COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

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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	David de Git, CPA CMA
Acting President and CEO	Director, Finance

May 17, 2017

COLUMBIA POWER CORPORATION
Statement of Income to Budget (Unaudited)
For the year ended March 31, 2017
(Expressed in thousands of dollars)

		Actual		Budget		Budget to Actual Variance		Prior Year		Current Year to Prior Year Variance
REVENUES										
Services Agreement & Management Fees	$	967	$	1,025	$	(58)	$	1,743	$	(776)
Recoveries		3,057		3,705		(648)		4,052		(995)
		4,024		4,730		(706)		5,795		(1,771)
Investment Income:										
ALPC (50%)		15,585		15,496		89		3,561		12,024
BEPC (50%)		11,813		10,867		946		10,962		851
BPC (50%)		11,706		11,771		(65)		11,100		606
WEPC (58%)		2,303		1,242		1,061		12,887		(10,584)
WELP (32.5%)		20,814		18,421		2,393		20,350		464
		62,221		57,797		4,424		58,860		3,361
OPERATING EXPENSES										
Other expenses		12,648		10,687		(1,961)		8,508		(4,140)
		12,648		10,687		(1,961)		8,508		(4,140)
EBITDA		53,597		51,840		1,757		56,147		(2,550)
AMORTIZATION & FINANCING EXPENSES										
Amortization expense		238		239		1		228		(10)
Financing expense		12,486		11,419		(1,067)		12,235		(251)
Less: gain on sale of property, plant and equipment		-		-		-		19		(19)
Less: interest revenue		1,373		1,301		72		814		559
		11,351		10,357		(994)		11,630		279
CONSOLIDATED NET INCOME	$	42,246	$	41,483	$	763	$	44,517	$	(2,271)

Breakdown of Other Expense as per Budget Approved by the Board on March 17, 2016:

		Actual		Budget		Variance
Budget element						
Salaries & benefits	$	4,080,833	$	4,885,000	$	804,167
Travel & Business Expense		149,677		242,000		92,323
Board Expenses		81,625		90,000		8,375
Advisory Services & Audit		196,035		566,000		369,965
Systems and Networks		292,603		313,000		20,397
Rent Expense		314,487		350,000		35,513
Corporate Operations		191,802		410,000		218,198
First Nations Sponsorship		31,048		35,000		3,952
Training, Conferences, Memberships		267,365		218,000		(49,365)
Miscellaneous Expenses		650		24,000		23,350
Depreciation		238,271		239,000		729
Business Development third party costs		-		750,000		750,000
Loss on Disposal Fixed Assets		-		5,000		5,000
Corporate Communications		164,407		182,000		17,593
Community Sponsorship		341,900		337,000		(4,900)
Grants-in-Lieu		561,428		523,000		(38,428)
Loss on write-down of capitalized project costs		4,720,350		-		(4,720,350)
Extraordinary		1,253,648		579,000		(674,648)
Subtotal		**12,886,131**		**9,748,000**		**(3,138,131)**
Interest expense		12,405,339		11,419,000		(986,339)
Financing cost						
(Debt Issue Cost Amortization)		79,566		-		(79,566)
		25,371,035		21,167,000		(4,204,035)
Recoveries		(3,056,627)		(3,705,000)		(648,373)
Other recoveries		-		(80,000)		(80,000)
Deferred development management costs		-		(750,000)		(750,000)
Net expense after recoveries and cost deferal		22,314,408		16,632,000		(5,682,408)
Remove other line items:						
Interest expense		(12,484,905)		(11,419,000)		1,065,905
Depreciation/amortization		(238,271)		(239,000)		(729)
Sub-total		**9,591,233**		**4,974,000**		(4,617,233)
Add back recoveries for presentation		3,056,627		3,705,000		648,373
Other expenses	$	**12,647,859**	$	**8,679,000**	$	**(3,968,859)**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Columbia Power Corporation, and
To the Minister of Energy and Mines, Province of British Columbia

I have audited the accompanying consolidated financial statements of Columbia Power Corporation (the “entity”), which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Columbia Power Corporation as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Russ Jones

Victoria, British Columbia	Russ Jones, FCPA, FCA
May 17, 2017	Deputy Auditor General

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

	Notes	March 31, 2017	March 31, 2016
Assets			
Current assets			
Cash and cash equivalents	9	$ 68,598	$ 37,205
Accounts receivable	10	146	1,431
Prepaid expense		18	30
Other investments	11	51,413	51,009
Total current assets		120,175	89,675
Non-current assets			
Restricted cash	9	612	608
Investment in equity accounted joint arrangements	5, 6	225,441	215,735
Investment prior to limited partnership	7, 8	1,325	1,325
Investment in Waneta Expansion Limited Partnership	4, 7, 8	242,454	241,790
Property, plant & equipment	12	579	759
Other investments	11	10,748	5,258
Deferred development costs	13	-	4,349
Total non-current assets		481,159	469,824
TOTAL ASSETS		$ 601,334	$ 559,499
Liabilities and Shareholder's Equity			
Current liabilities			
Accounts payable and accrued liabilities	14	$ 4,364	$ 4,512
Dividends payable	25	68,800	2,000
Total current liabilities		73,164	6,512
Non-current liabilities			
Loans and borrowings	15	299,529	298,800
Provisions	4,16	27,148	26,140
Total non-current liabilities		326,677	324,940
Equity			
Share capital	17	-	-
Contributed surplus	18	26,065	26,065
Retained earnings	4	175,428	201,982
Total Equity		201,493	228,047
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		$ 601,334	$ 559,499
Commitments	28		
Contingencies	29		

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

APPROVED ON BEHALF OF THE BOARD:

Lillian White

Director

Director

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

	Notes		2017		2016
Revenue	19	$	4,024	$	5,795
Other income	4, 20		62,221		58,878
Depreciation expense	12		(238)		(228)
Other expenses	23		(12,648)		(8,507)
Results from operating activities			53,359		55,938
Finance income	21		1,373		814
Finance costs	4, 22		(12,486)		(12,235)
Net finance income			(11,113)		(11,421)
Net comprehensive income for the year		$	42,246	$	44,517

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

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

	Notes	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance at April 1, 2015 as previously stated			$ 26,065	$ 162,496	$ 188,561
Correction of an error relating to previous years	4			(3,031)	(3,031)
Balance at April 1, 2015 restated			26,065	159,465	185,530
Net comprehensive income for the year	4		-	44,517	44,517
Dividend to equity holder	25		-	(2,000)	(2,000)
Balance at March 31, 2016		-	$ 26,065	$ 201,982	$ 228,047
Balance at April 1, 2016			$ 26,065	$ 201,982	$ 228,047
Net comprehensive income for the year			-	42,246	42,246
Dividends to equity holder	25		-	(68,800)	(68,800)
Balance at March 31, 2017		-	$ 26,065	$ 175,428	$ 201,493

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

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

	Notes		2017		2016
Cash flows from operating activities					
Net comprehensive income for the year		$	42,246	$	44,517
Adjustments to reconcile cash flow from operations					
Depreciation of property, plant and equipment	12		238		228
Interest income	21		(1,373)		(814)
Interest expense	22		12,486		12,235
Write down of Elko development costs			4,721		-
Investment income	6		(62,221)		(58,859)
Net change in non-cash working capital balances					
Accounts receivable			1,285		211
Prepaid expense			12		8
Accounts payable and accrued liabilities			(136)		(437)
Net cash from operating activities			(2,742)		(2,911)
Cash flows from financing activities					
Interest paid			(10,760)		(10,771)
Dividends paid	25		(2,000)		(2,000)
Provision for payable to WELP	16		-		6,025
Net cash used in financing activities			(12,760)		(6,746)
Cash flows from investing activities					
Interest received			522		201
Dividends received	6		51,850		39,361
(Purchase)/sale of temporary investments			-		11,000
Investment in limited partnership	8		-		(8,724)
Investment in Elko	13		(372)		(2,888)
Investment in bond sinking fund	11		(5,043)		(5,043)
(Acquisition)/disposal of property, plant and equipment	12		(58)		(300)
Net cash used in investing activities			46,899		33,607
Increase (decrease) in cash and cash equivalents			31,397		23,950
Cash and cash equivalents, beginning of year			37,813		13,863
Cash and cash equivalents, end of year		$	69,210	$	37,813
CASH CONSISTS OF:					
Restricted cash	9		612		608
Cash available for operations	9		68,598		37,205
		$	69,210	$	37,813

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

1. **Reporting entity:**

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

The Agreement anticipated that several power projects would be undertaken through joint ventures between Columbia Power and subsidiaries of The Trust (the shareholders). The final power project under the Agreement, the Waneta Expansion Project, currently being undertaken through a partnership between CPC Waneta Holdings Ltd. (CPC Waneta - Columbia Power's 100% owned subsidiary), The Trust, and Fortis Inc. achieved substantial completion on April 1, 2015. Final acceptance of the Waneta Expansion Project is expected to occur in April 2018. The cost of all projects is expected to exceed $1 billion. Under the Agreement between the Province and The Trust, the Province committed to make $500 million in capital contributions for the purpose of funding the capital costs of the power projects, with the remaining capital costs to be financed through joint venture borrowings by Columbia Power and The Trust's subsidiaries. The entities holding legal title to the power projects and their governance structures are described in notes 5 and 7.

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

2. **Basis of preparation:**

(a) **Statement of compliance:**

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

The accounting policies set out in note 3 have been applied in preparing the consolidated financial statements for the year ended March 31, 2017, and the comparative information presented in these consolidated financial statements for the year ended March 31, 2016.

The consolidated financial statements were authorized for issue by the board of directors on May 17, 2017.

(b) **Basis of measurement:**

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

2. Basis of preparation (continued):

(c) Functional and presentation currency:

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

(d) Use of estimates and judgments:

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

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

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

Note 2(e) - Determination of fair values;

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

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

Note 3(f) - Leased assets.

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

Note 3(g) - Impairment; and

Notes 3(i) and 29 – Provisions, and Contingencies.

(e) Determination of fair values:

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

3. Significant accounting policies:

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

The accounting policies have been applied consistently by Columbia Power entities.

(a) Basis of consolidation:

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

(i) Investment in subsidiary:

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

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

Joint ventures are those joint arrangements over whose activities Columbia Power has joint control, established by contractual agreement (see note 5 – Description of equity accounted investees).

Associates are those entities in which Columbia Power has significant influence, but not control (or joint control), over the financial and operating policies (see note 7 – Description of subsidiary and subsidiary's equity accounted investee). Significant influence is presumed to exist when Columbia Power holds between 20 and 50 percent of the voting power of another entity.

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

3. Significant accounting policies (continued):

(a) Basis of consolidation:

(iii) Elimination of transactions with equity accounted investees:

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

(b) Foreign currency transactions:

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

(c) Designation of financial instruments:

(i) Non-derivative financial assets:

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

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

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

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

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

3. Significant accounting policies (continued):

(c) Designation of financial instruments (continued):

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

Financial assets at fair value through profit or loss:

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

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

Loans and receivables:

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

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

Held to maturity investments:

Held to maturity investments comprise bond sinking fund investments.

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

3. Significant accounting policies (continued):

(c) Designation of financial instruments (continued):

(ii) Non-derivative financial liabilities:

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

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

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

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

(d) Inventories

Inventories in Columbia Power include Work in progress – development costs. Inventories are stated at the lower of cost and net realizable value. Costs include expenditures that are directly attributable and necessary for the acquisition and development of the asset, and that will be recoverable under the terms of the contract upon sale of the asset. Where applicable, interest during construction will form part of the cost of the work in progress.

(e) Property, plant and equipment:

(i) Recognition and measurement:

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

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

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

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

3. Significant accounting policies (continued):

e) Property, plant and equipment (continued):

(ii) Subsequent costs:

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

(iii) Depreciation:

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

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

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

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

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

(f) Leased assets:

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

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

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

3. Significant accounting policies (continued):

(g) Impairment:

(i) Financial assets:

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

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

Management has determined that there is no evidence indicating that Columbia Power's financial assets are impaired as at March 31, 2017 and March 31, 2016.

(ii) Non-financial assets:

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

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

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

Management has determined that there is no evidence indicating that Columbia Power's non-financial assets are impaired as at March 31, 2017 and March 31, 2016.

3. Significant accounting policies (continued):

(h) Employee benefits:

(i) Defined contribution plan benefits and employee benefits:

Columbia Power's pension plan is described in note 24 – Employee benefits and is accounted for as a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Other long-term employee benefits:

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

(iii) Short-term employee benefits:

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

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

(i) Provisions:

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

Legal or constructive obligations requiring a provision are described in note 16 - Provisions.

(j) Government grants:

The amounts recognized in contributed surplus, per note 18 – Contributed surplus, reflect contributions made by the Province in its capacity of shareholder to Columbia Power.

3. Significant accounting policies (continued):

(k) Finance income and finance costs:

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

Finance costs comprise interest expense on borrowings, 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.

(l) 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.

(m) Income tax:

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

(n) New standards and interpretations not yet adopted:

A number of new standards, interpretations, amendments, and annual improvements to existing standards issued by the International Accounting Standards Board (IASB) are not yet effective for the year ended March 31, 2017, and have not been applied in preparing these consolidated financial statements. As of the reporting date, management has determined there will be no significant impact on Columbia Power's financial statement disclosures from the number of annual improvements. The following standards, which management has determined are more relevant to Columbia Power, have been published but are not effective until Columbia Power's accounting periods beginning after January 1, 2018.

(i) IFRS 9, Financial Instruments:

IFRS 9, Financial Instruments was originally issued in October 2010 and replaced the multiple classification and measurement models in IAS 39, Financial Instruments: Recognition and Measurement, with a single model that has only two classification categories: amortized cost and fair value. The final version of this new standard, issued by the IASB in July 2014, supersedes earlier versions and also replaces IFRIC 9 Reassessment of Embedded Derivatives. This standard largely retains the classification and measurement requirements and new hedge accounting model included in earlier versions, while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. As of the reporting date, management is assessing the impact of the standard on Columbia Power's financial statement disclosures.

3. Significant accounting policies (continued):

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

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

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

The main features of the new standard are as follows:

- An entity identifies the contract(s) with a customer and the performance obligations in the contract, determines the transaction price and allocates it to the performance obligations, and recognizes revenue when (or as) the entity satisfies the performance obligations.
- Performance obligations are satisfied when promised goods or services are transferred to a customer (i.e., when the customer obtains control of those goods or services).
- An entity recognizes assets for some costs incurred to obtain a contract, or to fulfil a contract provided the costs are not within the scope of another standard.
- An entity discloses information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The new standard supersedes the requirements in IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC 31 Revenue — Barter Transactions Involving Advertising Services. The new standard is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. As of the reporting date, management is assessing the impact of the standard on Columbia Power's financial statement disclosures.

3. Significant accounting policies (continued):

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

(iii) IFRS 16, Leases:

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

The main features of the new standard are as follows:

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

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

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

4. Prior period adjustment:

a) Correction to recognize obligation relating to maturity of Promissory Note in WELP

In fiscal 2017, management determined that a provision for CPC Waneta's share of the promissory note repayment from WELP to WEPC should have been accrued on a discounted cashflow basis in CPC Waneta at the time the promissory note was set up in WELP in October 2010. The Waneta Expansion Amended and Restated Limited Partnership Agreement stipulates that significant payments (i.e. in excess of $1 million) relating to the construction of the Waneta Expansion project require contributions from the WELP partners according to their ownership interest. Consequently, at the time the promissory note becomes due, Fortis Inc., Columbia Power, and the Trust will be required to contribute $36.72 million, $23.4 million, and $11.88 million respectively. Given that management did not accrue a provision at the time the promissory note was set up in WELP, an error exists in CPC Waneta's financial statements requiring a retrospective adjustment to the March 31, 2017 financial statements.

For fiscal 2016, an adjustment has been made to opening balances on the Statement of Financial Position to record a provision of $19.4 million, to increase the Investment in limited partnership account by $16.3 million, and to increase opening Retained earnings on the Statement of Changes in Equity by $3.0 million. A further adjustment has been made on the Statement of Financial Position and the Statement of Comprehensive Income to increase the Investment in limited partnership and Other income by $1.1 million each (to record CPC Waneta's share of interest earned on the receivable in WELP from the owners with respect to the promissory note), to increase the Provision and Finance costs for interest expense of $747 thousand, and to increase Retained earnings by $331 thousand on the Statement of Changes in Equity.

($ in thousands)	Investment in limited partnership	Provisions	Retained earnings
Balances at April 1, 2015 as previously stated	207,593	-	162,496
Impact of error corrections from prior years	16,337	19,368	(3,031)
Balances at April 1, 2015 as restated	**223,930**	**19,368**	**159,465**
Balances at March 31, 2016 as previously stated	224,374	6,025	204,681
Impact of error corrections as at April 1, 2015	16,337	19,368	(3,031)
Impact of error corrections in fiscal 2016	1,079	747	332
Balances at March 31, 2016 as restated	**241,790**	**26,140**	**201,982**

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

($ in thousands)	Other income	Finance costs	Net Comprehensive income
Balances for the year ended March 31, 2016 as previously stated	57,799	11,488	44,185
Impact of error corrections	1,079	747	332
Balances for year ended March 31, 2016 as restated	**58,878**	**12,235**	**44,517**

5. Description of equity accounted joint arrangements:

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

- **Brilliant Power Corporation (BPC)**

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

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

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

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

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

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

5. Description of equity accounted joint arrangements (continued):

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

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

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

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

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

  According to the Asset Purchase Price Agreement between WELP and WEPC, if the aggregate amount of the design-build costs to the Final Acceptance Date is less than $635,120,000, WELP will pay WEPC an amount equal to the lesser of a) the amount by which the design-build costs are less than $635,120,000 and b) $20,000,000. This amount is payable 90 days after the Final Acceptance Date scheduled at April 1, 2018. Management of Columbia Power and WEPC have determined that it is virtually certain that the Contingent Purchase Price payable at Final Acceptance will be $20 million based on expenditures to date and forecast cost estimates. Management therefore accrued in at March 31, 2016 $19.22 million as income and a long-term receivable which is the present value of $20 million discounted at 2% which is based on the Canadian 3-year zero coupon bond rate of 1.15% plus an appropriate spread for non-recourse debt. The balance of the receivable at March 31, 2017 is $19.6 million.

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 $41,407 thousand (2016: $38,510 thousand) as follows:

For the year ended March 31 ($ in thousands)		**2017**	**2016**
BPC	50%	11,706	11,100
ALPC	50%	15,585	3,561
BEPC	50%	11,813	10,962
WEPC*	58%	2,303	12,887
		41,407	38,510

* Included in WEPC's profit for fiscal 2016 is the Contingent Purchase Price accrual described in note 5.

In 2017, Columbia Power received $31,700 thousand in dividends from its investments in equity accounted joint arrangements (2016: $28,148 thousand) as follows:

For the year ended March 31 ($ in thousands)	**2017**	**2016**
BPC	5,250	6,790
ALPC	13,250	8,237
BEPC	13,200	13,121
	31,700	28,148

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

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

($ in thousands)	Ownership	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities	Net Assets	Total Income	Expenses	Profit (loss) and OCI
March 31, 2016											
BPC	50%	14,753	324,858	339,611	14,158	102,841	116,999	222,612	44,049	(21,849)	22,200
ALPC	50%	28,661	225,420	254,081	13,924	344,336	358,260	(104,179)	43,142	(36,022)	7,120
BEPC	50%	9,537	216,988	226,525	935	-	935	225,590	36,102	(14,179)	21,923
WEPC	58%	-	75,462	75,462	-	-	-	75,462	22,219	-	22,219
		52,951	842,728	895,679	29,017	447,177	476,194	419,485	145,512	(72,050)	73,462
March 31, 2017											
BPC	50%	16,276	327,750	344,026	13,261	95,242	108,503	235,523	44,328	(20,917)	23,411
ALPC	50%	34,615	220,901	255,516	17,517	337,509	355,026	(99,510)	66,908	(35,739)	31,169
BEPC	50%	11,845	212,161	224,006	1,190	-	1,190	222,816	37,011	(13,385)	23,626
WEPC	58%	-	79,432	79,432	-	-	-	79,432	3,970	-	3,970
		62,736	840,244	902,980	31,968	432,751	464,719	438,261	152,217	(70,041)	82,176

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

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

($ in thousands)	Ownership	Cash and Cash Equivalents	Current Financial Liabilities	Non-current Financial Liabilities	Depreciation and Amortization	Interest Income	Interest Expense
March 31, 2016							
BPC	50%	11,921	1,825	102,841	(66)	30,540	(9,017)
ALPC	50%	25,864	-	344,336	(5,351)	181	(19,433)
BEPC	50%	6,107	-	-	(5,011)	112	(18)
WEPC	58%	-	-	-	-	3,003	-
		43,892	1,825	447,177	(10,428)	33,836	(28,468)
March 31, 2017							
BPC	50%	13,480	1,849	95,242	(67)	30,828	(8,460)
ALPC	50%	31,736	-	337,509	(5,361)	224	(19,333)
BEPC	50%	8,339	-	-	(5,021)	128	(16)
WEPC	58%	-	-	-	-	3,970	-
		53,555	1,849	432,751	(10,449)	35,150	(27,809)

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

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

($ in thousands)	**BPC**	**ALPC**	**BEPC**	**WEPC**	**Total**
Net assets of equity accounted joint arrangements at April1, 2015	213,992	(94,825)	229,909	53,243	402,319
Columbia Power's share	50%	50%	50%	58%	
	106,996	*(47,413)*	*114,954*	*30,881*	*205,419*
*Less: elimination entry**	-	*(46)*	-	-	*(46)*
Investment in equity accounted joint arrangements at April 1, 2015	**106,996**	**(47,459)**	**114,954**	**30,881**	**205,373**
Contributions	-	-	-	-	-
Dividends paid	(13,580)	(16,474)	(26,242)	-	(56,296)
Profit/(loss)	22,200	7,120	21,923	22,219	73,462
Net assets of equity accounted joint arrangements at March 31, 2016	222,612	(104,179)	225,590	75,462	419,485
Columbia Power's share	50%	50%	50%	58%	
	111,306	*(52,090)*	*112,795*	*43,768*	*215,779*
*Less: elimination entry**		*(45)*			*(45)*
Investment in equity accounted joint arrangements at March 31, 2016	**111,306**	**(52,135)**	**112,795**	**43,768**	**215,734**
Contributions	-	-	-	-	-
Dividends paid	(10,500)	(26,500)	(26,400)	-	(63,400)
Profit/loss	23,411	31,169	23,626	3,970	82,176
Net assets of equity accounted joint arrangements at March 31, 2017	235,523	(99,510)	222,816	79,432	438,261
Columbia Power's share	50%	50%	50%	58%	
	117,762	*(49,755)*	*111,408*	*46,071*	*225,485*
*Less: elimination entry**		*(44)*			*(44)*
Investment in equity accounted joint arrangements at March 31, 2017	**117,762**	**(49,799)**	**111,408**	**46,071**	**225,441**

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

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

ALPC negative equity

In fiscal 2012, ALPC issued $350 million principal amount Series B bonds, due in April 2041. The proceeds of the Series B bond issue were used to pay for the $45.6 million owing on ALPC's series A bond redemption, and the net proceeds of $285.6 million were distributed by dividend to the owners, Columbia Power and CBT Arrow Lakes, for investment in the Waneta Expansion and future project development. The dividend to the owners created a deficit in ALPC of $56.1 million. ALPC ended fiscal 2012 with a deficit of $60.3 million after incurring net losses of $4.2 that year. Total cumulative dividends of $76.6 million less cumulative net income of $37.4 million since fiscal 2012 have increased the deficit in ALPC to $99.5 million at the end of fiscal 2017.

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 (2017 – (49.8) million, 2016 – (52.1) 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 30 years are expected to generate sufficient revenue and cash flow to fund ongoing operations for the foreseeable future.

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

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

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

WELP's purpose is to be the owner of the Waneta Expansion Project (the Project). The Project involves the development of a 335 MW generating station on the Pend d'Oreille river near Trail, British Columbia, and a 10 km transmission line from the new facility to the Selkirk substation owned by British Columbia Hydro and Power Authority (BC Hydro). The Waneta dam is owned by Teck Resources Ltd. (Teck) (formerly Teck Cominco Metals Ltd.) and BC Hydro. The power plant is being constructed under a $587 million design-build contract between WELP and SNC-Lavalin Inc. Including change orders and contract amendments the revised contract value is $602 million. A revenue sharing arrangement is in place from the substantial completion date to May 15, 2016.

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

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

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

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

CPC Waneta invests in WELP in the form of cash contributions. WELP requests cash calls from the partners as required to meet its obligations to the design-build contractor and other suppliers to the project. WELP uses Canadian accounting standards for private enterprises (ASPE) to prepare its own financial statements and has capitalized all costs to date related to the Waneta Expansion project. Certain costs related to the project are considered ineligible for capitalization under IFRS, and must be expensed when adjusting WELP's accounting policies to conform to those adopted by Columbia Power and CPC Waneta. Given that the WAX project achieved substantial completion on April 1, 2015, no further costs have been capitalized as part of Property, Plant and Equipment in WELP in fiscals 2016 or 2017 that are required to be written off under IFRS. In addition, IFRS differs from ASPE with respect to categorizing costs for depreciation. Given that WELP started to depreciate the WAX facility and transmission line after substantial completion on April 1, 2015, management is required to adjust depreciation amounts to conform with IFRS.

<u>Promissory Note payable from WELP to WEPC</u>

As described in note 5 under WEPC, since October 2010 WEPC holds a $72 million non-interest bearing promissory note consistent with the terms of the Asset Purchase Agreement between WEPC and WELP. The Waneta Expansion Amended and Restated Limited Partnership Agreement stipulates that significant payments (i.e. in excess of $1 million) relating to the construction of the Waneta Expansion project require contributions from the WELP partners according to their ownership interest. CPC Waneta will be required to contribute its 32.5% share of $23.4 million at the time of payment. Management has recorded a provision for the present value of the $23.4 million at March 31, 2017 of $20.9 million (2016 - $20.1 million) using a discount rate of 3.8% which management has determined reflects the weighted average cost of capital for CPC Waneta. Also see note 4 – Prior period adjustment.

<u>Contingent Purchase Price payable from WELP to WEPC</u>

Also described in note 5 under WEPC, management of Columbia Power and WEPC have determined that it is virtually certain that the Contingent Purchase Price payable on Final Acceptance of the WAX project will be $20 million. CPC Waneta will be required to contribute its 32.5% share of $6.5 million at the time of payment. Management has recorded a provision for the present value of the $6.5 million at March 31, 2017 of $6.3 million (2016 - $6.0 million) using a discount rate of 3.8% which management has determined reflects the weighted average cost of capital for CPC Waneta.

While CPC Waneta's policy is to record provisions for the above amounts payable to WELP, WELP has not recorded a receivable from the owners to recognize their contributions required once the

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

Promissory Note payable and Contingent Purchase Price payable become due. CPC Waneta management is required to adjust long term receivables in WELP to conform with CPC Waneta and CPC accounting policies.

The table below reflects the changes in CPC Waneta's investment in WELP for the years ended March 31, 2017 and March 31, 2016:

($ in thousands)	Note	**2017**	**2016**
Opening balance at April 1	4	241,790	223,930
Dividends received		(20,150)	(11,213)
CPC Waneta share of WELP profit	4	20,758	20,293
Cash contributions		-	2,698
Payable to WELP for Contingent purchase price	7, 16	-	6,025
Reversal of elimination entries*		56	57
Investment in WELP		664	17,860
Total cumulative investment in WELP		**242,454**	**241,790**

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

Summarized financial information of WELP at March 31, 2017 and March 31, 2016 is included in the following table. Summary financial information has been adjusted to conform to accounting policies adopted by Columbia Power and CPC Waneta. The fair value of the investment in WELP is not available.

($ in thousands)	**2017**	**2016**
Current assets	33,786	23,174
Non-current assets*	814,585	821,823
Total assets	**848,371**	**844,997**
Current liabilities	4,146	8,295
Non-current liabilities	81,058	75,407
Partner equity*	763,167	761,295
Total liabilities and partner equity	**848,371**	**844,997**

*2016 figures have been revised to include the long term receivable from the owners relating to payment of the Promissory note to WEPC in 2020. See note 4 - Prior period adjustment and above description of Promissory Note payable from WELP to WEPC.

9. Cash and cash equivalents and restricted cash:

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

10. Accounts receivable:

($ in thousands)	Notes	2017	2016
Accounts receivable from related parties	30	14	654
Advance to BPC	30	-	700
		14	1,354
Other accounts receivable		132	77
		146	1,431

Columbia Power's exposure to credit risks and impairment losses related to accounts receivable is disclosed in note 26 – Financial instruments.

11. Other investments:

($ in thousands)	2017	2016
Current assets		
bcIMC investments	51,413	51,009
Non-current assets		
Bond sinking fund	10,748	5,258
Total other investments	62,161	56,267

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

Other investments also comprise of a bond sinking fund held with the province to provide for debt retirement in June, 2044 (also see note 15 – Loans and borrowings). Columbia Power began to make annual payments of $5,042,517 to the sinking fund beginning on June 18, 2015 and accrues interest based on a 30 year amortization rate and an expected average rate of return of 5% (also see note 28 – Commitments).

12. Property, plant and equipment:

($ in thousands)	Leasehold improvements	Furniture and equipment	Vehicles	Computers and Software	Total
Cost					
Balance, April 1, 2015	1,267	806	157	1,223	3,453
Additions	39	10	167	103	319
Disposals			(157)	(944)	(1,101)
Balance, March 31, 2016	1,306	816	167	382	2,671
Balance, April 1, 2016	1,306	816	167	382	2,671
Additions	1	4	-	53	58
Disposals	-	-	-	-	-
Balance, March 31, 2017	1,307	820	167	435	2,729
Depreciation					
Balance, April 1, 2015	728	796	137	1,105	2,766
Depreciation for the year	129	11	12	76	228
Disposals	-		(138)	(944)	(1,082)
Balance, March 31, 2016	857	807	11	237	1,912
Balance, April 1, 2016	857	807	11	237	1,912
Depreciation for the year	131	2	21	84	238
Disposals	-		-	-	-
Balance, March 31, 2017	988	809	32	321	2,150
Carrying amounts					
March 31, 2016	449	9	156	145	759
March 31, 2017	319	11	135	114	579

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

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

One of Columbia Power's primary objectives was to develop generation assets in collaboration with BC Hydro. Columbia Power and BC Hydro signed a Memorandum of Understanding (MOU) in 2012 to work collaboratively on project development and established a joint development committee (JDC) with representatives from both organizations. During fiscal 2015, Columbia Power conducted a study of the options for the Elko Dam & Generating Station (Elko Project), which is owned by BC Hydro and located on the Elk River in the southeast corner of British Columbia. During fiscal 2016, BC Hydro and Columbia Power analyzed the results of the study to determine the future of the facility.

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

On April 15, 2016, BC Hydro notified Columbia Power that the Elko Project was being deferred indefinitely. In fiscal 2017, management determined that none of the Elko project development costs could be recovered in the future and it was therefore appropriate to write down the full $4.349 million which has been included in Other expenses on the Consolidated Statement of Comprehensive Income (also see note 23 – Other expenses).

14. Accounts payable and accrued liabilities:

($ in thousands)	Notes	2017	2016
Accounts payable to related parties		357	316
Accrued interest owing to related party		3,033	3,046
Sub-total	30	3,390	3,362
Executive holdback		60	58
Other accounts payable		914	1,092
Total accounts payable and accrued liabilities		4,364	4,512

Columbia Power's exposure to liquidity risk related to trade and other payables is disclosed in note 26 – Financial instruments.

15. Loans and borrowings:

This note provides information about the contractual terms of Columbia Power's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about Columbia Power's exposure to interest rate and liquidity risk, see note 26 – Financial instruments.

($ in thousands)	**2017**	**2016**
		-
Non-current liabilities		
Series A debenture	301,836	301,154
Less: financing costs	(2,307)	(2,354)
Total loans and borrowings	299,529	298,800

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

To provide for debt retirement in June, 2044, Columbia Power also makes annual payments of $5,042,517 to a sinking fund which began on June 18, 2015, based on a 30 year amortization rate (also see note 28 – Commitments).

($ in thousands)	**Coupon rate**	**Effective rate**	**Year of maturity**	**2017 Carrying amount**	**2016 Carrying amount**
Series A debenture	3.20%	3.83%	2044	299,529	298,800

16. Provisions:

As described in note 7 – Description of subsidiary and subsidiary's equity accounted investee, the Waneta Expansion Amended and Restated Limited Partnership Agreement stipulates that significant payments (i.e. in excess of $1 million) relating to the construction of the Waneta Expansion project require contributions from the WELP partners according to their ownership interest. As such, management has accrued CPC Waneta's share for the following large obligations in WELP relating to construction that will require contributions from CPC Waneta:

- Promissory note for $72 million payable to WEPC on April 1, 2020: CPC Waneta's share of the promissory note of $23.4 million is being recorded in CPC Waneta on a discounted basIs using a discount rate of 3.8% which management has determined reflects the weighted average cost of capital for CPC Waneta.
- Contingent Purchase Price of $20 million payable to WEPC on April 1, 2018 on Final Acceptance of the WAX project: CPC Waneta's share of the contingent purchase price payable of $6,500 being recorded in CPC Waneta on a discounted basis using a discount rate of 3.8% which management has determined reflects the weighted average cost of capital for CPC Waneta.

($ in thousands)	Contingent Purchase Price	Promissory Note	Total
Balances at April 1, 2015	-	19,368	19,368
Additional provisions recognized	6,025	-	6,025
Unwinding of discount	-	747	747
Balances at March 31, 2016	**6,025**	**20,115**	**26,140**
Balances at April 1, 2016	6,025	20,115	26,140
Additional provisions recognized	-	-	-
Unwinding of discount	233	775	1,008
Balances at March 31, 2017	**6,258**	**26,140**	**27,148**

17. Capital:

At March 31, 2017 and March 31, 2016, Columbia Power has 6 common shares authorized with no par value and issued for $6 dollars.

18. Contributed surplus:

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

($ in thousands)	2017	2016
Contributed surplus	26,065	26,065

19. Revenue:

For the year ended March 31 ($ in thousands)	2017	2016
Management fees	192	358
Recovery of costs incurred on behalf of WELP	775	1,385
	967	1,743
Recovery of costs	3,057	4,052
	4,024	5,795

Cost recoveries include $27 thousand (2016 – $80 thousand) for staff compensation relating to project management and stakeholder relations on the Boat Launch project, and $3,030 thousand (2016 - $3,972 thousand) for staff compensation, office space, and project overhead incurred on behalf of the joint ventures (also see note 30 – Related party transactions).

20. Other income:

For the year ended March 31 ($ in thousands)	Note	2017	2016
Gain on disposal of property, plant and equipment		-	19
Share of profit in equity accounted joint arrangements	6	41,407	38,510
Share of profit from investment in WELP*	4,8	20,814	20,350
		62,221	58,879

*Profit includes reversal of elimination entries of $56 thousand (2016 - $57 thousand).

21. Finance income:

For the year ended March 31 ($ in thousands)	2017	2016
Interest on bank accounts	522	201
Interest on other investments	851	613
	1,373	814

22. Finance costs:

For the year ended March 31 ($ in thousands)	**Note**	**2017**	**2016**
Bank fees		8	9
Financing costs		80	88
Unwinding of discount on provisions	4,16	1,008	747
Interest on loans and borrowings		11,390	11,390
		12,486	12,234

23. Other expenses:

For the year ended March 31 ($ in thousands)	**Notes**	**2017**	**2016**
Residual interest cost*		-	868
Insurance		4	7
Administration and management		5,767	6,997
Loss on write down of Elko Project costs	13	4,720	-
Restructuring costs**		1,254	-
Community sponsorship		342	97
Grants-in-lieu of property taxes		561	539
		12,648	8,508

* The residual interest cost represents a settlement payment made by Columbia Power to the Trust in fiscal 2016 to compensate the Trust for its share of WAX expansion rights extinguished under the February 2010 Waneta Expansion Sizing Agreement. Under this agreement, WEPC negotiated with Teck (formerly Tech Cominco Metals Ltd.) to terminate residual interest obligations of Columbia Power to Teck under the 1995 Financial Agreement, and to not build WAX with a capacity greater than 335MW (down from 435MW). No reliable estimate of this settlement could be made prior to fiscal 2016 given the numerous discussions and decisions required by both Columbia Power and the Trust that led up to the determination in fiscal 2016 of an amount acceptable to both parties for the WAX residual interest payment. Columbia Power management therefore recorded the transaction in the fiscal 2016 as an expense.

**Restructuring costs relate to layoffs within the organization due to winding down on the WAX project as it approaches Final Acceptance, and completion of Columbia Power's project development mandate (also see note 13 – Write down of work in progress – development costs).

24. Employee benefits:

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

Under joint trusteeship, the risk and reward associated with PSPP's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in future contributions. Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is any amortization of any funding deficit.

The latest actuarial valuation as at March 31, 2014, indicated a funding surplus of $194 million for basic pension benefits on a going concern basis. As such, the PSPP was currently fully funded so that no contributions were required for fiscals 2015 to 2017. The next valuation will be as at March 31, 2017, with results available in early 2018.

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

Columbia Power maintains an executive pension benefit plan (EPBP). Pension payments from the EPBP commenced in January 2006 upon retirement of Columbia Power's former President. Columbia Power valued the pension liability at March 31, 2017 as $138 thousand (2016 - $148 thousand) on a discounted cash flow basis at a 5.5% discount rate.

25. Dividends payable:

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

($ in thousands)	**2017**	**2016**
$11,467 thousand per qualifying common share (2016: $333 thousand)	68,800	2,000

26. Financial instruments:

(a) Financial risk management:

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

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

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

(b) Credit risk:

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

The percentage of accounts receivable balance older than 90 days is 0% (2016: 0%).

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

($ in thousands)	**2017**	**2016**
	Carrying amounts	
Cash and cash equivalents	68,598	37,205
Restricted cash	612	608
Accounts receivable	146	1,431
Other investments - Current	51,413	51,009
Other investments – Non-current	10,748	5,258
	131,517	95,511

26. Financial instruments (continued):

(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. Columbia Power management does not believe that it will encounter difficulty in meeting its obligations associated with financial liabilities.

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

($ in thousands)	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
March 31, 2017							
Accounts payable and accrued liabilities	4,364	4,364	4,364	-	-	-	-
Loans and borrowings*	299,529	291,767	2,327	5,360	10,720	32,160	241,200
Provisions	27,148	29,900	-	-	6,500	23,400	-
	331,041	326,031	6,691	5,360	17,220	55,560	241,200
March 31, 2016							
Accounts payable and accrued liabilities	4,512	4,512	4,512	-	-	-	-
Loans and borrowings*	298,800	302,474	2,314	5,360	10,720	32,160	251,920
Provisions	26,140	29,900	-	-	6,500	23,400	-
	329,452	336,886	6,826	5,360	17,220	55,560	251,920

*****Note that cash flows do not reflect contributions to the sinking fund set up to extinguish the remaining debt in 2044. See note 28 – 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.

26. Financial instruments (continued):

(d) Market risks (continued):

(ii) Interest rate risk:

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Columbia Power's debt is composed of the Series A debenture. While the coupon rate of this debenture is fixed, the price of the debenture is affected by the interest rate. Therefore, Columbia Power is exposed to interest rate risk. Columbia Power manages interest rate risk by issuing long term fixed rate debt, as required to fulfill its capital objectives, at favorable terms obtained through its investment grade credit rating.

Sensitivity analysis:

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

(iii) Price risk:

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

(e) Capital management:

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

Columbia Power's capital management objectives are to:

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

26. Financial instruments (continued):

(f) Fair values:

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

($ in thousands)	2017		2016	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Assets carried at amortized cost				
Accounts receivable	146	146	1,431	1,431
Other investments – bond sinking fund	10,748	10,134	5,258	5,344
	10,894	10,280	6,689	6,775
Liabilities carried at amortized cost				
Accounts payable and accruals	4,364	4,364	4,512	4,512
Loans and borrowings	299,529	262,961	298,800	272,140
Provision – Contingent Purchase Price	6,258	6,357	6,025	6,245
Provision – Promissory Note	20,890	21,495	20,115	20,987
	331,041	295,177	329,452	303,884

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

Columbia Power accrues interest on the bond sinking fund at a rate of 5% which the province's Debt Management Branch (DMB) has calculated as the average rate of return for the fund up to its maturity in 2044. The amortized book value of the sinking fund at March 31, 2017 is $10,491 thousand (2016 - $5,168) which takes into account actual returns to the fund to date. DMB also provided the sinking fund market value of $10,134 (2016 - $5,344). Based on DBM reports and Columbia Power's intention to hold the sinking fund investment to maturity in 27 years, management does not believe there has been any permanent impairment in value of the sinking fund at March 31, 2017.

26. Financial instruments (continued):

(f) Fair values (continued):

Management has made the following assumptions in determining the fair value of the 2017 loans and borrowings:

- the discounted cashflow methodology is appropriate given that the amounts and timing of the cashflows are reasonably determinable; and
- basing the interest rate used to discount estimated cash flows outstanding on the Series A debenture on the government yield curve at the reporting date plus an adequate credit spread is appropriate. At March 31, 2017, management selected an interest rate of 4.1% (2016 - 3.8%).
- basing the interest rate used to discount estimated cash flows outstanding on the provision for the Contingent Purchase Price payable on the government average yield curve for 1 to 3 year bonds at the reporting date plus an adequate credit spread for non-recourse debt. At March 31, 2017, management selected an interest rate of 2.2% (2016 – 2.0%).
- basing the interest rate used to discount estimated cash flows outstanding on the provision for the Promissory Note payable on the government average yield curve for 3 to 5 year bonds at the reporting date plus an adequate credit spread for non-recourse debt. At March 31, 2017, management selected an interest rate of 2.8% (2016 – 2.7%).

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

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

($ in thousands)	Level 1	Level 2	Level 3	Total
March 31, 2017				
Financial assets held for trading	51,413			51,413
March 31, 2016				
Financial assets held for trading	51,009			51,009

27. Operating leases:

Columbia Power has entered into an operating lease for office premises that provides for minimum annual lease payments totaling up to a maximum of $167,000 per year. The initial lease term was for 10 years (2 years remaining as at March 31, 2017). The lease has a renewal period of 10 years at fair market rents at the option of Columbia Power.

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

During the year ended March 31, 2017, an amount of $204 thousand (2016 - $195 thousand) was recognized as an expense in profit or loss in respect of operating leases. These expenditures are considered related party transactions and included in "Purchases from related party" in note 30.

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

($ in thousands)	**2017**	**2016**
Less than 1 year	164	160
Between 1 and 5 years	167	331
More than 5 years	-	-
	331	491

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

28. Commitments:

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

Under the Limited Partnership Agreement, CPC Waneta has committed to fund its 32.5% share of the Partnership's obligation to carry out the Waneta Expansion project. Although the project reached substantial completion on April 1, 2015, CPC Waneta's final share will not be known until final acceptance scheduled to be April 1, 2018.

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

Fiscal year	**Sinking fund payments ($ in thousands)**
2018	5,043
2019	5,043
2020	5,043
2021	5,043
2022	5,043
Thereafter	115,989
Total	141,204

29. Contingencies:

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

30. Related parties and related party transactions:

(a) Parent company:

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

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

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

(b) Due from and sales to related parties:

($ in thousands)	2017		2016	
	Due from related party	Sales to related party	Due from related party	Sales to related party
BC Hydro	-	71	-	1,189
BEPC	-	1,180	131	1,381
ALPC	-	1,180	268	1,600
BPC	-	670	804	991
WELP*	14	998	151	1,775
	14	4,099	1,354	6,936

*Prior year figures have been restated to comply with current year presentation.

The Due from Related Party of $14 thousand at March 31, 2017 (2016 - $1,354 thousand) is included in the “Accounts receivable” line item in the Consolidated Statement of Financial Position.

Included in the 2016 amount due from BPC is a $700 thousand cash advance made by Columbia Power to BPC to assist with working capital requirements. The advance was repaid in May 2016.

The Sales to WELP of $998 thousand for the year ended March 31, 2017 (March 31, 2016 - $1,775 thousand) are included in the “Revenue” line item on the Consolidated Statement of Comprehensive Income.

In fiscal 2016, Columbia Power, as the project manager for BC Hydro of the Arrow Lakes Boat Launch project, charged BC Hydro on a cost recovery basis for payment of 3rd party invoices relating to the construction of the Arrow Lakes boat launches, the WAX Sturgeon Monitoring and the Wetlands projects. Given these projects ended in fiscal 2016 or are winding down in fiscal 2017, Columbia Power only charged BC Hydro in relation to the Arrow Lakes Boat Launch project in 2017. The total amount recovered for the year ended March 31, 2017 of $71 thousand (March 31, 2016 - $1,189 thousand) has been included in the “Administration and management” line item in note 23 – Other expenses.

During the year, Columbia Power as the manager charged its joint ventures amounts on a cost recovery basis for staff compensation, office space and project overhead. The total amount recovered for the year ended March 31, 2017 of $3,030 thousand (March 31, 2016 - $3,972 thousand) has been included in the “Revenue” line item on the Consolidated Statement of Comprehensive Income.

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

(c) Due to and purchases from related parties:

($ in thousands)	2017		2016	
	Due to related party	Purchases from related party	Due to related party	Purchases from related party
BC Hydro	-	-	-	94
The Trust and affiliates	63	480	66	580
Province	3,189	11,822	3,138	11,552
BC Pension Corp	138	331	148	405
WELP	-	-	10	-
	3,390	12,633	3,362	12,631

The Due to Related Party of $3,390 thousand at March 31, 2017 (2016 - $3,362 thousand) is included in the “Accounts payable” line item in the Consolidated Statement of Financial Position. Purchases from Related Party of $12,633 thousand for the year ended March 31 2017 (March 31, 2016 - $12,631 thousand) are included in the “Finance costs” line item on the Consolidated Statement of Comprehensive Income, the “Property, plant, & equipment” line item on the Consolidated Statement of Financial Position, and the “Administration and management” line item in Other expenses – note 23.

(d) Pension plan:

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

(e) Loans from related party:

At March 31, 2017 and March 31, 2016, Columbia Power has a debenture outstanding payable to the Province. Details of these loans are provided in note 15 – Loans and borrowings.

(f) Dividends:

During the year, Columbia Power declared and accrued dividends payable of $68.8 million to the Province (2016 – accrued $2 million) as per note 25 – Dividends payable.

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

Management has accrued $27,148 thousand (2016 - $26,140 thousand) which is the present value of CPC Waneta’s amount owing to WELP for its share of the Contingent Purchase Price and Promissory Note payables when they become due as per note 16 – Provisions.

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

(h) Executive management compensation and board compensation:

(i) Executive management compensation:

Columbia Power is organized into business units and support functions. The managers of these units report to the corporate management. At the beginning of the year, corporate management was comprised of the President and Chief Executive Officer, the Vice President, Operations, the Vice President, Capital Projects, the Vice President, Business Development, the Director, Human Resources & Corporate Services, and the Director, Finance. After corporate restructuring which took place during fiscal 2017, the corporate management was revised to the Chief Operations Officer, the Vice President, Capital Projects, the Director, Human Resources & Corporate Services, and the Director, Finance. Subsequent to March 31, 2017, the corporate management is comprised of the Acting President and Chief Executive Officer, the Vice President, Operations, the Vice President, Capital Projects, the Director, Human Resources & Corporate Services, and the Director, Finance Projects,

Members of the corporate executive (including the President and Chief Executive Officer, the Vice President, Operations, the Vice President, Capital Projects, the Vice President, Business Development and the Chief Operations Officer) have a holdback scheme which can give them an annual non-pensionable holdback payment of up to 8% of base salary. The holdback is paid on the basis of achieving corporate and individually specified objectives. Holdbacks accrued in the fiscal year and paid in the subsequent year are shown in note 14 – Accounts payable and accrued liabilities.

In addition to their salaries, Columbia Power provides non-cash benefits to directors and executive officers, and contributes to the Public Service Pension Plan (PSPP) on behalf of executives (see note 24 – Employee benefits). Executive officers are entitled to receive a pension in accordance with the terms of the PSPP.

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

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

For the year ended March 31 ($ in thousands)	**2017**	**2016**
Public Service Superannuation Plan	107,145	119,549
Standard Benefits	59,092	77,612
	166,237	197,161

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

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

(i) Executive management compensation (continued):

There have been no loans or pledges granted to executive management or family members. The total salaries and other benefits paid to executive management for the year ended March 31, 2017 amounted to $1,214 thousand (March 31, 2016 - $1,542 thousand) as follows:

Executive management compensation	**2017**	**2016**
Salary	1,027,917	1,218,913
Holdback/Bonus	57,538	57,538
Other	54,134	86,749
Expenses	74,154	178,463
	1,213,743	1,541,663

(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, 2017 was $109 thousand (March 31, 2016 - $106 thousand) as follows:

Board Compensation	**2017**	**2016**
Retainers	57,625	59,500
Meeting fees	24,000	25,000
Expenses	27,512	21,918
	109,137	106,418