COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

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COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

Statement of Management Responsibility

The consolidated financial statements of Columbia Power Corporation have been prepared by management in accordance with International Financial Reporting Standards (IFRS) and fairly present Columbia Power Corporation's consolidated financial position, financial performance, and cashflows. The integrity of the information presented in the consolidated financial statements, including estimates and judgments relating to matters not concluded by fiscal year end, is the responsibility of management.

Management is responsible for establishing and maintaining appropriate systems of internal control (which include policies and procedures) to provide reasonable assurance that Columbia Power Corporation's assets are safeguarded and that reliable financial records are maintained.

The Auditor General of British Columbia has been appointed by the Board of Directors to audit the consolidated financial statements. The report of the Auditor General of British Columbia is attached, outlining the scope of his examination and providing his opinion on the consolidated financial statements.

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

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

May 28, 2020

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Auditor General
of British Columbia

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the accompanying consolidated financial statements of Columbia Power Corporation ("the group"), which comprise the consolidated statement of financial position at March 31, 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the group as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Other Accompanying Information

Management is responsible for the other information. The other information comprises the information included in the annual service plan report but does not include the consolidated financial statements and my auditor's report thereon.

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

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

Prior to the date of my auditor's report, I obtained the draft 2019/20 Annual Service Plan Report. If, based on the work I have performed on this other information, I conclude that there is a material misstatement therein, I am required to report that fact in this auditor's report. I have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

Russ Jones

Russ Jones, FCPA, FCA, ICD.D
Auditor General (Acting)

Victoria, British Columbia, Canada
June 9, 2020

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

	Notes		2020		2019
ASSETS					
Current assets					
Cash and cash equivalents	7	$	74,581	$	38,128
Accounts receivable	8		1,097		3,109
Prepaid expense			11		3
Short-term investments	9		-		45,000
Total current assets			75,689		86,240
Non-current assets					
Restricted cash	7		-		585
Investment in equity accounted joint arrangements	5, 6		780,804		236,435
Investment prior to limited partnership			-		1,325
Investment in Waneta Expansion Limited Partnership	4, 5		-		236,726
Other investments	10		27,462		21,635
Property, plant & equipment	11		155		165
Total non-current assets			808,421		496,871
TOTAL ASSETS		$	884,110	$	583,111
LIABILITIES AND SHAREHOLDER'S EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	12	$	7,057	$	27,793
Dividends payable	23		61,000		70,000
Total current liabilities			68,057		97,793
Non-current Liabilities					
Loans and borrowings	13		301,895		301,076
Due to Waneta Expansion Power Corporation	14		337,530		-
Total non-current liabilities			639,425		301,076
Equity					
Share capital	15				
Contributed surplus	16		26,065		26,065
Retained earnings			150,563		158,177
Total Equity			176,628		184,242
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		$	884,110	$	583,111

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

APPROVED ON BEHALF OF THE BOARD:

R Stanley
Director

Lillian White
Director

COLUMBIA POWER CORPORATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended March 31

(in thousands)

	Notes		2020		2019
Revenue	17	$	3,618	$	3,713
Other income	18		73,502		68,164
Depreciation expense	11		(59)		(191)
Other expenses	21		(5,598)		(5,092)
Results from operating activities			71,463		66,594
Finance income	19		2,190		2,156
Finance costs	20		(20,267)		(13,275)
Net finance costs			(18,077)		(11,119)
Net comprehensive income for the year		$	53,386	$	55,475

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

COLUMBIA POWER CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31

(in thousands)

	Notes	Contributed Surplus	Retained Earnings	Total Equity
Balance at April 1, 2018		$ 26,065	$ 172,702	$ 198,767
Net comprehensive income for the year		-	55,475	55,475
Dividend to equity holders	23	-	(70,000)	(70,000)
Balance at March 31, 2019		$ 26,065	158,177	$ 184,242
Balance at April 1, 2019		$ 26,065	$ 158,177	$ 184,242
Net comprehensive income for the year		-	53,386	53,386
Dividend to equity holders	23	-	(61,000)	(61,000)
Balance at March 31, 2020		$ 26,065	$ 150,563	$ 176,628

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

COLUMBIA POWER CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended March 31
(in thousands)

	Notes		2020		2019
Cash flows from Operating Activities					
Net Comprehensive income for the year		$	53,386	$	55,475
Adjustments to reconcile cash flow from operations					
Depreciation of property, plant and equipment	11		59		191
Interest income	19		(2,190)		(2,156)
Interest expense	20		20,267		13,275
Income from equity accounted investees			(73,502)		(68,164)
Net change in non-cash working capital balances					
Accounts receivable	8		2,285		(2,112)
Prepaid expense			(8)		1
Accounts payable and accrued liabilities	12		(23,376)		(6,103)
Net cash used in operating activities			(23,079)		(9,593)
Cash flows from financing activities					
Interest paid			(20,214)		(10,774)
Dividends paid	23		(70,000)		(52,847)
Net cash used in financing activities			(90,214)		(63,621)
Cash flows from investing activities					
Interest received			2,018		860
Dividends received	6		107,235		66,500
Investment in short-term investments	9		-		(45,000)
Sale of temporary investments	9		45,000		-
Investment in limited partnership			-		(813)
Investment in bond sinking fund	10		(5,043)		(5,043)
Acquisition of property, plant and equipment	11		(49)		2
Net cash from investing activities			149,161		16,506
Increase/(decrease) in cash and cash equivalents			35,868		(56,708)
Cash and cash equivalents, beginning of year			38,713		95,421
Cash and cash equivalents, end of year		$	74,581	$	38,713
CASH CONSISTS OF:					
Restricted cash	7	$	-	$	585
Cash available for operations	7		74,581		38,128
		$	74,581	$	38,713

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

1. Reporting entity:

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

The Agreement anticipated that several power projects would be undertaken through joint ventures between Columbia Power and subsidiaries of the Trust (the shareholders). The final power project under the Agreement, the Waneta Expansion Project, owned through a partnership between Columbia Power, the Trust, and Fortis Inc. achieved final acceptance on April 1, 2018. On April 17, 2019, Columbia Power and the Trust finalized the purchase of Fortis Inc.'s 51% interest in the Waneta Expansion Generating Station. The entities holding legal title to the power projects and their governance structures are described in note 5 - Description of equity accounted joint arrangements.

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

2. Basis of preparation:

(a) Statement of compliance:

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

The accounting policies set out in note 3 - Significant accounting policies, have been applied in preparing the consolidated financial statements for the year ended March 31, 2020, and the comparative information presented in these consolidated financial statements for the year ended March 31, 2019. The consolidated financial statements were authorized for issue by the board of directors on May 28, 2020.

(b) Basis of measurement:

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

(c) Functional and presentation currency:

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

(d) Use of estimates and judgments:

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

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

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

- Note 2(e) – Determination of fair values
- Note 3(a)(ii) – Investments in joint arrangements and in associates (equity accounted investees)
- Note 3(c) – Designation of financial instruments
- Note 3(e) – Leased assets

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

- Note 3(f) – Impairment
- Note 26 – Contingencies

(e) Determination of fair values:

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

3. Significant accounting policies:

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

(a) Basis of consolidation:

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

(i) Investment in subsidiary:

These consolidated financial statements show the overall financial results and the overall financial position for Columbia Power and its wholly owned subsidiary, CPC Waneta. Columbia Power has control when it has direct or indirect ownership of the majority of voting capital. Control is normally achieved through ownership of 50 percent or more of voting capital. Intercompany sales, account balances and gains and losses on intercompany transactions have been eliminated on consolidation. CPC Waneta amalgamated with Columbia Power on March 31, 2020. All related balances have been transferred as of this date and are reflected in these consolidated financial statements. As at March 31, 2020 Columbia Power no longer held any investments in subsidiaries.

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

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

Joint ventures and investments in associates (equity accounted investees) are accounted for using the equity method and are recognized initially at cost. The consolidated financial statements include Columbia Power's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of Columbia Power, from the date that joint control or significant influence commences until the date that joint control or significant influence ceases.

(iii) Elimination of transactions with equity accounted investees:

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

(b) Foreign currency transactions:

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

(c) Designation of financial instruments:

IFRS requires financial instruments to be classified as one of the following: amortized cost, fair value through other comprehensive income or fair value through profit or loss. Columbia Power's instruments and their classifications are specified in the table below.

Financial Assets	**Classification**
Cash and cash equivalents	FVTPL
Accounts receivable	Amortized cost
Other investments	Amortized cost
Financial Liabilities	**Classification**
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost
Due to Waneta Expansion Power Corporation	Amortized cost

(i) Financial assets:

Columbia Power initially recognizes financial assets (including assets designated at fair value through profit or loss) on the trade date at which Columbia Power becomes a party to the contractual provisions of the instrument.

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

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

(ii) Financial liabilities:

Columbia Power has the following non-derivative financial liabilities: accounts payable and accrued liabilities, and loans and borrowings. Columbia Power initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which Columbia Power becomes a party to the contractual provisions of the instrument. Columbia Power derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

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

(iii) Fair value hierarchy:

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

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

(d) Property, plant and equipment:

(i) Recognition and measurement:

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income or other expenses in profit or loss.

(ii) Subsequent costs:

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

(iii) Depreciation:

Items of property, plant and equipment are recorded at cost and are depreciated annually at rates calculated to expense the cost of assets over their estimated useful lives 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.

(e) Leased assets:

Columbia Power identifies a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease is recognized as an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets. A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.

(f) Impairment:

(i) Financial assets:

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

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to Columbia Power on terms that Columbia Power would not consider otherwise, 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, 2020 and March 31, 2019.

(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, 2020 and March 31, 2019.

(g) Revenue recognition:

(i) Management fees:

Columbia Power as the manager of the joint ventures, charges amounts to each joint venture on a cost recovery basis for staff compensation, office space and project overhead. These recovery amounts are recognized in Revenue in the Statement of Comprehensive Income.

(h) Employee benefits:

(i) Defined contribution plan benefits and employee benefits:

Columbia Power's pension plan is described in note 22 – Employee benefits and is accounted for as a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Other long-term employee benefits:

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

(iii) Short-term employee benefits:

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

(i) Finance income and finance costs:

Finance income comprises interest income on cash and cash equivalents, and changes in the fair value of financial assets at fair value through profit or loss. Finance costs comprise interest expense on borrowings, the unwinding of the discount on provisions, bank fees and changes in the fair value of financial assets at fair value through profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss.

(j) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

(k) Income tax:

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

(l) New standards and interpretations adopted:

The following new standard was adopted April 1, 2019.

(i) 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 accounts for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard is effective for annual periods beginning on or after January 1, 2019. There have been no material changes to accounting policies as a result of adoption of IFRS 16.

(m) New standards and interpretations not yet adopted:

A number of annual improvements to existing standards issued by the International Accounting Standards Board (IASB) are not yet effective for the year ended March 31, 2020, and have not been applied in preparing these consolidated financial statements The following standards, which management has determined is more relevant to Columbia Power, have been published but are not effective until Columbia Power’s accounting period beginning after January 1, 2020.

(i) IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures:

IFRS 10 and IAS 28, set out the principles for sale or contribution of assets between an investor and its associate or joint venture.

The update to the standard is effective for annual periods beginning on or after January 1, 2020. As of the reporting date, management is assessing the impact of the standard on Columbia Power's financial statements.

(ii) IAS 1, Presentation of financial statements:

IAS 1, sets out the principles for the classification of liabilities as current or non-current.

The update to the standard is effective for annual periods beginning on or after January 1, 2020. As of the reporting date, management is assessing the impact of the standard on Columbia Power's financial statements.

4. Changes in joint ventures and subsidiaries:

Key Changes

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

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

Transaction

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

Prior to the purchase, Columbia Power held 32.5% and CBT Waneta held 16.5% ownership in WELP.

(Tabular amounts in thousands)

Columbia Power and CBT Energy (a subsidiary of the Trust) jointly owned 0680286 BC Ltd. which held a $72 million non-interest bearing promissory note from WELP (Columbia Power owned 58% and CBT Energy owned 42%).

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

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

The purchase of Fortis Inc.'s 51% ownership was funded through a Fiscal Agency Loan to WEPC and an intercompany loan arrangement to fund the owners' purchase of the additional interest (see note 14 - Due to Waneta Expansion Power Corporation). The terms of the long-term payable mirror the terms of the long-term Fiscal Agency Loan. The table below shows the original ownership, the additional interest acquired and each owner's share of the long-term promissory note. WEPC is responsible for semi-annual interest and annual sinking fund contributions to the Province. Columbia Power and CBT Waneta are responsible for semi-annual interest and annual sinking fund contributions to WEPC based on their proportionate interests acquired (Columbia Power 34%, CBT Waneta 66%).

Partner	WELP Ownership	Additional Interest	WEPC Ownership	Allocation of Debt	Long-term Promissory Note
Columbia Power	32.5 %	17.5 %	50.0 %	34.0 %	$ 341,014
CBT Waneta	16.5 %	33.5 %	50.0 %	66.0 %	$ 652,798
	49.0 %	51.0 %	100.0 %	100.0 %	$ 993,812

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

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

5. Description of equity accounted joint arrangements:

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

<u>Jointly Owned Power Subsidiaries</u>

- **Brilliant Power Corporation (BPC)**

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

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

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

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

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

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

Incorporated on April 17, 2019, the purpose of WEPC is to operate the 335 MW Waneta Expansion (WAX) adjacent to the Waneta Dam near Trail, British Columbia and a 10 kilometre transmission line from the power plant to British Columbia Hydro and Power Authority’s (BC Hydro, a provincial Crown corporation) Selkirk substation, and to sell the entitlement energy and capacity for WAX.

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

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

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

0680286 BC Ltd. (formerly Waneta Expansion Power Corporation)

0680286 BC Ltd. (formerly named Waneta Expansion Power Corporation) was jointly owned by Columbia Power (58%) and CBT Energy Inc. (42%) (a subsidiary of the Trust). Prior to October 2010, 0680286 BC Ltd. held legal title to all assets related to the Waneta Expansion project. In October 2010 title of all property, plant and equipment (development costs) and intangibles (expansion rights) was transferred from 0680286 BC Ltd. to the Waneta Expansion Limited Partnership (WELP) in exchange for a $72 million non-interest bearing promissory note consistent with the terms of the Asset Purchase Agreement between WEPC and WELP.

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

Investment in WELP

At March 31, 2019, Columbia Power owned 32.5% of WELP through it's wholly owned subsidiary, CPC Waneta Holdings Inc. As discussed in note 4 - Changes in joint ventures and subsidiaries, WELP was eliminated through a business combination and WEPC was created on April 17, 2019. As part of the transaction, WELP was amalgamated into a new entity, WEPC. Refer to note 18 - Other income, for income from WELP for the period April 1 - 16, 2019. On April 17, 2019, Columbia Power's investment in the Waneta Expansion is recognized through WEPC.

6. Summary financial information for equity accounted joint arrangements:

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

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

(Tabular amounts in thousands)

Columbia Power's share of profit in its equity accounted joint arrangements for the year was $71,210 thousand (2019 - $46,829 thousand) as follows:

	Ownership	2020	2019
BPC	50%	$ 13,387	$ 12,779
ALPC	50%	17,624	17,004
BEPC	50%	9,628	12,196
WEPC*	50%	30,571	-
0680286 BC Ltd.	58%	-	4,850
		$ 71,210	$ 46,829

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

In 2020, Columbia Power received $107,235 thousand in dividends from its investments in equity accounted joint arrangements (2019 - $42,450 thousand) as follows:

	Ownership	2020	2019
BPC	50%	$ 6,445	$ 4,800
ALPC	50%	18,650	16,000
BEPC	50%	13,340	10,050
WEPC*	50%	27,040	-
0680286 BC Ltd.**	58%	41,760	11,600
		$ 107,235	$ 42,450

*Includes dividends received from WELP from April 1 - 16, 2019 of $5,765 thousand.
**As noted in note 5 - the long-term $72 million promissory note receivable was settled with the purchase of the Waneta Expansion. Columbia Power received a dividend of 58% of the promissory note on April 17, 2019.

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

	Ownership	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Assets	Total Revenue	Total Expenses	Profit and OCI
March 31, 2020											
BPC	50%	$ 24,803	$ 339,315	$ 364,118	$ 15,966	$ 68,558	$ 84,524	$ 279,594	$ 46,027	$ (19,254)	$ 26,773
ALPC	50%	26,072	209,068	235,140	18,855	314,573	333,428	(98,288)	69,954	(34,705)	35,249
BEPC	50%	9,764	204,765	214,529	1,993	-	1,993	212,536	33,038	(13,783)	19,255
WEPC*	50%	53,828	2,890,198	2,944,026	10,110	983,659	993,769	1,950,257	116,595	(66,925)	49,670
0680286 BC Ltd.	58%	-	-	-	-	-	-	-	-	-	-
		$ 114,467	$ 3,643,346	$ 3,757,813	$ 46,924	$ 1,366,790	$ 1,413,714	$ 2,344,099	$ 265,614	$ (134,667)	$ 130,947

* WEPC's assets and liabilities contain amounts due from the owners and due to the Province for a long-term debt arrangement to fund the acquisition of Fortis 51% ownership in WELP. Each owner purchased additional interest to form a 50/50 partnership between Columbia Power and the Trust (Columbia Power purchased 17.5%, the Trust purchased 33.5%). Columbia Power's share of the long-term debt is $337,530 thousand (see note 14 - Due to Waneta Expansion Power Corporation).

	Ownership	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Assets	Total Revenue	Total Expenses	Profit and OCI
March 31, 2019											
BPC	50%	$ 23,575	$ 334,918	$ 358,493	$ 14,629	$ 78,153	$ 92,782	$ 265,711	$ 45,207	$ (19,651)	$ 25,556
ALPC	50%	32,673	212,223	244,896	18,463	322,670	341,133	(96,237)	69,013	(35,004)	34,009
BEPC	50%	13,330	208,930	222,260	2,299	-	2,299	219,961	32,572	(13,457)	19,115
0680286 BC Ltd.	58%	72,000	-	72,000	-	-	-	72,000	8,362	-	8,362
		$ 141,578	$ 756,071	$ 897,649	$ 35,391	$ 400,823	$ 436,214	$ 461,435	$ 155,154	$ (68,112)	$ 87,042

(Tabular amounts in thousands)

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

	Ownership	Cash and Cash Equivalents	Deferred Revenue	Non-current Loans and Borrowings	Depreciation and Amortization	Interest Income	Interest Expense
March 31, 2020							
BPC	50%	$ 10,066	$ 2,029	$ 68,558	$ (66)	$ 32,233	$ (6,582)
ALPC	50%	22,971	-	314,573	(5,433)	401	(18,100)
BEPC	50%	6,999	-	-	(4,538)	280	(16)
WEPC	50%	28,482	-	983,659	(27,228)	26,516	(26,061)
0680286 BC Ltd.	58%	-	-	-	-	-	-
		$ 68,518	$ 2,029	$ 1,366,790	$ (37,265)	$ 59,430	$ (50,759)

	Ownership	Cash and Cash Equivalents	Deferred Revenue	Non-current Loans and Borrowings	Depreciation and Amortization	Interest Income	Interest Expense
March 31, 2019							
BPC	50%	$ 20,771	$ 1,010	$ 78,153	$ (66)	$ 31,775	$ (7,259)
ALPC	50%	28,977	-	322,670	(5,383)	439	(18,561)
BEPC	50%	10,516	-	-	(4,355)	274	(15)
0680286 BC Ltd.	58%	-	-	-	-	8,362	-
		$ 60,264	$ 1,010	$ 400,823	$ (9,804)	$ 40,850	$ (25,835)

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

	BPC	ALPC	BEPC	WEPC	0680286 BC Ltd.	Total
Net assets of equity accounted joint arrangements at March 31, 2018	$ 249,755	$ (98,246)	$ 215,667	$ -	$ 83,638	$ 450,814
Columbia Power's share	50%	50%	50%		58%	
	124,877	(49,123)	107,834	-	48,510	232,098
*Less: elimination entry**	-	(43)	-	-	-	(43)
Investment in equity accounted joint arrangements at March 31, 2018	124,877	(49,166)	107,834	-	48,510	232,055
Contributions	-	-	-	-	-	-
Dividends paid	(9,600)	(32,000)	(20,100)	-	(20,000)	(81,700)
Profit/loss	25,556	34,009	19,115	-	8,362	87,042
Net assets of equity accounted joint arrangements at March 31, 2019	265,711	(96,237)	219,961	-	72,000	461,435
Columbia Power's share	50%	50%	50%		58%	
	132,855	(48,119)	109,981	-	41,760	236,477
*Less: elimination entry**	-	(42)	-	-	-	(42)
Investment in equity accounted joint arrangements at March 31, 2019	132,855	(48,161)	109,981	-	41,760	236,435
Contributions	-	-	-	-	-	-
Dividends paid	(12,890)	(37,300)	(26,680)	(42,550)	-	(119,420)
Profit/loss	26,773	35,249	19,255	49,670	-	130,947
Net assets of equity accounted joint arrangements at March 31, 2020	279,594	(98,288)	212,536	1,950,257	-	2,344,099
Columbia Power's share	50%	50%	50%	50%		
	139,796	(49,144)	106,268	975,129	-	1,172,049
*Less: elimination entry**	-	(41)	-	(1,984)	-	(2,025)
*Less: adjustment to eliminate the inter-entity gain on WEPC assets***	-	-	-	(389,220)	-	(389,220)
Investment in equity accounted joint arrangements at March 31, 2020	$ 139,796	$ (49,185)	$ 106,268	$ 583,925	$ -	$ 780,804

* Elimination Entry:

ALPC

($41) thousand interest charged by Columbia Power to ALPC on funding provided by Columbia Power for the construction of the Arrow Lakes Generating Station and Transmission Line. The elimination of interest is being reversed at the average rate of depreciation on the Arrow Lakes Generating Station and Transmission Line assets.

WEPC

($1,984) thousand final consolidation entry related to Columbia Power's investment in WELP. On amalgamation of WELP into WEPC this entry represents the elimination of intercompany transactions between Columbia Power, WELP and 0680286 BC Ltd and Columbia Power's share of WELP income for the period from April 1 - 16, 2019.

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

ALPC negative equity

In fiscal 2012, ALPC issued $350 million principal amount Series B bonds, due in April 2041. The proceeds of the Series B bond issue were used to pay for the $45.6 million owing on ALPC's series A bond redemption, and the net proceeds of $285.6 million were distributed by dividend to the owners, Columbia Power and CBT Arrow Lakes, for investment in the Waneta Expansion and future project development. The dividend to the owners created a deficit in ALPC of $56.1 million. ALPC ended fiscal 2012 with a deficit of $60.3 million after incurring net losses of $4.2 million that year. Total cumulative dividends of $177.7 million less cumulative net income of $139.7 million since fiscal 2012 have increased the deficit in ALPC to $98.3 million at the end of fiscal 2020.

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 (2020 – ($49.1) million), (2019 – ($48.1) 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 25 years are expected to generate sufficient revenue and cash flow to fund ongoing operations for the foreseeable future.

7. Cash and cash equivalents and restricted cash:

Cash and cash equivalents includes solely cash balances.

(Tabular amounts in thousands)

8. Accounts receivable:

Columbia Power's exposure to credit risks and impairment losses related to accounts receivable is disclosed in note 24 – Financial instruments.

	Notes		2020		2019
Accounts receivable from related parties	27	$	916	$	2,188
Accounts receivable			181		921
		$	1,097	$	3,109

9. Short-term investments:

Short-term investments include term deposits with a Canadian bank and have original maturities of less than one year.

10. Other investments:

Other investments comprise of a bond sinking fund held with the province to provide for debt retirement in June, 2044 (see note 13 – Loans and borrowings). Columbia Power began to make annual payments of $5,043 thousand to the sinking fund on June 18, 2015 (see note 25 – Commitments). The sinking fund is recorded at amortized cost.

(Tabular amounts in thousands)

11. Property, plant and equipment

	Leasehold improvements	Furniture and equipment	Vehicles	Computers and software	Total
Cost					
Balance at April 1, 2018	$ 1,307	$ 820	$ 167	$ 431	$ 2,725
Additions	-	-	-	18	18
Disposals	-	-	(16)	-	(16)
March 31, 2019	1,307	820	151	449	2,727
Balance at April 1, 2019	1,307	820	151	449	2,727
Additions	-	-	-	49	49
Disposals	-	-	-	-	-
Balance at March 31, 2020	1,307	820	151	498	2,776
Depreciation					
Balance at April 1, 2018	1,119	812	53	387	2,371
Depreciation for the year	131	3	21	36	191
Disposals	-	-	-	-	-
March 31, 2019	1,250	815	74	423	2,562
Balance at April 1, 2019	1,250	815	74	423	2,562
Depreciation for the year	20	3	17	19	59
Disposals	-	-	-	-	-
Balance at March 31, 2020	1,270	818	91	442	2,621
Carrying amounts					
At March 31, 2019	57	5	77	26	165
At March 31, 2020	$ 37	$ 2	$ 60	$ 56	$ 155

12. Accounts payable and accrued liabilities:

Columbia Power’s exposure to liquidity risk related to trade and other payables is disclosed in note 24 – Financial instruments.

	Notes	2020	2019
Accounts payable to related parties		$ 934	$ -
Accrued interest owing to related party	27	3,046	3,033
Accounts payable		3,077	24,760
Total accounts payable and accrued liabilities		$ 7,057	$ 27,793

13. Loans and borrowings:

Columbia Power’s interest-bearing loans and borrowings are measured at amortized cost. Exposure to interest rate and liquidity risk is disclosed in note 24 – Financial instruments.

(Tabular amounts in thousands)

	2020	2019
Non-current liabilities		
Series A debenture	$ 304,048	$ 303,282
Less: Financing costs	(2,153)	(2,206)
Total loans and borrowings	$ 301,895	$ 301,076

On April 14, 2014, Columbia Power issued a $335 million Series A debenture to the Province that matures on June 18, 2044. Columbia Power is required to make semi-annual coupon payments of $5,360 thousand and annual payments of $5,043 thousand to a sinking fund for debt retirement (see note 25 – Commitments).

	Discount	Interest and Fees	Net Proceeds	Coupon rate	Effective rate	2020 Carrying Amount	2019 Carrying Amount
Series A debenture	$ 35,312	$ 5,892	$ 300,667	3.2%	3.83%	$ 301,895	$ 301,076

14. Due to Waneta Expansion Power Corporation:

On April 17, 2019, a new entity was formed, WEPC, to purchase Fortis Inc.'s 51% interest in WELP (see note 4 - Changes in joint ventures and subsidiaries). WEPC is jointly owned by Columbia Power and CBT Waneta. Columbia Power and CBT Waneta each purchased additional interest in WELP and contributed their existing equity investments to form a 50/50 partnership. WEPC funded the purchase of Fortis Inc.'s interest in WELP through a Fiscal Agency Loan with the Province of British Columbia. The structure of the additional interests acquired requires Columbia Power to make payments to WEPC in an amount approximately equal to 34% of the long-term debt held in WEPC. Columbia Power has recorded an amount Due to Waneta Expansion Power Corporation, this liability matches the terms of the Fiscal Agency Loan provided to WEPC through the Province of British Columbia. WEPC is responsible for semi-annual interest and annual sinking fund contributions to the Province. Columbia Power and CBT Waneta are responsible for fixed semi-annual interest and annual sinking fund contributions to WEPC based on their proportional additional interest acquired (Columbia Power 34%, CBT Waneta 66%). Columbia Power's share of the fixed semi-annual interest payments is $4,739 thousand. Sinking fund contributions to WEPC for loan repayment are included in note 25 – Commitments, beginning in fiscal year 2021.

The loan is measured at amortized cost. CPC’s exposure to interest rate and liquidity risk is disclosed in note 24 – Financial instruments.

(Tabular amounts in thousands)

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

		2020
Non-current liabilities		
WEPC - Series A	$	184,230
Less: Financing costs		(1,064)
WEPC - Series B		155,440
Less: Financing costs		(1,076)
Total due to Waneta Expansion Power Corporation.	$	337,530

	Premium	**Interest and Fees**	**Net Proceeds**	**Coupon rate**	**Effective rate**	**2020 Carrying Amount**
WEPC - Series A	$ 12,933	$ 2,529	$ 184,857	2.95%	2.597%	$ 183,166
WEPC - Series B	5,816	2,803	156,157	2.95%	2.763%	154,364
						$ 337,530

15. Capital:

At March 31, 2020 and March 31, 2019, Columbia Power has 6 common shares authorized with no par value and issued for $6 dollars.

16. 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.

	2020	**2019**
Contributed surplus	$ 26,065	$ 26,065

17. Revenue:

	2020	**2019**
Management fees	$ -	$ 683
Recovery of costs	3,618	3,030
	$ 3,618	$ 3,713

Cost recoveries include $3,618 thousand (2019 - $3,030 thousand) for staff compensation, office space, and project overhead incurred on behalf of the joint ventures (also see note 27 – Related party transactions).

(Tabular amounts in thousands)

18. Other income:

	Note	2020	2019
Share of profit in equity accounted joint arrangements	6	$ 71,210	$ 46,829
Share of profit from investment in WELP	5	2,292	21,335
		$ 73,502	$ 68,164

19. Finance income:

	2020	2019
Interest on bank accounts	$ 1,167	$ 860
Interest on other investments	1,023	1,296
	$ 2,190	$ 2,156

20. Finance costs:

	Note	2020	2019
Bank fees		$ 3	$ 2
Financing costs		96	98
Other interest		-	1,716
Interest on loans and borrowings		20,168	11,459
		$ 20,267	$ 13,275

21. Other expenses:

	Note	2020	2019
Insurance		$ 5	$ 5
Administration and management		3,768	3,609
Community sponsorship		380	372
Grants in-lieu of property taxes		979	613
Development costs - Waneta Expansion		466	493
		$ 5,598	$ 5,092

22. Employee benefits:

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

(Tabular amounts in thousands)

Columbia Power and its employees contribute to the Public Service Pension Plan (PSPP) in accordance with the Public Sector Pension Plans Act. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the Act applies. The PSPP is a multi-employer defined benefit pension plan. Under joint trusteeship, the risks and rewards associated with the PSPP's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in future contributions. The most recent actuarial valuation as at March 31, 2017 indicated that the PSPP is fully funded and is sufficient to pay the current and future lifetime pensions of all members. Contributions to the PSPP by Columbia Power in fiscal 2020 were $90,600 (fiscal 2019 - $100,200). At March 31, 2020 Columbia Power had no direct employees therefore there is no liability related to the PSPP.

Columbia Power maintains an executive pension benefit plan (EPBP). Pension payments from the EPBP commenced in January 2006 upon retirement of Columbia Power’s former President. Columbia Power valued the pension liability at March 31, 2020 as $119 thousand (2019 - $116 thousand) on a discounted cash flow basis at a 5.5% discount rate.

23. Dividends payable:

		2020		2019
$10,167 thousand per qualifying common share (2019 - $11,667 thousand)	$	61,000	$	70,000

24. Financial instruments:

(a) Financial risk management:

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

- Credit risk
- Liquidity risk
- Market risk

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

(b) Credit risk:

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

The percentage of accounts receivable balance older than 90 days is 0% (2019: 0%).

(Tabular amounts in thousands)

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

		2020		2019
		Carrying amounts		
Cash and cash equivalents	$	74,581	$	38,128
Restricted cash		-		585
Accounts receivable		1,097		3,109
Short-term investments		-		45,000
Other investments		27,462		21,635
	$	103,140	$	108,457

(c) Liquidity risk:

Liquidity risk refers to the risk that Columbia Power will encounter difficulty in meeting obligations associated with financial liabilities. Columbia Power regularly monitors its cash flows and balances and maintains a cash surplus which can be utilized by the joint ventures of Columbia Power/the Trust for short-term financing. Under the terms of the Fiscal Agency Loan, Columbia Power is required to make annual sinking fund contributions for debt retirement. Columbia Power management does not believe that it will encounter difficulty in meeting its obligations associated with financial liabilities.

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

	Carrying amount	Contractual cash flows	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
March 31, 2019							
Accounts payable and accrued liabilities	$ 27,793	$ 27,793	$ 27,793	$ -	$ -	$ -	$ -
Loans and borrowings*	301,076	270,327	2,326	5,360	10,720	32,160	219,760
	328,869	298,120	30,119	5,360	10,720	32,160	219,760

	Carrying amount	Contractual cash flows	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
March 31, 2020							
Accounts payable and accrued liabilities	7,057	7,057	7,057	-	-	-	-
Loans and borrowings*	301,895	259,594	2,314	5,360	10,720	32,160	209,040
Due to Waneta Expansion Power Corporation*	337,530	289,089	2,046	7,432	9,478	28,435	241,698
	$ 646,482	$ 555,740	$ 11,417	$ 12,792	$ 20,198	$ 60,595	$ 450,738

*Note that cash flows do not reflect contributions to the sinking funds set up for debt retirement. See note 25 – Commitments.

(d) Market risks:

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: exchange rate risk, interest rate risk and price risk. Columbia Power does not use derivative products to manage these risks.

(i) Exchange rate risk:

Exchange rate risk refers to the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Columbia Power realizes all significant revenues and expenses in Canadian dollars and is therefore not significantly exposed to currency fluctuations.

(ii) Interest rate risk:

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The coupon rate on Columbia Power's Series A debt is fixed, however, the fair value of the bonds is affected by interest rate changes; therefore, Columbia Power is exposed to interest rate risk when providing fair value note disclosures. Columbia Power manages interest rate risk by issuing long term fixed rate debt, as required to fulfill its capital objectives, at favourable 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 $30.8 million (2019 - $25.5 million) decrease in the debenture price and a decrease of 100 basis points will incite a $36.1 million (2019 - $29.9 million) increase in debenture price.

(iii) Price risk:

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

(e) Capital management:

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

(Tabular amounts in thousands)

Columbia Power's capital management objectives are to:

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

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

(f) Fair values:

The carrying values of financial instruments approximate fair value as at March 31, 2020 and March 31, 2019 except for other investments, loans and borrowings and provisions. The fair value of other investments is provided by the Province's Debt Management Branch at March 31, 2020 and 2019. The fair value of loans and borrowings and provisions is calculated by discounting the future cashflows for the same or similar issues at the date of the statement of financial position, or by using available quoted market prices. The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2020		2019	
	Carrying amount	**Fair Value**	**Carrying amount**	**Fair value**
Assets carried at amortized cost				
Accounts receivable (Level 1)	$ 1,097	$ 1,097	$ 3,109	$ 3,109
Other investments - bond sinking fund (Level 1)	27,462	29,514	21,635	23,227
	28,559	30,611	24,744	26,336
Liabilities carried at amortized cost				
Accounts payable and accrued liabilities (Level 1)	7,057	7,057	27,793	27,793
Loans and borrowings (Level 2)	301,895	302,210	301,076	262,229
Due to Waneta Expansion Power Corporation (Level 2)	337,530	351,701	-	-
	$ 646,482	$ 660,968	$ 328,869	$ 290,022

Columbia Power holds a bond sinking fund with the province's Debt Management Branch (DMB) for debt maturity. The amortized book value of the sinking fund at March 31, 2020 is $27,462 thousand (2019 - $21,635) which takes into account actual returns to the fund to date. DMB provided the sinking fund market value of $29,514 thousand (2019 - $23,227 thousand).

(Tabular amounts in thousands)

Management has made the following assumptions in determining the fair value of the 2020 loans and borrowings:

- The discounted cashflow methodology is appropriate given that the amounts and timing of the cashflows are reasonably determinable
- Basing the interest rate used to discount estimated cash flows outstanding on the Series A and Due to Waneta Expansion Power Corporation loan debenture on the government yield curve at the reporting date plus an adequate credit spread is appropriate. At March 31, 2020, management selected interest rates of 2.2% (2019 - 3.7%) and 2.36% based on the maturity dates.

25. Commitments:

Under the terms of the Fiscal Agency Loan with the Province, Columbia Power has committed to make annual sinking fund payments over the terms of the loan. Under the long-term loan arrangement with WEPC, Columbia Power is required to fund their proportionate share of WEPC's sinking fund payments over the term of WEPC's loan (see note 4 - Changes in joint ventures and subsidiaries). The first contribution to WEPC will commence in fiscal year 2021. Payments required over the next 5 years and thereafter are as follows:

	Sinking Fund Series A	Sinking Fund WEPC	Total
2021	$ 5,043	$ 3,270	$ 8,313
2022	5,043	3,404	8,447
2023	5,043	3,706	8,749
2024	5,043	3,921	8,964
2025	5,043	4,205	9,248
Thereafter	100,860	197,098	297,958
	$ 126,075	$ 215,604	$ 341,679

26. Contingencies:

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

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

(Tabular amounts in thousands)

27. Related parties and related party transactions:

(a) Parent company:

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

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

(b) Due from and sales to related parties:

	2020		2019	
	Due from related party	Sales to related party	Due from related party	Sales to related party
The Trust and affiliates	$ -	$ -	$ 65	$ -
BEPC	253	1,002	570	1,180
ALPC	252	1,002	800	1,180
BPC	160	639	596	670
WEPC	251	1,002	-	-
WELP	-	-	157	895
	$ 916	$ 3,645	$ 2,188	$ 3,925

The Due from Related Party of $916 thousand at March 31, 2020 (2019 - $2,188 thousand) is included in the “Accounts receivable” line item in the Consolidated Statement of Financial Position.

During the year, Columbia Power as the manager charged its joint ventures amounts on a cost recovery basis for staff compensation, office space and project overhead. The total amount recovered for the year ended March 31, 2020 of $3,645 thousand (2019 - $3,030 thousand) has been included in the “Revenue” line item on the Consolidated Statement of Comprehensive Income.

(Tabular amounts in thousands)

(c) Due to and purchases from related parties:

	2020		2019	
	Due to related party	Purchases from related party	Due to related party	Purchases from related party
The Trust and affiliates	$ 886	$ 2,459	$ 454	$ 1,642
Province	3,094	11,891	3,145	11,854
BC Pension Corp	119	91	116	100
WEPC	2,675	8,669	-	-
	$ 6,774	$ 23,110	$ 3,715	$ 13,596

The Due to Related Party at March 31, 2020 for WEPC of $2,675 thousand is included in the "Due to Waneta Expansion Power Corporation" lines on the Consolidated Statement of Financial Position. The Due to Related Party for Trust and affiliates, the Province and BC Pension Corp of $4,099 thousand at March 31, 2020 (2019 - $3,715 thousand) is included in the “Accounts payable” line item in the Consolidated Statement of Financial Position. For the year ended March 31, 2020, purchases from Related Party of $20,221 thousand (2019 - $11,508 thousand) are included in the “Finance costs” line item on the Consolidated Statement of Comprehensive Income, $49 thousand (2019 - $17 thousand) are included in the “Property, plant, & equipment” line item on the Consolidated Statement of Financial Position and $2,840 thousand (2019 - $2,071 thousand) are included in the “Administration and management” line item in note 21 - Other expenses.

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

(e) Loans from related party:

At March 31, 2020 and March 31, 2019, Columbia Power has a debenture outstanding payable to the Province. Details of these loans are provided in note 13 – Loans and borrowings.

(f) Dividends:

During the year, Columbia Power declared and accrued dividends payable of $61 million to the Province (2019 – $70 million) as per note 23 – Dividends payable.

(Tabular amounts in thousands)

(g) Executive management compensation and board compensation:

(i) Executive management compensation:

At the beginning of the year, corporate management was comprised of the Executive Director, Operations. Pension and other benefits paid on behalf of executive management by Columbia Power are as follows:

	2020*	2019
Public Service Superannuation Plan	$ 12	$ 22
Standard Benefits	6	11
	$ 18	$ 33

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

There have been no loans or pledges granted to executive management or family members. The total salaries and other benefits paid to executive management for the year ended March 31, 2020 amounted to $143 thousand (2019 - $383 thousand) as follows:

Executive management compensation	2020*	2019
Salary	$ 126	$ 308
Holdback/Bonus	-	30
Other	10	33
Expenses	7	12
	$ 143	$ 383

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

(ii) Board compensation:

The board has no remuneration agreements other than the director's fee and remuneration for participating in committee work, nor have any loans or pledges been granted to directors of the board or their family members. Total compensation to the board for the year ended March 31, 2020 was $66 thousand (March 31, 2019 - $58 thousand) as follows:

	2020	2019
Retainers	$ 43	$ 41
Meeting fees	9	8
Expenses	14	9
	$ 66	$ 58

28. Significant event:

While the financial impacts of the COVID-19 pandemic to the global economy are significant, CPC's business is not impacted as power generation is classified as an essential service. In addition, revenues are secured by long-term agreements. CPC has maintained its business operations while ensuring it is meeting public health requirements.