

**COLUMBIA POWER CORPORATION**

**INTERIM REPORT**

**FOR THE THREE MONTHS ENDED JUNE 30, 2015**

**COLUMBIA POWER CORPORATION  
FINANCIAL HIGHLIGHTS AND OPERATIONAL REVIEW  
FOR THE THREE MONTHS ENDED JUNE 30, 2015**

The consolidated net comprehensive income to the end of the first quarter was \$8.2 million, \$8.0 million higher in 2015 versus 2014. This year over year change is primarily due to \$7.9 million income from WELP. The Waneta Expansion Project was initially planned for commercial operation commencement of May 15, 2015 however operations were achieved at April 2, 2015. The balance of the change is attributed to results from operations. ALPC and BPC exceeded prior year results while BEPC was lower. The \$7.9 million income from WELP includes management's best estimate for adjustments required for IFRS.

Actual to budget net income to June 30, 2015 is \$6.5 million higher than forecast. This positive variance is primarily due to early commercial operation of Waneta Expansion. There is also a positive variance in operating expenses of \$111 thousand.

BEPC has experienced some minor reliability issues in 2015 most notably an eight day outage for governor oil system leak repair that has resulted in net income being \$256 thousand lower than the prior year. The plant is now operating at high reliability and is in a high entitlement period.

ALPC experienced lower than anticipated revenue due to the Annual Planned Outage (APO) duration and minor unplanned outages in the first quarter which contributed to a higher than forecast net loss. The net comprehensive income was \$662 thousand higher than the prior year due to a positive variance in operation and maintenance expense. The 2014 operating and maintenance expenses incurred during the APO were significantly higher.

In October 2010, CPC Waneta (32.5% interest), CBT Waneta Expansion Power Corp. (16.5% interest), and Fortis Inc. (51% interest) formed a limited liability partnership called the Waneta Expansion Limited Partnership (WELP). On October 1, 2010, all deferred development costs and expansion rights related to the Waneta Expansion Project were transferred to WELP in exchange for a \$72 million non-interest bearing Promissory note to WEPC.

The Promissory Note is non-interest bearing and is payable on the fifth anniversary of the commercial operation date of the Waneta Expansion Project. The commercial operation date is estimated to occur in 2015, therefore the Promissory Note is estimated to be repaid in 2020, ten years from the date of issuance.

The Promissory Note was discounted, using an effective interest rate of 5.5%, to a present value at March 31, 2015 of \$53.2 million (March 31, 2014 of \$50.4 million). The Promissory Note increased in value by \$2.8 million to \$54 million at June 30, 2015 (June 30, 2014 - \$51.1 million).

During the three month period ended June 30, 2015, CPC Waneta invested \$2.7 million in WELP, compared to \$2.6 million in first quarter of the previous year. This brings the total amount invested to date in the Waneta Expansion project to \$224 million.

Anastasios Tsalamandris, BCom CPA (CMA)  
Director, Finance  
July 15, 2015

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

	June 30, 2015	March 31, 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 7,796	\$ 13,259
Accounts receivable	1,128	1,642
Prepaid expense	295	38
Other investments	50,722	61,611
<b>Total current assets</b>	<b>59,941</b>	<b>76,550</b>
<b>Non-current assets</b>		
Restricted cash	605	604
Investment in equity accounted joint arrangements	209,088	205,628
Investment prior to limited partnership	1,325	1,325
Investment in Waneta Expansion Limited Partnership	220,142	209,534
Other investments	5,043	-
Property, plant & equipment	639	687
Work in progress - development costs	1,974	1,461
<b>Total non-current assets</b>	<b>438,816</b>	<b>419,239</b>
<b>TOTAL ASSETS</b>	<b>\$ 498,757</b>	<b>\$ 495,789</b>
<b>Liabilities and Shareholder's Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,579	\$ 4,936
Dividend payable	-	2,000
<b>Total current liabilities</b>	<b>1,579</b>	<b>6,936</b>
<b>Non-current liabilities</b>		
Loans and borrowings	298,268	298,096
<b>Total non-current liabilities</b>	<b>298,268</b>	<b>298,096</b>
<b>Equity</b>		
Share capital		
Contributed surplus	26,065	26,065
Retained earnings	172,845	164,692
<b>Total Equity</b>	<b>198,910</b>	<b>190,757</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>\$ 498,757</b>	<b>\$ 495,789</b>

**COLUMBIA POWER CORPORATION**  
**Consolidated Statement of Comprehensive Income (Unaudited)**  
**For the three months ended June 30**  
**(Expressed in thousands of dollars)**

	<b>2015</b>	<b>2014</b>
Revenue	\$ 521	\$ 623
Other income/(loss)	11,370	3,048
Depreciation expense	(50)	(48)
Other expenses	(974)	(920)
<b>Results from operating activities</b>	<u>10,867</u>	<u>2,703</u>
Finance income	148	247
Finance costs	(2,862)	(2,781)
<b>Net finance income</b>	<u>(2,714)</u>	<u>(2,534)</u>
<b>Net comprehensive (loss)/income for the period</b>	<u>\$ 8,153</u>	<u>\$ 169</u>

**COLUMBIA POWER CORPORATION**  
**Consolidated Statement of Changes in Equity (Unaudited)**  
**For the three months ended June 30**  
**(Expressed in thousands of dollars)**

	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
<b>Balance at April 1, 2014</b>	-	26,065	157,043	183,108
Net comprehensive income for the period		-	169	169
Dividend to equity holders		-	-	-
<b>Balance at June 30, 2014</b>	- \$	26,065 \$	157,212 \$	183,277 \$
<b>Balance at April 1, 2015</b>	- \$	26,065 \$	164,692 \$	190,757 \$
Net comprehensive loss for the period		-	8,153	8,153
Dividend to equity holders		-	-	-
<b>Balance at June 30, 2015</b>	- \$	26,065 \$	172,845 \$	198,910 \$

**COLUMBIA POWER CORPORATION**  
**Consolidated Statement of Cash Flows (Unaudited)**  
**For the three months ended June 30**  
**(Expressed in thousands of dollars)**

	2015	2014
<b>Cash flows from Operating Activities</b>		
Net comprehensive income for the year	\$ 8,153	\$ 169
<b>Adjustments to reconcile cash flow from operations</b>		
Amortization of property, plant and equipment	50	48
Interest income	(148)	(247)
Interest expense	2,862	2,781
(Income) loss from equity accounted investees	(11,370)	(3,048)
<b>Net change in non-cash working capital balances</b>		
Accounts receivable	514	205
Prepaid expense	(257)	(274)
Accounts payable and accrued liabilities	(675)	(984)
<b>Net cash from operating activities</b>	<b>(871)</b>	<b>(1,350)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(5,372)	(5,954)
Dividends paid	(2,000)	(32,000)
Payable to equity holder	-	(250,000)
Borrowing	-	338,436
Discount on borrowing	-	(35,312)
Borrowing costs	-	(2,457)
Related party loan repaid	-	(20,000)
<b>Net cash used in financing activities</b>	<b>(7,372)</b>	<b>(7,287)</b>
<b>Cash flows from investing activities</b>		
Interest received	37	34
(Purchase) Sale of temporary investments	11,000	7,000
Investment in limited partnership	(2,698)	(2,600)
Investment in Elko	(513)	-
Investment in bond sinking fund	(5,043)	-
(Acquisition)/disposal of property, plant and equipment	(2)	-
<b>Net cash used in investing activities</b>	<b>2,781</b>	<b>4,434</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(5,462)</b>	<b>(4,203)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>13,863</b>	<b>10,691</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 8,401</b>	<b>\$ 6,488</b>
<b>CASH CONSISTS OF:</b>		
Restricted cash	605	599
Cash available for operations	7,796	5,889
	<b>\$ 8,401</b>	<b>\$ 6,488</b>