Columbia Power Corporation

2017/18
ANNUAL SERVICE PLAN REPORT

July 2018

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Board Chair's Accountability Statement

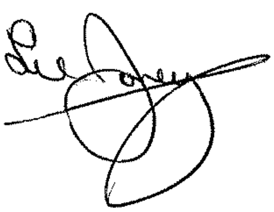
The 2017/18 Columbia Power Corporation Annual Report was prepared under my direction in accordance with the *Budget Transparency and Accountability Act* and BC Reporting Principles.

As the Board Chair, I am responsible for ensuring internal controls are in place to guarantee information is measured and reported accurately and in a timely fashion. All significant assumptions, policy decisions, events and identified risks, for the twelve months ending March 31, 2018, have been considered in preparing the report.

The report contains estimates and interpretative information that represent the best judgement of management. Any significant limitations in the reliability of data, changes in mandated direction, goals, strategies, measures or targets made since the 2017/18 – 2019/20 Service Plan was released, are identified in the report.

The performance measures presented are consistent with Columbia Power's mandate and goals and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of Columbia Power's past performance, operating environment, forecast conditions and risk assessment.

Columbia Power Corporation's *2017/18 Annual Service Plan Report* compares the corporation's 2017/18 actual results to the targeted results identified in the 2017/18 – 2019/20 Service Plan. I am accountable for those results as reported.



Lee Doney
Board Chair

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Chair/CEO Report Letter

Transition was an important theme for Columbia Power Corporation (Columbia Power) in 2017/2018. As part of exploring structural options to enhance value to the Province and the Columbia Basin, a shared services model with Columbia Basin Trust (the Trust) was undertaken with ten Columbia Power staff hired by the Trust in September to provide services back to Columbia Power ranging from communications and procurement to human resources, environment and accounting.

Columbia Power continued to act as the Owner's Representative for the operational Waneta Expansion Project with activities focused on successfully closing out the Design-Build Contract, including managing deficiencies, warranty items and all other responsibilities to Final Acceptance.

Columbia Power continued to operate and maintain Arrow Lakes Generating Station, Brilliant Dam and Brilliant Expansion within all safety standards and met and exceeded the performance benchmarks set out in the 2017/18-2019/20 Service Plan.

Columbia Power has participated in regular meetings with the Minister of Children and Family Development, and holds biweekly meetings with senior staff of the Ministry of Energy, Mines and Petroleum Resources (who support the Minister of Children and Family Development in her governance responsibilities for Columbia Power) to strengthen the accountability for strategic initiatives and key deliverables and foster a principled culture of efficiency and accountability.

Thank you to Columbia Power's Board of Directors, employees and partners during this time of transition for the organization.

Lee Doney
Board Chair

Johnny Strilaeff
Acting President and Chief Executive Officer

Purpose of the Organization

Columbia Power, a commercial Crown corporation, operates under the *Business Corporations Act* and an agency agreement with the Province to develop power projects within British Columbia. Columbia Power currently owns and operates hydro power assets in the Columbia Basin (Basin).

Columbia Power and the Trust own Arrow Lakes Power Corporation (ALPC), which owns the Arrow Lakes Generating Station (ALH); Brilliant Expansion Power Corporation (BEPC), which owns Brilliant Expansion Generating Station (BRX); and Brilliant Power Corporation (BPC), which owns the Brilliant Dam and Generating Station (BRD), all on a 50/50 basis.

The Waneta Expansion Limited Partnership (WELP), which holds the Waneta Expansion Project (WAX), is owned 51 per cent by Fortis Inc., 32.5 per cent by Columbia Power, and 16.5 per cent by the Trust.

Columbia Power's operating facilities, as well as independent power producers (IPPs), provide energy to British Columbia's power market where BC Hydro is the dominant wholesale purchaser. Availability of transmission capacity to adjacent power markets in Alberta and the U.S. Pacific Northwest is constrained due to limited transmission capacity and limited demand for power in the near term. The operating environment is complex, and includes federal and provincial regulators, the Columbia River Treaty, and multi-party operating agreements, as well as First Nations and local, regional, and American stakeholders.

Columbia Power uses its income generated from these hydroelectric facilities to pay dividends to our shareholder, the Province of British Columbia. Columbia Power also uses a portion of its income to sponsor community and First Nations groups and events, offer bursaries and scholarships to secondary schools and community colleges, and develop and deliver environmental stewardship programs.

Strategic Direction and Operating Environment

Strategic Direction

Each year, Columbia Power receives a Mandate Letter from the British Columbia Government, which sets out the corporate mandate. The government principles outlined in the August 2017 Mandate Letter including making life more affordable, delivering services that people count on, and building a strong, sustainable, innovative economy that works for everyone, were reflected in Columbia Power's work in 2017/18:

- Columbia Power continued to enhance its asset management processes and management systems to ensure long-term profitability and reliability of the facilities through effective and efficient plant operations and maintenance, including improved accountability of Columbia Power's staff and third-party service providers.

- Through its role as the Owner's Representative for the Waneta Expansion Project, Columbia Power continued to work to successfully close out the Design-Build construction contract, including management of contract deficiencies, warranty items and all other responsibilities of the Owner's Representative to Final Acceptance, on budget and on time.

- Columbia Power worked with the Province and the Trust to explore structural options to further enhance value to both the Province and Basin residents while mitigating risk.

In addition, project and development work undertaken by Columbia Power has included meaningful consultation of First Nations and included representation on the Brilliant Expansion Project and Waneta Expansion Project Community Impact Management Committees. Currently, First Nations continue to participate in Columbia Power's Operational Technical Working Group.

Operating Environment

In spring 2017, the Trust began implementing a Shared Services Framework with Columbia Power, expanding its existing Shared Services Agreement for information technology to include accounting, corporate secretary and executive services, human resources, communications, office services and reception, payroll, procurement, records management and environment. In September 2017, under this agreement ten Columbia Power staff were hired by the Trust to provide these services back to Columbia Power.

The Province, Columbia Power and the Trust continued to explore options for the effective management of jointly owned power projects to further enhance value to the Province and Basin residents.

In terms of strategic context, Columbia Power is a risk-focused organization that continually strives to identify and evaluate risks that could affect performance both positively and negatively. Columbia Power manages risks associated with each of the Mandate Letter priorities in addition to other organizational risks which are captured in the Enterprise Risk Management (ERM) program. Key risks that Columbia Power was exposed to in 2017/18, and strategies that were used to manage these risks are outlined in the Risk Matrix/Management Table.

Report on Performance

Goals, Strategies, Measures and Targets

Goal 1: Successful close-out of the Waneta Expansion Project.

Objectives

Columbia Power will act as Owner's Representative for the Waneta Expansion Project to ensure a positive revenue stream and continued operations in future years by successfully closing out the Design-Build Contract, including management of deficiencies, warranty items and all other responsibilities to Final Acceptance.

Columbia Power will complete the transition to the Waneta Expansion General Partnership Operating Committee and provide governance oversight and ongoing representation on the Waneta Expansion General Partnership Board of Directors.

Strategies

- Monitor and administer the Design-Build Contract to ensure the Waneta Expansion Project is delivered according to schedule, while meeting scope and quality expectations to protect future income.
- Continue to perform monthly forecast and periodic risk registry reviews to provide early detection of potential budget variances.
- Meet or exceed all Environmental Assessment Certificate conditions.

Performance Measure 1.1: Waneta Expansion is on-schedule.

Performance Measure		2015/16 Actuals	2016/17 Actuals	2017/18 Target	2017/18 Actuals	2018/19 Target	2019/20 Target
1.1	Waneta Expansion construction completed early and Contract Closeout On-Schedule to Final Acceptance	WAX On-Schedule	Contract Close-out On-Schedule to Final Acceptance	Contract Close-out On-Schedule to Final Acceptance	Contract Closed-out On-Schedule at Final Acceptance	Contract Close-out On-Schedule to Final Acceptance	N/A[1]

Data Source: Internal Assessment
[1] This target will no longer be valid after fiscal 2018/19 as the project is on schedule to achieve Final Acceptance.

Discussion

At March 31, 2018 the 2017/18 target was achieved as all contract close-out work was on schedule to achieve Final Acceptance.

Performance Measure 1.2: Waneta Expansion is on-budget.

Performance Measure	2015/16 Actuals	2016/17 Actuals	2017/18 Target	2017/18 Actuals	2018/19 Target	2019/20 Target
1.2 Waneta Expansion is On-Budget	WAX Construction Completed On-Budget	On-Budget to Final Acceptance	On-Budget to Final Acceptance	Under Budget at Final Acceptance	Under Budget at Final Acceptance	N/A[1]

Data Source: Internal Assessment
[1] This target will no longer be valid after fiscal 2018/19 as the project is on schedule to achieve Final Acceptance.

Discussion

The fixed price Design-Build Contract provides as much price certainty as possible, and the project was approximately $22 million under the construction budget at March 31, 2018.

Goal 2: Efficient and reliable plant operations.

Objectives

Enhance Columbia Power's asset management processes to ensure long-term profitability and reliability of its facilities through effective and efficient plant operation and maintenance, including improved performance of third party service providers.

Strategies

- Maximize the availability of the power generation facilities of Arrow Lakes Power Corporation (ALPC) and Brilliant Expansion Power Corporation (BEPC). Agreements with BC Hydro provide both ALPC and BEPC with an energy entitlement based only on availability of the operating units. Due to the lease arrangement with FortisBC for the Brilliant facility owned by Brilliant Power Corporation (BPC), BPC lease revenues are not impacted by availability.

- Manage the joint ventures effectively and efficiently and keep Operations, Maintenance and Administration (OMA) costs within industry norms by implementing an Asset Management System focused on improving availability of the generating units and financial performance. The three priorities of the Asset Management System are currently:
    - Improving work management through tracking of equipment condition and work history;
    - Addressing the potential for equipment failure by doing the right maintenance at the right time; and
    - Improving project and maintenance planning.

Performance Measure 2.1 – 2.3: Reliable Plant Operations.

Performance Measures	2017/18 Benchmark	2015/16 Actuals	2016/17 Actuals	2017/18 Target	2017/18 Actuals	2018/19 Target	2019/20 Target
2.1 Equivalent Availability Rate (Hours)	ALH[1]: 90.5% BRX[2]: 90.5%	ALH: 91.8% BRX: 93.4%	ALH: 92.7% BRX: 95.6%	ALH: 95.3% BRX: 92.2%	ALH: 95.0% BRX: 94.8%	ALH: 93.6% BRX: 89.5%	ALH: 93.7% BRX: 92.2%
2.2 Equivalent Availability Rate (MWh)	ALH[3]: 98.3% BRX[4]: 97.7%	ALH: 99.4% BRX: 98.5%	ALH: 98.8% BRX: 99.7%	ALH: 98.5% BRX: 97.6%	ALH: 99.6% BRX: 98.5%	ALH: 98.4% BRX: 97.4%	ALH: 98.4% BRX: 97.6%
2.3 OMA costs ($ per MWh)	ALH[5]: 10.3 BRX[6]: 15.1	ALH: 6.6 BRX: 10.2	ALH: 6.6 BRX: 8.7	ALH: 8.2 BRX: 12.2	ALH: 7.1 BRX:10.3	ALH: 9.3 BRX: 12.9	ALH: 8.7 BRX: 12.1

[1] ALPC holds Arrow Lakes Generating Station (ALH).
[2] BEPC holds Brilliant Expansion Generating Station (BRX).
[3] The unplanned outage assumption for determining the long-term baseline was reduced to 1.66% unplanned outages averaged across all earning months from 2% applied in the second worst earning month based on consistently strong facility operating performance.
[4] See footnote 3.
[5.] Columbia Power participates in a Navigant GSK Hydro Benchmarking Study periodically to gauge plant performance relative to industry with the most recent study completed in 2016 (Columbia Power GSK Hydro Benchmarking Study- March 2016). GSK Hydro Benchmarking Study advancements have resulted in benchmark sample sizing changes whereby ALH and BRX now have separate benchmarks based on a sample of similar sized facilities. Benchmarks were established based on a sample of 16 facilities for ALH and 13 facilities for BRX. The study has a sufficiently large sample population base to normalize regional differences such as labour rates and Canadian/US dollar conversions. Previous benchmark was blended for ALH and BRX and based on a large sample that was found not to be representative of each individual facility.
[6.] See footnote 5.

Discussion

Plant availability benchmarks are a measure for Columbia Power to assess asset reliability performance relative to industry benchmarks as well as internal criteria. Targets reflect Columbia Power's annual performance forecasts based on planned outage durations required for routine maintenance, periods of major maintenance, and other capital projects.

Columbia Power has identified two metrics for plant availability: Equivalent Availability Rate (Hours) and Equivalent Availability Rate (megawatt hour or MWh). The Equivalent Availability Rate (Hours) annually references a Navigant Study (see footnote 5 above) as the benchmark. The Equivalent Availability Rate (MWh) references an internal benchmark.

Measure 2.1 – Equivalent Availability Rate (Hours):

This measure accounts for the number of hours each generating unit is available annually, including both planned and forced outages, relative to the total number of generating hours available.

During 2017/18 Arrow Lakes Generating Station (ALH) experienced slightly lower equivalent availability rate (hours) than targeted due to slightly longer planned outage duration. This did not result in a shortfall in equivalent availability rate (MWh) due to the low entitlement during this period. ALH and Brilliant Expansion Generating Station (BRX) experienced variability in the duration of their planned outages due to the extended maintenance necessary to ensure long-term asset reliability.

The five-year average equivalent rate for medium-sized hydro plants in operation for less than forty-five years, as provide by the Navigant Study, was 90.5 per cent.

The ALH unplanned outage rate was adjusted down from 2 per cent to 1.7 per cent for the 2018/19 budget year resulting in a higher availability rate (Hours). The target was adjusted to encourage Columbia Power to strive for better performance.

Measure 2.2 – Equivalent Availability Rate (MWh):

Columbia Power uses its own historic and forecasted production level data to develop an internal benchmark which is then used as the target for each fiscal year. The benchmark reflects an optimal scenario of reliable plant operations while efficiently completing maintenance outages. This metric is the number of entitlement MWh available to each facility annually accounting for both planned and forced (unplanned) outages, relative to the total entitlement MWh available to each facility. This metric allows a comparison of Columbia Power's revenue generating performance to the internal benchmark.

- The long-term target is to meet or exceed the benchmark (see footnote 5 above). The fluctuation of targets is due to the variability in the duration of the planned outages.
- Fewer than expected unplanned/forced outages occurred in 2017/18 allowing both ALH and BRX to exceed the benchmark.

Measure 2.3 – Operations, Maintenance and Administration (OMA) Costs ($ per MWh)

This metric is a measure of plant operational cost efficiency which consists of the Operations, Maintenance and Administration (OMA) costs for each facility (net of allowance for outages) divided by entitlement energy for that facility, in dollars per MWh. For the 2017/18 year, both ALH and BRX hydro facilities demonstrated a significant reduction in OMA costs compared to the internal target, due to increasing plant reliability and availability.

Goal 3: Effective financial planning.

Objective

Deliver effective financial planning as a critical component of optimizing shareholder value. Access to key financial information drives sound decision making for managing operations and projects.

Strategies

- Maximize revenue generated through controlling facility operating costs and achieving reliable operations.
- Manage working capital to meet Columbia Power's mandate while returning free cash-flow to the shareholder through a dividend.

- Invest in management systems necessary to carry out enhancements to the asset management process, including improvements to the financial, asset assessment and performance data required for review, analysis and optimization.

Performance Measure 3.1: Net Income

Performance Measure	2015/16 Actuals	2016/17 Actuals	2017/18 Target	2017/18 Actuals	2018/19 Target	2019/20 Target
3.1 Net Income	$44,517	$42,246[1]	$46,773	$50,120	$47,381	$50,283

[1] Net Income was lower in 2016/17 as it includes significant one-time costs incurred for organizational restructuring and expensing the ELKO Redevelopment Project development costs.

Discussion

Columbia Power's net income is the most appropriate measure to gauge the company's financial performance. Net income is closely monitored throughout the reporting period and audited annually. All components are rigorously reviewed for reliability and consistency with government reporting standards.

Variances from monthly net income targets are reported monthly to the Finance and Audit Committee and on a quarterly basis to the full Board of Directors and the Province. Corrective measures are taken to achieve forecast net income if variances are identified.

Performance Measure 3.2: Earnings Before Interest Taxes Depreciation and Amortization (EBITDA)

Performance Measure	2015/16 Actuals	2016/17 Actuals	2017/18 Target	2017/18 Actuals	2018/19 Target	2019/20 Target
3.2 EBITDA	$56,147	$53,597[1]	$57,090	$61,565	$57,505	$60,166

[1] EBITA was lower in 2016/17 compared to other years for the reasons identified in Performance Measure 3.1: Net Income.

Discussion

EBITDA is a measure of operating cash flow which focuses on returns directly influenced by management, and excludes those factors over which management has limited or no influence. The growth targets are based on Columbia Power's historic and forecasted performance. The positive variance was due to:

- Higher than anticipated power revenues.
- Lower operations and maintenance due to higher than anticipated plant reliability.

Financial Report

Discussion of Results

The Financial Report provides an overview of the financial performance of Columbia Power for the fiscal year ended March 31, 2018. The details of the results are contained in the corporation's audited financial statements. Financial results in the *2017/18 Annual Service Plan Report* are presented in accordance with International Financial Reporting Standards (IFRS). The 2017/18 financial performance of Columbia Power and its joint venture and partner corporations is summarized below.

Columbia Power earned net income of $50 million for the year ended March 31, 2018, an increase of $7.8 million over the previous fiscal year due to:

- $7.3 million reduced operating expenses as a result of $1.3 million restructuring costs incurred in the prior year, and the write down of Elko project costs of $4.7 million in the prior year. The Elko Dam and Generating Station Redevelopment Project was cancelled by facility owner, BC Hydro, in April 2016. Capitalized project development costs were written down.
- $0.5 million increased revenues from investment income.

Net income exceeded the target of $46.8 million for 2017/18 by $3.3 million due to:

- $2.7 million increased revenues from investment income, described below.
- $1.2 million reduced operating expenses due to lower staffing costs, partially offset by costs associated with expanded shared services.
- $0.6 million higher than expected revenues from the Services Agreement and Management Fees as a significantly higher effort spent on closing out WAX deficiencies and warranty items.
- $1.2 million in increased financing expenses due to the additional interest expense incurred on the provision in CPC Waneta to contribute to the Promissory note repayment in 2020 and the upcoming Contingent Purchase Price payment in early July 2018.

Investment in Joint Ventures and WELP

CPC Waneta Holdings Ltd. (CPCWHL)

Net income of $19.8 million was reported for the years ended March 31, 2018 and March 31, 2017. Budgeted income was $18.9 million. The positive variance of $0.9 million was due to higher than expected reliability and lower operating costs of Waneta Expansion.

Arrow Lakes Power Corp. (ALPC)

Net income of $33.1 million for the year ended March 31, 2018 exceeded prior year net income of $31.2 million. The positive variance of $1.9 million is due to:

- $1.3 million in revenues due to the annual incremental increase in the contract price and higher reliability compared to prior year.
- $0.6 million favorable variance in amortization and financing expenses mainly due to lower interest cost on the Series B bonds as the debt is paid down.

Budgeted income was $32.4 million. The positive variance of $0.7 million was due to:

- $1.2 million decrease in Operating Expenses mainly due to lower than expected Operations and Maintenance expenses.
- $0.2 million higher than estimated interest revenue.
- $0.7 million negative revenue variance due to lower than anticipated power price in 2017.

Brilliant Expansion Power Corp. (BEPC)

Net income of $21.5 million for the year ended March 31, 2018, was lower than prior year net income of $23.6 million. The negative variance of $2.1 million is due to the expiry of the EcoEnergy Grant in early September. $2.3 million was received during fiscal 2018 under the grant (2017 - $4.5 million).

Budgeted income was $20.7 million. The positive variance of $0.9 million was due to:

- $0.6 million positive variance in Operating Expenses mainly due to lower than expected OMA and management costs.
- $0.3 million favorable variance in Amortization & Financing expenses largely due to higher than budget interest revenue.

Brilliant Power Corp. (BPC)

Net income of $24.2 million for the year ended March 31, 2018, exceeded prior year net income of $23.4 million. The positive variance of $0.8 million is due to:

- $0.7 million decrease in Amortization and Finance charges resulting from the decreasing interest on Brilliant Project Bonds as the principle portion of the debt is paid down.
- $0.2 million increase in Lease revenue at BRD which reflects a higher return on capital associated with the additional capital spending over prior year.
- $0.1 million negative variance in Operating Expenses largely due to higher property taxes.

Budgeted income was $24.3 million. The negative variance of $0.1 million was due to:

- Variances in Operating Revenues and Operating Expenses were offset as expected given that Operating Revenue is dependent on Operating Expenses. Operating Expenses are mostly recovered and the recovery flows through the Operating Revenue account. There is a negative variance of $0.2 million for these accounts.
- $0.1 million positive variance in interest earnings over estimate.

Highlights

The highlights of 2017/18 financial results were high operating reliability for the facilities, lower than budgeted operating costs, and lower administration costs due to the impacts of lower staffing levels, including expanded shared services with the Trust. These factors resulted in increased net income over 2016/17. The policy and regulatory environment for the corporation did not change in 2017/18. Gradually increasing interest rates provide higher returns for surplus cash and have no impact on interest expense as all debt is at long term fixed rates.

Financial Resource Summary Table

$ thousands	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Budget	2017/18 Actual	2017/18 Variance
Operating Revenue						
Service Agreement	$1,280	$1,415	$775	$445	$1,104	$659
Management Fees	415	328	192	-	-	-
Recoveries	3,743	4,052	3,057	3,030	3,030	-
Income From Equity Accounted Investees						
Brilliant Power Corporation	10,750	11,100	11,706	12,170	12,116	(54)
Brilliant Expansion Power Corporation	10,361	10,962	11,813	10,347	10,775	428
Arrow Lakes Power Corporation	210	3,561	15,585	16,204	16,533	329
Waneta Expansion Power Corporation	1,113	12,887	2,303	2,439	2,439	-
Waneta Expansion Limited Partnership	-	20,350	20,814	18,929	20,875	1,946
Total Revenue	$27,872	$64,655	$66,245	$63,564	$66,872	$3,308
Operating Expenses						
Salaries & Benefits	$5,039	$5,332	$4,081	$3,897	$3,087	$810
General & Administration Costs	1,840	2,521	2,944	1,636	1,264	372
Project Development Cost	73	-	4,720	-	-	-
Community Sponsorship	95	97	342	360	370	(10)
Grants-in-Lieu of Property Taxes	524	539	561	581	587	(6)
Interest Expense	12,101	12,235	12,486	11,446	12,565	(1,119)
Amortization of Property, Plant & Equipment	211	228	238	294	221	73
Less: Interest Revenue	941	814	1,373	1,423	1,342	81
Total Expenses	$18,942	$20,138	$23,999	$16,791	$16,752	$39
Net Income	$8,930	$44,517	$42,246	$46,773	$50,121	$3,347
Total Liabilities	$324,400	$331,452	$399,841	$306,300	$385,351	$79,051
Accumulated Surpluses & Retained Earnings	$185,530	$228,047	$201,493	$212,263	$198,767	$(13,497)
Capital Expenditures	$20,795	$11,834	$1,779	$10,727	$1,759	$(8,968)
Dividends	$2,000	$2,000	$68,800	$36,003	$52,847	$16,844

Note 1: The above financial information was prepared based on current Generally Accepted Accounting Principles.
Note 2: Waneta Expansion Limited Partnership increased revenue and increased financing expenses relative to budget are largely due to interest on the provision in CPC Waneta to contribute to the Promissory note repayment in 2020 and the upcoming Contingent Purchase Price in early July 2018.

Variance and Trend Analysis

All power project investments are providing stable returns to Columbia Power. After removing one-time restructuring costs of $1.3 million and expensing the costs of $4.7 million associated with the Elko Dam and Generating Station Redevelopment Project following its cancellation by facility owner BC Hydro in April 2016, net income grew $1.8 million from 2016/17 to 2017/18 due to the inflation-linked escalation of power sales prices, high equipment reliability and modest increases in operating costs. This trend of growth in net income is anticipated in subsequent years.

Risks and Uncertainties

Columbia Power's assets provide stable streams of revenue. Hydrology risk related to annual and seasonal variability of water flows is mitigated by agreements with BC Hydro. Pricing and currency risk is mitigated by long term power sales agreements with BC Hydro and FortisBC in Canadian dollars. Interest rate risk is mitigated with long term project financing. Factors that could affect commercial operations include capital and operating requirements of the assets under management, and regulatory and/or legislative changes imposed on existing assets. Operations and maintenance services for ALPC and BEPC are provided by FortisBC Pacific Holdings Inc. under management agreements. Operations and maintenance services for BPC are provided by FortisBC Inc. under a management agreement. Operational risks experienced by the service provider may impact the provision of services.

Future dividends to the Province will be determined based on annual earnings, working capital requirements, contingency reserves, and reserves for future sustaining capital requirements. A dividend policy has been approved by the Province and is incorporated into this service plan.

Columbia Power has evaluated its risks and how to manage these risks using a variety of strategies, as outlined in its Risk Matrix/Management Table.

Major Capital Projects

Major Capital Projects (over $50 million)	Targeted Completion Date (Year)	Project Cost to March 31, 2018 ($ millions)	Estimated Cost to Complete ($ millions)	Approved Anticipated Total Capital Cost of Project ($ millions)
Waneta Expansion Project[1]	April 1, 2018	218.3[2]	4.0	222.2
The 335 Megawatt expansion adds a second powerhouse immediately downstream of the Waneta Dam on the Pend d'Oreille River south of Trail, B.C. Output is stepped up to 230 kV and delivered through a new 10km transmission line connecting to BC Hydro's Selkirk Substation. Columbia Power managed the construction of the project on behalf of the owners, Fortis Inc., Columbia Power and Columbia Basin Trust. The approved anticipated total capital costs of the project of $222.2 million are $6.6 million less than previous estimate due to: • A number of smaller capital projects being funded through operational cash flows rather than capital contributions. • Prior estimates including significant contingencies that were not expended.				

[1] Columbia Power Corp. Waneta Holdings investment is 32.5%.
[2] Capital spending forecast for Waneta Expansion in 2017/18 reflects costs to final acceptance for the project. Substantial Completion was achieved in 2015, as discussed in previous service plans.

Waneta Expansion Project

The Waneta Expansion Project successfully achieved operational status in April 2015. One of the largest hydroelectric projects recently constructed in British Columbia, it is now generating 335 MW of clean, hydroelectric energy by sharing water from the Waneta Dam.

The project 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 Columbia Basin Trust (16.5 per cent).

WELP is managed by a general partner, Waneta Expansion General Partner Ltd. (WEGP), which is also owned by Fortis Inc., Columbia Power and the Trust. WEGP has a seven-member Board of Directors comprised of four nominees of Fortis Inc., two nominees of Columbia Power and one nominee of the Trust. Columbia Power continued to act as the Owner's Representative on behalf of the Waneta Expansion Project.

Management of deficiencies and warranty items was the primary activity in 2017/18. FortisBC Pacific Holdings Inc. operates and maintains the facility.

The risks associated with the project are disclosed in the Risk Matrix/Management Table.

Consolidated Financial Statements

COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

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COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

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.

Johnny Strilaeff
Acting President and CEO

David de Git, CPA CMA
Director, Finance

May 16, 2018

COLUMBIA POWER CORPORATION
Statement of Income to Budget (Unaudited)
For the year ended March 31, 2018
(Expressed in thousands of dollars)

	Actual	Budget	Budget to Actual Variance	Prior Year	Current Year to Prior Year Variance
REVENUES					
Services Agreement & Management Fees	$ 1,104	$ 445	$ 659	$ 967	$ 137
Recoveries	3,030	3,030	0	3,057	(27)
	4,134	3,475	659	4,024	110
Investment Income:					
ALPC (50%)	16,532	16,204	328	15,585	947
BEPC (50%)	10,775	10,347	428	11,813	(1,038)
BPC (50%)	12,116	12,170	- 54	11,706	410
WEPC (58%)	2,439	2,439	-	2,303	136
WELP (32.5%)	20,878	18,929	1,949	20,814	64
	62,740	60,089	2,651	62,221	519
OPERATING EXPENSES					
Other expenses	5,309	6,474	1,165	12,648	7,338
	5,309	6,474	1,165	12,648	7,338
EBITDA	61,565	57,090	4,475	53,597	7,967
AMORTIZATION & FINANCING EXPENSES					
Amortization expense	221	294	73	238	17
Financing expense	12,565	11,446	(1,119)	12,486	(79)
Less: interest revenue	1,342	1,452	(110)	1,373	(31)
	11,444	10,288	(1,156)	11,351	(93)
CONSOLIDATED NET INCOME	$ 50,121	$ 46,802	$ 3,319	$ 42,246	$ 7,874

OFFICE OF THE
Auditor General
of British Columbia

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Columbia Power Corporation, and
To the Minister of Children & Family Development Province of British Columbia

I have audited the accompanying consolidated financial statements of Columbia Power Corporation ("the entity"), which comprise the consolidated statement of financial position as at March 31, 2018, 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 judgement, 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.

COLUMBIA POWER CORPORATION
Independent Auditor's Report

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Columbia Power Corporation as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International financial Reporting Standards.

Victoria, British Columbia
June 1, 2018

Russ Jones
Russ Jones, FCPA, FCA
Deputy Auditor General

OFFICE OF THE
Auditor General
of British Columbia

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

	Notes	March 31, 2018	March 31, 2017
Assets			
Current assets			
Cash and cash equivalents	8	$ 94,804	$ 68,598
Accounts receivable	9	353	146
Prepaid expense		4	18
Other investments	10	-	51,413
Total current assets		95,161	120,175
Non-current assets			
Restricted cash	8	617	612
Investment in equity accounted joint arrangements	4, 5	232,055	225,441
Investment prior to limited partnership	6, 7	1,325	1,325
Investment in Waneta Expansion Limited Partnership	3, 6, 7	238,630	242,454
Property, plant & equipment	11	354	579
Other investments	10	15,976	10,748
Total non-current assets		488,957	481,159
TOTAL ASSETS		$ 584,118	$ 601,334
Liabilities and Shareholder's Equity			
Current liabilities			
Accounts payable and accrued liabilities	13	$ 10,532	$ 4,364
Dividends payable	24	52,847	68,800
Total current liabilities		63,379	73,164
Non-current liabilities			
Loans and borrowings	14	300,288	299,529
Provisions	3, 15	21,684	27,148
Total non-current liabilities		321,972	326,677
Equity			
Share capital	16	-	-
Contributed surplus	17	26,065	26,065
Retained earnings	3	172,702	175,428
Total Equity		198,767	201,493
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		$ 584,118	$ 601,334
Commitments	27		
Contingencies	28		

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

APPROVED ON BEHALF OF THE BOARD:

Lillian White

Director

Director

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

	Notes		2018		2017
Revenue	18	$	4,134	$	4,024
Other income	3, 19		62,740		62,221
Depreciation expense	11		(221)		(238)
Other expenses	22		(5,309)		(12,648)
Results from operating activities			61,344		53,359
Finance income	20		1,342		1,373
Finance costs	3, 21		(12,565)		(12,486)
Net finance income			(11,223)		(11,113)
Net comprehensive income for the year		$	50,121	$	42,246

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

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

	Notes	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance at April 1, 2016			26,065	201,982	228,047
Net comprehensive income for the year	3		-	42,246	42,246
Dividend to equity holder	24		-	(68,800)	(68,800)
Balance at March 31, 2017		-	$ 26,065	$ 175,428	$ 201,493
					-
Balance at April 1, 2017			$ 26,065	$ 175,428	$ 201,493
Net comprehensive income for the year			-	50,121	50,121
Dividend to equity holder	24		-	(52,847)	(52,847)
Balance at March 31, 2018		-	$ 26,065	$ 172,702	$ 198,767

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

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

	Notes		2018		2017
Cash flows from operating activities					
Net comprehensive income for the year		$	50,121	$	42,246
Adjustments to reconcile cash flow from operations					
Depreciation of property, plant and equipment	11		221		238
Interest income	20		(1,342)		(1,373)
Interest expense	21		12,565		12,486
Write down of Elko development costs			-		4,721
Investment income	7, 5		(62,740)		(62,221)
Net change in non-cash working capital balances					-
Accounts receivable			(207)		1,285
Prepaid expense			14		12
Accounts payable and accrued liabilities			(332)		(136)
Net cash from operating activities			(1,700)		(2,742)
Cash flows from financing activities					
Interest paid			(10,771)		(10,760)
Dividends paid	24		(68,800)		(2,000)
Net cash used in financing activities			(79,571)		(12,760)
Cash flows from investing activities					
Interest received			1,158		522
Dividends received	5, 7		59,950		51,850
(Purchase)/sale of temporary investments			51,413		-
Investment in Elko	13		-		(372)
Investment in bond sinking fund	10		(5,043)		(5,043)
(Acquisition)/disposal of property, plant and equipment	11		4		(58)
Net cash used in investing activities			107,482		46,899
Increase (decrease) in cash and cash equivalents			26,211		31,397
Cash and cash equivalents, beginning of year			69,210		37,813
Cash and cash equivalents, end of year		$	95,421	$	69,210
CASH CONSISTS OF:					
Restricted cash	8		617		612
Cash available for operations	8		94,804		68,598
		$	95,421	$	69,210

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

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year Ended March 31, 2018

1. Reporting entity:

Columbia Power Corporation (CPC) is a company incorporated in British Columbia and domiciled in Canada. The address of Columbia Power's registered office is Suite #200, 445 – 13th Avenue, Castlegar, British Columbia. Columbia Power is wholly owned by the Province of British Columbia (the Province). As an agent for the Province, Columbia Power 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 (The Trust), also wholly owned by the Province.

The Agreement anticipated that several power projects would be undertaken through joint ventures between Columbia Power and subsidiaries of The Trust (the shareholders). The final power project under the Agreement, the Waneta Expansion Project, currently being undertaken through a partnership between CPC Waneta Holdings Ltd. (CPC Waneta - Columbia Power's 100% owned subsidiary), The Trust, and Fortis Inc. achieved substantial completion on April 1, 2015. Final acceptance of the Waneta Expansion Project occurred on April 1, 2018. Under the Agreement between the Province and The Trust, the Province committed to make $500 million in capital contributions for the purpose of funding the capital costs of the power projects, with the remaining capital costs to be financed through joint venture borrowings by Columbia Power and The Trust's subsidiaries. The entities holding legal title to the power projects and their governance structures are described in notes 4 and 6.

Columbia Power 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. Columbia Power'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, 2018, and the comparative information presented in these consolidated financial statements for the year ended March 31, 2017.

The consolidated financial statements were authorized for issue by the board of directors on May 16, 2018.

(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.

(c) Functional and presentation currency:

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

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year Ended March 31, 2018

(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(e) - 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(f) - Impairment; and

Notes 3(h) and 28 – Provisions, and Contingencies.

(e) Determination of fair values:

Certain of Columbia Power's accounting policies and disclosures require the determination of fair value, for financial assets and liabilities. The fair value of accounts receivable, other investments (non-current), accounts payable and accrued liabilities, loans and borrowings, and provisions 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 (current) 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 Columbia Power entities.

(a) Basis of consolidation:

These consolidated financial statements and notes include Columbia Power's operations, account balances and operations of Columbia Power'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 Columbia Power and its wholly owned subsidiary, CPC Waneta. Columbia Power has control when it has direct or indirect ownership of the majority of voting capital. Control is normally

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year Ended March 31, 2018

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 Columbia Power has joint control, established by contractual agreement (see note 4 – Description of equity accounted investees).

Associates are those entities in which Columbia Power has significant influence, but not control (or joint control), over the financial and operating policies (see note 6 – Description of subsidiary and subsidiary's equity accounted investee). Significant influence is presumed to exist when Columbia Power 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 Columbia Power's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of Columbia Power, from the date that joint control or significant influence commences until the date that joint control or significant influence ceases. When Columbia Power'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 Columbia Power has an obligation or has made payments on behalf of the investee.

(iii) Elimination of transactions with equity accounted investees:

Unrealized income and expenses arising from intra-company transactions with equity accounted investees 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 Columbia Power'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.

(b) Foreign currency transactions:

Transactions in foreign currencies are translated to the functional currency of Columbia Power 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:

Columbia Power 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 Columbia Power becomes a party to the contractual provisions of the instrument.

Columbia Power 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

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year Ended March 31, 2018

transferred. Any interest in transferred financial assets that is created or retained by Columbia Power is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, Columbia Power 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.

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.

Columbia Power has the following non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables, and held to maturity investments.

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 Columbia Power manages such investments and makes purchase and sale decisions based on their fair value in accordance with Columbia Power'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.

Loans and receivables:

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

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.

Held to maturity investments:

Held to maturity investments comprise bond sinking fund investments.

Held to maturity investments are long term investments with fixed and determinable payments and fixed maturity dates that Columbia Power has the intent and ability to hold to maturity. Held to maturity investments are measured at amortized cost using the effective interest method less any impairment, with revenue recognized on an effective yield basis.

(ii) Non-derivative financial liabilities:

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

Columbia Power 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 Columbia Power becomes a party to the contractual provisions of the instrument.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year Ended March 31, 2018

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

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, 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) 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 or other expenses 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 Columbia Power, 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 less their residual values. 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.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year Ended March 31, 2018

(e) Leased assets:

Leases for which Columbia Power 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.

(f) 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 Columbia Power on terms that Columbia Power 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 determined that there is no evidence indicating that Columbia Power's financial assets are impaired as at March 31, 2018 and March 31, 2017.

(ii) Non-financial assets:

The carrying amounts of Columbia Power'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 in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Management has determined that there is no evidence indicating that Columbia Power's non-financial assets are impaired as at March 31, 2018 and March 31, 2017.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year Ended March 31, 2018

(g) Employee benefits:

(i) Defined contribution plan benefits and employee benefits:

Columbia Power's pension plan is described in note 23 – Employee benefits and is 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:

Columbia Power's net obligation in respect of long-term employee benefits other than the pension plan 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 Columbia Power 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 reliably estimated.

(h) Provisions:

A provision is recognized if, as a result of a past event, Columbia Power 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.

Legal or constructive obligations requiring a provision are described in note 15 - Provisions.

(i) Government grants:

The amounts recognized in contributed surplus, per note 17 – Contributed surplus, reflect contributions made by the Province in its capacity of shareholder to Columbia Power.

(j) 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, the unwinding of the discount on provisions, bank fees, 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.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year Ended March 31, 2018

(k) 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.

(l) Income tax:

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

(m) New standards and interpretations not yet adopted:

A number of new standards, interpretations, amendments, and annual improvements to existing standards issued by the International Accounting Standards Board (IASB) are not yet effective for the year ended March 31, 2018, and have not been applied in preparing these consolidated financial statements. As of the reporting date, management has determined there will be no significant impact on Columbia Power's financial statement disclosures from the number of annual improvements. The following standards, which management has determined are more relevant to Columbia Power, have been published but are not effective until Columbia Power's accounting periods beginning after January 1, 2018.

(i) IFRS 9, Financial Instruments:

IFRS 9, Financial Instruments was originally issued in October 2010 and replaced 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. The final version of this new standard, issued by the IASB in July 2014, supersedes earlier versions and also replaces IFRIC 9 Reassessment of Embedded Derivatives. This standard largely retains the classification and measurement requirements and new hedge accounting model included in earlier versions, while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. As of the reporting date, management is assessing the impact of the standard on Columbia Power's financial statement disclosures.

(ii) IFRS 15, Revenue and Contracts with Customers:

This new standard, issued by the IASB in May 2014, establishes a comprehensive framework for the recognition, measurement and disclosure of revenue. The core principle in that framework is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The main features of the new standard are as follows:

• An entity identifies the contract(s) with a customer and the performance obligations in the contract, determines the transaction price and allocates it to the performance obligations, and recognizes revenue when (or as) the entity satisfies the performance obligations.

• Performance obligations are satisfied when promised goods or services are transferred to a customer (i.e., when the customer obtains control of those goods or services).

• An entity recognizes assets for some costs incurred to obtain a contract, or to fulfil a contract provided the costs are not within the scope of another standard.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year Ended March 31, 2018

• An entity discloses information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The new standard supersedes the requirements in IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC 31 Revenue — Barter Transactions Involving Advertising Services. The new standard is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. As of the reporting date, management has assessed that the change will not impact Columbia Power's financial statement presentation or disclosure.

(iii) IFRS 16, Leases:

IFRS 16, issued by the International Accounting Standards Board in January 2016, sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The new standard is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers. As of the reporting date, management is assessing the impact of the standard on CPC's financial statement disclosures.

4. Description of equity accounted joint arrangements:

Columbia Power carries out its mandate to develop and operate hydroelectric facilities through its interest in the following jointly controlled operations which were incorporated in British Columbia, Canada:

- **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

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year Ended March 31, 2018

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 Columbia Power and one of The Trust'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.

Revenues in ALPC and BEPC and finance income in BPC are determined by terms specified in long-term power purchase agreements. As such, these corporations have no significant exposure to commercial risk.

For BPC and ALPC, which have issued project bonds, Columbia Power'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 Columbia Power (58%) and CBT Energy Inc. (42%) (a subsidiary of The Trust). Given that Columbia Power and CBT Energy Inc. share control over decision-making on a 50/50 basis, Columbia Power 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. After receipt of the promissory note at the end of its term in 2020 WEPC will be wound down.

  According to the Asset Purchase Price Agreement between WELP and WEPC, if the aggregate amount of the design-build costs to the Final Acceptance Date is less than $635,120,000, WELP will pay WEPC an amount equal to the lesser of a) the amount by which the design-build costs are less than $635,120,000 and b) $20,000,000. This amount is payable 90 days after the Final Acceptance Date at April 1, 2018. Final acceptance was achieved on April 1, 2018. Management of Columbia Power and WEPC have determined that the Contingent Purchase Price payable at Final Acceptance is $20 million based on

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expenditures to date and forecast cost estimates. Management recorded at March 31, 2018 $20 million as income and a current accounts receivable (2017 - $19.6 million was recorded as a receivable at the present value of $20 million discounted at 2%).

5. Summary financial information for equity accounted joint arrangements:

Columbia Power's share of profit in its equity accounted joint arrangements for the year was $41,862 thousand (2017: $41,407 thousand) as follows:

For the year ended March 31 ($ in thousands)		**2018**	**2017**
BPC	50%	12,116	11,706
ALPC	50%	16,532	15,585
BEPC	50%	10,775	11,813
WEPC*	58%	2,439	2,303
		41,862	41,407

In 2018, Columbia Power received $35,250 thousand in dividends from its investments in equity accounted joint arrangements (2017: $31,700 thousand) as follows:

For the year ended March 31 ($ in thousands)	**2018**	**2017**
BPC	5,000	5,250
ALPC	15,900	13,250
BEPC	14,350	13,200
	35,250	31,700

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

($ 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, 2017											
BPC	50%	16,276	327,750	344,026	13,261	95,242	108,503	235,523	44,328	(20,917)	23,411
ALPC	50%	34,615	220,901	255,516	17,517	337,509	355,026	(99,510)	66,908	(35,739)	31,169
BEPC	50%	11,845	212,161	224,006	1,190	-	1,190	222,816	37,011	(13,385)	23,626
WEPC	58%	-	79,432	79,432	-	-	-	79,432	3,970	-	3,970
		62,736	840,244	902,980	31,968	432,751	464,719	438,261	152,217	(70,041)	82,176
March 31, 2018											
BPC	50%	19,462	331,165	350,627	13,534	87,338	100,872	249,755	44,695	(20,463)	24,232
ALPC	50%	33,766	216,257	250,023	17,975	330,294	348,269	(98,246)	68,260	(35,196)	33,064
BEPC	50%	9,171	207,550	216,721	1,054	-	1,054	215,667	35,476	(13,925)	21,551
WEPC	58%	20,000	63,638	83,638	-	-	-	83,638	4,206	-	4,206
		82,399	818,610	901,009	32,563	417,632	450,195	450,814	152,637	(69,584)	83,053

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

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($ in thousands)	Ownership	Cash and Cash Equivalents	Deferred Revenue	Non-current Loans and Borrowings	Depreciation and Amortization	Interest Income	Interest Expense
March 31, 2017							
BPC	50%	13,480	1,849	95,242	(67)	30,828	(8,460)
ALPC	50%	31,736	-	337,509	(5,361)	224	(19,333)
BEPC	50%	8,339	-	-	(5,021)	128	(16)
WEPC	58%	-	-	-	-	3,970	-
		53,555	1,849	432,751	(10,449)	35,150	(27,809)
March 31, 2018							
BPC	50%	16,764	1,808	87,338	(66)	31,227	(7,885)
ALPC	50%	30,985	-	330,294	(5,245)	306	(18,901)
BEPC	50%	6,481	-	-	(4,674)	191	(16)
WEPC	58%	-	-	-	-	4,206	-
		54,230	1,808	417,632	(9,985)	35,930	(26,802)

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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	ALPC	BEPC	WEPC	Total
Net assets of equity accounted joint arrangements at March 31, 2016	222,612	(104,179)	225,590	75,462	419,485
Columbia Power's share	50%	50%	50%	58%	
	111,306	*(52,090)*	*112,795*	*43,768*	*215,779*
*Less: elimination entry**		*(45)*			*(45)*
Investment in equity accounted joint arrangements at March 31, 2016	**111,306**	**(52,135)**	**112,795**	**43,768**	**215,734**
Contributions	-	-	-	-	-
Dividends paid	(10,500)	(26,500)	(26,400)	-	(63,400)
Profit/loss	23,411	31,169	23,626	3,970	82,176
Net assets of equity accounted joint arrangements at March 31, 2017	**235,523**	**(99,510)**	**222,816**	**79,432**	**438,261**
Columbia Power's share	50%	50%	50%	58%	
	117,762	*(49,755)*	*111,408*	*46,071*	*225,485*
*Less: elimination entry**		*(44)*			*(44)*
Investment in equity accounted joint arrangements at March 31, 2017	**117,762**	**(49,799)**	**111,408**	**46,071**	**225,441**
Contributions	-	-	-	-	-
Dividends paid	(10,000)	(31,800)	(28,700)	-	(70,500)
Profit/loss	24,231	33,064	21,551	4,206	83,052
Net assets of equity accounted joint arrangements at March 31, 2018	**249,755**	**(98,246)**	**215,667**	**83,638**	**450,814**
Columbia Power's share	50%	50%	50%	58%	
	124,877	(49,123)	107,834	48,510	232,098
Less: elimination entry*		(43)			(43)
Investment in equity accounted joint arrangements at March 31, 2018	**124,877**	**(49,166)**	**107,834**	**48,510**	**232,055**

* The elimination entry represents interest charged by Columbia Power to ALPC on funding provided by Columbia Power for the construction of the Arrow Lakes Generating Station and Transmission Line. The elimination of interest is being reversed at the average rate of depreciation on the Arrow Lakes Generating Station and Transmission Line assets.

ALPC negative equity

In fiscal 2012, ALPC issued $350 million principal amount Series B bonds, due in April 2041. The proceeds of the Series B bond issue were used to pay for the $45.6 million owing on ALPC's series A bond redemption, and the net proceeds of $285.6 million were distributed by dividend to the owners, Columbia Power and CBT Arrow Lakes, for investment in the Waneta Expansion and future project development. The dividend to the owners created a deficit in ALPC of $56.1 million. ALPC ended fiscal 2012 with a deficit of $60.3 million after incurring net losses of $4.2 that year. Total cumulative dividends of $108.4 million less cumulative net income of $70.5 million since fiscal 2012 have increased the deficit in ALPC to $98.2 million at the end of fiscal 2018.

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Given that ALPC's negative equity position has been caused by the payment of dividends in excess of earnings rather than by net losses, Columbia Power continues to record its investment in ALPC (2018 – ($49.1) million, (2017 – ($49.8) million) as a long term asset included in the line item "Investment in equity accounted joint arrangements" on the Consolidated Statement of Financial Position. Columbia Power's future share of ALPC's net income will reduce the negative equity balance and Columbia Power's future share of dividends from ALPC will increase the negative equity balance. Contracts entered into for the delivery of electricity over the next 27 years are expected to generate sufficient revenue and cash flow to fund ongoing operations for the foreseeable future.

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

Columbia Power 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. Columbia Power 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 The Trust (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.

WELP's purpose is to be the owner of the Waneta Expansion Project (the Project). The Project involves the development of a 335 MW generating station on the Pend d'Oreille river near Trail, British Columbia, and a 10 km transmission line from the new facility to the Selkirk substation owned by British Columbia Hydro and Power Authority (BC Hydro). The Waneta dam is owned by Teck Resources Ltd. (Teck) (formerly Teck Cominco Metals Ltd.) and BC Hydro. The power plant was constructed under a $587 million design-build contract between WELP and SNC-Lavalin Inc. Including change orders and contract amendments the revised contract value is $635 million.

The Project achieved substantial completion on April 1, 2015 and began commercial operations on April 2, 2015. Final acceptance was achieved on April 1, 2018.

7. 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 The Trust 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 (ASPE) 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 Columbia Power and CPC Waneta. Given that the WAX project achieved substantial completion on April 1, 2015, no further costs have been capitalized as part of Property, Plant and Equipment in WELP in fiscals 2017 or 2018 that are required to be written off under IFRS. In addition, IFRS differs from ASPE with respect to categorizing costs for depreciation. Given that WELP started to

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depreciate the WAX facility and transmission line after substantial completion on April 1, 2015, management is required to adjust depreciation amounts to conform with IFRS.

Promissory Note payable from WELP to WEPC

As described in note 4 under WEPC, since October 2010 WEPC holds a $72 million non-interest bearing promissory note consistent with the terms of the Asset Purchase Agreement between WEPC and WELP. The Waneta Expansion Amended and Restated Limited Partnership Agreement stipulates that significant payments (i.e. in excess of $1 million) relating to the construction of the Waneta Expansion project require contributions from the WELP partners according to their ownership interest. CPC Waneta will be required to contribute its 32.5% share of $23.4 million at the time of payment. Management has recorded a provision for the present value of the $23.4 million at March 31, 2018 of $21.7 million (2017 - $20.9 million) using a discount rate of 3.8% which management has determined reflects the weighted average cost of capital for CPC Waneta.

While CPC Waneta's policy is to record provisions for the above amount payable to WELP, WELP has not recorded a receivable from the owners to recognize their contributions required once the Promissory Note payable becomes due. CPC Waneta management is required to adjust long term receivables in WELP to conform with CPC Waneta and CPC accounting policies.

Contingent Purchase Price payable from WELP to WEPC

Also described in note 4 under WEPC, Final Acceptance of the WAX project was achieved on April 1, 2018, under the terms of the agreement, a Contingent Purchase Price is payable of $20 million. CPC Waneta is required to contribute its 32.5% share of $6.5 million at the time of payment. Management has recorded a current liability for the amount of $6.5 million payable 90 days after final acceptance (2017 – provision of $6.3 million which represents the present value using a discount rate of 3.8% which management has determined reflects the weighted average cost of capital for CPC Waneta).

The table below reflects the changes in CPC Waneta's investment in WELP for the years ended March 31, 2018 and March 31, 2017:

($ in thousands)	Note	2018	2017
Opening balance at April 1	4	242,454	241,790
Dividends received		(24,700)	(20,150)
CPC Waneta share of WELP profit	4	20,820	20,758
Cash contributions		-	-
Reversal of elimination entries*		56	56
Investment in WELP		(3,824)	664
Total cumulative investment in WELP		**238,630**	**242,454**

* elimination entries relating to WELP expenses incurred from the Columbia Power corporate group and capitalized as PP&E are being reversed at the weighted average rate of amortization on the power facility components.

Summarized financial information of WELP at March 31, 2018 and March 31, 2017 is included in the following table. Summary financial information has been adjusted to conform to accounting policies adopted by Columbia Power and CPC Waneta. The fair value of the investment in WELP is not available.

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($ in thousands)	2018	2017
Current assets	26,948	33,786
Non-current assets*	817,489	814,585
Total assets	**844,437**	**848,371**
Current liabilities	29,387	4,146
Non-current liabilities	63,822	81,058
Partner equity*	751,228	763,167
Total liabilities and partner equity	**844,437**	**848,371**

*Figures have been revised to include the long term receivable from the owners relating to payment of the Contingent Purchase Price to WEPC in 2018 and the Promissory note in 2020.

8. 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.

9. Accounts receivable:

($ in thousands)	Notes	2018	2017
Accounts receivable from related parties	29	135	14
		135	14
Other accounts receivable		218	132
		353	146

Columbia Power's exposure to credit risks and impairment losses related to accounts receivable is disclosed in note 25 – Financial instruments.

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10. Other investments:

($ in thousands)	2018	2017
Current assets		
bcIMC investments	-	51,413
Non-current assets		
Bond sinking fund	15,975	10,748
Total other investments	15,975	62,161

Other investments comprise Canadian short term dollar money market instruments. Columbia Power invested funds with the British Columbia Investment Management Corporation (bcIMC) in 2017 and had funds in the ST2 pooled investment portfolio that holds Canadian money market investments maturing within 15 months. These investments were sold in May 2017 to provide a dividend payment to the Province.

Other investments also comprise of a bond sinking fund held with the province to provide for debt retirement in June, 2044 (also see note 14 – Loans and borrowings). Columbia Power began to make annual payments of $5,042,517 to the sinking fund beginning on June 18, 2015. The sinking fund is recorded at amortized cost (also see note 27 – Commitments).

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11. Property, plant and equipment:

($ in thousands)	Leasehold improvements	Furniture and equipment	Vehicles	Computers and Software	Total
Cost					
Balance, April 1, 2016	1,306	816	167	382	2,671
Additions	1	4	-	53	58
Disposals	-	-	-	-	-
Balance, March 31, 2017	1,307	820	167	435	2,729
Balance, April 1, 2017	1,307	820	167	435	2,729
Additions	-	-	-	-	-
Disposals	-	-	-	4	4
Balance, March 31, 2018	1,307	820	167	431	2,725
Depreciation					
Balance, April 1, 2016	857	807	11	237	1,912
Depreciation for the year	131	2	21	84	238
Disposals	-	-	-	-	-
Balance, March 31, 2017	988	809	32	321	2,150
Balance, April 1, 2017	988	809	32	321	2,150
Depreciation for the year	131	3	21	66	221
Disposals	-	-	-	-	-
Balance, March 31, 2018	1,119	812	53	387	2,371
Carrying amounts					
March 31, 2017	319	11	135	114	579
March 31, 2018	188	8	114	44	354

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

12. Write down of Work in progress - development costs:

One of Columbia Power's primary objectives was to develop generation assets in collaboration with BC Hydro. Columbia Power and BC Hydro signed a Memorandum of Understanding (MOU) in 2012 to work collaboratively on project development and established a joint development committee (JDC) with representatives from both organizations. During fiscal 2015, Columbia Power conducted a study of the options for the Elko Dam & Generating Station (Elko Project), which is owned by BC Hydro and located on the Elk River in the southeast

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corner of British Columbia. During fiscal 2016, BC Hydro and Columbia Power analyzed the results of the study to determine the future of the facility.

In fiscal 2015, costs of $1.461 million incurred by Columbia Power to advance the Elko Project were capitalized as Work in progress – development costs. Management had determined that these costs would be fully recoverable based on discussions with the JDC and according to the terms of the Memorandum of Understanding between Columbia Power and BC Hydro. In fiscal 2016, a further $2.888 million was incurred bringing the balance to $4.349 million at March 31, 2017.

On April 15, 2016, BC Hydro notified Columbia Power that the Elko Project was being deferred indefinitely. In fiscal 2017, management determined that none of the Elko project development costs could be recovered in the future and it was therefore appropriate to write down the full $4.349 million which has been included in Other expenses on the Consolidated Statement of Comprehensive Income (also see note 22 – Other expenses).

13. Accounts payable and accrued liabilities:

($ in thousands)	Notes	2018	2017
Accounts payable to related parties		120	357
Accrued interest owing to related party		3,033	3,033
Sub-total	29	3,153	3,390
Executive holdback		60	60
CPC Waneta Holdings share of Contingent Purchase Price	15	6,500	-
Other accounts payable		819	914
Total accounts payable and accrued liabilities		10,532	4,364

Columbia Power's exposure to liquidity risk related to trade and other payables is disclosed in note 25 – Financial instruments.

14. Loans and borrowings:

This note provides information about the contractual terms of Columbia Power's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about Columbia Power's exposure to interest rate and liquidity risk, see note 25 – Financial instruments.

($ in thousands)	2018	2017
Non-current liabilities		
Series A debenture	302,546	301,836
Less: financing costs	(2,258)	(2,307)
Total loans and borrowings	300,288	299,529

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On April 14, 2014, Columbia Power issued a $335 million Columbia Power Series A debenture to the Province that bears a coupon rate of 3.2% and matures June 18, 2044. Columbia Power received net proceeds of $300,667,095 after discount of $35,312,350, accrued interest of $3,436,000 and fees of $2,456,555. Columbia Power is required to make semi-annual coupon payments of $5,360,000.

To provide for debt retirement in June, 2044, Columbia Power also makes annual payments of $5,042,517 to a sinking fund which began on June 18, 2015, based on a 30 year amortization rate (also see note 27 – Commitments).

($ in thousands)	Coupon rate	Effective rate	Year of maturity	2018 Carrying amount	2017 Carrying amount
Series A debenture	3.20%	3.83%	2044	300,288	299,529

15. Provisions:

As described in note 6 – Description of subsidiary and subsidiary's equity accounted investee, the Waneta Expansion Amended and Restated Limited Partnership Agreement stipulates that significant payments (i.e. in excess of $1 million) relating to the construction of the Waneta Expansion project require contributions from the WELP partners according to their ownership interest. As such, management has accrued CPC Waneta's share for the following large obligations in WELP relating to construction that will require contributions from CPC Waneta:

- Promissory note for $72 million payable to WEPC on April 1, 2020: CPC Waneta's share of the promissory note of $23.4 million is being recorded in CPC Waneta on a discounted basis using a discount rate of 3.8% which management has determined reflects the weighted average cost of capital for CPC Waneta.
- Contingent Purchase Price of $20 million payable to WEPC 90 days post Final Acceptance. On April 1, 2018 Final Acceptance of the WAX project was achieved. CPC Waneta's share of the contingent purchase price payable of $6.5 million is recorded in CPC Waneta as a current liability (2017 – $6.3 million recorded as a provision on a discounted basis using a discount rate of 3.8% which management has determined reflects the weighted average cost of capital for CPC Waneta).

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($ in thousands)	Contingent Purchase Price	Promissory Note	Total
Balances at April 1, 2016	6,025	20,115	26,140
Additional provisions recognized	-	-	-
Unwinding of discount	233	775	1,008
Balances at March 31, 2017	**6,258**	**20,890**	**27,148**
Balances at April 1, 2017	6,258	20,890	27,148
Additional provisions recognized	-	-	-
Unwinding of discount	242	794	1,036
Provision reclassify to current liability	(6,500)	-	(6,500)
Balances at March 31, 2018	-	**21,684**	**21,684**

16. Capital:

At March 31, 2018 and March 31, 2017, Columbia Power has 6 common shares authorized with no par value and issued for $6 dollars.

17. Contributed surplus:

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

($ in thousands)	2018	2017
Contributed surplus	26,065	26,065

18. Revenue:

For the year ended March 31 ($ in thousands)	2018	2017
Management fees	231	192
Recovery of costs incurred on behalf of WELP	873	775
	1,104	967
Recovery of costs	3,030	3,057
	4,134	4,024

Cost recoveries include $0 (2017 – $27 thousand) for staff compensation relating to project management and stakeholder relations on the Boat Launch project, and $3,030 thousand (2017 - $3,030 thousand) for staff compensation, office space, and project overhead incurred on behalf of the joint ventures (also see note 29 – Related party transactions).

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19. Other income:

For the year ended March 31 ($ in thousands)	Note	2018	2017
Share of profit in equity accounted joint arrangements	5	41,862	41,407
Share of profit from investment in WELP*	3,7	20,878	20,814
		62,740	62,221

*Profit includes reversal of elimination entries of $56 thousand (2017 - $56 thousand).

20. Finance income:

For the year ended March 31 ($ in thousands)	2018	2017
Interest on bank accounts	1,085	522
Interest on other investments	257	851
	1,342	1,373

21. Finance costs:

For the year ended March 31 ($ in thousands)	Note	2018	2017
Bank fees		7	8
Financing costs		92	80
Unwinding of discount on provisions	3, 15	1,036	1,008
Interest on loans and borrowings		11,430	11,390
		12,565	12,486

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22. Other expenses:

For the year ended March 31 ($ in thousands)	Notes	2018	2017
Insurance		4	4
Administration and management		4,348	5,767
Loss on write down of Elko Project costs	12	-	4,720
Restructuring costs*		-	1,254
Community sponsorship		370	342
Grants-in-lieu of property taxes		587	561
		5,309	12,648

*Restructuring costs related to layoffs within the organization due to winding down on the WAX project as it approached Final Acceptance, and completion of Columbia Power's project development mandate (also see note 12 – Write down of work in progress – development costs).

23. Employee benefits:

Columbia Power 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 by Columbia Power 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. Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is any amortization of any funding deficit.

The latest actuarial valuation as at March 31, 2017, indicated a funding surplus of $1.9 billion for basic pension benefits on a going concern basis. As such, the PSPP was currently fully funded so that no increased contributions were required for fiscal 2018. The next valuation will be as at March 31, 2020, with results available in early 2021.

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

Columbia Power maintains an executive pension benefit plan (EPBP). Pension payments from the EPBP commenced in January 2006 upon retirement of Columbia Power's former President. Columbia Power valued the pension liability at March 31, 2018 as $127 thousand (2017 - $138 thousand) on a discounted cash flow basis at a 5.5% discount rate.

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24. Dividends payable:

The following dividends were declared by Columbia Power's board of directors:

($ in thousands)	2018	2017
$8,808 thousand per qualifying common share (2017: $11,467 thousand)	52,847	68,800

25. Financial instruments:

(a) Financial risk management:

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

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

This note presents information about Columbia Power's exposure to each of the above risks, Columbia Power's objectives, policies, and processes for measuring and managing risk, and Columbia Power'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 Columbia Power does not consider itself to be significantly exposed to credit risk.

The percentage of accounts receivable balance older than 90 days is 0% (2017: 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)	2018	2017
	Carrying amounts	
Cash and cash equivalents	94,804	68,598
Restricted cash	617	612
Accounts receivable	353	146
Other investments - Current	-	51,413
Other investments – Non-current	15,975	10,748
	111,749	131,517

(c) Liquidity risk:

Liquidity risk refers to the risk that Columbia Power will encounter difficulty in meeting obligations associated with financial liabilities. Columbia Power regularly monitors its cash flows and balances and

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maintains a cash surplus which can be utilized by the joint ventures of Columbia Power/The Trust for short–term financing. Columbia Power 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, 2017							
Accounts payable and accrued liabilities	4,364	4,364	4,364	-	-	-	-
Loans and borrowings*	299,529	291,767	2,327	5,360	10,720	32,160	241,200
Provisions	27,148	29,900	-	-	6,500	23,400	-
	331,041	326,031	6,691	5,360	17,220	55,560	241,200
March 31, 2018							
Accounts payable and accrued liabilities	10,532	10,532	10,532	-	-	-	-
Loans and borrowings*	300,288	281,046	2,326	5,360	10,720	32,160	230,480
Provisions	21,684	23,400	-	-	-	23,400	-
	332,504	314,978	12,858	5,360	10,720	55,560	230,480

*Note that cash flows do not reflect contributions to the sinking fund set up to extinguish the remaining debt in 2044. See note 27 – Commitments.

(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. Columbia Power 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. Columbia Power realizes all significant revenues and expenses in Canadian dollars and is therefore not significantly exposed to currency fluctuations.

(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. Columbia Power's debt is composed of the Series A debenture. While the coupon rate of this debenture is fixed, the price of the debenture is affected by the interest rate. Therefore, Columbia Power is exposed to interest rate risk. Columbia Power manages interest rate risk by issuing long term fixed rate debt, as required to fulfill its capital objectives, at favorable terms obtained through its investment grade credit rating.

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Sensitivity analysis:

An increase of 100 basis points in the fair value interest rate will incite a $24.9 million (2017 - $26.6 million) decrease in the debenture price and a decrease of 100 basis points will incite a $29.3 million (2017 - $31.4 million) increase in debenture price.

(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 Columbia Power's financial instruments values will change according to changes in market prices and therefore Columbia Power is not exposed to price risk.

(e) Capital management:

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

Columbia Power's capital management objectives are to:

- maintain a debt to equity ratio that is not lower than 70/30;
- finance the debt portion of future power project investments with fiscal agency loans through the Province; and
- target a long term capital structure with sufficient equity and working capital reserves to maintain commercial viability of Columbia Power and its equity accounted joint ventures.

Columbia Power is in close communication with its shareholder to determine appropriate capital reserves and dividend payments in order to achieve management's objectives. Neither Columbia Power, nor any of its equity accounted investments, are subject to externally imposed capital requirements.

(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)	2018		2017	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Assets carried at amortized cost				
Accounts receivable	353	353	146	146
Other investments – bond sinking fund	15,975	16,470	10,748	10,134
	16,328	16,823	10,894	10,280
Liabilities carried at amortized cost				
Accounts payable and accruals	10,532	10,532	4,364	4,364
Loans and borrowings	300,288	254,979	299,529	262,961
Provision – Contingent Purchase Price	-	-	6,258	6,357
Provision – Promissory Note	21,684	21,695	20,890	21,495
	332,504	287,206	331,041	295,177

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Given the short term nature of the accounts, management estimates that the carrying amounts for accounts receivable and accounts payable approximate their fair values.

Columbia Power holds a bond sinking fund with the province's Debt Management Branch (DMB) to its maturity in 2044. The amortized book value of the sinking fund at March 31, 2018 is $15,975 thousand (2017 - $10,748) which takes into account actual returns to the fund to date. DMB also provided the sinking fund market value of $16,470 (2017 - $10,134).

Management has made the following assumptions in determining the fair value of the 2018 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 outstanding on the Series A debenture on the government yield curve at the reporting date plus an adequate credit spread is appropriate. At March 31, 2018, management selected an interest rate of 4.2% (2017 – 4.1%).
- basing the interest rate used to discount estimated cash flows outstanding on the provision for the Promissory Note payable on the government average yield curve for 2 year bonds at the reporting date plus an adequate credit spread for non-recourse debt. At March 31, 2018, management selected an interest rate of 3.8% (2017 – 2.8%).

26. Operating leases:

Columbia Power 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 (1 year remaining as at March 31, 2018). The lease has a renewal period of 10 years at fair market rents at the option of Columbia Power.

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, Columbia Power determined that the lease is an operating lease.

During the year ended March 31, 2018, an amount of $247 thousand (2017 - $204 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 29.

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

($ in thousands)	2018	2017
Less than 1 year	167	164
Between 1 and 5 years	-	167
	167	331

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.

27. Commitments:

Under the terms of debt issuance with the Province, Columbia Power has committed to make annual sinking fund payments which started June 18, 2015. Payments required over the next 5 years and thereafter are as follows:

Fiscal year	Sinking fund payments ($ in thousands)
2019	5,043
2020	5,043
2021	5,043
2022	5,043
2023	5,043
Thereafter	110,946
Total	136,161

28. Contingencies:

Columbia Power'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.

29. Related parties and related party transactions:

(a) Parent company:

Columbia Power is related through common ownership to its joint ventures with The Trust. Columbia Power 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; The Trust and its affiliates; the Province; the joint ventures; and WELP. All

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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 4, 5, 6 and 7 are related parties to Columbia Power. All intercompany balances and transactions between Columbia Power and its subsidiary have been eliminated on consolidation and not shown in this note. Intercompany transactions between Columbia Power and equity accounted investees are eliminated only to the extent that one of the parties includes the amount in assets. Details of transactions between Columbia Power and related parties which have not been eliminated are summarized in the following tables.

(b) Due from and sales to related parties:

($ in thousands)	2018		2017	
	Due from related party	Sales to related party	Due from related party	Sales to related party
BC Hydro	-	-	-	71
BEPC	-	1,180	-	1,180
ALPC	-	1,180	-	1,180
BPC	-	670	-	670
WELP*	135	1,134	14	998
	135	4,164	14	4,099

The Due from Related Party of $135 at March 31, 2018 (2017 - $14 thousand) is included in the "Accounts receivable" line item in the Consolidated Statement of Financial Position.

The Sales to WELP of $1,134 thousand for the year ended March 31, 2018 (March 31, 2017 - $998 thousand) are included in the "Revenue" line item on the Consolidated Statement of Comprehensive Income.

During the year, Columbia Power 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 the year ended March 31, 2018 of $3,030 thousand (March 31, 2017 - $3,030 thousand) has been included in the "Revenue" line item on the Consolidated Statement of Comprehensive Income.

(c) Due to and purchases from related parties:

($ in thousands)	2018		2017	
	Due to related party	Purchases from related party	Due to related party	Purchases from related party
The Trust and affiliates*	31	508	63	480
Province	3,122	11,830	3,189	11,822
BC Pension Corp	127	192	138	331
	3,280	12,530	3,390	12,633

*The Trust and Columbia Power implemented an expanded Shared Services Agreement (Agreement) effective September 1, 2017, wherein the Trust will provide support in the areas of human resources, accounting, payroll, records management, and other support functions to Columbia Power. This Agreement expanded on the existing shared services arrangement for information technology services that the Trust

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provides to Columbia Power. Ten former Columbia Power staff are now employed directly by the Trust and continue to provide services under the Agreement to Columbia Power. The direct costs associated with these employees are billed back to Columbia Power. The President and CEO of the Trust is currently the Acting CEO of Columbia Power. Compensation for the President and CEO is split equally between the Trust and Columbia Power.

The Due to Related Party of $3,280 thousand at March 31, 2018 (2017 - $3,390 thousand) is included in the "Accounts payable" line item in the Consolidated Statement of Financial Position. Purchases from Related Party of $12,530 thousand for the year ended March 31, 2018 (2017 - $12,633 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 22.

(d) Pension plan:

Columbia Power has a pension plan which is a related party by virtue of IAS 24, Related Party Disclosures. Refer to note 23 – Employee benefits for detailed information on the transactions with the pension plan.

(e) Loans from related party:

At March 31, 2018 and March 31, 2017, Columbia Power has a debenture outstanding payable to the Province. Details of these loans are provided in note 14 – Loans and borrowings.

(f) Dividends:

During the year, Columbia Power declared and accrued dividends payable of $52.8 million to the Province (2017 – $68.8 million) as per note 24 – Dividends payable.

(g) Provision for contingent purchase price and promissory note payable

Management has accrued $21,684 thousand (2017 - $27,148 thousand) which is the present value of CPC Waneta's amount owing to WELP for its share of the Promissory Note payable when they become due as per note 15 – Provisions.

(h) Executive management compensation and board compensation:

(i) Executive management compensation:

At the beginning of the year, corporate management was comprised of the President and Chief Executive Officer, the Vice President, Operations, the Vice President, Capital Projects, the Vice President, Business Development, the Director, Human Resources & Corporate Services, and the Director, Finance. After corporate restructuring which took place during fiscal 2017, the corporate management was revised to the Chief Operations Officer, the Vice President, Capital Projects, the Director, Human Resources & Corporate Services, and the Director, Finance. Subsequent to March 31, 2018, the corporate management is comprised of the Acting President and Chief Executive Officer, the Director, Operations, the Vice President, Capital Projects and the Director, Finance Projects.

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Members of the corporate executive (including the President and Chief Executive Officer, the Vice President, Operations and the Vice President, Capital Projects) have a holdback scheme which can give them an annual non-pensionable holdback payment of up to 8% of base salary. The holdback is paid on the basis of achieving corporate and individually specified objectives. Holdbacks accrued in the fiscal year and paid in the subsequent year are shown in note 13 – Accounts payable and accrued liabilities.

In addition to their salaries, Columbia Power provides non-cash benefits to directors and executive officers, and contributes to the Public Service Pension Plan (PSPP) on behalf of executives (see note 23 – Employee benefits). Executive officers are entitled to receive a pension in accordance with the terms of the PSPP.

Upon resignation at Columbia Power'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 Columbia Power are as follows:

For the year ended March 31 (\$ in thousands)	**2018**	**2017**
Public Service Superannuation Plan	76,021	107,145
Standard Benefits	26,559	59,092
	102,580	166,237

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 ended March 31, 2018 amounted to \$855 thousand (March 31, 2017 - \$1,214 thousand) as follows:

Executive management compensation	**2018**	**2017**
Salary	783,652	1,027,917
Holdback/Bonus	29,398	57,538
Other	24,127	54,134
Expenses	18,259	74,154
	855,436	1,213,743

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(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 ended March 31, 2018 was $85 thousand (March 31, 2017 - $109 thousand) as follows:

Board Compensation	2018	2017
Retainers	52,000	57,625
Meeting fees	15,000	24,000
Expenses	17,780	27,512
	84,780	109,137

Appendix A – Additional Information

Corporate Governance

- Corporate Governance

Organizational Overview

- Organizational Overview

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Appendix B – Subsidiaries and Operating Segments

Active Subsidiaries

CPC Waneta Holdings Ltd. (CPC Waneta)
CPC Waneta started operations on October 1, 2010. Its purpose is to be party to the Waneta Expansion Project through its 32.5 per cent ownership of the Waneta Expansion Limited Partnership (WELP) according to the Waneta Expansion General Partner Shareholder Agreement and the Waneta Expansion Amended and Restated Partnership Agreement. Columbia Power is the sole shareholder of CPC Waneta.

CPC Waneta's Board of Directors members are Lee Doney, Tim Stanley and Lillian White. As the manager of CPC Waneta, Columbia Power ensures that the corporation's business activities are in alignment with Columbia Power's mandate, strategic priorities, and fiscal plan. CPC Waneta invests in WELP in the form of cash contributions. WELP requests cash from the partners as required to meet its obligations to the design-build contractor and other suppliers to the project. The WAX Project achieved commercial operations on April 2, 2015.

CPC Waneta Holdings Ltd. Financial Resource Summary Table

($000)	2016/17 Actual	2017/18 Budget	2017/18 Actual
Total Revenue	$20,770	$18,929	$20,837
Total Expenses	$1,015	-	$1,043
Net Income	**$19,755**	**$18,929**	**$19,794**

Operating Segments

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

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

Arrow Lakes Power Corp. ($000)	2016/17 Actual	2017/18 Budget	2017/18 Actual
Total Revenue	$66,684	$68,641	$67,955
Total Expenses	$35,515	$36,234	$34,891
Net Income	**$31,169**	**$32,407**	**$33,064**

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

Brilliant Expansion Power Corp. ($000)	2016/17 Actual	2017/18 Budget	2017/18 Actual
Total Revenue	$36,883	$35,526	$35,285
Total Expenses	$13,257	$14,832	$13,734
Net Income	**$23,626**	**$20,694**	**$21,551**

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

Brilliant Power Corp. ($000)	2016/17 Actual	2017/18 Budget	2017/18 Actual
Total Revenue	$44,181	$45,721	$44,439
Total Expenses	$20,770	$21,382	$20,207
Net Income	**$23,411**	**$24,339**	**$24,232**

The Boards of Directors of these corporations are comprised of six Directors, three nominated by Columbia Power and three nominated by the Trust. Columbia Power manages these assets on behalf of the joint ventures. Senior Management for these corporations is consistent with that of Columbia Power Corporation.

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.

Non-Operating Segments

Waneta Expansion Power Corporation (WEPC) owned 58% by Columbia Power and 42% by the Trust holds a $72 million non-interest bearing promissory note maturing in 2020 consistent with the terms of the Asset Purchase Agreement between WEPC and WELP. WEPC also holds a long term receivable for $20 million from WELP payable 90 days after Final Acceptance of the WAX project according to the terms of the Asset Purchase Agreement.

Waneta Expansion Power Corporation Financial Resource Summary Table

($000)	2016/17 Actual	2017/18 Budget	2017/18 Actual
Total Revenue	$3,970	$4,205	$4,206
Total Expenses	-	-	-
Net Income	**$3,970**	**$4,205**	**$4,206**