

Columbia Power Corporation

2023/24

Annual Service Plan Report

August 2024



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Board Chair's Accountability Statement



The Columbia Power Corporation 2023/24 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2023/24 - 2025/26 Service Plan published in 2023. I am accountable for those results as reported.

Signed on behalf of the Board by:

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

John Stephens
Board Chair
July 18, 2024

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Letter from the Board Chair and CEO

The 2023/24 fiscal year saw important achievements for Columbia Power Corporation (Columbia Power) in a year that also brought challenges with an unplanned and significant outage at one of our power facilities.

Columbia Power, in partnership with Columbia Basin Trust, owns and operates four hydropower facilities in the West Kootenay. The total revenue of \$81.3 million from the facilities came in below target due to a critical turbine failure at the Arrow Lakes Generating Station resulting in loss of generation for 11 months to undertake the required repairs. While a difficult and long endeavour that drew significantly on internal and external resources, the dedication and diligence of the Power Operations team ensured the required planned maintenance and capital projects at our other facilities (Brilliant, Brilliant Expansion and Waneta Expansion) took place, and revenues from each of those facilities exceeded their respective targets.

Key achievements this year included high reliability and performance at three of our generating stations (Brilliant, Brilliant Expansion and Waneta Expansion). We continued to focus on long-term asset sustainability, supported through the implementation of a Strategic Asset Management Plan and Reliability Centered Maintenance programs. Dividends to the Province of \$44 million were consistent with forecast.

In 2023/24 Columbia Power continued its work to mitigate the increasing risk of wildfire and aquatic invasive mussels to the operation and safety of our power assets. Efforts undertaken this year included wildfire fuel reduction activities at our plants, the installation of wire mesh along our transmission infrastructure and the development of a multi-year wildfire mitigation plan. If established, the impacts of zebra and quagga mussels (ZQM) to the operation of our power facilities would be significant. Columbia Power continued its work to manage for ZQM by installing new equipment at each facility to assist with monitoring.

Columbia Power met regularly with the Minister Responsible, 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](#) and [2023/24](#) Mandate Letters.



John Stephens
Board Chair
August 9, 2024



Johnny Strilaeff
President & CEO
August 9, 2024

Purpose of the Annual Service Plan Report

This annual service plan report has been developed 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, a Minister Responsible for a government organization is required to make public a report on the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the Board Chair's [2021/22](#) and [2023/24](#) Mandate Letters from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the [Columbia Power 2023/24 - 2025/26 Service Plan](#) and the actual results reported on in this annual report.

Purpose of the Organization

Columbia Power, a commercial Crown corporation existing under the Business Corporations Act, operates four hydropower generation facilities in the West Kootenay region of the Columbia Basin: Arrow Lakes Generating Station (ALH); Brilliant Dam and Generating Station (BRD); Brilliant Expansion Generating Station (BRX); and Waneta Expansion Generating Station (WAX) (see [Appendix B](#)). These power generation and associated transmission assets are owned in partnership with [Columbia Basin Trust](#) (the Trust) on a 50/50 basis. Columbia Power uses its share of the income from the power generation assets to pay dividends to its shareholder, the Province of B.C.

Operating Environment

Columbia Power's hydropower facilities continued to provide energy to British Columbia's power market where BC Hydro is the dominant wholesale purchaser.

The operating environment during 2023/24 continued to be complex, and included federal and provincial regulators (i.e., Department of Fisheries and Oceans, Canadian Dam Association and BC Ministry of Environment and Climate Change Strategy), the Columbia River Treaty and multi-party operating agreements, as well as First Nations and local, regional and American stakeholders.

A significant failure and ensuing repair of the Arrow Lakes Generating Station (ALH) Unit 1 (U1) turbine that began April 2023 has impacted Columbia Power's operating environment for fiscal 2023/24. While the unexpected outage drew significant resources, both internally and from the Operations & Maintenance Service Provider FortisBC, Columbia Power achieved all other maintenance and capital improvement objectives for the year.

The fiscal year also saw multi-year planning initiated to address the potential impacts of increased wildfire risk and invasive species potential, such as Zebra and Quagga Mussels, to

Columbia Power's assets. In addition, significant planning took place for the implementation of a Computerized Maintenance Management System to improve asset management delivery capabilities, as well as preparation to assume compliance obligations as part of Mandatory Reliability Standards.

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, and Results

The following goals, objectives and performance measures have been restated from the 2023/24 – 2025/26 service plan. For forward-looking planning information, including current targets for 2024/25 – 2026/27, please see the latest service plan on the [BC Budget website](#).

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).

Columbia Power is focused on the effective and efficient management of power facilities to ensure high reliability and to control Operations, Maintenance and Administration (OMA) costs. Our Strategic Asset Management Plan and financial management processes focus on improving availability of the generating units while achieving strong financial performance.

Key results

- Responded to a significant forced outage of ALH U1 turbine in April 2023 with repair spanning 11 months.
- Successfully completed Annual Planned Outages at ALH, BRX and WAX.
- Established and transitioned to an Owner-managed compliance program applicable to generation and transmission assets.
- Executed wildfire risk reduction activities at facilities and transmission lines.
- Completed planning and roadmap for the implementation of a Computerized Maintenance Management System over the coming years.

Summary of progress made in 2023/24

The discovery and response to the ALH U1 turbine failure was complex, resource-intensive work that required engagement of the Original Equipment Manufacturer (OEM), FortisBC trades and project management, and significant technical leadership from internal resources over the majority of the fiscal year. Root cause analysis was applied to ensure that repairs and design modifications implemented would provide a reliable unit moving forward, and create a

roadmap for corrective actions that needed to be applied to the Unit 2 Turbine in the coming year.

Annual Planned Outage completion is the lifeblood of a hydro asset management strategy, allowing the equipment to continue to operate as designed while reducing risk of unplanned outages. The work completed this year included what are called “majors” (anything larger than the maintenance required on each unit every year) at two facilities. This is an undertaking that requires significant job planning, parts and resource coordination, technical leadership, and continuous project management to execute successfully.

Established and transitioned to an Owner-managed compliance program following the prior year’s decision to allow existing third-party compliance support agreements to expire July 1, 2024. This significant move to bring the compliance program in-house enhances our control and oversight over critical areas such as cyber security, equipment protection, vegetation management and various other processes that manage risks to the bulk electric system. An internally resourced department was created to manage these responsibilities, ensuring adherence to standards set by the British Columbia Utilities Commission and Western Electricity Coordinating Council.

With risk analysis applied to the increased frequency and severity of wildfire activity over the summer seasons, physical improvements were made over the fiscal year. This included tree-thinning, removal of ladder fuels in forests closest to at-risk assets and application of fire-resistant mesh on the lower half of wooden transmission pole structures.

In 2023/24, a competitive bid and procurement process was completed for the Computerized Maintenance Management System, a critical software solution to enhance asset management, maintenance and operational efficiency at all facilities. It will provide clear instruction and scheduling for all Reliability Centered Maintenance (RCM) tasks, optimize inventory management and become a “single source of truth” for numerous pieces of asset management data. Implementation is scheduled for the coming year.

Performance measures and related discussion

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
1.1a Equivalent Availability Factor (Hours) ^{1,2}	ALH: 94.2% BRX: 91.5% WAX: 97.6%	ALH: 93.2% BRX: 95.2% WAX: 96.3%	ALH: 40.5% BRX: 96.6% WAX: 97.1%
1.1b Equivalent Availability Factor (MWh) ^{3,4}	ALH: 99.6% BRX: 98.6%	ALH: 98.9% BRX: 98.7%	ALH: 56.7% BRX: 99.3%
1.1c Equivalent Availability Factor (Revenue) ^{5,6}	WAX: 98.3%	WAX: 97.2%	WAX: 97.9%
1.1d OMA Costs - \$ per MWh ^{7,8}	ALH: \$7.19 BRX: \$12.08 WAX: \$9.06	ALH: \$8.36 BRX: \$12.34 WAX: \$11.51	ALH: \$30.12 BRX: \$11.10 WAX: \$8.67

Data source: Columbia Power participates in benchmarking periodically to gauge plant performance relative to industry. The most recent external study was finalized in 2022 by Guidehouse and found 94.2% for Equivalent Availability Factor (EAF) – hours on Medium sized, high-use hydro facilities like ALH, BRX and WAX. The benchmark values for EAF (MWh (megawatt hour)), EAF (Revenue) and OMA \$ per MWh are all based on rolling 10-year medians.

¹PM 1.1a targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as ALH: 95.4%, BRX: 90.5%, WAX: 96.0%, and ALH: 96.6%, BRX: 95.2%, WAX: 95.2%, respectively.

² Equivalent Availability Factor- 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.

³PM 1.1b targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as ALH: 98.9%, BRX: 98.4% and ALH: 99.1%, BRX: 98.7%, respectively.

⁴Equivalent Availability Factor - MWh uses an internal benchmark Columbia Power establishes based on historic and forecast performance and accounts for both planned and unplanned outages. It is a measure of the entitlement energy received compared to the total annual entitlement energy potential – and differs from EAF (hours) above in that it is related to energy rather than time.

⁵PM 1.1c targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as WAX: 97.1% and WAX: 96.5%, respectively.

⁶ This measure tracks WAX's availability relative to its Capacity Purchase Agreement with FortisBC in addition to its Energy Purchase Agreement with BC Hydro. Equivalent Availability Factor - Revenue for WAX is an internal benchmark Columbia Power establishes based on historic and forecast performance and accounts for both planned and unplanned outages. It is required as a separate metric at WAX differing from EAF (hours and MWh) above because residual capacity is accounted for in a different way compared to ALH and BRX.

⁷PM 1.1d targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as ALH: \$7.84, BRX: \$15.13, WAX: \$9.37, and ALH: \$7.74, BRX: \$11.06, WAX: \$9.32, respectively.

⁸ OMA Costs - \$ per MWh uses an internal benchmark Columbia Power establishes based on historic and forecast performance.

The 2023/24 actual results for performance measures 1.1a, 1.1b and 1.1c exceeded or met the targets outside of the significant repairs required at ALH. The forced outage repair of ALH U1 turbine spanning from early April 2023 to mid-March 2024 had the biggest impact, while the repair of ALH U2 beginning in February 2024 also affected metrics. The continued focus on RCM Programs and Strategic Asset Management resulted in BRX and WAX reporting high reliability with minimal forced outages. Planned maintenance outages on all units other than ALH U1 were completed as scheduled with minor refinement to free-up resourcing for the major repair work at ALH.

Noting the outages, the target for the performance measure 1.1d OMA Costs per MWh was not met for ALH but was exceeded at BRX and WAX. Operating costs for BRX and WAX were lower due to refined Annual Planned Outage scopes, modified routine maintenance and lower than expected break-in maintenance costs as a result of resource allocations to the ALH U1 turbine repair. Higher operating costs at ALH resulted from the unplanned forced outage of U1 and repairs of U2 described above.

Goal 2: Optimize shareholder value

Objective 2.1: Deliver effective financial management

Columbia Power manages financial results through established financial management systems to ensure consistency, accountability, and transparency. We monitor financial progress through prudent planning, budgeting, forecasting, and reporting processes.

Key results

- Managed working capital to meet Columbia Power's mandate while returning free cash flow to the shareholder through a dividend of \$44 million.
- Managed Columbia Power's operating expenses within the approved budget.
- Managed operating cash flow to meet debt obligations and ensure excess cash was available to earn interest.

Summary of progress made in 2023/24

During 2023/24, Columbia Power experienced challenges in achieving net income and earnings targets due to the unplanned outage required for equipment repair at ALH. The equipment failure was sudden and unexpected and not detectible through standard maintenance programs. Despite the 11 months duration of the outage, Columbia Power was active in working with its insurers to provide maximum coverages and reduce overall financial impacts. Strong financial results from the other facilities aided in offsetting some of the costs and revenue losses from ALH.

In addition, robust financial management practices were demonstrated throughout the year, including quarterly reporting of variances to the Finance and Audit Committee, the Board of Directors, and the Province. The use of a five-year forecasting model aids in this process and allows for continuous refinement of outcomes, underlying strategies and alignment with long-term plans.

Performance measures and related discussion

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
2.1a Net Income ¹	62,094	62,501	58,785
2.1b Earnings Before Interest, Taxes, Depreciation and Amortization ²	79,745	80,148	75,032

Data source: 2023/24 financial statements and internal forecast and budget models

¹PM 2.1a targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 64,306 and 66,956, respectively.

²PM 2.1b targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 81,968 and 84,836, respectively.

The 2023/24 actual net income was \$3.7 million below target. This was mainly attributed to the repairs required at ALH, partially offset by higher income from the other power facilities. Higher earnings were realized at the BRX, BRD and WAX due to lower operating expenses and higher interest earnings. Operating expenses were reduced due to timing and deferral of some lower priority projects due to resource constraints allocated to support the ALH repair.

Financial Report

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

Discussion of Results

The Financial Summary provides an overview of the financial performance of Columbia Power for the fiscal year ended March 31, 2024.

Net income was \$3.7 million below the target. This is due to lower revenues from the power facilities partially offset by higher interest income. While the ALH U1 turbine repair reduced net earnings, the other power facilities continued to provide revenue growth through strong asset management and effective cost management. Columbia Power continued to support a local sponsorship and bursary program and an annual contribution to the Province for the Invasive Mussel Defence Program. Interest earnings on available cash exceeded budget due to rising interest rates. Despite the impact on earnings from the ALH U1 turbine failure, Columbia Power was able to return dividends to the Province of \$44 million as planned.

Financial Summary

(\$000s)	2022/23 Actual	2023/24 Budget	2023/24 Actual	2023/24 Variance
Revenues				
Operating Revenue				
Recoveries	3,667	4,137	4,136	(1)
Income from Equity Accounted Investees				
Arrow Lakes Power Corporation	19,423	19,692	12,587	(7,105)
Brilliant Expansion Power Corporation	9,904	10,133	10,943	810
Brilliant Power Corporation	15,228	15,902	16,093	191
Waneta Expansion Power Corporation	37,247	36,591	37,580	989
Total Revenue	85,469	86,455	81,339	(5,116)
Expenses				
Staff and General Administration	4,273	4,712	4,649	63
Sponsorships and Bursaries	54	149	211	(62)
Zebra Quagga Mussel – Provincial Defense Contribution	250	250	250	-
Grants in Lieu of Property Taxes	1,138	1,196	1,197	(1)
Interest Expense	20,788	20,808	20,827	(19)
Less: Interest Revenue	(3,128)	(3,161)	(4,580)	1,419
Total Expenses	23,375	23,954	22,554	1,400
Net Income	62,094	62,501	58,785	(3,716)
Total Debt	630,681	627,331	627,151	180
Retained Earnings	185,723	201,804	200,508	1,296
Dividends to the Province	47,000	44,000	44,000	-

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

Variance and Trend Analysis

Recovery revenues include the flow through of Asset Management Services provided to the power facilities. Recovery revenues were largely offset by asset management expenses. Columbia Power and the Trust implemented an Asset Management Services Agreement effective January 1, 2020, under which the Trust provides support, on a cost recovery basis, to Columbia Power in all areas of facility operations including engineering and maintenance management, human resources, accounting, payroll, records management, information technology and other support functions. Columbia Power remains the appointed manager of the power facilities under this Agreement.

Overall income from the power facilities was lower than target as a result of the repair at ALH. The other facilities continued to provide favourable net income results with increasing revenues due to high reliability, inflation-linked escalation of prices under long-term agreements, effectively managed operating expenses and higher interest income. Total income from equity accounted investees was \$5.1 million lower than target.

Operating expenses and interest and financing expenses were in alignment with the targets. Long-term debt is secured at fixed interest rates and not subject to market fluctuation. Interest revenues were \$1.4 million greater than target due to rising interest rates.

Risks and Uncertainties

Columbia Power's generation assets provide stable streams of revenue, with long-term agreements forming the majority of sales. The hydrology risk related to seasonal variability of water flows is mitigated by agreements with BC Hydro and other counterparties. Pricing and currency risks are mitigated as agreements are in Canadian dollars.

There is inherent risk of unplanned outages, which we experienced this year with the ALH U1 turbine repair. While significant, this is not extraordinary in nature for the industry. Our experienced and highly qualified operations team, partnerships with the OEM, and the maintenance contracts with FortisBC ensure we have the resources, people and expertise to effectively manage the required repairs.

Income may be impacted by inflationary increases on operating costs, including maintenance expenses, environmental commitments and on-going requirements, administration, insurance, property taxes and water rentals. Operating expenses are managed through regular reporting and forecasting and managing the right balance of annual maintenance through our RCM programs. Debt financing is secured through fixed rates and not subject to market fluctuations.

Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the [2021/22](#) and [2023/24](#) Mandate Letters from the Minister Responsible.

2021/22 Mandate Letter Priority	Status as of March 31, 2024
<p>Continue to ensure long-term profitability, reliability, safety and environmental sustainability of the facilities in which Columbia Power Corporation, on behalf of its shareholder the Province, has an ownership share through effective and efficient management of plant operation and maintenance.</p>	<ul style="list-style-type: none"> • Profits from ALH saw a decrease due to a significant failure and ensuing repair process over the fiscal; however, dividends to the Province were in line with target • Profitability and reliability of the other jointly owned power projects continued to exceed targets in 2023/24.

Appendix B: Subsidiaries and Operating Segments

Active Subsidiaries

Columbia Power owns four hydroelectric 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

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

Financial Summary

(\$000)	2022/23 Actual	2023/24 Budget	2023/24 Actual
Revenues	72,628	73,757	66,132
Expenses	33,783	34,373	40,958
Net Income	38,845	39,384	25,174

Discussion of Variance

The 2023/24 net income was lower than target due to the unplanned U1 turbine repair over 11 months of the fiscal year. This single unit outage resulted in a decrease in revenues for Columbia Power. While management worked closely with the company's insurers to secure maximum coverage for the business interruption and property repair costs (net of applicable deductibles), the liquidated damages, payable under the long-term power sales agreement with BC Hydro, were not recoverable through insurance.

Brilliant Expansion Power Corporation

Brilliant Expansion Power Corporation (BEPC) owns BRX.

Financial Summary

(\$000)	2022/23 Actual	2023/24 Budget	2023/24 Actual
Revenues	34,189	34,871	35,795
Expenses	14,381	14,605	13,909
Net Income	19,808	20,266	21,886

Discussion of Variance

Net income for 2023/24 exceeded target by \$1.6 million. This is due to increased revenues from high reliability, lower operating expenses, and higher interest income. Operating expenses were lower resulting from the deferral of some projects due to the allocation of resources to the ALH repair. Projects are forecast to be completed over the coming years and there are no expected impacts on equipment reliability risk as a result. These cost reductions were partially offset by higher water rentals and insurance costs due to annual escalations that were greater than forecast.

Brilliant Power Corporation

Brilliant Power Corporation (BPC) owns BRD and the Brilliant Terminal Station (BTS).

Financial Summary

(\$000)	2022/23 Actual	2023/24 Budget	2023/24 Actual
Revenues	48,996	48,669	49,175
Expenses	18,541	16,866	16,989
Net Income	30,455	31,803	32,186

Discussion of Variance

The 2023/24 net income exceeded target by \$400,000. This is mainly due to higher interest income earned during the year due to rising interest rates. There were some additional expenses for routine maintenance that are offset through operating revenues under the long-term agreement with FortisBC.

Waneta Expansion Corporation

Waneta Expansion Power Corporation (WEPC) owns WAX.

Financial Summary

(\$000)	2022/23 Actual	2023/24 Budget	2023/24 Actual
Revenues	105,945	106,232	108,612
Expenses	43,178	44,775	45,177
Net Income	62,767	61,457	63,435

Discussion of Variance

The net income for 2023/24 exceeded the target by \$1.9 million due to higher revenues and interest income and lower operations and maintenance expenses. Reliability at the facility was high, resulting in minimal unplanned outages. Operations and maintenance costs were lower resulting from the deferral of some projects due to the allocation of resources to the ALH repair. Projects are forecast to be completed over the coming years and there are no expected impacts to equipment reliability as a result.

Appendix C: Auditor's Report and Audited Financial Statements

COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2024

COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2024

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COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2024

Statement of Management Responsibility

The consolidated financial statements of Columbia Power Corporation have been prepared by management in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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.

KPMG LLP has been appointed by the Board of Directors to audit the consolidated financial statements. KPMG LLP's report is attached, outlining the scope of their examination and providing their 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 28, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Columbia Power Corporation, and

To the Minister of Finance, Province of British Columbia

Opinion

We have audited the consolidated financial statements of Columbia Power Corporation (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2024
- the consolidated statement of income and comprehensive income for the year then ended
- the consolidated changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the “financial statements”).

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Kelowna, Canada

May 28, 2024

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

	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	\$	65,441	\$ 75,047
Accounts receivable		543	689
Total current assets		65,984	75,736
Non-current assets			
Investment in equity accounted joint arrangements	6	785,634	774,104
Other investments	7	52,486	45,858
Total non-current assets		838,120	819,962
TOTAL ASSETS	\$	904,104	\$ 895,698
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	8	\$ 6,380	\$ 6,229
Dividends payable		44,000	47,000
Total current liabilities		50,380	53,229
Non-current liabilities			
Loans and borrowings	9	305,498	304,544
Due to Waneta Expansion Power Corporation	10	321,653	326,137
Total non-current liabilities		627,151	630,681
Equity			
Share capital	11	-	-
Contributed surplus		26,065	26,065
Retained earnings		200,508	185,723
Total equity		226,573	211,788
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$	904,104	\$ 895,698
Commitments	16		
Contingencies	17		
Subsequent event	19		

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 INCOME AND COMPREHENSIVE INCOME***For the year ended March 31**(in thousands)*

	Notes	2024	2023
Revenue	12	\$ 4,136	\$ 3,667
Equity income	6	77,203	81,802
Other expenses	14	(6,307)	(5,715)
Results from operating activities		75,032	79,754
Finance income		4,580	3,128
Finance costs	13	(20,827)	(20,788)
Net finance costs		(16,247)	(17,660)
INCOME AND COMPREHENSIVE INCOME		\$ 58,785	\$ 62,094

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)

	Contributed Surplus		Retained Earnings		Total Equity
Balance at April 1, 2022	\$	26,065	\$	170,629	\$ 196,694
Income and comprehensive income		-		62,094	62,094
Dividend to equity holders		-		(47,000)	(47,000)
Balance at March 31, 2023	\$	26,065	\$	185,723	\$ 211,788
Balance at April 1, 2023	\$	26,065	\$	185,723	\$ 211,788
Income and comprehensive income		-		58,785	58,785
Dividend to equity holders		-		(44,000)	(44,000)
Balance at March 31, 2024	\$	26,065	\$	200,508	\$ 226,573

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	2024	2023
Cash flows used in operating activities			
Income and comprehensive income		\$ 58,785	\$ 62,094
Adjustments to reconcile cash flow from operations			
Finance income		(4,580)	(3,128)
Finance expense	13	20,827	20,788
Equity income	6	(77,203)	(81,802)
Net change in non-cash working capital balances			
Accounts receivable		(60)	(67)
Prepaid expenses		-	1
Accounts payable and accrued liabilities		86	90
Net cash used in operating activities		(2,145)	(2,024)
Cash flows used in financing activities			
Interest paid		(20,246)	(20,246)
Dividends paid	18(d)	(47,000)	(47,000)
Contributions to Waneta Expansion Power Corporation sinking fund		(3,706)	(3,404)
Net cash used in financing activities		(70,952)	(70,650)
Cash flows from investing activities			
Interest received		2,861	1,095
Dividends received	6	65,673	80,105
Investment in bond sinking fund	7	(5,043)	(5,043)
Net cash from investing activities		63,491	76,157
Increase (decrease) in cash and cash equivalents		(9,606)	3,483
Cash and cash equivalents, beginning of year		75,047	71,564
Cash and cash equivalents, end of year		\$ 65,441	\$ 75,047

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

COLUMBIA POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024
(Tabular amounts in thousands)

1. Reporting entity:

Columbia Power Corporation (Columbia Power) is a company incorporated in British Columbia, 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), and a provincially-owned Crown corporation, it is exempt from income taxes. 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 an Agreement signed in 1995 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) 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 – Material accounting policies, have been applied in preparing the consolidated financial statements for the year ended March 31, 2024, and the comparative information presented in these consolidated financial statements for the year ended March 31, 2023.

The consolidated financial statements were approved by the Board of Directors and authorized for issue on May 28, 2024.

(b) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, which is Columbia Power's functional currency.

(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)(i) – Investments in joint arrangements and associates (equity accounted investees)
- Note 3(c) – Designation of financial instruments
- Note 3(d) – Leased assets

Information about significant 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(e) – Impairment
- Note 17 – Contingencies

(e) Determination of fair values:

Certain accounting policies and disclosures require the determination of fair value for financial assets and liabilities. The fair value of other investments, 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. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

3. Material accounting policies:

The material 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 inter-company transactions with equity accounted investees are eliminated

COLUMBIA POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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:

Financial instruments are 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	Amortized cost
Other investments	Amortized cost
Accounts receivable	Amortized cost

Financial Liability	Classification
Accounts payable and accrued liabilities	Amortized cost
Loans and borrowings	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 initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities 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) 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 over the lease term. A lease liability is initially measured at the present value of the unpaid lease payments.

(e) 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 there is no evidence indicating that Columbia Power's financial assets are impaired at March 31, 2024.

(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, the asset's recoverable amount is estimated. Columbia Power management has determined that there are no indications of impairment of the carrying amounts of

Columbia Power's non-financial assets at March 31, 2024.

(f) 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 Income and Comprehensive Income as the services are provided.

(g) Asset Management Services:

The Trust and Columbia Power implemented an Asset Management Services Agreement effective January 1, 2020, wherein the Trust provides support to Columbia Power 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. 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. Amounts incurred by Columbia Power in connection with the Asset Management Services Agreement are expensed in administration and management expense.

(h) Finance income and finance costs:

Finance income is comprised of interest income on cash and cash equivalents. Finance costs are comprised of interest expense on loans and borrowings, the unwinding of the discount on provisions, and bank fees. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in income and comprehensive income.

4. Changes in joint ventures:

Waneta Expansion (WAX) was constructed to operate the 340 megawatt (MW) generating station 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, was previously owned by the Waneta Expansion Limited Partnership (WELP). WELP ownership consisted of Fortis Inc. holding 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 Expansion Corporation (CBT Waneta) purchased Fortis Inc.'s 51% interest in WELP. CBT Waneta is a direct subsidiary of Columbia Basin Trust (the Trust, a provincial Crown Corporation). The purchase agreement was completed through a series of transactions and amalgamations, which resulted in the creation of Waneta Expansion Power Corporation (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).

Each partner contributed their original equity interest in WELP as part of the business combination. A Fiscal Agency Loan (FAL)

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through the Province, funded the purchase of Fortis Inc.'s 51% interest (see note 9 – Loans and borrowings). Through an intercompany 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 power subsidiaries which were incorporated in British Columbia:

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 BC Hydro's 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 in 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 finance lease terms. The Brilliant Power Facility is located on the Kootenay River, three kilometres upstream of the confluence with the Columbia River, in Castlegar, British Columbia.

Waneta Expansion Power Corporation (WEPC)

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 BC Hydro's 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 each 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.

COLUMBIA POWER CORPORATION
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Revenue 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 ALPC and BPC, 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 50% share of profit in its equity accounted joint arrangements for the year was:

	2024	2023
ALPC	\$ 12,587	\$ 19,423
BEPC	10,943	9,904
BPC	16,093	15,227
WEPC*	37,580	37,248
	<u>\$ 77,203</u>	<u>\$ 81,802</u>

*This amount includes a consolidation adjustment at March 31, 2024 for \$5.9 million (2023 - \$5.9 million). 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 2024, Columbia Power received the following dividends from its 50% investment in equity accounted joint arrangements:

	2024	2023
ALPC	\$ -	\$ 15,700
BEPC	12,023	11,680
BPC	7,750	7,500
WEPC	45,900	45,225
	<u>\$ 65,673</u>	<u>\$ 80,105</u>

The following supplemental information has not been adjusted for the percentage ownership held by Columbia Power (50% ownership in each joint arrangement):

	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Assets	Total Revenue	Total Expenses	Total Income
March 31, 2024										
ALPC*	\$ 44,511	\$ 199,123	\$ 243,634	\$ 21,073	\$ 277,526	\$ 298,599	\$ (54,965)	\$ 66,828	\$ (41,654)	\$ 25,174
BEPC	10,622	190,979	201,601	1,254	-	1,254	200,347	36,350	(14,464)	21,886
BPC	25,063	353,594	378,657	17,807	21,708	39,515	339,142	50,516	(18,330)	32,186
WEPC**	41,604	2,769,994	2,811,598	9,911	979,344	989,255	1,822,343	137,823	(74,388)	63,435
	<u>\$ 121,800</u>	<u>\$ 3,513,690</u>	<u>\$ 3,635,490</u>	<u>\$ 50,045</u>	<u>\$ 1,278,578</u>	<u>\$ 1,328,623</u>	<u>\$ 2,306,867</u>	<u>\$ 291,517</u>	<u>\$ (148,836)</u>	<u>\$ 142,681</u>

	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Assets	Total Revenue	Total Expenses	Total Income
March 31, 2023										
ALPC	\$ 25,611	\$ 201,910	\$ 227,521	\$ 20,094	\$ 287,566	\$ 307,660	\$ (80,139)	\$ 73,248	\$ (34,403)	\$ 38,845
BEPC	9,460	194,424	203,884	1,377	-	1,377	202,507	34,526	(14,718)	19,808
BPC	24,813	350,666	375,479	18,192	34,831	53,023	322,456	50,057	(19,602)	30,455
WEPC**	40,893	2,800,040	2,840,933	9,760	980,465	990,225	1,850,708	134,208	(71,441)	62,767
	<u>\$ 100,777</u>	<u>\$ 3,547,040</u>	<u>\$ 3,647,817</u>	<u>\$ 49,423</u>	<u>\$ 1,302,862</u>	<u>\$ 1,352,285</u>	<u>\$ 2,295,532</u>	<u>\$ 292,039</u>	<u>\$ (140,164)</u>	<u>\$ 151,875</u>

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*ALPC total assets for the year ended March 31, 2024, include amounts receivable from insurance recoveries of \$21.3 million, as a result of major repairs to one of the generating units. Revenue for the year ended March 31, 2024, includes total insurance recoveries of \$32.6 million. Total expenses, for the year ended March 31, 2024, include major repair expenses of \$5.5 million.

**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 \$336 million (see note 10 – Due to Waneta Expansion Power Corporation).

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

	ALPC	BEPC	BPC	WEPC	Total
Investment in equity accounted joint arrangements at March 31, 2022	\$ (43,832)	\$ 103,030	\$ 153,500	\$ 559,709	\$ 772,407
Dividends paid	(31,400)	(23,360)	(15,000)	(90,450)	(160,210)
Net income	38,845	19,808	30,455	62,767	151,875
Net assets of equity accounted joint arrangements at March 31, 2023	(80,139)	202,507	322,456	1,850,708	2,295,532
Columbia Power's share	50%	50%	50%	50%	
	(40,070)	101,254	161,228	925,354	1,147,766
<i>Less: elimination entry</i>	(38)	-	-	(373,624)	(373,662)
Investment in equity accounted joint arrangements at March 31, 2023	(40,108)	101,254	161,228	551,730	774,104
Dividends paid	-	(24,046)	(15,500)	(91,800)	(131,346)
Net income	25,174	21,886	32,186	63,435	142,681
Net assets of equity accounted joint arrangements at March 31, 2024	(54,965)	200,347	339,142	1,822,343	2,306,867
Columbia Power's share	50%	50%	50%	50%	
	(27,483)	100,174	169,571	911,172	1,153,434
<i>Less: elimination entry*</i>	(37)	-	-	(367,763)	(367,800)
Investment in equity accounted joint arrangements at March 31, 2024	\$ (27,520)	\$ 100,174	\$ 169,571	\$ 543,409	\$ 785,634

* Elimination Entries

ALPC: Elimination of 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 of \$37 thousand for the year ending March 31, 2024 (2023 - \$38 thousand).

WEPC: 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.

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 Corporation (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

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cumulative dividends of \$272.9 million less cumulative net income of \$278.2 million since fiscal 2012 have decreased the deficit in ALPC to \$54.9 million at the end of fiscal 2024.

As 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 (2024 – (\$27.5) million), (2023 – (\$40.1) 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 21 years are expected to generate sufficient revenue and cash flow to fund ongoing operations for the foreseeable future.

7. Other investments:

Other investments are comprised of a bond sinking fund held with the Province to provide for series A debenture retirement in June 2044 (see note 9 – Loans and borrowings). Columbia Power makes annual payments of \$5.0 million to the sinking fund (see note 16 – Commitments). The sinking fund is recorded at amortized cost.

8. Accounts payable and accrued liabilities:

	2024		2023	
Accounts payable and accrued liabilities	\$	659	\$	521
Accrued interest		5,721		5,708
	\$	6,380	\$	6,229

9. Loans and borrowings:

	2024		2023	
Non-current liabilities				
Series A debenture	\$	307,416	\$	306,525
Less: Financing costs		(1,918)		(1,981)
Total loans and borrowings	\$	305,498	\$	304,544

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 \$5.4 million and annual payments of \$5.0 million to a sinking fund for debt retirement (see note 16 – Commitments).

	Discount	Interest and Fees	Net Proceeds	Coupon rate	Effective rate	2024 Carrying Amount	2023 Carrying Amount
Series A debenture	\$ 35,312	\$ 5,892	\$ 300,667	3.2%	3.83%	\$ 305,498	\$ 304,544

10. 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 loans and borrowings held in

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WEPC. Columbia Power has recorded an amount Due to Waneta Expansion Power Corporation and 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 \$3.7 million for the year ended March 31, 2024 (2023 - \$3.4 million). Future payments will mirror WEPC's scheduled sinking fund contributions to the Province under the terms of agreement (see note 16 – Commitments).

Columbia Power's share of the fixed semi-annual interest payments is \$4.7 million.

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

	2024	2023
Non-current liabilities		
WEPC - Series A	\$ 183,066	\$ 183,369
Less: Financing costs	(966)	(991)
WEPC - Series B	154,929	155,062
Less: Financing costs	(980)	(1,005)
Contributions to WEPC sinking fund	(14,396)	(10,298)
	<u>\$ 321,653</u>	<u>\$ 326,137</u>

	Premium	Interest and Fees	Net Proceeds	Coupon rate	Effective rate	2024 Carrying Amount	2023 Carrying Amount
WEPC - Series A	\$ 12,933	\$ 2,529	\$ 184,857	2.95%	2.597%	\$ 182,100	\$ 182,378
WEPC - Series B	5,816	2,803	156,157	2.95%	2.764%	153,949	154,057
Contributions to WEPC sinking fund						(14,396)	(10,298)
						<u>\$ 321,653</u>	<u>\$ 326,137</u>

11. Share capital:

At March 31, 2024, and March 31, 2023 Columbia Power has 6 common shares authorized with no par value and issued for \$6.

12. Revenue:

Revenue for the year ended March 31, 2024 consists of costs recoveries of \$4.1 million (2023 - \$3.7 million) for Asset Management Services provided to the joint ventures (see note 3(g) - Material accounting policies - Asset management services and note 18 - Related party transactions).

13. Finance costs:

	Notes	2024	2023
Interest on loans due to the Province	18(c)	\$ 11,625	\$ 11,579
Interest on loans due to WEPC	18(c)	9,093	9,103
Financing costs		105	102
Bank fees		4	4
		<u>\$ 20,827</u>	<u>\$ 20,788</u>

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14. Other expenses:

	2024	2023
Administration and management	\$ 4,714	\$ 4,216
Grants in-lieu of property taxes	1,197	1,138
Community sponsorship	146	111
Contribution - Invasive Mussel Defence Program	250	250
	<u>\$ 6,307</u>	<u>\$ 5,715</u>

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

The percentage of accounts receivable balance older than 90 days as at March 31, 2024 is 0% (2023 - 0%).

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

	2024	2023
	Carrying amounts	
Cash and cash equivalents	\$ 65,441	\$ 75,047
Accounts receivable	543	689
Other investments	52,486	45,858
	<u>\$ 118,470</u>	<u>\$ 121,594</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 and the Trust for short-term financing. Under the terms of the FAL, 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

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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, 2024							
Accounts payable and accrued liabilities	\$ 6,380	\$ 6,380	\$ 6,380	\$ -	\$ -	\$ -	\$ -
Loans and borrowings*	305,498	216,714	2,314	5,360	10,720	32,160	166,160
Due to Waneta Expansion Power Corporation*	321,653	248,494	2,057	4,739	9,478	28,435	203,785
	<u>\$ 633,531</u>	<u>\$ 471,588</u>	<u>\$ 10,751</u>	<u>\$ 10,099</u>	<u>\$ 20,198</u>	<u>\$ 60,595</u>	<u>\$ 369,945</u>
March 31, 2023							
Accounts payable and accrued liabilities	\$ 6,229	\$ 6,229	\$ 6,229	\$ -	\$ -	\$ -	\$ -
Loans and borrowings*	304,544	227,447	2,327	5,360	10,720	32,160	176,880
Due to Waneta Expansion Power Corporation*	326,137	257,972	2,057	4,739	9,478	28,435	213,263
	<u>\$ 636,910</u>	<u>\$ 491,648</u>	<u>\$ 10,613</u>	<u>\$ 10,099</u>	<u>\$ 20,198</u>	<u>\$ 60,595</u>	<u>\$ 390,143</u>

*Note that cash flows do not reflect contributions to the sinking funds set up for debt retirement (see note 16 – 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 is comprised of 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's revenues and significant expenses are in Canadian dollars and are 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, sinking fund investments are affected by interest rate changes. Columbia Power manages interest rate risk by monitoring sinking fund interest earnings, 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 \$38.2 million (2023 - \$41.6 million) decrease in the Series A debenture price, a decrease in interest rates of 100 basis points will incite a \$45.6 million (2023 - \$4.8 million) increase 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.

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(e) Capital management:

Columbia Power's capital consists of shareholders' equity plus loans and borrowings less investments held in bond sinking funds.

Columbia Power's capital management objectives are to:

- Maintain a debt to equity ratio that is not lower than 70/30; and
- Target a long term capital structure with sufficient equity and working capital reserves to maintain commercial viability of Columbia Power and its equity accounted joint ventures.

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

(f) Fair values:

The carrying values of financial instruments approximate fair value as at March 31, 2024, and March 31, 2023, due to their short-term maturity, except for other investments, loans and borrowings and due to WEPC. The fair value of other investments is provided by the Province's Debt Management Branch at March 31, 2024, and 2023. 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:

	2024		2023	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Assets carried at amortized cost				
Accounts receivable (Level 3)	\$ 543	\$ 543	\$ 689	\$ 689
Other investments - bond sinking fund (Level 1)	52,486	41,263	45,858	36,503
	\$ 53,029	\$ 41,806	\$ 46,547	\$ 37,192
Liabilities carried at amortized cost				
Accounts payable and accrued liabilities (Level 3)	\$ 6,380	\$ 6,380	\$ 6,229	\$ 6,229
Loans and borrowings (Level 2)	305,498	249,669	304,544	272,246
Due to Waneta Expansion Power Corporation (Level 2)	321,653	261,065	326,137	274,017
	\$ 633,531	\$ 517,114	\$ 636,910	\$ 552,492

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, 2024 is \$52.5 million (2023 - \$45.9 million) which takes into account actual returns to the fund to date. DMB provided the sinking fund market value of \$41.3 million (2023 - \$36.5 million).

Management has made the following assumptions in determining the fair value of the 2024 loans and borrowings:

- The discounted cash flow methodology is appropriate given that the amounts and timing of the cashflows are reasonably determinable.

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- 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, 2024, management selected interest rates of 4.4% (2023 - 4.0%) and 4.4% (2023 - 4.0%) respectively, based on the maturity dates.

16. Commitments:

Under the terms of the FAL 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 five years and thereafter are as follows:

	Sinking Fund		Sinking Fund		Total
	Series A		WEPC		
2025	\$	5,043	\$	3,921	\$ 8,964
2026		5,043		4,205	9,248
2027		5,043		4,543	9,586
2028		5,043		4,832	9,875
2029		5,043		5,053	10,096
Thereafter		80,688		182,670	263,358
	\$	105,903	\$	205,224	\$ 311,127

17. Contingencies:

Columbia Power may become involved in claims and litigation in the normal course of operations. 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.

18. 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 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 the Trust, which are determined on a cost recovery basis. The joint ventures are related parties to Columbia Power (see note 5 - Description of equity accounted joint arrangements and note 6 - Summary financial information for equity accounted joint arrangements). Details of transactions between Columbia Power and related parties which have not been eliminated are summarized in the following tables.

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(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	2024		2023	
Accounts receivable	\$	116	\$	67
Accounts payable and accrued liabilities		5,721		5,708
Statement of Income and Comprehensive Income	2024		2023	
Revenue	\$	4,141	\$	3,667
Expenses				
Administration and management		4,420		3,913
Community sponsorship		250		250
Total expenses	\$	4,670	\$	4,163

The total accounts payable and accrued liabilities for the year ended March 31, 2024 of \$5.7 million (2023 - \$5.7 million) consists primarily of accrued loan interest due to the Province of \$3.0 million (2023 - \$3.0 million) and to WEPC of \$2.7 million (2023 - \$2.7 million).

Amounts included in revenue for the year ended March 31, 2024 of \$4.1 million (2023 - \$3.7 million) include the management fees charged to each of Columbia Power's power subsidiaries.

Amounts included in expenses at March 31, 2024 of \$4.7 million (2023 - \$4.2 million) (see note 14 - Other expenses) consist primarily of management services paid to the Trust under the Asset Management Services Agreement, community sponsorships and director stipends paid to the Province. The management services are included in the administration and management expense and total \$4.4 million for the year ended March 31, 2024 (2023 - \$3.9 million). The 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, 2024 and March 31, 2023, Columbia Power has a debenture outstanding payable to the Province. Details of these loans are provided in note 9 – Loans and borrowings. Annual contributions to a sinking fund are required for debt retirement with a contribution in fiscal 2024 of \$5.0 million (2023 - \$5.0 million).

At March 31, 2024 and March 31, 2023, Columbia Power has a loan outstanding payable to WEPC. Details of this loan are provided in note 10 – Due to Waneta Expansion Power Corporation.

Total interest expense for the year ended March 31, 2024 associated with the loans from related parties of \$20.7 million (2023 - \$20.7 million) is included in the "Interest on loans and borrowings" line item in note 13 - Finance costs.

(d) Dividends:

During the year ended March 31, 2024, Columbia Power declared and accrued dividends payable of \$44 million to the

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Province (2023 – \$47 million).

(e) Key management 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, 2024, as follows:

		2024		2023
Retainers	\$	51	\$	45
Meeting fees		7		6
	\$	58	\$	51

19. Subsequent event:

In April 2024, during a planned maintenance repair on one of the two generating units at the Arrow Lakes Generating Station, an unexpected failure was discovered. Investigations into the failure root cause are ongoing. Preliminary repair duration is estimated to be four months. Equity income may be negatively impacted in the year ended March 31, 2025, and management is working closely with Arrow Lakes Power Corporation's insurance providers on policy coverage. An estimate on the impact on revenues and income can not be reasonably determined at this time.