Columbia Power Corporation

2020/21
Annual Service Plan Report

For more information on Columbia Power Corporation contact:

Suite 200
445-13th Avenue
Castlegar, BC
V1N 1G1

1.250.304.6060

Or visit our website at

www.columbiapower.org

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Board Chair's Accountability Statement

The *Columbia Power Corporation 2020/21 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2020/21 – 2022/23 Service Plan* created in February 2020. I am accountable for those results as reported.

John Stephens
Board Chair
July 21, 2021

Table of Contents

Letter from the Board Chair & CEO

The 2020/21 fiscal year was highlighted by significant achievements for Columbia Power Corporation (Columbia Power) in what was a very difficult year impacted by COVID-19.

This year saw the third year of execution on the partners' Strategic Asset Management Plan to support asset performance, reliability and profitability, while managing the risks inherent in owning and operating hydroelectric facilities.

Columbia Power implemented a Reliability Centered Maintenance program at Arrow Lakes Generating Station in 2020 that optimizes operations and maintenance costs to achieve an increased rate of availability to generate, and the results have been outstanding since implementation, with 2021 yielding some of the highest availability in the plant's 20 years of operation. Work has continued to implement similar Reliability Centered Maintenance programs at both Brilliant and Waneta Expansions in 2023 and 2026 respectively.

The risk assessment of work deferral due to COVID-19 in April 2020 and onward was commendable and the high quality of that assessment is supported by the exceptional reliability numbers throughout the year, as noted above.

Asset Management Maturity of the organization was also assessed this year, striving to align practices with ISO 55000 standards and this yielded scores of "Excellent" in Asset Management Leadership and Organizational Culture. The assessment also identified areas to further improve delivery of cost-effective, compliant and reliable operation of the assets.

Columbia Power met regularly with the Minister of Forests, Lands, Natural Resource Operations and Rural Development, and held biweekly meetings with senior staff of the Ministry of Energy, Mines and Low Carbon Innovation (who support the Minister's governance responsibilities for Columbia Power) over the past year to discuss progress on the objectives identified in the 2020/21 Mandate Letter.

John Stephens

Board Chair Columbia Power Corporation
July 21, 2021

Johnny Strilaeff

President & CEO Columbia Basin Trust
Agent of Columbia Power Corporation
July 21, 2021

Purpose of the Annual Service Plan Report

The Annual Service Plan Report is designed to meet the requirements of the *Budget Transparency and Accountability Act* (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, the Crown Corporation's Board is required to report on the actual results of the Crown's performance related to the forecasted targets documented in the previous year's Service Plan.

Purpose of the Organization

Columbia Power, a commercial Crown corporation, operates under the *Business Corporations Act* and owns and oversees the operation of hydroelectric power generation assets in the Columbia Basin (Basin).

Columbia Power and Columbia Basin Trust (the Trust), its power asset partner, own on a 50/50 basis:

- Arrow Lakes Power Corporation (ALPC), which owns the Arrow Lakes Generating Station (ALH);
- Brilliant Expansion Power Corporation (BEPC), which owns the Brilliant Expansion Generating Station (BRX);
- Brilliant Power Corporation (BPC), which owns the Brilliant Dam and Generating Station (BRD); and
- Waneta Expansion Power Corporation (WEPC) which owns the Waneta Expansion Generating Station (WAX).

Columbia Power receives 50 per cent of the income generated from these hydroelectric facilities and uses it to pay dividends to our shareholder, the Province of British Columbia, as well as sponsor community and Indigenous groups and events, offer bursaries and scholarships to secondary schools and community colleges, and develop and deliver environmental stewardship programs. The Trust receives the other 50 per cent to support social, economic and environmental well-being in the Basin.

Strategic Direction

The strategic direction set by Government in 2017, and expanded upon in the Board Chair's 2020 Mandate Letter from the Minister Responsible, shaped the goals, objectives, performance measures and financial plan outlined in the 2020/21 Columbia Power Service Plan and actual results reported on in this annual report.

The global COVID-19 pandemic resulted in many shifts in priorities, structures and operations across the public sector. Any changes to Columbia Power goals, objectives, performance measures or financial plan to align with the strategic direction established by Government in late 2020 are presented in the 2021/22 Service Plan.

Operating Environment

Columbia Power's hydroelectric facilities provided 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 remained constrained due to limited transmission capacity and limited demand for power in the near-term. The operating environment during 2020/21 was complex, and included federal and provincial regulators, the Columbia River Treaty and multi-party operating agreements, as well as First Nations and local, regional and American stakeholders – all while dealing with the impacts of COVID-19. Remote work arrangements were in effect while safe work protocols had to be implemented in central and site offices in response to the pandemic risk.

Columbia Power's mandate remained ensuring the long-term reliability and profitability of its power assets in the West Kootenay. Priorities included maintaining a commitment to safety, regulatory compliance, and environmental sustainability. During the year, Columbia Power continued execution of its Strategic Asset Management Plan to support optimum asset performance and profitability while managing the risks inherent in owning and operating hydroelectric facilities.

Columbia Power actively assessed its operating environment to ensure risks that could impact performance were identified and appropriate mitigating actions were in place. For the planning period, Columbia Power evaluated its risks and how to manage these risks using a variety of strategies, as outlined in its Risk Matrix/Management Table.

Report on Performance: Goals, Objectives, Measures and Targets

Columbia Power's goals remained ensuring the long-term profitability and reliability of the facilities through effective and efficient plant operations and maintenance. Performance was measured through efficient and reliable plant operations (Goal 1) and optimizing shareholder value (Goal 2). These performance measures linked to the specific goals, objectives and strategies outlined in the service plan. Where possible, performance targets were verified by external benchmarks. The data underlying the company's performance was independently audited by the Auditor General of British Columbia.

Goal 1: Efficient and reliable plant operations

Objective 1.1: Maximize generation availability at Arrow Lakes Generating Station (ALH), Brilliant Expansion Generating Station (BRX) and Waneta Expansion Generating Station (WAX).

Key Highlights

- Continued execution on the multi-year Strategic Asset Management Plan (SAMP) to improve the availability of generating units and financial performance. Some key deliverables were documented guidelines for asset management strategies in performance evaluation and spare parts management, as well as a maturity assessment of the current system to identify areas of strength and opportunities for improvement considering alignment with ISO 55000 standards.

- Third year of Reliability Centred Maintenance program at ALH to ensure the right maintenance occurred at the right time to address the potential for equipment failure. Application of this modified program resulted in the second-best availability results ALH has experienced in its 20-year history.
- On track for implementation of Reliability Centered Maintenance program implementation at BRX in 2022/23 through completion of various Failure Modes, Effects and Criticality Analysis sessions specific to the BRX critical hydro equipment.
- A full, second year of ownership at WAX, allowing for further transition to asset management practices utilized successfully at the other power subsidiaries. This included increased knowledge of the equipment and maintenance practices, planning and execution of outages and relationship development with local staff.
- Performed and acted on recommendations of wildfire risk assessments at ALH, BRX and WAX and their respective transmission lines. Actions included removal of vegetation within close proximity to facilities, replacing door seals and modifying HVAC filters.

Performance Measures	Benchmark[1]	2019/20 Actuals	2020/21 Target	2020/21 Actuals	2021/22 Target	2022/23 Target
1.1a Equivalent Availability Rate (Hours)[2]	ALH: 91.5% BRX: 91.5% WAX[1]: 91.5%	ALH: 94.3% BRX: 93.7% WAX: 97.0%	ALH: 93.6% BRX: 90.5% WAX: 95.9%	ALH: 94.8% BRX: 93.7% WAX: 96.9%	ALH: 94.0% BRX: 95.2% WAX: 96.4%	ALH: 92.6% BRX: 93.2% WAX: 96.4%
1.1b Equivalent Availability Rate (MWh)[3]	ALH: 99.0% BRX: 97.5%	ALH: 99.3% BRX: 98.3%	ALH: 98.9% BRX: 98.4%	ALH: 99.7% BRX: 99.5%	ALH: 99.0% BRX: 98.7%	ALH: 98.7% BRX: 98.6%
1.1c Equivalent Availability Rate (Revenue)[4]	See footnote[6]	WAX: 97.9%	WAX: 97.3%	WAX: 97.9%	WAX: 97.6%	WAX: 97.6%
1.1d OMA Costs: $ per MWh[5]	See footnote[7]	ALH: $6.80 BRX: $10.66 WAX: N/A[8]	ALH: $7.69 BRX: $12.92 WAX: $10.02	ALH: $5.87 BRX: $11.15 WAX: $8.81	ALH: $7.77 BRX: $13.45 WAX: $10.17	ALH: $7.86 BRX: $13.58 WAX: $10.12

[1] Columbia Power participates in benchmarking periodically to gauge plant performance relative to industry. The most recent external study was finalized in 2020 by Guidehouse.
[2] Equivalent Availability Rate - Hours is an industry standard measure used in benchmarking to gauge the percentage of time that the plant is available to provide energy to the grid. It also measures the efficiency of operator response to unplanned outages and in carrying out planned outages.
[3] Equivalent Availability Rate - MWh uses an internal benchmark Columbia Power establishes based on historic and forecasted performance and accounts for both planned and unplanned outages.
[4] This measure tracks WAX's availability relative to its Capacity Purchase Agreement with FortisBC in addition to its Energy Purchase Agreement with BC Hydro.
[5] OMA Costs - $ per MWh uses an internal benchmark Columbia Power establishes based on historic and forecasted performance.
[6] Equivalent Availability Rate - Revenue for WAX will be a measure used going forward. Due to the recent purchase of WAX, Columbia Power does not have adequate historical data to establish an internal benchmark at this time.
[7] GKS Navigant benchmarking study's methodology for determining OMA costs differs from Columbia Power's internal methodology and benchmarks were established for ALH, BRX and WAX for the 2021/22 Service Plan.
[8] The remaining 51 per cent of WAX was purchased by Columbia Power and the Trust from Fortis Inc. in April 2019. 2019/20 financial results do not reflect a full year of operations and are not reported.

Discussion of Results

Columbia Power and the Trust are parties to agreements with BC Hydro and FortisBC under which their facilities receive firm monthly energy and capacity entitlements. Under these arrangements non-BC Hydro dam owners transfer hydrology risk (variable annual water flows) and BC Hydro directs the operation of all regional generating plants to optimize overall generation.

If a plant is not available to generate due to planned or unplanned outages, entitlements are reduced accordingly. Plant availability measures allow Columbia Power to assess asset reliability performance relative to industry benchmarks and the Corporation's own performance based on internal criteria.

The 2020/21 actual results for performance measures 1.1a, 1.1 b and 1.1c exceeded the targets due to high reliability at the facilities resulting in minimal forced outages. This is a direct result of the continued focus on Strategic Asset Management Planning and Reliability Centered Maintenance programs. In addition, planned maintenance outages were completed on time and as scheduled which also contributed to superior performance in these areas.

Performance Measure 1.1a compared the percentage of time the generating unit was available in hours to the benchmark. Columbia Power participates in a Navigant GKS Hydro Benchmarking Study periodically to gauge plant performance relative to industry. The 2020/21 Service Plan benchmarks were based on a 2019 study (GKS Navigant Study*)*.

The benchmark of 91.5 per cent was derived from the median equivalent rate for medium-sized, high-capacity factory hydro plants from the GKS Navigant Study. There were 37 station groups in this category. The 2020/21 through 2022/23 targets for ALH, BRX and WAX were derived from planned outage schedules while allowing for an expected unplanned outage rate throughout the year.

The 2020/21 results for performance measure 1.1a at ALH, BRX and WAX exceeded the targets.

Columbia Power used its own historic and forecasted production level data to develop internal benchmarks for **Performance Measure 1.1b**. The benchmark reflects an optimal scenario of reliable plant operations while efficiently completing maintenance outages. This metric allows a comparison of Columbia Power's revenue generating performance to the internal target. The fluctuation of targets is due to the variability in the duration of planned outages.

The 2020/21 actual results for performance measure 1.1b exceeded targets for all facilities.

Performance Measure 1.1c was a new measure added with the acquisition of Fortis Inc.'s 51 per cent interest in the Waneta Expansion facility in April 2019. Similar to Performance Measure 1.1b, the targets reflect an optimal scenario of reliable plant operations while efficiently completing maintenance outages. This metric compares Columbia Power's revenue generating performance to the internal target. The fluctuation of targets was due to the variability in the duration of planned outages. Like the Equivalent Availability Rate (MWh), this measurement is entitlement-based and is not comparable to external industry metrics.

The 2020/21 actual results for performance measure 1.1c exceeded targets for WAX.

Performance Measure 1.1d was a measure of plant operational cost efficiency which consists of the Operations, Maintenance and Administration (OMA) costs for each facility divided by entitlement energy for that facility, in dollars per MWh.

The January 2020 GKS Navigant Study calculated a cost-effectiveness measure called Partial Function Cost/MWh. This differed in cost categorization and in the normalization by energy produced (actual generation compared to entitlement) from the OMA costs per MWh target but was useful for industry benchmark comparison. In order to provide specific performance metrics, further work is required to reconcile Columbia Power's methodology with that of Navigant's. Notwithstanding this required reconciliation, it is certain the facilities are currently performing above industry standards.

In 2020/21 all facilities reported reductions in OMA costs compared to original estimates due to impacts of COVID-19. Some maintenance, non-routine and capital projects were delayed, reducing operating costs, as well as reduced administration costs resulting from minimal travel and training. Management does not anticipate any long-term impacts to equipment reliability or operations from project delays. The lower OMA costs $ per MWh from target was also a result of high reliability, resulting in entitlement energy exceeding target.

Goal 2: Optimize shareholder value

Objective 2: Deliver effective financial management

Key Highlights

- Maintained reliability at the facilities through investment in the Strategic Asset Management and Reliability Centered Maintenance programs, achieving higher revenues as a result.
- Managed working capital to meet Columbia Power's mandate while returning free cash flow to the shareholder through a dividend of $47 million.
- Invested in capital improvements and upgrades at the facilities to ensure sustainable reliability in the future.

Performance Measures ($000)		2019/20 Actuals	2020/21 Target	2020/21 Actuals	2021/22 Target	2022/23 Target
2.1a	Net Income	$ 53,386	$ 54,238	$ 56,202	$ 55,549	$ 57,619
2.1b	Earnings Before Interest Taxes Depreciation and Amortization	$ 71,522	$ 72,854	$ 75,612	$ 74,086	$ 76,074

Discussion of Results

Performance Measure 2.1a - 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.

Consolidated net income was higher than target due to increased revenues partially offset by reduced interest income resulting from the decrease in the prime interest rate.

Performance Measure 2.1b - Earnings Before Interest Taxes Depreciation and Amortization (EBITDA) is a measure of operating income which focuses on items of importance to ongoing operations and excludes items that do not impact ongoing operations. EBITDA also approximates cash flow from operations before payment of financing costs and necessary capital investment. After financing costs are paid and capital investment is made, the balance is available to be paid as a dividend to the Shareholder.

EBITDA was higher than target due to increased investment earnings from the power subsidiaries. The higher income is a direct result of high reliability at the facilities and reduced operating and administration expenses.

Financial Report

For the auditor's report and audited financial statements, see Appendix C. These can also be found on the Columbia Power website.

Discussion of Results

The Financial Report provides an overview of the financial performance of Columbia Power for the fiscal year ended March 31, 2021. The details of these results are contained in the corporation's audited financial statements. Financial results are presented in accordance with International Financial Reporting Standards.

Columbia Power reported net income of $56.2 million in 2020/21, an increase of $2.8 million over the previous fiscal year, due to higher investment earnings from the jointly owned power projects. This is a direct result of high reliability at the facilities and annual power price increases based on the Consumer Price Index under the long-term power sales agreements, and reduced operations costs. This is partially offset by increased interest and financing expenses reported for a full year after the Waneta Expansion acquisition (prior year results reported from the acquisition date of April 17, 2019). In addition, interest income was lower due to the reduction of the prime interest rate.

The policy and regulatory environment for the corporation did not change in 2020/21.

Highlights

- Arrow Lakes Power Corporation reported net income $3 million greater than budget due to high reliability, decreased operating and depreciation and financing expenses offset by lower interest income.
- Brilliant Expansion Power Corporation exceeded budgeted net income by $351,000. This was largely due to high reliability, reduced operating, depreciation and financing expenses offset by lower interest income.
- Brilliant Power Corporation exceeded budgeted net income by $548,000 due to reduced operating expenses resulting from reduced travel and training, and delays in some environmental projects.
- Waneta Expansion Power Corporation reported net income $2.1 million higher than budget due to high reliability, insurance recoveries and reduced operating, depreciation and financing expenses.
- Columbia Power declared dividends payable of $47 million based on available cash flow and working capital requirements.

Financial Summary

($000)	2019/20 Actual	2020/21 Budget	2020/21 Actual	2020/21 Variance
Revenue				
Operating Revenue				
Recoveries	$3,618	$-	$3,290	$ 3,290
Income from Equity Accounted Investees				
Arrow Lakes Power Corporation	17,624	17,069	18,584	1,515
Brilliant Expansion Power Corporation	9,628	9,293	9,468	175
Brilliant Power Corporation	13,387	13,520	13,794	274
Waneta Expansion Power Corporation	30,571	34,758	35,589	831
Waneta Expansion Limited Partnership [1]	2,292	-	-	-
Total Revenue	**$ 77,120**	**$ 74,640**	**$ 80,725**	**$ 6,085**
Expenses				
Staff and General Administration	$ 3,773	$ 413	$ 3,695	$ 3,282
Development Costs	466	-	-	-
Sponsorships and Bursaries	130	122	123	1
Zebra Quagga Mussel - Provincial Defense Contribution	250	250	250	-
Grants in Lieu of Property Taxes	979	1,002	1,045	43
Interest Expense	20,267	20,475	20,726	251
Amortization of Property, Plant and Equipment	59	40	19	(21)
Less: Interest Revenue	(2,190)	(1,900)	(1,335)	565
Total Expenses	**$ 23,734**	**$ 20,402**	**$ 24,523**	**$ 4,121**
Net Income from Operations	**$ 53,386**	**$ 54,238**	**$ 56,202**	**$ 1,964**
Capital Expenditures	**49**	**-**	**-**	**-**
Total Debt	**301,895**	**302,744**	**302,744**	**-**
Retained Earnings	**$ 150,563**	**$ 157,801**	**$ 159,765**	**$ 1,964**
Dividends	**$ 61,000**	**$ 47,000**	**$ 47,000**	**-**

Note 1: The above financial information was prepared based on current Generally Accepted Accounting Principles.

Variance and Trend Analysis

Recovery revenues represent the flow through of asset management services provided to the power subsidiaries. Recovery revenues are largely offset by staff and general administration expenses. At the time of budget development, these were not reported separately as revenue and expense line items.

Power project investments provided increasing returns to Columbia Power with investment earnings growing by $3.9 million from 2019/20 to 2020/21 due to the acquisition of the Waneta Expansion, inflation-linked escalation of power sales prices, high equipment reliability and reduced operating, depreciation and financing expenses.

Operating and administration expenses were reduced resulting from impacts of COVID-19. Some projects were deferred; however, this is not expected to have any impact on reliability and operations. Employee travel and training costs were reduced as well with travel restrictions. Lower interest income was reported with the decrease in the prime interest rate in March 2020.

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 risks are 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 with fixed rates.

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, BEPC and WEPC 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.

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.

Appendix A: Additional Information

Organizational Overview

- [Organizational Overview]

Corporate Governance

- [Corporate Governance]

Contact Information

Mailing Address:
Suite 200 – 445 13th Avenue
Castlegar, British Columbia
V1N 1G1

Phone
250.304.6060

Email
cpc.info@columbiapower.org

Website:
columbiapower.org

Appendix B: Subsidiaries and Operating Segments

Operating Segments

Columbia Power owns four hydropower facilities in partnership with 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: owns ALH and associated 48-kilometre transmission line from the power plant to BC Hydro's Selkirk Substation.

Summary Financial Outlook Table for Arrow Lakes Power Corporation

($000)	2019/20 Actual	2020/21 Budget	2020/21 Actual
Total Revenues	$69,553	$69,499	$70,594
Total Expenses	$34,304	$35,361	$33,426
Net Income	**$35,249**	**$34,138**	**$37,168**

Brilliant Expansion Power Corporation: owns BRX.

Summary Financial Outlook Table for Brilliant Expansion Power Corporation

($000)	2019/20 Actual	2020/21 Budget	2020/21 Actual
Total Revenues	$32,758	$33,392	$33,341
Total Expenses	$13,503	$14,807	$14,405
Net Income	**$19,255**	**$18,585**	**$18,936**

Brilliant Power Corporation: owns BRD and the Brilliant Terminal Station.

Summary Financial Outlook Table for Brilliant Power Corporation

($000)	2019/20 Actual	2020/21 Budget	2020/21 Actual
Total Revenues	$45,385	$46,513	$45,663
Total Expenses	$18,612	$19,474	$18,076
Net Income	**$26,773**	**$27,039**	**$27,587**

Waneta Expansion Power Corporation: owns WAX.

Summary Financial Outlook Table for Waneta Expansion Power Corporation

($000)	2019/20 Actual*	2020/21 Budget	2020/21 Actual
Total Revenues	$90,079	$101,764	$102,555
Total Expenses	$40,409	$44,364	$43,085
Net Income	**$49,670**	**$57,400**	**$59,470**

*2019/20 actual results are for the period from incorporation (April 17, 2019) to March 31, 2020.

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 is appointed Manager of each of the corporations and in turn contracts the Trust to provide the management services under the terms of an Asset Management Services Agreement.

Most of the power generated at these facilities is committed under long-term sales agreements to two utilities, FortisBC and BC Hydro. A small amount of energy and capacity is sold on a short-term basis to FortisBC.

Appendix C: Auditor's Report and Audited Financial Statements

COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

Table of Contents

COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

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
President & Chief Executive Officer, Columbia Basin Trust
Officer of Columbia Power Corporation

Myla Jillings, CPA, CMA
Controller, Columbia Basin Trust
Officer of Columbia Power Corporation

May 26, 2021

OFFICE OF THE
Auditor General
of British Columbia

623 Fort Street
Victoria, British Columbia
Canada V8W 1G1
P: 250.419.6100
F: 250.387.1230
www.bcauditor.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Columbia Power Corporation, and
To the Minister of Forests, Lands, Natural Resource Operations and Rural Development, Province of British Columbia

Opinion

I have audited the accompanying consolidated financial statements of Columbia Power Corporation Group ("the Group"), which comprise the consolidated statement of financial position at March 31, 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Other Accompanying Information

Management is responsible for the other information. The other information comprises the information included in the 2020/21 Annual Service Plan Report but does not include the consolidated financial statements and my auditor's report thereon. The Annual Service Plan Report is expected to be made available to us after the date of the auditor's report.

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

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information that I have obtained prior to the date of my auditor's report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained during the audit or otherwise appears to be materially misstated.

When I read the Annual Service Plan Report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting when the Group will continue its operations for the foreseeable future.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit and I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Russ Jones

Russ Jones, FCPA, FCA, ICD.D
Deputy Auditor General

Victoria, British Columbia, Canada
May 26, 2021

COLUMBIA POWER CORPORATION

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

	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	7	$ 67,776	$ 74,581
Accounts receivable	8	234	1,097
Prepaid expenses		9	11
Total current assets		68,019	75,689
Non-current assets			
Investment in equity accounted joint arrangements	4, 5, 6	774,165	780,804
Other investments	9	33,410	27,462
Property, plant and equipment	10	43	155
Total non-current assets		807,618	808,421
TOTAL ASSETS		$ 875,637	$ 884,110
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	11	$ 6,146	$ 7,057
Dividends payable	22	47,000	61,000
Total current liabilities		53,146	68,057
Non-current liabilities			
Loans and borrowings	12	302,744	301,895
Due to Waneta Expansion Power Corporation	13	333,917	337,530
Total non-current liabilities		636,661	639,425
Equity			
Share capital	14	-	-
Contributed surplus	15	26,065	26,065
Retained Earnings		159,765	150,563
Total Equity		185,830	176,628
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		$ 875,637	$ 884,110
Commitments	24		
Contingencies	25		

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

APPROVED ON BEHALF OF THE BOARD

Director

Director

COLUMBIA POWER CORPORATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended March 31

(in thousands)

	Notes	2021	2020
Revenue	16	$ 3,290	$ 3,618
Other income	17	77,435	73,502
Depreciation expense	10	(19)	(59)
Other expenses	20	(5,113)	(5,598)
Results from operating activities		75,593	71,463
Finance income	18	1,335	2,190
Finance costs	19	(20,726)	(20,267)
Net finance costs		(19,391)	(18,077)
NET COMPREHENSIVE INCOME FOR THE YEAR		$ 56,202	$ 53,386

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
(in thousands)

	Notes	Contributed Surplus	Retained Earnings	Total Equity
Balance at April 1, 2019		$ 26,065	$ 158,177	$ 184,242
Net comprehensive income for the year		-	53,386	53,386
Dividend to equity holders	22	-	(61,000)	(61,000)
Balance at March 31, 2020		$ 26,065	$ 150,563	$ 176,628
Balance at April 1, 2020		$ 26,065	$ 150,563	$ 176,628
Net comprehensive income for the year		-	56,202	56,202
Dividend to equity holders	22	-	(47,000)	(47,000)
Balance at March 31, 2021		$ 26,065	$ 159,765	$ 185,830

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

COLUMBIA POWER CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31
(in thousands)

	Notes		2021		2020
Cash flows from Operating Activities					
Net comprehensive income for the year		$	56,202	$	53,386
Adjustments to reconcile cash flow from operations					
Depreciation of property, plant and equipment	10		19		59
Interest income	17		(1,335)		(2,190)
Interest expense	19		20,726		20,267
Income from equity accounted investees			(77,435)		(73,502)
Net change in non-cash working capital balances					
Accounts receivable			805		2,285
Prepaid expenses			2		(8)
Accounts payable and accrued liabilities			(900)		(23,376)
Net cash used in operating activities			(1,916)		(23,079)
Cash flows from financing activities					
Interest paid			(20,243)		(20,214)
Dividends paid	22		(61,000)		(70,000)
Contributions to WEPC Sinking Fund			(3,207)		-
Net cash used in financing activities			(84,450)		(90,214)
Cash flows from investing activities					
Interest received			436		2,018
Dividends received	6		84,075		107,235
Sale of temporary investments			-		45,000
Investment in bond sinking fund	9		(5,043)		(5,043)
Acquisition of property, plant and equipment	10		-		(49)
Proceeds from sale of property, plant and equipment	10		93		-
Net cash from investing activities			79,561		149,161
Increase (decrease) in cash and cash equivalents			(6,805)		35,868
Cash and cash equivalents, beginning of year			74,581		38,713
Cash and cash equivalents, end of year		$	67,776	$	74,581
CASH CONSISTS OF:					
Cash available for operations	7	$	67,776	$	74,581

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

1. Reporting entity:

Columbia Power Corporation (Columbia Power) 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, owned through a partnership between Columbia Power, the Trust, and Fortis Inc. achieved final acceptance on April 1, 2018. On April 17, 2019, Columbia Power and the Trust finalized the purchase of Fortis Inc.'s 51% interest in the Waneta Expansion Generating Station. The entities holding legal title to the power projects and their governance structures are described in note 5 – Description of equity accounted joint arrangements.

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 publicly accountable enterprises.

The accounting policies set out in note 3 – Significant accounting policies, have been applied in preparing the consolidated financial statements for the year ended March 31, 2021, and the comparative information presented in these consolidated financial statements for the year ended March 31, 2020. The consolidated financial statements were authorized for issue by the board of directors on May 26, 2021.

(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 when otherwise indicated.

(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
- 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
- Note 25 – 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 other investments (non-current), 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.

(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 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. CPC Waneta amalgamated with Columbia Power on March 31, 2020. All related balances have been transferred as of this date and are reflected in these consolidated financial statements. As at March 31, 2020 Columbia Power no longer held any investments in subsidiaries.

(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 5 – Description of equity accounted joint arrangements).

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.

(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:
IFRS requires financial instruments to be classified as one of the following: amortized cost, fair value through other comprehensive income or fair value through profit or loss.

Columbia Power's instruments and their classifications are specified in the table below.

Financial Asset	**Classification**
Cash and cash equivalents	FVTPL
Accounts receivable	Amortized cost
Other investments	Amortized cost

Financial Liability	**Classification**
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost
Due to Waneta Expansion Power Corporation	Amortized cost

(i) Financial assets:

Columbia Power initially recognizes financial assets (including assets designated at fair value through profit or loss) 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 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 Consolidated 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.

(ii) Financial liabilities:

Columbia Power's non-derivative financial liabilities include accounts payable and accrued liabilities, and loans and borrowings. 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 derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities are recognized initially at fair value net of 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 financial liability.

(iii) Fair value hierarchy:

Financial assets and liabilities are classified using a fair value hierarchy. The hierarchy prioritizes inputs used in valuation techniques to measure fair value, giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities. The three levels of the hierarchy are as follows:

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

(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. 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.

(e) Leased assets:
Columbia Power identifies a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease is recognized as 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.

(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 or indications that a debtor will enter bankruptcy. Management has determined that there is no evidence indicating that Columbia Power's financial assets are impaired as at March 31, 2021 and March 31, 2020.

(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, 2021 and March 31, 2020.

(g) Revenue recognition:
(i) Cost recoveries:
Columbia Power as the manager of the joint ventures, charges amounts to each joint venture on a cost recovery basis for staff compensation, office space and project overhead. These recovery amounts are recognized in Revenue in the

Consolidated Statement of Comprehensive Income.

(h) Employee benefits:

(i) Defined contribution plan benefits and employee benefits:
Columbia Power's pension plan is described in note 21 – 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. 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.

(i) 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.

(j) 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.

(k) Income tax:
As a Crown corporation Columbia Power is exempt from corporate income taxes.

(l) New standards and interpretations not yet adopted:
A number of annual improvements to existing standards issued by the International Accounting Standards Board (IASB) are not yet effective for the year ended March 31, 2021, and have not been applied in preparing these consolidated financial

statements. As of the reporting date, Management is assessing any impacts of updates to standards on Columbia Power's Consolidated Financial Statements.

4. Changes in joint ventures and subsidiaries:

Key Changes

A number of changes occurred during the prior year to support the newly formed Waneta Expansion Power Corporation (WEPC). Readers should note the following key changes:

- On April 9, 2019, Waneta Expansion Power Corporation (old WEPC) changed it's name to 0680286 BC Ltd.
- On April 17, 2019, a new entity was formed, Waneta Expansion Power Corporation, to form a business combination to own 100% of the Waneta Expansion Limited Partnership (WELP).
- On March 31, 2020 CPC Waneta Holdings Inc. (CPC Waneta), a fully owned subsidiary of Columbia Power, was amalgamated into Columbia Power. CPC Waneta held Columbia Power's 50% interest in WEPC. After amalgamating CPC Waneta, Columbia Power holds their 50% interest in WEPC directly.

Transaction

On April 17, 2019 Columbia Power and CBT Waneta finalized an agreement to purchase Fortis Inc.'s 51% interest in the Waneta Expansion General Partnership (WEGP) that held their interest in WELP. In exchange for its 51% interest in WELP, Fortis Inc. received consideration of $991 million.

Prior to the purchase, Columbia Power held 32.5% and CBT Waneta held 16.5% ownership in WELP. Columbia Power and CBT Energy (a subsidiary of the Trust) jointly owned 0680286 BC Ltd. which held a $72 million non-interest bearing promissory note from WELP (Columbia Power owned 58% and CBT Energy owned 42%).

The purchase agreement was completed through a series of transactions and amalgamations, which resulted in the creation of WEPC through a business combination to hold Columbia Power and CBT Waneta's interest in WELP (a 50/50 partnership). WEPC assumed the assets, liabilities, rights and obligations of WELP and WEGP (see note 5 – Equity accounted joint arrangements).

The total purchase price for WELP was $1,943 million. Fortis received $991 million in exchange for their 51% interest in WELP. As part of the purchase transaction price, 0680286 BC Ltd. settled the $72 million non-interest bearing promissory note receivable from WELP.

The purchase of Fortis Inc.'s 51% ownership was funded through a Fiscal Agency Loan to WEPC and an intercompany loan arrangement to fund the owners' purchase of the additional interest (see note 13 – Due to Waneta Expansion Power Corporation). The terms of the long-term payable mirror the terms of the long-term Fiscal Agency Loan. The table below shows the original ownership, the additional interest acquired and each owner's share of the long-term promissory note. WEPC is responsible for semi-annual interest and annual sinking fund contributions to the Province. Columbia Power and CBT Waneta are responsible for semi-annual interest and annual sinking fund contributions to WEPC based on their proportionate interests acquired (Columbia Power 34%, CBT Waneta 66%).

(Tabular amounts in thousands)

Partner	WELP Ownership	Additional Interest	WEPC Ownership	Allocation of Debt	Long-term Promissory Note
Columbia Power	32.5%	17.5%	50.0%	34.3%	341,014
CBT Waneta	16.5%	33.5%	50.0%	65.7%	652,798
	49.0%	**51.0%**	**100.0%**	**100.0%**	**993,812**

The long-term promissory notes issued by WEPC to Columbia Power and CBT Waneta represent their proportional allocation of the loan (net of the settlement of the $72 million promissory note held by 0680286 BC Ltd.). Each partner contributed their original equity interest to create a 50/50 ownership structure.

As required under IFRS 3 - Business Combinations, the acquisition transaction was identified as a business combination with WEPC identified as the acquirer. A purchase price allocation was performed to measure the fair value of identifiable assets acquired and liabilities assumed by WEPC at the acquisition date.

5. 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:

Jointly Owned Power Subsidiaries

- ***Brilliant Power Corporation (BPC)***

The purpose of BPC is to act as lessor of the Brilliant Dam and Generating Station (Brilliant Power Facility) and Brilliant Terminal Station (BTS) assets. The Brilliant Power Facility and BTS are currently leased to FortisBC Inc., a regulated utility operating in British Columbia, according to the terms of finance leases. The Brilliant Power Facility is located on the Kootenay River, 3 kilometres 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 (MW) power generation facility adjacent to the Brilliant Dam at Castlegar, British Columbia, and to sell the entitlement energy and capacity generated from this facility.

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

The purpose of ALPC is to operate the 185 MW Arrow Lakes Generating Station (ALGS) adjacent to the Hugh Keenleyside

Dam at Castlegar, British Columbia and a 48 km 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 entitlement energy and capacity from ALGS.

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

Incorporated on April 17, 2019, the purpose of WEPC is to operate the 340 MW Waneta Expansion (WAX) adjacent to the Waneta Dam near Trail, British Columbia and a 10 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 entitlement energy and capacity for WAX.

All four 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, BEPC and WEPC, 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.

0680286 BC Ltd. (formerly Waneta Expansion Power Corporation)

0680286 BC Ltd. (formerly named Waneta Expansion Power Corporation) was jointly owned by Columbia Power (58%) and CBT Energy Inc. (42%) (a subsidiary of the Trust). Prior to October 2010, 0680286 BC Ltd. 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 0680286 BC Ltd. 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.

This promissory note was 0680286 BC Ltd.'s only asset or liability at March 31, 2019, and was settled in full on April 17, 2019 as part of the purchase of the Waneta Expansion. After the transaction date, closing balances for the company were nil. 0680286 BC Ltd. was dissolved March 24, 2020.

Investment in WELP

At March 31, 2019, Columbia Power owned 32.5% of WELP through it's wholly owned subsidiary, CPC Waneta Holdings Inc. As discussed in note 4 – Changes in joint ventures and subsidiaries, WELP was eliminated through a business combination and WEPC was created on April 17, 2019. As part of the transaction, WELP was amalgamated into a new entity, WEPC. Refer to note 17 – Other income, for income from WELP for the period April 1 - 16, 2019. On April 17, 2019, Columbia Power's investment in the Waneta Expansion is recognized through WEPC.

(Tabular amounts in thousands)

6. Summary financial information for equity accounted joint arrangements:

The following notes apply to the tables contained in this section:

- WEPC was incorporated on April 17, 2019 (see notes 4 – Changes in joint ventures and subsidiaries and 5 – Description of equity accounted joint arrangements).
- 0680286 BC Ltd. (formerly WEPC) was dissolved on March 31, 2020 with nil balances (see note 5 – Description of equity accounted joint arrangements).

Columbia Power's share of profit in its equity accounted joint arrangements for the year was $77,435 thousand (2020 - $71,210 thousand) as follows:

	Ownership	2021	2020
BPC	50%	$ 13,794	$ 13,387
ALPC	50%	18,584	17,624
BEPC	50%	9,468	9,628
WEPC*	50%	35,589	30,571
		$ 77,435	$ 71,210

*This amount includes a consolidation adjustment at March 31, 2021 for $5,854 thousand (2020 - $5,737 thousand). In applying the modified equity basis of accounting to its interest in WEPC, Columbia Power makes annual adjustments for differences in the fair value for depreciation/amortization and any impairments. Columbia Powers original investment in WELP of 32.5% is accounted for on a cost basis with the additional 17.5% investment accounted for at fair value at acquisition. The annual consolidation adjustments will be applied until the end of the useful life of the acquired assets.

In 2021, Columbia Power received $84,075 thousand in dividends from its investments in equity accounted joint arrangements (2020 - $107,235 thousand) as follows:

	Ownership	2021	2020
BPC	50%	$ 6,400	$ 6,445
ALPC	50%	16,275	18,650
BEPC	50%	10,800	13,340
WEPC*	50%	50,600	27,040
0680286 BC Ltd.**	58%	-	41,760
		$ 84,075	$ 107,235

*2020 amount Includes dividends received from WELP from April 1 - 16, 2019 of $5,765 thousand.

**As noted in note 5 – Description of equity accounted joint arrangements, the long-term $72 million promissory note receivable was settled with the purchase of the Waneta Expansion. Columbia Power received a dividend of 58% of the promissory note on April 17, 2019.

(Tabular amounts in thousands)

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

	Ownership	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Assets	Total Revenue	Total Expenses	Profit and OCI
March 31, 2021											
BPC	50%	$ 25,222	$ 343,174	$ 368,396	$ 15,832	$ 58,183	$ 74,015	$ 294,381	$ 45,991	$ (18,404)	$ 27,587
ALPC	50%	24,917	206,005	230,922	18,531	306,061	324,592	(93,670)	70,698	(33,530)	37,168
BEPC	50%	10,253	200,898	211,151	1,279	-	1,279	209,872	33,428	(14,492)	18,936
WEPC*	50%	40,275	2,860,643	2,900,918	9,769	982,622	992,391	1,908,527	129,669	(70,199)	59,470
		$ 100,667	$ 3,610,720	$ 3,711,387	$ 45,411	$ 1,346,866	$ 1,392,277	$ 2,319,110	$ 279,786	$ (136,625)	$ 143,161

	Ownership	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Assets	Total Revenue	Total Expenses	Profit and OCI
March 31, 2020											
BPC	50%	$ 24,062	$ 340,056	$ 364,118	$ 15,966	$ 68,558	$ 84,524	$ 279,594	$ 46,027	$ (19,254)	$ 26,773
ALPC	50%	26,072	209,068	235,140	18,855	314,573	333,428	(98,288)	69,954	(34,705)	35,249
BEPC	50%	9,764	204,765	214,529	1,993	-	1,993	212,536	33,038	(13,783)	19,255
WEPC*	50%	53,828	2,890,198	2,944,026	10,110	983,659	993,769	1,950,257	116,595	(66,925)	49,670
		$ 113,726	$3,644,087	$3,757,813	$ 46,924	$ 1,366,790	$1,413,714	$2,344,099	$ 265,614	$ (134,667)	$ 130,947

*WEPC's assets and liabilities contain amounts due from the owners and due to the Province for a long-term debt arrangement to fund the acquisition of Fortis 51% ownership in WELP. Each owner purchased additional interest to form a 50/50 partnership between Columbia Power and the Trust (Columbia Power purchased 17.5%, the Trust purchased 33.5%). Columbia Power's share of the long-term debt is $337,530 thousand (see note 13 – Due to Waneta Expansion Power Corporation).

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

	Ownership	Cash and Cash Equivalents	Deferred Revenue	Non-current Loans and Borrowings	Depreciation and Amortization	Interest Income	Interest Expense
March 31, 2021							
BPC	50%	$ 7,360	$ 2,314	$ 58,183	$ (66)	$ 32,205	$ (5,829)
ALPC	50%	21,704	-	306,061	(5,145)	104	(17,696)
BEPC	50%	5,771	-	-	(4,553)	87	(15)
WEPC	50%	13,605	-	982,622	(29,349)	27,114	(26,966)
		$ 48,440	$ 2,314	$ 1,346,866	$ (39,113)	$ 59,510	$ (50,506)

	Ownership	Cash and Cash Equivalents	Deferred Revenue	Non-current Loans and Borrowings	Depreciation and Amortization	Interest Income	Interest Expense
March 31, 2020							
BPC	50%	$ 10,066	$ 2,029	$ 68,558	$ (66)	$ 32,233	$ (6,582)
ALPC	50%	22,971	-	314,573	(5,433)	401	(18,100)
BEPC	50%	5,373	-	-	(4,538)	280	(16)
WEPC	50%	28,482	-	983,659	(28,559)	26,516	(26,061)
		$ 66,892	$ 2,029	$ 1,366,790	$ (38,596)	$ 59,430	$ (50,759)

(Tabular amounts in thousands)

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

	BPC	ALPC	BEPC	WEPC	0680286 BC Ltd.	Total
Net assets of equity accounted joint arrangements at March 31, 2019	$ 265,711	$ (96,237)	$ 219,961	$ -	$ 72,000	$ 461,435
Columbia Power's share	50%	50%	50%		58%	
	132,855	(48,119)	109,981	-	41,760	236,477
Less: elimination entry	-	(42)	-	-	-	(42)
Investment in equity accounted joint arrangements at March 31, 2019	132,855	(48,161)	109,981	-	41,760	236,435
Contributions	-	-	-	-	-	-
Dividends paid	(12,890)	(37,300)	(26,680)	(42,550)	-	(119,420)
Profit/loss	26,773	35,249	19,255	49,670	-	130,947
Net assets of equity accounted joint arrangements at March 31, 2020	279,594	(98,288)	212,536	1,950,257	-	2,344,099
Columbia Power's share	50%	50%	50%	50%		
	139,797	(49,144)	106,268	975,129	-	1,172,050
Less: elimination entry	-	(41)	-	(1,984)	-	(2,025)
*Less: adjustment to eliminate the inter-entity gain on WEPC assets***	-	-	-	(389,221)	-	(389,221)
Investment in equity accounted joint arrangements at March 31, 2020	139,797	(49,185)	106,268	583,924	-	780,804
Contributions	-	-	-	-	-	-
Dividends paid	12,800	32,550	21,600	101,200	-	168,150
Profit/loss	27,587	37,168	18,936	59,470	-	143,161
Net assets of equity accounted joint arrangements at March 31, 2021	294,381	(93,670)	209,872	1,908,527	-	2,319,110
Columbia Power's share	50%	50%	50%	50%		
	147,190	(46,835)	104,936	954,264	-	1,159,555
*Less: elimination entry**	-	(40)	-	-	-	(40)
*Less: adjustment to eliminate the inter-entity gain on WEPC assets***	-	-	-	(385,350)	-	(385,350)
Investment in equity accounted joint arrangements at March 31, 2021	$ 147,190	$ (46,875)	$ 104,936	$ 568,914	$ -	$ 774,165

* Elimination Entry:

ALPC

($40) thousand 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.

**In applying the equity basis of accounting to its interest in WEPC, Columbia Power makes annual adjustments for related party transactions where the underlying investment remains within the reporting entity. Columbia Power's original investment in WELP of 32.5% is accounted for on a cost basis, with the additional 17.5% investment accounted for at fair value at acquisition. The entire amount of the investment is recorded at fair value within WEPC. The fair value increment on the original investment, adjusted for annual amortization of related assets, is eliminated on consolidation.

(Tabular amounts in thousands)

The adjustment to eliminate the inter-entity gain on WEPC assets is $385,350 million for the year ending March 31, 2021 (2020 - $389,221 million).

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 million that year. Total cumulative dividends of $210.3 million less cumulative net income of $176.9 million since fiscal 2012 have increased the deficit in ALPC to $93.7 million at the end of fiscal 2021.

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 (2021 – ($46.9) million), (2020 – ($49.1) 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 24 years are expected to generate sufficient revenue and cash flow to fund ongoing operations for the foreseeable future.

7. Cash and cash equivalents:

Cash and cash equivalents consists solely of deposits in banks.

8. Accounts receivable:

	Notes		2021		2020
Accounts receivable from related parties	26	$	105	$	916
Accounts receivable			129		181
		$	234	$	1,097

Columbia Power's exposure to credit risks and impairment losses related to accounts receivable is disclosed in note 23 – Financial instruments.

9. Other investments:

Other investments comprise of a bond sinking fund held with the province to provide for debt retirement in June, 2044 (see note 12 – Loans and borrowings). Columbia Power began to make annual payments of $5,043 thousand to the sinking fund on June 18, 2015 (see note 24 – Commitments). The sinking fund is recorded at amortized cost.

(Tabular amounts in thousands)

10. Property, plant and equipment:

	Leasehold improvements	Furniture and equipment	Vehicles	Computers and software	Total
Cost					
Balance at April 1, 2019	$ 1,307	$ 820	$ 151	$ 449	$ 2,727
Additions	-	-	-	49	49
Disposals	-	-	-	-	-
Balance at March 31, 2020	1,307	820	151	498	2,776
Balance at April 1, 2020	1,307	820	151	498	2,776
Additions	-	-	-	-	-
Disposals	(1,307)	-	-	(498)	(1,805)
Balance at March 31, 2021	-	820	151	-	971
Depreciation					
Balance at April 1, 2019	1,250	815	74	423	2,562
Depreciation for the year	20	3	17	19	59
Disposals	-	-	-	-	-
Balance at March 31, 2020	1,270	818	91	442	2,621
Balance at April 1, 2020	1,270	818	91	442	2,621
Depreciation for the year	-	2	17	-	19
Disposals	(1,270)	-	-	(442)	(1,712)
Balance at March 31, 2021	-	820	108	-	928
Carrying amounts					
At March 31, 2020	$ 37	$ 2	$ 60	$ 56	$ 155
At March 31, 2021	$ -	$ -	$ 43	$ -	$ 43

11. Accounts payable and accrued liabilities:

	Notes	2021	2020
Accounts payable to related parties	26	$ -	$ 934
Accrued interest owing to related party	26	3,033	3,046
Accounts payable		3,113	3,077
		$ 6,146	$ 7,057

Columbia Power’s exposure to liquidity risk related to trade and other payables is disclosed in note 23 – Financial instruments.

12. Loans and borrowings:

	2021	2020
Non-current liabilities		
Series A debenture	$ 304,842	$ 304,048
Less: Financing costs	(2,098)	(2,153)
Total loans and borrowings	$ 302,744	$ 301,895

Columbia Power’s interest-bearing loans and borrowings are measured at amortized cost. Columbia Power’s exposure to interest rate and liquidity risk is disclosed in note 23 – Financial instruments.

(Tabular amounts in thousands)

On April 14, 2014, Columbia Power issued a $335 million Series A debenture to the Province that matures on June 18, 2044. Columbia Power is required to make semi-annual coupon payments of $5,360 thousand and annual payments of $5,043 thousand to a sinking fund for debt retirement (see note 24 – Commitments).

	Discount	Interest and Fees	Net Proceeds	Coupon rate	Effective rate	2021 Carrying Amount	2020 Carrying Amount
Series A debenture	35,312	5,892	300,667	3.2%	3.83%	$ 302,744	$ 301,895

13. Due to Waneta Expansion Power Corporation:

On April 17, 2019, a new entity was formed, WEPC, to purchase Fortis Inc.'s 51% interest in WELP (see note 4 – Changes in joint ventures and subsidiaries). WEPC is jointly owned by Columbia Power and CBT Waneta. Columbia Power and CBT Waneta each purchased additional interest in WELP and contributed their existing equity investments to form a 50/50 partnership. WEPC funded the purchase of Fortis Inc.'s interest in WELP through a Fiscal Agency Loan with the Province of British Columbia. The structure of the additional interests acquired requires Columbia Power to make payments to WEPC in an amount approximately equal to 34% of the long-term debt held in WEPC. Columbia Power has recorded an amount Due to Waneta Expansion Power Corporation, this liability matches the terms of the Fiscal Agency Loan provided to WEPC through the Province of British Columbia. WEPC is responsible for semi-annual interest and annual sinking fund contributions to the Province. Columbia Power and CBT Waneta are responsible for fixed semi-annual interest and annual sinking fund contributions to WEPC based on their proportional additional interest acquired (Columbia Power 34%, CBT Waneta 66%). Columbia Power's share of the fixed semi-annual interest payments is $4,739 thousand. Sinking fund contributions to WEPC for loan repayment are included in note 24 – Commitments, and began in June 2020.

The loan is measured at amortized cost. CPC's exposure to interest rate and liquidity risk is disclosed in note 23 – Financial instruments.

The details of the long-term loan are as follows and mirror the terms of WEPC's long-term Fiscal Agency Loan:

	2021	2020
Non-current liabilities		
WEPC - Series A	$ 183,950	$ 184,230
Less: Financing costs	(1,040)	(1,064)
WEPC - Series B	155,318	155,440
Less: Financing costs	(1,054)	(1,076)
Contributions to WEPC sinking fund	(3,257)	-
	$ 333,917	$ 337,530

(Tabular amounts in thousands)

	Premium	Interest and Fees	Net Proceeds	Coupon rate	Effective rate	2021 Carrying Amount	2020 Carrying Amount
WEPC - Series A	12,933	2,529	184,857	2.95%	2.597%	$ 182,910	$ 183,166
WEPC - Series B	5,816	2,803	156,157	2.95%	2.763%	154,264	154,364
Contributions to WEPC sinking fund						(3,257)	-
						$ 333,917	$ 337,530

14. Share capital:

At March 31, 2021 and March 31, 2020, Columbia Power has 6 common shares authorized with no par value and issued for $6.

15. Contributed surplus:

Contributed surplus consists of equity investments by the shareholders.

16. Revenue:

Revenue consists of cost recoveries of $3,290 thousand (2020 - $3,618 thousand) for staff compensation, office space, and project overhead incurred on behalf of the joint ventures (also see note 26 – Related party transactions).

17. Other income:

	Notes	2021	2020
Share of profit in equity accounted joint arrangements	6	$ 77,435	$ 71,210
Share of profit from investment in WELP	5	-	2,292
		$ 77,435	$ 73,502

18. Finance income:

	2021	2020
Interest on cash and cash equivalents	$ 379	$ 1,167
Interest on other investments	956	1,023
	$ 1,335	$ 2,190

19. Finance costs:

	Notes	2021	2020
Bank fees		$ 4	$ 3
Financing costs		98	96
Interest on loans due to the Province	26(e)	11,501	11,499
Interest on loans due to WEPC	26(e)	9,123	8,669
		$ 20,726	$ 20,267

20. Other expenses:

	2021	2020
Insurance	$ 12	$ 5
Administration and management	3,683	3,768
Community sponsorship	373	380
Grants in-lieu of property taxes	1,045	979
Development costs - Waneta Expansion	-	466
	$ 5,113	$ 5,598

(Tabular amounts in thousands)

21. Employee benefits:

The Trust and Columbia Power implemented a Shared Services Agreement (Agreement) effective September 1, 2017, wherein the Trust provides support in the areas of human resources, accounting, payroll, records management, information technology, and other support functions to Columbia Power. This Agreement was expanded in January 2020 to deliver operations services for the jointly owned power assets under contract to Columbia Power. Columbia Power remains the appointed Manager of the four power assets, and under a new Management Services Agreement, the Trust will act as the Agent for Columbia Power moving forward. Staff under both of these agreements are employed directly by the Trust and direct costs associated to these employees are billed back to Columbia Power. Beginning January 1, 2020 there are no direct employees in Columbia Power.

Columbia Power and its employees contribute to the Public Service Pension Plan (PSPP) in accordance with the Public Sector Pension Plans Act. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the Act applies. The PSPP is a multi-employer defined benefit pension plan. Under joint trusteeship, the risks and rewards associated with the PSPP's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in future contributions. The most recent actuarial valuation as at March 31, 2020 indicated that the PSPP is fully funded and is sufficient to pay the current and future lifetime pensions of all members. Contributions to the PSPP by Columbia Power in fiscal 2021 were $0 (fiscal 2020 - $90,600). At March 31, 2021 Columbia Power had no direct employees therefore there is no liability related to the PSPP.

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, 2021 as $119 thousand (2020 - $119 thousand) on a discounted cash flow basis at a 5.5% discount rate.

22. Dividends payable:

The following dividends were declared by Columbia Power:

		2021		2020
$7,833 thousand per qualifying common share (2020 - $10,167 thousand)	$	47,000	$	61,000

23. Financial instruments:

(a) Financial risk management:

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

- Credit risk
- Liquidity risk
- 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.

(Tabular amounts in thousands)

(b) Credit risk:

Credit risks 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 as at March 31, 2021 is 0% (2020: 0%).

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

	2021	2020
	Carrying amounts	
Cash and cash equivalents	$ 67,776	$ 74,581
Accounts receivable	234	1,097
Other investments	33,410	27,462
	$ 101,420	$ 103,140

(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 maintains a cash surplus which can be utilized by the joint ventures of Columbia Power/the Trust for short-term financing. Under the terms of the Fiscal Agency Loan, Columbia Power is required to make annual sinking fund contributions for debt retirement. 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.

	Carrying Amount	Contractual cash flow	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
March 31, 2021							
Accounts payable and accrued liabilities	$ 6,146	$ 6,146	$ 6,146	$ -	$ -	$ -	$ -
Loans and borrowings	302,744	248,887	2,327	5,360	10,720	32,160	198,320
Due to Waneta Expansion Power Corporation*	337,174	276,929	2,057	4,739	9,478	28,435	232,220
	$ 646,064	$ 531,962	$ 10,530	$ 10,099	$ 20,198	$ 60,595	$ 430,540
March 31, 2020							
Accounts payable and accrued liabilities	$ 7,057	$ 7,057	$ 7,057	$ -	$ -	$ -	$ -
Loans and borrowings	301,895	259,594	2,314	5,360	10,720	32,160	209,040
Due to Waneta Expansion Power Corporation*	337,530	286,396	2,046	4,739	9,478	28,435	241,698
	$ 646,482	$ 553,047	$ 11,417	$ 10,099	$ 20,198	$ 60,595	$ 450,738

*Note that cash flows do not reflect contributions to the sinking funds set up for debt retirement. See note 24 – 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 is exposed to changes in interest rates primarily through it's Series A debt and related sinking fund investments. The coupon rate on the Series A debt is fixed, however, the fair value of the bonds is affected by interest rate changes. Columbia Power manages interest rate risk by issuing long term fixed rate debt, in partnership with the Province's Debt Management Branch for portfolio management.

Sensitivity analysis

An increase of 100 basis points in the interest rate will incite a $26 million (2020 - $31 million) decrease in the Series A debenture price a decrease in interest rates of 100 basis points will incite a $31 million increase (2020 - $36 million) in the Series A 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 less investments held in sinking funds.

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
- 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.

(Tabular amounts in thousands)

(f) Fair values:

The carrying values of financial instruments approximate fair value as at March 31, 2021 and March 31, 2020 except for other investments, loans and borrowings. The fair value of other investments is provided by the Province's Debt Management Branch at March 31, 2021 and 2020. The fair value of loans and borrowings and provisions is calculated by discounting the future cashflows for the same or similar issues at the date of the consolidated statement of financial position, or by using available quoted market prices. The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	2021 Carrying amount	2021 Fair Value	2020 Carrying amount	2020 Fair Value
Assets carried at amortized cost				
Accounts receivable (Level 1)	$ 234	$ 234	$ 1,097	$ 1,097
Other investments - bond sinking fund (Level 1)	33,410	33,026	27,462	29,514
	$ 33,644	$ 33,260	$ 28,559	$ 30,611
Liabilities carried at amortized cost				
Accounts payable and accrued liabilities (Level 1)	$ 6,146	$ 6,146	$ 7,057	$ 7,057
Loans and borrowings (Level 2)	302,744	274,657	301,895	302,210
Due to Waneta Expansion Power Corporation (Level 2)	333,917	319,899	337,530	351,701
	$ 642,807	$ 600,702	$ 646,482	$ 660,968

Columbia Power holds a bond sinking fund with the province's Debt Management Branch (DMB) for debt maturity. The amortized book value of the sinking fund at March 31, 2021 is $33,410 thousand (2020 - $27,462) which takes into account actual returns to the fund to date. DMB provided the sinking fund market value of $33,026 thousand (2020 - $29,514 thousand).

Management has made the following assumptions in determining the fair value of the 2021 loans and borrowings:

- The discounted cashflow methodology is appropriate given that the amounts and timing of the cashflows are reasonably determinable
- Basing the interest rate used to discount estimated cash flows outstanding on the Series A and Due to Waneta Expansion Power Corporation loan debenture on the government yield curve at the reporting date plus an adequate credit spread is appropriate. At March 31, 2021, management selected interest rates of 2.8% (2020 - 2.2%) and 2.9% (2020 - 2.4%) based on the maturity dates.

24. Commitments:

Under the terms of the Fiscal Agency Loan with the Province, Columbia Power has committed to make annual sinking fund payments over the terms of the loan. Under the long-term loan arrangement with WEPC, Columbia Power is required to fund their proportionate share of WEPC's sinking fund payments over the term of WEPC's loan (see note 4 – Changes in joint ventures and subsidiaries). The first contribution to WEPC commenced in June 2020. Payments required over the next 5 years and thereafter are as follows:

(Tabular amounts in thousands)

	Sinking Fund Series A		Sinking Fund WEPC		Total
2022	5,043	$	3,270	$	8,313
2023	5,043		3,404		8,447
2024	5,043		3,706		8,749
2025	5,043		3,921		8,964
2026	5,043		4,205		9,248
Thereafter	95,817		197,098		292,915
	121,032	$	215,604	$	336,636

25. Contingencies:

Columbia Power may become involved in claims and litigation in the normal course of operations. The Company is aware of one active claim; the outcome of which cannot be reasonably determined based on the current information available.

Columbia Power's operations are affected by federal, provincial and local government laws and regulations, and under agreements with its bondholders, ALPC and BPC agree to comply or cause compliance in all material respects with such laws and regulations as well as to maintain all material franchises. The impact, if any, of future legal or regulatory requirements cannot currently be estimated. Management is not aware of any additional outstanding legal or regulatory matters.

26. 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 and the joint ventures. All related party transactions are at market rates, except for certain transactions with the joint ventures which are determined on a cost recovery basis. The joint ventures stated in notes 5 and 6 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.

(Tabular amounts in thousands)

(b) Due from and sales to related parties:

	2021 Due from related party	2021 Sales to related party	2020 Due from related party	2020 Sales to related party
The Trust and affiliates	92	92	-	-
ALPC	3	912	252	1,002
BEPC	3	912	253	1,002
BPC	3	554	160	639
WEPC	3	912	251	1,002
	$ 104	$ 3,382	$ 916	$ 3,645

The Due from Related Party of $104 thousand at March 31, 2021 (2020 - $916 thousand) is included in the “Accounts receivable” line item in the Consolidated Statement of Financial Position. 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 and recovered insurance premiums from the Trust and affiliates. The total amount recovered for the year ended March 31, 2021 of $3,290 thousand (2020 - $3,618 thousand) has been included in the “Revenue” line item on the Consolidated Statement of Comprehensive Income.

(c) Due to and purchases from related parties:

	2021 Due to related party	2021 Purchases from related party	2020 Due to related party	2020 Purchases from related party
The Trust and affiliates	$ -	$ 3,500	$ 886	$ 2,459
Province	3,058	291	3,094	338
BC Pension Corp	-	-	119	91
WEPC	2,675	-	2,675	-
	$ 5,733	$ 3,791	$ 6,774	$ 2,888

The Due to Related Party at March 31, 2021 for WEPC of $2,675 thousand (2020 - $2,675 thousand) is included in the "Accounts payable and accrued liabilities" line on the Consolidated Statement of Financial Position. For the year ended March 31, 2021, purchases from Related Party of $3,791 thousand (2020 - $2,839 thousand) are included in the “Administration and management” and "Community sponsorships" line items in note 20 – Other expenses, and $0 (2020 - $49 thousand) are included in the "Property, plant & equipment" line item on the Consolidated Statement of Financial Position.

(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 21 – Employee benefits for detailed information on the transactions with the pension plan.

(e) Loans from related party:
At March 31, 2021 and March 31, 2020, Columbia Power has a debenture outstanding payable to the Province. Details of these loans are provided in note 12 – Loans and borrowings.

(Tabular amounts in thousands)

At March 31, 2021 and March 31, 2020 Columbia Power has a loan outstanding payable to WEPC. Details of this loan is provided in note 13 –Due to Waneta Expansion Power Corporation.

Total interest expense associated with the loans from related parties of $20,634 thousand (2020 - $20,168 thousand) is included in the "Interest on loans and borrowings" line item in note 19 - Finance costs.

(f) Dividends:
During the year, Columbia Power declared and accrued dividends payable of $47 million to the Province (2020 – $61 million) as per note 22 – Dividends payable.

(g) Executive management and board compensation:
(i) Executive management compensation:
As part of the expanded Shared Services Agreement effective January 1, 2020, all compensation was processed through the Trust. The amounts reported for the year ending March 31, 2020 represent 9 months from April 1, 2019 - December 31, 2019, and was comprised of the Executive Director, Operations. Pension and other benefits paid on behalf of executive management by Columbia Power are as follows:

	2021	2020
Public Service Superannuation Plan	$ -	$ 12
Standard Benefits	-	6
	$ -	$ 18

*As part of the expanded Shared Services Agreement all compensation was processed through the Trust effective January 1, 2020. The amounts reported for 2020 represent 9 months from April 1, 2019 - December 31, 2019.

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, 2021 amounted to $0 (2020 - $143 thousand) as follows:

	2021	2020
Salary	$ -	$ 126
Other	-	10
Expenses	-	7
	$ -	$ 143

*As part of the expanded Shared Services Agreement all compensation was processed through the Trust effective January 1, 2020. The amounts reported for 2020 represent 9 months from April 1, 2019 - December 31, 2019.

(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, 2021 was $58 thousand (March 31, 2020 - $66 thousand) as follows:

(Tabular amounts in thousands)

		2021		2020
Retainers	$	47	$	43
Meeting fees		11		9
Expenses		-		14
	$	58	$	66

27. COVID-19:

While the financial impacts of the COVID-19 pandemic to the global economy are significant, Columbia Power's business is minimally impacted as revenues are secured by the long-term power sales agreements and power generation is classified as an essential service. Columbia Power has maintained its business operations while ensuring it is meeting public health requirements.