2012/2013 ANNUAL REPORT

COLUMBIA POWER

POSITIVE ENERGY

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MESSAGE FROM THE BOARD CHAIR

Lee Doney, Chair

I respectfully submit Columbia Power Corporation's 2012/13 Annual Report. The 2012/13 year was a successful one for Columbia Power Corporation.

In the past year we completed the development of our five-year strategy (2012–2017). We are very pleased with the positive reception the plan has received from the Ministry of Energy, Mines and Natural Gas, BC Hydro, local government, First Nations, labour representatives and the community.

The strategy has three primary objectives:

1. Realize forecast revenue growth from our existing facilities
2. Complete construction of Waneta Expansion by 2015
3. In collaboration with BC Hydro, develop new generation assets

This strategy will take advantage of Columbia Power's strengths in developing hydroelectric generation to support British Columbia's Jobs Plan and LNG Strategy, its energy objectives as set out in the *Clean Energy Act*, and related provincial policy directions.

We recently completed a consultation program on the proposed strategy with the public and key stakeholders. The summary report from the consultation concludes:

1. **There is overwhelming support for Columbia Power to continue with its existing operations,** with 87 per cent of respondents in support of Columbia Power's strategy of continuing to own and operate its existing facilities.
2. **There is overwhelming support for Columbia Power to expand its operations.** More than 87 per cent of stakeholders are in favour of Columbia Power's proposed strategy.

The Waneta Expansion Project is the construction of a new 335mW hydroelectric facility immediately downstream of the Waneta Dam near Trail, directly above the confluence of the Pend d'Oreille and Columbia Rivers. There are three partners on the project: Columbia Power; Columbia Basin Trust, our joint venture partner on our other assets; and the Canadian company, Fortis Inc. Fortis is well known to the community and to Columbia Power — its subsidiary, FortisBC, owns several hydro power plants in the region. Columbia Power is proud to be managing the construction on behalf of the partnership. Construction has been under way since October 2010, and is progressing well. We are especially pleased with the safety and environmental record to date. We recently reached over 1.4 million hours of work — roughly half way through the project — without a major safety or environmental incident. The project is on-schedule for commercial operation in spring 2015 and is on-budget.

During the four and a half year construction period, the project will provide the equivalent of more than 400 jobs. The local hire rate is more than 75 per cent, in line with the target. Representatives of the Ktunaxa and Okanagan Nations have been active participants. Recently, Nupqu, a contracting company wholly owned by the Ktunaxa, completed the logging and clearing for the 10km transmission line that is part of the project. In addition to direct employment, Trail and the surrounding communities are enjoying significant economic benefits — as of March 31, 2013 regional spending on goods and services exceeded $140 million.

The success of the Waneta Expansion is due in no small way to the ongoing support of the provincial and local governments, as well as the local community stakeholders. In particular, I would like to thank the members of the Community Impact Management Committee for their continued commitment. Their input and support is invaluable to the success of the project.

We are also pleased to have undertaken construction of boat launches in Nakusp, Anderson Point and Edgewood. These three boat launches were a long-standing commitment of BC Hydro under its regulatory obligations. Columbia Power and BC Hydro agreed that we would manage construction of the facilities on behalf of BC Hydro. This collaboration has been very successful. The three facilities will be available for use this summer. We plan to complete the project during the low water periods next year.

In addition to its 32.5 per cent ownership interest in the Waneta Expansion, Columbia Power, in joint venture with Columbia Basin Trust, owns the Brilliant Dam and Generating Station, the Brilliant Expansion Generating Station and the Brilliant Terminal Station and the Arrow Lakes Generating Station. Columbia Power manages these facilities on behalf of the joint venture. The performance of these assets is a high priority for us and we were pleased with the results this year. While we experienced one unplanned outage at Brilliant Expansion, the impact was not significant and the overall performance of this facility and our other assets allowed us to meet our financial goals for the year.

Net income for 2012/13 was $17.8 million compared to 2011/12 net income of $14.6 million and budgeted net income of $17.5 million. Operating revenue in 2012/13 was $21.7 million compared to 2011/12 operating revenue of $18.0 million and $21.4 million budgeted. Operating expenses in 2012/13 were $3.6 million compared to 2011/12 operating expenses of $3.6 million and $3.7 million budgeted. Net financing income in 2012/13 was $159 thousand compared to 2011/12 net financing income of $852 thousand and $161 thousand budgeted. Net income was in line with expectations as strong operating performance for Arrow Lakes Power Corporation offset the repair costs of a mechanical failure at Brilliant Expansion. Net income increased over the prior year, which was impacted both by an outage caused by a shaft seal failure at Brilliant Expansion and by costs associated with the redemption of Arrow Lakes Series A bonds.

The 2012/13 Columbia Power Corporation Annual Report was prepared under my direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. I am accountable for the contents of the report, including what has been included in the report and how it has been reported.

The information presented reflects the actual performance of Columbia Power for the twelve months ended March 31, 2013 in relation to the service plan published in March 2012.

I am responsible for ensuring internal controls are in place to ensure information is measured and reported accurately and in a timely fashion. All significant assumptions, policy decisions, events and identified risks, as of May 8, 2013, have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgement of management. Any changes in mandate direction, goals, strategies, measures or targets made since the 2012/13 – 2014/15 Service Plan was released and any significant limitations in the reliability of data are identified in the report.

As always, thank you to my colleagues on the Board of Directors of Columbia Power and our partners and employees. Together we will continue to contribute to the strong legacy of hydroelectric power development in the Columbia Basin.

LEE DONEY, CHAIR

ORGANIZATIONAL OVERVIEW

Columbia Power staff at the corporate office in Castlegar

COLUMBIA POWER CORPORATION (COLUMBIA POWER) is a Crown corporation wholly owned and controlled by the Province of British Columbia, existing under the *Business Corporations Act* and reporting to the Minister of Energy, Mines and Natural Gas. Pursuant to the Columbia Basin Accord (1995), the primary mandate of Columbia Power is to undertake power project investments as the agent of the Province in partnership with Columbia Basin Trust.

The company is located in Castlegar, in the heart of the Columbia River system, in the mountains and valleys that characterize the Columbia Basin — where hydroelectric generation has existed since the late 1800s. The company develops, owns and operates hydro power projects in the Basin.

MANDATE

Columbia Power's mandate, as endorsed by the Province and by Columbia Power's Board of Directors, is to:

- Efficiently develop and operate commercially viable, environmentally sound and safe power project investments for the benefit of the Province and residents of the Columbia Basin
- Act as the manager of power project joint ventures with Columbia Basin Trust
- Act as the Owner's Representative and manager for construction of the Waneta Expansion Project and
- Undertake strategic planning for the future of the Corporation.

VISION

Columbia Power's vision is to be:

- A respected, continually improving company that maximizes shareholder value by developing and operating power projects in a socially and environmentally responsible manner, while achieving the development objectives of the Province and the Columbia Basin.
- An acknowledged partner of choice in sustainable, smart solutions — powering our communities.

VALUES

Our thinking and actions guide how Columbia Power works with its staff and external stakeholders. The company is driven by our values of:

- Integrity
- Respect
- Versatility
- Teamwork
- Sense of community
- Promotion of work/life balance
- Sustainability

JOINT VENTURES WITH COLUMBIA BASIN TRUST

Columbia Power owns three hydropower facilities in joint venture partnership with Columbia Basin Trust (CBT). These facilities are owned by corporations jointly owned by Columbia Power and indirect subsidiaries of CBT as follows:

Brilliant Power Corporation (BPC): owns the Brilliant Dam and Generating Station and the Brilliant Terminal Station.

Arrow Lakes Power Corporation (ALPC): owns the Arrow Lakes Generating Station and associated 48-kilometre transmission line from the power plant to BC Hydro's Selkirk substation.

Brilliant Expansion Power Corporation (BEPC): owns the Brilliant Expansion Generating Station.

The Boards of Directors of these corporations are comprised of six Directors, three nominated by Columbia Power and three nominated by CBT. Columbia Power manages these assets on behalf of the joint ventures. Senior management for these corporations is consistent with that of Columbia Power (page 11).

JOINT VENTURE BOARDS (ALPC, BEPC, BPC)	MEMBERS
Board of Directors	**CHAIR** Greg Deck (CBT) **DIRECTORS** Kim Deane (CBT) Neil Muth (CBT) Lee Doney (CPC) Lillian White (CPC) Jane Bird (CPC)

The Brilliant Dam and Generating Station, the Arrow Lakes Generating Station, the Brilliant Expansion Generating Station and Brilliant Terminal Station are operated and maintained by FortisBC (a subsidiary of Fortis Inc.) or its related company, FortisBC Pacific Holdings Inc., under the oversight of Columbia Power.

Most of the power generated at these facilities is committed under long-term sales agreements to two utilities, FortisBC and BC Hydro. Short-term sales of capacity and energy maximize revenue.

WANETA EXPANSION LIMITED PARTNERSHIP

In addition to its joint ventures with CBT, Columba Power has an interest in the Waneta Expansion Project. The project involves the development of a 335mW Generating Station on the Pend d'Oreille River near Trail, BC. It is owned by the Waneta Expansion Limited Partnership (WELP) a limited partnership owned by Fortis Inc. (51 per cent), Columbia Power (32.5 per cent), and CBT (16.5 per cent). WELP is

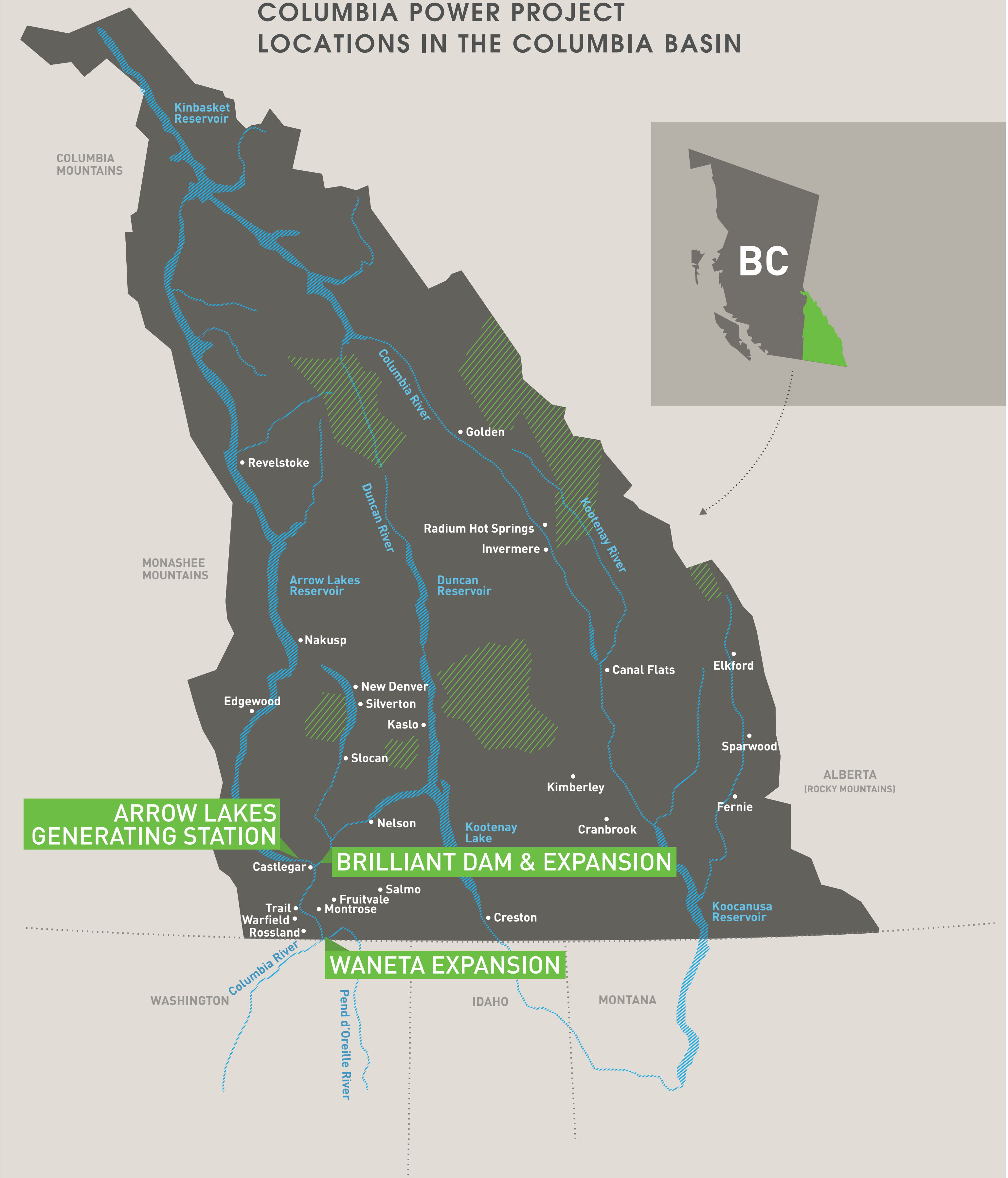
Aerial view of the new Waneta Expansion Project powerhouse

managed by a general partner, Waneta Expansion General Partner Ltd. (WEGPL), which is also owned by Fortis Inc., Columbia Power and CBT. WEGPL has a seven-member Board of Directors, comprising four nominees of Fortis Inc., two nominees of Columbia Power, and one nominee of CBT. Columbia Power acts as the Owner's Representative, managing the construction of the project on behalf of the partners. FortisBC will be responsible for operations of the facility. The energy and capacity generated from this facility will be sold by WELP under long term contracts with BC Hydro and FortisBC, respectively.

In addition to its partners in WELP, Columbia Power's key stakeholders on the Waneta Project include BC Hydro, FortisBC, Teck, First Nations, local and regional governments, local communities, labour and environmental and other interest groups.

Figure 1, page 9, illustrates the corporate structures of Columbia Power's joint ventures.

COLUMBIA POWER PROJECT LOCATIONS IN THE COLUMBIA BASIN



CORPORATE STRUCTURE OF COLUMBIA POWER CORPORATION

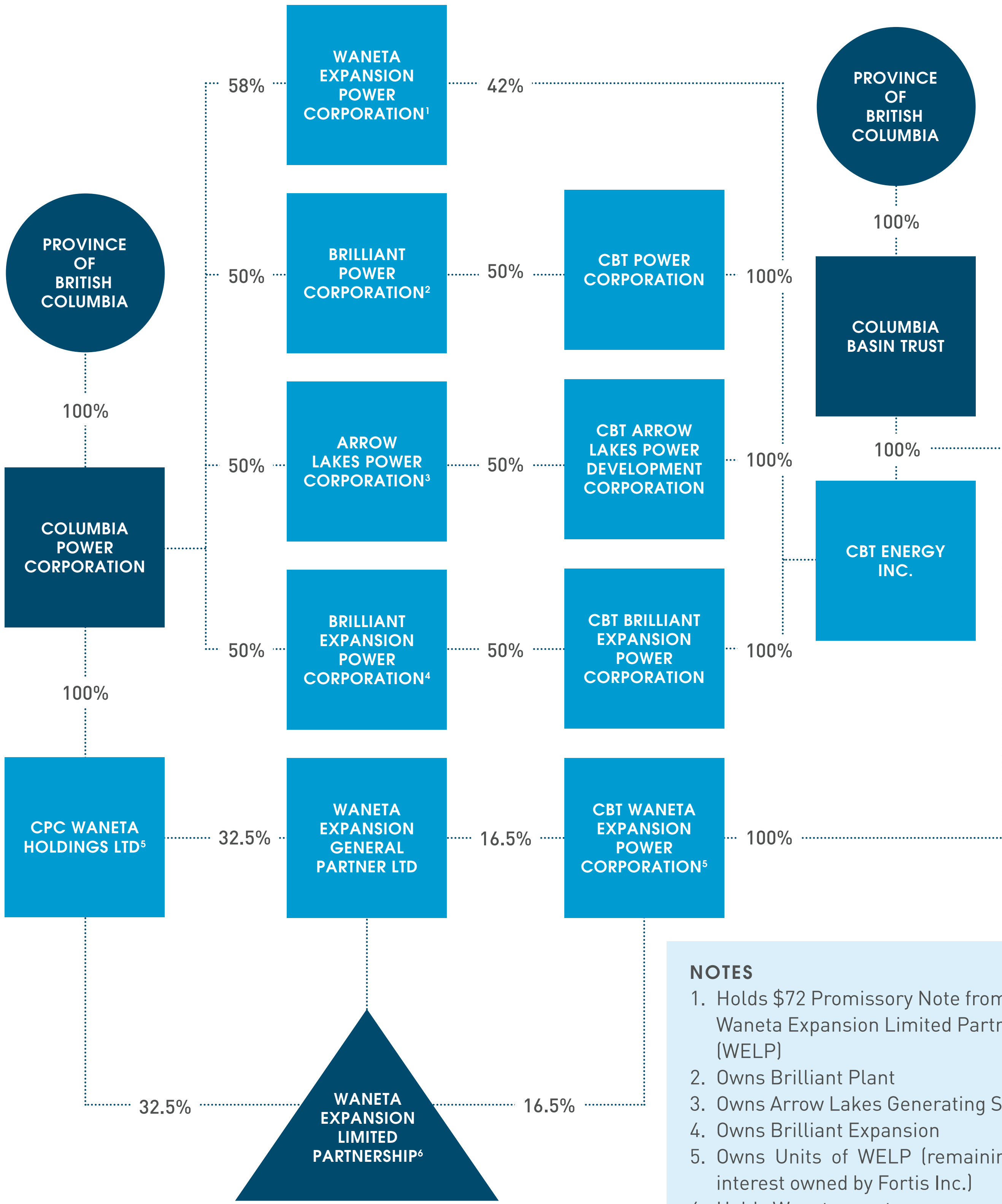


Figure 1

NOTES

1. Holds $72 Promissory Note from Waneta Expansion Limited Partnership (WELP)
2. Owns Brilliant Plant
3. Owns Arrow Lakes Generating Station
4. Owns Brilliant Expansion
5. Owns Units of WELP (remaining 51% interest owned by Fortis Inc.)
6. Holds Waneta assets

CORPORATE GOVERNANCE

Board of Directors
Back (left to right):
Tim Newton
Lee Doney, Chair
Greg Deck

Front (left to right):
Kim Deane
Lillian White
Tim Stanley, Vice Chair

GOVERNANCE PRINCIPLES

The authorized number of Directors of the Corporation is six, all appointed by the Province of British Columbia and independent of management. As stewards of the Corporation, the Directors are committed to overseeing the conduct of the Corporation's business, applying the following governance principles:

PRINCIPLE	DESCRIPTION
Integrity: Best Interests of the Corporation	The Directors will act with honesty and integrity, with a view to the best interests of the Corporation, recognizing their role in setting the ethical tone for the entire organization.
Direction with Oversight: Support Management	The Directors will provide oversight and support to management to enable management to carry out their role without undue encroachment from the Board.
Commitment: Well-Informed Decision-Making	Each Director will be committed to developing a strong understanding of the Corporation, its business, principal risks and strategic direction.
Skill Development: Continuous Improvement	The Board will strive to identify and attract the combination of skills and characteristics among its Directors that are essential to providing high quality oversight to management. This will involve orientation of new Directors and measures designed to continuously improve the skills and competencies of all Directors.
Communication	The Directors, having regard for the need to maintain confidentiality where appropriate, will communicate decisions and policies promptly and clearly within the organization and to others whose interests are affected.
Respect	The Directors will conduct themselves in a manner that is respectful of each other and of the interests of the Corporation's stakeholders.

BOARD OF DIRECTORS

BOARD/COMMITTEE	MEMBERS	BOARD/COMMITTEE ROLE
Board of Directors	**CHAIR** Lee Doney **VICE CHAIR** Tim Stanley **DIRECTORS** Greg Deck Lillian White Richard (Kim) Deane[1] Tim Newton	The Board has a primary responsibility to foster the Corporation's short-and long-term success; consistent with the Board's responsibility to the Corporation's shareholder, the Province of British Columbia, while giving consideration to the legitimate interests held by other stakeholders including employees, customers, suppliers, communities and the public. The Directors are stewards of the Corporation. The Board has the responsibility to oversee the conduct of the Corporation's business and management, which is responsible for the day-to-day operation. In overseeing the conduct of the business, the Board, through the President and Chief Executive Officer will set the standards of conduct for the Corporation.
Finance and Audit Committee	**CHAIR** Lillian White **MEMBERS** Tim Stanley Richard (Kim) Deane	The Finance and Audit Committee is responsible for financial and compliance oversight.
Human Resources and Governance Committee	**CHAIR** Greg Deck **MEMBERS** Lee Doney Lillian White	The Human Resources and Governance Committee assists the Board in matters of human resources and compensation, including establishing a plan for continuity and development of senior management. This Committee is also responsible for providing a focus on governance that will enhance Columbia Power's performance.
Major Capital Projects Committee	**CHAIR** Tim Stanley **MEMBERS** Richard (Kim) Deane Tim Newton	The Major Capital Projects Committee assists the Board in its oversight responsibilities with respect to the operations of the Corporation's existing facilities and major capital projects.

Figure 2

[1] Kim Deane replaced Ron Miles as of June 30, 2012.

OFFICERS OF THE COMPANY

Jane Bird, President & Chief Executive Officer
Frank Wszelaki, Chief Operating Officer
Giulio Ambrosone, Vice President, Capital Projects
Debbie Martin, Vice President, Human Resources & Corporate Services
Karim Hirji, Vice President, Project Development
David de Git, Director, Finance
Victor Jmaeff, Chief Technical Officer (served as Officer to October 31, 2012)
Sheana Orr, Corporate Secretary
Don Rose, Corporate Secretary (served as Officer to December 31, 2012)

SENIOR MANAGEMENT

Gene Anderson, Director, Operations
Llewellyn Matthews, Director, Environment
Audrey Repin, Director, Stakeholder Relations & Communications
Janice Hardy, Manager, Human Resources & Corporate Services

COMPLIANCE

The Corporation is in compliance with the Board Resourcing and Development Office's board disclosure requirements for Crown corporations.

Click the link below to learn more about Columbia Power's Corporate Governance and about our board of directors:
http://www.columbiapower.org/content/corporate_governance.asp

Click the link below to learn more about the Province of British Columbia's Board Resourcing and Development Office:
http://www.fin.gov.bc.ca/BRDO/

OUR POWER PLANTS

The Arrow Lakes Generating Station and intake channel in the forefront

COLUMBIA POWER USES THE INCOME FROM OUR FACILITIES TO:

- pay dividends to our shareholder, the Province of BC
- reinvest in project development, including Waneta Expansion, currently under construction
- sponsor community groups and events
- offer bursaries and scholarships to secondary schools and community colleges
- develop and deliver environmental stewardship programs

Columbia Power is a joint venture owner and manager of three operating hydro power facilities which together generate 450mW. The facilities are operated by FortisBC or a related company, FortisBC Pacific Holdings Inc., under contract to Columbia Power.

This fiscal year has been dedicated to improving long-term plant reliability of the operating assets while maintaining our commitment to safety and the environment.

Following the 2003 Northeast blackout, the governments of Canada and the U.S. concluded that reliability standards for the bulk power system in North America should be mandatory. In 2009, the Mandatory Reliability Standard (MRS) Regulation was issued under the *Utilities Commission Act*. This regulation applies reliability standards to entities utilizing the bulk power system in British Columbia. FortisBC has integrated Columbia Power's assets into its MRS management system. Fortis undertook its first official audit in July 2012. No non-compliance issues were identified.

ARROW LAKES GENERATING STATION

The Arrow Lakes Generating Station is a two-unit Kaplan turbine hydroelectric facility with a maximum capacity of 185mW. It is located 400 metres downstream of BC Hydro's Hugh Keenleyside Dam, impounding the Arrow Reservoir and discharging into the upper Columbia River.

The Hugh Keenleyside Dam was constructed in the 1960s by BC Hydro under the terms of the Columbia River Treaty. The dam was built to store and regulate water releases for downstream flood control and power generation benefits in the United States. Columbia Power and CBT constructed the Arrow Lakes Generating Station between 1999 and 2002 to realize power benefits by utilizing water releases for generation that would otherwise be spilled through the

Brilliant Dam and Generating Station

dam's discharge facilities. The reduction of spill by utilizing water for power generation also improved water conditions for fish by reducing the dissolved gas pressure levels downstream. The Arrow Lakes Project was awarded the Blue Planet Award by the International Hydro Power Association.

In 2012/13 the Arrow Lakes Generating Station achieved over 94.5 per cent availability which exceeded its annual availability target. Facility generation also exceeded the expected average amounts which benefited our power customer, BC Hydro. Arrow Lakes Power Corporation's earnings before interest, taxes, depreciation, and amortization (EBITDA) for the fiscal year ending March 31, 2013 were $25.5 million — refer to the Management Discussion & Analysis, starting on page 31, for additional financial information on this facility.

BRILLIANT DAM AND GENERATING STATION

The Brilliant Dam and Generating Station is a four-unit Francis turbine facility with a combined capacity of 145mW. It is located on the Kootenay River, three kilometres upstream of the confluence with the Columbia River.

The original 125mW facility was purchased from Cominco Ltd. (now Teck) in 1996. Between 2000 and 2003, a significant upgrade and life-extension program was conducted on the four units, resulting in an additional 20mW of facility capacity, 125 gigawatt hours (gWh) per year of additional energy and a modernization of all equipment for long-term reliability. Work is being completed on a major 50-year refurbishment of the eight spillway gates to ensure reliable operation and flood passage. This work is expected to be completed by 2015/16.

Natalie Nowicki, P. Eng, descends from the turbine inspection platform at the Brilliant Expansion Generating Station during a planned outage

All of the energy from the Brilliant Dam and Generating Station is sold to FortisBC under the terms of the 60-year Brilliant Power Purchase Agreement, except for approximately 60gWh of Brilliant Upgrade energy. The Upgrade energy is sold to Brilliant Expansion Power Corporation (BEPC), which in turn sells the Upgrade energy, combined with BEPC's residual energy and capacity, as described below.

Brilliant Power Corporation (BPC)'s EBITDA for the fiscal year ending March 31, 2013 was $30.2 million — refer to the Management Discussion & Analysis, starting on page 31, for additional financial information on this facility.

Brilliant Expansion Generating Station

BRILLIANT EXPANSION GENERATING STATION

The Brilliant Expansion Generating Station (Brilliant Expansion), an EcoLogo certified facility, is a single unit, 120mW Kaplan turbine facility located on the Kootenay River, 160 metres downstream from the pre-existing Brilliant Dam and Generating Station. The unit is connected to the Brilliant Terminal Station located approximately 0.5km away via a 230kV transmission line.

Brilliant Expansion was commissioned in 2007. Approximately 90 per cent of the Brilliant Expansion energy and capacity is sold under two long-term agreements to BC Hydro. Operation and maintenance of the Brilliant Expansion is conducted under a management agreement with FortisBC Pacific Holdings Inc., a corporation related to FortisBC Inc. From April 2012 until January 2013, BEPC sold its residual capacity and energy to FortisBC under a series of short term agreements. In prior years, sales had been made to Powerex, a subsidiary of BC Hydro, on market terms. Effective January 2013 BEPC entered into a five-year sales agreement with FortisBC, under which FortisBC purchases all residual entitlement energy and capacity from the Brilliant Expansion, as well as Upgrade energy purchased by BEPC from BPC. BEPC's EBITDA for the fiscal year ending March 31, 2013 was $23.5 million — refer to the Management Discussion & Analysis, starting on page 31, for additional financial information on this facility.

BRILLIANT TERMINAL STATION

The Brilliant Terminal Station (BTS) is a 230kV switchyard which interconnects the Arrow Lakes Generating Station, Brilliant Expansion and Brilliant Dam and Generating Station to the integrated B.C. transmission system, including BC Hydro's Selkirk Substation, BC Hydro's Kootenay Canal, and FortisBC's Warfield Substation. BTS is the electrical hub of the existing power plants. It is owned by the Brilliant Power Corporation and earns revenue under the same terms as the Brilliant Power Purchase Agreement. It is operated and maintained by FortisBC under a separate agreement. Columbia Power jointly manages the BTS with FortisBC through a management committee. In 2012/13, new equipment and reporting requirements from the Mandatory Reliability Standards legislation were a key focus for the substation.

Construction of the Waneta Expansion Project

UNDER CONSTRUCTION — WANETA EXPANSION

The $900 million Waneta Expansion Project is the construction of a second powerhouse immediately downstream of the existing Waneta Dam on the Pend d'Oreille River, south of Trail, BC. Construction began in 2010 and commercial operation is scheduled for the spring of 2015. The project is on-schedule and on-budget.

The Waneta Expansion Project is committed to a high standard of safety, quality and environmental protection. As of March 31, 2013, the project had achieved more than 1.4 million person-hours without a major safety or environmental incident.

The new facility will share the existing dam's hydraulic head and make use of water flows that would otherwise be spilled. The rights to use this hydraulic head, as well as the land necessary to build the project, were acquired by the Province from Cominco Ltd. (now Teck) in 1994 and subsequently transferred to the Waneta Expansion Limited Partnership.

The Waneta Expansion Project has been structured to avoid potential environmental impacts on white sturgeon habitat in the Columbia and Pend d'Oreille River confluence area. Water will be conveyed through two large 10 metre diameter tunnels from the Waneta forebay into a two-unit powerhouse being built "in the dry" on the right bank of the Pend d'Oreille River, between the Waneta Dam and Highway 22A.

Output from the units will be stepped up to 230kV and connected through powerhouse switching equipment to a new 10 kilometre transmission line that will connect the project to BC Hydro's Selkirk Substation.

The addition of 335mW of capacity at Waneta will achieve balance with upstream generation at the Seven Mile Dam (BC Hydro) and the Boundary Dam in the U.S. (Seattle City Light). This hydraulic balance will allow flows released from the Boundary Dam to travel the Canadian section of the Pend d'Oreille River without the need for reservoir re-regulation to avoid spill. Minimizing re-regulation will increase the productivity of reservoir aquatic habitat. In addition, diverting otherwise unavoidable spill through the Waneta Expansion Project will reduce harmful dissolved gas pressure in waters below the Waneta Dam and down the Columbia River into the United States.

Construction in 2012/13 focused on the placement of concrete in the powerhouse, intake and twin power tunnels. The roof and cladding were placed on the powerhouse and Voith Hydro began the installation of turbine components.

Logging and clearing for the 230kV transmission line began in the fall of 2012, with the majority of the work (clearing, burning, restoration and removal of merchantable timber) substantially completed by the end of March 2013.

Over the four-and-a-half year construction period, the project is expected to provide the equivalent of more than 400 jobs. On March 31, 2013, regional spending to date exceeded $140 million and 350 people were working directly on the project. Local, qualified workers are given preference in hiring and equity provisions are in place for women, visible minorities, disabled persons and First Nations. In 2012/13, the project boasted a local hire rate of more than 75 per cent and an equity hire rate of 9 per cent.

When the project achieves commercial operation in 2015, BC Hydro will purchase the energy; FortisBC will purchase the residual capacity.

The project is being designed and constructed on a design-build basis. SNC-Lavalin Inc. is the contractor for the project.

ALIGNMENT WITH GOVERNMENT'S LETTER OF EXPECTATIONS

Each year, Columbia Power receives the Government's Letter of Expectations (the "letter") which sets out the corporate mandate, including high-level performance expectations, public policy issues and strategic priorities. The letter directs the Corporation to conduct its operations and financial activities in a manner consistent with the legislative, regulatory and policy framework established by government. In addition, the letter directs Columbia Power to conduct its affairs to achieve the objectives of the Shareholder in a manner consistent with the Shareholder's general and specific directions.

The letter is an agreement between the Minister of Energy, Mines and Natural Gas and the Board Chair and outlines their respective roles and responsibilities. The letter is the basis for the development of the Corporation's Service Plan and Annual Report.

Pursuant to the letter, the Board Chair communicates regularly with the Minister of Energy, Mines and Natural Gas or with representatives of the Ministry, to report on implementation of the letter. As required by the letter and the *Financial Administration Act*, the Corporation posts on its website its annual report, annual *Financial Information Act* report, and interim financial reports on a quarterly basis. The Auditor General of British Columbia is the external auditor for the Corporation.

A copy of the letter is posted on Columbia Power's website at:

http://www.columbiapower.org/media/documents/Governments_Letter_of_Expectations_2012.pdf

In March 2012, the Honourable Rich Coleman, Minister of Energy and Mines, signed the Government's Letter of Expectations, which outlined the expectations of Columbia Power and the primary responsibilities of the Corporation for 2012/13. The specific corporate accountabilities presented in the letter and Columbia Power's alignment are summarized below (Figure 3).

Columbia Power has already implemented all practical measures to reduce Greenhouse Gas Emissions (GHG). GHG emissions as calculated by Shared Services BC SMARTTool were reduced by 1 tonne in 2012/13. Carbon offsets for emissions were purchased from the Pacific Carbon Trust. Columbia Power's most important contribution to GHG reduction will be realized once the Waneta Expansion Project is complete. It is expected to add 627 gWh of emission free energy to the BC grid.

GOVERNMENT'S LETTER OF EXPECTATIONS	COLUMBIA POWER'S ALIGNMENT
WANETA EXPANSION PROJECT	
Manage the construction of the Waneta Expansion to completion in 2015 — safely, on-schedule and on-budget, while meeting CPC's community, First Nations and environmental commitments.	As of March 31, 2013, the project has achieved more than 1.4 million person-hours without a major safety or environmental incident. The project is on-schedule and on-budget. Long-term sales agreements have been negotiated with BC Hydro and FortisBC. A Community Impact Management Committee meets monthly and Benefits Agreements are in place with both First Nations.
FACILITIES MANAGEMENT	
Manage the operation of existing facilities to meet financial and other performance targets.	Columbia Power proactively manages the operations of its existing facilities to meet or exceed its targets.
STRATEGIC PLAN AND ENTERPRISE RISK MANAGEMENT	
Continue to develop the Columbia Power Strategic Plan and Enterprise Risk Management Plan, and to report to the Government on the progress of both initiatives.	Columbia Power has reviewed its draft Strategic Plan with the Minister, and is proceeding with initial investigation of potential future projects consistent with that Plan. An Enterprise Risk Management Plan has been developed and will be integrated into Columbia Power's strategic planning and reporting processes.
POLICY DEVELOPMENT	
Work with the Government to identify current or upcoming issues that could require provincial policy development and assist with implementation of any such policies.	Columbia Power has on-going communication and coordination with the Ministry of Energy, Mines and Natural Gas on substantive issues as they arise.

Figure 3

Columbia Power staff engaging with stakeholders at Castlegar open house

Upgrades to the Edgewood boat ramp

STRATEGIC PLAN 2012 – 2017

In 2012/13 Columbia Power developed its five year Strategic Plan, which has three primary objectives:

1. Realize forecast revenue growth from our existing facilities
2. Complete construction of Waneta Expansion by 2015
3. In collaboration with BC Hydro, develop new generation assets

In the fall of 2012 and early 2013 the company engaged in an extensive consultation program on the proposed strategy. The consultation included community open houses, on-line feedback and meetings with regional and local government and key stakeholders, including First Nations and labour representatives. The feedback indicates very strong support for the strategy. The report summarizing the consultation has been submitted to the Ministry of Energy, Mines and Natural Gas. Shareholder approval will be sought for the new Strategic Plan in 2013/14.

COLUMBIA POWER AND BC HYDRO

Over the past year, Columbia Power has worked with BC Hydro to determine ways in which the two corporations could identify opportunities to develop projects together. In October 2012, Columbia Power and BC Hydro signed a Memorandum of Understanding to work collaboratively on new project development and established a joint development committee with representatives from both organizations.

In 2012/13 Columbia Power continued the construction of three boat launch facilities on the Arrow Lakes Reservoir on behalf of BC Hydro. The projects include replacement of the Nakusp ramp, a new ramp at Anderson Point, and upgrades to the existing Edgewood boat ramp. The ramps will be available for public use in 2013 and completed in 2014.

To learn more about Columbia Power visit: www.columbiapower.org

SUSTAINABILITY REPORT

Columbia Power is committed to sustainable development, which has been defined by the Canadian Electricity Association (CEA) as "pursuing innovative business strategies and activities that meet the needs of members, stakeholders and the communities in which we operate today, while protecting and enhancing the human and natural resources that will be needed in the future." Sustainable development has been a key aspect of Columbia Power's project development and continues with the construction of the Waneta Expansion Project. Columbia Power's sustainability actions arise from commitments made during project approval processes, risk management activities and commitments made to other stakeholders such as First Nations and landowners.

Columbia Power's commitment to sustainability principles during 2012/13 resulted in the following accomplishments:

Logging and clearing work for the Waneta Expansion Project transmission line

MANAGEMENT

- The Environmental, Health & Safety Management System is considered mature with ongoing changes to effect continual improvement.
- An audit found the system was consistent with ISO14001 and OHSAS18001 international standards and did not find any major non-conformances.

ENVIRONMENT

- There were no major environmental incidents at Columbia Power projects in 2012/13.
- The Waneta Expansion intake excavation successfully removed contaminated sediments from the headpond without exceeding any downstream water quality parameters.

STEWARDSHIP AND BIODIVERSITY

- A study on food availability for early life stage endangered white sturgeon was conducted below the recently identified spawning site, downstream from the Arrow Lakes Generating Station.
- The Waneta Expansion Terrestrial Compensation Program was initiated. Five applications received a total of $50,000 in funding. These include:
  - » An inventory of at risk species of butterflies
  - » Threatened common nighthawk nesting survey
  - » Restoration planning for the Fort Shepherd Conservancy Area
  - » Habitat enhancement planning for the endangered Yellow-Breasted Chat
  - » Common Camas inventory
- Year 1 of a 6 year study into predation on endangered white sturgeon eggs at the Waneta Eddy (on the Columbia River) was completed.

Columbia Power wins two highly regarded 2012 Canadian Electricity Association Health and Safety Awards

- Total Gas Pressure studies were completed at the Brilliant Dam that resulted in a change to the preferred spillgate sequence to minimize the potential for gas bubble trauma in downstream fish.
- Detailed project design was conducted for a side channel enhancement project on the Lardeau River to increase rearing and over-wintering habitat available for juvenile Gerrard rainbow trout.
- Logging and clearing for the Waneta Expansion Project transmission line included criteria to maximize the wildlife habitat value of the right of way in accordance with the Environmental Management Plan approved by the regulatory agencies.

HEALTH AND SAFETY

- Columbia Power received the 2012 CEA Silver President's Award for the excellence in employee safety.
- Columbia Power received the 2012 CEA Bronze Vice President's Award for the excellence in generation.

COMMUNICATIONS AND ENGAGEMENT

- Monthly meetings of the Waneta Expansion Community Impact Management Committee were held to keep community representatives apprised of project progress and to address and mitigate issues of concern to the community.
- Consultation sessions on Columbia Power's Strategic Plan were held with the community and specific stakeholder groups such as local governments and First Nations which indicated overwhelming support.

ABORIGINAL RELATIONS

- Columbia Power staff continued liaison with First Nations representatives and actively participated in a number of First Nations organized activities.
- Columbia Power has a dedicated First Nations sponsorship funding program to support a variety of activities including business development, youth education and training, and cultural events.
- A First Nations worker liaison is employed by the Waneta Expansion Project contractor, SNC-Lavalin Inc.
- Cross-cultural awareness training sessions are provided by the Ktunaxa Nation Council for Waneta Expansion Project workers, contractors and community representatives.

EMPLOYMENT AND DIVERSITY

- Creating local employment opportunities is a key objective of Columbia Power projects. The Waneta Expansion Project had a local hire rate of over 75 per cent in 2012.
- Along with local employment targets, the Waneta Expansion Project encourages equity hire. In 2012 the project employed an average of 5 per cent First Nations, 3.7 per cent females in non-traditional jobs, 2 per cent visible minorities and 1 person with a disability.

STAKEHOLDER RELATIONS

Waneta Expansion Project Community Impact Management Committee

To support the development of new relationships and enhance our historical connections with the communities in which we do business, Columbia Power works with a wide range of stakeholders to build strong, positive relations. From community groups and First Nations to municipal governments, Columbia Power focuses on building relationships that support our work and the efforts of our stakeholders.

In 2012/13, Columbia Power focused efforts in the following areas — supporting the construction of the Waneta Expansion Project, maintaining good relationships and communicating effectively about our operating facilities, and liaising with key stakeholders, local government representatives, First Nations, industry and the general public as we developed a proposed Strategic Plan 2012–17 to support the future growth of the organization.

WANETA EXPANSION PROJECT COMMUNITY IMPACT MANAGEMENT COMMITTEE

2012/13 marked the second full year of engagement by the Waneta Expansion Project Community Impact Management Committee (CIMC).

Comprised of 26 individuals that include members of local and regional government, First Nations, business, community stakeholders and special interest groups, the CIMC meets monthly to support and encourage positive community impacts and benefits and relay community concerns resulting from construction of the project. Each meeting includes a tour of the construction site followed by presentations from the contractors, independent socio-economic monitor and Columbia Power staff. Each member is given an opportunity to update the committee on areas of interest in their respective community. Committee members receive weekly updates to ensure they can effectively communicate with their respective communities and groups about the project.

The CIMC works with an independent socio-economic monitor who attends each CIMC meeting and monitors and reports on the social and economic impacts of the project in the greater Trail area. The socio-economic monitoring program focuses on indicators such as employment, wage income, expenditures, economic development, traffic, health and safety, housing, population, recreation and community services. Quarterly and annual reports are available on Columbia Power's website at: www.columbiapower.org.

COMMUNITY AND FIRST NATIONS SPONSORSHIP PROGRAMS

In an effort to support and grow positive relationships with communities, and in keeping with our commitment to translate power project investments into benefits for residents of the Columbia Basin, Columbia Power provides funding to local and regional projects and initiatives through our Community and First Nations Sponsorship programs. Columbia Power's funding supports a wide range of activities including arts and cultural programming and events, educational and youth-centred projects, activities that support recreation and leisure in our region as well as health and wellness, heritage and environmental and conservation efforts.

In 2012/13, Columbia Power sponsored 15 First Nations activities and 60 community activities for a total of 75 supported activities and $91,000 in funding. The 2012/13 Community Sponsorship and First Nations sponsorship programs covered a range of community interests. Environmental and conservation efforts, health initiatives, arts and cultural programming and events, recreation, heritage; youth and special community events were all included in this year's funding.

Columbia Power's support of First Nations initiatives included the British Columbia Archaeology Forum by the Ktunaxa Nation in Cranbrook, and the Okanagan Nation Alliance's Unity Run to promote health, wellness and cultural awareness for youth. Columbia Power takes pride in the close working relationships we have established with First Nations.

Through Columbia Power's Scholarship and Bursary program, an additional $17,000 is awarded each year to provide bursaries to deserving students at 19 secondary schools across the Columbia Basin, as well as scholarships for the College of the Rockies, Selkirk College and the Kootenay School of the Arts.

LOCAL GOVERNMENT PARTNERSHIPS — KOOTENAY COUNTRY INITIATIVE

Columbia Power works closely with municipal and regional government to support the interests of the residents of the Columbia Basin. Columbia Power works with the Regional Districts of Central Kootenay, Kootenay Boundary and East Kootenay to showcase and promote the region where Columbia Power develops projects. The Kootenay Country initiative includes a display which exhibits lifestyle, commercial and service amenities, as well as economic and tourism opportunities. In 2012/13, Columbia Power joined with the three regional districts to showcase the rural communities at the Federation of Canadian Municipalities conference and the Union of British Columbia Municipalities Conference.

Ktunaxa Nation Council participating in a carpentry exploration program

FIRST NATIONS

Columbia Power values the relationships it has built with its First Nations partners. In 2012/13, First Nations workers and apprentices made up part of the work force on the Waneta Expansion Project. A First Nations worker liaison is also employed by the contractor, SNC-Lavalin Inc. Recently, Nupqu, a contracting company wholly owned by the Ktunaxa, completed the logging and clearing for the 10km transmission line that is part of the project. As a result of its strong, positive relations with First Nations, Columbia Power has been approached to consult and advise other industry and partners in this regard.

REPORT ON PERFORMANCE

PERFORMANCE MEASURES FRAMEWORK

Columbia Power's performance measures framework follows the *Budget Transparency and Accountability Act* requirements for performance measures, benchmarks and targets linked to specific goals, objectives and strategies. The framework also reflects Columbia Power's role both as a developer of power projects and a manager of our joint venture facilities.

As a small, unregulated company, Columbia Power is unique in an industry which is dominated by large, vertically integrated and regulated utilities. As such, finding suitable industry benchmarks is a challenge.

Figure 4 describes each performance measure, the relevant benchmark, the strategy to achieve performance, and the overall importance of each measure to the company as a whole.

SOURCE OF DATA AND RELIABILITY

Columbia Power believes its performance measures are appropriate for its activities and present a fair picture of the company's performance against its mandate. Where possible, performance targets are verified by external benchmarks.

The data underlying the company's performance is in almost all cases, independently audited or verified by a third party or parties.

Figure 5 summarizes the performance measures for the Waneta Expansion Project and our existing facilities and describes, for each performance measure, the primary metric, data source, verification or audit process for the data, and the level of reliability.

In some cases Columbia Power's performance against targets is based on forecasts of future events. They are estimated using assumptions that reflect Columbia Power's planned courses of action and judgments as to the most probable set of economic conditions. Because of the nature of forecasting future events, actual results may vary from the information presented.

PERFORMANCE MEASURES: FRAMEWORK			
PERFORMANCE MEASURES	**BENCHMARK**	**STRATEGY**	**IMPORTANCE**
GOAL 1: SUCCESS OF THE WANETA EXPANSION PROJECT			
1.1 Waneta Expansion is on-schedule	Early or on-schedule (no negative variance from schedule)	Design/build contract specifies commercial start-up date, on-schedule incentives.	Schedule delays will increase the cost of the design/build and other contracts and delay the project's ability to achieve commercial operation and commence revenue generation. This would have a financial impact.
1.2 Waneta Expansion is on-budget	On or under budget (no negative variance from budget)	Design/build contract has a fixed price and includes penalties and incentives. Monthly forecast and risk registry reviews provide early detection.	Increased cost results in increased investment costs for each of the partners and has the potential to negatively affect our forecast return on investment.
1.3.1 Waneta Expansion Regulatory Compliance (Safety)	< or = 4 (Injury Rate)	Appointment of design/build contractor as prime contractor, routine safety meetings, audits, incentive program.	Columbia Power has an obligation to meet WorkSafeBC regulations. In addition, we have a corporate commitment to safety on our projects that goes beyond strict regulatory compliance. Our goal is to ensure every Columbia Power employee and worker at Columbia Power facilities and projects returns home from work safely. The measure is the frequency of injuries; this is one measure of overall safety performance.
1.3.2 Waneta Expansion Regulatory Compliance (Environmental)	One major environmental incident per year	Environmental programs and processes. For example, regular review of Environmental Management Plan (EMP), workplans, audits, and independent environmental monitor.	Columbia Power has an obligation to comply with the Waneta Environmental Assessment Certificate and with applicable legislation. In addition we have a commitment to environmental stewardship that goes beyond regulatory compliance. Failure to comply could result in financial penalties and/or sanctions. The measure is the number of environmental incidents; this is one measure of overall environmental performance.
GOAL 2: EFFICIENT AND RELIABLE PLANT OPERATIONS			
2.1.1 Equivalent Reliability Rate (Hours)	ALH >90.1% BRX >90.1%	Agreements with BC Hydro provide each of ALH and BRX with an "entitlement" based only on availability of the operating units. Columbia Power's strategy is to maximize availability. External benchmark for performance comparisons.	Accounts for number of hours each generating unit is available annually, including both planned and forced outages, relative to the total number of generating units available. This metric compares per cent of time generating unit is available in hours to the benchmark.
2.1.2 Equivalent Reliability Rate (mWh)	ALH >96.3% BRX >96.4%	Agreements with BC Hydro provide each of ALH and BRX with an entitlement which, if achieved, generates a defined amount of revenue. Columbia Power's strategy is to maximize revenue from these entitlements.	2.1.1 recognizes performance in terms of hours of availability. This metric recognizes performance in terms of energy, the sale of which results in revenue. As such, this metric relates directly to the revenue forecast.
2.2 Operations, Maintenance and Administration (OMA) Costs ($ per mWh)	6.8 (2nd Quartile)	Manage joint ventures effectively and efficiently and to achieve OMA costs within industry norms. External benchmark for performance comparisons.	Metric for OMA costs for each facility is divided (net of allowance for outages) by entitlement energy for that facility, in dollars per megawatt hour (mWh). It is a key measure of facility operating cost efficiency relative to industry-wide performance.
2.3.1 Regulatory Compliance (Safety)	CEA All Injury Frequency for CPC employees: 1.4 WSBC All Injury Frequency for Contractors: 1.7	Corporate commitment to health and safety. Established health and safety policies and an Environmental Health and Safety Management System in place.	Columbia Power has a corporate commitment to health and safety. It must also comply with applicable safety legislation and standards. Failure to comply with these standards could result in financial penalties and/or sanctions. Our goal goes beyond regulatory compliance — it is to ensure every Columbia Power employee and worker at Columbia Power facilities and projects returns home from work safely. The frequency of injuries is one measure of overall safety performance.
2.3.2 Regulatory Compliance (Environmental)	1.3 major environmental incidents per year	Corporate commitment to environmental stewardship. Established environmental policies and an Environmental Health and Safety Management System in place. Active in industry associations on the international, national, provincial and local levels; these associations play an active role in policy development and regulatory compliance.	Columbia Power has a corporate commitment to environmental stewardship. It must also comply with environmental legislation and standards. Failure to comply with these standards could result in financial penalties and/or sanctions. The number of environmental incidents is one measure of overall environmental performance.
2.3.3 Mandatory Reliability Standards (MRS)	No sanctionable events attributed to CPC/CBT joint ventures	BC Reg. 32/2009 mandates Columbia Power to be a registered entity and comply with the British Columbia Mandatory Reliability Standards.	Columbia Power has a commitment to reliability. In addition, it must comply with Mandatory Reliability Standards. Failure to comply with these standards could result in financial penalties and/or sanctions.
GOAL 3: EFFECTIVE FINANCIAL PLANNING			
3.1 Debt service coverage ratio (DSCR)	DSCR 1.3 or greater	ALH employs a series of liquidity reserves through 2016 to provide security to bond holders. Stringent budgeting and routine forecasting ensures DSCR is met.	Debt Service Coverage Ratio is a measure of creditworthiness used to determine an organization's ability to service current debt. Bond trust deeds require a minimum specified level for compliance and to maintain investment grade ratings.
3.2 Return on Equity	Over the life of a project, compared to a regulated utility	Maximize revenues generated through power purchase agreements and control costs associated with plant operation.	Demonstrates earnings from a project relative to amounts invested. Columbia Power attempts to achieve a return on equity that is broadly consistent with similar projects in similarly regulated environments.
3.3 Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) ($ in thousands)	EBITDA growth	EBITDA is particularly effective comparing the performance of the joint ventures year over year.	EBITDA is a measure of operating cash flow and focuses on returns more directly influenced by management and excludes those factors over which management has limited or no influence.
3.4 Free Cash Flow ($ in thousands)	Consistent with target	Maximizing free cash flow provides returns to investors in the form of dividends. Future capital investments can be funded through availability of long-term free cash flow.	Free cash flow is the amount of cash a company has left over after it has satisfied its obligations, including sustaining capital investments and debt service. Free cash flow is an important measure in determining availability of dividends and over the long-term is a measure of funds available for future capital investments.
GOAL 4: APPROVAL AND IMPLEMENTATION OF THE STRATEGIC PLAN			
4.1 Approval of the Strategic Plan	Final approval and implementation of the 2012–2017 Strategic Plan	Approval indicates support of the Shareholder for the Strategic Plan, which includes the pursuit of opportunities to develop new generation assets.	A five-year strategy, endorsed by the Shareholder, is fundamental to the organization's ability to plan and resource future endeavours.
4.2 Development of New Projects	Power Projects defined and approved for development by 2013/14	Implement a plan to identify and develop growth opportunities that have the potential to provide future revenue.	A well constructed process to identify potential projects and follow a defined development plan is critical to minimizing development risk and to the requisite organizational resourcing.

Figure 4

PERFORMANCE MEASURES: DATA SOURCE + VERIFICATION				
PERFORMANCE MEASURES: WANETA EXPANSION	PRIMARY PERFORMANCE METRIC	DATA SOURCE	VERIFICATION	RELIABILITY
Safety	Frequency of Injuries	• Columbia Power's internal Environmental Health and Safety Management System (EHSMS) procedures, the Design/Build Contract and Contractor's Health and Safety Plan all contain obligations to file incident notices for any safety incidents • Statistics provided monthly to owner • Incidents discussed at monthly safety meeting with contractor	• Owner's representatives on site • Design/build contractor's independent audits • Owner's independent audits of contractor and of EHSMS • WorkSafeBC oversight	Very high
Environment	Frequency of Incidents	• EHSMS and the Design/Build Contract contain obligations to file an incident notice for any incidents • Statistics provided monthly to owner • Incidents discussed at monthly environment meeting with contractor	• Contractor's environmental monitor (weekly report) • Water Comptroller's independent monitor (weekly report) • Owner's representatives on site	Very high
Budget	On-budget	• Control budget in place • Project accounting records/monthly reports and forecast • Well developed design review and change order procedures • Quantified risk registry • Monthly budget review	• Owner's management team oversight • Owner's engineer design/change order review • Project audited annually by independent auditor • Owner's capital contributions audited annually by independent auditor	Very high
Schedule	On-schedule	• Design/Build Contract contains obligations to file monthly schedule	• Monthly schedule review by owner's engineer • Owner's representatives on site	Very high
PERFORMANCE MEASURES: EXISTING FACILITIES				
Safety/Environment	Frequency of Incidents	• EHSMS procedures require Columbia Power employees or contractors who become aware of EHS incidents to document and report them to Columbia Power; all incidents and their status are recorded in the EHS Incident and Non-Conformance Log. • Incidents included in the monthly EHS reports for all contractors at Columbia Power workplaces • Incidents discussed in monthly meetings with contractors	• Owner's representatives monitor frequently on site • Contractors' representatives on site • Independent annual audits of EHSMS • WorkSafeBC oversight	Very high
Operations	Unit Reliability (mWh)	• Unit operation monitored by local unit control system or Remote System Control Centre administered by BC Hydro (BCH)/FortisBC (FBC) • BCH energy meter at each location • FBC provides monthly outages and derates report for each facility	• FBC reports • BCH metering • Owner's representatives monitor frequently on site	Very high
Operations	OMA costs/net entitlement	• External costs calculated monthly at each facility/internal costs assigned monthly — total costs aggregated quarterly • Net entitlement is contracted entitlement minus outage adjustments (see unit reliability above)	• Costs audited annually by independent auditor • Entitlement verified by BCH	Very high
Financial	EBITDA/free cash flow	• Internal financial procedures/processes	• Periodic internal audits • Audited annually by independent auditor as part of audited financial statements	Very high

Figure 5

REPORT ON PERFORMANCE

Columbia Power's 2012/13 – 2014/15 Service Plan has four goals:

1. Success of the Waneta Expansion Project
2. Efficient and reliable plant operations
3. Effective financial planning
4. Approval and implementation of the Strategic Plan

For each of the four goals, there are specific targets. The targets are measurable, providing accountability for performance. The targets from years 2012/13 to 2015/16 and the actual performance for the years 2010/11 to 2012/13 are summarized in Figure 6 (below), Performance Results and Targets.

The financial performance of Columbia Power and its joint venture and partner corporations in 2012/13 was strong. Total income and net income exceeded target even in the face of some operational challenges at the Brilliant Expansion facility. See Management Discussion and Analysis below for further detail. Changes in performance targets and specific variances are noted on page 30.

PERFORMANCE RESULTS + TARGET

PERFORMANCE RESULTS + TARGETS	BENCHMARK	2010/11 (ACTUAL)	2011/12 (ACTUAL)	2012/13 (ACTUAL)	2012/13 (TARGET)	2013/14	2014/15	2015/16
GOAL 1: SUCCESS OF THE WANETA EXPANSION PROJECT (WAX)								
1.1 Waneta Expansion is on Schedule	Early or on schedule (no negative variance from schedule)	WAX restructured, construction commenced in 2010, construction schedule developed [1]	WAX on schedule	WAX on schedule	WAX on schedule	WAX on schedule	WAX on schedule	WAX on schedule
1.2 Waneta Expansion is on Budget	On or under budget (no negative variance from budget)	WAX restructured, construction commenced in 2010, development costs within budget, construction schedule developed	WAX on budget	WAX on budget	WAX on budget	WAX on budget	WAX on budget	WAX on budget
1.3.1 Waneta Expansion Regulatory Compliance (Safety)	< or = 4 (Injury Rate)	N/A	0.32[2]	0.34	< or = 4	< or = 3	< or = 3	< or = 3
1.3.2 Waneta Expansion Regulatory Compliance (Environmental)	One major environmental incident per year	N/A	0	0	< or = 1	< or = 1	< or = 1	< or = 1

Figure 6

[1] The previous targets, "variance in project development time" and "variance from project budgets" were specific targets for the development of the Waneta Expansion Project. The project is under construction; therefore, the targets are no longer appropriate. The 2010/11 results have been inserted into the corresponding lines for targets 1.1 and 1.2.

[2] The previously reported result of 0.34 was revised to 0.32 as reported in the 2013/14 – 2015/16 Service Plan.

PERFORMANCE RESULTS + TARGETS	BENCHMARK	2010/11 (ACTUAL)	2011/12 (ACTUAL)	2012/13 (ACTUAL)	2012/13 (TARGET)	2013/14	2014/15	2015/16
GOAL 2: EFFICIENT AND RELIABLE PLANT OPERATIONS ARROW LAKES (ALH) BRILLIANT EXPANSION (BRX)								
2.1.1 Equivalent Reliability Rate (Hours)[3]	ALH >90.1% BRX >90.1%	ALH: 89.2% BRX: 88.5%	ALH: 90.4% BRX: 85.1%	ALH: 94.5% BRX: 85.5%	ALH >87.5% BRX >87.7%	ALH >88.0% BRX >88.0%	ALH >92.2% BRX >88.0%	ALH >88.7% BRX >89.5%
2.1.2 Equivalent Reliability Rate (mWh)	ALH >96.3% BRX >96.4%	ALH: 90% BRX: 90%	ALH: 99.4% BRX: 84.3%	ALH: 99.3% BRX: 92.4%	ALH >95.9% BRX >94.3%	ALH >96.0% BRX >93.5%	ALH >96.2% BRX >93.5%	ALH >96.1% BRX >96.0%
2.2 Operations, Maintenance and Administration Costs ($ per mWh)[4]	6.8 (2nd Quartile)	ALH: 4.5 BRX: 10.23	ALH: 6.0 BRX: 11.9	ALH: 7.6 BRX: 13.2	ALH: 7.1 BRX: 10.5	ALH: 7.4 BRX: 13.3	ALH: 6.8 BRX: 14.0	ALH: 7.0 BRX: 14.1
2.3.1 Regulatory Compliance (Safety)	CEA AIF for CPC employees: 1.4 WSBC AIF for Contractors: 1.7	N/A	0 0	0 0.72	< or = to CEA benchmark < or = to WSBC benchmark	< or = to CEA benchmark < or = to WSBC benchmark	< or = to CEA benchmark < or = to WSBC benchmark	< or = to CEA benchmark < or = to WSBC benchmark
2.3.2 Regulatory Compliance (Environmental)	1.3 major environmental incidents per year	0	1	0	< or = 1 major envi-ronmental incident	< or = 1 major envi-ronmental incident	< or = 1 major envi-ronmental incident	< or = 1 major envi-ronmental incident
2.3.3 Mandatory Reliability Standards	No sanctionable events attributed to CPC/CBT joint ventures	N/A	0	0	0	0	0	0

Figure 6 (cont'd)

[3] Equivalent Availability Rate duration (Hours) and energy losses Mega Watt hours (mWh) have replaced Plant Availability Rate which was based on duration of outage time only as targets The Plant Availability performance measure has been eliminated from the table in 2010/11 as the Equivalent Availability has been inserted. Brilliant Dam and Generating Station is not targeted as outages do not affect revenue.

[4] Operations, Maintenance and Administration (OMA) targets were developed internally prior to 2011/12. An annual hydro benchmarking study conducted by Navigant Consulting commencing in fiscal 2011/12 provides an independent source for OMA benchmarks. Navigant benchmarks were not available for fiscal 2010/11 and are shown on the basis calculated in that year.

PERFORMANCE RESULTS + TARGETS	BENCHMARK	2010/11 (ACTUAL)	2011/12 (ACTUAL)	2012/13 (ACTUAL)	2012/13 (TARGET)	2013/14	2014/15	2015/16
GOAL 3: EFFECTIVE FINANCIAL PLANNING								
3.1 Debt service coverage ratio[5]	DSCR 1.3 or greater	Maintain Investment Grade Rating for all bonds	Maintain Investment Grade Rating for all bonds	Maintain Investment Grade Rating for all bonds	Maintain Investment Grade Rating for all bonds	Maintain Investment Grade Rating for all bonds	Maintain Investment Grade Rating for all bonds	Maintain Investment Grade Rating for all bonds
3.2 Return on Equity	Over the life of a project, compared to a regulated utility	2.2%	3.3%	4.0%	4.1%	4.0%	4.0%	5.7%
3.3 EBITDA ($ in thousands)[6]	EBITDA growth	38,890	14,100	18,075	18,354[7]	19,227	20,012	29,531
3.4 Free Cash Flow ($ in thousands)	Consistent with target	(31,096)	125,500	(33,864)	(60,166)	(24,084)	2,417	13,084
GOAL 4: APPROVAL AND IMPLEMENTATION OF THE STRATEGIC PLAN								
4.1 Approval of the Strategic Plan	Final approval and implementation of 2012–2017 Strategic Plan	N/A	N/A	• Consultation completed • MOU completed with BC Hydro • Shareholder approval will be sought in 2013/14 • Minister approved initial review of projects	Obtain Board and Shareholder approval of the Strategic Plan	Implement the Strategic Plan	Review of the Strategic Plan	Review of the Strategic Plan
4.2 Development of New Projects	Power Projects defined and approved for development by 2013/14	N/A	N/A	Continued activity of proposed projects ongoing	Complete Project 1 Definition Report and obtain approval to next step. Complete Preliminary Feasibility Study for Project 2	Continue activities for new project(s)	Continue activities for new project(s)	Continue activities for new project(s)

Figure 6 (cont'd)

[5] Capital structure was an appropriate target in 2010/11 to determine capacity for future financing. However, due to a new bond issue in April 2011, capital structure no longer is an appropriate target in the immediate term.

[6] As part of the conversion from Canadian Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Standards (IFRS), the method for reporting investment in the operating joint ventures changed from proportionate consolidation to the equity method. This change has a significant impact on the earnings before interest, taxes, depreciation, and amortization (EBITDA) financial target, as under proportionate consolidation, bond interest and financing costs, as well as depreciation of property, plant and equipment related to the power plants were not included as an expense for EBITDA calculation. Under the equity method, these expenses are included in joint venture income; therefore, the EBITDA targets are much lower.

[7] EBITDA target of $18,354 from the 2012/13-2014/15 Service Plan has been adjusted to the final approved budget of $17,711.

CHANGES IN TARGETS

Figure 6 reflects changes in targets from those in the 2012/13 – 2014/15 Service Plan. Specifically:

- **Measure 1.3.1: Waneta Expansion Regulatory Compliance (safety) target**
  Columbia Power targets 1 point less than the WorkSafeBC heavy industry injury rate benchmark. The WorksafeBC heavy industry injury rate benchmark changed; therefore, Columbia Power changed its target from "< or "less than" = 5" to "< or = 4".
- **Measure 2.1.1 and 2.1.2: Equivalent Availability Rate (Hours) and Equivalent Availability Rate (mWh) target**
  The targets shown in Figure 6 have been revised to reflect anticipated increases in plant reliability as reflected in Columbia Power's most current Service Plan.
- **Measure 2.2: Operations, Maintenance and Administration Costs (OMA) ($ per mWh) target**
  Columbia Power OMA targets were developed internally with reference to an annual benchmarking study conducted by Navigant Consulting, providing an independent validation of benchmarks. The targets for OMA have been changed to reflect anticipated expenditures and net realized entitlement energy as reflected in the most current Service Plan.
- **Measure 2.3.1: Plant Operations Compliance (safety) target**
  Columbia Power targets a rate below the All Injury Frequency rate benchmark, as defined by the Canadian Electricity Association for employees and WorkSafeBC for contractors. The All Injury Frequency rate benchmark changed; therefore, Columbia Power changed its target from 2.1 to 1.4 for employees and 2.3 to 1.7 for contractors.

PERFORMANCE TARGET VARIANCES

Figure 6 reflects variances between actual 2012/13 results and 2012/13 targets reflected in the 2012/13 – 2014/15 Service Plan. Significant variances are as follows:

- **Measure 2.2: Operations, Maintenance and Administration Costs**
  The $2.70 per mWh negative variance in BRX OMA was due to an increase in expenditures to remedy a significant unplanned outage during a high entitlement period. The effect of this increase was mitigated by the implementation of spending reductions in other areas.
- **Measure 3.4: Free Cash Flow**
  The $26 million positive variance in free cash flow was due to timing differences in the Waneta Expansion Project actual capital expenditures as compared to the forecast capital expenditures.

MANAGEMENT DISCUSSION + ANALYSIS

The Management Discussion and Analysis reviews the financial conditions and results of operations of Columbia Power for the fiscal year ended March 31, 2013 and should be read in conjunction with the Corporation's audited financial statements. Columbia Power converted from GAAP to IFRS in 2011/12. All results in the 2012/13 Annual Report and financial statements are presented in accordance with IFRS. In some cases, actual results for prior years are presented as estimates consistent with IFRS (to allow for a more informative comparison).

Statements made in this Management Discussion and Analysis that describe Columbia Power's budgets, estimates, expectations, forecasts, objectives, predictions or projections of the future may be forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties, and actual actions and/or results could differ materially from those expressed or implied in such forward-looking statements.

The financial performance of Columbia Power and its joint venture and partner corporations in 2012/13 is summarized as follows:

- Total income and net income exceeded budget even in the face of some operational challenges at the Brilliant Expansion facility.
- Brilliant Expansion Power Corporation (BEPC) experienced $1.8 million in revenue losses due to an unplanned outage at the facility and higher than budgeted operations and maintenance costs to address the equipment failure that caused the outage and related issues. These revenue losses were completely offset by a budgeted allowance for unplanned outages and higher revenue for BEPC related to a five year agreement for the sale of excess power to FortisBC (see Figure 7).
- Arrow Lakes Power Corporation (ALPC) experienced strong operating performance as a result of minimal unplanned outages and lower than budgeted operations and maintenance costs (see Figure 7).
- The results for Waneta Expansion Power Corporation (WEPC) were as expected. However, an accounting adjustment meant that Columbia Power's recorded interest income on the Promissory Note due to WEPC from Waneta Expansion Limited Partnership (WELP) was $481 thousand less than budget (reflecting WEPC's 32.5% interest in WELP) (see Figure 7).

The financial outlook over the forecast period anticipates that Columbia Power will experience modest growth in net income in 2013/14 and 2014/15. Revenues for each of the equity accounted operating companies will increase in accordance with the terms of their power sales agreements. Operating expenses are anticipated to be stable.

In January 2013, the Province issued direction to all Crown corporations to identify savings and incorporate any savings targets into their 2013/14 – 2015/16 Service Plans. Columbia Power complied with the direction and has included $80,000 annual savings into its forecast up to 2015/16.

Growth in net income for years subsequent to 2014/15 is expected to be strong as the Waneta Expansion Project is expected to commence operations and begin generating income in 2015/16. Commencing on January 1, 2016, ALPC will receive a higher price for power sales under the terms of the Electricity Purchase Agreement between ALPC and BC Hydro.

FINANCIAL OVERVIEW

Aerial view of the Brilliant Dam and Generating Station and the Brilliant Expansion Generating Station

The following financial overview presents the actual performance for prior years; the budget and actual performance for the current year 2012/13; and forecasts for 2013/14 to 2015/16.

The financial overview includes:

For Columbia Power:

- Figure 7: Consolidated Statement of Income Forecast
- Figure 8: Proforma Consolidated Statement of Financial Position
- Figure 9: Consolidated Capital Spending

For the joint venture entities:

- Figures 10 through 12: Statement of Income Forecast (non IFRS presentation)

CONSOLIDATED STATEMENT OF INCOME FORECAST

The actual performance for prior years and the budget and actual performance for 2012/13 are shown in Figure 7. The figure also includes forecasts for 2013/14 to 2015/16.

CONSOLIDATED STATEMENT OF INCOME FORECAST										
$ IN THOUSANDS	2009/10 ACTUAL NOTE 1	2010/11 ACTUAL	2011/12 ACTUAL NOTE 2	2012/13 ACTUAL	2012/13 BUDGET	VARIANCE FROM BUDGET	VARIANCE FROM PRIOR YEAR	2013/14 FORECAST	2014/15 FORECAST	2015/16 FORECAST
OPERATING REVENUE										
Services Agreement	1,643	2,919	1,833	1,816	1,993	(177)	(17)	2,268	1,940	861
INCOME (LOSS) FROM EQUITY ACCOUNTED INVESTEES										
Brilliant Power Corporation	9,019	9,366	9,495	9,997	9,917	80	502	10,408	10,845	11,239
Brilliant Expansion Power Corporation	8,590	10,131	7,786	9,329	9,465	(136)	1,543	9,880	9,809	10,037
Arrow Lakes Power Corporation	6,853	7,877	(2,077)	(468)	(1,431)	963	1,609	(636)	136	1,219
Waneta Expansion Power Corporation	(7,705)	(8,997)	944	997	1,478	(481)	53	1,054	1,113	1,176
Waneta Expansion Limited Partnership	-	-	-	-	-	-	-	-	-	8,172
	16,757	**18,377**	**16,148**	**19,855**	**19,429**	**426**	**3,707**	**20,706**	**21,903**	**31,843**
TOTAL OPERATING REVENUE	18,400	21,296	17,981	21,671	21,422	249	3,690	22,974	23,843	32,704
OTHER EXPENSES										
Staff & office costs (Net of Recoveries)										
Salaries & Benefits	2,179	2,770	2,497	2,197	2,530	333	301	2,548	2,588	2,043
Office Costs	545	692	586	870	632	(238)	285	621	645	511
Community Sponsorship	82	82	84	88	85	(3)	4	85	85	85
Grants-in-Lieu	407	407	460	441	464	23	(19)	493	513	534
	3,213	**3,951**	**3,627**	**3,596**	**3,711**	**115**	**(31)**	**3,747**	**3,831**	**3,173**
EBITDA NOTE 3	15,187	17,345	14,354	18,075	17,711	364	3,721	19,227	20,012	29,531
Amortization and Financing										
Interest Expense	-	2	1,130	1,140	1,133	(7)	(10)	1,133	1,133	1,133
Amortization of Property, Plan & Equipment	584	585	603	483	383	(100)	120	437	246	226
Less: Interest revenue	282	520	1,982	1,299	1,294	5	(683)	749	695	824
	302	**67**	**(249)**	**324**	**222**	**(102)**	**(573)**	**821**	**684**	**535**
NET INCOME	14,885	17,278	14,603	17,751	17,489	262	3,148	18,406	19,328	28,996

Figure 7

Notes to Figure 7:

1. The 2009/10 results have been estimated as those results were prepared under GAAP rather than IFRS. Results prior to 2010 have not been presented as they are not available as an estimate.
2. As a result of minor prior period adjustments, the 2011/12 actual results presented in Figure 7 have been revised to correspond with the 2012/13 Audited Financial Statements. Refer to the Columbia Power Financial Statements, note 4 — Prior period adjustments for a summary of adjustments made to prior periods. Also, as a function of these adjustments, the results presented in Figure 7 differ marginally from the results shown in the 2013/14 – 2015/16 Service Plan and the 2011/12 Annual Report.
3. EBITDA for 2012/13 of $17,711 differs from the performance measure as reported in the 2012/13 – 2014/15 Service Plan (stated as $18,354) because the Service Plan was not updated to reflect the final approved budget. See Footnote 7 of Figure 6.

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figure 8 is the proforma consolidated statement of financial position of Columbia Power as at March 31 for prior years 2010 – 2012, the current year 2013, and forecast years 2014 to 2016.

$ IN THOUSANDS	2010 NOTE 1	2011	2012 NOTE 2	2013	2014 NOTE 3	2015 NOTE 3	2016 NOTE 3
ASSETS							
CURRENT ASSETS	67,875	50,373	147,141	98,083	56,747	59,268	72,448
NON-CURRENT ASSETS							
Investment in equity accounted investees	334,046	337,735	212,380	209,686	208,130	206,675	208,497
Investment in Waneta Expansion	-	34,994	94,790	160,286	210,008	222,358	226,417
Investment prior to limited partnership	-	-	1,325	1,325	1,325	1,325	1,325
Property, plant and equipment	2,442	2,195	1,586	1,165	883	795	730
Restricted Cash	-	182	186	591	591	591	591
Investment in new projects	-	-	-	-	3,650	7,650	15,650
	336,488	375,106	310,267	373,053	424,587	439,394	453,210
TOTAL ASSETS	404,363	425,479	457,408	471,136	481,334	498,662	525,658
LIABILITIES AND SHAREHOLDER'S EQUITY							
Current Liabilities	1,139	8,977	8,406	6,379	6,379	6,379	6,379
Long-Term Debt (see Note below)	-	-	19,887	19,891	19,891	19,891	19,891
Equity							
Contributed surplus	276,065	276,065	276,065	276,065	276,065	276,065	276,065
Retained surplus	127,159	140,437	153,050	168,801	178,999	196,327	223,323
	403,224	416,502	429,258	444,866	455,064	472,392	499,388
TOTAL LIABILITIES & SHAREHOLDER'S EQUITY	404,363	425,479	457,408	471,136	481,334	498,662	525,658
Note: Debt issued by joint ventures (includes current portion):							
ALPC	54,447	45,551	350,000	350,000	350,000	350,000	350,000
BPC	145,473	140,807	135,787	130,385	124,571	118,312	111,573
	199,920	186,358	485,787	480,385	474,571	468,312	461,573

Figure 8

Notes to Figure 8:

1. The 2009/10 results have been estimated as those results were prepared under GAAP rather than IFRS. Results prior to 2010 have not been presented as they are not available as an estimate.
2. The 2011/12 actual results presented in this table have been revised to correspond with the 2012/13 Audited Financial Statements. Refer to Columbia Power Consolidated Financial Statement Note 4 — Prior period adjustments for a summary of adjustments made to prior periods. The results presented in Figure 8 differ from the results shown in the 2013/14 – 2015/16 Service Plan and the 2011/12 Annual Report.
3. Some numbers presented in Figure 8 vary from 2013/14 – 2015/16 Service Plan due minor adjustments for fiscal 2013 actual results from the forecasted 2012/13 results presented in the 2013/14-2015/16 Service Plan.

CONSOLIDATED CAPITAL SPENDING

Figure 9 is the consolidated capital spending for prior years 2009/10 to 2011/12, for current year 2012/13 and forecast years 2013/14 to 2015/16

$ IN THOUSANDS	2009/10 ACTUAL NOTE 1	2010/11 ACTUAL	2011/12 ACTUAL	2012/13 ACTUAL	2012/13 BUDGET	2013/14 FORECAST	2014/15 FORECAST	2015/16 FORECAST
Arrow Lakes Power Corporation	165	258	436	229	445	131	258	811
Brilliant Expansion Power Corporation	379	287	728	155	556	250	341	1,099
Brilliant Power Corporation	1,434	1,722	1,189	1,571	1,049	1,204	991	1,002
Waneta Expansion Note 2	5,253	36,370	61,320	65,496	76,790	49,722	12,350	4,059
Columbia Power Corporate	431	351	129	62	105	155	158	161
Other Development	-	-	-	-	1,570	3,650	4,000	8,000
Total	7,662	38,988	63,802	67,512	80,515	55,112	18,098	15,132

Figure 9

Notes to Figure 9:

1. The 2009/10 results have been estimated as those results were prepared under GAAP rather than IFRS. Results prior to 2010 have not been presented as they are not available as an estimate.
2. The amounts shown for the Waneta Expansion in fiscal 2013/14 have been revised from that shown in the 2013/14 – 2015/16 Service Plan to reflect $11.091 million moved from fiscal 2012/13 to fiscal 2013/14.

The statements of income from the joint venture entities ALPC, BPC, BEPC are shown in Figures 10 through 12. Budget to actual variances are explained where material.

ARROW LAKES POWER CORPORATION

Statement of Income Forecast (not IFRS presentation)

$ IN THOUSANDS	2009/10 NOTE 1	2010/11	2011/12 NOTE 2	2012/13	2012/13	2013/14	2014/15	2015/16
REVENUES	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast
Power Sales to BC Hydro	33,207	34,414	35,344	36,342	35,188	36,208	37,370	38,447
Grants-In-Lieu Recovery	250	267	279	294	253	300	306	312
Total Revenues	**33,457**	**34,681**	**35,623**	**36,636**	**35,441**	**36,508**	**37,676**	**38,759**
OPERATING EXPENSES								
Operations & Maintenance	1,919	1,878	2,811	3,957	4,276	3,777	3,166	3,341
Administration/Management	1,128	1,276	1,184	1,408	1,335	1,360	1,389	1,293
Insurance	440	443	430	484	465	475	485	495
Environmental	332	174	380	279	404	382	398	414
Grants-In-Lieu of Property Taxes	250	267	279	294	253	300	306	312
Water Rental	4,124	4,420	4,526	4,619	4,621	4,718	4,817	4,918
Other Professional Services	70	170	182	106	186	190	194	198
Operating Expenses	**8,263**	**8,628**	**9,792**	**11,147**	**11,540**	**11,202**	**10,755**	**10,971**
EBITDA	**25,194**	**26,053**	**25,831**	**25,489**	**23,901**	**25,306**	**26,921**	**27,788**
AMORTIZATION & FINANCING EXPENSES								
Amortization of Power Sales Agreement	1,911	1,924	1,903	1,915	1,890	1,890	1,890	546
Amortization of Power Facility	6,160	5,494	5,532	5,459	5,922	5,522	5,529	5,542
Interest: Series A	3,086	2,600	-	-	-	-	-	-
Financing Expense: Series A	409	374	768	-	-	-	-	-
Bondholder Redemption Costs	-	-	2,837	-	-	-	-	-
Interest: Series B	-	-	19,316	19,306	19,306	19,306	19,306	19,306
Financing Expense: Series B	-	-	163	96	121	121	121	121
Less: Interest revenue	77	92	534	351	476	261	198	164
Amortization & Financing Expenses	**11,489**	**10,300**	**29,985**	**26,425**	**26,763**	**26,578**	**26,648**	**25,351**
Net income (Loss)	**13,705**	**15,753**	**(4,154)**	**(936)**	**(2,862)**	**(1,272)**	**273**	**2,437**

Figure 10

Notes to Figure 10:

1. The 2009/10 results have been estimated as those results were prepared under GAAP rather than IFRS. Results prior to 2010 have not been presented as they are not available as an estimate.
2. The 2011/12 Actual results presented in this table have been revised to correspond with the 2012/13 Audited Financial Statements. Please refer to Columbia Power Consolidated Financial Statement Note 4 — Prior period adjustments for a summary of adjustments made to prior periods. The results presented in Figure 10 will differ from the results shown in the 2013/14 – 2015/16 Service Plan and the 2011/12 Annual Report.

BUDGET VS. ACTUAL VARIANCES

The EBITDA for ALPC shows a positive variance of $1.6 million as a result of significantly higher availability as compared to budget.

BRILLIANT POWER CORPORATION

Statement of Income Forecast (not IFRS presentation)

$ IN THOUSANDS	2009/10 NOTE 1	2010/11	2011/12 NOTE 2	2012/13	2012/13	2013/14	2014/15	2015/16
REVENUES	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast
Lease Revenue:								
Brilliant Plant Capital Charges	25,717	26,222	26,711	27,092	27,079	27,494	27,946	28,290
Brilliant Terminal Station Capital Charges	2,253	2,259	2,234	2,200	2,207	2,171	2,139	2,093
Market Sales (Reg U/G)	2,075	1,322	1,278	1,422	1,395	1,439	1,439	1,439
Operating Revenue	9,721	10,605	10,391	10,708	11,151	12,348	12,606	12,870
Total Revenues	**39,766**	**40,408**	**40,614**	**41,422**	**41,832**	**43,452**	**44,130**	**44,692**
OPERATING EXPENSES								
Operations & Maintenance	1,525	1,869	1,821	1,851	1,928	2,931	2,992	3,055
Administration/Management	654	415	816	915	1,075	955	975	995
Insurance	402	398	405	441	424	433	442	451
Property Taxes	2,147	2,164	2,018	2,122	2,301	2,349	2,398	2,448
Water Rentals	5,234	5,597	5,639	5,737	5,748	5,869	5,992	6,118
Other Professional Services	197	201	275	166	281	287	293	299
Operating Expenses	**10,159**	**10,644**	**10,974**	**11,232**	**11,757**	**12,824**	**13,092**	**13,366**
EBITDA	**29,607**	**29,764**	**29,640**	**30,190**	**30,075**	**30,628**	**31,038**	**31,326**
AMORTIZATION & FINANCING EXPENSES								
Interest on Bonds	11,267	10,908	10,556	10,145	10,100	9,671	9,206	8,706
Amortization of Rights	127	66	67	66	60	60	60	60
Amortization of Debt Issue Costs	235	236	259	235	207	207	207	207
Less: Interest revenue	59	177	232	249	125	125	125	125
Amortization & Financing Expenses	**11,570**	**11,033**	**10,650**	**10,197**	**10,242**	**9,813**	**9,348**	**8,848**
Net income	**18,037**	**18,731**	**18,990**	**19,993**	**19,833**	**20,815**	**21,690**	**22,478**

Figure 11

Notes to Figure 11:

1. The 2009/10 results have been estimated as those results were prepared under GAAP rather than IFRS. Results prior to 2010 have not been presented as they are not available as an estimate.
2. The 2011/12 actual results presented in this table have been revised to correspond with the 2012/13 Audited Financial Statements. Please refer to Columbia Power Consolidated Financial Statement Note 4 — Prior period adjustments for a summary of adjustments made to prior periods. The results presented in Figure 11 will differ from the results shown in the 2013/14 – 2015/16 Service Plan and the 2011/12 Annual Report.

BRILLIANT EXPANSION POWER CORPORATION

Statement of Income Forecast (not IFRS presentation)

$ IN THOUSANDS	2009/10 NOTE 1	2010/11	2011/12	2012/13	2012/13	2013/14	2014/15	2015/16
REVENUES	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast
Power Sales: BC Hydro	23,667	27,589	24,152	25,768	26,699	26,584	26,872	27,812
Power Sales: Market	2,615	1,888	2,085	3,055	1,928	3,636	3,570	3,355
EcoEnergy Grant	4,220	4,459	3,942	4,145	4,127	4,427	4,427	4,427
Grants-In-Lieu of Property Tax Recovery	159	176	181	191	181	189	193	197
Total Revenues	**30,661**	**34,112**	**30,360**	**33,159**	**32,935**	**34,836**	**35,062**	**35,791**
OPERATING EXPENSES								
Operations & Maintenance	1,618	2,632	3,022	3,573	2,717	3,478	3,802	3,997
Power Purchases	2,075	1,322	1,278	1,424	1,396	1,439	1,439	1,439
Administration/Management	2,080	1,462	1,850	1,512	1,580	1,527	1,559	1,592
Insurance	342	331	340	316	368	376	384	392
Environmental	224	250	100	222	459	452	387	347
Grants-In-Lieu of Property Taxes	159	176	181	191	181	189	193	197
Water Rentals	1,732	2,289	2,374	2,152	2,396	2,446	2,497	2,550
Other Professional Services	139	153	356	230	160	163	166	170
Operating Expenses	**8,369**	**8,615**	**9,501**	**9,620**	**9,257**	**10,070**	**10,427**	**10,684**
EBITDA	**22,292**	**25,497**	**20,859**	**23,539**	**23,678**	**24,766**	**24,635**	**25,107**
AMORTIZATION & FINANCING EXPENSES								
Amortization of Expansion Rights	524	523	523	523	523	523	523	523
Amortization of Power Facility	4,416	4,453	4,477	4,496	4,276	4,532	4,544	4,561
Interest expense	197	338	406	-	-	-	-	-
Less: Interest revenue	24	78	118	138	50	50	50	50
Amortization & Financing Expenses	**5,113**	**5,236**	**5,288**	**4,881**	**4,749**	**5,005**	**5,017**	**5,034**
Net income	**17,179**	**20,261**	**15,571**	**18,658**	**18,929**	**19,761**	**19,618**	**20,073**

Figure 12

Notes to Figure 12:
1. The 2009/10 results have been estimated as those results were prepared under GAAP rather than IFRS. Results prior to 2010 have not been presented as they are not available as an estimate.

BUDGET VS. ACTUAL VARIANCES

Brilliant Expansion Power Corporation experienced $1.8 million in revenue losses due to an unplanned outage at the facility and higher than budgeted operations and maintenance costs to address the equipment failure that caused the outage and related issues. These revenue losses were completely offset by a budgeted allowance for unplanned outages and higher revenue for BEPC related to a five year agreement for the sale of excess power to FortisBC.

RISK MANAGEMENT

Columbia Power's power projects operate in a domestic power market where there is a single dominant wholesale purchaser (BC Hydro) as well as independent power producers. Long-term firm transmission capacity to adjacent power markets in Alberta and the US Pacific Northwest is limited. The operating environment is complex and includes federal and provincial regulators, an international treaty, as well as local, regional, American and First Nations stakeholders.

Columbia Power has successfully managed the construction to completion of two power projects: the Arrow Lakes Generating Station and the Brilliant Expansion, as well as a complete upgrade at its Brilliant Dam facility. It is currently managing the Waneta Expansion Project which is on-budget and on-schedule. Columbia Power has expertise in all aspects of hydroelectric project development including feasibility assessment, community consultation, permitting, procurement, contract negotiations, risk allocation, construction oversight, commissioning, and operation and the capacity to meet its goals and objectives.

KEY STRATEGIC ISSUES

The key strategic issues facing Columbia Power include:

- Managing construction of the Waneta Expansion Project until commercial operation begins in 2015 — safely, on-schedule and on-budget, while meeting community, First Nations and environmental commitments. The expertise of staff in design-build construction projects, together with their relationships with public and private partners, provincial, regional and local governments, First Nations and private-sector utility, construction, engineering and allied firms, is vital to the success of the project.
- Continuing to effectively and efficiently manage the joint venture assets owned with Columbia Basin Trust, including major hydroelectric facility owner's risks of safety, equipment availability and the environment.
- Ensuring expected revenues are met through the reliable performance of generating assets.
- Ensuring on-going support for the power projects with local and regional community stakeholders and First Nations.
- Continuing work on identifying potential future projects in collaboration with the Ministry of Energy, Mines and Natural Gas, BC Hydro and local stakeholders to take advantage of Columbia Power's expertise and experience.

RISK	ISSUE/IMPACT	RESULTS DURING 2012/13
Waneta Expansion On-Schedule	Failure to adhere to the construction schedule will impact on the timing of when future revenues are received and could result in claims.	• Construction of the Waneta Expansion Project is proceeding on-schedule with focus on construction of the powerhouse and logging and clearing of the transmission line. • Columbia Power actively monitors the progress of construction and works with the contractor to ensure the project will be completed on-schedule.
Waneta Expansion On-Budget	Failure to adhere to the construction schedule will impact on the project economics.	• Construction of the Waneta Expansion Project is proceeding on-budget, with an adequate contingency in place for risk items and unforeseen events. • Columbia Power actively monitors the progress of construction and works with the contractor to ensure the project will be completed on-budget. • Columbia Power, as Owner's Representative, holds monthly budget forecast meetings to review project costs, risks and forecast.
Waneta Expansion Entitlement/Canal Plant Agreement Renegotiations	The renewed and extended Canal Plant Agreement between BC Hydro, Columbia Power, FortisBC Inc. and Teck, which came into effect in April 2006, provides for the Waneta Expansion. The Agreement runs until at least December 31, 2035.	Amended and restated Canal Plant Agreement was renegotiated in 2012/13 to include Waneta Expansion.
Waneta Expansion impact on Communities	A positive relationship with local communities is maintained during construction. Impacts to the local area are independently monitored.	A Community Impact Management Committee was established to deal with any community issues with respect to the project that may arise. An independent Socio-Economic Monitor reports monthly, quarterly and annually on the project's social and economic impacts to the local area.
Availability of Funds	Leveraging of the Arrow Lakes joint venture asset was required for completion of the Waneta Expansion and future projects.	$350 million 5.516% 30 year Arrow Lakes Series B bonds were issued in April 2011. Columbia Power also borrowed $20 million from CBT Energy in 2011/12 at terms similar to the Arrow Lakes bonds. This financing is sufficient to fund Columbia Power's obligations to the Waneta Expansion Limited Partnership and to provide reserves for contingencies and new project development.
Interest Rate Risk	Higher interest rates could negatively impact the cost of new project debt, project net income and the economics and ability to finance the Waneta Expansion Project.	$350 million 5.516% Arrow Lakes Series B bonds were issued in April 2011. Columbia Power also borrowed $20 million from CBT Energy in 2011/12 at terms similar to the Arrow Lakes bonds. This financing fixes the interest cost to Columbia Power for the investment in the Waneta Expansion and new project development.
Plant Reliability	Plant outage risk for the Brilliant facility is transferred to FortisBC Inc. as the power purchaser/plant operator under terms of the Brilliant Power Purchase Agreement. ALPC and BEPC revenues are affected by reliability — under the power sales agreements when the plants are not available, the joint ventures do not receive payment based on their entitlements. For example: • If the Arrow Lakes plant outage factor were to increase by 1 percentage point, revenues and net income would have declined by $366,000 in 2012/13. • If the Brilliant Expansion outage factor were to increase by 1 percentage point, revenues and net income would have declined by $340,000 in 2012/13.	• All power projects carry business interruption, property and liability insurance. • Columbia Power oversees plant operations and maintenance, including the planning and execution of annual maintenance outages during low revenue periods, all with a view to maximizing reliability. • Arrow Lakes Generating Station exceeded reliability targets. • During June/July 2012, Brilliant Expansion experienced a mechanical failure which resulted in a 12 day unplanned outage with a revenue impact of $1.8 million. These revenue losses were completely offset by a budgeted allowance for unplanned outages and higher revenue for BEPC related to a five year agreement for the sale of excess power to FortisBC.
Regulatory Risk	• Under the Waneta Expansion Project design/build contract, WELP bears the risk of changes in law including recent changes to eliminate the Harmonized Sales Tax (HST). • Columbia Power/CBT facilities are subject to regulatory risk, evolving interpretation of existing regulations, and changes to industry standards. • Policy for the protection of critical habitat under the *Species at Risk Act* has not yet been developed which could impact project minimum flows and therefore revenue.	• The costs and impacts associated with the elimination of the HST are an owners cost (WELP) under the design-build contract. A reserve is in place and will be covered by contingency. The project remains on-budget. • Significant changes were made to several pieces of Federal environmental legislation in 2012, including the *Fisheries Act*. These changes will result in a new regulatory environment. Columbia Power worked through industry associations to provide input to the development of new regulations. • Columbia Power anticipates benefiting from amendments to the *Species at Risk Act* which took effect in 2012. These amendments provide for longer-term permits. • Columbia Power continues to closely monitor legislative changes and to carry out studies and funded research activity related to the impacts of our facilities.
Social License	Public, government, First Nations and community perception of Columbia Power impacts Columbia Power's ability to obtain project permits and attract resources and partners for current and future projects.	• Columbia Power regularly engages with stakeholder groups to build and maintain effective relationships and awareness of stakeholder interests. • The Waneta Expansion Project has a Community Impact Management Committee which meets monthly to address community issues. An independent Socio-Economic Monitor reports monthly, quarterly and annually on the project's social and economic impacts to the local area.
Attracting and Maintaining Key Staff	Columbia Power requires the capacity to effectively manage existing facilities, construction projects and new project development.	Columbia Power filled key vacancies in 2012/13 and, within Public Service Employer Council guidelines, continues to engage in employee development and other initiatives to retain critical staff.

Figure 13

COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

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COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

Statement of Management Responsibility

The consolidated financial statements of Columbia Power Corporation have been prepared by management in accordance with International Financial Reporting Standards (IFRS) and fairly present Columbia Power Corporation's consolidated financial position, financial performance, and cashflows. The integrity of the information presented in the consolidated financial statements, including estimates and judgments relating to matters not concluded by fiscal year end, is the responsibility of management.

Management is responsible for establishing and maintaining appropriate systems of internal control (which include policies and procedures) to provide reasonable assurance that Columbia Power Corporation's assets are safeguarded and that reliable financial records are maintained.

The Auditor General of British Columbia has been appointed by the Board of Directors to audit the consolidated financial statements. The report of the Auditor General of British Columbia is attached, outlining the scope of his examination and providing his opinion on the consolidated financial statements.

Jane Bird	David de Git, CMA
President and CEO	Director, Finance

May 15, 2013

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Columbia Power Corporation, and
To the Minister of Energy and Mines and Minister Responsible for Core Review

I have audited the accompanying consolidated financial statements of Columbia Power Corporation, its subsidiary and its joint ventures ("the Entity"), which comprise the consolidated statement of financial position as at March 31, 2013, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In my view, the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Columbia Power Corporation as at March 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Russ Jones

Victoria, British Columbia
May 15, 2013

Russ Jones, MBA, CA
Auditor General (Acting)

COLUMBIA POWER CORPORATION
Consolidated Statement of Financial Position
(Expressed in thousands of dollars)

	Notes		March 31, 2013		March 31, 2012
Assets					
Current assets					
Cash and cash equivalents	9	$	6,306	$	40,575
Accounts receivable	10		1,142		6,505
Prepaid expense			8		10
Other investments	11		90,627		100,051
Total current assets			98,083		147,141
Non-current assets					
Restricted cash	9		591		186
Investment in equity accounted joint arrangements	4, 6		209,686		212,380
Investment prior to limited partnership	8		1,325		1,325
Investment in Waneta Expansion Limited Partnership	8		160,286		94,790
Property, plant & equipment	12		1,165		1,586
Total non-current assets			373,053		310,267
TOTAL ASSETS		$	471,136	$	457,408
Liabilities and Shareholder's Equity					
Current liabilities					
Accounts payable and accrued liabilities	4, 13	$	4,379	$	6,406
Dividend payable	22		2,000		2,000
Total current liabilities			6,379		8,406
Non-current liabilities					
Loans and borrowings	14		19,891		19,887
Total non-current liabilities			19,891		19,887
Equity					
Share capital	15		-		-
Contributed surplus	16		276,065		276,065
Retained earnings	4		168,801		153,050
Total Equity			444,866		429,115
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		$	471,136	$	457,408
Commitments	25				
Contingencies	26				

The accompanying notes are an integral part of the financial statements

APPROVED ON BEHALF OF THE BOARD:

Lillian White

Director

Director

COLUMBIA POWER CORPORATION
Consolidated Statement of Comprehensive Income
For the years ended March 31
(Expressed in thousands of dollars)

	Notes		2013		2012
Revenue	17	$	1,816	$	1,833
Other income	4, 6		19,855		16,148
Depreciation expense	12		(483)		(603)
Other expenses	4, 20		(3,596)		(3,627)
Results from operating activities			17,592		13,751
Finance income	18		1,299		1,982
Finance costs	19		(1,140)		(1,130)
Net finance income			159		852
Total comprehensive income for the year		$	17,751	$	14,603

The accompanying notes are an integral part of the financial statements

COLUMBIA POWER CORPORATION
Consolidated Statement of Changes in Equity
For the years ended March 31
(Expressed in thousands of dollars)

	Notes	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance at April 1, 2011 as previously stated		-	$ 276,065	$ 140,437	$ 416,502
Correction of an error relating to previous year	4			10	10
Balance at April 1, 2011 restated			276,065	140,447	416,512
Comprehensive income for the year			-	14,603	14,603
Dividend to equity holders	22		-	(2,000)	(2,000)
Balance at March 31, 2012		-	$ 276,065	$ 153,050	$ 429,115
Comprehensive income for the year			-	17,751	17,751
Dividend to equity holders	22		-	(2,000)	(2,000)
Balance at March 31, 2013		-	$ 276,065	$ 168,801	$ 444,866

The accompanying notes are an integral part of the financial statements

COLUMBIA POWER CORPORATION
Consolidated Statement of Cash Flows
For the years ended March 31
(Expressed in thousands of dollars)

	Notes	2013	2012
Cash flows from Operating Activities			
Total comprehensive income for the year		$ 17,751	$ 14,603
Adjustments to reconcile cash flow from operations			
Amortization of property, plant and equipment		483	603
Ineligible costs capitalized in WELP		-	196
Interest income		(1,299)	(1,982)
Interest expense		1,140	1,130
Other income		(19,855)	(16,148)
Net change in non-cash working capital balances			
Accounts receivable		5,363	(3,921)
Prepaid expense		2	4
Accounts payable and accrued liabilities		(2,026)	(1,075)
Net cash from operating activities		1,559	(6,590)
Cash flows from financing activities			
Interest paid		(1,137)	(574)
Borrowing		-	20,000
Borrowing costs		-	(113)
Related party loan received		-	33,197
Dividends declared		(2,000)	(2,000)
Net cash used in financing activities		(3,137)	50,510
Cash flows from investing activities			
Interest received		1,299	1,603
Dividends received		22,550	158,064
(Purchase)/sale of temporary investments		9,424	(99,272)
Investment in limited partnership		(65,496)	(61,320)
Investment in Brilliant Expansion		-	(16,599)
(Acquisition)/disposal of property, plant and equipment		(63)	5
Net cash used in investing activities		(32,286)	(17,519)
Increase (decrease) in cash and cash equivalents		(33,864)	26,401
Cash and cash equivalents, beginning of period		40,761	14,360
Cash and cash equivalents, end of period		$ 6,897	$ 40,761
CASH CONSISTS OF:			
Restricted cash	9	591	186
Cash available for operations	9	6,306	40,575
		$ 6,897	$ 40,761

The accompanying notes are an integral part of the financial statements

1. Reporting entity:

Columbia Power Corporation (CPC) is a company incorporated in British Columbia and domiciled in Canada. The address of CPC's registered office is Suite #200, 445 – 13th Avenue, Castlegar, British Columbia. CPC is wholly owned by the Province of British Columbia (the Province). As an agent for the Province, CPC is committed to entering into joint ventures to develop and operate hydroelectric power projects as set out in the Agreement signed in 1995 (the Agreement) between the Province and the Columbia Basin Trust (CBT), also wholly owned by the Province.

The Agreement anticipated that several power projects would be undertaken through joint ventures between CPC and subsidiaries of CBT (the shareholders). The final power project under the Agreement, the Waneta Expansion Project, is currently being undertaken through a partnership between CPC Waneta Holdings Ltd. (CPC Waneta - CPC's 100% owned subsidiary), CBT, and Fortis Inc. The cost of all projects is expected to exceed $1 billion. Under the Agreement between the Province and CBT, the Province committed to make $500 million in capital contributions for the purpose of funding capital costs of the power projects, with the remaining capital costs to be financed through joint venture borrowings by CPC and CBT's subsidiaries. The entities holding legal title to the power projects and their governance structures are described in notes 5 and 7.

CPC is appointed the manager of the joint ventures with the authority to manage the day-to-day activities of the joint ventures, subject to the direction of their boards and annual capital and operating budgets approved by their boards. CPC's material transactions and agreements require the approval of the Province's Treasury Board.

2. Basis of preparation:

(a) Statement of compliance:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) which have been adopted by the Canadian Accounting Standards Board as Canadian generally accepted accounting principles for publically accountable enterprises.

The accounting policies set out in note 3 have been applied in preparing the consolidated financial statements for the year ended March 31, 2013, and the comparative information presented in these consolidated financial statements for the year ended March 31, 2012.

The consolidated financial statements were authorized for issue by the board of directors on May 15, 2013.

(b) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss which are measured at fair value.

2. Basis of preparation (continued):

(c) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, which is CPC's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand except as otherwise noted.

(d) Use of estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

Note 2(e) - Determination of fair values;

Note 3(a) (ii) - Investments in joint arrangements and in associates (equity accounted investees);

Note 3(c) - Designation of financial instruments; and

Note 3(f) - Leased assets.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 3(g) - Impairment; and

Notes 3(i) and 26 – Provisions, and Contingencies.

(e) Determination of fair values:

Certain of CPC's accounting policies and disclosures require the determination of fair value, for financial assets and liabilities. The fair value of accounts receivable, due from joint venture investee, accounts payable and accrued liabilities, and loans and borrowings are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value for other investments is determined as the quoted market prices of those investments. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements unless otherwise indicated.

The accounting policies have been applied consistently by CPC entities.

(a) Basis of consolidation:

These consolidated financial statements and notes include CPC's operations, account balances and operations of CPC's wholly owned subsidiary, and interests in jointly controlled operations and investments in associates accounted for under the equity method.

(i) Investment in subsidiary:

These consolidated financial statements show the overall financial results and the overall financial position for CPC and its wholly owned subsidiary, CPC Waneta. CPC has control when it has direct or indirect ownership of the majority of voting capital. Control is normally achieved through ownership of 50 percent or more of voting capital. Intercompany sales, account balances, and gains and losses on intercompany transactions have been eliminated on consolidation.

(ii) Investments in joint arrangements and associates (equity accounted investees):

Joint ventures are those joint arrangements over whose activities CPC has joint control, established by contractual agreement (see note 5).

Associates are those entities in which CPC has significant influence, but not control (or joint control), over the financial and operating policies (see note 7). Significant influence is presumed to exist when CPC holds between 20 and 50 percent of the voting power of another entity.

Joint ventures and investments in associates (equity accounted investees) are accounted for using the equity method and are recognized initially at cost. The consolidated financial statements include CPC's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of CPC, from the date that joint control or significant influence commences until the date that joint control or significant influence ceases. When CPC's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that CPC has an obligation or has made payments on behalf of the investee.

(iii) Transactions eliminated on consolidation:

Unrealized income and expenses arising from intra-Company transactions are eliminated in preparing the consolidated financial statements to the extent that one of the parties has capitalized the unrealized income or expenses. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of CPC's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. Transactions that do not involve the assets of the equity accounted investee are not eliminated.

3. Significant accounting policies (continued):

(b) Foreign currency transactions:

Transactions in foreign currencies are translated to the functional currency of CPC at exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated into the functional currency at the rate of exchange prevailing at the reporting date.

(c) Designation of financial instruments:

(i) Non-derivative financial assets:

IFRS requires financial assets to be classified as one of the following: fair value through profit or loss, available for sale, held to maturity, and loans and receivables.

CPC initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which CPC becomes a party to the contractual provisions of the instrument.

CPC derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by CPC is recognized as a separate asset or liability.

CPC has the following non-derivative financial assets: financial assets at fair value through profit or loss, and loans and receivables.

Financial assets at fair value through profit or loss:

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss given that CPC manages such investments and makes purchase and sale decisions based on their fair value in accordance with CPC's documented risk management or investment strategy. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Assets in this category are classified as current assets and are included in other investments on the Consolidated Statement of Financial Position.

3. Significant accounting policies (continued):

(c) Designation of financial instruments (continued):

(i) Non-derivative financial assets (continued):

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, restricted cash, and accounts receivable.

(ii) Non-derivative financial liabilities:

CPC initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which CPC becomes a party to the contractual provisions of the instrument.

CPC derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, CPC has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

CPC has the following non-derivative financial liabilities: accounts payable and accrued liabilities, dividends payable, and loans and borrowings.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Transaction costs are amortized at the same rate as the repayment on the loans and borrowings.

(d) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

3. Significant accounting policies (continued):

(e) Property, plant and equipment:

(i) Recognition and measurement:

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

(ii) Subsequent costs:

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to CPC, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation:

Items of property, plant and equipment are recorded at cost and are depreciated annually at rates calculated to expense the cost of assets over their estimated useful lives. Depreciation begins when assets are available for use.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Computers and software	3 years
Furniture and equipment	5 years
Leasehold improvements	Term of lease
Vehicles	8 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if applicable.

3. Significant accounting policies (continued):

(f) Leased assets:

Leases for which CPC assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases. Under an operating lease, the leased assets are not recognized in the Consolidated Statement of Financial Position.

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

(g) Impairment:

(i) Financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to CPC on terms that CPC would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

Management has assessed that there is no impairment loss on any of CPC's financial assets as at March 31, 2013 and March 31, 2012.

(ii) Non-financial assets:

The carrying amounts of CPC's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Management has determined that there are no indications of impairments of CPC's non-financial assets as at March 31, 2013 and March 31, 2012.

3. Significant accounting policies (continued):

(h) Employee benefits:

(i) Defined contribution plan benefits and employee benefits:

Pension plans are detailed in note 21 and are accounted for as a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Other long-term employee benefits:

CPC's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The calculation is performed using the net present value method of discounting estimated future cash flows. The discount rate used is 5.5%. Any gains and losses in net present value are recognized in profit or loss in the period in which they arise.

(iii) Short-term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term bonus or profit-sharing plans if CPC has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(i) Provisions:

A provision is recognized if, as a result of a past event, CPC has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

At March 31, 2013 and March 31, 2012, management determined that CPC does not have any legal or constructive obligations requiring a provision.

(j) Government grants:

The amounts recognized in contributed surplus, per note 16, reflect contributions made by the Province in its capacity of shareholder to CPC.

3. Significant accounting policies (continued):

(k) Finance income and finance costs:

Finance income comprises interest income on cash and cash equivalents, and changes in the fair value of financial assets at fair value through profit or loss.

Finance costs comprise interest expense on borrowings, and changes in the fair value of financial assets at fair value through profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction, or production of a qualifying asset are recognized in profit or loss.

(l) Income tax:

As a Crown corporation, CPC is exempt from corporate income taxes.

(m) New standards and interpretations not yet adopted:

A number of new standards, interpretations and amendments to existing standards issued by the International Accounting Standards Board are not yet effective for the year ended March 31, 2013, and have not been applied in preparing these consolidated financial statements. The following standards, amendments to and interpretations of existing standards have been published but are not effective until CPC's accounting periods beginning after January 1, 2013:

(i) Fair value measurements:

IFRS 13, Fair Value Measurements was issued in May 2011 and provides a common definition of fair value, establishes a framework for measuring fair value under IFRS, and enhances the disclosures required for fair value measurements. The standard applies where fair value measurements are required and does not require new fair value measurements. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with early adoption permitted. As of the reporting date, management has determined there will be no significant impact of the standard on CPC's financial statement disclosures.

(ii) Financial instruments:

IFRS 9, Financial Instruments was issued in October 2010 and replaces the multiple classification and measurement models in IAS 39, Financial Instruments: Recognition and Measurement, with a single model that has only two classification categories: amortized cost and fair value. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. As of the reporting date, management is assessing the impact of the standard on CPC's financial statement disclosures.

IFRS 7 Financial Instruments – Disclosures - *Offsetting Financial Assets and Financial Liabilities* was issued in December 2011 and amends this standard to provide additional information about offsetting of financial assets and financial liabilities. This amendment is effective for annual periods beginning on or after January 1, 2013. As of the reporting date, management has determined that there will be no significant impact on CPC's financial statement disclosures.

3. Significant accounting policies (continued):

(m) New standards and interpretations not yet adopted (continued):

(ii) Financial instruments (continued):

An amended version of IAS 32, Financial Instruments: Presentation - *Offsetting Financial Assets and Financial Liabilities* was issued In December 2011 and provides clarification to the meaning of the offsetting criterion "currently has a legally enforceable right to set off" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. This amendment is effective for periods beginning on or after January 1, 2014. As of the reporting date, management has determined there will be no significant impact of this revised standard on CPC's financial statements.

(iii) Employee benefits:

An amendment to IAS 19, Employee Benefits, was issued in June 2011 and eliminates the 'corridor method' of accounting for defined benefit plans. Revised IAS 19 also streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, and enhances the disclosure requirements for defined benefit plans. This revised standard is required to be applied for accounting periods beginning on or after January 1, 2013. Management has determined there will be no impact of this revised standard on CPC's financial statements.

(iv) Presentation of financial statements:

An amendment to IAS 1, Presentation of Financial Statements was issued in June 2011 and requires companies preparing financial statements in accordance with IFRS to group together items within other comprehensive income (OCI) that may be reclassified to the profit or loss section of the statement of earnings. Revised IAS 1 also reaffirms existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. This revised standard is required to be applied for periods beginning on or after July 1, 2012. Management has determined there will be no significant impact of this revised standard on CPC's financial statements.

4. Prior period adjustments:

a) Corrections to employee amounts payable:

During fiscal 2013, management determined that since fiscal 2011 certain accruals for employee benefits were not being reversed when paid. In fiscal 2011, CPC changed employee benefits providers which also required a change to monthly accrual processes. However, accrual entries continued to be booked based on monthly processes in place under the previous benefit providers. Consequently, the accrual entries for employee amounts payable for health and welfare benefits were accrued but not reversed causing the accrued liability account to accumulate and for the employee benefits expenses to be overstated in fiscals 2011 and 2012.

In fiscal 2011, an adjustment has been made to reverse accruals of $47 thousand. This adjustment decreased accounts payable and accrued liabilities and increased retained earnings on the Consolidated Statement of Financial Position by the same amount.

In fiscal 2012, an adjustment has been made to reverse accruals by an additional $71 thousand. This adjustment decreased accounts payable and accrued liabilities and increased retained earnings on the Consolidated Statement of Financial Position and decreased other expenses on the Consolidated Statement of Comprehensive Income by the same amount.

b) Corrections of errors in Arrow Lakes Power Corporation:

During fiscal 2013, there were errors found relating to the amortization of property, plant and equipment and expense accruals which impacted fiscals 2011 and 2012. Consequently, CPC's investment in equity accounted joint arrangements account was overstated at March 31, 2011 and March 31, 2012 by $37 thousand and $48 thousand respectively.

At March 31, 2011, an adjustment has been made to reduce the investment in equity accounted joint arrangements account by $37 thousand and to reduce retained earnings by the same amount on the Consolidated Statement of Financial Position.

In fiscal 2012, an adjustment has been made to reduce CPC's share of profit and loss from equity accounted joint arrangements by an additional $11 thousand. This adjustment reduced other income on the Consolidated Statement of Comprehensive Income and reduced the investment in equity accounted joint arrangements account and retained earnings by the same amount on the Consolidated Statement of Financial Position.

c) Correction of error in Brilliant Power Corporation:

During fiscal 2013, an error was found relating to overhead billed during fiscal 2012. Consequently, CPC's investment in equity accounted joint arrangements account was overstated at March 31, 2012 by $143 thousand. An adjustment has been made to reduce the investment in equity accounted joint arrangements account and retained earnings on the Consolidated Statement of Financial Position each by $143 thousand. Other income on the Consolidated Statement of Comprehensive Income has also been reduced by $143 thousand.

4. Prior period adjustments (continued):

The following table summarizes the changes made to the Consolidated Statement of Financial Position based on correction of the errors.

($ in thousands)	Investment in equity accounted joint arrangements	Accounts payable and accrued liabilities	Retained earnings
Balances at April 1, 2011 as previously stated	337,735	(6,977)	140,437
Impact of error corrections from prior year	(37)	47	10
Balances at April 1, 2011 as restated	**337,698**	**(6,930)**	**140,447**
Balances at March 31, 2012 as previously stated	212,571	(6,524)	153,123
Impact of error corrections as at April 1, 2011	(37)	47	10
Impact of error corrections in fiscal 2012	(154)	71	(83)
Balances at March 31, 2012 as restated	**212,380**	**(6,406)**	**153,050**

The effect on the Consolidated Statement of Comprehensive Income was as follows:

($ in thousands)	Other Income	Other Expenses (Administration and management)	Comprehensive Income
Balances for year ending March 31, 2012 as previously stated	16,302	(3,698)	14,686
Impact of error corrections	(154)	71	(83)
Balances for year ending March 31, 2012 as restated	**16,148**	**(3,627)**	**14,603**

5. Description of equity accounted joint arrangements:

CPC carries out its mandate to develop and operate hydro electric facilities through its interest in the following jointly controlled operations:

- **Brilliant Power Corporation (BPC)**

  The purpose of BPC is to act as lessor of the Brilliant Dam and Generating Station (Brilliant Power Facility) and Brilliant Terminal Station (BTS) assets. The Brilliant Power Facility and BTS are currently leased to FortisBC Inc., a regulated utility operating in British Columbia, according to the terms of finance leases. The Brilliant Power Facility is located on the Kootenay River, 3 kilometers upstream of the confluence with the Columbia River.

- **Brilliant Expansion Power Corporation (BEPC)**

  The purpose of BEPC is to operate the Brilliant Expansion Project (Brilliant Expansion), a 120 megaWatt power generation facility adjacent to the Brilliant Dam at Castlegar, British Columbia, and to sell the power generated from this facility.

- **Arrow Lakes Power Corporation (ALPC)**

  The purpose of ALPC is to operate the 185 megaWatt Arrow Lakes Generating Station (ALGS) adjacent to the Hugh Keenleyside Dam at Castlegar, British Columbia and a 48-kilometre transmission line from the power plant to British Columbia Hydro and Power Authority's (BC Hydro, a provincial Crown corporation) Selkirk substation, and to sell the power generated from ALGS.

All three corporations are jointly owned on a 50/50 basis by CPC and one of CBT's wholly owned subsidiaries. The shareholders direct activities for each corporation through the corporation's board of directors with an equal number of directors appointed by each shareholder. All decisions of the boards of directors require the unanimous approval of the directors.

For BPC and ALPC, which have issued project bonds, CPC's access to its investment is secondary to the bondholders' claims on the assets of BPC and ALPC.

- **Waneta Expansion Power Corporation (WEPC)**

  WEPC is jointly owned by CPC (58%) and CBT Energy Inc. (42%) (a subsidiary of CBT). Given that CPC and CBT Energy Inc. share control over decision-making on a 50/50 basis, CPC accounts for WEPC as an investment in an equity accounted joint arrangement.

  Prior to October 2010, WEPC held legal title to all assets related to the Waneta Expansion project. In October 2010 title of all property, plant and equipment (development costs) and intangibles (expansion rights) was transferred from WEPC to the Waneta Expansion Limited Partnership (WELP) in exchange for a $72 million non-interest bearing promissory note consistent with the terms of the Asset Purchase Agreement between WEPC and WELP. Since that date the sole purpose of WEPC is to hold the promissory note to the end of its term in 2020.

6. Summary financial information for equity accounted joint arrangements:

CPC's share of profit in its equity accounted joint arrangements for the year was $19,855 thousand (2012: $16,148 thousand) as follows:

For the year ended March 31 ($ in thousands)		**2013**	**2012**
BPC	50%	9,997	9,495
ALPC	50%	(468)	(2,077)
BEPC	50%	9,329	7,786
WEPC	58%	997	944
		19,855	16,148

In 2013, CPC received $22,550 thousand in dividends from its investments in equity accounted joint arrangements (2012: $158,064 thousand) as follows:

For the year ended March 31 ($ in thousands)	**2013**	**2012**
BPC	5,200	5,900
ALPC	5,100	142,812
BEPC	12,250	9,352
	22,550	158,064

6. Summary financial information for equity accounted joint arrangements (continued):

The following information has **not been adjusted** for the percentage ownership held by CPC:

($ in thousands)	Ownership	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities	Net Assets	Total Income	Expenses	Profit (loss) and OCI
March 31, 2012											
BPC	50%	14,135	309,494	323,629	11,610	127,988	139,598	184,031	40,846	(21,856)	18,990
ALPC	50%	22,064	275,060	297,124	10,151	347,271	357,422	(60,298)	36,157	(40,311)	(4,154)
BEPC	50%	13,309	237,421	250,730	1,086	-	1,086	249,644	30,478	(14,907)	15,571
WEPC	58%	-	45,161	45,161	-	-	-	45,161	2,411	-	2,411
		49,508	867,136	916,644	22,847	475,259	498,106	418,538	109,892	(77,074)	32,818
March 31, 2013											
BPC	50%	13,338	314,367	327,705	11,672	122,409	134,081	193,624	41,671	(21,678)	19,993
ALPC	50%	23,599	262,976	286,575	10,648	347,361	358,009	(71,434)	36,987	(37,923)	(936)
BEPC	50%	13,344	231,887	245,231	1,429	-	1,429	243,802	33,297	(14,639)	18,658
WEPC	58%	-	47,708	47,708	-	-	-	47,708	2,547	-	2,547
		50,281	856,938	907,219	23,749	469,770	493,519	413,700	114,502	(74,240)	40,262

6. Summary financial information for equity accounted joint arrangements (continued):

The following information has not been adjusted for the percentage ownership held by CPC:

($ in thousands)	Ownership	Cash and Cash Equivalents	Current Financial Liabilities	Non-current Financial Liabilities	Depreciation and Amortization	Interest Income	Interest Expense
March 31, 2012							
BPC	50%	12,240	5,402	127,988	(67)	29,177	(10,815)
ALPC	50%	38,333	-	347,271	(7,435)	534	(23,084)
BEPC	50%	6,548	-	-	(5,000)	118	(406)
WEPC	58%	-	-	-	-	2,411	-
		57,121	5,402	475,259	(12,502)	32,240	(34,305)
March 31, 2013							
BPC	50%	11,040	5,814	122,409	(66)	29,541	(10,380)
ALPC	50%	37,989	-	347,361	(7,374)	351	(19,402)
BEPC	50%	9,297	-	-	(5,019)	138	(28)
WEPC	58%	-	-	-	-	2,547	-
		58,326	5,814	469,770	(12,459)	32,577	(29,810)

6. Summary financial information for equity accounted joint arrangements (continued):

The following table shows a reconciliation from net assets of equity accounted joint arrangements to the investment in equity accounted joint arrangements.

($ in thousands)	BPC See note 4	ALPC See note 4	BEPC	WEPC	Total
Net assets of equity accounted joint arrangements at April1, 2011	176,841	229,479	219,581	42,750	668,651
CPC's share	50%	50%	50%	58%	
	88,421	*114,739*	*109,791*	*24,795*	*337,746*
Less: elimination entries	-	*(48)*	-	-	*(48)*
Investment in equity accounted joint arrangements at April 1, 2011	**88,421**	**114,691**	**109,791**	**24,795**	**337,698**
Contributions	-	-	33,196	-	33,196
Dividends paid	(11,800)	(285,623)	(18,704)	-	(316,127)
Profit/loss	18,990	(4,154)	15,571	2,411	32,818
Net assets of equity accounted joint arrangements at March 31, 2012	184,031	(60,298)	249,644	45,161	418,538
CPC's share	50%	50%	50%	58%	
	92,016	*(30,149)*	*124,822*	*26,193*	*212,882*
Less: elimination entries	-	*(48)*	-	*(454)*	*(502)*
Investment in equity accounted joint arrangements at March 31, 2012	**92,016**	**(30,197)**	**124,822**	**25,739**	**212,380**
Contributions	-	-	-	-	-
Dividends paid	(10,400)	(10,200)	(24,500)	-	(45,100)
Profit/loss	19,993	(936)	18,658	2,547	40,262
Net assets of equity accounted joint arrangements at March 31, 2013	193,624	(71,434)	243,802	47,708	413,700
CPC's share	50%	50%	50%	58%	
	96,812	*(35,717)*	*121,901*	*27,671*	*210,667*
Less: elimination entries		*(48)*		*(933)*	*(981)*
Investment in equity accounted joint arrangements at March 31, 2013	**96,812**	**(35,765)**	**121,901**	**26,738**	**209,686**

Notes:

1. The ongoing elimination entry for $48 thousand represents interest charged by CPC to ALPC on funding provided by CPC for the construction of the Arrow Lakes Generating Station and Transmission line.
2. The elimination entry in fiscal 2013 of $933 thousand (2012 - $454 thousand) represents the cumulative elimination of CPC's portion of interest earned on the promissory note held by WEPC.

7. Description of subsidiary and subsidiary's equity accounted investee:

CPC wholly owns CPC Waneta which owns 32.5% of the Waneta Expansion Limited Partnership (WELP).

CPC Waneta was incorporated September 8, 2010 under the British Columbia Business Corporations Act, and started operations on October 1, 2010. CPC is the sole shareholder of CPC Waneta. CPC Waneta's purpose is to be party to the investment in WELP through the Waneta Expansion General Partner Shareholder Agreement and the Waneta Expansion Amended and Restated Partnership Agreement. Ownership in WELP is as follows: Fortis Inc. (51%), CPC Waneta (32.5%) and CBT (16.5%). Given its ownership interest in WELP and 29% (2 of 7) representation on the board of directors of the Waneta Expansion General Partnership, CPC Waneta has significant influence over WELP and accounts for its investment using the equity method. Summarized financial information for WELP is included in note 8.

8. Investment prior to and in Waneta Expansion Limited Partnership (WELP):

Prior to the design build contract being signed and the formation of WELP, Fortis Inc., CPC Waneta and CBT signed a letter of intent with SNC-Lavalin Inc. to authorize certain activities of the design-build contractor necessary to preserve the construction schedule. These activities are part of the design-build contract cost. CPC Waneta's investment to cover its share of the cost of these activities was $1.325 million.

CPC Waneta invests in WELP in the form of cash contributions. WELP requests cash calls from the partners as required to meet its obligations to the design-build contractor and other suppliers to the project. WELP uses Canadian accounting standards for private enterprises to prepare its own financial statements and has capitalized all costs to date related to the Waneta Expansion project. Certain costs related to the project are considered ineligible for capitalization under IFRS, and must be expensed when adjusting WELP's accounting policies to conform to those adopted by CPC and CPC Waneta.

Cash contributions are as follows:

($ in thousands)	**2013**	**2012**
Opening balance at April 1	94,790	33,669
Cash contributions	65,702	61,317
Less: ineligible costs *	-	(196)
Less: elimination entry **	(206)	-
Investment in WELP	65,496	61,121
Total cumulative investment in WELP	**160,286**	**94,790**

*costs ineligible for capitalization under IFRS

**CPC's portion of management fees and cost recoveries charged by CPC to WELP

8. Investment prior to and in Waneta Expansion Limited Partnership (WELP) (continued):

Summarized financial information of WELP is included in the following table. Summary financial information has been adjusted to conform to accounting policies adopted by CPC and CPC Waneta. The fair value of the investment in WELP is not available.

On March 31, 2012 and 2013, CPC Waneta's accumulated contribution does not equal 32.5% of WELP's total partner equity due to the timing of contribution payments from other partners.

($ in thousands)	2013	2012
Current assets	31,803	26,276
Non-current assets	517,677	362,356
Total assets	**549,480**	**388,632**
Current liabilities	6,944	37,100
Non-current liabilities	47,708	45,161
Partner equity	494,828	306,371
Total liabilities and partner equity	**549,480**	**388,632**

9. Cash and cash equivalents and restricted cash:

Cash and cash equivalents include cash balances and call deposits with a Canadian bank and have original maturities of three months or less. Restricted cash includes a letter of credit issued by CPC Waneta to BC Hydro for development security under the 2010 Waneta Expansion Limited Partnership Electricity Purchase Agreement.

10. Accounts receivable:

($ in thousands)	Notes	2013	2012
Accounts receivable from related parties	27	1,069	6,428
Other accounts receivable		73	77
		1,142	6,505

CPC's exposure to credit risks and impairment losses related to accounts receivable is disclosed in note 23.

11. Other investments:

Other investments comprise Canadian short term dollar money market instruments. CPC invests funds with the British Columbia Investment Management Corporation and has funds in the ST2 pooled investment portfolio that holds Canadian money market investments maturing within 15 months.

12. Property, plant and equipment:

($ in thousands)	Leasehold improvements	Furniture and equipment	Vehicles	Computers and Software	Total
Cost					
Balance, April 1, 2011	1,261	884	211	1,409	3,765
Additions	-	-	-	73	73
Disposals	-	78	26	463	567
Balance, March 31, 2012	1,261	806	185	1,019	3,271
Balance, April 1, 2012	1,261	806	185	1,019	3,271
Additions	-	-	-	62	62
Disposals	-	-	46	-	46
Balance, March 31, 2013	1,261	806	139	1,081	3,287
Depreciation					
Balance, April 1, 2011	232	302	179	858	1,571
Depreciation for the year	116	164	14	309	603
Disposals	-	-	26	463	489
Balance, March 31, 2012	348	466	167	704	1,685
Balance, April 1, 2012	348	466	167	704	1,685
Depreciation for the year	126	164	6	187	483
Disposals	-	-	46	-	46
Balance, March 31, 2013	474	630	127	891	2,122
Carrying amounts					
March 31, 2012	913	340	18	315	1,586
March 31, 2013	787	176	12	190	1,165

Management has estimated that the fair values of property, plant and equipment are not materially different from the carrying values.

13. Accounts payable and accrued liabilities:

($ in thousands)	Notes	2013	2012
Accounts payable to related parties		1,385	5,270
Accrued interest owing to related party		551	551
Sub-total	27	1,936	5,821
Management bonuses		175	160
Other accounts payable		2,268	425
Total accounts payable and accrued liabilities	4	4,379	6,406

CPC's exposure to liquidity risk related to trade and other payables is disclosed in note 23.

14. Loans and borrowings:

This note provides information about the contractual terms of CPC's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about CPC's exposure to interest rate and liquidity risk, see note 23.

($ in thousands)	2013	2012
Promissory note	20,000	20,000
Less: borrowing costs	(109)	(113)
	19,891	19,887

On April 5, 2011, CBT Energy Inc. advanced $20 million cash to CPC in the form of a promissory note to assist CPC with cashflow requirements. The promissory note bears interest at 5.67% and has a 30 year term, similar to terms of the ALPC Series B bonds. Interest only is payable until April 5, 2016, after which the promissory note will be repayable in 50 semi-annual payments of principal and interest commencing on October 5, 2016. The promissory note is unsecured and may be prepaid in whole or in part at any time without notice, penalty or bonus.

($ in thousands)	Coupon rate	Effective rate	Year of maturity	2013	2012
Promissory note	5.67%	5.72%	2041	19,891	19,887

CPC is in compliance with all terms and conditions of the promissory note.

15. Capital:

At March 31, 2013 and March 31, 2012, CPC has 6 common shares authorized with no par value and issued for $6 dollars.

16. Contributed surplus:

Contributed surplus represents the contributions made by the Province to permit CPC to purchase hydroelectric power expansion rights and to fund power project costs.

17. Revenue:

For the year ended March 31 ($ in thousands)	2013	2012
Management fees	158	290
Recovery of costs incurred on behalf of WELP	1,658	1,543
	1,816	1,833

18. Finance income:

For the year ended March 31 ($ in thousands)	2013	2012
Interest earned on loan to investee	-	379
Interest on bank accounts	99	13
Interest on other investments	1,200	1,590
	1,299	1,982

19. Finance costs:

For the year ended March 31 ($ in thousands)	2013	2012
Bank fees	2	2
Financing costs	4	5
Interest on loans and borrowings	1,134	1,123
	1,140	1,130

20. Other expenses:

For the year ended March 31 ($ in thousands)	Notes	2013	2012
Development costs expensed		-	196
Insurance		10	9
Administration and management		3,057	2,878
Community sponsorship		88	84
Grants-in-lieu of property taxes		441	460
	4	3,596	3,627

21. Employee benefits:

CPC and its employees contribute to the Public Service Pension Plan (PSPP) in accordance with the Public Sector Pension Plan Act. The British Columbia Pension Corporation administers PSPP, including payment of pension benefits to employees to whom the act applies. PSPP is a multi-employer defined benefit pension plan. PSPP is accounted for as a defined contribution plan as sufficient information is not available to use defined benefit accounting.

Under joint trusteeship, the risk and reward associated with PSPP's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in future contributions. The latest actuarial valuation, conducted in March 2011, determined that PSPP has assets of $17.8 billion as compared to liabilities of $18.0 billion. As a result, there was a relatively small contribution rate increase to the PSPP for both the employers and plan members starting in fiscal 2013. The PSPP Board of Trustees was required to implement a contribution rate increase of 0.40% of salary each, for plan members and employers to meet the funding requirements of the Pension Benefits Standards Act. The increases were effective as of April 1, 2012. Contributions to PSPP by CPC in fiscal 2013 were $363 thousand (2012 - $283 thousand).

Employees of CPC are eligible for the same post retirement healthcare benefits as other members of the PSPP. No provision, other than CPC's required employer pension contributions, has been made in the accounts of CPC for this liability.

CPC maintains an executive pension benefit plan (EPBP). Pension payments from the EPBP commenced in January 2006 upon retirement of CPC's former President. CPC valued the pension liability at March 31, 2013 as $179 thousand (2012 - $185 thousand) on a discounted cash flow basis at a 5.5% discount rate.

22. Dividends:

The following dividends were declared by CPC:

For the year ended March 31 ($ in thousands)	2013	2012
$333 thousand per qualifying common share (2012: $333 thousand)	2,000	2,000

At March 31, 2013 there are $2 million in dividends payable (2012 - $2 million)

23. Financial instruments:

(a) Financial risk management:

CPC is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about CPC's exposure to each of the above risks, CPC's objectives, policies, and processes for measuring and managing risk, and CPC's management of capital.

(b) Credit risk:

Credit risk refers to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial assets are neither overdue nor impaired, and CPC does not consider itself to be significantly exposed to credit risk.

The percentage of accounts receivable balance older than 90 days is 0% (2012: 0%).

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

($ in thousands)	2013	2012
	Carrying amounts	
Cash and cash equivalents	6,306	40,575
Restricted cash	591	186
Accounts receivable	1,142	6,505
Other investments	90,627	100,051
	98,666	147,317

23. Financial instruments (continued):

(c) Liquidity risk:

Liquidity risk refers to the risk that CPC will encounter difficulty in meeting obligations associated with financial liabilities. CPC regularly monitors its cash flows and balances and maintains a cash surplus which can be utilized by the joint ventures of CPC/CBT for short–term financing. CPC management does not believe that it will encounter difficulty in meeting its obligations associated with financial liabilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

($ in thousands)	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
March 31, 2013							
Accounts payable and accrued liabilities	4,379	4,379	4,379				
Loans and borrowings	19,891	41,058	16	567	1,133	5,464	33,878
	24,270	45,437	4,395	567	1,133	5,464	33,878
March 31, 2012							
Accounts payable and accrued liabilities	6,406	6,406	6,406	-	-	-	-
Loans and borrowings	19,887	42,192	16	567	1,133	5,092	35,384
	26,293	48,598	6,422	567	1,133	5,092	35,384

(d) Market risks:

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: exchange rate risk, interest rate risk and price risk. CPC does not use derivative products to manage these risks.

(i) Exchange rate risk:

Exchange rate risk refers to the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. CPC realizes all significant revenues and expenses in Canadian dollars and is therefore not significantly exposed to currency fluctuations.

23. Financial instruments (continued):

(d) Market risks (continued):

(ii) Interest rate risk:

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Although the coupon rate on CPC's loan from CBT is fixed, the fair value of the loan is affected by interest rate changes. In addition, interest earned on other investments will fluctuate with short term interest rates. Therefore CPC is exposed to interest rate risk.

Sensitivity analysis:

An increase of 100 basis points in the interest rate will incite a $2.5 million (2012 - $2.5 million) decrease in the fair value of the loan and a decrease in the interest rate of 100 basis points would incite a $2.9 million (2012 – $3.0 million) increase.

(iii) Price risk:

Price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. None of CPC's financial instruments values will change according to changes in market prices and therefore CPC is not exposed to price risk.

(e) Capital management:

CPC's capital management objectives are to:

- target a long-term capital structure with sufficient debt to finance the Waneta Expansion project as well as prudent reserves for an operating and construction contingency and future project development;
- finance the debt portion of the capital structure with fixed rate, longer term debt approximately matching the term of relevant power sales agreements in its equity accounted investments; and
- maintain investment grade credit ratings to support continued access to cost effective capital.

These objectives were accomplished through the ALPC Series B $350 million project bond issue in April 2011.

CPC's capital consists of shareholder's equity plus loans and borrowings.

Neither CPC, nor any of its equity accounted investments, are subject to externally imposed capital requirements.

23. Financial instruments (continued):

(f) Fair values:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

($ in thousands)	**2013**		**2012**	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Assets carried at amortized cost				
Accounts receivable	1,142	1,142	6,505	6,505
Liabilities carried at amortized cost				
Accounts payable and accruals	4,379	4,379	6,406	6,406
Loans and borrowings	19,891	23,588	19,887	23,592
	24,270	27,967	26,293	29,998

Management estimates that the carrying amounts for accounts receivable and accounts payable approximate their carrying values.

Management has made the following assumptions in determining the fair value of loans and borrowings:

- the discounted cashflow methodology is appropriate given that the amounts and timing of the cashflows are reasonably determinable; and
- basing the interest rate used to discount estimated cash flows on the promissory note outstanding on the government yield curve at the reporting date plus an adequate credit spread is appropriate. At March 31, 2013, management selected an interest rate of 4.4% (4.5% - March 31, 2012)

23. Financial instruments (continued):

(f) Fair values (continued):

CPC's financial instruments carried at fair value, by valuation method are classified into different levels which are defined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

($ in thousands)	Level 1	Level 2	Level 3	Total
March 31, 2013				
Financial assets held for trading	90,627			90,627
March 31, 2012				
Financial assets held for trading	100,051			100,051

24. Operating leases:

CPC has entered into an operating lease for office premises that provides for minimum annual lease payments totaling up to a maximum of $167,000 per year. The initial lease term was for 10 years (6 years remaining as at March 31, 2013). The lease has a renewal period of 10 years at fair market rents at the option of CPC.

The office premise lease was entered into as a combined lease of land and building. It was determined that substantially all the risks and rewards of the building reside with the landlord. As such, CPC determined that the lease is an operating lease.

During the year ended March 31, 2013, an amount of $189 thousand (2012 - $191 thousand) was recognized as an expense in profit or loss in respect of operating leases. These expenditures are considered related party transactions and included in "Purchases from related party" in note 27.

Non-cancellable minimum operating lease rentals are payable as follows:

($ in thousands)	**2013**	**2012**
Less than 1 year	148	148
Between 1 and 5 years	798	778
More than 5 years	-	167
	946	1,093

Note: the difference between the annual operating lease expense and the minimum operating lease payments is due to maintenance costs charged by the lessor as per terms of the operating lease agreement.

25. Commitments:

CPC has provided a payment guarantee to the Waneta Expansion design-build contractor, SNC-Lavalin Inc.

Under the Limited Partnership Agreement, CPC Waneta has committed to fund its 32.5% share of the Partnership's obligation to carry out the Waneta Expansion project.

26. Contingencies:

(a) Contingent liabilities:

CPC's operating and development power project activities are affected by federal, provincial, and local government laws and regulations. Under its agreements with its bondholders, BPC and ALPC have agreed to comply or cause compliance in all material respects with such laws and regulations as well as to maintain all material franchises. Under current regulations, the shareholders are required to meet performance standards to minimize or mitigate negative impacts of their proposed projects. The impact, if any, of future legislative or regulatory requirements on specific projects and their related deferred costs cannot currently be estimated.

(b) Contingent asset (in equity accounted joint arrangement):

As a result of outages and repair costs incurred due to equipment reliability issues since commencement of operations at the Brilliant Expansion power facility, management entered into negotiations with the design-build contractor in fiscal 2013 for a settlement to recover BEPC's costs. By March 31, 2013, the design-build contractor had made an offer of $1.2 million to BEPC. Conclusion of the negotiation process is contingent on BEPC's board of directors' acceptance of the terms of the offer and authorization for management to proceed with effecting a formal settlement.

27. Related parties and related party transactions:

(a) Parent company:

CPC is related through common ownership to its joint ventures with CBT. CPC is also related through indirect common ownership to all Province of British Columbia ministries, agencies, Crown Corporations and public sector organizations that are included in the provincial government reporting entity.

These consolidated financial statements include amounts receivable from, amounts payable to and transactions with BC Hydro; CBT and its affiliates; the Province; the joint ventures; and WELP. All related party transactions are at market rates, except for certain transactions with the joint ventures and WELP which are determined on a cost recovery basis. The subsidiary and joint ventures stated in notes 5, 6, 7 and 8 are related parties to CPC. All intercompany balances and transactions between CPC and its subsidiary have been eliminated on consolidation and not shown in this note. Intercompany transactions between CPC and equity accounted investees are eliminated only to the extent that one of the parties includes the amount in assets. Details of transactions between CPC and related parties which have not been eliminated are summarized in the following tables:

27. Related parties and related party transactions (continued):

(b) Due from and sales to related parties:

($ in thousands)	2013		2012	
	Due from related party	Sales to related party	Due from related party	Sales to related party
BC Hydro	-	3,384	4,776	-
BEPC*	145	1,455	172	1,727
ALPC*	188	1,306	148	1,195
BPC*	99	825	94	904
WELP	637	1,816	1,238	1,833
	1,069	8,786	6,428	5,659

* Comparative figures have been included to conform to current year presentation.

The Due from Related Party of $1,069 thousand at March 31, 2013 (2012 - $6,428 thousand) is included in the “Accounts receivable” line item in the Consolidated Statement of Financial Position. The Sales to WELP of $1,816 thousand for the year ended 2013 (year ended 2012 - $1,833 thousand) are included in the “Revenue” line item on the Consolidated Statement of Comprehensive Income.

In fiscal 2013, CPC as the project manager for BC Hydro of the Arrow Lakes Boat Launch project charged BC Hydro on a cost recovery basis for staff compensation relating to project management and stakeholder relations, and for payment of 3rd party invoices relating to the construction of the Arrow Lakes boat launches. The total amount recovered for fiscal 2013 of $3,384 thousand has been included in the “Administration and management” line item in note 20 – Other expenses.

During the year, CPC as the manager charged its joint ventures amounts on a cost recovery basis for staff compensation, office space and project overhead. The total amount recovered for fiscal 2013 of $3,586 thousand (2012 - $3,826 thousand) has been included in the “Administration and management” line item in note 20 – Other expenses.

27. Related parties and related party transactions (continued):

(c) Due to and purchases from related parties:

($ in thousands)	2013		2012	
	Due to related party	Purchases from related party	Due to related party	Purchases from related party
BC Hydro	986	-	4,776	-
CBT and affiliates	621	1,636	716	1,810
Province*	150	332	144	242
BC Pension Corp	179	363	185	304
	1,936	2,331	5,821	2,356

* Comparative figures have been included to conform to current year presentation.

The Due to Related Party of $1,936 thousand at March 31, 2013 (2012 - $5,821 thousand) is included in the "Accounts payable" line item in the Consolidated Statement of Financial Position. Purchases from Related Party of $2,331 thousand for the year ended 2013 (year ended 2012 - $2,356 thousand) are included in the Finance costs" line item on the Consolidated Statement of Comprehensive Income, the "Property, plant, & equipment" line item on the Consolidated Statement of Financial Position, and the "Administration and management" line item in Other expenses – note 20.

(d) Pension plan:

CPC has a pension plan which is a related party by virtue of IAS 24, Related Party Disclosures. Refer to note 21 for detailed information on the transactions with the pension plan.

(e) Loan from related party:

At March 31, 2012 and 2013, CPC has a promissory note outstanding payable to CBT Energy Inc. Details of this promissory note are provided in note 14.

27. Related parties and related party transactions (continued):

(f) Executive management compensation and board compensation:

(i) Executive management compensation:

CPC is organized into business units and support functions. The managers of these units report to the corporate management, which comprises of the President and Chief Executive Officer, the Chief Operating Officer, the Vice President, Capital Projects, the Vice President, Business Development, the Vice President, Human Resources & Corporate Services, the Director, Finance, and the Corporate Secretary.

Each of the members of the corporate management has a bonus scheme which can give them an annual payment of up to 10% of base salary. The bonus is paid on the basis of achieving corporate and individually specified objectives. Bonuses accrued at the end of each fiscal year and paid in the subsequent year are shown in note 13.

In addition to their salaries, CPC provides non-cash benefits to directors and executive officers, and contributes to the PSPP on behalf of executives (see note 21). In accordance with the terms of the plan, executive officers are entitled to receive annual payments equivalent to 2 percent of their highest 5 year average salary times their number of years of service from the date of retirement until death.

Upon resignation at CPC's request, they are entitled to termination benefits up to 18 months' gross salary, depending on the number of years of service.

Pension and other benefits paid on behalf of executive management by CPC are as follows:

For the year ended March 31 ($ in thousands)	**2013**	**2012**
Public Service Superannuation Plan	91,069	62,047
Standard Benefits	63,144	45,908
	154,213	107,955

27. Related parties and related party transactions (continued):

(f) Executive management compensation and board compensation (continued):

(i) Executive management compensation (continued):

There have been no loans or pledges granted to executive management or family members. The total salaries and other benefits paid to executive management for the year ending March 31, 2013 amounted to $1,473 thousand (March 31, 2012 - $1,300 thousand) as follows:

Year ending March 31, 2013
Remuneration paid – Executive management

Name	Position	Salary	Bonus	Other	Expenses	Total
Bird, Jane	President & CEO	249,996	-	30,000	47,560	327,556
Wszelaki, Frank	Chief Operating Officer	177,019	9,015	14,365	22,938	223,337
Ambrosone, Giulio	VP, Capital Projects	182,093	16,246	14,531	1,082	213,952
Hirji, Karim	VP, Business Development	143,355	-	34,614	29,828	207,797
Victor Jmaeff	Chief Technical Officer	179,402	15,240	4,721	14,632	213,995
de Git, David	Director, Finance	136,732	12,283	8,443	5,883	163,341
Martin, Debbie	VP, Human Resources & Corporate Services	69,038	10,554	8,529	2,195	90,316
Rose, Don	Corporate Secretary	32,768	-	-	431	33,199
		1,170,403	$63,338	115,203	124,549	1,473,493

Year ending March 31, 2012
Remuneration paid – Executive management

Name	Position	Salary	Bonus	Other	Expenses	Total
Bird, Jane	President & CEO	229,164	-	27,500	64,617	321,281
Wszelaki, Frank	Chief Operating Officer	99,944	-	10,000	28,487	138,431
Ambrosone, Giulio	VP, Capital Projects	186,302	15,034	19,557	3,125	224,018
Jmaeff, Victor	Chief Technical Officer	186,302	14,872	23,068	20,938	245,180
de Git, David	Director, Finance	139,581	11,290	16,466	11,600	178,937
Martin, Debbie	VP, Human Resources & Corporate Services	124,667	12,459	6,692	11,273	155,091
Rose, Don	Corporate Secretary	35,782	-	-	1,134	36,916
		1,001,742	53,655	103,283	141,174	1,299,854

27. Related parties and related party transactions (continued):

(f) Executive management compensation and board compensation (continued):

(ii) Board compensation:

The board has no remuneration agreements other than the director's fee and remuneration for participating in committee work, nor have any loans or pledges been granted to directors of the board or their family members. Total compensation to the board for the year ending March 31, 2013 was $88 thousand (year ending March 31, 2012 - $82 thousand) as follows:

Year ending March 31, 2013
Members of the Board of Directors

Name	Position	Retainers	Meeting Fees	Expenses	Total
Doney, Lee	Chair, Board	15,000	3,750	3,651	22,401
Deck, Gregory	Member, Board	9,500	4,000	2,945	16,445
White, Lillian	Member, Board	10,500	3,000	95	13,595
Stanley, Tim	Member, Board	9,500	2,000	557	12,057
Deane, Kim	Member, Board	5,625	3,250	2,396	11,271
Newton, Tim	Member, Board	5,625	3,000	524	9,149
Miles, Ron	Member, Board	1,875	500	251	2,626
		57,625	19,500	10,419	87,544

Year ending March 31, 2012
Members of the Board of Directors

Name	Position	Retainers	Meeting Fees	Expenses	Total
Doney, Lee	Chair, Board	15,000	3,750	5,244	23,994
Deck, Gregory	Member, Board	9,000	3,750	3,107	15,857
White, Lillian	Member, Board	10,500	3,250	1,809	15,559
Stanley, Tim	Member, Board	9,500	3,250	1,286	14,036
Miles, Ron	Member, Board	7,500	3,250	1,659	12,409
		51,500	17,250	13,105	81,855

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