



Yukon Development Corporation
Annual Report

2024

Cover Photo:
Confluence of the Yukon and Nordenskiöld Rivers

Photo credit:

Government of Yukon / Andrew Strain

Contents

Message from the Chair	4
Message from the President and CEO	5
Organizational Overview	7
Board of Directors.....	7
Board of Directors' Appointments.....	7
YDC Audit Committee	7
YDC Governance Committee.....	8
Senior Management and Officers	8
Year in Review.....	9
1. Ensuring the adequate supply of energy.....	9
a. Innovative Renewable Energy Initiative.....	9
b. Investing in Canada Infrastructure Program.....	10
c. Arctic Energy Fund	10
d. Yukon-British Columbia Grid Connect project.....	10
e. Atlin Hydroelectric Expansion Project	11
2. Keeping energy affordable	12
a. Interim Electrical Rebate	12
3. Providing governance and oversight	12
a. Board Training.....	12
b. Protocol Agreement and Shareholder Letter of Expectation	12
c. Independent Power Production Policy.....	12
Financial Statements	13
Consolidated Financial Statements Table of Contents	14
Management's Responsibility for Financial Reporting.....	15
Independent Auditor's Report.....	16
Consolidated Statement of Financial Position	20
Consolidated Statement of Operations and Other Comprehensive Income	21
Consolidated Statement of Changes in Equity.....	22
Consolidated Statement of Cash Flow.....	23
Notes to Consolidated Financial Statements	24

Message from the Chair



As we reflect on the past year, I am proud to present the 2024 Annual Report for Yukon Development Corporation. This report highlights our achievements and progresses we have made during the year.

2024 has been a year of significant transformation for our organization. In September, Canada announced \$40 million in funding over the next five years from the Critical Mineral Infrastructure Fund for Yukon Development Corporation to complete a pre-feasibility and engagement to connect the isolated Yukon electricity grid to the North American grid via British Columbia. This initiative will help address energy, economic, environmental and national priorities.

The Innovative Renewable Energy Initiative continues to be a successful program administered by the corporation through funding from the Government of Yukon. Projects funded through this program not only contribute to our environmental goals but also provide long-term economic benefits for the region.

Our success is a testament to the dedication and hard work of our employees and partners, including the utilities and Yukon First Nations. I would like to extend my heartfelt gratitude to everyone who has contributed to the Yukon's energy landscape.

As we look ahead to the future, we remain committed to our mandate to undertake energy related activities designed to promote the economic development of the Yukon. We will continue to innovate and adapt to keep an adequate supply of energy in the Yukon.

I would like to thank Mr. Mike Pemberton, who served as the Chair of the Yukon Development Corporation Board of Directors. Mike's vision and leadership were instrumental in setting the corporation's foundation going into the Yukon's new era for electricity. We continue to build on the foundation laid by Mike and remain inspired by his leadership.

Finally, I would also like to extend a huge thank you to my fellow board members. Each of you contribute expertise, insights and a collaborative spirit as we navigate new challenges and opportunities. It is a privilege working alongside you.

Doug Janzen
Chair

Message from the President and CEO



I am proud to present Yukon Development Corporation's 2024 Annual Report.

As Yukon's Development Corporation, we have made significant progress this year in advancing energy innovation across the territory. Our work has been characterized by collaboration, resilience, and a shared commitment to building a stronger, more self-reliant Yukon that truly belongs to all Yukoners.

Through strengthened partnerships with First Nations governments, utilities, private sector stakeholders, and other levels of government, we have fostered inclusive economic growth and ensured that development aligns with community values. We recognize and embrace First Nations as energy proponents, partners, and investors, and acknowledge their critical role in advancing new projects in the Yukon.

The Yukon Development Corporation's Innovative Renewable Energy Initiative (IREI) represents a cornerstone framework that is fundamentally transforming the territory's energy landscape and establishing the foundation for a sustainable renewable energy economy. As a strategic funding mechanism that supports community-led renewable energy projects, IREI serves as a critical bridge between government policy objectives and grassroots energy development, positioning the Yukon as a leader in northern renewable energy transition.

In September 2024, the Government of Canada conditionally announced \$40 million to further advance connecting the Yukon and B.C. electrical grid. The Yukon Development Corporation has committed an additional \$13 million to this initiative for a total of \$53 million. On February 14th 2025, a Contribution Agreement was signed with Natural Resources Canada (NRCan) to formally secure the funding and on May 22nd 2025, the Yukon and British Columbia governments signed a memorandum of understanding to guide intergovernmental collaboration through the exploration and planning phases of this project.

This "nation-building" project, in partnership with First Nations, is a critical component of our vision for a secure, sustainable, and independent Yukon. Connecting to the North American grid will enhance our energy security, solidify our sovereignty and independence, provide access to critical minerals mining activities, and create opportunities for both importing and exporting power as needed while reducing risk of developing renewable energy resources solely based on whether load is expected to materialize.

As we move forward, we are committed to creating a truly sustainable Yukon Development Corporation by investing in Yukoners. Our mandate to participate with the private sector in the economic development of Yukon guides our work to develop and promote Yukon resources on an economic and efficient basis.

We are focused on:

- First Nations Partnerships as the top priority
- Assuring a continuing and adequate supply of energy in a manner consistent with sustainable development
- Promoting employment and business opportunities for territorial residents
- Alleviating the effects of any energy shortage that may occur
- Promoting the establishment and operation of energy-dependent industries through the provision of cost-effective energy infrastructure

Looking ahead, we remain focused on strategic infrastructure development in partnership with Yukon First Nations that will strengthen our energy independence and support a low-carbon future. Our vision encompasses:

- Increasing renewable energy supply in Yukon by developing local resources including hydro, solar, wind, and geothermal
- Assessing the feasibility of expanding the Yukon transmission system to connect to other communities, industrial projects, and jurisdictions
- Supporting research and development of technologies and policies to optimize the use of hydroelectricity and other renewable sources
- Working with Yukon Energy Corporation to secure critical investments and construction financing to move projects forward
- Establishing critical partnerships, as we explore innovative solutions like district energy systems that could provide sustainable heating to public and private buildings while reducing greenhouse gas emission.

The IRIE program coupled with the Yukon-BC Grid Connect Project both stand as a critical component of this vision, representing a generational investment that will help meet our growing energy needs, support mineral projects and sustain our economic growth while maintaining our commitment to renewable energy and protecting the environment.

These accomplishments reflect the dedication of our team, guidance of our Board of Directors, and the trust placed in us by Yukoners. As we look ahead, we remain focused on strategic infrastructure development in partnership with Yukon First Nations that will strengthen our energy independence and support a low-carbon future.

As Yukon's Development Corporation, we are dedicated to working with all Yukoners to create a secure, sustainable, and independent territory with a resilient and renewable energy future. Together, we will continue to build a stronger, more self-reliant Yukon for generations to come.

Gary Gazankas
President and Chief Executive Officer

Organizational Overview

Yukon Development Corporation (YDC) is a Territorial Corporation created in 1986 by the Yukon Development Corporation Act. We are governed by a Board of Directors appointed by the Yukon government and have a legislative mandate to participate with the private sector in the economic development of Yukon. In particular, the Act mandates the corporation to:

- Develop and promote the development of Yukon resources on an economic and efficient basis;
- Promote employment and business opportunities for territorial residents;
- Assure a continuing and adequate supply of energy in a manner consistent with sustainable development; and
- Implement development policy directives issued to it by the Yukon Cabinet.

Order-in-Council 1993/107 restricted the corporation's role to energy-related activities designed to promote the economic development of Yukon, and to:

- Assure a continuing and adequate supply of energy;
- Alleviate the effects of any energy shortage that may occur; and
- Promote the establishment, development and operation within Yukon of industries or undertakings that are by their nature energy-dependent through the provision of cost-effective energy or energy-related infrastructure.

Board of Directors

Doug Janzen (Chair)

Astrid Grawehr (Vice – Chair)

John Glynn-Morris (Governance Chair)

George Morgan (Audit Committee Chair)

Tiana Lemon

Board of Directors' Appointments

The Board of the Yukon Development Corporation is appointed by the Yukon government.

YDC Audit Committee

George Morgan (Chair)

Doug Janzen

Astrid Grawehr

YDC Governance Committee

John Glynn-Morris (Chair)

Doug Janzen

Astrid Grawehr

Tiana Lemon

Senior Management and Officers

Garry Gazankas, President and Chief Executive Officer

Jan Gabrielle Perez, Corporate Secretary

Kaitlyn Bouvier, Chief Financial Officer

Year in Review

1. Ensuring the adequate supply of energy

a. Innovative Renewable Energy Initiative

Yukon Development Corporation actively supports the development of renewable energy projects through its Innovative Renewable Energy Initiative (IREI). IREI provides funding for First Nation, and community-led renewable energy projects that generate electrical or heat energy and are based in the Yukon.

The initiative was established in the Government of Yukon's 2017/18 fiscal year. The Government of Yukon provided \$2.5 million in program funding during its 2024/25 fiscal year. Due to the programs success funding has been extended another year with a \$1.5 million budget for their 2025/26 fiscal year.

To date, over fifty renewable energy projects have been funded in every region of the territory. In the Corporation's 2024 fiscal year, in addition to administration fees of \$0.2 million, IREI supported a variety of projects, both on and off the Yukon Integrated System, including the projects listed in Table 1.

Table 1: Innovative Renewable Energy Initiative Projects, 2024.

Proponent	Project	Project Location
Chu Níkwän Limited Partnership	Mt Sumanik Wind	Whitehorse
Ta'an Kwäch'än Council	TKC Pumped Storage	Whitehorse
Carmacks Development Corporation	Drury Creek Hydropower	Drury Creek
Selkirk Development Corporation	Fort Selkirk Run of River RivGen	Fort Selkirk
Nacho Nyak Dun Development Corporation	Tehcho Wind Project	Ferry Hill-Stewart Crossing
Takhini Power	Solar	Whitehorse

IREI funding has contributed to the completion of multiple projects that are now selling energy to a public utility through the Independent Power Production policy, including:

- Kluane N'tsi Wind Energy Project
- Haeckel Hill Wind
- Sree Vyaa Solar – Old Crow Solar
- Beaver Creek Solar
- Dome Road Solar
- Mt Sima Solar
- Sunergy Haines Junction Solar field, and
- Takhini Solar Project

b. Investing in Canada Infrastructure Program

The Investing in Canada Infrastructure Program (ICIP) is the Government of Canada's tool for delivering the Investing in Canada Plan. The sixteen-year funding agreement is held by Infrastructure Development Branch under Government of Yukon Department of Community Services.

In 2019, Yukon Development Corporation played a pivotal role in supporting Yukon Energy by securing \$16.5 million in funding for a grid-scale Battery Energy Storage System (BESS), made possible through the Investing in Canada Infrastructure Program.

c. Arctic Energy Fund

Yukon Development Corporation helps administer projects under the Arctic Energy Fund. The Arctic Energy Fund is a sub-stream of Investing in Canada Infrastructure Program. The intention of this funding stream is to reduce the reliance on diesel-based generation of electrical and heat energy. The Arctic Energy Fund is now fully subscribed.

The Arctic Energy Fund will provide \$18M in funding for the Sādę Initiative project also known as Watson Lake Solar. In 2024 First Kaska Utilities LP has begun working on a 4.7-megawatt solar system combined with a 2.85-megawatt battery that will be connected to the Watson Lake grid.

d. Yukon-British Columbia Grid Connect project

The Yukon-British Columbia Grid Connect project is a transformative infrastructure initiative that aims to connect the Yukon's isolated electrical grid to the North American grid via British Columbia. Its purpose is multifaceted, addressing energy, economic, environmental and national priorities.

Canada announced funding of up to \$40 million from the Critical Mineral Infrastructure Fund to support pre-feasibility and engagement for this project. The project is large and complex with infrastructure that crosses multiple traditional territories and provincial/territorial borders.

e. Atlin Hydroelectric Expansion Project

Yukon Development Corporation provided \$1.25 million in financial assistance to Taku Homeland Energy Limited Partnership (THELP) to help advance geotechnical and engineering on the Atlin Hydroelectric Expansion Project.

The Atlin Hydroelectric Expansion Project would provide 8.5 Megawatts of dependable winter capacity to the Yukon Integrated Grid through an Electricity Purchase Agreement with Yukon Energy.

2. Keeping energy affordable

a. Interim Electrical Rebate

In 2024 the Interim Electrical Rebate continued to provide residential electrical customers with a rebate on the first 1,000 kilowatt hours they use each month. Residential customers were eligible to receive a rebate of up to \$22.62 per month on their electrical bills depending on their usage. The program was administered in collaboration with ATCO Electric Yukon and Yukon Energy Corporation.

The new Winter Electrical Affordability Rebate is replacing the Interim Electrical Rebate that ended March 31, 2025. The rebate is increasing to 3.377 cents per kilowatt hour, with a maximum of \$33.77 per month during winter months (October to March), up from \$22.62 per month.

The electrical rebate is applied automatically to electricity bills by people's provider.

3. Providing governance and oversight

a. Board Training

The Board of Directors of Yukon Development Corporation undertake continual training. In 2024, the Board had education sessions on:

- Access to Information and Protection of Privacy; and
- Electricity Supply.

b. Protocol Agreement and Shareholder Letter of Expectation

Protocol agreements and letters of expectation were renewed with both Yukon Energy and Yukon Government for the period April 1, 2024 to March 31, 2025. Required under Section 6 of the *Yukon Development Corporation Act*, they are a tool for identifying priorities, as well as roles and responsibilities.

c. Independent Power Production Policy

The Independent Power Production policy enables entrepreneurs, communities, and Yukon First Nation governments to generate renewable energy and sell it to the main electrical grid or micro-grid in diesel-dependent communities.

Yukon Development Corporation

Consolidated Financial Statements

December 31, 2024

Yukon Development Corporation

Consolidated Financial Statements

December 31, 2024

Page

Management's Responsibility for Financial Reporting	15
Independent Auditor's Report	16-19
Consolidated Statement of Financial Position	20
Consolidated Statement of Operations and Other Comprehensive Income	21
Consolidated Statement of Changes in Equity	22
Consolidated Statement of Cash Flows	23
Notes to Consolidated Financial Statements	24-67



June 19, 2025

Management's Responsibility for Financial Reporting

Management is responsible for the preparation of these consolidated financial statements in conformity with International Financial Reporting Standards and all other financial information relating to the Corporation contained in this annual report. These consolidated financial statements have been prepared by management using methods appropriate for the industry in which the Corporation operates and necessarily include some amounts that are based on judgements and best estimates of management. The financial information contained elsewhere in this annual report is consistent with that in the consolidated financial statements. The Auditor General of Canada is the external auditor of the Corporation.

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

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

A handwritten signature in black ink, appearing to read "Gary", followed by a long horizontal line extending to the right.

Gary Gazankas
President and CEO

A handwritten signature in black ink, appearing to read "KBouvier", followed by a horizontal line.

Kaitlyn Bouvier
Chief Financial Officer



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Development Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 comprises the information 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, 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 IFRS Accounting Standards as issued by the IASB, 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

Opinion

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

In our opinion, the transactions of the Yukon Development 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 *Yukon Development Corporation Act*, we report that, in our opinion, the accounting principles in IFRS Accounting Standards as issued by the IASB 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 Yukon Development Corporation and the consolidated financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Yukon Development Corporation's compliance with the specified authorities named above, and for such internal control as management determines is

necessary to enable the Yukon Development 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
19 June 2025

Yukon Development Corporation

Consolidated Statement of Financial Position (in thousands of Canadian dollars)

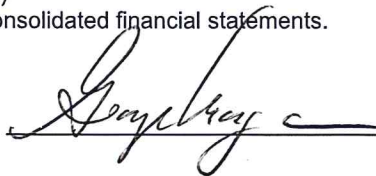
December 31,	2024	2023
Assets		
Current		
Cash	\$ 16,529	\$ 10,888
Accounts receivable (Note 5)	34,009	24,980
Inventories (Note 6)	5,221	5,072
Prepaid expenses	1,726	1,708
	57,485	42,648
Non-current		
Right-of-use assets (Note 7)	1,550	1,776
Property, plant and equipment (Note 9)	597,748	565,862
Intangible assets (Note 10)	29,269	27,342
Post-employment benefits assets (Note 15)	676	-
Derivative related asset (Note 26)	655	2,405
	687,383	640,033
Regulatory debit balances (Note 11(a) and 28)	54,096	39,318
	\$ 741,479	\$ 679,351
Liabilities		
Current		
Bank indebtedness (Note 12)	\$ 78,004	\$ 44,457
Accounts payable and accrued liabilities (Note 13)	27,622	25,141
Current portion of deferred revenue (Note 17)	2,484	1,851
Current portion of lease liability (Note 7)	175	160
Current portion of long-term debt (Note 14)	5,133	4,440
	113,418	76,049
Non-current		
Post-employment benefits (Note 15)	635	964
Contributions in aid of construction (Note 16)	104,728	103,600
Deferred revenue (Note 17)	17,589	17,615
Lease liability (Note 7)	520	695
Long-term debt (Note 14)	243,825	221,651
	480,715	420,574
Equity		
Contributed capital	41,501	41,501
Retained earnings	185,751	182,896
	227,252	224,397
Total liabilities and equity	707,967	644,971
Regulatory credit balances (Note 11(b) and 28)	33,512	34,380
	\$ 741,479	\$ 679,351

Commitments and Contingencies (Notes 23 and 24)

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

Approved by the Board:

 _____, Chair

 _____, Director

Yukon Development Corporation

Consolidated Statement of Operations and Other Comprehensive Income (in thousands of Canadian dollars)

For the year ended December 31,	2024	2023
Revenues		
Sales of power (Note 18)	\$ 85,464	\$ 77,627
Yukon Government contributions (Note 22)	10,406	13,836
Other (Note 19)	2,348	6,306
	98,218	97,769
Operating expenses		
Operations and maintenance (Note 20)	58,951	36,934
Administration (Note 21)	19,375	19,913
Depreciation and amortization (Notes 7, 9 and 10)	15,068	14,277
	93,394	71,124
Income before other income and other expenses	4,824	26,645
Other income		
Allowance for funds used during construction	2,434	1,836
Amortization of contributions in aid of construction (Note 16)	1,842	1,618
Interest income	812	426
	5,088	3,880
Other expenses		
Interest expenses	14,494	10,265
Interim electrical rebate program subsidies (Note 1)	3,246	3,099
Innovative renewable energy initiative program subsidies (Note 1)	1,854	1,556
Unrealized loss on interest rate swaps (Note 26)	1,750	2,503
Atlin Hydroelectric expansion project subsidies (Note 1)	1,250	750
Inflation relief rebate program subsidies (Note 1)	973	4,922
BC-Yukon Grid Interconnection	154	-
Yukon Hospital Corporation loan forgiveness (Note 8)	-	85
	23,721	23,180
Net (loss) income for the year before net movement in regulatory balances	(13,809)	7,345
Net movement in regulatory balances related to net income (Note 11(d))	15,643	(4,739)
Net income for the year after net movement in regulatory account balances	1,834	2,606
Other comprehensive income		
Item that will not be reclassified to net income in subsequent periods		
Remeasurement of defined benefit pension plans (Note 15)	1,021	(262)
Total comprehensive income for the year	\$ 2,855	\$ 2,344

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

Yukon Development Corporation

Consolidated Statement of Changes in Equity (in thousands of Canadian dollars)

	Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2022	\$ 41,501	\$ 180,552	\$ -	\$ 222,053
Net income for the year and net movement in regulatory account balances	-	2,606	-	2,606
Other comprehensive income	-	-	(262)	(262)
Transfer of remeasurement of defined benefit pension plans to retained earnings	-	(262)	262	-
Balance at December 31, 2023	\$ 41,501	\$ 182,896	\$ -	\$ 224,397
Net income for the year and net movement in regulatory account balances	-	1,834	-	1,834
Other comprehensive income	-	-	1,021	1,021
Transfer of remeasurement of defined benefit pension plans to retained earnings	-	1,021	(1,021)	-
Balance at December 31, 2024	\$ 41,501	\$ 185,751	\$ -	\$ 227,252

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

Yukon Development Corporation

Consolidated Statement of Cash Flows (in thousands of Canadian dollars)

For the year ended December 31,	2024	2023
Operating activities		
Cash receipts from customers	\$ 78,798	\$ 78,045
Cash receipts from Yukon Government	12,512	19,563
Cash receipts from contributions in aid of construction	1,833	7,167
Cash paid to suppliers and for subsidies	(60,364)	(46,355)
Cash paid to employees	(18,216)	(15,905)
Interest paid	(14,192)	(9,483)
Cash receipts from insurance claim settlement	113	4,387
Cash refund paid to customers	(643)	-
Interest received	813	431
Cash provided by operating activities	654	37,850
Financing activities		
Net advances from line of credit	33,800	33,491
Proceeds from long-term debt	27,254	7,425
Repayment of long-term debt	(4,439)	(4,228)
Lease payments	(205)	(178)
Cash provided by financing activities	56,410	36,510
Investing activities		
Additions to property, plant and equipment	(47,463)	(59,596)
Additions to intangible assets	(3,707)	(6,876)
Cash used in investing activities	(51,170)	(66,472)
Net increase in cash	5,894	7,888
Cash, beginning of year	14,106	6,218
Cash, end of year (Note 12)	\$ 20,000	\$ 14,106

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

1. Nature of operations

a) General

Yukon Development Corporation was originally established under the *Yukon Development Corporation Act* to participate with the private sector in the economic development of the Yukon, to make strategic investments to the benefit of the territory and to acquire and operate the assets of Northern Canada Power Commission in the Yukon. In 1993, the Yukon Development Corporation's mandate was changed to restrict its new initiatives to energy-related activities designed to promote the economic development of the Yukon. The Yukon Development Corporation's principal place of business is located at 303 Alexander Street, Whitehorse, YT, Y1A 2L5.

Yukon Development Corporation's wholly-owned subsidiary, Yukon Energy Corporation (the "Utility") is incorporated under the Yukon *Business Corporations Act*. The Utility generates, purchases, transmits, distributes and sells electrical energy in the Yukon. The Utility's principal place of business is located at #2 Miles Canyon Road, Whitehorse, YT, Y1A 6S7.

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

Yukon Development Corporation and the Utility are not subject to income taxes.

Yukon Development Corporation consolidates the financial statements of its subsidiary, the Utility. All intercompany transactions, balances, income and expenses are eliminated on consolidation. References in these consolidated financial statements to "Corporation" refer to the consolidated entity.

b) Rate regulation

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

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

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

1. Nature of operations - continued

b) Rate regulation - continued

It is the responsibility of the YUB to examine the legitimacy of three classes of costs:

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

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

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

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

Refer to Note 4 regulatory account balances.

c) Water regulation

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

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

d) Capital structure

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

1. Nature of operations - continued

e) Yukon Government

The Corporation and the Yukon Government signed a Memorandum of Understanding for the accounting period starting April 1, 2011 to March 31, 2042 regarding the Mayo B and Carmacks-Stewart Transmission line projects. The Yukon Government will assist in funding the repayment of a portion of the bond interest costs of up to \$2.625 million annually, subject to the Corporation meeting specified terms set out in the agreement.

The Corporation signed an agreement with the Yukon Government for the period from January 1, 2018 to March 31, 2021 for total funding of up to \$1.5 million annually to conduct Innovative Renewable Energy Initiative programs throughout the Yukon. The program is intended to encourage the development of small-scale, community-based renewable energy generation capacity. This agreement was extended for the period from April 1, 2021 to March 31, 2025, with funding of up to \$2.5 million annually.

In March 2024, the Yukon Government authorized the continuation of the Interim Electrical Rebate program (the "rebate") for 12 months to March 31, 2025. The rebate provides subsidies to non-government residential and municipal customers. It was implemented in 1998 after the Faro mine closed to protect customers from significant bill increases that would have resulted from that shutdown. The Yukon Government is providing funding for the monthly rebate based on \$0.02262/kwh applied to residential customers to a maximum of \$3.5 million annually.

The Corporation signed an agreement with the Yukon Government for the period from November 1, 2023 to January 31, 2024 for the continuation of the Inflation Relief Rebate program. The rebate provides subsidies to non-government residential and commercial customers. The Yukon Government is providing funding for the monthly rebate based on \$50.00 per customer per month for six months total to a maximum of \$3.246 million for the period November 1, 2023 to January 31, 2024.

The Corporation signed an agreement with the Yukon Government for the period from April 1, 2023 to March 31, 2024 for total funding of up to \$2.0 million to support the Atlin Hydroelectric expansion project. Funding subsidizes costs related to geotechnical analysis required to finalize project design and refine total project cost estimate.

2. Basis of presentation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS").

These consolidated financial statements were authorized for issue by the Board of Directors on June 19, 2025.

b) Basis of measurement

The financial information included in the consolidated financial statements has been prepared on a historical cost basis, except where otherwise indicated.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

3. Material accounting policy information

a) Revenue recognition

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

The majority of the Corporation's revenues from contracts with customers are derived from the generation, purchase, transmission, distribution, and sales of electricity under the *Public Utilities Act*. The Corporation evaluates whether the contracts it enters into meet the definition of a contract with a customer at the inception of the contract and on an ongoing basis if there is an indication of a significant change in facts and circumstances.

Revenue is measured based on the transaction price specified in a contract with a customer. Revenue is recognized when control over a promised good or service is transferred to the customer and the Corporation is entitled to consideration as a result of completion of the performance obligation.

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

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

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

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

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

The Corporation receives amounts from Yukon Government for the reimbursement of costs from electricity rebates, bond interest, the Innovative Renewable Energy Initiative program, and the Atlin Hydroelectric expansion project. The Yukon Government contributions related to these costs are recognized into revenue as the Corporation incurs the related costs.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

3. Material accounting policy information - continued

b) Translation of foreign currencies

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

c) Allowance for funds used during construction

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

d) Cash

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

e) Inventories

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

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

f) Financial instruments

Financial assets and financial liabilities are recognized on the Corporation's Consolidated Statement of Financial Position when the Corporation becomes party to the contractual provisions of the instrument.

i) Financial assets

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

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

Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or require financial reorganization, and default or delinquency in payments are considered indicators that the related accounts receivable are impaired.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

3. Material accounting policy information - continued

f) Financial instruments - continued

The accounts receivable carrying amount is reduced through the use of an allowance account and the loss is recognized in net income. A financial asset is derecognized when the rights to receive cash flows from the asset have expired, or the Corporation has transferred its rights to receive cash flows from the asset and has transferred substantially all of the risk and rewards of the asset.

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

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

ii) Financial liabilities

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

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

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

g) Property, plant and equipment

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

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

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

3. Material accounting policy information - continued

g) Property, plant and equipment - continued

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

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

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

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

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

h) Intangible assets

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

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

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

3. Material accounting policy information - continued

i) Leases

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

- (i) The contract involves the use of an identified asset;
- (ii) The Corporation has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- (iii) The Corporation has the right to direct the use of the asset.

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

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date.

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

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

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

j) Impairment of non-financial assets

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

When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of value in use and fair value less costs to sell ("FVLCS").

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

3. Material accounting policy information - continued

j) Impairment of non-financial assets - continued

Value in use is the net present value of expected future cash flows of the relevant cash-generating unit in its current condition. The best evidence of FVLCS is the value obtained from an active market or binding sale agreement. Where neither exists, FVLCS is based on the best information available to reflect the amount the Corporation could receive for the cash-generating unit in an arm's length transaction.

This is often estimated using discounted cash flow techniques and where unobservable inputs are material to the measurement of the recoverable amount, the measurement is classified as level 3 in the fair value hierarchy. The cash flow forecasts for FVLCS purposes are based on management's best estimates of expected future revenues and costs, including the future cash costs of production, capital expenditure, closure, restoration and environmental cleanup. For regulatory debit balances the impairment review focuses on whether the amount is considered collectible based on the expected cash flows from the rates approved by the YUB.

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

k) Rate regulated accounting policies

Regulatory deferral accounts

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

i) Regulatory debit balances

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

ii) Regulatory credit balances

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

Note 11 describes the individual regulatory debits and credits, the Corporation's related regulatory deferral and amortization policies and describes the related account activity in the relevant periods.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

3. Material accounting policy information - continued

l) Provision for asset retirement obligations

The Corporation has legal obligations related to the closure and restoration of property, plant and equipment, which includes the costs of dismantling, demolition of infrastructure and the removal of residual materials and remediation of the disturbed areas.

Where a reliable estimate of the present value of these obligations can be determined, the total retirement costs are recognized as a provision in the accounting period when the obligation arises. There is also a corresponding increase to property, plant and equipment upon recognition of the obligation.

Management estimates its costs based on feasibility and engineering studies and assessments using current restoration standards and techniques.

m) Provision for environmental liabilities

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

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

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

n) Contributions in aid of construction

Certain property, plant and equipment additions are made with financial assistance from the Yukon Government or the Government of Canada. These contributions are deferred upon receipt and amortized to income on the same basis as the assets to which they relate.

o) Post-employment benefits and other comprehensive income

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

For the defined benefit pension plans, the cost of pension benefits is actuarially determined using the projected benefits method, prorated on service, and reflects management's best estimates of investment returns, wage and salary increases, and age at retirement. Remeasurements of the net defined benefit liability, including actuarial gains and losses and return on plan assets, are recognized in other comprehensive income ("OCI") and are not reclassified to net income in a subsequent period.

The Corporation's policy is to immediately transfer actuarial gains and losses recognized in OCI to retained earnings. The expected return on plan assets is based on the fair value of these assets.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

3. Material accounting policy information - continued

o) Post-employment benefits and other comprehensive income - continued

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

p) Future application of changes in accounting standards

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

4. Significant accounting judgments, estimates and assumptions

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

Impairment of financial assets – Note 3(f)(i)

An evaluation of whether or not an asset is impaired involves consideration of whether indicators of impairment exist. Management continually monitors the Corporation's operations and makes judgments and assessments about conditions and events in order to conclude whether possible impairment exists.

Impairment of non-financial assets - Note 3(j)

An evaluation of whether or not an asset is impaired involves consideration of whether indicators of impairment exist. Management continually monitors the Corporation's operations and makes judgments and assessments about conditions and events in order to conclude whether possible impairment exists.

Asset retirement obligations - Notes 3(l) and 24

In determining the present value of the obligation, the Corporation must estimate the amount and timing of the future cash payments and then apply an appropriate risk-free interest rate. Any change to the anticipated amounts or timing of future payments or risk-free interest rate can result in a change to the obligation.

Depreciation - Notes 3(g), 7 and 9

Significant components of property, plant and equipment are depreciated straight line over their estimated useful lives. Useful lives are determined based on current facts and past experience and the results of depreciation studies.

While these useful life estimates are reviewed on a regular basis and depreciation calculations are revised accordingly, actual lives may differ from the estimates. As such, assets may continue in use after being fully depreciated, or may be retired or disposed of before being fully depreciated. The latter could result in additional depreciation expense in the period of disposition.

Intangible assets - Notes 3(h) and 10

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

4. Significant accounting judgments, estimates and assumptions - continued

Post-employment benefits - Notes 3(o) and 15

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

Revenue - Note 3(a), 11(a)(viii), 18 and 19

In years where the Corporation has submitted a General Rate Application and the decision from the Yukon Utilities Board is outstanding, the Corporation estimates the recovery amount of the GRA revenue requested.

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

Provisions and contingencies - Notes 3(m), 24 and 25

Management is required to make judgments to assess if the criteria for recognition of provisions and contingencies are met, in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

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

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

Financial instruments - Notes 3(f) and 26

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

Regulatory account balances - Notes 1(b), 3(k) and 11

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

5. Accounts receivable

	2024	2023
Trade accounts receivable:		
Retail energy sales	\$ 11,219	\$ 6,281
Wholesale energy sales	11,545	5,061
Due from related parties (Note 22)	9,300	11,137
Other	1,945	2,501
	\$ 34,009	\$ 24,980

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

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

	Current	31 - 90 Days	Over 90 Days	Total
Accounts receivable	\$ 24,935	\$ 3,607	\$ 5,477	\$ 34,019
Allowance for doubtful accounts	-	-	(10)	(10)
	\$ 24,935	\$ 3,607	\$ 5,467	\$ 34,009

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

	Current	31 - 90 Days	Over 90 Days	Total
Accounts receivable	\$ 16,135	\$ 5,713	\$ 4,642	\$ 26,490
Allowance for doubtful accounts	-	-	(1,510)	(1,510)
	\$ 16,135	\$ 5,713	\$ 3,132	\$ 24,980

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

	2024	2023
Allowance for doubtful accounts at beginning of year	\$ (1,510)	\$ (10)
Allowance reversed during the year (Notes 21 and 26)	1,500	-
Additions to allowance for doubtful accounts (Notes 21 and 26)	-	(1,500)
Allowance for doubtful accounts at end of year	\$ (10)	\$ (1,510)

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

6. Inventories

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

7. Leases

The Corporation leases industrial land and building facilities. During the year, the Corporation had two existing land leases and one existing building lease. In 2023, the Corporation renewed a building lease for a term of five years.

Right-of-use assets consist of land of \$988,000 (2023 - \$1,063,000) and building of \$562,000 (2023 - \$713,000).

	2024	2023
Right-of-use assets		
As at January 1	\$ 1,776	\$ 1,231
Additions	-	750
Depreciation expense	(226)	(205)
At December 31	\$ 1,550	\$ 1,776

Lease liabilities

Lease liabilities	\$ 695	\$ 855
Less: current portion	175	160
Non-current portion	\$ 520	\$ 695

Amounts recognized in net income

Depreciation expense on right-of-use assets	\$ 226	\$ 205
Interest expense on lease liabilities	\$ 45	\$ 18
Expense relating to short-term leases	\$ 5,279	\$ 3,595

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

8. Direct financing lease

In 2003, the Corporation financed an electric boiler system for the Yukon Hospital Corporation at a cost of \$595,898. The repayment terms on this lease stipulate that one half of the realized energy cost savings resulting from the boiler usage during the year will be repaid against the investment. Interest on this investment is earned at the rate of 7.5% per annum and recognized as interest income.

As per the terms of the financing lease agreement, any remaining balance at April 1, 2023 will be forgiven by the Corporation. Therefore, the remainder of this finance lease was forgiven in 2023.

9. Property, plant and equipment

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

	Generation	Transmission & Distribution	Land	Buildings & Other Equipment	Transportation	Construction Work in Progress	Total
Costs:							
At December 31, 2022	\$ 330,097	\$ 231,058	\$ 1,615	\$ 19,867	\$ 5,800	\$ 29,063	\$ 617,500
Additions	-	-	-	12	-	63,621	63,633
Transfers	10,622	15,686	-	1,618	1,052	(28,978)	-
Disposals	(3,467)	(140)	-	(112)	(27)	-	(3,746)
At December 31, 2023	\$ 337,252	\$ 246,604	\$ 1,615	\$ 21,385	\$ 6,825	\$ 63,706	\$ 677,387
Additions	-	-	-	-	-	45,953	45,953
Transfers	6,977	3,193	-	7,102	1,884	(19,156)	-
Disposals	(1,208)	-	-	(438)	(543)	-	(2,189)
At December 31, 2024	\$ 343,021	\$ 249,797	\$ 1,615	\$ 28,049	\$ 8,166	\$ 90,503	\$ 721,151
Accumulated depreciation:							
At December 31, 2022	\$ 51,173	\$ 41,724	\$ -	\$ 5,977	\$ 2,878	\$ -	\$ 101,752
Depreciation	6,809	4,491	-	737	490	-	12,527
Disposals	(2,521)	(95)	-	(111)	(27)	-	(2,754)
At December 31, 2023	\$ 55,461	\$ 46,120	\$ -	\$ 6,603	\$ 3,341	\$ -	\$ 111,525
Depreciation	7,154	4,753	-	829	529	-	13,265
Disposals	(616)	-	-	(235)	(536)	-	(1,387)
At December 31, 2024	\$ 61,999	\$ 50,873	\$ -	\$ 7,197	\$ 3,334	\$ -	\$ 123,403
Net Book Value:							
At December 31, 2023	\$ 281,791	\$ 200,484	\$ 1,615	\$ 14,782	\$ 3,484	\$ 63,706	\$ 565,862
At December 31, 2024	\$ 281,022	\$ 198,924	\$ 1,615	\$ 20,852	\$ 4,832	\$ 90,503	\$ 597,748

The total AFUDC charged to property, plant and equipment during 2024 was \$2,048,000 (2023 - \$1,836,000). The AFUDC rate for 2024 was 2.88% (2023 - 2.77%).

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

10. Intangible assets

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

	Software	Deferred Service Costs	Financial Software	Water Licensing	Thermal Permit	Other Intangibles	Work in Progress	Total
Costs:								
At December 31, 2022	\$ 1,185	\$ 443	\$ 6,955	\$ 483	\$ -	\$ -	\$ 17,076	\$ 26,142
Additions	-	-	-	-	-	-	7,247	11,150
Transfers	258	-	-	3,903	-	-	(4,161)	-
Disposals	(259)	-	-	(147)	-	-	-	(406)
At December 31, 2023	\$ 1,184	\$ 443	\$ 6,955	\$ 4,239	\$ -	\$ -	\$ 20,162	\$ 32,983
Additions	-	-	-	-	-	-	5,917	5,917
Transfers	244	-	-	755	216	260	(1,475)	-
Disposals	-	-	-	(118)	-	-	(2,404)	(2,522)
At December 31, 2024	\$ 1,428	\$ 443	\$ 6,955	\$ 4,876	\$ 216	\$ 260	\$ 22,200	\$ 36,378
Accumulated amortization:								
At December 31, 2022	\$ 496	\$ 443	\$ 3,168	\$ 364	\$ -	\$ -	\$ -	\$ 4,471
Amortization	233	-	492	820	-	-	-	1,545
Disposals	(228)	-	-	(147)	-	-	-	(375)
At December 31, 2023	\$ 501	\$ 443	\$ 3,660	\$ 1,037	\$ -	\$ -	\$ -	\$ 5,641
Amortization	280	-	456	812	-	38	-	1,586
Disposals	-	-	-	(118)	-	-	-	(118)
At December 31, 2024	\$ 781	\$ 443	\$ 4,116	\$ 1,731	\$ -	\$ 38	\$ -	\$ 7,109
Net Book Value:								
At December 31, 2023	\$ 683	\$ -	\$ 3,295	\$ 3,202	\$ -	\$ -	\$ 20,162	\$ 27,342
At December 31, 2024	\$ 647	\$ -	\$ 2,839	\$ 3,145	\$ 216	\$ 222	\$ 22,200	\$ 29,269

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

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

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts

a) Regulatory debit balances

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

a) Regulatory debit balances - continued

	Carry Forward	Vegetation Management (vii)	2023/24 GRA (viii)	2021 GRA (ix)	IPP Purchase Costs (x)	Hearing Reserve (ix) (Note 28)	Total (Note 28)
Cost:							
At December 31, 2022	\$ 34,611	\$ 2,216	\$ -	\$ 2,639	\$ 26	\$ 881	\$ 40,373
Costs incurred	5,428	-	-	-	-	-	5,428
Regulatory provision	1,271	-	5,667	-	-	166	7,104
Disposals	(1,885)	-	-	(1,957)	-	-	(3,842)
Contributions received	(453)	-	-	-	-	-	(453)
At December 31, 2023	\$ 38,972	\$ 2,216	\$ 5,667	\$ 682	\$ 26	\$ 1,047	\$ 48,610
Cost incurred	15,900	-	-	-	41	-	15,941
Regulatory provision	(2,147)	-	20,358	-	-	(81)	18,130
Disposals	(472)	-	(12,454)	(682)	-	-	(13,608)
Contributions received	(690)	-	-	-	-	-	(690)
At December 31, 2024	\$ 51,563	\$ 2,216	\$ 13,571	\$ -	\$ 67	\$ 966	\$ 68,383
Accumulated amortization:							
At December 31, 2022	\$ 5,649	\$ 1,330	\$ -	\$ -	\$ -	\$ -	\$ 6,979
Amortization	1,789	222	-	1,957	-	-	3,968
Disposals	301	-	-	(1,957)	-	-	(1,656)
At December 31, 2023	\$ 7,739	\$ 1,552	\$ -	\$ -	\$ -	\$ -	\$ 9,291
Amortization	5,041	221	12,454	682	-	-	18,398
Disposals	(266)	-	(12,454)	(682)	-	-	(13,402)
At December 31, 2024	\$ 12,514	\$ 1,773	\$ -	\$ -	\$ -	\$ -	\$ 14,287
Net book value:							
At December 31, 2023	\$ 31,233	\$ 664	\$ 5,667	\$ 682	\$ 26	\$ 1,047	\$ 39,319
At December 31, 2024	\$ 39,049	\$ 443	\$ 13,571	\$ -	\$ 67	\$ 966	\$ 54,096
Net increase (decrease) in regulatory debit balances (which are recognized in the net movement in regulatory account balances on the Consolidated Statement of Operations and Other Comprehensive Income):							
December 31, 2023	\$ 2,271	\$ (222)	\$ 5,667	\$ (1,957)	\$ -	\$ 166	\$ 5,925
December 31, 2024	\$ 7,816	\$ (221)	\$ 7,904	\$ (682)	\$ 41	\$ (81)	\$ 14,777
Remaining recovery years							
At December 31, 2023		3 years	2 years	1 year	Indeterminate	Indeterminate	
At December 31, 2024		2 years	1 year	0 year	Indeterminate	Indeterminate	
Absent rate regulation, net income for the year and net movement in regulatory account balances on the Consolidated Statement of Operations and Other Comprehensive Income would increase (decrease) by:							
December 31, 2023	\$ (2,271)	\$ 222	\$ (5,667)	\$ 1,957	\$ -	\$ (166)	\$ (5,925)
December 31, 2024	\$ (7,816)	\$ 221	\$ (7,904)	\$ 682	\$ (41)	\$ 81	\$ (14,777)

(i) Feasibility studies and infrastructure planning

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

a) Regulatory debit balances - continued

(ii) Regulatory costs

These costs are associated with the YUB regulatory proceedings. The costs consist primarily of various rate and project review proceedings but also include resource plans and demand side management costs. The Corporation is directed to defer and amortize the costs over terms at the discretion of the YUB. During the year, \$170,000 (2023 - \$413,000) was transferred to the regulatory debit balance class hearing reserve (Note 11(a)(ix)) and disallowed costs of \$0 (2023- \$423,000) were derecognized. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(iii) Dam safety review

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

(iv) Deferred overhauls

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

(v) Uninsured losses

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

(vi) Fuel price adjustment

OIC 1995/90 directs the YUB to permit the Corporation to adjust electricity rates to reflect fluctuations in the price of diesel fuel. The amount by which actual fuel prices vary from the long-term average prices is deferred and recovered from or refunded to customers in a future period through Rider F. As part of the 2023/24 GRA, the balance as at September 30, 2024 of \$2,658,000 was transferred to the regulatory debit balance class 2023/24 GRA (Note 11(a)(viii)). For the period January 1, 2023 through December 31, 2023 the charge was 0.865 cents per kWh. For the period January 1, 2024 to October 31, 2024, the charge was reduced to 0.000 cents per kWh. Effective November 1, 2024, the charge was decreased to 0.289 cents per kWh. The Rider F charge(refund) was effective until March 31, 2024 at which time it changed back to 0.000 cents per kWh. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred and revenues be recognized as earned.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

a) Regulatory debit balances - continued

(vii) Vegetation management

Prior to 2017, the Corporation was deferring annual brushing costs in excess of a prescribed maximum annual amount based on a review of prior year brushing costs. In 2017, the Corporation established a vegetation management policy and as a result of expected annual costs, deferral is no longer required.

The Corporation completes a full cycle of all its brushing requirements every 10 years and is amortizing previously deferred costs over a 10 year period. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(viii) 2023/24 GRA

The Corporation recognizes a regulatory debit balance when the Corporation has the right, as a result of the actual or expected actions of the rate regulator, to increase rates in future periods in order to recover its allowable costs plus return on rate base, as described in Note 1(b). The amount recognized represents management's best estimates of revenues for rates to be approved by the YUB less amounts received from customers. As part of the 2023/24 GRA, \$5,667,000 was recognized for increase in revenue requirement. In 2023, the final decision by the YUB approved \$7,717,000 for 2023. The increase of \$2,050,000 has been included in the regulatory provision line in 2024. The 2024 provision also includes the 2024 YUB approved amount of \$15,805,000 and \$2,658,000 transferred from the regulatory debit balance class fuel price adjustment ((Note 11(a)(vi)). The ending balance at December 31 comprises the Corporation's remaining revenue shortfall to be collected from customers in future years.

(ix) 2021 GRA

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

(x) IPP purchase costs

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

(xi) Hearing reserve

The Corporation has established a deferral account for regulatory hearing costs to be recovered from or paid to ratepayers in the future. The regulatory provision for the year reflects an annual provision of \$250,000 less \$170,000 (2023 - \$416,000) of approved costs transferred from Regulatory Costs (See Note 11(a)(ii)). In the absence of rate regulation, IFRS requires these costs to be expensed as incurred and revenues be recognized as earned.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

b) Regulatory credit balances

	Deferred Insurance Proceeds (i)	Low Water Reserve Fund (ii)	Future Removal and Site Restoration (iii)	Contracts with Customers (iv)	McQuesten Substation (v)	Defined Benefit Pension (vi)	Total (Note 28)
Cost:							
At December 31, 2022 \$	11,122	\$ 9,896	\$ 2,690	\$ 5,060	\$ 2,526	\$ 63	\$ 31,357
Costs incurred	-	-	(653)	-	-	-	(653)
Regulatory provision	4,500	5,791	-	(96)	1,348	23	11,566
Disposals	-	-	-	-	-	-	-
Contributions received	-	-	-	-	-	-	-
At December 31, 2023 \$	15,622	\$ 15,687	\$ 2,037	\$ 4,964	\$ 3,874	\$ 86	\$ 42,270
Costs incurred	-	-	-	-	-	-	-
Regulatory provision	-	(3,067)	-	(96)	1,002	(22)	(2,183)
Interest	-	1,641	-	-	-	-	1,641
Contributions received	-	(79)	-	-	-	-	(79)
At December 31, 2024 \$	15,622	\$ 14,182	\$ 2,037	\$ 4,868	\$ 4,876	\$ 64	\$ 41,649
Accumulated amortization:							
At December 31, 2022 \$	7,640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,640
Amortization	249	-	-	-	-	-	249
At December 31, 2023 \$	7,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,889
Amortization	248	-	-	-	-	-	248
At December 31, 2024 \$	8,137	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,137
Net book value:							
At December 31, 2023 \$	7,733	\$ 15,687	\$ 2,037	\$ 4,964	\$ 3,874	\$ 86	\$ 34,381
At December 31, 2024 \$	7,485	\$ 14,182	\$ 2,037	\$ 4,868	\$ 4,876	\$ 64	\$ 33,512

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

December 31, 2023	\$ (4,251)	\$ (5,791)	\$ 653	\$ 96	\$ (1,348)	\$ (23)	\$ (10,664)
December 31, 2024	\$ 248	\$ 1,505	\$ -	\$ 96	\$ (1,002)	\$ 22	\$ 869

Remaining recovery years

At December 31, 2023	13 years	Indeterminate	Indeterminate	44 years	50 years	Indeterminate
At December 31, 2024	12 years	Indeterminate	Indeterminate	43 years	49 years	Indeterminate

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

December 31, 2023	\$ 4,251	\$ 5,791	\$ (653)	\$ (96)	\$ 1,348	\$ 23	\$ 10,664
December 31, 2024	\$ (248)	\$ (1,505)	\$ -	\$ (96)	\$ 1,002	\$ (22)	\$ (869)

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

b) Regulatory credit balances - continued

(i) Deferred insurance proceeds

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

(ii) Low Water Reserve Fund

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

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

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

(iii) Future removal and site restoration costs

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

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

(iv) Contracts with customers

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

(v) McQuesten Substation

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

(vi) Defined benefit pension

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

(c) Regulatory account expenses

Regulatory account expenses represent costs incurred related to regulatory account debit balances of \$15,491,000 (2023 - \$5,428,000) and regulatory account credit balances of \$0 (2023 - \$653,000).

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

Net movement in regulatory balances related to net income is \$15,643,000 (2023 - (\$4,739,000)) and represents the adjustment to net income for the year before net movement in regulatory balances for the effects of rate regulation in accordance with IFRS 14. The net movement figure is comprised of an increase of \$14,777,000 for regulatory account debit balances and a decrease of \$869,000 for regulatory account credit balances for rate regulation compared to the amounts that are recorded under IFRS. The net movement figure for 2023 is comprised of an increase of \$5,925,000 (Note 28) for regulatory account debit balances and an increase of \$10,664,000 (Note 28) for regulatory account credit balances respectively for rate regulation compared to the amounts that would be recorded under IFRS absent rate regulation.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

12. Bank indebtedness

The Corporation has access to lines of credit. Effective December 18, 2023, the lines of credit were increased temporarily to \$115.0 million. Effective May 15, 2024, the lines of credit were reduced to \$107.5 million and effective December 20, 2024, the lines of credit were reduced to \$100.0 million. The remaining temporary increase expires December 31, 2025. The lines of credit accrue interest on withdrawals at prime rate minus 0.75% per annum.

In 2023, \$107.5 million of the lines of credit accrued interest on withdrawals at prime rate minus 0.75% per annum. The remaining \$7.5 million accrued interest on withdrawals at prime rate minus 0.85% per annum.

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

	2024	2023
Bank balance	\$ 3,471	\$ 3,218
Lines of credit	(81,475)	(47,675)
	\$ (78,004)	\$ (44,457)

For the purposes of the consolidated statement of cash flows, the above line of credit is not part of the Corporation's cash management and instead is classified as financing activities. In the consolidated statement of cash flows, cash is comprised of:

	2024	2023
Cash	\$ 16,529	\$ 10,888
Bank balance	\$ 3,471	\$ 3,218
	\$ 20,000	\$ 14,106

13. Accounts payable and accrued liabilities

	2024	2023
Trade payables	\$ 24,631	\$ 22,592
Employee compensation	1,385	1,009
Due to related parties (Note 22)	1,479	1,408
Other	127	132
	\$ 27,622	\$ 25,141

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

14. Long-term debt

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

	2024	2023
Bond		
The Corporation issued a bond at a fixed interest rate of 5.00% per annum. Interest is payable semi-annually. Principal payment is due when the bond expires on June 29, 2040 (i).	\$ 98,719	\$ 98,666
The Toronto Dominion Bank		
The Corporation entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 2.06% per annum. Payable in monthly installments of \$47,918 interest and principal with the balance due on September 28, 2035 (ii).	6,552	6,987
The Toronto Dominion Bank		
The Corporation entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 3.40% per annum. Payable in monthly installments of \$117,095 interest and principal with the balance due on August 23, 2043 (iii).	19,403	20,135
The Toronto Dominion Bank		
The Corporation entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 2.64% per annum. Payable in monthly installments of \$30,868 interest and principal with the balance due on July 14, 2044 (iv).	5,659	5,877
The Toronto Dominion Bank		
The Corporation entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 2.06% per annum. Payable in monthly instalments of \$20,478 interest and principal with the balance due on November 4, 2045 (v).	4,175	4,333
The Toronto Dominion Bank		
The Corporation entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 2.88% per annum. Payable in monthly instalments of \$35,853 interest and principal with the balance due on April 30, 2046 (vi).	6,850	7,079

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

14. Long-term debt - continued

	2024	2023
The Toronto Dominion Bank		
The Corporation entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 4.07% per annum. Payable in monthly instalments of \$86,661 interest and principal with the balance due on September 1, 2052 (vii).	17,269	17,598
The Toronto Dominion Bank		
The Corporation entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 4.10% per annum. Payable in quarterly instalments of \$103,009 interest and principal with the balance due on December 21, 2048 (viii).	6,274	6,425
The Toronto Dominion Bank		
The Corporation entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 4.30% per annum. Payable in quarterly instalments of \$446,114 interest and principal with the balance due on October 12, 2049 (ix).	27,254	-
Yukon Government		
The Corporation entered into a refinance agreement for construction financing. Annual principal payments of \$1,000,000 and interest are due on March 31. The balance is due on March 31, 2028. The interest rate is adjusted annually on April 1. The interest rate of 5.69% (2023 - 5.15%) is the CORRA rate at April 1 plus Yukon Government's borrowing premium.	33,200	34,200
Tr'ondek Hwech'in First Nation loan		
The loan from the First Nation is related to the construction of the Mayo Dawson Transmission Line and is repayable in equal annual principal repayments of \$125,000 and interest with the final payment due in 2049. The interest rate at 6.74% (2023 - 7.79%) is a blended rate based on the cost of debt and the actual rate of return earned by the Utility.	3,125	3,250
Na-Cho Nyak Dun First Nation loan		
The loan from the First Nation is related to the construction of the Mayo B project and is repayable in equal annual principal repayments of \$43,264 and interest with the final payment due in 2094. The interest rate of 7.02% (2023 - 9.66%) is based on the actual rate of return earned by the Utility.	3,028	3,072

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

14. Long-term debt - continued

	2024	2023
Chu Niikwan Limited Partnership loan		
The loan from the First Nation is related to the construction of the Liquid Natural Gas generation equipment and is repayable in equal annual principal repayments of \$1,019,320 and interest with the final payment due in 2040. The interest rate of 4.70% (2023 - 5.60%) is based on a blended rate based on the cost of debt and the actual rate of return earned by the Utility.	16,309	17,328
Carmacks Stewart First Nation liability		
Long-term liability payable to several First Nations related to the construction of the Carmacks Stewart Transmission Line. These are non-interest bearing, repayment terms not yet established.	141	141
Champagne and Aishihik First Nations		
On July 21, 2023, the Corporation entered into \$1,000,000 long-term debt associated with the installation of the third hydro turbine at the Aishihik Hydroelectric Generating Station (AGS) and due on July 31, 2048. The interest rate is the Utility's rate of return on equity and interest is payable annually (x).	1,000	1,000
Total	248,958	226,091
Less: current portion	5,133	4,440
	\$ 243,825	\$ 221,651

(i) **Bond**

The Corporation issued a bond in 2010 for the face value of \$100 million. The interest rate is 5% and the bond matures June 29, 2040. There are no principal payments due until the bond matures and interest is payable semi-annually. The bond was issued at a discount of \$0.7 million which is being amortized over the period of the related debt using the effective interest rate. Transaction costs were \$1.2 million and include fees paid to agents and advisors and are presented as a reduction from the carrying value of the related debt and are amortized over the period of the related debt using the effective interest rate.

(ii) **Toronto Dominion Bank Loan and 2.06% Interest Rate Swap**

On December 28, 2012, the Corporation entered into a loan and interest rate swap with Toronto Dominion Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. On September 11, 2020, the loan and interest rate swap was amended. The amendment changed the interest rate from 2.69% to 2.06% and the termination date from December 28, 2022 to September 28, 2035.

(iii) **Toronto Dominion Bank Loan and 3.40% Interest Rate Swap**

On August 23, 2018, the Corporation entered into a loan and interest rate swap with Toronto Dominion Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. On September 11, 2020, the loan and interest rate swap was amended. The amendment changed the interest rate from 3.67% to 3.40% and the termination date from August 23, 2038 to August 23, 2043.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

14. Long-term debt - continued

(iv) Toronto Dominion Bank Loan and 2.64% Interest Rate Swap

On July 15, 2019, the Corporation entered into a loan and interest rate swap with Toronto Dominion Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. On September 11, 2020, the loan and interest rate swap was amended. The amendment changed the interest rate from 2.90% to 2.64% and the termination date from July 14, 2039 to July 14, 2044.

(v) Toronto Dominion Bank Loan and 2.06% Interest Rate Swap

On November 4, 2020, the Corporation entered into a loan and interest rate swap with Toronto Dominion Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. The loan matures November 4, 2045.

(vi) Toronto Dominion Bank Loan and 2.88% Interest Rate Swap

On April 26, 2021, the Corporation entered into a loan and interest rate swap with Toronto Dominion Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. The loan matures April 30, 2046.

(vii) Toronto Dominion Bank Loan and 4.07% Interest Rate Swap

On August 29, 2022, the Corporation entered into a loan and interest rate swap with Toronto Dominion Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. The loan matures September 1, 2052.

(viii) Toronto Dominion Bank Loan and 4.10% Interest Rate Swap

On December 21, 2023, the Corporation entered into a loan and interest rate swap with Toronto Dominion Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon and to maintain the required regulatory debt ratio in the Utility of 60%. The loan matures December 21, 2048.

(ix) Toronto Dominion Bank Loan and 4.10% Interest Rate Swap

On October 9, 2024, the Corporation entered into a loan and interest rate swap with Toronto Dominion Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon and to maintain the required regulatory debt ratio in the Utility of 60%. The loan matures October 12, 2049.

(x) Champagne and Aishihik First Nations debt

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

14. Long-term debt - continued

Long-term debt repayment

Scheduled principal repayments for all long-term debt are as follows:

2024	\$	5,133
2025		5,232
2026		5,335
2027		34,642
2028		4,553
Thereafter		194,063
	\$	248,958

The change in long-term debt arising from financing activities during the year related to principal repayment of \$4,439,000 (2023 - \$4,176,000) and the issuance of additional debt in the amount of \$27,254,000 (2023 - \$7,425,000).

Fair value

The fair value of long-term debt at December 31, 2024 is \$265 million (December 31, 2023 - \$237 million). The fair value for all long-term debt including current portions was estimated using discounted cash flows based on an estimate of the Corporation's current borrowing rate for similar borrowing arrangements.

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

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

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

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits

Characteristics of benefit plans

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

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

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

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

Risks associated with defined benefit plans

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits - continued

Net defined benefit liability (asset):

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

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits - continued

Components of benefit plan cost:

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

Distribution of plan assets of defined benefit pension plans

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

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

The distribution of assets by major asset class is as follows:

	December 31, 2024	December 31, 2023
Equities	14.9%	40.7%
Fixed income securities	14.1%	40.5%
Real estate	7.0%	18.8%
Annuity buy-in	64.0%	-

Significant assumptions:

	December 31, 2024	December 31, 2023
Discount rate - accrued benefit obligation	4.70%	4.60%
Assumed rate of compensation increase	3.00%	3.10%
Pension growth	2.00%	2.00%

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits - continued

Sensitivity analysis of the defined benefit pension plans:

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

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

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

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

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

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

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

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

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

16. Contributions in aid of construction

	Government of Canada	Yukon Government since 1998	Pre - 1998 contributions	Total
Cost:				
At December 31, 2022	\$ 99,741	\$ 16,896	\$ 1,739	\$ 118,376
Additions	3,843	524	-	4,367
At December 31, 2023	103,584	17,420	1,739	122,743
Additions	2,970	-	-	2,970
At December 31, 2024	\$ 106,554	\$ 17,420	\$ 1,739	\$ 125,713
Accumulated amortization:				
At December 31, 2022	\$ 11,614	\$ 4,315	\$ 1,596	\$ 17,525
Amortization	1,249	326	43	1,618
At December 31, 2023	12,863	4,641	1,639	19,143
Amortization	1,467	330	45	1,842
At December 31, 2024	\$ 14,330	\$ 4,971	\$ 1,684	\$ 20,985
Net book value:				
At December 31, 2023	\$ 90,721	\$ 12,779	\$ 100	\$ 103,600
At December 31, 2024	\$ 92,224	\$ 12,449	\$ 55	\$ 104,728

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

17. Deferred revenue

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

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

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

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

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

18. Sales of power

	2024	2023
Wholesale	\$ 54,572	\$ 46,665
Industrial	13,305	16,576
General service	12,206	10,242
Residential	4,723	3,804
Secondary sales	495	227
Sentinel and street lights	163	113
	\$ 85,464	\$ 77,627

19. Other revenue

Included in other revenue, the Corporation recognized \$60,000 (2023 - \$365,000) in other revenue related to IPP contracts (Note 17), \$0 (2023 - \$4,500,000) related to a gain on insurance proceeds, and \$1,500,000 (2023 - \$0) related to the reversal of an allowance provision (Note 5 and 26).

20. Operations and maintenance expenses

	2024	2023
Fuel	\$ 19,754	\$ 11,138
Regulatory account expenses (Note 11 (c))	15,941	6,081
Wages and benefits	9,030	7,285
Rent	6,779	5,242
Contractors	3,886	3,825
Materials and consumables	2,219	1,713
Loss on asset disposals	762	1,024
Travel	479	533
Communication	101	93
	\$ 58,951	\$ 36,934

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

21. Administration expenses

	2024	2023
Wages and benefits	\$ 9,575	\$ 8,350
Insurance and taxes	3,367	3,072
External labour	3,300	2,854
Licences and fees	1,371	1,027
Materials, consumables and general	1,330	4,069
Travel	290	370
Board fees	142	171
	\$ 19,375	\$ 19,913

Included in materials, consumables and general is an impairment loss of \$nil (2023 - \$1,500,000) (Note 5 and 26).

22. Related party transactions

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

The following table summarizes the Corporation's related party transactions with the Yukon Government for the year:

	2024	2023
Revenues		
Contributions for Interim Electrical Rebate program	3,516	3,380
Contributions for bond interest expense	2,625	2,428
Contributions for Innovative Energy Renewable Initiatives	2,104	1,805
Contributions for Atlin Hydroelectric expansion project subsidies	1,250	750
Contributions for Inflation Relief Rebate program	\$ 911	\$ 5,473
	\$ 10,406	\$ 13,836

During 2024, the Corporation utilized office space provided by the Government of Yukon at no cost to the Corporation.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

22. Related party transactions - continued

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

	2024	2023
Balances		
Long-term debt	\$ 33,200	\$ 34,200
Accounts receivable	\$ 9,300	\$ 11,137
Accounts payable	\$ 1,479	\$ 1,408

Included in accounts receivable is an amount of \$5,605,000 for capital projects funded by Yukon Government and the federal government (2023 - \$3,384,000) as well as an amount of \$2,497,000 related to the Interim Electrical Rebate (2023 - \$694,000) and \$0 related to the Inflation Relief Rebate (2023 - \$4,391,000). These balances are non-interest bearing and payable on demand except for long-term debt.

Transactions with Key Management Personnel

The Corporation's key management personnel comprise of 12 members of senior management and 16 members of the Boards of Directors, a total of 28 individuals (2023 - 28 individuals). Key management personnel compensation is as follows:

Year ended December 31,	2024	2023
Short-term employee benefits	\$ 2,244	\$ 2,128
Post-employment benefits	134	110
	\$ 2,378	\$ 2,238

23. Commitments

Contractual obligations

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

	2024	2023
Property, plant and equipment	\$ 30,096	\$ 44,353
Other products or services	13,424	10,266
Intangible assets	814	1,747
	\$ 44,334	\$ 56,366

The Corporation expects to fulfill contractual obligations of \$42,834,000 in 2025 and \$1,500,000 in 2026.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

24. Contingencies

Asset retirement obligations

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

25. Provision for environmental liabilities

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

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

26. Risk management and financial instruments

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

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

Interest rate risk

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

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

The Corporation has access to a line of credit as described in Note 12 and a lease liability as described in Note 7.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

26. Risk management and financial instruments - continued

Credit risk

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

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

	2024	2023
Cash	\$ 16,529	\$ 10,888
Accounts receivable	34,009	24,980
	\$ 50,538	\$ 35,868

Credit risk on cash is considered minimal as the Corporation's cash deposits are held by Canadian Schedule 1 Chartered banks.

Credit risk on accounts receivable is generally considered minimal as the Corporation has experienced insignificant bad debt in prior years. Its primary customer is a rate regulated utility that purchases power from the Corporation for resale and as such these receivables are considered fully collectible. Included in the accounts receivable past due at December 31, 2024 is \$9,084,000 (2023 - \$10,355,000) of which \$4,015,000 (2023 - \$4,015,000) pertains to one customer. This customer is currently in receivership and working on asset liquidation. The recovery of any amount owing will not occur until after the liquidation is completed. The timing and certainty of a full recovery is unknown, and a wide range of outcomes are possible. However, based on amounts collected after year-end, other assets held, the nature of the receivables, and management's judgment and assessment, as at December 31, 2024, this amount is considered fully collectible. Therefore, no allowance provision (2023 - \$1,500,000) has been recognized.

Liquidity risk

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

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

26. Risk management and financial instruments - continued

Undiscounted cash flows of financial liabilities

	Less than 1 year or on demand	Between 1 and 5 years	More than 5 years
Bank indebtedness - line of credit	\$ 85,304	\$ -	\$ -
Accounts payable and accrued liabilities	27,622	-	-
Lease liability	210	562	-
Long-term debt	16,611	90,531	290,416
	\$ 129,747	\$ 91,093	\$ 290,416

Fair values

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

	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
Derivative related asset	-	\$655	-	\$655
Long-term debt	-	-	\$265,427	\$265,427

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

	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
Derivative related asset	-	\$2,405	-	\$2,405
Long-term debt	-	-	\$236,975	\$236,975

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

27. Capital management

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

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

The Utility monitors its capital on the basis of the ratio of total debt to total capitalization. Debt is calculated as total borrowings, which is comprised of long-term debt, including the portion of long-term debt due within one year, as well as the decommissioning fund (Note 17). Short-term debt related to assets under construction at the Statement of Financial Position date is excluded from the calculation of total debt, as the assets are similarly excluded from the determination of rate base.

Total capitalization is calculated as total debt plus total shareholder's equity as shown on the Utility's Statement of Financial Position. The Utility maintains a balance in retained earnings as an indicator of the Utility's equity position.

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

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

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2024 (tabular amounts in thousands of Canadian dollars)

28. Comparative information

Comparative figures for certain financial statement line items have been reclassified to conform to the current year's presentation. The changes made relate to the regulatory deferral accounts (Note 11). The hearing reserve account has been reclassified from a regulatory credit balance to a regulatory debit balance on the Consolidated Statement of Financial Position.

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

	Previously reported 2023	Reclassification	After reclassification 2023
Regulatory debit balances	\$38,272	\$1,046	\$39,318
Regulatory credit balances	\$33,334	\$1,046	\$34,380

29. Subsequent events

On February 14, 2025, the Corporation signed an agreement with the Government of Canada to March 31, 2030 for total funding of up to \$39.9 million to support the Yukon-British Columbia Grid Connect project. Funding subsidizes up to 75% of costs related to pre-feasibility activities to advance a direct current transmission line network that would connect the Yukon electrical grid to the North American grid in British Columbia.

30. Non-consolidated financial information

The nature and size of operations of the non-consolidated Yukon Development Corporation and its wholly-owned subsidiary, Yukon Energy Corporation differ substantially. Unaudited non-consolidated financial statements of the Yukon Development Corporation and audited financial statements of Yukon Energy Corporation for the year ended December 31, 2024 are also prepared.

