

Columbia Power Corporation

2021/22 Annual Service Plan Report

August 2022



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Published by the Columbia Power Corporation

Board Chair's Accountability Statement



The *Columbia Power Corporation 2021/22 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2021/22 – 2023/24 Service Plan* created in April 2021. I am accountable for those results as reported.

John Stephens

A handwritten signature in black ink, which appears to read "John Stephens". The signature is written in a cursive, flowing style.

Board Chair
July 29, 2022

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Letter from the Board Chair & CEO

The 2021/22 fiscal year saw significant achievements for Columbia Power Corporation (Columbia Power) in a difficult year that continued to be impacted by COVID-19.

Columbia Power, in partnership with Columbia Basin Trust, owns and operates four hydroelectric facilities in the West Kootenay. This year, net income exceeded targets due to increased revenues of \$82.6 million from power operations, high reliability and minimal unplanned outages, plus reduced operations and maintenance costs.

The continued execution of the Strategic Asset Management Plan (SAMP), which aligns our systems with ISO 55000 standards, saw improved availability of generating units and better financial performance at all facilities. The Reliability Centered Maintenance program at Arrow Lakes Generating Station continued to see positive results, with 2021/22 yielding some of the highest availability in its history. Work continued to implement similar programs at both Brilliant and Waneta Expansions.

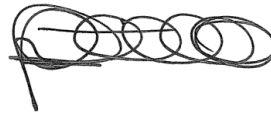
Columbia Power met regularly with the Minister of Forests, and held biweekly meetings with senior staff of the Ministry of Energy, Mines and Low Carbon Innovation (who support the Minister's governance responsibilities for Columbia Power) over the past year to discuss progress on the objectives identified in the 2021/22 [Mandate Letter](#).

John Stephens



Board Chair Columbia Power Corporation
July 29, 2022

Johnny Strilaeff



President & CEO Columbia Basin Trust
Agent of Columbia Power Corporation
July 29, 2022

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 2020 and expanded upon in the Board Chair's 2021/22 [Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures, and financial plan outlined in the [2021/22 Columbia Power Corporation Service Plan](#) as well as actual results reported on in this annual report.

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 2021/22 continued to be 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 at times, while safe work protocols had to be implemented in central and site offices in response to the pandemic risk.

Columbia Power continued to focus on 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.

Report on Performance: Goals, Objectives, Measures and Targets

Goal 1: Efficient and reliable plant operations

Objective 1: Maximize generation availability at Arrow Lakes Generating Station, Brilliant Expansion Generating Station and Waneta Expansion Generating Station.

Key Highlights

- Continued execution on the multi-year Strategic Asset Management Plan to improve the availability of generating units and financial performance. Some key deliverables were documented guidelines for asset management strategies in Work Planning and Maintenance Programs, as well as continued completion of roadmap objectives identified in the 2020/21 maturity assessment to establish our systems in alignment with ISO 55000 standards.
- Fourth year of Reliability Centred Maintenance 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 fourth-best availability results ALH has experienced in its 21-year history.
- Completed various Failure Modes, Effects and Criticality Analysis sessions specific to the BRX critical hydro equipment, ensuring Reliability Centered Maintenance program implementation is on track at BRX in 2022/23.
- A full, third 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 improvements to 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.

- Completed a review of Operations & Maintenance outsourcing with consideration to “value for cost.”

| Performance Measures | 2020 Baseline ¹ | 2020/21 Actuals | 2021/22 Target | 2021/22 Actuals | 2022/23 Target | 2023/24 Target |
|--|----------------------------|-----------------|----------------|-----------------|----------------|----------------|
| 1.1a Equivalent Availability Rate (Hours) ² | ALH: 93.1% | ALH: 94.8% | ALH: 94.0% | ALH: 93.6% | ALH: 92.6% | ALH: 94.7% |
| | BRX: 93.1% | BRX: 93.7% | BRX: 90.5% | BRX: 90.6% | BRX: 95.1% | BRX: 93.2% |
| | WAX: 93.1% | WAX: 96.9% | WAX: 96.4% | WAX: 97.6% | WAX: 96.4% | WAX: 96.4% |
| 1.1b Equivalent Availability Rate (MWh) ³ | ALH: 99.0% | ALH: 99.7% | ALH: 99.0% | ALH: 99.4% | ALH: 98.7% | ALH: 99.0% |
| | BRX: 98.7% | BRX: 99.5% | BRX: 98.4% | BRX: 98.2% | BRX: 98.7% | BRX: 98.6% |
| 1.1c Equivalent Availability Rate (Revenue) ⁴ | WAX: 97.2% | WAX: 97.9% | WAX: 97.2% | WAX: 98.3% | WAX: 97.2% | WAX: 97.2% |
| 1.1d OMA Costs: \$ per MWh ⁵ | ALH: \$6.98 | ALH: \$5.87 | ALH: \$7.58 | ALH: \$6.67 | ALH: \$7.87 | ALH: \$8.11 |
| | BRX: \$11.19 | BRX: \$11.15 | BRX: \$11.08 | BRX: \$9.88 | BRX: \$11.30 | BRX: \$11.54 |
| | WAX: \$10.43 | WAX: \$8.81 | WAX: \$9.52 | WAX: \$8.34 | WAX: \$10.43 | WAX: \$10.70 |

Data source:

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.

Discussion of Results

The 2021/22 actual results for performance measures 1.1a, 1.1b and 1.1c exceeded or met the targets in most areas. ALH and BRX reported slightly lower equivalent availability results due to planned maintenance and capital work. The facilities continue to report high reliability and 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 in all cases except the BRX January 2022 outage that involved an extremely complex Control System replacement, which went overdue by three days.

Goal 2: Optimize shareholder value

Objective 2: Deliver effective financial management

Key Highlights

- 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) | 2020/21 Actuals | 2021/22 Target | 2021/22 Actuals | 2022/23 Target | 2023/24 Target |
|---|------------------------|-----------------------|------------------------|-----------------------|-----------------------|
| 2.1a Net Income | 56,202 | 55,349 | 57,864 | 57,403 | 59,069 |
| 2.1b Earnings Before Interest Taxes Depreciation and Amortization | 75,612 | 74,518 | 77,118 | 76,063 | 77,378 |

Discussion of Results

Columbia Power’s consolidated net income was higher than target due to increased revenues resulting from high reliability at the facilities and some reduced operating costs partially offset by lower interest income. Earnings Before Interest Taxes Depreciation and Amortization (EBITDA) were higher than target due to increased investment earnings from the power subsidiaries. This was a direct result of minimal unplanned outages and effective management of operating and administration expenses. Columbia Power experienced rising costs for insurance, materials, supplies and inflationary pressures on contractor costs, while remaining focused on effectively managing operating costs and looking for continuous improvement opportunities throughout the organization.

Financial Report

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

Discussion of Results

The Financial Report provides an overview of the financial performance of Columbia Power for the fiscal year ended March 31, 2022.

Arrow Lakes Power Corporation net income was higher than budget due to a higher power price in the last quarter of the year (based on the annual Consumer Price Index), high reliability, reduced operations, and maintenance expenses due to lower costs to complete routine maintenance, and deferral of some environmental projects, partially offset by increased insurance costs.

Brilliant Expansion Power Corporation net income was higher than budget due to lower operations and maintenance expenses and deferral of some environmental projects, partially offset by reduced revenues due to a longer planned outage to replace the control system and complete annual maintenance, and increased insurance costs.

Brilliant Power Corporation net income was higher than budget due to reduced operating expenses, delays in some environmental projects and higher interest income.

Waneta Expansion Power Corporation net income was higher than budget due to higher revenues resulting from high reliability, insurance recoveries, lower cost to complete routine maintenance and vegetation management, and lower depreciation on property, plant, and equipment, partially offset by higher insurance costs.

Under Sponsorships and Bursaries, the Service Plan incorrectly budgeted \$50,000 instead of \$123,000. The \$50,000 reflects community sponsorship while the remainder of funds for Indigenous sponsorship and bursaries are currently captured in Asset Management Services.

Financial Summary

| (\$000) | 2020/21 Actual | 2021/22 Budget | 2021/22 Actual | 2021/22 Variance |
|--|-------------------|-------------------|-------------------|---------------------|
| Revenue | | | | |
| Operating Revenue | | | | |
| Recoveries | 3,290 | 3,550 | 3,550 | - |
| Income from Equity Accounted Investees | | | | |
| Arrow Lakes Power Corporation | 18,584 | 17,887 | 18,644 | 757 |
| Brilliant Expansion Power Corporation | 9,468 | 9,435 | 9,694 | 259 |
| Brilliant Power Corporation | 13,794 | 13,920 | 14,215 | 295 |
| Waneta Expansion Power Corporation | 35,589 | 35,155 | 36,424 | 1,269 |
| Other Revenue | - | - | 26 | 26 |
| Total Revenue | 80,725 | 79,947 | 82,553 | 2,606 |
| Expenses | | | | |
| Asset Management Services | 3,695 | 4,039 | 4,043 | (4) |
| Development Costs | - | - | - | - |
| Sponsorship and Bursaries | 123 | 50 | 50 | - |
| Zebra Quagga Mussel- Provincial Defense Contribution | 250 | 250 | 250 | - |
| Grants in Lieu of Property Taxes | 1,045 | 1,092 | 1,092 | - |
| Interest Expense | 20,726 | 20,765 | 20,762 | 3 |
| Amortization of Property, Plant and Equipment | 19 | 47 | 6 | 41 |
| Less: Interest Revenue | (1,335) | (1,645) | (1,514) | (131) |
| Total Expenses | 24,523 | 24,598 | 24,689 | (91) |
| Net Income from Operations | 56,202 | 55,349 | 57,864 | 2,515 |
| Capital Expenditures | - | - | - | - |
| Total Debt | 302,744 | 303,627 | 303,627 | - |
| Retained Earnings | 159,765 | 168,114 | 170,629 | (2,515) |
| Dividends | 47,000 | 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 asset management services expenses. Asset Management Service costs include employee salaries, benefits, travel, and training, professional services, and overhead costs.

Power subsidiaries provided increasing returns to Columbia Power with revenues growing by \$1.8 million from 2021/22. This is due to inflation-linked escalation of power sales prices, high equipment reliability and reduced operating, depreciation, and financing expenses.

Operating and administration expenses were slightly higher than target due to lower interest income partially offset by reduced depreciation expenses. Impacts of COVID-19 were minimal with some reduced travel costs.

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, BPC and WEPC are provided by FortisBC and Fortis Pacific Holdings Inc. under Management Agreements. 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. The Province has approved Columbia Power's dividend policy.

Appendix A: Additional Information

Organizational Overview

[Organizational Overview](#)

Corporate Governance

[Corporate Governance](#)

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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) | 2020/21 Actual | 2021/22 Budget | 2021/22 Actual |
|----------------|-------------------|-------------------|-------------------|
| Total Revenues | 70,594 | 70,402 | 70,863 |
| Total Expenses | 33,426 | 34,629 | 33,577 |
| Net Income | 37,168 | 35,773 | 37,286 |

Brilliant Expansion Power Corporation: owns BRX.

Summary Financial Outlook Table for Brilliant Expansion Power Corporation

| (\$000) | 2020/21 Actual | 2021/22 Budget | 2021/22 Actual |
|----------------|-------------------|-------------------|-------------------|
| Total Revenues | 33,341 | 33,470 | 33,285 |
| Total Expenses | 14,405 | 14,601 | 13,898 |
| Net Income | 18,936 | 18,869 | 19,387 |

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

Summary Financial Outlook Table for Brilliant Power Corporation

| (\$000) | 2020/21 Actual | 2021/22 Budget | 2021/22 Actual |
|----------------|-------------------|-------------------|-------------------|
| Total Revenues | 45,663 | 47,425 | 47,266 |
| Total Expenses | 18,076 | 19,586 | 18,836 |
| Net Income | 27,587 | 27,839 | 28,430 |

Waneta Expansion Power Corporation: owns WAX.

Summary Financial Outlook Table for Waneta Expansion Power Corporation

| (\$000) | 2020/21 Actual | 2021/22 Budget | 2021/22 Actual |
|----------------|-------------------|-------------------|-------------------|
| Total Revenues | 102,555 | 103,147 | 104,191 |
| Total Expenses | 43,085 | 44,800 | 43,067 |
| Net Income | 59,470 | 58,347 | 61,124 |

Appendix C: Auditor's Report and Audited Financial Statements

COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

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COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

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 18, 2022



INDEPENDENT AUDITOR'S REPORT

*To the Board of Directors of the Columbia Power Corporation, and
To the Minister of Forests, 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, 2022, 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, 2022, 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 2021/22 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.



Stuart Newton, CPA, CA
Assistant Auditor General

Victoria, British Columbia, Canada
May 24, 2022

COLUMBIA POWER CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION


As at March 31
(in thousands)

| | Notes | 2022 | 2021 |
|---|---------|-------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | \$ 71,564 | \$ 67,776 |
| Accounts receivable | 8 | 135 | 234 |
| Prepaid expenses | | 1 | 9 |
| Total current assets | | 71,700 | 68,019 |
| Non-current assets | | | |
| Investment in equity accounted joint arrangements | 4, 5, 6 | 772,407 | 774,165 |
| Other investments | 9 | 39,511 | 33,410 |
| Property, plant and equipment | 10 | - | 43 |
| Total non-current assets | | 811,918 | 807,618 |
| TOTAL ASSETS | | \$ 883,618 | \$ 875,637 |
| LIABILITIES AND SHAREHOLDER'S EQUITY | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 11 | \$ 6,139 | \$ 6,146 |
| Dividends payable | 21 | 47,000 | 47,000 |
| Total current liabilities | | 53,139 | 53,146 |
| Non-current liabilities | | | |
| Loans and borrowings | 12 | 303,627 | 302,744 |
| Due to Waneta Expansion Power Corporation | 13 | 330,158 | 333,917 |
| Total non-current liabilities | | 633,785 | 636,661 |
| Equity | | | |
| Share capital | 14 | - | - |
| Contributed surplus | 15 | 26,065 | 26,065 |
| Retained earnings | | 170,629 | 159,765 |
| Total Equity | | 196,694 | 185,830 |
| TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY | | \$ 883,618 | \$ 875,637 |

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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 | 2022 | 2021 |
|--|-------|------------------|------------------|
| Revenue | 16 | \$ 3,550 | \$ 3,290 |
| Other income | 17 | 79,003 | 77,435 |
| Depreciation expense | 10 | (6) | (19) |
| Other expenses | 20 | (5,435) | (5,113) |
| Results from operating activities | | 77,112 | 75,593 |
| Finance income | 18 | 1,514 | 1,335 |
| Finance costs | 19 | (20,762) | (20,726) |
| Net finance costs | | (19,248) | (19,391) |
| NET COMPREHENSIVE INCOME FOR THE YEAR | | \$ 57,864 | \$ 56,202 |

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, 2020 | | \$ 26,065 | \$ 150,563 | \$ 176,628 |
| Net comprehensive income for the year | | - | 56,202 | 56,202 |
| Dividend to equity holders | 21 | - | (47,000) | (47,000) |
| Balance at March 31, 2021 | | \$ 26,065 | \$ 159,765 | \$ 185,830 |
| Balance at April 1, 2021 | | \$ 26,065 | \$ 159,765 | \$ 185,830 |
| Net comprehensive income for the year | | - | 57,864 | 57,864 |
| Dividend to equity holders | 21 | - | (47,000) | (47,000) |
| Balance at March 31, 2022 | | \$ 26,065 | \$ 170,629 | \$ 196,694 |

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 | 2022 | 2021 |
|---|-------|------------------|------------------|
| Cash flows from operating activities | | | |
| Net comprehensive income for the year | | \$ 57,864 | \$ 56,202 |
| Adjustments to reconcile cash flow from operations | | | |
| Depreciation of property, plant and equipment | 10 | 6 | 19 |
| Gain on sale of property, plant and equipment | 17 | (26) | - |
| Interest income | 18 | (1,514) | (1,335) |
| Interest expense | 19 | 20,762 | 20,726 |
| Income from equity accounted investees | | (78,978) | (77,435) |
| Net change in non-cash working capital balances | | | |
| Accounts receivable | | 103 | 805 |
| Prepaid expenses | | 7 | 2 |
| Accounts payable and accrued liabilities | | (6) | (900) |
| Net cash used in operating activities | | (1,782) | (1,916) |
| Cash flows from financing activities | | | |
| Interest paid | | (20,240) | (20,243) |
| Dividends paid | 21 | (47,000) | (61,000) |
| Contributions to WEPC Sinking Fund | | (3,270) | (3,207) |
| Net cash used in financing activities | | (70,510) | (84,450) |
| Cash flows from investing activities | | | |
| Interest received | | 351 | 436 |
| Dividends received | 6 | 80,735 | 84,075 |
| Investment in bond sinking fund | 9 | (5,043) | (5,043) |
| Net proceeds from sale of property, plant and equipment | 10 | 37 | 93 |
| Net cash from investing activities | | 76,080 | 79,561 |
| Increase (decrease) in cash and cash equivalents | | 3,788 | (6,805) |
| Cash and cash equivalents, beginning of year | | 67,776 | 74,581 |
| Cash and cash equivalents, end of year | | \$ 71,564 | \$ 67,776 |
| CASH CONSISTS OF: | | | |
| Cash available for operations | 7 | \$ 71,564 | \$ 67,776 |

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

COLUMBIA POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Tabular amounts in thousands)

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 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, 2022, and the comparative information presented in these consolidated financial statements for the year ended March 31, 2021. The consolidated financial statements were authorized for issue by the board of directors on May 18, 2022.

(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) – 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 24 – 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 interests in jointly controlled operations and investments in associates accounted for under the equity method.

(i) 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.

(ii) 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 (FVTPL).

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 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:

| | |
|-------------------------|---------------|
| Computer 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, 2022, and March 31, 2021.

(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, 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, 2022, and March 31, 2021.

(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 on a monthly basis.

(h) Asset Management Services:

The Trust and Columbia Power implemented an Asset Management Services Agreement effective January 1, 2020, wherein the Trust provides support in all areas of facility operations for the jointly owned power assets including human resources, accounting, payroll, records management, information technology and other support functions to Columbia Power. Columbia Power remains the appointed Manager of the four power assets under the Agreement. Staff are employed directly by the

Trust and all employment benefits and related costs are paid by the Trust. There are no direct employees of Columbia Power.

(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, 2022, 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:

The Waneta Expansion was previously owned by the Waneta Expansion Limited Partnership (WELP), of which Fortis Inc. held a 51% interest, Columbia Power a 32.5% interest, and the Trust a 16.5% interest. On April 17, 2019 Columbia Power and CBT Waneta purchased Fortis Inc.'s 51% interest in WELP. 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 (a 50/50 partnership).

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. Any residual value of the purchase consideration was allocated to goodwill (see note 5 – Description of equity accounted joint arrangements).

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Each partner contributed their original equity interest in WELP as part of the business combination. A Fiscal Agency Loan (FAL) through the Province, funded the purchase of Fortis Inc.'s 51% interest (see note 12 – Loans and borrowings). Through an intercompany loan arrangement, the proportionate share of the FAL was allocated to each partner to create a 50/50 ownership structure. The terms of the long-term loan agreement mirror the terms of the long-term FAL. The table below shows the original ownership, the additional interest acquired and each owners share of the FAL at the date of incorporation April 17, 2019.

| 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 |

5. Description of equity accounted joint arrangements:

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

Jointly Owned Power Subsidiaries

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

The purpose of ALPC is to operate the 185 megawatt (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. ALPC sells the entitlement energy and capacity from ALGS.

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

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

- ***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.

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- **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. WEPC sells the entitlement energy and capacity for WAX.

All four corporations are jointly owned on a 50/50 basis by Columbia Power and the Trust through its 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.

6. Summary financial information for equity accounted joint arrangements:

Columbia Power's share of profit in its equity accounted joint arrangements for the year was \$78,977 thousand (2021 - \$77,435 thousand) as follows:

| | Ownership | 2022 | 2021 |
|-------|-----------|-----------|-----------|
| ALPC | 50% | \$ 18,644 | \$ 18,584 |
| BEPC | 50% | 9,694 | 9,468 |
| BPC | 50% | 14,215 | 13,794 |
| WEPC* | 50% | 36,424 | 35,589 |
| | | \$ 78,977 | \$ 77,435 |

*This amount includes a consolidation adjustment at March 31, 2022 for \$5,863 thousand (2021 - \$5,854 thousand). In applying the 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 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 annual consolidation adjustments will be applied until the end of the useful life of the acquired assets.

In 2022, Columbia Power received \$80,735 thousand in dividends from its investments in equity accounted joint arrangements (2021 - \$84,075 thousand) as follows:

| | Ownership | 2022 | 2021 |
|------|-----------|-----------|-----------|
| ALPC | 50% | \$ 15,600 | \$ 16,275 |
| BEPC | 50% | 11,600 | 10,800 |
| BPC | 50% | 7,905 | 6,400 |
| WEPC | 50% | 45,630 | 50,600 |
| | | \$ 80,735 | \$ 84,075 |

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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, 2022 | | | | | | | | | | |
| BPC 50% | \$ 25,585 | \$ 345,841 | \$ 371,426 | \$ 17,461 | \$ 46,964 | \$ 64,425 | \$ 307,001 | \$ 47,488 | \$ (19,058) | \$ 28,430 |
| ALPC 50% | 24,349 | 203,674 | 228,023 | 18,539 | 297,068 | 315,607 | (87,584) | 70,961 | (33,675) | 37,286 |
| BEPC 50% | 9,200 | 198,050 | 207,250 | 1,191 | - | 1,191 | 206,059 | 33,358 | (13,971) | 19,387 |
| WEPC* 50% | 39,530 | 2,830,162 | 2,869,692 | 9,743 | 981,558 | 991,301 | 1,878,391 | 131,491 | (70,367) | 61,124 |
| | \$ 98,664 | \$ 3,577,727 | \$ 3,676,391 | \$ 46,934 | \$ 1,325,590 | \$ 1,372,524 | \$ 2,303,867 | \$ 283,298 | \$ (137,071) | \$ 146,227 |

| 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 |

*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 Inc.'s 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, 2022 | | | | | | |
| BPC 50% | \$ 9,475 | \$ 2,297 | \$ 46,964 | \$ (66) | \$ 32,357 | \$ (5,033) |
| ALPC 50% | 20,942 | - | 297,068 | (5,264) | 98 | (17,230) |
| BEPC 50% | 4,499 | - | - | (4,652) | 73 | (13) |
| WEPC 50% | 12,012 | - | 981,558 | (29,335) | 27,300 | (27,253) |
| | \$ 46,928 | \$ 2,297 | \$ 1,325,590 | \$ (39,317) | \$ 59,828 | \$ (49,529) |

| 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) |

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

| | BPC | ALPC | BEPC | WEPC | Total |
|---|------------|-------------|-------------|--------------|--------------|
| Net assets of equity accounted joint arrangements at March 31, 2020 | \$ 279,594 | \$ (98,288) | \$ 212,536 | \$ 1,950,257 | \$ 2,344,099 |
| <i>Columbia Power's share</i> | 50% | 50% | 50% | 50% | |
| | 139,797 | (49,144) | 106,268 | 975,129 | 1,172,050 |
| <i>Less: elimination entry</i> | - | (41) | - | (1,984) | (2,025) |
| <i>Less: adjustment to eliminate the inter-entity gain on WEPC assets**</i> | - | - | - | (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 |
| <i>Columbia Power's share</i> | 50% | 50% | 50% | 50% | |
| | 147,190 | (46,835) | 104,936 | 954,264 | 1,159,555 |
| <i>Less: elimination entry</i> | - | (40) | - | - | (40) |
| <i>Less: adjustment to eliminate the inter-entity gain on WEPC assets**</i> | - | - | - | (385,350) | (385,350) |
| Investment in equity accounted joint arrangements at March 31, 2021 | 147,190 | (46,875) | 104,936 | 568,914 | 774,165 |
| Contributions | - | - | - | - | - |
| Dividends paid | (15,810) | (31,200) | (23,200) | (91,260) | (161,470) |
| Profit/loss | 28,430 | 37,286 | 19,387 | 61,124 | 146,227 |
| Net assets of equity accounted joint arrangements at March 31, 2022 | 307,001 | (87,584) | 206,059 | 1,878,391 | 2,303,867 |
| <i>Columbia Power's share</i> | 50% | 50% | 50% | 50% | |
| | 153,500 | (43,793) | 103,030 | 939,196 | 1,151,933 |
| <i>Less: elimination entry*</i> | - | (39) | - | - | (39) |
| <i>Less: adjustment to eliminate the inter-entity gain on WEPC assets**</i> | - | - | - | (379,487) | (379,487) |
| Investment in equity accounted joint arrangements at March 31, 2022 | \$ 153,500 | \$ (43,832) | \$ 103,030 | \$ 559,709 | \$ 772,407 |

* Elimination Entry:

ALPC

(\$39) 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. The adjustment to eliminate the inter-entity gain on WEPC assets is \$379,487 million for the year ending March 31, 2022 (2021 - \$385,350 million).

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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 \$241.5 million less cumulative net income of \$214.2 million since fiscal 2012 have increased the deficit in ALPC to \$87.6 million at the end of fiscal 2022.

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 (2022 – (\$43.8) million), (2021 – (\$46.9) 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 23 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:

| | 2022 | 2021 |
|---------------------|-------------|-------------|
| Accounts receivable | \$ 135 | \$ 234 |

Columbia Power's exposure to credit risks and impairment losses related to accounts receivable is disclosed in note 22 – 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 23 – Commitments). The sinking fund is recorded at amortized cost.

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10. Property, plant and equipment:

| | Leasehold improvements | | Furniture and equipment | | Vehicles | | Computers and software | | Total |
|---------------------------------|------------------------|---------|-------------------------|-------|----------|-------|------------------------|-------|----------|
| Cost | | | | | | | | | |
| 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 |
| Balance at April 1, 2021 | | - | | 820 | | 151 | | - | 971 |
| Additions | | - | | - | | - | | - | - |
| Disposals | | - | | (820) | | (151) | | - | (971) |
| Balance at March 31, 2022 | \$ | - | \$ | - | \$ | - | \$ | - | \$ - |
| Accumulated depreciation | | | | | | | | | |
| 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 |
| Balance at April 1, 2021 | | - | | 820 | | 108 | | - | 928 |
| Depreciation for the year | | - | | - | | 6 | | - | 6 |
| Disposals | | - | | (820) | | (114) | | - | (934) |
| Balance at March 31, 2022 | \$ | - | \$ | - | \$ | - | \$ | - | \$ - |
| Carrying amounts | | | | | | | | | |
| At March 31, 2021 | \$ | - | \$ | - | \$ | 43 | \$ | - | \$ 43 |
| At March 31, 2022 | \$ | - | \$ | - | \$ | - | \$ | - | \$ - |

Columbia Power property, plant and equipment was sold to the Trust as part of the Asset Management Services Agreement (Agreement) during the fiscal years ending March 31, 2022 and 2021 (see note 3(h) - Significant accounting policies - Asset management services). Columbia Power does not expect to acquire additional property, plant and equipment as all asset management services are provided by the Trust under the Agreement.

11. Accounts payable and accrued liabilities:

| | 2022 | | 2021 | |
|------------------|------|-------|------|-------|
| Accounts payable | \$ | 3,106 | \$ | 3,113 |
| Accrued interest | | 3,033 | | 3,033 |
| | \$ | 6,139 | \$ | 6,146 |

Columbia Power's exposure to liquidity risk related to trade and other payables is disclosed in note 22 – Financial instruments.

12. Loans and borrowings:

| | 2022 | | 2021 | |
|-----------------------------------|------|---------|------|---------|
| Non-current liabilities | | | | |
| Series A debenture | \$ | 305,668 | \$ | 304,842 |
| Less: Financing costs | | (2,041) | | (2,098) |
| Total loans and borrowings | \$ | 303,627 | \$ | 302,744 |

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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 22 – Financial instruments.

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 23 – Commitments).

| | Discount | Interest and Fees | Net Proceeds | Coupon rate | Effective rate | 2022 Carrying Amount | 2021 Carrying Amount |
|--------------------|-----------------|--------------------------|---------------------|--------------------|-----------------------|-----------------------------|-----------------------------|
| Series A debenture | 35,312 | 5,892 | 300,667 | 3.2% | 3.83% | \$ 303,627 | \$ 302,744 |

13. Due to Waneta Expansion Power Corporation:

The purchase of the additional interest in WELP was funded through a FAL with the Province. Each owner contributed their existing equity investment into the business combination, and funded the additional ownership acquired through the long-term loan agreement with WEPC (see note 4 - Changes in joint ventures). 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 FAL provided to WEPC through the Province.

Columbia Power makes contributions to WEPC annually to mirror the terms of the sinking fund arrangement with the Province for debt repayment in 2050. Columbia Power's share of the annual sinking fund contribution totaled \$3.3 million (2021 - \$3.2 million). Future payments will mirror WEPC's scheduled sinking fund contributions to the Province under the terms of agreement (see note 23 – Commitments).

Columbia Power's share of the fixed semi-annual interest payments is \$4,739 thousand.

The loan is measured at amortized cost. Columbia Power's exposure to interest rate and liquidity risk is disclosed in note 22 – Financial instruments.

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

| | 2022 | 2021 |
|------------------------------------|-------------------|-------------------|
| Non-current liabilities | | |
| WEPC - Series A | \$ 183,663 | \$ 183,950 |
| Less: Financing costs | (1,016) | (1,040) |
| WEPC - Series B | 155,192 | 155,318 |
| Less: Financing costs | (1,029) | (1,054) |
| Contributions to WEPC sinking fund | (6,652) | (3,257) |
| | \$ 330,158 | \$ 333,917 |

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| | Premium | Interest and Fees | Net Proceeds | Coupon rate | Effective rate | 2022 Carrying Amount | 2021 Carrying Amount |
|------------------------------------|---------|-------------------|--------------|-------------|----------------|----------------------|----------------------|
| WEPC - Series A | 12,933 | 2,529 | 184,857 | 2.95% | 2.597% | \$ 182,647 | \$ 182,910 |
| WEPC - Series B | 5,816 | 2,803 | 156,157 | 2.95% | 2.763% | 154,163 | 154,264 |
| Contributions to WEPC sinking fund | | | | | | (6,652) | (3,257) |
| | | | | | | \$ 330,158 | \$ 333,917 |

14. Share capital:

At March 31, 2022, and March 31, 2021, 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 costs recoveries of \$3,550 thousand (2021 - \$3,290 thousand) for Asset Management Services provided to the joint ventures (see note 3(h) - Significant accounting policies - Asset management services and note 25 – Related party transactions).

17. Other income:

| | Notes | 2022 | 2021 |
|--|-------|-----------|-----------|
| Share of profit in equity accounted joint arrangements | 6 | \$ 78,977 | \$ 77,435 |
| Gain on sale of assets | | 26 | - |
| | | \$ 79,003 | \$ 77,435 |

18. Finance income:

| | 2022 | 2021 |
|---------------------------------------|----------|----------|
| Interest on other investments | \$ 1,188 | \$ 956 |
| Interest on cash and cash equivalents | 326 | 379 |
| | \$ 1,514 | \$ 1,335 |

19. Finance costs:

| | Notes | 2022 | 2021 |
|---------------------------------------|-------|-----------|-----------|
| Interest on loans due to the Province | 25(c) | \$ 11,545 | \$ 11,501 |
| Interest on loans due to WEPC | 25(c) | 9,113 | 9,123 |
| Financing costs | | 100 | 98 |
| Bank fees | | 4 | 4 |
| | | \$ 20,762 | \$ 20,726 |

20. Other expenses:

| | 2022 | 2021 |
|----------------------------------|----------|----------|
| Administration and management | \$ 3,970 | \$ 3,683 |
| Grants in-lieu of property taxes | 1,092 | 1,045 |
| Community sponsorship | 371 | 373 |
| Insurance | 2 | 12 |
| | \$ 5,435 | \$ 5,113 |

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21. Dividends payable:

The following dividends were declared by Columbia Power:

| | 2022 | 2021 |
|---|------------------|------------------|
| <u>\$7,833 thousand per qualifying common share (2021 - \$7,833 thousand)</u> | <u>\$ 47,000</u> | <u>\$ 47,000</u> |

22. 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.

(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, 2022 is 0% (2021 - 0%).

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

| | 2022 | 2021 |
|---------------------------|-------------------------|-------------------|
| | Carrying amounts | |
| Cash and cash equivalents | \$ 71,564 | \$ 67,776 |
| Accounts receivable | 135 | 234 |
| Other investments | 39,511 | 33,410 |
| | <u>\$ 111,210</u> | <u>\$ 101,420</u> |

(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.

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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, 2022 | | | | | | | |
| Accounts payable and accrued liabilities | \$ 6,139 | \$ 6,139 | \$ 6,139 | \$ - | \$ - | \$ - | \$ - |
| Loans and borrowings | 303,627 | 238,167 | 2,327 | 5,360 | 10,720 | 32,160 | 187,600 |
| Due to Waneta Expansion Power Corporation* | 330,158 | 267,451 | 2,057 | 4,739 | 9,478 | 28,435 | 222,741 |
| | <u>\$ 639,924</u> | <u>\$ 511,757</u> | <u>\$ 10,523</u> | <u>\$ 10,099</u> | <u>\$ 20,198</u> | <u>\$ 60,595</u> | <u>\$ 410,341</u> |
| 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* | 333,917 | 276,929 | 2,057 | 4,739 | 9,478 | 28,435 | 232,220 |
| | <u>\$ 642,807</u> | <u>\$ 531,962</u> | <u>\$ 10,530</u> | <u>\$ 10,099</u> | <u>\$ 20,198</u> | <u>\$ 60,595</u> | <u>\$ 430,540</u> |

*Note that cash flows do not reflect contributions to the sinking funds set up for debt retirement (see note 23 – 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 its 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 \$47 million (2021 - \$54 million) decrease in the Series A debenture price a decrease in interest rates of 100 basis points will incite a \$57 million increase (2021 - \$67 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

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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
- Target a long term capital structure with sufficient equity and working capital reserves to maintain commercial viability of Columbia Power and its equity accounted joint ventures

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

(f) Fair values:

The carrying values of financial instruments approximate fair value as at March 31, 2022, and March 31, 2021 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, 2022, and 2021. The fair value of loans and borrowings and provisions is calculated by discounting the future cash flows 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:

| | 2022 | | 2021 | |
|---|-----------------|------------|-----------------|------------|
| | Carrying amount | Fair Value | Carrying amount | Fair Value |
| Assets carried at amortized cost | | | | |
| Accounts receivable (Level 1) | \$ 135 | \$ 135 | \$ 234 | \$ 234 |
| Other investments - bond sinking fund (Level 1) | 39,511 | 35,429 | 33,410 | 33,026 |
| | \$ 39,646 | \$ 35,564 | \$ 33,644 | \$ 33,260 |
| Liabilities carried at amortized cost | | | | |
| Accounts payable and accrued liabilities (Level 1) | \$ 6,139 | \$ 6,139 | \$ 6,146 | \$ 6,146 |
| Loans and borrowings (Level 2) | 303,627 | 287,982 | 302,744 | 326,058 |
| Due to Waneta Expansion Power Corporation (Level 2) | 330,158 | 286,166 | 333,917 | 315,444 |
| | \$ 639,924 | \$ 580,287 | \$ 642,807 | \$ 647,648 |

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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, 2022, is \$39,511 thousand (2021 - \$33,410 thousand) which takes into account actual returns to the fund to date. DMB provided the sinking fund market value of \$35,429 thousand (2021 - \$33,026 thousand).

Management has made the following assumptions in determining the fair value of the 2022 loans and borrowings:

- The discounted cash flow 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, 2022, management selected interest rates of 3.4% (2021 - 2.8%) and 3.4% (2021 - 2.9%) based on the maturity dates.

23. 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). Payments required over the next 5 years and thereafter are as follows:

| | Sinking Fund | | Sinking Fund | | Total |
|------------|---------------------|---------|---------------------|---------|--------------|
| | Series A | | WEPC | | |
| 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 |
| 2027 | | 5,043 | | 4,542 | 9,585 |
| Thereafter | | 90,774 | | 192,556 | 283,330 |
| | | 115,989 | \$ | 212,334 | \$ 328,323 |

24. 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.

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25. 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 and Columbia Basin Trust, which are determined on a cost recovery basis. The joint ventures stated in notes 5 and 6 are related parties to Columbia Power. Intercompany transactions between Columbia Power and equity accounted investees are eliminated only to the extent that one of the parties includes the amount in assets. Details of transactions between Columbia Power and related parties which have not been eliminated are summarized in the following tables.

(b) Due to/from and purchases/sales to related parties:

Related party transactions and balances are summarized in the following table:

| Statement of Financial Position | 2022 | | 2021 | |
|--|-------------|--------------|-------------|--------------|
| Accounts receivable | \$ | - | \$ | 13 |
| Accounts payable and accrued liabilities | | 5,733 | | 5,733 |
| | | | | |
| Statement of Comprehensive Income | 2022 | | 2021 | |
| Revenue | \$ | 3,550 | \$ | 3,290 |
| | | | | |
| Expenses | | | | |
| Administration and management | \$ | 3,815 | \$ | 3,541 |
| Community sponsorship | | 250 | | 250 |
| Total expenses | \$ | 4,065 | \$ | 3,791 |

The total accounts payable and accrued liabilities at March 31, 2022, of \$5,733 thousand (2021 - \$5,733 thousand) consists primarily of accrued loan interest due to the Province of \$3,033 thousand (2021 - \$3,033 thousand) and to WEPC of \$2,675 thousand (2021 - \$2,675 thousand).

Amounts included in revenue at March 31, 2022, of \$3,550 thousand (2021 - \$3,290 thousand) include the management fees charged to each of Columbia Power's power subsidiaries.

Amounts included in expenses at March 31, 2022, of \$4,065 thousand (2021 - \$3,791 thousand) (see note 20 - Other expenses) consist primarily of management services paid to Columbia Basin Trust under the Asset Management Services Agreement and community sponsorships and director stipends paid to the Province. The management services are included in the administration and management expense and total \$3,777 thousand for fiscal 2022 (2021 - \$3,500 thousand). The

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amount includes staff compensation, office space and overhead costs which are billed to Columbia Power on a cost recovery basis and recovered by Columbia Power from each of its power subsidiaries.

(c) Loans from related party:

At March 31, 2022, and March 31, 2021, Columbia Power has a debenture outstanding payable to the Province. Details of these loans are provided in note 12 – Loans and borrowings. Annual contributions to a sinking fund are required for debt retirement with a contribution in fiscal 2022 of \$5,042 thousand (2021 - \$5,042 thousand).

At March 31, 2022, and March 31, 2021, Columbia Power has a loan outstanding payable to WEPC. Details of this loan is provided in note 13 – Due to Waneta Expansion Power Corporation. Columbia Power is required to make annual contributions to WEPC for debt retirement (see note 23 - Commitments).

Total interest expense associated with the loans from related parties of \$20,658 thousand (2021 - \$20,624 thousand) is included in the "Interest on loans and borrowings" line item in note 19 - Finance costs.

(d) Dividends:

During the year, Columbia Power declared and accrued dividends payable of \$47 million to the Province (2021 – \$47 million) (see note 21 – Dividends payable).

(e) Executive management and board compensation:

(i) Executive management compensation:

Executive management personnel and compensation is provided under the Asset Management Services Agreement. There are no employees of Columbia Power.

(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, 2022, was \$51 thousand (March 31, 2021 - \$58 thousand) as follows:

| | 2022 | 2021 |
|--------------|--------------|--------------|
| Retainers | \$ 45 | \$ 47 |
| Meeting fees | 6 | 11 |
| | \$ 51 | \$ 58 |

26. 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.