at March 31, 2025.

NTPC acquired certain regulatory deferral accounts, which are not recognized under PSAS. These will be recovered in future rates as approved by the Northwest Territories Public Utility Board (PUB).

As a result of the acquisition, NTPC capitalized, within the tangible capital assets ($5,792 to electric power plants, $5,733 to transmission and distribution and $792 to general facilities), related overhead costs and transfer costs of $591 and increased the asset retirement obligation related to the purchased buildings for $212. It was determined on acquisition that there is no obligation related to environmental liabilities.

The portion allocated to purchased intangible asset includes NTPC's exclusive franchise right to distribute electricity within the Town of Hay River for 15 years with an automatic 5-year extension assuming neither party has provided notice of non-extension.

The final consideration and associated asset values may be subject to further post-closing adjustments as outlined in the APA. These immaterial adjustments will be reflected in NTPC's 2025–26 fiscal year as necessary.

NORTHWEST TERRITORIES POWER CORPORATION

4. Revenues receivable

At March 31, 2025, the aging of revenues receivable was as follows:

	2025			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	$ 14,685	$ 2,097	$ 464	$ 17,246
Non-utility	677	279	571	1,527
Allowance for doubtful accounts	-	-	(280)	(280)
	$ 15,362	$ 2,376	$ 755	$ 18,493

At March 31, 2024, the aging of revenues receivable was as follows:

	2024			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	$ 12,428	$ 694	$ 280	$ 13,402
Non-utility	215	139	155	509
Allowance for doubtful accounts	-	-	(254)	(254)
	$ 12,643	$ 833	$ 181	$ 13,657

The changes in the allowance for doubtful accounts were as follows:

	2025	2024
Balance, beginning of the year	$ (254)	$ (177)
Receivables written off	51	61
Change to allowance	(77)	(138)
Balance, end of the year	$ (280)	$ (254)

Revenues receivable on utility and non-utility accounts are due in 28 and 30 days, respectively. Interest is charged after the due dates at rates in the terms of the service agreement. As at March 31, 2025, NTPC provided an allowance for doubtful accounts for the estimated portion of its uncollectible revenues receivable accounts. Additional disclosures on NTPC's exposure and management of credit risk associated with revenues receivable is included in Note 22.

NORTHWEST TERRITORIES POWER CORPORATION

5. Operating line of credit

NTPC has access to a $150,000 (2023-24 - $75,000) operating line of credit with its bank with an interest rate of Prime less 0.5%. The operating line is shared with NTPC's related parties that consolidate into NTPC's parent company, NT Hydro. The operating line of credit allows NTPC to borrow using Bankers' Acceptances or other advances directly against the line of credit.

As at March 31, 2025, NTPC has borrowed $78,755 (2023-24 - $18,075) against the line of credit. Total utilization of the operating line of credit by the NT Hydro group at March 31, 2025 was $101,928 (2023-24 - $38,966).

NTPC has no outstanding letters of credit as of March 31, 2025 (2023-24 – nil).

6. Accounts payable and accrued liabilities

The following is a summary of NTPC's accounts payable and accrued liabilities:

	2025	2024
Trade payables and accrued liabilities	$ 20,915	$ 17,821
Payable to GNWT and its related entities (Note 20)	12,726	39,689
Payroll liabilities	4,955	6,350
Interest payable	3,165	3,192
Other payables	4,010	2,436
	$ 45,771	$ 69,488

NORTHWEST TERRITORIES POWER CORPORATION

7. Debenture debt

a) Owing to third parties

	2025	2024
3.982% amortizing debenture, due February 17, 2047 repayable semi-annually in blended payments of $1,722	$ 50,170	$ 51,575
5.16% amortizing debenture, due September 13, 2040 repayable semi-annually in blended payments of $1,684	35,645	37,117
5.443% debenture – interest payable semi-annually, principal is due August 1, 2028	25,000	25,000
5.995% debenture – interest payable semi-annually, principal is due December 15, 2034	25,000	25,000
3.818% debenture – interest payable semi-annually, principal is due November 25, 2052	25,000	25,000
5% debenture – interest payable semi-annually, principal is due July 11, 2025	15,000	15,000
6.42% amortizing debenture, due December 18, 2032 repayable semi-annually. The first semi-annual payment is interest only, the second semi-annual payment is interest plus $667 principal	5,333	6,000
4.344% debenture – interest payable semi-annually, principal is due April 14, 2053	75,000	75,000
	$ 256,148	$ 259,692
Less: unamortized premium, discount and issuance costs	(771)	(824)
	$ 255,377	$ 258,868

The GNWT guarantees all third-party debenture debt.

b) Owing to the GNWT

	2025	2024
2.265% amortizing debenture, due September 30, 2050 repayable semi-annually in blended payments of $922	$ 35,577	$ 36,599

Principal repayments for future years on all debenture debt are as follows:

2026	2027	2028	2029	2030	Thereafter	Total
$ 19,721	$ 4,885	$ 5,055	$ 30,235	$ 5,420	$226,409	$ 291,725

NORTHWEST TERRITORIES POWER CORPORATION

8. Asset retirement obligations

ARO include costs related to the disposal of generating plants on leased land. ARO also includes estimated remediation cost to remove asbestos from NTPC's buildings.

Following is a summary of the key assumptions upon which the carrying amount of the ARO is based:

- Total expected future cash flows - $13,311 (2023-24 - $13,020).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 37 years with the majority occurring after 2037.
- The discount rate is the year-end cost of borrowing of 3.94% (2023-24 – 4.34%) for those obligations to be settled in less than 10 years and 4.59% (2023-24 – 4.58%) for those obligations to be settled in 10 years or longer.
- Inflation was assumed to be 2% (2023-24 – 2%).

Following is a summary of the asset retirement obligations:

	2025	2024
Opening balance	$ 6,440	$ 6,498
Liabilities settled	-	(7)
Accretion expense	262	251
Valuation adjustment	74	(313)
Additions	221	11
Balance, end of year	$ 6,997	$ 6,440

The valuation adjustments relate to changes in discount rates, timing of cash flows and estimated costs to retire assets and remediate asbestos. The valuation adjustments are reflected as changes to the carrying value of the tangible capital assets.

NORTHWEST TERRITORIES POWER CORPORATION

9. Environmental liabilities

Environmental protection legislation (Environmental Guideline for Contaminated Site Remediation, Northwest Territories Department of Environment and Natural Resources, 2003) establishes maximum standards for concentrations of petroleum hydrocarbons and other substances in soil to protect environmental quality and human health from the long-term effect of exposure to them. Legislation requires a responsible party to perform remediation activities if the concentrations exceed standard levels. NTPC estimates that it has 22 geographic locations (2023-24 - 22 locations) with multiple sites at each location which have contaminated soil that exceed the accepted maximum standard in the Northwest Territories. NTPC is responsible for remediation of the contaminated site upon sale of the land or termination of the lease.

Management estimates that over 75% of the contamination occurred prior to May 5, 1988 when the Government of Canada controlled Northern Canada Power Commission (NTPC's predecessor company). There is no provision recorded in these consolidated financial statements for a potential recovery from the Government of Canada.

Following is a summary of the key assumptions upon which the carrying amount of the environmental liabilities is based:

- Total expected future cash flows - $70,312 (2023-24 - $69,683).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 65 years with the majority occurring after 2061.
- The discount rate is the year-end cost of borrowing of 3.94% (2023-24 – 4.34%) for those obligations to be settled in less than 10 years and 4.59% (2023-24 – 4.58%) for those obligations to be settled in 10 years or longer.
- Inflation was assumed to be 2% (2023-24 – 2%).

Following is a summary of the estimated environmental liabilities:

	2025	2024
Opening balance	$ 15,066	$ 17,970
Liabilities settled	(43)	(1,078)
Valuation adjustment	1,356	(1,826)
Balance, end of year	$ 16,379	$ 15,066

The valuation adjustment relates to changes in the timing of or amount of expected future cash flows and changes to the discount rate applied. The valuation adjustment is recognized in supplies and services expense (Note 17).

NORTHWEST TERRITORIES POWER CORPORATION

10. Capital lease obligation

In 1996, NTPC entered into a 65-year lease from the Dogrib Power Corporation for the Snare Cascades at a variable interest rate based on the weighted average return of equity and cost of debt. The lease matures August 2061. The interest rate on the lease as of March 31, 2025 was 7.75% (2023-24 – 7.75%). This rate is recalculated periodically in accordance with PUB orders as established through the GRA process (Note 1(b)). The lease can be renewed at NTPC's option subject to the same covenants, obligations and agreements except for the monthly rental price which shall be determined by mutual agreement or arbitration. The renewal term will be based on the useful life of the property at the end of the term or the expiry of the Ground Lease, whichever comes first. To reflect the effective acquisition and financing nature of the lease, the Snare Cascades is included in electric power plant under capital lease (Note 12).

Present value of minimum lease payments

The undiscounted contractual obligations, the effects of discounting and the present values of the minimum lease payments required for the capital lease obligation over the next five years and thereafter are as follows:

2026	$	1,593
2027		1,562
2028		1,530
2029		1,499
2030		1,467
Thereafter		30,079
		37,730
Less: amounts representing imputed interest		(22,996)
Total capital lease obligation	**$**	**14,734**

Additional disclosures on NTPC's exposure and management of risk associated with the capital lease obligation can be found in Note 22.

11. Other employee future benefits

a) Public Service Pension Plan

The employees of NTPC participate in the Plan. The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the Plan. The basic benefit formula is 2% per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. The employer contribution rate effective at the end of the year was 1.01 times (2023-24 – 1.02) the employees' contributions for employees who started prior to January 2013 and 1.00 times (2023-24 – 1.00) the employees' contributions for all other employees. The employer contribution rate at the end of the year for the portion of the employee's salary above $210 (2023-24 - $202) was 5.09 times (2023-24 – 4.63) the employee's contributions. Employer contributions of $2,802 (2023-24 - $1,910) were recognized as an expense in the current year. The employees' contribution to this plan was $2,621 (2023-24 - $1,749).

NORTHWEST TERRITORIES POWER CORPORATION

Note 11. Other employee future benefits (continued)

The Plan was amended during 2013 which raised the normal retirement age and other age-related thresholds from age 60 to age 65 for new members joining the Plan on or after January 1, 2013. For existing members, the normal retirement age remains age 60.

b) Other employee future benefits

Summary of other employee future benefit liabilities:

	2025			2024		
	Severance and Removal Benefit	Accumulated Sick Leave Benefit	Total	Severance and Removal Benefit	Accumulated Sick Leave Benefit	Total
Accrued benefit obligation, beginning of year	$ 3,154	$ 242	$ 3,396	$ 3,133	$ 246	$ 3,379
Benefits earned	260	18	278	266	18	284
Plan amendments	37	-	37	-	-	-
Interest	146	11	157	134	10	144
Benefits paid	(221)	(27)	(248)	(480)	(26)	(506)
Actuarial (gains) losses	168	28	196	101	(6)	95
Accrued benefit obligation, end of year	3,544	272	3,816	3,154	242	3,396
Unamortized net actuarial gain/(loss)	(1,135)	(171)	(1,306)	(1,109)	(195)	(1,304)
Net future obligation	$ 2,409	$ 101	$ 2,510	$ 2,045	$ 47	$ 2,092

NTPC provides accumulating sick leave employee benefits of one and one quarter days of sick leave per month which will require funding in future periods when claimed upon an employee becoming sick. Sick leave can only be used for paid time off for illness of the employee. Sick leave taken is paid at the employee's normal rate of pay. The sick leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick days accumulate and there are no limits to the accumulation. Sick leave benefits accumulate over the periods of service provided by employees and are recognized as services are performed to earn them.

NORTHWEST TERRITORIES POWER CORPORATION

Note 11. Other employee future benefits (continued)

Total expenses related to the severance, removal and sick leave benefits include the following components:

	2025	2024
Current benefits earned	$ 278	$ 284
Plan amendments	37	-
Interest	157	144
Amortization of net actuarial loss	194	185
	$ 666	$ 613

The actuarial valuation reflects management's best estimate based upon a number of assumptions including:

	2025	2024
Expected inflation rates	2%	2%
Discount rate used to determine the accrued benefit obligation	4.2%	4.5%
Expected average remaining service life of related employee groups (EARSL)	10.2 years	10.4 years

NORTHWEST TERRITORIES POWER CORPORATION

12. Tangible capital assets

	2025					
	Electric power plants	Transmission and Dist. systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	$ 451,541	$ 117,685	$ 92,708	$ 28,687	$ 91,408	$ 782,029
Additions	10,289	10,457	72,101	-	56,030	148,877
Transfers – completed projects	85,541	7,180	5,917	-	(98,638)	-
Disposals and adjustments	(5,431)	(433)	(1,551)	-	-	(7,415)
Closing balance	541,940	134,889	169,175	28,687	48,800	923,491
Accumulated amortization						
Opening balance	(179,431)	(47,888)	(51,556)	(11,547)	-	(290,422)
Amortization	(12,183)	(2,927)	(4,017)	(481)	-	(19,608)
Disposals and adjustments	4,624	355	1,477	1	-	6,457
Closing balance	(186,990)	(50,460)	(54,096)	(12,027)	-	(303,573)
Net book value	**$ 354,950**	**$ 84,429**	**$ 115,079**	**$ 16,660**	**$ 48,800**	**$ 619,918**

	2024					
	Electric power plants	Transmission and Dist. systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	$ 428,616	$ 112,720	$ 90,687	$ 28,733	$ 78,608	$ 739,364
Additions	11	-	-	-	45,279	45,290
Transfers – completed projects	24,677	5,044	2,758	-	(32,479)	-
Disposals and adjustments	(1,763)	(79)	(737)	(46)	-	(2,625)
Closing balance	451,541	117,685	92,708	28,687	91,408	782,029
Accumulated amortization						
Opening balance	(169,149)	(45,183)	(48,610)	(11,082)	-	(274,024)
Amortization	(11,447)	(2,773)	(3,577)	(481)	-	(18,278)
Disposals and adjustments	1,165	68	631	16	-	1,880
Closing balance	(179,431)	(47,888)	(51,556)	(11,547)	-	(290,422)
Net book value	**$ 272,110**	**$ 69,797**	**$ 41,152**	**$ 17,140**	**$ 91,408**	**$ 491,607**

The cost of land as of March 31, 2025 included in electric power plants cost is approximately $5,895 (2023-24 - $5,594). Amortization is not recorded on land.

NORTHWEST TERRITORIES POWER CORPORATION

13. Inventories

	2025	2024
Materials, supplies and lubricants	$ 9,579	$ 11,899
Critical spare parts	7,448	4,925
Fuel	644	334
	$ 17,671	$ 17,158

Inventories are used to make repairs, complete overhauls or generate electricity. Production fuel inventory is held in five of NTPC's operating plants. See also Note 21(a).

14. Accumulated surplus/equity

	2025	2024
Share capital, common and preferred shares	$ 43,129	$ 43,129
Accumulated operating surplus / equity	152,233	72,336
	$ 195,362	$ 115,465

The authorized share capital of NTPC is comprised of an unlimited number of common shares without par value and one preferred, non-cumulative share without par value. As at March 31, 2025, 431,288,000 common shares (2023-24 – 431,288,000 common shares) at ten cents per share (2023-24 – ten cents per share) have been issued and fully paid, and one preferred share at one dollar. NTPC may only issue its preferred shares to the GNWT.

15. Sale of power

	2025	2024
Power sales to external customers	$ 88,956	$ 81,161
Power sales to GNWT and its related entities	19,239	17,823
GNWT TPSP payments	7,522	6,856
GNWT HSP payments	5,249	4,743
	$ 120,966	$ 110,583

Sale of power includes GNWT support program payments received by NTPC on behalf of customers. The GNWT offers these support programs to both NTPC and Northland Utilities Ltd. customers.

The GNWT Territorial Power Support Program (TPSP) payments subsidize residential power rates to the rate paid in Yellowknife for energy used within a specified threshold.

NORTHWEST TERRITORIES POWER CORPORATION

Note 15. Sale of power (continued)

The GNWT Housing Support Program (HSP) payments subsidize the difference between the specified rate paid by GNWT residential customers living in public housing and the PUB residential rate for that community.

NTPC administers these support programs on behalf of the GNWT and invoices the GNWT monthly for the payments. The support payments are subject to the same terms as other utility customers as per NTPC's Terms and Conditions of Service.

16. Other revenue

	2025	2024
Contract work	$ 1,446	$ 2,485
Connection fees	329	369
Heat revenues	311	326
Pole rental	354	278
Other	141	139
	$ 2,581	$ 3,597

17. Expenses

The following is a summary of the expenses for the year by object:

	2025	2024
Fuel and lubricants (Notes 20, 21)	$ 61,574	$ 75,567
Salaries and wages	33,648	31,594
Supplies and services	34,704	25,864
Amortization of tangible capital assets (Note 12)	19,608	18,278
Amortization of purchased intangible assets	63	-
Interest expense (Note 18)	14,952	13,571
Travel and accommodation	3,244	3,010
Loss on disposal of assets	1,519	1,241
Accretion on ARO (Note 8)	262	251
	$ 169,574	$ 169,376

NORTHWEST TERRITORIES POWER CORPORATION

18. Interest expense and interest income

Interest expense

	2025	2024
Interest on debenture debt and capital leases (Notes 7, 10)	$ 14,201	$ 14,323
Short-term debt financing costs	2,693	1,270
Capitalized interest during construction	(1,942)	(2,022)
	$ 14,952	$ 13,571

Interest income

	2025	2024
Interest on due from related party (Note 20)	$ 609	$ 1,763
Income from overdue accounts and bank balances	99	77
	$ 708	$ 1,840

19. Government Contributions

a) Contributions from Northwest Territories Hydro Corporation

In 2024-25, NTPC recorded an inter-company contribution from NT Hydro to NTPC equal to the $39,900 to assist in the Inuvik High Point Wind purchase (Note 20).

b) Contributions from the Government of the Northwest Territories

NTPC has entered an agreement with the GNWT that included a contribution of $38,000 related to the Inuvik High Point Wind project that was completed in 2023-24 by NT Energy. The assets related to the Inuvik High Point Wind were acquired by NTPC from NT Energy in 2025 (Note 20).

In 2024-25, the GNWT contributed $30,000 (2023-24 - $15,200) towards increased fuel prices and additional fuel consumption incurred as a result of low water conditions.

In 2024-25, the GNWT authorized and paid a contribution to NTPC of $12,000. After year-end, this agreement was amended, which reduced future funding to $6,000 which is expected to be received in 2025-26. The funding is to assist in reducing utility rates, and this amendment allowed NTPC to apply funds against certain regulatory sunk costs which have already been expensed.

NORTHWEST TERRITORIES POWER CORPORATION

Note 19. Government contributions (continued)

	2025	2024
Inuvik High Point Wind Project (Note 20)	$ 38,000	$ -
Contribution towards fuel costs related to low water event	30,000	15,200
Contributions to reduce sunk costs	12,000	
Fort Simpson LNG Program	262	16
Inuvik LNG Tank Program	14	-
Sachs Harbour Power Plant Program	-	445
	$ 80,276	$ 15,661

20. Related party transactions and balances

NTPC is a Territorial public agency and consequently is related to the GNWT and its agencies and corporations. NTPC provides utility services to, and purchases fuel and other services from, these related parties. These transactions are in the normal course of operations and are at the same rates and terms as those with similar unrelated customers and suppliers.

Transactions with related parties and balances at year-end not disclosed elsewhere (Notes 7(b), 15, 19, and 22(a)) in these consolidated financial statements are as follows:

Revenues	2025	2024
Other revenue	$ 233	$ 320
Interest income charged to NT Energy	609	1,763
Fuel rider revenue	573	441
	$ 1,415	$ 2,524
Expenses		
Purchases of fuel from Fuel Services Division of the GNWT (FSD) (Note 21)	$ 32,277	$ 50,885
Purchased power from NT Energy	2,515	1,299
Other operating expenses	1,243	949
	$ 36,035	$ 53,133

NORTHWEST TERRITORIES POWER CORPORATION

Note 20. Related party transactions (continued)

Financial assets	**2025**	**2024**
Revenues receivable		
Utility	$ 1,578	$ 978
Non-utility	653	243
	$ 2,231	$ 1,221
Government contributions receivable	$ 58	$ -
Liabilities		
Accounts payable and accrued liabilities		
Accounts payable to FSD for fuel (Note 21)	$ 5,355	$ 39,689
Repayable government contributions	5,511	-
Other accounts payable and accrued liabilities	1,860	3
	$ 12,726	$ 39,692
Deferred government contributions	$ 21	$ 5,751

NTPC assisted in financing NT Energy, through inter-company transactions, in the construction of the Inuvik High Point Wind assets which created a receivable from NT Energy to NTPC. In March 2025, NTPC acquired the Inuvik High Point Wind assets from NT Energy for $81,809 ($71,269 to general facilities, $4,436 to transmission and distribution, $3,895 to electric power plants and $2,209 to construction work in progress) at the carrying value of the assets (total cost less accumulated amortization up to the day the assets were purchased).

Summary of the intercompany balance with NT Energy is as follows:

	2025	**2024**
Opening balance	$ 17,019	$ 13,799
Transfer value of Inuvik High Point Wind assets	(81,809)	-
Net inter-company advances	2,109	3,220
Balance, end of year	$ (62,681)	$ 17,019

The balance owing from NT Hydro at the end of the year represents the inter-company contribution from NT Hydro of $39,900 as described in Note 19.

All inter-company balances bear interest at a rate of bank prime minus .5%. The balances are due on demand with no specific terms of repayment.

On April 1, 2024, NTPC sold its investment in Aadrii Ltd. to NT Energy at carrying value for $415 and no gain or loss was recognized.

NORTHWEST TERRITORIES POWER CORPORATION

21. Contractual obligations and contingent liabilities

a) Contractual obligations

NTPC is contractually committed for the following expenses with non-related parties that will be incurred subsequent to March 31, 2025.

	2026	2027 and subsequent
Operational and lease commitments	$ 11,281	$ 130

Capital projects

NTPC has contractual obligations of $9,210 related to capital projects of which payments are expected to be made in 2025-26.

Fuel management services agreement

NTPC has a fuel management services agreement with GNWT's Fuel Service Division (FSD). Under this agreement, FSD provides fuel inventory and maintenance of fuel tank farms of 20 communities served by NTPC. The price of fuel under this agreement changes with the change in market price, the cost of freight, the GNWT fuel tax rate and the amount of fuel purchased by NTPC from FSD in a given year. There is an annual minimum purchase requirement of 13 million liters averaged over a 2-year period. The contract expires March 31, 2029.

b) Contingent liabilities

In the normal course of operations, NTPC is subject to legal claims and possible claims. NTPC's evaluation of known and possible claims is that the resolution of these matters is not expected to have a material financial effect.

Asset retirement obligations

NTPC has not recognized a provision for the closure and restoration obligations for certain generation, transmission and distribution assets which NTPC anticipates maintaining and operating for an indefinite period, making the date of retirement of these assets indeterminate. These significant uncertainties around the timing of any potential future cash outflows are such that a reliable estimate of the liability is not possible at this time. A provision will be recognized when the timing of the retirement of these assets can be reasonably estimated.

NORTHWEST TERRITORIES POWER CORPORATION

22. Financial instruments and risk management

NTPC's financial instruments include cash, revenues receivable, government contributions receivable/payable, due to/from related party, operating line of credit, accounts payable and accrued liabilities, debenture debt, and capital lease obligation.

NTPC is exposed to the following risks from its use of financial instruments: credit risk, liquidity risk, and interest rate risk. NTPC manages these risk exposures on an ongoing basis.

a) Credit risk

Credit risk is the risk that a third party will cause a financial loss for NTPC by failing to discharge its obligation. The following table sets out NTPC's maximum exposure to credit risk under a worst-case scenario and does not reflect results expected.

	2025	2024
Revenues receivable	$ 18,493	$ 13,657
Due from related parties	39,900	17,019
Government contributions receivable	58	-
Cash	596	866
	$ 59,047	$ 31,542

Revenues receivable

NTPC minimizes revenues receivable credit risk by taking cash deposits from customers. The size of the deposit varies depending on the risk exposure. Established customers or those with good credit are waived from having to provide a deposit. Total customer deposits at March 31, 2025 are $1,583 (2023-24 – $1,418). Thirty-four percent (2023-24 - 35%) of NTPC's sales of power are to two other utilities. Twenty-six percent (2023-24 - 27%) of sales of power, including HSP and TPSP are to the GNWT.

Due from related parties

The balance due from NT Hydro of $39,900 (2023-24 - $ nil), is due on demand with no specific terms of repayment.

NT Energy has a borrowing capacity of up to $48,000 from NTPC. As at March 31, 2025, the balance outstanding was $ nil (2023-24 - $17,019). The amount due bears interest at a rate of bank prime minus .5%. The balance due from related party is due on demand with no specific terms of payment.

Government contributions receivable

The GNWT accounts for 100% of the government contributions receivable.

NORTHWEST TERRITORIES POWER CORPORATION

Note 22. Financial instruments and risk management (continued)

Cash

NTPC minimizes the credit risk of cash by dealing with only reputable financial institutions and investing in securities that meet minimum credit ratings as stipulated by its investment policy and limiting exposure to any one security or asset class. An ongoing review is performed to evaluate changes in the status of counterparties.

b) Liquidity risk

Liquidity risk is the risk that NTPC will encounter difficulty in meeting its obligations associated with its financial liabilities. Debt liquidity risk is managed by the use of amortization provisions. NTPC arranges its financing in such a manner that the total amount of debt maturing in any given year does not exceed its ability to borrow in any given year. This practice gives NTPC the maximum flexibility over the use of its cash flow such that both its existing capital expenditure program and its ability to consider any future investment opportunities will not be constrained.

Liquidity risk is also managed by continuously monitoring actual and forecast cash flows, having the opportunity to borrow on a short-term basis from its shareholder and by maintaining a $150,000 operating line of credit with a reputable financial institution. The balance due to related party (NT Energy) is due on demand with no specific terms of repayment. The accounts payable and accrued payables, and the balance due to NT Energy are expected to be settled within one year. The following table shows the maturities of the operating line of credit, due to related party, debenture debt, and capital lease obligation:

	March 31, 2025				
	1 year or less	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	$ 32,083	$ 104,601	$ 197,433	$ 151,884	$ 486,001
Operating line of credit	78,755	-	-	-	78,755
Due to related party (NT Energy)	62,681	-	-	-	62,681
Capital lease obligation	1,593	7,494	16,805	11,838	37,730
	$ 175,112	$ 112,095	$ 214,238	$ 163,722	$ 665,167

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Changes in market interest rates will cause fluctuations in fair value of the debenture debt as these have fixed interest rates. Changes in market interest rates will cause fluctuations in cash flows of the capital lease obligation and operating line of credit as these have variable interest rates.

NORTHWEST TERRITORIES POWER CORPORATION

23. Subsequent events

a) General Rate Application

NTPC filed a General Rate Application (GRA) in October 2024. As part of the regulatory process, various stakeholders (intervenors) had the opportunity to submit information requests and attend regulatory hearings related to NTPC's GRA. Following this process, the NWT Public Utility Board (PUB) issued a list of directives in June 2025 to NTPC to amend the revenue requirement. In August 2025, NTPC responded to those directives and updated its requested revenue requirement in a compliance filing. A final decision has not been issued by the PUB confirming the updated revenue requirement; however, based on the directives issued by the PUB in June 2025, management estimates the 2024-25 shortfall is $11,300. As of the reporting date, the final PUB approval has not been granted and no asset or revenue has been recorded in the financial statements. NTPC will continue to monitor developments and will recognize the asset and revenue once the definition of an asset and revenue meet the recognition criteria.

b) Insurance Settlement

In August 2025, NTPC finalized the settlement of an outstanding insurance claim related to a hydro unit failure at Snare Forks that occurred in 2018-19. Under the terms of the settlement, NTPC is expected to receive $6,000 in 2025-26 and NTPC provided the insurers with a full release for the claim. The insurance proceeds are expected to be recognized in 2025-26 as revenue.

NORTHWEST TERRITORIES POWER CORPORATION

RECONCILIATION FROM PSAS CONSOLIDATED FINANCIAL INFORMATION TO RATE REGULATED ACCOUNTING CONSOLIDATED FINANCIAL INFORMATION

FOR THE YEAR ENDED MARCH 31, 2025

UNAUDITED

NORTHWEST TERRITORIES POWER CORPORATION
Reconciliation from PSAS Consolidated Financial Information to Rate Regulated Accounting Consolidated Financial Information
As at March 31, 2025
UNAUDITED

STATEMENT OF FINANCIAL POSITION	Audited PSAS Financial Statements	Reclassification Adjustments (Note 1)	Regulated Assets and Liabilities (Note 2)	TCA and ARO Adjustments (Note 3)	Other (Note 4)	Unaudited Rate Regulated Accounting
Assets						
Current assets						
Cash and short-term investments	$ 596	$ -	$ -	$ -	$ -	$ 596
Accounts receivables	18,493	-	11,296	-	-	29,789
Government contributions receivable	58	-				58
Net receivable from related parties	39,900	-	-	-	-	39,900
Inventories	17,671	(7,448)	-	-	-	10,223
Prepaid expenses	2,355	-	-	-	-	2,355
	79,073	(7,448)	11,296	-	-	82,921
Property, plant and equipment (net)	619,918	7,448	(27,968)	29,860	4	629,262
Other long term assets						
Purchased intangible assets	15,173	-	(15,173)	-	-	-
Regulatory assets	-	-	79,962	-	-	79,962
	15,173	-	64,789	-	-	79,962
	$ 714,164	$ -	$ 48,117	$ 29,860	$ 4	$ 792,145
Liabilities and Shareholder's Equity						
Current liabilities						
Short-term debt	$ 78,755	$ -	$ -	$ -	$ -	$ 78,755
Accounts payable and accrued liabilities	45,771	-	-	-	(2)	45,769
Due to related party	62,681	-	-	-	-	62,681
Deferred government contributions	21	-	-	-	-	21
Current portion of long-term debt	-	19,721	-	-	-	19,721
	187,228	19,721	-	-	(2)	206,947
Long-term debt						
Long-term debt net of sinking funds	290,954	(19,721)	-	-	(3,497)	267,736
Obligation under capital lease	14,734	-	-	-	-	14,734
	305,688	(19,721)	-	-	(3,497)	282,470
Other long term liabilities						
Regulatory liabilities	-	23,376	42,126	(46,752)	1	18,751
Asset retirement obligations	23,376	(23,376)	-	23,376	-	23,376
Deferred government contributions	-	-	127,289	-	-	127,289
Employee Future Benefits	2,510	-	-	-	(101)	2,409
	25,886	-	169,415	(23,376)	(100)	171,825
Shareholder's equity	195,362	-	(121,298)	53,236	3,603	130,903
	$ 714,164	$ -	$ 48,117	$ 29,860	$ 4	$ 792,145

NORTHWEST TERRITORIES POWER CORPORATION
Reconciliation from PSAS Consolidated Financial Information to Rate Regulated Accounting Consolidated Financial Information
Year Ending March 31, 2025
UNAUDITED

STATEMENT OF OPERATIONS	Audited PSAS Financial Statements	Reclassification Adjustments (Note 1)	Regulated Assets and Liabilities (Note 2)	TCA and ARO Adjustments (Note 3)	Other (Note 4)	Unaudited Rate Regulated Accounting
Revenues						
Sale of power	$ 120,966	$ -	$ 11,296	$ -	$ 1	$ 132,263
Contribution from NT Hydro	39,900	-	(39,900)	-	-	-
Other government contributions	80,276	-	(80,276)	-	-	-
Other revenue	2,581	-	(839)	-	-	1,742
	243,723	-	(109,719)	-	1	134,005
Expenses						
Salaries and wages	-	33,648	(2,205)	17	(52)	31,408
Fuel and lubricants	-	61,574	(10,739)	(10,873)	-	39,962
Supplies and services	-	34,704	(12,897)	(1,346)	-	20,461
Amortization	-	19,671	(115)	824	(5)	20,375
Travel and accommodation	-	3,244	(138)	-	-	3,106
Amortization of Deferred Charges	-	-	7,417	-	(1)	7,416
Net loss on disposal of assets	-	1,519	(639)	(890)	10	-
Accretion on ARO	-	262	-	(261)	(1)	-
Thermal generation	112,139	(112,139)	-	-	-	-
Hydro generation	21,541	(21,541)	-	-	-	-
Corporate services	15,976	(15,976)	-	-	-	-
Transmission, distribution and retail	13,621	(13,621)	-	-	-	-
Purchased power	6,005	(6,005)	-	-	-	-
Alternative power generation	292	(292)	-	-	-	-
	169,574	(14,952)	(19,316)	(12,529)	(49)	122,728
Earnings from operations	74,149	14,952	(90,403)	12,529	50	11,277
Interest income	708	-	-	-	-	708
Earnings before interest expense	74,857	14,952	(90,403)	12,529	50	11,985
Interest expense	-	14,952	(1,729)	-	262	13,485
Net earnings before other	74,857	-	(88,674)	12,529	(212)	(1,500)
Fuel rider revenue	5,040	-	(2,209)	-	-	2,831
Offset to Rider Revenue	-	-	(2,831)	-	-	(2,831)
	5,040	-	(5,040)	-	-	-
Net income for the year	79,897	-	(93,714)	12,529	(212)	(1,500)
Retained earnings, beginning of year	72,336	-	(27,584)	40,707	3,815	89,274
Retained earnings, end of year	152,233	-	(121,298)	53,236	3,603	87,774
Share capital	43,129	-	-	-	-	43,129
Shareholder's equity, end of year	$ 195,362	$ -	$ (121,298)	$ 53,236	$ 3,603	$ 130,903

NORTHWEST TERRITORIES POWER CORPORATION
Notes to Reconciliation from PSAS Consolidated Financial Information to Rate Regulated Accounting
Consolidated Financial Information
Year Ending March 31, 2025
UNAUDITED

Note 1 Under PSAS, expenses are classified by function - for Rate Regulated Accounting (RRA), they are classified by object (e.g. fuel, salaries etc.). To go from PSAS to RRA, expenses by function (e.g. Hydro Generation) are reduced and expenses by object are increased.

For RRA, assets and liabilities are classified between current (less than 1 year) and long term (longer than one year).

Under RRA, critical spare inventory is reclassified as property, plant and equipment (PPE).

Note 2 For RRA, regulatory assets and liabilities are recorded on the balance sheet.

To go from PSAS to RRA, regulatory expenses (e.g. overhaul costs), and opening equity are reduced and regulatory assets are increased. In addition, amortization expense is increased and regulatory assets are decreased to record amortization on regulatory assets in accordance with rates approved by the NWT Public Utilities Board (PUB).

Capital contribution revenue from the GNWT and customers are deferred under RRA but included in revenue for PSAS. To go from PSAS to RRA, revenue is reduced, opening equity is increased and regulatory liabilities are increased. The regulatory liabilities are amortized on the same basis as the related assets. To go from PSAS to RRA, amortization and regulatory liabilities are decreased for the amount of amortization on regulatory liabilities.

Note 3

Under PSAS, certain studies are not allowed to be recorded as capital assets and are expensed for PSAS purposes. To go from PSAS to RRA, expenses are reduced and PPE is increased. Amortization is also increased and net PPE is increased to record amortization expense on these study costs.

Net losses on disposal are recorded as an expense under PSAS in the year of disposal. For RRA, these net losses are deferred and netted with PPE. To go from PSAS to RRA, Net loss on disposal of assets is reduced and PPE is increased.

Asset retirement obligation costs are recorded as assets for PSAS and are not under RRA. To go from PSAS to RRA, PPE is reduced and opening equity is reduced. In addition, amortization expense and opening equity are reduced to eliminate the amortization expense on the asset retirement costs.

Insurance proceeds received for loss of capital assets are recorded as revenue under PSAS. For RRA, insurance proceeds are recorded as a credit to the capital assets and the credit is amortized over the life of the asset on the same basis as the asset is amortized.

Note 4 Other adjustments related to differences in how NTPC accounted for its long term debt swap costs and sick leave. To go from PSAS to RRA, salaries expense was increased and other employee future benefits were decreased to account for sick leave accruals. Interest expense was increased, and opening equity and long term debt were decreased to account for the deferred swap costs.

Financial Write-Offs

By Community	Updated Write Off
Aklavik	$1,451.22
Bechoko	$4,370.40
Colville Lake	$1,584.20
Fort Good Hope	$2,727.76
Fort Liard	$1,267.12
Fort McPherson	$3,670.67
Fort Resolution	$2,070.98
Fort Simpson	$5,224.11
Fort Smith	$9,176.87
Gameti	$461.17
Inuvik	$16,675.86
Jean Marie River	$77.68
Lutsel K'e	$1,727.67
Nahanni Butte	$96.34
Norman Wells	$14,094.63
Paulatuk	$3,549.79
Sachs Harbour	$155.82
Tsiigehtchic	$31.79
Tuktoyaktuk	$1,743.34
Tulita	$1,535.21
Ulukhaktok	$134.5
Whati	$912.03
Total Write Off	**$72,739.16**

Notes