



**Columbia Power Corporation
Annual Report
2011/12**





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Message from the Board Chair



I respectfully submit Columbia Power Corporation's 2011/12 Annual Report. The 2011/2012 year was a successful one for Columbia Power Corporation (Columbia Power or "the Corporation"). In particular, we are very pleased with our safety and environmental performance and with the progress of construction on our \$900 million Waneta Expansion Project near Trail, BC. Eighteen months into construction, the project is on track to begin service on schedule in 2015. Over 250 people are currently working on site. Our other assets - Brilliant Dam and Generating Station, Brilliant Expansion Generating Station and the Brilliant Terminal Station and the Arrow Lakes Generating Station - continue to perform well. Columbia Power's Strategic Plan 2012-2017, is nearing completion, providing a challenging and exciting path forward.

The Waneta Expansion Project is the construction of a new 335 MW hydroelectric facility immediately downstream of the Waneta Dam, directly above the confluence of the Pend d'Oreille and Columbia Rivers. It is the largest and most complex of the projects we've undertaken. There are three partners on the project: Columbia Power; Columbia Basin Trust (CBT), our joint venture partner on our other assets; and the Canadian company, Fortis Inc. Fortis is well known to the community and to Columbia Power - their subsidiary, FortisBC, owns several hydro power plants in the region. They also operate our joint venture facilities. Fortis' financial capacity and operating experience complemented our expertise and assets. Columbia Power is managing construction on behalf of the Partnership.

Since construction commenced in October 2010, over 800,000 person-hours of work have been completed with only one lost time injury and with no major environmental incidents. While we are very proud of our safety and environmental record thus far, we and our contractors continue to be highly focussed on the safety of workers and the public, and on the environment. The project is on budget and on schedule. During the four-year construction period, the project will provide the equivalent of over 400 jobs. The local hire rate is over 80 per cent, exceeding our 75 per cent target. Representatives of the Ktunaxa and Okanagan Nations have been active participants - in 2011/12, 15 First Nations workers were employed on the project. In addition to direct employment, Trail and the surrounding communities are enjoying significant economic benefit - as of March 31, 2012 regional spending on goods and services exceeded \$84 million.

The success of Waneta Expansion is due in no small way to the ongoing support of the Provincial and local governments, as well as the local community stakeholders. In particular, I would like to acknowledge the members of the Community Impact Management Committee and thank them for their commitment to the project. Their input and support is invaluable. Working together, we are continuing the strong tradition of hydroelectric project development in the Columbia Basin.

In addition to the Waneta Expansion, Columbia Power, in joint venture with CBT, owns the Brilliant Dam and Generating Station, the Brilliant Expansion Generating Station and the Brilliant Terminal Station and the Arrow Lakes Generating Station. The operations and management of these facilities is undertaken by Columbia Power on behalf of the joint venture. The performance of these assets is a high priority for the Corporation. Overall we were pleased with the performance this year. At Arrow Lakes and at the Brilliant Generating Station, we exceeded our benchmarks.

Net income for 2011/12 was \$14.7 million compared to 2010/11 net income of \$17.3 million and budgeted net income of \$17.2 million. Operating revenue was \$18.1 million compared to \$19.4 million budgeted. Operating expenses were \$4.3 million compared to \$4.0 million budgeted. Net financing income was \$900 thousand compared to \$1.8 million budgeted. The shortfall in net income was due primarily to two issues: a shaft seal failure at the Brilliant Expansion and costs associated with the redemption of Arrow Lakes Series A bonds. The seal failure at our Brilliant Expansion facility triggered a 22-day unplanned outage. While now rectified, the outage resulted in a loss of revenue to Columbia Power of approximately \$1.6 million. The costs associated with the redemption of our Arrow Lakes joint venture (Arrow Lakes Power Corporation) Series A bonds were budgeted to occur in fiscal 2010/11 but occurred in fiscal 2011/12. Though a timing issue, this resulted in a loss of \$1.25 million more than expected for the joint venture company this year. The circumstances of the redemption costs are described in the Management Discussion and Analysis section of this report.

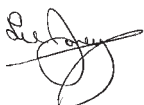
As noted in the Government's Letter of Expectations 2011/2012, Columbia Power has completed a strategic planning process, and is finalizing its Strategic Plan 2012-2017. In developing the strategy, Columbia Power has worked closely with Ministry officials and with our sister Crown Corporation, BC Hydro, and thank them for their important input. Columbia Power has identified a strategy that includes continued selective investment in hydropower generation, in collaboration with BC Hydro which capitalizes on Columbia Power's strengths in developing hydroelectric generation to support British Columbia's Jobs Plan and LNG Strategy, its energy objectives as set out in the *Clean Energy Act*, and related provincial policy directions.

The 2011/12 Columbia Power Corporation Annual Report was prepared under my direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. I am accountable for the contents of the report, including what has been included in the report and how it has been reported.

The information presented reflects the actual performance of Columbia Power Corporation for the twelve months ended March 31, 2012 in relation to the service plan published in March 2011.

I am responsible for ensuring internal controls are in place to ensure information is measured and reported accurately and in a timely fashion. All significant assumptions, policy decisions, events and identified risks, as of May 16, 2012, have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgement of management. Any changes in mandate direction, goals, strategies, measures or targets made since the 2011/12-2013/14 Service Plan was released and any significant limitations in the reliability of data are identified in the report.

Finally, I express my ongoing appreciation of the Board of Directors of Columbia Power, our partners and employees. Thanks to your efforts, we continue to be part of, and build on, the hydroelectric traditions of the Columbia Basin.



Lee Doney, Chair

Organizational Overview



Original construction of the Brilliant Dam near Castlegar BC, June 7, 1942. The Brilliant Dam is now owned by Columbia Power and Columbia Basin Trust. Photo courtesy of museevirtuel-virtualmuseum.ca.

Columbia Power Corporation (Columbia Power) is located in the heart of the Columbia River system, in the mountains and valley that characterize the Columbia Basin – where hydroelectric generation has existed since the late 1800s. This area has the highest concentration of dams per square kilometre in British Columbia. The long history of hydro generation has, in part, defined the region where Columbia Power operates. Columbia Power is a Crown Corporation owned by the Province of BC, existing under the *Business Corporations Act* and reporting to the Minister of Energy and Mines.

Columbia Power's mandate is to:

- Efficiently develop and operate commercially viable, environmentally sound and safe power project investments for the benefit of the Province and the residents of the Columbia Basin;
- Act as the manager of power project joint ventures with the Columbia Basin Trust; and
- Act as the owner's representative for construction of the Waneta Expansion Project.

Columbia Power is a small organization located in Castlegar, driven by a focused group of dedicated professionals who take projects from a development concept to construction and, ultimately, energy production. The core focus of the team is to manage the beginning to end risks of development through to production to achieve value for its shareholder, the Province of British Columbia, partners, communities, and employees.

In 2011/12, Columbia Power began development of a Strategic Plan which will outline possible opportunities for new growth arising as a result of Provincial policy and the energy market. In addition, Columbia Power began work (on behalf of BC Hydro) on a non-energy related project: construction of three boat ramps on the Arrow Lakes Reservoir.

The Waneta Expansion Project is well underway with a partnership agreement in place with Fortis Inc., Columbia Power and Columbia Basin Trust (CBT). Columbia Power manages construction on behalf of the owners and FortisBC will be responsible for operations of the Waneta Expansion after construction is completed. Long-term contracts for the purchase of capacity and energy have been negotiated with FortisBC and BC Hydro, respectively.

Columbia Power owns three additional facilities, each a joint venture with subsidiaries of the Columbia Basin Trust and manages all of these assets on behalf of the joint venture. (See page 24, which details the structure of the Partnership.)

Columbia Power's key stakeholders include Columbia Basin Trust, BC Hydro, Teck, Fortis Inc., FortisBC, First Nations, local and regional governments, local communities, private-sector engineering and environmental firms, environmental and special interest groups, and financial and legal advisors. Columbia Power intercedes in regulatory proceedings as needed to ensure joint venture and partnership interests are appropriately addressed.

The Brilliant Dam and Generating Station, the Arrow Lakes Generating Station, the Brilliant Expansion Generating Station and Brilliant Terminal Station are operated and maintained under agreement by FortisBC (a subsidiary of Fortis Inc.) or its related company, Fortis Pacific Holdings Inc., under the oversight of Columbia Power staff.

Most of the power generated at the current operating facilities is committed under long-term sales agreements to two utilities, FortisBC and BC Hydro. Short-term sales of capacity and energy maximize revenue. The Arrow Lakes Energy Purchase Agreement with BC Hydro was recently extended until 2045.

Returns from Columbia Power's power projects are distributed to the Province of BC. CBT uses its returns to deliver economic, social and environmental benefits to the residents of the Columbia Basin.

The history of Columbia Power Corporation can be read online at:
www.columbiapower.org/company/companyhistory.asp



Owner, contractor and worker representatives overlooking the berm on the Pend d'Oreille River downstream of the Waneta Dam.

Sustainability Report

Columbia Power is committed to sustainable development, which has been defined by the Canadian Electricity Association as “pursuing innovative business strategies and activities that meet the needs of members, stakeholders and the communities in which we operate today, while protecting and enhancing the human and natural resources that will be needed in the future”. Sustainable development has been a key aspect of Columbia Power’s project development and will continue with construction of the Waneta Expansion Project.

Columbia Power’s commitment to sustainability principles during 2011/12 resulted in the following:

Management

- The Environmental, Health & Safety Management System was successfully implemented.
- An implementation audit was completed and found no major non-conformances.

Environment

- Projects managed by Columbia Power had only one major environmental incident in 2011. Approximately 100 litres of hydraulic oil was discovered to have leaked from one of the turbines at the Arrow Lakes Generating Station and although the source of the leak was not definitively determined, the trunnion seals were replaced with an improved design during the annual planned outage in spring 2012.

Stewardship and biodiversity

- A new endangered white sturgeon spawning site was confirmed below the Arrow Lakes Generating Station – further investigation of the suitability of the site for early life stages will be conducted in 2012/13.
- The Waneta Expansion Terrestrial Compensation Program was initiated with five successful applications which will receive a total of \$50,000 in funding.
- A pilot study was conducted into predation on endangered white sturgeon eggs at the Waneta Eddy, on the Columbia River – the results are being used to design a six-year study into this potential factor to recruitment failure in the white sturgeon population.
- Studies were initiated in use of project areas by Umatilla Dace, a fish species being proposed for listing as threatened – currently very little information exists on this species.
- Columbia Power participated in a Columbia River system-wide program to monitor Total Gas Pressure which increased our understanding of this significant water quality issue in high flow years such as 2011.
- A new approach to habitat restoration undertaken as part of the Slocan River Riparian Restoration Program was proven successful in 2011 – fish counts were increased in the immediate area of the works and the habitat complexes were proving resilient under high flow conditions.
- In 2011/12 the Waneta Expansion Project reached 18 months of construction with no major environmental incident.



Habitat structure strategically placed at the Arrow Lakes reclamation site to encourage indigenous species to build their homes in their natural habitat.

Health and safety

- Columbia Power staff had no health and safety incidents in 2011/12 – Columbia Power's contractors' recordable incident rate for the operating facilities (FortisBC) was zero and the Waneta Expansion Project had an injury rate which is approximately 10 times lower than the industry average.

Communications and engagement

Columbia Power maintains support for its facilities and current construction project through on-going stakeholder engagement activities. In 2011/12, these included:

- Regular meetings of the Community Impact Management Committee for construction of the Waneta Expansion Project.
- Day-to-day liaison with key stakeholders, First Nations, and local and regional government representatives. Columbia Power staff has provided tours of the operating facilities, to various groups.
- Up to date communication delivery via Columbia Power's website and informational material distribution.
- Continued as a member of the Canadian Hydropower Association (CHA); a Columbia Power staff member sits on the CHA Board of Directors and another is Chair of the Hydro Caucus.

Aboriginal relations

- Columbia Power staff continued liaison with First Nations representatives and actively participated in a number of First Nations organized activities. Columbia Power also has a dedicated sponsorship funding program to support a variety of activities including business development, youth education and training, and cultural events.
- In 2011/12, First Nations workers and apprentices made up part of the work force on the Waneta Expansion Project. A First Nations worker liaison is also employed by the prime contractor, SNC Lavalin.

Marion Eunson, Waneta Expansion's First Nations Worker Liaison photoed alongside Crime Prevention Officer Gordon Sims at one of the regular meetings of Waneta Expansion's Community Impact Management Committee.



The Waneta Expansion Project takes a proactive approach to safety and has an injury rate which is approximately 10 times lower than the industry standard. Workers were congratulated, at the project site, during a variety of safety events throughout the year.

Mandate, Vision and Values

MANDATE

The mandate from the Province, as endorsed by Columbia Power's Board of Directors, is to:

- Efficiently develop and operate commercially viable power projects
- Make environmentally sound and safe power project investments
- Act as the manager of power project joint ventures with Columbia Basin Trust
- Manage construction of the Waneta Expansion Project
- Plan for the future of the Corporation

VISION

Columbia Power's vision is to be a respected, continually improving company that maximizes shareholder value by developing and operating power projects in a socially and environmentally responsible manner, while achieving the development objectives of the Province and the Columbia Basin.

VALUES

Our thinking and actions at Columbia Power are driven by our values of:

- Integrity
- Respect
- Teamwork
- Versatility
- Commitment to Community
- Promotion of Work/Life Balance

Columbia Power Project Locations in the Columbia Basin



Review of Power Plants



One of Columbia Power's mechanical engineers shown coordinating with representatives from FortisBC during an annual planned outage.

Columbia Power is a joint venture owner and managing partner of three operating hydro power generating facilities totalling 450MW. In addition, Columbia Power has a 32.5 per cent interest in the Waneta Expansion Project and is managing construction of the project on behalf of its partners. Scheduled for completion in 2015, this project will provide an additional 335MW of clean, renewable power.

The past fiscal year has been dedicated to improving long-term plant reliability of the operating assets while maintaining our commitment to life safety, dam safety and the environment.

Following the 2003 Northeast blackout, the Government of Canada and the U.S. Government concluded that reliability standards for the bulk power system in North America should be made mandatory and enforceable. In 2009, the Mandatory Reliability Standard (MRS) Regulation was issued under the *Utilities Commission Act*. This regulation applies reliability standards to applicable entities utilizing the bulk power system in British Columbia. In 2010, Columbia Power assigned the responsibility to comply with MRS to our third party operator FortisBC. FortisBC has integrated Columbia Power's assets into its MRS management system and will be participating in its first official audit in July 2012.



Brilliant Dam - one of Canada's most reliable dams.

185 MW Arrow Lakes Generating Station

The Arrow Lakes Generating Station is a two-unit Kaplan turbine hydroelectric facility with a maximum capacity of 185 MW. It is located adjacent to and 400 metres downstream of BC Hydro's pre-existing Hugh Keenleyside Dam, impounding the Arrow Reservoir and discharging into the upper Columbia River. The Arrow Lakes Generating Station and related assets are owned by Arrow Lakes Power Corporation (ALPC), a company jointly owned, on a 50/50 basis, by Columbia Power and CBT Arrow Lakes Power Development Corp., an indirect subsidiary of Columbia Basin Trust.

The Hugh Keenleyside Dam was constructed in the 1960s by BC Hydro under the terms of the Columbia River Treaty. The dam was built to store and regulate water releases for downstream flood control and power generation benefits in the United States. Construction of the Arrow Lakes Generating Station between 1999 and 2002 realized power benefits in British Columbia by utilizing water releases for generation that would otherwise be spilled through the dam's discharge facilities. The reduction of spill by utilizing water for power generation has also improved water conditions for fish by reducing the dissolved gas pressure levels downstream. The Arrow Lakes Generating Station is operated and maintained under a management agreement with Fortis Pacific Holdings Inc., a corporation related to FortisBC Inc.

In 2011/12 the Arrow Lakes Generating Station achieved over 99% availability which exceeded Arrow Lakes Power Corporation's expectations for its annual availability target. Facility generation also exceeded the expected average amounts which benefited our power customer, BC Hydro. A new commercial agreement with BC Hydro regarding the Arrow Lakes Generating Station's energy credits has been renegotiated and will take effect in 2016. Arrow Lakes Power Corporation's earnings before interest, taxes, depreciation, and amortization (EBITDA) for the fiscal year ending March 31, 2012 was \$25.7 million – refer to page 36 of the Management Discussion and Analysis section for additional comprehensive financial information.



Reclamation at Arrow Lakes Generating Station.



Arrow Lakes Generating Station and BC Hydro's Hugh Keenleyside Dam.

145 MW Brilliant Dam and Generating Station



Brilliant Dam and Generating Station during the 2012 spring freshet. Photo taken from the Brilliant Expansion.

The Brilliant Dam and Generating Station is a four-unit Francis turbine facility with a combined capacity of 145 MW. It is located on the Kootenay River, three kilometres upstream of the confluence with the Columbia River. The dam and related assets are owned by Brilliant Power Corporation, which is jointly owned on a 50/50 basis by Columbia Power and CBT Power Corp., an indirect subsidiary of Columbia Basin Trust.

The original 125 MW facility was purchased from Cominco Ltd. (now Teck) in 1996. Between 2000 and 2003, a significant upgrade and life-extension program was conducted on the four units, resulting in an additional 25 MW of facility capacity, 120 Giga Watt hours (GWh) per year of additional energy and a modernization of all equipment for long-term reliability. Work is being completed on a major 50-year refurbishment of the eight spillway gates to ensure reliable operation and flood passage. This work is expected to be completed by 2015/16. The project to refurbish the anchors stabilizing the Brilliant Dam was completed in 2011.

All of the energy from the Brilliant Dam and Generating Station is sold to FortisBC under the terms of the 60 year Brilliant Power Purchase Agreement, except for approximately 60 GWh of Brilliant Upgrade energy which was sold to Powerex, a subsidiary of BC Hydro. The Brilliant Dam and Generating Station is operated and maintained under a management agreement with FortisBC.

Brilliant Power Corporation's earnings before interest, taxes, depreciation, and amortization (EBITDA) for the fiscal year ending March 31, 2012 was \$29.6 million – refer to page 37 of the Management Discussion and Analysis section for additional comprehensive financial information.



Brilliant Dam and Generating Station.

120 MW Brilliant Expansion Generating Station

The Brilliant Expansion Generating Station (Brilliant Expansion) is a single unit, 120 MW Kaplan turbine facility located on the Kootenay River adjacent to and 160 metres downstream of the pre-existing Brilliant Dam and Generating Station. The unit is connected to Brilliant Terminal Station (BTS) located approximately 0.5km away via a 230 kilovolt transmission line.

The Brilliant Expansion and related assets are owned by Brilliant Expansion Power Corporation, a company jointly owned, on a 50/50 basis, by Columbia Power and CBT Brilliant Expansion Power Corp., an indirect subsidiary of Columbia Basin Trust. Brilliant Expansion was commissioned in 2007. Approximately 90 per cent of the Brilliant Expansion energy and capacity is sold under two long-term agreements to BC Hydro. Operation and maintenance of the Brilliant Expansion is conducted under a management agreement with Fortis Pacific Holdings Inc., a corporation related to FortisBC.

The operation of the Brilliant Expansion was directly impacted by a malfunction of a mechanical seal that was under designed for the full range of operating conditions on the Kootenay River. The design/build contractor and the Turbine Original Equipment Manufacturer (OEM) modified the design, procured new materials and supervised the installation during the 2012 Annual Planned Outage. The Brilliant Expansion Power Company is monitoring the performance of the new design through the 2012 freshet.

Brilliant Expansion's earnings before interest, taxes, depreciation, and amortization (EBITDA) for the fiscal year ending March 31, 2012 was \$20.7 million – refer to page 38 of the Management Discussion and Analysis section for additional comprehensive financial information.

Brilliant Terminal Station

The Brilliant Terminal Station (BTS) is a 230 kilovolt switchyard which interconnects the Arrow Lakes Generating Station, Brilliant Expansion and Brilliant Dam and Generating Station to the integrated BC transmission system, including BC Hydro's Selkirk Substation, BC Hydro's Kootenay Canal, and FortisBC's Warfield Substation. BTS is the electrical hub of the existing power plants. It is owned by Brilliant Power Corporation and earns revenue under the same terms as the Brilliant Power Purchase Agreement. It is operated and maintained by FortisBC under a separate agreement. Columbia Power jointly manages the BTS with FortisBC through a management committee. In 2011/12 and the upcoming year, new equipment and reporting requirements from the Mandatory Reliability Standards legislation are a key focus for the substation.



Brilliant Expansion Generating Station.



Brilliant Terminal Station.

Waneta Expansion Project

The \$900 million Waneta Expansion Project consists of the construction of a second powerhouse immediately downstream of the existing Waneta Dam on the Pend d'Oreille River, south of Trail, BC. The new facility will share the existing dam's hydraulic head and make use of water flows that would otherwise be spilled. The rights to use this hydraulic head, as well as the land necessary to build the Project, were acquired by Columbia Power from Cominco Ltd. (now Teck) in 1994.

The Waneta Expansion Project has been structured to avoid potential environmental impacts on white sturgeon habitat in the Columbia and Pend d'Oreille River confluence area. Water will be conveyed through two large 10 metre diameter tunnels from the Waneta forebay into a two-unit powerhouse being built "in the dry" on the right bank of the Pend d'Oreille River, between the Waneta Dam and Highway 22A. Output from the units will be stepped up to 230 kilovolts and connected through powerhouse switching equipment to a new 10 kilometre transmission line that will join the project to the Selkirk Substation.

The addition of 335 MW of capacity at Waneta will achieve balance with upstream generation at the Seven Mile Dam (BC Hydro) and the Boundary Dam in the U.S. (Seattle City Light). This hydraulic balance will allow flows released from the Boundary Dam to travel the Canadian section of the Pend d'Oreille River without the need for reservoir re-regulation to avoid spill. Minimizing re-regulation will increase the productivity of reservoir aquatic habitat. In addition, diverting otherwise unavoidable spill through the Waneta Expansion Project will reduce harmful dissolved gas pressure in waters below the Waneta Dam and down the Columbia River into the United States.

The Waneta Expansion Project is a partnership between Fortis Inc. (51 per cent), Columbia Power (32.5 per cent) and Columbia Basin Trust (16.5 per cent). Columbia Power is acting as the owner's representative and is overseeing construction of the project.



The intake tunnels at the Waneta Expansion will deliver water to the future powerhouse.

Aerial photo of the Waneta Expansion Project with water spilling from the Waneta Dam during the spring freshet. Upon completion of the project, this water will be used for power generation in the new powerhouse

Construction efforts in 2011/12 focused on the excavation of the powerhouse, tunnels and intake area as well as completion of a carpentry shop and draft tube forms. The excavation portion of the project was completed with over 50,000 truckloads of rock and overburden being removed. The rock will be available for reuse in future highway and other infrastructure projects in the area. In early 2012, work continued on the construction of the service bay, powerhouse and traveling tunnel form to be used for the concrete lining of the tunnels.

The project drew considerable interest from local residents and travellers, resulting in the construction of a public viewing area across the highway from the construction site by the contractor. The area, which includes interpretive signage and a viewing platform, attracts steady traffic.

The project is committed to a high standard of safety, quality and environmental protection. The project has not experienced a major environmental incident and has a safety record which is approximately 10 times lower than the industry average.

Over the four and a half year construction period, the project is expected to provide the equivalent of more than 400 jobs and an estimated \$200 million in wages and benefits. As of March 31, 2012, regional spending exceeded \$84 million with 250 people working directly on the project. Local, qualified workers are given preference in hiring and equity provisions are in place for women, visible minorities, disabled persons and First Nations. In 2011/12 the project boasted a local hire rate of over 80 per cent and an equity hire rate of over 10 per cent.

When the project is complete in 2015, BC Hydro will purchase the energy; FortisBC will purchase the capacity.

The project is being designed and constructed on a design/build basis. SNC-Lavalin Inc. is the prime contractor for the project.



Travelling tunnel form placing the concrete lining inside one of the 10.5 metre diameter intake tunnels.



Workers safely navigating their steps as they prepare for a major concrete placement at the base of the powerhouse.

Stakeholder Relations



The Waneta Expansion Project's Community Impact Management Committee (CIMC) on a monthly tour of the project site.

To support the development of new relationships and enhance our historical connections with the communities in which we do business, Columbia Power works with a wide range of stakeholders to build strong, positive relations in our region. From community groups and First Nations to municipal governments, Columbia Power focuses on building relationships that support our work and the efforts of our stakeholders.

In 2011/12, Columbia Power focused efforts in three main areas – supporting the Waneta Expansion Project, maintaining good relationships with stakeholders living in the communities where we do business as well as communicating effectively about our operating facilities, and looking ahead to support the future growth of the organization.

Waneta Expansion Project Community Impact Management Committee

2011/12 marked the first full year of engagement by the Waneta Expansion Project Community Impact Management Committee (CIMC).

Comprised of 26 individuals that include members of local and regional government, First Nations, business, community stakeholders and special interest groups, the Waneta Expansion Project CIMC met monthly to provide a means for members to bring forward community interests and other feedback regarding the project. Meetings included a tour of the construction site and the committee gave positive feedback. Committee members receive weekly updates to ensure they can effectively communicate with their respective communities and groups about the project.

The CIMC works with an independent socio-economic monitor who attends each CIMC meeting and reports on the effects of the project in the greater Trail area where the project is located. The socio-economic monitoring program focuses on indicators such as employment, wage income, expenditures, economic development, traffic, health and safety, housing, population, recreation and community services. Quarterly and annual reports are available on Columbia Power's website at: www.columbiapower.org.



The Honourable Minister Rich Coleman with representatives from Columbia Basin Trust, Columbia Power, Fortis, SNC Lavalin, regional government, and Ktunaxa Nation Council in summer 2011 at the grand opening of the Waneta Expansion public viewing area.

The project drew great excitement from local residents and travellers, as a result, a public viewing area was constructed across the highway from the construction site. In coordination with the contractor and the Ministry of Transportation and Infrastructure, the viewing area was ready in time for the busy summer months. In July 2011, representatives from the owners, contractors, First Nations, key stakeholders and the Honourable Rich Coleman, Minister of Energy and Mines, attended the grand opening.

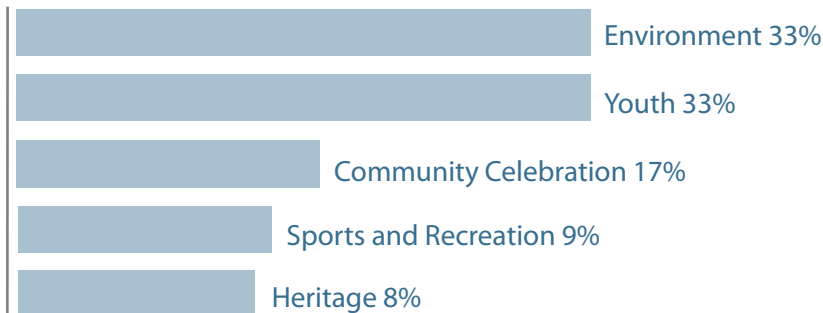
Community and First Nations Sponsorship Programs

In an effort to support and grow positive relationships with communities, and in keeping with our commitment to translate power project investments into benefits for residents of the Columbia Basin, Columbia Power provides funding to local and regional projects and initiatives through our Community and First Nations Sponsorship programs. The funding Columbia Power provides supports a wide range of activities including arts and cultural programming and events, educational and youth-centred projects, activities that support recreation and leisure in our region as well as health and wellness and environmental and conservation efforts.

In 2011/12, Columbia Power sponsored 12 First Nations Sponsorship Program activities and 46 Community Sponsorship Program activities for a total of 58 supported activities and \$93,000 in funding. In addition to monies provided via our two sponsorship programs, an additional \$17,000 is awarded each year through our Scholarship and Bursary Program, which provides bursaries to deserving students at 19 secondary schools across the Columbia Basin, as well as scholarships for the College of the Rockies, Selkirk College and the Kootenay School of the Arts.

The First Nations Sponsorship Program was established in 2005 to provide support to a variety of community-based First Nations initiatives including career and business development, sports and recreation, arts and culture and education and health initiatives. In 2011/12, Columbia Power supported two new events relating to the importance of salmon in the cultures of Columbia Basin First Nations; one coordinated by the Okanagan Nation Alliance and another by the Canadian Columbia River Intertribal Fisheries Commission, a joint effort shared by the Ktunaxa Nation Council, Okanagan Nation Alliance and the Shuswap Nation Tribal Council. Columbia Power takes pride in the close working relationships we have established with First Nations.

2011/12 First Nations and Community Sponsorship Funding



Columbia Power proudly supports a variety of First Nations activities.



A group of students participating in the Wildsight Program, sponsored by Columbia Power.



The Honourable Minister Ida Chong draws a prize winner at the Kootenay Country exhibit at the UBCM in Vancouver in the fall of 2011.

Local Government Partnerships – Kootenay Country Initiative

Columbia Power works closely with municipal and regional government to support the interests of the residents of the Columbia Basin. Since 2007, Columbia Power has worked with the Regional Districts of Central Kootenay, Kootenay Boundary and East Kootenay to develop an initiative to showcase and promote the region where Columbia Power develops projects. The Kootenay Country initiative includes a display which exhibits lifestyle, commercial and service amenities, as well as economic and tourism opportunities. In the fall of 2011, Columbia Power and representatives from three regional districts joined together and proudly represented our rural communities on a large urban stage as we took part in the Union of British Columbia Municipalities Conference in Vancouver.

First Nations

Columbia Power values the relationships it has built with its First Nations partners. In 2011/12, First Nations workers and apprentices made up part of the work force on the Waneta Expansion Project. A First Nations worker liaison is also employed by the prime contractor, SNC Lavalin. Columbia Power strongly encourages and supports employment and equity opportunities. Columbia Power has been instrumental in forging healthy relationships with local First Nations communities by continued engagement and delivery of commitments. As a result of its strong, positive relations with First Nations, Columbia Power has been approached to consult and advise other industry and partners in this regard.

New partnerships – Columbia Power and BC Hydro

Over the past year, Columbia Power has worked with BC Hydro to determine ways in which the two corporations could partner together. In February 2011, Columbia Power and BC Hydro signed a memorandum of understanding for the completion of three boat ramp facilities on the Arrow Lakes Reservoir. Columbia Power will manage the development, construction and commissioning of the three ramps on behalf of BC Hydro. The project includes replacement of the Nakusp ramp, a new ramp at Anderson Point, and upgrades to the existing Edgewood boat ramp. The ramps will be commissioned in 2013.



Representatives from Columbia Power and BC Hydro in Nakusp at the future site of the Arrow Lakes boat ramp.

Corporate Governance

ROLE OF THE COLUMBIA POWER CORPORATION BOARD

The Board has a primary responsibility to foster the Corporation's short and long-term success; consistent with the Board's responsibility to the Corporation's shareholder, the Province of British Columbia, while giving consideration to the legitimate interests held by other stakeholders including employees, customers, suppliers, communities and the public.

The Directors are stewards of the Corporation. The Board has the responsibility to oversee the conduct of the Corporation's business and management, which is responsible for the day-to-day operation of the Corporation. In overseeing the conduct of the business, the Board, through the President and Chief Executive Officer will set the standards of conduct for the Corporation.

PRINCIPLES

The authorized number of Directors of the Corporation is six, all appointed by the Province and independent of management. As of the date of this Annual Report, there is one vacancy on the Board. As stewards of the Corporation, the Directors are committed to overseeing the conduct of the Corporation's business, applying the following governance principles:

Integrity: Best Interests of the Corporation

The Directors will act with honesty and integrity, with a view to the best interests of the Corporation, recognizing their role in setting the ethical tone for the entire organization.

Direction with Oversight: Support Management

The Directors will provide oversight and support to management to enable management to carry out their role without undue encroachment from the Board.

Commitment: Well-Informed Decision-Making

Each Director will be committed to developing a strong understanding of the Corporation, its business, principal risks and strategic direction.

Skill Development: Continuous Improvement

The Board will strive to identify and attract the combination of skills and characteristics among its Directors that are essential to providing high quality oversight to management. This will involve orientation of new Directors and measures designed to continuously improve the skills and competencies of all Directors.

Communication

The Directors, having regard for the need to maintain confidentiality where appropriate, will communicate decisions and policies promptly and clearly within the organization and to others whose interests are affected.

Respect

The Directors will conduct themselves in a manner that is respectful of each other and of the interests of the Corporation's stakeholders.

BOARD DIRECTORS

Lee Doney, Chair
Tim Stanley, Vice Chair
Greg Deck
Ron Miles
Lillian White



BOARD COMMITTEES

The Corporation's committees address issues on behalf of the Board of Directors and report back to the Board on a regular basis.

The **Finance and Audit Committee** is responsible for financial and compliance oversight.

Members: Lillian White (Chair), Lee Doney and Ron Miles.

The **Human Resources and Governance Committee** assists the Board in matters of human resources and compensation, including establishing a plan for continuity and development of senior management. This Committee is also responsible for providing a focus on governance that will enhance Columbia Power's performance.

Members: Greg Deck (Chair) and Lee Doney.

The **Major Capital Projects Committee** assists the Board in its oversight responsibilities with respect to the operations of the Corporation's existing facilities and major capital projects.

Members: Tim Stanley (Chair) and Ron Miles.

OFFICERS OF THE COMPANY

Jane Bird, President and Chief Executive Officer
Frank Wszelaki, Chief Operating Officer
Giulio Ambrosone, Vice President, Capital Projects
Debbie Martin, Vice President, Human Resources and Corporate Services
Victor Jmaeff, Chief Technical Officer
David de Git, Director, Finance
Don Rose, Corporate Secretary

SENIOR MANAGEMENT

Gene Anderson, Director, Operations
Llewellyn Matthews, Director, Environment
Audrey Repin, Director, Stakeholder Relations and Communications
Janice Hardy, Manager, Human Resources and Corporate Services

KEY ACCOUNTABILITY RELATIONSHIPS

The Government's Letter of Expectations (the "letter") between the Minister of Energy and Mines and the Board Chair sets out the corporate mandate, including high-level performance expectations, public policy issues and strategic priorities (a copy of the letter is posted on Columbia Power's website at: www.columbiapower.org/media/documents/Shareholder_Letter_of_Expectations_2011.pdf). Pursuant to the letter, the Board Chair communicates regularly with the Minister of Energy and Mines or with representatives of the Ministry, to report on implementation of the letter. The letter directs the Corporation to conduct its operations and financial activities in a manner consistent with the legislative, regulatory and policy framework established by government. As required by the letter and the *Financial Administration Act*, the Corporation posts on its website its annual report, annual *Financial Information Act* report, and interim financial reports on a quarterly basis. The Auditor General of British Columbia is the external auditor for the Corporation.

COLUMBIA POWER CORPORATION'S JOINT VENTURES WITH COLUMBIA BASIN TRUST

Columbia Power owns three hydropower facilities jointly with Columbia Basin Trust. The boards of directors of these jointly-owned corporations are comprised of six directors, four nominated by Columbia Power and two nominated by CBT.

Brilliant Power Corporation – owns the Brilliant Dam and Generating Station and the Brilliant Terminal Station.

Arrow Lakes Power Corporation – owns the Arrow Lakes Generating Station and associated 48-kilometre transmission line from the powerplant to BC Hydro's Selkirk substation.

Brilliant Expansion Power Corporation – owns the Brilliant Expansion Generating Station.

In each case, Columbia Power is the manager of these assets.

WANETA EXPANSION LIMITED PARTNERSHIP

The Waneta Expansion Project, which involves the development of a 335 MW Generating Station on the Pend d'Oreille River near Trail, BC, is owned by the Waneta Expansion Limited Partnership (WELP); the limited partnership interests are owned 51 per cent by Fortis Inc., 32.5 per cent by Columbia Power, and 16.5 per cent by Columbia Basin Trust. WELP is managed by a general partner, Waneta Expansion General Partner Ltd. (WEGPL), which is also owned by Fortis Inc., Columbia Power and Columbia Basin Trust. WEGPL has a Board of Directors of seven, comprised of four nominees of Fortis Inc., two nominees of Columbia Power, and one nominee of Columbia Basin Trust. Columbia Power acts as the owner's representative for the Waneta Expansion Project.

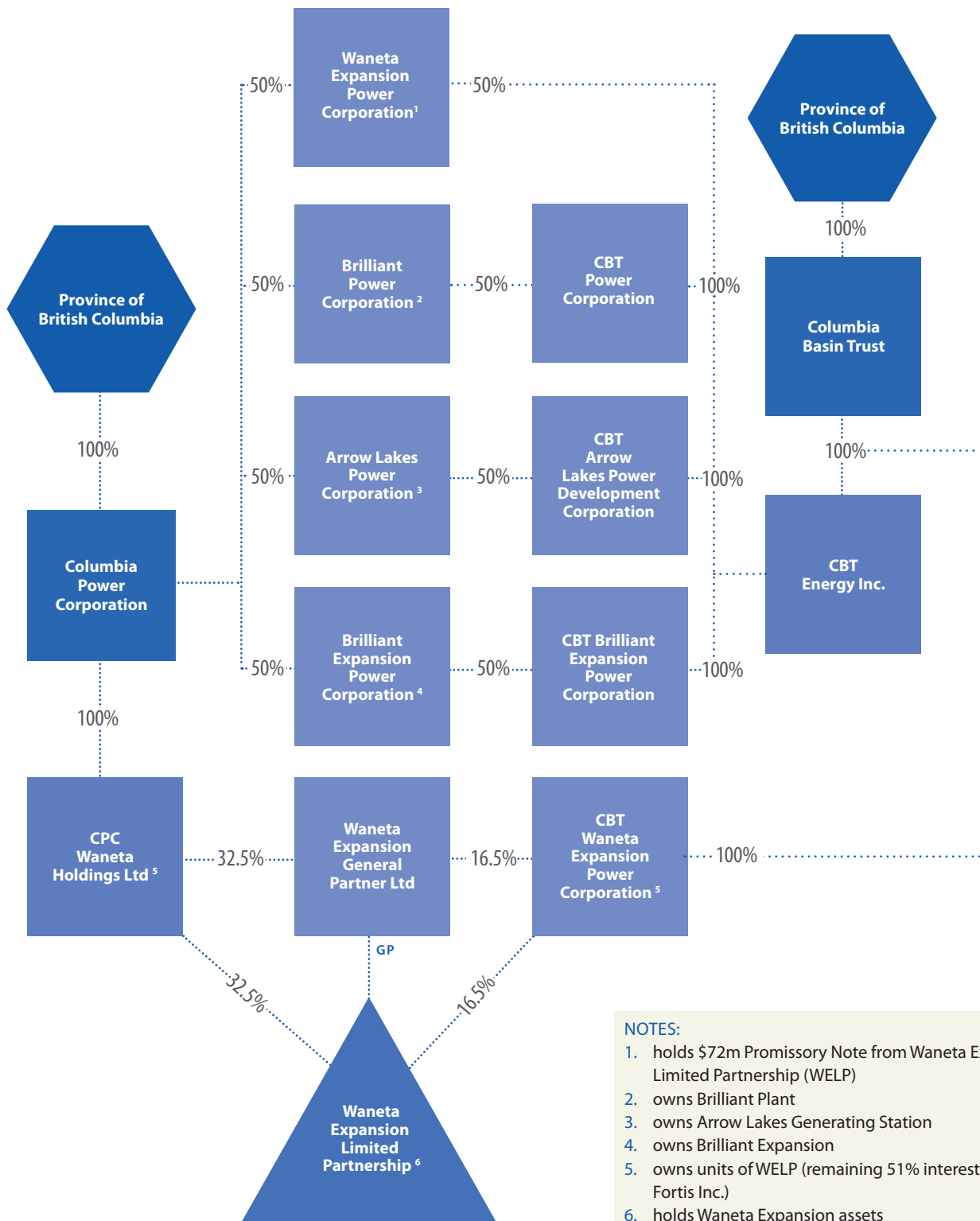
COMPLIANCE

The Corporation is in compliance with the Board Resourcing and Development Office's board disclosure requirements for Crown corporations.

Click the link below to learn more about Columbia Power's Corporate Governance and about our board of directors: www.columbiapower.org/content/corporate_governance.asp

Click the link below to learn more about the Province of British Columbia's Board Resourcing and Development Office: fin.gov.bc.ca/brdo/

Corporate Structure of the Columbia Power/CBT Joint Ventures



NOTES:

- holds \$72m Promissory Note from Waneta Expansion Limited Partnership (WELP)
- owns Brilliant Plant
- owns Arrow Lakes Generating Station
- owns Brilliant Expansion
- owns units of WELP (remaining 51% interest owned by Fortis Inc.)
- holds Waneta Expansion assets

Report on Performance

As set out in the 2011-2014 Service Plan, Columbia Power has four specific goals as follows:

1. Success of the Waneta Expansion Project
2. Efficient and reliable plant operations
3. Effective financial planning
4. Approval and implementation of the Strategic Plan

For each of the four goals, there are specific targets that contribute to their success. The targets are measurable providing an accountability of performance. The 2011/12 goals and targets are summarized in Figure 1, Performance Results and Targets.

Performance Measures

The previous targets, “variance in project development time” and “variance from project budgets” were specific targets for the development of the Waneta Expansion Project. The project is under construction; therefore, the targets are no longer appropriate. Waneta Expansion Regulatory Compliance (safety) benchmark has changed from 8.2 to < or = 5 injury rate recognizing WorkSafeBC heavy industry injury rate was 5 and then reduced to 4 to be conservative.

Plant availability targets previously considered an outage target based on duration of time only for each of Arrow Lakes Generating Station (ALH), Brilliant Dam and Generating Station (BRD) and Brilliant Expansion Generating Station (BRX). BRD is no longer targeted as outages do not affect revenue. Due to the significant variations of the entitlement profile for ALH and BRX there are now two targets that measure total outages, duration (Hours) and energy losses Mega Watt hours (MWh). Operations, Maintenance and Administration (OMA) targets were developed internally. An annual hydro benchmarking study provided by Navigant Consulting now provides an independent source for OMA benchmarks.

Adequate (Benchmark 1.3 or greater) Debt Service Coverage Ratio (DSCR) determines ability to maintain investment bond rating, providing the bond rating target in addition to DSCR is therefore redundant. As a result, the bond rating target was dropped in 2011/12. Capital Structure was an appropriate target in 2010/11 to determine capacity for future financing. However, due to a new bond issue in April 2011 capital structure no longer is an appropriate target in the immediate term. Approval of the Strategic Plan goal has been added since the 2011/12 Service Plan.

The change to the equity method for reporting the investment in the operating joint ventures has a significant impact on the earnings before interest, taxes, depreciation, and amortization (EBITDA) financial target, as under the previous method (proportionate consolidation) bond interest and financing costs as well as depreciation of property, plant and equipment related to the power plants are not included as an expense for EBITDA calculation. Under the equity method, these expenses have already been included in joint venture income; therefore, the EBITDA targets under the equity method are much lower.

The \$170 million variance in actual free cash flow as compared to target free cash flow was due to the timing of the \$350 million ALPC Series B bond issue that occurred early in fiscal 2011/12 but was expected to occur late in 2010/11. Proceeds of the bond issue were used to redeem ALPC Series A bonds and pay dividends to the shareholders for reinvestment in the Waneta Expansion.

Figure 1 - Performance Measures	Benchmark	2009/10 (Actual)	2010/11 (Actual)	2010/11 (Target)
Goal 1 - Success of the Waneta Expansion Project				
Variance in project development time	On Schedule (no negative variance from schedule)	WAX still under decision. Final Go/No Go decision not achieved.	WAX restructured, construction commenced in 2010, construction schedule developed	Restructure WAX for 2010 construction, develop new schedule
Variance from project budgets	On Budget (no negative variance from budget)	WAX development costs exceeded budget	WAX restructured, construction commenced in 2010, development costs within budget, construction schedule developed	WAX development Variance < or = 0
1.1 Waneta Expansion is on schedule	Early or on schedule (no negative variance from schedule)	N/A	N/A	N/A
1.2 Waneta Expansion is on budget	On or under budget (no negative variance from budget)	N/A	N/A	N/A
1.3.1 Waneta Expansion regulatory compliance (safety)	< or = 5 (Injury Rate)	N/A	N/A	N/A
1.3.2 Waneta Expansion regulatory compliance (environment)	One major environmental incident per year	N/A	N/A	N/A
Goal 2 - Efficient and reliable plant operation				
Plant availability	> 95%	ALH >95.0% BRX >95.0% BRD >95.0%	ALH >99.0% BRX >98.0% BRD >95.0%	ALH >95.0% BRX >91.0% BRD >95.0%
2.1.1 Equivalent reliability rate (hours)	ALH >90.0% BRX >90.0%	ALH >95.8% BRX >89.7%	ALH >89.2% BRX >88.5%	ALH >89.2% BRX >88.5%
2.1.2 Equivalent reliability rate (MWh)	ALH >96.0% BRX >96.0%	ALH >99.1% BRX >95.7%	ALH >90% BRX >90%	ALH >90% BRX >90%
Operations, maintenance, and administration (OMA) Unit cost for assets in service	OMA Benchmark being updated	ALH: \$4.5 BRX: \$9.6	ALH: \$4.5 BRD: \$2.53 BRX: \$10.23	ALH: \$5.4 BRD: \$2.84 BRX: \$9.82
2.2 OMA costs (\$per MWh)	7.0 (2nd Quartile)	N/A	N/A	N/A
2.3.1 Regulatory compliance (safety)	CEA AIF for CPC employees – 2.1 WSBC AIF for Contractors – 2.3	N/A	N/A	N/A
2.3.2 Regulatory compliance (environmental)	1.35 major environmental incidents per year	Zero material non-compliance notices	Zero material non-compliance notices	Zero material non-compliance notices
2.3.3 Mandatory reliability standards (MRS)	No sanctionable events attributed to CPC/CBT joint ventures	N/A	N/A	N/A
Goal 3 - Effective financial planning				
Capital structure	CEA Composite Performance Measure for 2006 = 77:23	22:78	20:80	18:82
3.1 Debt service coverage ratio (DSCR)	DSCR 1.3 or greater	Maintain Investment Grade Rating for all bonds	Maintain Investment Grade Rating for all bonds	Maintain Investment Grade Rating for all bonds
3.2 Return on equity	Over the life of a project, compared to a regulated utility	5.4%	2.2%	5.2%
3.3 Earnings before interest, taxes, depreciation and amortization (EBITA) (\$ in thousands)	1.0% EBITDA growth	36,851	N/A	N/A
3.4 Free cash flow (\$ in thousands)	Consistent with target	14,455	N/A	N/A
Goal 4 - Approval and implementation of the Strategic Plan				
4.1 Approval of the Strategic Plan	Obtain approval of the Strategic Plan	N/A	N/A	N/A
4.2 Development of new projects	Power Projects defined and approved by 2013	N/A	N/A	N/A

2011/12 (Actual)	2011/12 (Target)	2012/13	2013/14	2014/15
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
WAX on schedule	WAX on schedule	WAX on schedule	WAX on schedule	WAX on schedule
WAX on budget	WAX on budget	WAX on budget	WAX on budget	WAX on budget
0.34	<8.2	< or = 4	< or = 4	< or = 4
0	1	1	1	1
N/A	N/A	N/A	N/A	N/A
ALH >90.4% BRX >85.1%	ALH >89.2% BRX >88.5%	ALH >87.5% BRX >87.7%	ALH >88.7% BRX >88.5%	ALH >93.9% BRX >88.5%
ALH >99.4% BRX >84.3%	ALH >97.8% BRX >94.3%	ALH >95.9% BRX >94.3%	ALH >96.1% BRX >94.3%	ALH >96.4% BRX >94.3%
N/A	N/A	N/A	N/A	N/A
ALH: 6.0 BRX: 11.9	ALH: 6.7 BRX: 11.2	ALH: 7.1 BRX: 10.5	ALH: 8.1 BRX: 10.0	ALH: 6.8 BRX: 10.4
0 0	< or + to CEA benchmark < or + to WSBC benchmark	< or + to CEA benchmark < or + to WSBC benchmark	< or + to CEA benchmark < or + to WSBC benchmark	< or + to CEA benchmark < or + to WSBC benchmark
< = 1 major environmental incident	< = 1 major environmental incident	< = 1 major environmental incident	< = 1 major environmental incident	< = 1 major environmental incident
Zero sanctionable events	Zero sanctionable events	Zero sanctionable events	Zero sanctionable events	Zero sanctionable events
N/A	N/A	N/A	N/A	N/A
Maintain Investment Grade Rating for all bonds	Maintain Investment Grade Rating for all bonds	Maintain Investment Grade Rating for all bonds	Maintain Investment Grade Rating for all bonds	Maintain Investment Grade Rating for all bonds
3.3%	4.4%	4.1%	4.0%	4.0%
14,100	38,991	38,701	38,738	20,060
125,500	-46,123	-59,347	-21,206	2,091
N/A	N/A	Obtain Board and Shareholder approval of the Strategic Plan	Update the Strategic Plan	Update the Strategic Plan
N/A	N/A	Complete Project 1 Definition Report and obtain approval to next step. Complete Preliminary Feasibility Study for Project 2	Apply for regulatory and environmental permits for Project 1. Complete Project 2 Project Definition report and obtain approval for next step	Commence construction for Project 1. Issue application for regulatory and environmental permits for construction of Project 2

Performance Measures Framework

Columbia Power's performance measures framework follows the Budget Transparency and Accountability Act requirements for performance measures, benchmarks and targets linked to specific goals, objectives and strategies. The framework also reflects Columbia Power's dual functions as a development company and an operating company. The framework provides broad goals and underlying objectives, aligns specific corporate strategies to each objective, and incorporates ongoing research regarding suitable benchmarks and targets, and comments on the significance of results.

Given Columbia Power's role as joint venture manager and the extent to which it contracts out, finding suitable industry benchmarks remains a challenge, as the industry is largely dominated by vertically integrated regulated utilities.

Columbia Power believes the performance measures used highlight the most crucial aspects of its performance, but are also subject to refinement and evolution as the organization matures. The measures used to define performance, with a description of their importance and inclusions along with strategies, are summarized in Figure 2, Performance Measures.

Source of Data and Reliability

Columbia Power believes its performance measures are reliable and valid. Although current and historical performance measures are not audited, they are derived largely from audited information, information subject to third-party verification and information independently provided.

A number of Columbia Power's performance targets are based on forecasts of future events. They were estimated using assumptions that reflect Columbia Power's planned courses of action and judgments as to the most probable set of economic conditions. Because of the nature of forecasting future events, actual results may vary from the information presented.

Risk Factors

Significant risks relate to Columbia Power's key activities including: WAX construction, power plant operations, the availability and cost of funds for development and construction, regulatory items and staffing. Detailed information regarding these risks is contained in the Strategic Context section found on page 27.

Construction of the Waneta Expansion Project is on track to begin service on schedule in 2015.



Figure 2 - Performance Measures	Benchmark	Strategy	Measures and Importance to Columbia Power
Goal 1 - Success of the Waneta Expansion Project			
Variance in project development time	On Schedule (no negative variance from schedule)	WAX now in Construction Phase	Schedule delays will delay commencement of construction, increase development costs and provide further overall delay to commercial operations start date.
Variance from project budgets	On Budget (no negative variance from budget)	WAX now in Construction Phase	Additional costs increase partners share of costs.
1.1 Waneta Expansion is on schedule	Early or on schedule (no negative variance from schedule)	Design/build contract specifies commercial start-up date, on schedule incentives.	Schedule delays will increase the cost of the design/build and other contracts and delay the projects ability to achieve commercial operation and commence revenue generation.
1.2 Waneta Expansion is on budget	On or under budget (no negative variance from budget)	Design/build contract has a fixed-price, includes penalties and incentives. Monthly forecast and risk registry reviews provide early detection.	Increased costs results in increased investment costs for each of the partners and thus decreases commercial operations return on equity investment.
1.3.1 Waneta Expansion regulatory compliance (safety)	< or = 5 (Injury Rate)	Appointment of design/build contractor as prime contractor, Routine Safety meetings, audits, incentive program.	Columbia Power has a corporate commitment to safety on Columbia Power managed projects that goes beyond strict regulatory compliance. A commendable and ever improving safety record is of critical importance to Columbia Power.
1.3.2 Waneta Expansion regulatory compliance (environment)	One major environmental incident per year	Environmental programs, review of Environmental Management Plan (EMP) and work plans, audits, independent monitor.	The WAX Environmental Assessment Certificate (EAC) is dependent on environmental performance. Environmental incidents are one integral measure of environmental performance.
Goal 2 - Efficient and reliable plant operation			
Plant availability	> 95%	See below for successor reliability indicators	Simplified former plant performance indicator that demonstrates the negative impact of outages on Revenue. See 2.1.1 and 2.1.2 for successor reliability indicators.
2.1.1 Equivalent reliability rate (hours)	ALH >90.0% BRX >90.0%	ALH and BRX receive entitlement in exchange for physical generation, remove water flow risk. External benchmark is used for performance comparisons.	Accounts for number of hours each generating unit is available annually, including both planned and forced outages, relative to the total number of generating units available. This metric compares percent of time generating unit is producing revenue.
2.1.2 Equivalent reliability rate (MWh)	ALH >96.0% BRX >96.0%	ALH and BRX receive entitlement in exchange for physical generation, remove water flow risk. Outages in MWh are tied to entitlement, with direct link to revenue forecasts.	Similar to 2.1.1 this metric recognizes entitlement and non uniform profiles for ALH and BRX, thus reflects the timing of the planned and forced outages during the year. As such, this metric relates directly to the revenue forecast.
Operations, maintenance, and administration (OMA) Unit cost for assets in service	OMA Benchmark being updated	See below for successor OMA benchmark	Former OMA metric that relied on an internal developed benchmark.
2.2 OMA costs (\$per MWh)	7.0 (2nd Quartile)	Columbia Power endeavours to manage its joint ventures effectively and efficiently and to achieve OMA costs within industry norms - derived from benchmarking study.	Metric for OMA costs for each plant divided (net of allowance for outages) by entitlement energy for that plant, in dollars per megawatt hour (MWh). It is key measure of plant operational cost efficiency relative to industry.
2.3.1 Regulatory compliance (safety)	CEA AIF for CPC employees - 2.1 WSBC AIF for Contractors - 2.3	Health and Safety are core values. Health and Safety Policy and Environment, Health and Safety Management System in place.	Health and Safety are core values at Columbia Power. Our goal is to ensure every Columbia Power employee and worker at Columbia Power managed projects and offices returns home from work safely.
2.3.2 Regulatory compliance (environmental)	1.35 major environmental incidents per year	Environment Stewardship is core value. Environmental Policy and Environmental, Health and Safety Management System in place.	Environmental stewardship is also a core value of Columbia Power. The number of environmental incidents is one measure of environmental performance.
2.3.3 Mandatory reliability standards (MRS)	No sanctionable events attributed to CPC/CBT joint ventures	BC Reg. 32/2009 mandates Columbia Power to register British Columbia Utilities Commission and file mitigation plan.	Columbia Power was mandated to file a mitigation plan confirming compliance with Mandatory Reliability Standards (MRS). Failure to comply with these standards could result in financial penalties and/or sanctions.
Goal 3 - Effective financial planning			
Capital structure	CEA Composite Performance Measure for 2006 = 77:23	See below creditworthiness indicator.	This former metric was in place to measure capacity for future financing.
3.1 Debt service coverage ratio (DSCR)	DSCR 1.3 or greater	ALH employs a series of liquidity reserves through 2014 to provide security to bond holders. Stringent budgeting and routine forecasting ensures DSCR is met.	Debt Service Coverage Ratio is a measure of creditworthiness used to determine an organization's ability to service current debt. Bond trust deeds require a minimum specified level for compliance and to maintain investment grade ratings.
3.2 Return on equity	Over the life of a project, compared to a regulated utility	Maximize revenues generated through power purchase agreements and control costs associated with plant operation.	Demonstrates earnings of a project specific relative to amounts invested. Columbia Power attempts to achieve a return on equity that is broadly consistent with similar projects in similarly regulated environments.
3.3 Earnings before interest, taxes, depreciation and amortization (EBITA) (\$ in thousands)	1.0% EBITDA growth	EBITDA is particularly effective comparing the performance of the joint ventures year over year.	EBITDA is a measure of operating cash flow and focuses on returns more directly influenced by management and excludes those factors over which management has limited to no influence.
3.4 Free cash flow (\$ in thousands)	Consistent with target	Maximizing free cash flow provides returns to investors in the form of dividends. Future capital investments can be funded through availability of long-term free cash flow.	Free cash flow is the amount of cash a company has left over after it has satisfied its obligations, including sustaining capital investments and debt service. Free cash flow is an important measure in determining availability of dividends and over the long-term is a measure of funds available for future capital investments.
Goal 4 - Approval and implementation of the Strategic Plan			
4.1 Approval of the Strategic Plan	Obtain approval of the Strategic Plan	Approval provides endorsement to seek out and pursue qualified growth opportunities.	Board and Shareholder approval of the Strategic Plan is a measurable milestone that officially supports a "maintain and grow" strategic direction.
4.2 Development of new projects	Power Projects defined and approved by 2013	Growth opportunities identified and subsequently qualified will become future revenue streams.	Identification and approval of potential new projects is a critical milestone for the implementation of the strategic plan.

Strategic Context

Columbia Power's power projects operate in a domestic power market where there is a single dominant wholesale purchaser as well as independent power producers. Long-term firm transmission capacity to adjacent power markets in Alberta and the US Pacific Northwest is limited. The operating environment is complex and includes federal and provincial regulators, an international treaty, as well as local, regional, American and First Nations stakeholders.

Columbia Power has successfully completed two previous power projects: the Arrow Lakes Generating Station and the Brilliant Expansion. It also has expertise in all aspects of hydroelectric project development: feasibility assessment, community consultation, permitting, procurement, contract negotiations, risk allocation, construction oversight, commissioning, and operation. Columbia Power has the capacity to meet its planned results and does not foresee any significant capacity issues.

Key Strategic Issues

The key strategic issues facing Columbia Power include:

- Managing construction of the Waneta Expansion Project until commercial operation begins in 2015 - safely, on schedule and on budget, while meeting community, First Nations and environmental commitments. The expertise of staff in design/build construction projects, together with their relationships with public and private partners, provincial, regional and local governments, First Nations and private-sector utility, construction, engineering and allied firms, is vital to the success of the project.
- Continuing to effectively and efficiently manage the joint venture assets owned with Columbia Basin Trust including major hydroelectric facility owner's risks of human and dam safety, equipment availability and the environment.
- Ensuring expected revenues are met through performance of generating assets.
- Ensuring on-going support for the power projects with local and regional community stakeholders and First Nations.
- Continuing work on future strategic planning in consultation with the Ministry of Energy and Mines, BC Hydro and local stakeholders to identify potential projects that take advantage of Columbia Power's expertise and experience.



Columbia Power is developing a Strategic Plan for review which includes evaluating potential projects such as the addition of power generation at the Duncan Dam.

Risk Management

Risk	Issue/ Impact	Result During 2011/12
Waneta Expansion on Schedule	Failure to adhere to the construction schedule will impact on the timing of when future revenues are received and could result in claims.	Construction of the Waneta Expansion Project is proceeding on schedule with all excavation work completed. Columbia Power actively monitors the progress of construction and works with the contractor to ensure the project will be completed on schedule and on budget.
Waneta Expansion on Budget	Failure to adhere to the construction schedule will impact on the project economics.	Construction of the Waneta Expansion Project is proceeding on budget, with an adequate contingency in place for risk items and unforeseen events. Columbia Power actively monitors the progress of construction and works with the contractor to ensure the project will be completed on schedule and on budget.
Waneta Expansion Entitlement/ Canal Plant Agreement Renegotiations	The renewed and extended Canal Plant Agreement between BC Hydro, Columbia Power, FortisBC Inc. and Teck, which came into effect in April 2006, provides for the Waneta Expansion. The Agreement runs until at least December 31, 2035.	Negotiations with BC Hydro continued through 2011/12 for an entitlement agreement for the Waneta Expansion, which may entail amendments to the Canal Plant Agreement.
Waneta Expansion impact on Communities	A positive relationship with local communities must be maintained during construction.	A Community Impact Management Committee was established to deal with any community issues with respect to the project that may arise.
Availability of Funds	Leveraging of the Arrow Lakes joint venture asset was required for completion of the Waneta Expansion and future projects.	\$350 million 5.516% 30 year Arrow Lakes Series B bonds were issued in April 2011. Columbia Power also borrowed \$20 million from CBT Energy at terms similar to the Arrow Lakes bonds. This financing is sufficient to fund Columbia Power's obligations to the Waneta Expansion Limited Partnership and to provide reserves for contingencies and new project development.
Interest Rate Risk	Higher interest rates could negatively impact the cost of new project debt, project net income and the economics and ability to finance the Waneta Expansion Project.	\$350 million 5.516% Arrow Lakes Series B bonds were issued in April 2011. Columbia Power also borrowed \$20 million from CBT Energy at terms similar to the Arrow Lakes bonds. This financing fixes the interest cost to Columbia Power for the investment in the Waneta Expansion and new project development.
Plant Reliability	<p>Plant outage risk for the Brilliant facility is transferred to FortisBC Inc. as the power purchaser/plant operator.</p> <p>If the Arrow Lakes plant outage factor were to increase by 1 percentage point, revenues and net income would decline by \$327,000 in 2011/12.</p> <p>If the Brilliant Expansion outage factor were to increase by 1 percentage point, revenues and net income would decline by \$327,000 in 2011/12.</p>	<p>All power projects carry business interruption, property and liability insurance.</p> <p>Optimal plant operations and maintenance is overseen by Columbia Power, including the planning and execution of annual maintenance outages during low revenue periods.</p> <p>During 2011/12, Columbia Power commenced planning activities in preparation for a 10-year condition assessment program at Arrow Lakes Generating Station.</p> <p>During 2011/12, Brilliant Expansion experienced a failure of its shaft seal which resulted in a 22 day unplanned outage with a revenue impact of \$3.2 million. To avoid reoccurrence, Brilliant Expansion installed a redesigned shaft seals and also implemented other reliability improvement projects.</p>
Regulatory Risk	Columbia Power / Columbia Basin Trust power projects are subject to regulatory risk due to a changing regulatory environment. Project operations are subject to risks associated with implementation of new regulations, evolving interpretation of existing regulations and changes to industry standards. For example, policy for the protection of Critical Habitat under the Species at Risk Act has not yet been developed which could impact project minimum flows and therefore revenue.	Columbia Power continued to work with the Department of Fisheries and Oceans and other hydro owners on permitting solutions for hydroelectric facilities. Columbia Power also carried out studies and funded research activity related to the impacts of its facility operations.
Attracting and Maintaining Key Staff	Columbia Power requires the organizational capacity to effectively manage all existing and new facilities. If Columbia Power's mandate to develop projects extends beyond the Waneta Expansion Project, it will need organizational capacity to identify and develop projects.	Columbia Power has hired several key staff in 2011/12 and intends to further enhance Human Resource strategies and compensation plans to keep and attract key staff.

Alignment with Government’s Letter of Expectations

Each year Columbia Power receives a Government’s (formerly Shareholder’s) Letter of Expectations (the “letter”) from the Provincial government (the “Shareholder”). The letter directs Columbia Power to conduct its affairs to achieve the objectives of the Shareholder in a manner consistent with the Shareholder’s general and specific directions. The letter is an agreement between both parties and outlines their respective roles and responsibilities, as well as corporate mandate, including high level strategic priorities, public policy issues and performance expectations. The letter is the basis for the development of the Corporation’s Service Plan and Annual Report.

In January 2011, the Honourable Steve Thomson, former Minister of Energy, signed the Shareholder’s Letter of Expectations, which outlined the expectations of Columbia Power and the primary responsibilities of the Corporation for 2012. The expectations and Columbia Power’s alignment are summarized below.

A copy of the current Government’s Letter of Expectations is available for viewing on our web site at: www.columbiapower.org/media/documents/Shareholder_Letter_of_Expectations_2011.pdf

Government’s Letter of Expectations	Columbia Power’s Alignment
Waneta Expansion Project	
Efficiently manage the Waneta Expansion Project on behalf of the Partnership.	The Waneta Expansion Project is currently on schedule and on budget. Long-term sales agreements have been negotiated with BC Hydro and FortisBC.
Climate Change	
Comply with requirements to be carbon neutral under the <i>Greenhouse Gas Reduction Targets Act</i> .	The Corporation’s carbon neutral plan has been implemented and includes monitoring fuel, paper, and electrical usage. Carbon neutrality is achieved through Pacific Carbon Trust.
Clean Energy Act	
Support the Shareholder’s energy objectives as described in the <i>Clean Energy Act</i> .	Arrow Lakes Generating Station, Brilliant Dam and Generating Station and Brilliant Expansion together produce 450MW of green power. The Waneta Expansion will contribute a further 335MW of clean, renewable power towards the Province’s goal of achieving energy self-sufficiency. The project will also stimulate economic development and job creation.
Strategic Plan and Enterprise Risk Management	
Implement the Corporation’s strategic plan and enterprise risk management assessment.	Columbia Power will develop, and with Shareholder approval, implement its strategic plan and enterprise risk management plan.
Policy Development	
Work with the Shareholder to identify current or upcoming issues.	Columbia Power has on going communication and coordination with the Ministry of Energy and Mines on substantive issues as they arise.

Management Discussion and Analysis

The Management Discussion and Analysis reviews the financial conditions and results of operations of Columbia Power for the fiscal year ended March 31, 2012 and should be read in conjunction with the Corporation's audited financial statements. Statements made in this Management Discussion and Analysis that describe Columbia Power's budgets, estimates, expectations, forecasts, objectives, predictions or projections of the future may be "forward-looking statements". Columbia Power cautions that, by their nature, forward-looking statements involve risks and uncertainties, and that its actual actions and/or results could differ materially from those expressed or implied in such forward-looking statements.

The financial performance of Columbia Power in 2011/12 was significantly influenced by three events:

1. The failure of a turbine shaft seal at the Brilliant Expansion;
2. The implementation of the financing plan for the Waneta Expansion that included the issuance of \$350 million Series B project bonds by Arrow Lakes Power Corporation, the retirement of Series A bonds by Arrow Lakes Power Corporation and a loan from CBT Energy to Columbia Power; and
3. The implementation of International Financial Reporting Standards adopted by the Canadian Accounting Standards Board as Canadian generally accepted accounting principles for publicly accountable enterprises.

The impacts of these items on the financial performance of Columbia Power are explained below.

The future financial outlook over the forecast period anticipates that Columbia Power will experience modest growth in net income. Revenues for each of the equity accounted operating companies will increase in accordance with the terms of their power sales agreements while operating expenses are anticipated to be stable. The key challenge will be maintaining operating reliability.

Growth in net income for years subsequent to the forecast period is expected to be much more robust as the Waneta Expansion Project commences operations and begins contributing to net income in 2015/16. Arrow Lakes Generating Station will receive a higher price for power sales to BC Hydro under the 2010 Electricity Purchase Agreement commencing on January 1, 2016.



Wooden draft tube forms placed at the base of the Waneta Expansion Project powerhouse.

Financial Overview

Financial Overview \$ In thousands	Footnote	2009/10 Actual (I)	2010/11 Actual	2011/12 Actual	2011/12 Budget	Variance from Budget	Variance from prior year	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast
Revenue	H	1,643	2,919	1,833	1,837	(4)	(1,086)	1,993	1,936	1,754
Other Income										
Brilliant Power Corporation	A	9,019	9,366	9,638	8,794	844	272	9,917	10,259	10,700
Brilliant Expansion Power Corporation	B	8,590	10,131	7,785	9,576	(1,791)	(2,346)	9,465	9,892	9,908
Arrow Lakes Power Corporation	C	6,853	7,877	(2,066)	(784)	(1,282)	(9,943)	(1,431)	(662)	36
Waneta Expansion Power Corporation	D	(7,705)	(8,997)	946	-	946	9,943	1,478	1,561	1,649
Amortization Expense	H	(584)	(585)	(603)	(635)	32	(18)	(383)	(384)	(429)
Other expenses:										
Staff & office										
Salaries & benefits	F	(4,852)	(4,079)	(4,477)	(4,770)	293	(398)	(5,042)	(5,143)	(5,246)
Office costs	E	(2,319)	(3,099)	(2,503)	(2,224)	(279)	596	(2,110)	(2,315)	(2,328)
Recovery from JV's	E	4,447	3,716	3,826	4,169	(343)	110	3,990	4,070	4,151
Community Sponsorship	H	(82)	(82)	(84)	(85)	1	(2)	(85)	(85)	(85)
Grants-in-Lieu	G	(407)	(407)	(460)	(414)	(46)	(53)	(464)	(473)	(482)
Results from Operating Activities		14,603	16,760	13,835	15,464	(1,629)	(2,925)	17,328	18,656	19,628
Finance Income	C	282	520	1,981	2,024	(43)	1,461	1,294	742	684
Finance Costs	C	-	(2)	(1,130)	(270)	(860)	(1,128)	(1,133)	(1,133)	(1,133)
Net Finance Income		282	518	851	1,754	(903)	333	161	(391)	(449)
Net Income		14,885	17,278	14,686	17,218	(2,532)	(2,592)	17,489	18,265	19,179

- A. When the budget for 2011/12 was developed, the lease revenue for Brilliant Power Corporation was assumed to be consistent with the semi-annual lease receipts. Under lease accounting, revenue recognition is higher than lease receipts due to the fixed escalator that increases future lease payments.
- B. Brilliant Expansion shaft seal failure caused a 22-day outage resulting in a \$3.2 million revenue loss and additional costs to repair and implement a redesigned shaft seal.
- C. In 2011/12, Columbia Power implemented a Financing Plan for the Waneta Expansion Project through its share of the \$350 million Series B bonds issue by Arrow Lakes Power Corporation (ALPC) and supplemented by Columbia Power borrowing \$20 million from CBT Energy. This bond issue was approximately \$20 million larger than originally budgeted but together with the borrowing from CBT Energy, has allowed Columbia Power to establish a contingency reserve for risks related to the Waneta Expansion construction and/or operating assets as well as an investment reserve for new project development. \$2.8 million of redemption costs for the retirement of Arrow Lakes Series A bonds and \$0.7 million of financing costs were expected to occur in 2010/11 but occurred in 2011/12.
- D. On October 1, 2010, all expansion rights and deferred development costs related to the Waneta Expansion Project were transferred to the Waneta Expansion Limited Partnership (WELP) from the Waneta Expansion Power Company (WEPC) in exchange for a \$72 million Promissory Note. 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 will occur in 2015; therefore, the Promissory Note is estimated to be repaid in 2020, ten years from the date of issuance. The \$72 million Promissory Note was discounted, using an effective interest rate of 5.5%, to a present value at March 31, 2011 of \$42,750,000. Interest is accreted annually until the note is realized.
- E. Includes consolidation adjustments related to elimination of intercompany transactions.
- F. Staff vacancies were filled in 2011/12 but not as early during the year as assumed in the budget.
- G. Grants-in-lieu increased at a rate higher than the inflation rate assumed in the budget. Variance not significant.
- H. Variance not significant.
- I. 2009/10 results have been estimated as those results were prepared under Canadian generally accepted accounting principles as existed at that time (i.e. they were prepared on a different basis of accounting).

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION						
\$ In thousands	2010	2011	2012	2013	2014	2015
ASSETS						
Current Assets	67,875	50,373	147,141	79,659	55,508	57,708
Non-current Assets						
Investment in equity accounted investees	334,046	337,735	212,571	210,097	209,360	208,436
Investment in Waneta Expansion	-	34,994	96,115	172,905	211,536	223,886
Property, plant and equipment	2,442	2,195	1,586	1,268	1,190	1,073
Restricted Cash	-	182	186	186	186	186
Investment in new projects	-	-	-	1,570	4,170	7,840
	336,488	375,106	310,458	386,026	426,442	441,421
Total Assets	404,363	425,479	457,599	465,685	481,950	499,129
LIABILITIES AND SHAREHOLDER'S EQUITY						
Current Liabilities	1,139	8,977	8,524	1,500	1,500	1,500
Long-Term Debt (see Note below)	-	-	19,887	19,887	19,887	19,887
Equity						
Contributed surplus	276,065	276,065	276,065	276,065	276,065	276,065
Retained surplus	127,159	140,437	153,123	168,233	184,498	201,677
	403,224	416,502	429,188	444,298	460,563	477,742
Total Liabilities & Shareholder's Equity	404,633	425,479	457,599	465,685	481,950	499,129
Note: Debt issued by joint ventures (includes current portion):						
ALPC	54,447	45,551	350,000	350,000	350,000	350,000
BPC	145,473	140,807	135,787	130,385	124,571	118,312
	199,920	186,358	485,787	480,385	474,571	468,312

The Statement of Financial Position has changed from the prior year primarily as a result of implementation of International Financing Reporting Standards (IFRS) and the Financing Plan for the Waneta Expansion, including the ALPC Series B project bond issue, redemption of the ALPC Series A debt issue and the loan from CBT Energy to Columbia Power. As a result of the project bond issue and payment of a special dividend by ALPC, sufficient cash has been raised for Columbia Power to meet its obligations to the Waneta Expansion Limited Partnership.

Consolidated Capital Spending						
\$ In thousands	2009/10 ACTUAL	2010/11 ACTUAL	2011/12 ACTUAL	2012/13	2013/14	2014/15
Arrow Lakes Power Corporation	165	258	436	445	150	150
Brilliant Expansion Power Corporation	379	287	728	556	334	341
Brilliant Power Corporation	1,434	1,722	1,189	1,049	1,204	991
Waneta Expansion	5,253	36,370	61,320	76,790	38,631	12,350
Columbia Power Corporation	431	351	129	105	306	312
Other Development	-	-	-	1,570	2,600	3,670
Total	7,662	38,988	63,802	80,515	43,225	17,814

Capital spending for Arrow Lakes Power Corporation, Brilliant Expansion Power Corporation and Brilliant Power Corporation is for projects to improve the operating reliability of the power plants, improve safety or provide some other ongoing benefit.

Capital spending for the Waneta Expansion Project fulfills Columbia Power's obligation to the Waneta Expansion Limited Partnership for the construction of the Project. The 335MW Waneta Expansion Project, currently under construction, will add a second powerhouse downstream of the Waneta Dam on the Pend d'Oreille River south of Trail, BC. Located immediately downstream from the Waneta Dam and its existing powerhouse, the Waneta Expansion will share the existing Waneta dam's hydraulic head and generate power from flow that would otherwise be spilled.

Columbia Power Corporate capital spending is for Columbia Power's purchase of office assets to support its activities.

Other development is for Columbia Power's planned investment in new project development over the period.

ARROW LAKES POWER CORPORATION (ALPC)						
STATEMENT OF INCOME FORECAST (NOT IFRS PRESENTATION)						
\$ In thousands	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
REVENUES	Actual	Actual	Actual			
Power sales to BC Hydro	33,207	34,414	35,344	35,188	36,365	37,406
Grants-in-lieu recovery	250	267	279	253	258	263
Total Revenues	33,457	34,681	35,623	35,441	36,623	37,669
OPERATING EXPENSES						
Operations and Maintenance	1,919	1,878	2,792	4,276	3,641	3,082
Administration/Management	1,128	1,276	1,184	1,335	1,429	1,472
Insurance	440	443	430	465	475	485
Environmental	332	174	380	404	399	398
Grants-in-lieu of Property Taxes	250	267	279	253	258	263
Water Rental	4,124	4,420	4,526	4,621	4,718	4,817
Other Professional Services	70	170	182	186	190	194
Operating Expenses	8,263	8,628	9,773	11,540	11,110	10,711
EBITDA	25,194	26,053	25,850	23,901	25,513	26,958
AMORTIZATION & FINANCING						
Amortization of Power Sales Agreement	1,911	1,924	1,903	1,890	1,890	1,890
Amortization of Power Facility	6,160	5,494	5,528	5,922	5,941	5,949
Interest - Series A	3,086	2,600	-	-	-	-
Financing Expense - Series A	409	374	768	-	-	-
Bondholder Redemption Costs	-	-	2,837	-	-	-
Interest - Series B	-	-	19,316	19,306	19,306	19,306
Financing Expense - Series B	-	-	163	121	121	121
Less: Interest revenue	77	92	534	476	421	379
Amortization & Financing Expenses	11,489	10,300	29,981	26,763	26,837	26,887
NET INCOME	\$13,705	15,753	(4,131)	(2,862)	(1,324)	71

The earnings before interest, taxes, depreciation, and amortization (EBITDA) from Arrow Lakes Generating Station, for the fiscal year ended March 31, 2012, was \$25.9 million compared with \$26.0 million the previous year. While slightly lower, the plant still achieved over 99% availability which exceeded ALPC's expectations for its annual availability target. Facility generation also exceeded the expected average amounts which benefited our power customer, BC Hydro. A new commercial agreement with BC Hydro regarding the Arrow Lakes Generating Station's energy credits has been renegotiated and will take effect in 2016.

ALPC's capital expenditures are funded by cash flow from operations. The major capital projects in 2011/12 included replacing the protection relays on the control system and purchasing spare intake gate hydraulic cylinders in preparation for an intake gate cylinder refurbishment set to commence in April 2013. The protection relay replacement was completed in 2011 and the intake gate cylinders are expected to arrive in July 2012.

BRILLIANT POWER CORPORATION (BPC)						
STATEMENT OF INCOME FORECAST (NOT IFRS PRESENTATION)						
\$ In thousands	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
REVENUES	Actual	Actual	Actual			
Lease Revenue:						
<i>Brilliant Plant Capital Charges</i>	25,717	26,222	26,711	27,079	27,494	27,946
<i>Brilliant Terminal Station Capital Charges</i>	2,253	2,259	2,234	2,207	2,171	2,139
Market Sales (Reg U/G)	2,075	1,322	1,278	1,395	1,409	1,423
Operation Revenue	9,721	10,605	10,677	11,151	11,386	11,625
Total Revenues	39,766	40,408	40,900	41,832	42,460	43,133
OPERATING EXPENSES						
Operations and Maintenance	1,525	1,869	1,821	1,928	1,969	2,011
Administration/Management	654	415	816	1,075	1,222	1,248
Insurance	402	398	405	424	433	442
Property Taxes	2,147	2,164	2,018	2,301	2,349	2,398
Water Rental	5,234	5,597	5,639	5,748	5,869	5,992
Other Professional Services	197	201	275	281	287	293
Operating Expenses	10,159	10,644	10,974	11,757	12,129	12,384
EBITDA	29,607	29,764	29,926	30,075	30,331	30,749
AMORTIZATION & FINANCING						
Interest on Bonds	11,267	10,908	10,556	10,100	9,671	9,206
Amortization of Rights	127	66	67	60	60	60
Amortization of Debt Issue Costs	235	236	259	207	207	207
Less: Interest revenue	59	177	232	125	125	125
Amortization & Financing Expenses	11,570	11,033	10,650	10,242	9,813	9,348
NET INCOME	18,037	18,731	19,276	19,833	20,518	21,401

The EBITDA from Brilliant Power Corporation, for the fiscal year ended March 31, 2012, was \$29.9 million compared with \$29.8 million the previous year. Work is still being completed on a major 50 year refurbishment of the eight spillway gates to ensure reliable operation and flood passage. This work is expected to be completed by 2015/16. The project to refurbish the anchors stabilizing the Brilliant Dam was completed in 2011.

BRILLIANT EXPANSION POWER CORPORATION (BEPC)						
STATEMENT OF INCOME FORECAST (NOT IFRS PRESENTATION)						
\$ In thousands	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
REVENUES	Actual	Actual	Actual			
Power sales to BC Hydro	23,667	27,589	24,152	26,699	26,982	27,268
Grants-in-lieu recovery	2,615	1,888	2,085	1,928	1,948	1,969
EcoEnergy Grant	4,220	4,459	3,942	4,127	4,124	4,122
Grants-in-lieu of Property Tax Recovery	159	176	181	181	185	189
Total Revenues	30,661	34,112	30,360	32,935	33,239	33,548
OPERATING EXPENSES						
Operations and Maintenance	1,618	2,632	3,022	2,717	2,140	2,293
Power Purchases	2,075	1,322	1,278	1,396	1,410	1,425
Administration/Management	2,080	1,462	1,850	1,562	1,549	1,596
Insurance	342	331	340	386	376	384
Environmental	224	250	100	459	410	387
Grants-in-lieu of Property Taxes	159	176	181	181	185	189
Water Rental	1,732	2,289	2,374	2,396	2,446	2,497
Other Professional Services	139	153	356	160	163	166
Operating Expenses	8,369	8,615	9,501	9,257	8,679	8,937
EBITDA	22,292	25,497	20,859	23,678	24,560	24,611
AMORTIZATION & FINANCING						
Amortization of Expansion Rights	524	523	523	523	523	523
Amortization of Power Facility	4,416	4,453	4,477	4,276	4,304	4,321
Interest expense	197	338	406	-	-	-
Less: Interest revenue	24	78	118	50	50	50
Amortization and Financing Expenses	5,113	5,236	5,288	4,749	4,777	4,794
NET INCOME	17,179	20,261	15,571	18,929	19,783	19,817

Brilliant Expansion's EBITDA for the fiscal year ended March 31, 2012 was \$20.9 million compared with \$25.5 million the previous year. The EBITDA decrease is directly related to a malfunction of a mechanical seal that was under designed for the full range of operating conditions on the Kootenay River. The design/build contractor and the turbine Original Equipment Manufacturer (OEM) modified the design, procured new materials and supervised the installation during the 2012 Annual Planned Outage. The Brilliant Expansion Power Corporation is monitoring the performance of the new design through the 2012 freshet. The January 2012 annual planned outage also addressed a number of outstanding items required to complete the project construction close-out process.

COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2012 AND MARCH 31, 2011

COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2012 AND MARCH 31, 2011

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COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2012 AND MARCH 31, 2011

Statement of Management Responsibility

The consolidated financial statements of Columbia Power Corporation have been prepared by management in accordance with International Financial Reporting Standards (IFRSs) 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 judgements 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.



Jane Bird
President and CEO



David de Git, CMA
Director, Finance

May 23, 2012



INDEPENDENT AUDITOR'S REPORT

*To the Board of Directors of Columbia Power Corporation, and
To the Minister of Energy and Mines and Minister Responsible for Housing, Province of British
Columbia.*

Report on the Financial Statements

I have audited the accompanying consolidated financial statements of Columbia Power Corporation, its subsidiary and its joint ventures ("the Entity"), which comprise the consolidated statements of financial position as at March 31, 2012, March 31, 2011, and April 1, 2010, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended March 31, 2012, and March 31, 2011, 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 audits. I conducted my audits 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 in my audits 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, 2012, March 31, 2011, and April 1, 2010, and its financial performance and its cash flows for the years ended March 31, 2012, and March 31, 2011, in accordance with International Financial Reporting Standards.

John Doyle, MAcc, CA
Auditor General

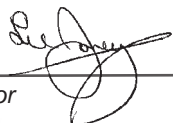
Victoria, British Columbia
May 23, 2012

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

	Note	March 31, 2012	March 31, 2011	April 1, 2010
Assets				
Current assets				
Cash and cash equivalents		\$ 40,575	\$ 14,178	\$ 2,033
Accounts receivable	12	6,505	2,584	1,359
Prepaid expense		10	14	31
Other investments		100,051	779	31,947
Due from joint venture investee	14	-	32,818	32,505
Total current assets		147,141	50,373	67,875
Non-current assets				
Restricted cash		186	182	-
Investment in equity accounted joint arrangements	7	212,571	337,735	334,046
Investment prior to limited partnership	5	1,325	1,325	-
Investment in Waneta Expansion Limited Partnership	5	94,790	33,669	-
Property, plant & equipment	15	1,586	2,195	2,442
Total non-current assets		310,458	375,106	336,488
TOTAL ASSETS		\$ 457,599	\$ 425,479	\$ 404,363
Liabilities and Shareholder's Equity				
Current liabilities				
Accounts payable and accrued liabilities	19	\$ 6,524	\$ 6,977	\$ 1,139
Dividend payable	17	2,000	2,000	-
Total current liabilities		8,524	8,977	1,139
Non-current liabilities				
Loans and borrowings	20	19,887	-	-
Total non-current liabilities		19,887	-	-
Equity				
Share capital	16	-	-	-
Contributed surplus	18	276,065	276,065	276,065
Retained earnings		153,123	140,437	127,159
Total Equity		429,188	416,502	403,224
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		\$ 457,599	\$ 425,479	\$ 404,363
Commitments	23			
Contingencies	24			

The accompanying notes are an integral part of the financial statements

APPROVED ON BEHALF OF THE BOARD:



Director



Director

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

	Note	2012	2011
Revenue	8	\$ 1,833	\$ 2,919
Other income	7	16,302	18,376
Depreciation expense	15	(603)	(585)
Other expenses	11	(3,698)	(3,950)
Results from operating activities		13,834	16,760
Finance income	9	\$ 1,982	\$ 520
Finance cost	10	(1,130)	(2)
Net finance income		852	518
Total comprehensive income for the year		\$ 14,686	\$ 17,278

The accompanying notes are an integral part of the financial statements

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

	Note	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance at April 1, 2010 after IFRS transition adjustment		-	\$ 276,065	\$ 127,328	\$ 403,393
Correction of an error related to previous years	27			(169)	(169)
Balance at April 1, 2010 restated		-	276,065	127,159	403,224
Comprehensive income for the year			-	17,278	17,278
Dividend to equity holders	17		-	(2,000)	(2,000)
Balance at March 31, 2011 after IFRS transition adjustment		-	276,065	142,437	418,502
Correction of dividend to equity holders	27			(2,000)	(2,000)
Balance at March 31, 2011 restated		-	276,065	140,437	416,502
Comprehensive income for the year			-	14,686	14,686
Dividend to equity holders	17		-	(2,000)	(2,000)
Balance at March 31, 2012		-	\$ 276,065	\$ 153,123	\$ 429,188

The accompanying notes are an integral part of the financial statements

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

	2012	2011
Cash flows from Operating Activities		
Total comprehensive income for the year	\$ 14,686	\$ 17,278
Adjustments to reconcile cash flow from operation		
Amortization of property, plant and equipment	603	585
Ineligible costs capitalized in WELP	196	131
Interest income	(1,982)	(520)
Interest expense	1,130	2
Other income	(16,302)	(18,376)
Net change in non-cash working capital balances		
Accounts receivable	(3,921)	(1,225)
Prepaid expense	4	17
Dividends payable	-	2,000
Accounts payable and accrued liabilities	(1,004)	5,839
Due from joint venture investee	-	(313)
Net cash from operating activities	<u>(6,590)</u>	<u>5,418</u>
Cash flows and financing activities		
Interest paid	(574)	(2)
Borrowing	20,000	-
Borrowing costs	(113)	-
Related party loan received	33,197	-
Dividends declared	(2,000)	(4,000)
Net cash used in financing activities	<u>50,510</u>	<u>(4,002)</u>
Cash flows from investing activities		
Interest received	1,603	520
Dividends received	158,064	22,068
(Purchase) Sale of temporary investments	(99,272)	31,167
Investment prior to limited partnership	-	(1,325)
Investment in limited partnership	(61,320)	(33,800)
Investment in Brilliant Expansion	(16,599)	-
Investment in WEPC (PPPJV)	-	(7,381)
(Aquisition)/disposal of property, plant and equipment	5	(338)
Net cash used in investing activities	<u>(17,519)</u>	<u>10,911</u>
Increase (decrease) in cash and cash equivalents	26,401	12,327
Cash and cash equivalents, beginning of period	14,360	2,033
Cash and cash equivalents, end of period	<u>\$ 40,761</u>	<u>\$ 14,360</u>
CASH CONSISTS OF:		
Restricted cash	186	182
Cash available for operations	40,575	14,178
	<u>\$ 40,761</u>	<u>\$ 14,360</u>

The accompanying notes are an integral part of the financial statements

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

1. Reporting entity:

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

The Agreement anticipates that several power projects will be undertaken through joint ventures between CPC and subsidiaries of CBT (the Venturers). The cost of all projects under consideration is expected to exceed \$1 billion. Under the Agreement between the Province and CBT, the Province committed to make \$500 million in capital contributions for the purpose of funding capital costs of power projects, with the remaining capital costs to be financed through joint venture borrowings by CPC and CBT's subsidiaries. The entities holding legal title to the power projects and their governance structure are described in note 6.

The Venturers each hold an equity interest in the joint ventures and direct their activities through joint venture Boards of Directors with an equal number of directors appointed by each Venturer. All decisions of a board require the unanimous approval of their directors.

CPC 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. CPC'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 (IFRSs). These are CPC's first consolidated financial statements prepared in accordance with IFRSs and IFRS 1, *First-time Adoption of International Financial Reporting Standards*, which includes the financial statements for the year ended March 31, 2012, the comparative information presented in these financial statements for the year ended March 31, 2011 and an opening IFRS statement of financial position at April 1, 2010 (CPC's date of transition).

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance, and cash flows of CPC is provided in note 26.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

2. Basis of preparation (continued):

(a) Statement of compliance (continued):

(i) Early adoption of new standards and interpretations

CPC has chosen to adopt certain new and amended standards issued by the International Accounting Standards Board but not yet effective for the year ended March 31, 2012 where early adoption is permitted.

IFRS 11, Joint Arrangements was issued in May 2011 and establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 requires a party to assess the rights and obligations arising from an arrangement in determining whether an arrangement is either a joint venture or a joint operation. Joint ventures are to be accounted for using the equity method and the impact of adopting this standard on transition is described in note 26.

Early adoption of IFRS 11 requires the early adoption of the following new and amended standards:

- IFRS 12, Disclosure of Interests in other Entities integrates and makes consistent the disclosure requirements for a reporting entity's interest in other entities. The disclosure requirements and terminology of this standard have been applied throughout CPC's financial statements.
- IFRS 10, Consolidated Financial Statements, IAS 27 Separate Financial Statements (as amended in 2011), and IAS 28, Investments in Associates and Joint Ventures (as amended in 2011), have not had a significant impact on CPC's financial statements.

The consolidated financial statements were authorized for issue by the Board of Directors on May 23, 2012.

(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 CPC'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 IFRSs 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.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

2. Basis of preparation (continued):

(d) Use of estimates and judgments (continued):

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

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:

Notes 3(f) - Impairments; and

Note 3(h) - Provisions.

(e) Determination of fair values

Certain of CPC's accounting policies and disclosures require the determination of fair value, for financial assets and liabilities. The fair value of accounts receivable, due from joint venture investee, accounts payable and accrued liabilities, and loans and borrowings 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 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 and in preparing the opening IFRS statement of financial position at April 1, 2010 for the purposes of the transition to IFRSs, unless otherwise indicated.

The accounting policies have been applied consistently by CPC entities.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

3. Significant accounting policies (continued):

(a) Basis of consolidation:

These consolidated financial statements and notes include CPC's operations, account balances and operations of CPC'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 CPC and its wholly owned subsidiary, CPC Waneta Holdings Ltd. (CPC Waneta). CPC has control when it has direct or indirect ownership of the majority of voting capital. Control is normally achieved through ownership of 50 % or more of voting capital. Intercompany sales and balances and gains and losses on intercompany transactions have been eliminated.

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

Joint ventures are those joint arrangements over whose activities CPC has joint control, established by contractual agreement (see note 6).

Associates are those entities in which CPC has significant influence, but not control (or joint control), over the financial and operating policies (see note 5). Significant influence is presumed to exist when CPC holds between 20 and 50 percent of the voting power of another entity.

Jointly 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 CPC's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of CPC, from the date that joint control or significant influence commences until the date that joint control or significant influence ceases. When CPC'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 CPC has an obligation or has made payments on behalf of the investee.

(iii) Transactions eliminated on consolidation:

Unrealized income and expenses arising from intra-Company transactions 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 the CPC'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.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

3. Significant accounting policies (continued):

(b) Foreign currency:

Foreign currency transactions:

Transactions in foreign currencies are translated to the functional currency of CPC 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:**

CPC 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 CPC becomes a party to the contractual provisions of the instrument.

CPC 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 CPC is recognized as a separate asset or liability.

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.

CPC has the following non-derivative financial assets: financial assets at fair value through profit or loss, and loans and receivables.

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 if CPC manages such investments and makes purchase and sale decisions based on their fair value in accordance with CPC'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 balance sheet.

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

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

3. Significant accounting policies (continued):

(c) Designation of financial instruments (continued):

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

Loans and receivables

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.

Loans and receivables comprise cash and cash equivalents, restricted cash, accounts receivable and due from joint venture investee.

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.

(ii) Non-derivative financial liabilities:

CPC 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 CPC becomes a party to the contractual provisions of the instrument.

CPC derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, CPC 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.

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

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these 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) 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.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

3. Significant accounting policies (continued):

(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 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 CPC, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation:

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

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

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

Computer systems	-	3 years
Office 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.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

3. Significant accounting policies (continued):

(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 CPC on terms that CPC would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

CPC management has assessed that there is no impairment loss on any of its financial assets as at March 31, 2012, March 31, 2011, and April 1, 2010.

(ii) Non-financial assets:

The carrying amounts of CPC'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.

Management has determined that there are no indications of impairments of CPC's non-financial assets as at March 31, 2012, March 31, 2011, and April 1, 2010.

(g) Employee benefits:

(i) Defined contribution plan benefits and employee benefits:

CPC Pension Plans are detailed in note 13 and are 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:

CPC's net obligation in respect of long-term employee benefits other than pension plans 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.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

3. Significant accounting policies (continued):

(g) Employee benefits (continued):

(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 cash bonus or profit-sharing plans if CPC 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 estimated reliably.

(h) Provisions:

A provision is recognized if, as a result of a past event, CPC 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.

At March 31, 2012, March 31, 2011 and April 1, 2010, CPC management determined that CPC does not have any legal or constructive obligations requiring a provision.

(i) Government grants:

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

(j) Finance income and finance costs:

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

Finance costs comprise interest expense on borrowings, 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.

(k) Income tax:

CPC is exempt from corporate income taxes.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

3. Significant accounting policies (continued):

(l) New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to existing standards issued by the International Accounting Standards Board are not yet effective for the year ended March 31, 2012, and have not been applied in preparing these consolidated financial statements. The following standards, amendments to and interpretations of existing standards have been published but are not effective until CPC's accounting periods beginning after January 1, 2012:

(i) Fair value measurements

IFRS 13, Fair Value Measurements was issued in June 2011 and provides a common definition of fair value, establishes a framework for measuring fair value under IFRS, and enhances the disclosures required for fair value measurements. The standard applies where fair value measurements are required and does not require new fair value measurements. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with early adoption permitted. As of the reporting date, management is assessing the impact of the standard on CPC's financial statement disclosures.

(ii) Financial Instruments

IFRS 9 Financial Instruments was issued in October 2010 and replaces 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. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. As of the reporting date, management is assessing the impact of the standard on CPC's financial statement disclosures.

IFRS 7 Financial Instruments – Disclosures - *Offsetting Financial Assets and Financial Liabilities* was issued in December 2011 and amends this standard to provide additional information about offsetting of financial assets and financial liabilities. This amendment is effective for annual periods beginning on or after January 1, 2013. As of the reporting date, management has determined that there will be no significant impact on CPC's financial statement disclosures.

An amended version of IAS 32, Financial Instruments: Presentation - *Offsetting Financial Assets and Financial Liabilities* was issued In December 2011 and provides clarification to the meaning of the offsetting criterion "currently has a legally enforceable right to set off" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. This amendment is effective for periods beginning on or after January 1, 2014. As of the reporting date, management has determined there will be no significant impact of this revised standard on CPC's financial statements.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

3. Significant accounting policies (continued):

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

(iii) Employee Benefits

An amendment to IAS 19, Employee Benefits, was issued in June 2011 and eliminates the 'corridor method' of accounting for defined benefit plans. Revised IAS 19 also streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, and enhances the disclosure requirements for defined benefit plans. This revised standard is required to be applied for accounting periods beginning on or after January 1, 2013. Management has determined there will be no impact of this revised standard on CPC's financial statements.

(iv) Presentation of Financial Statements

An amendment to IAS 1, Presentation of Financial Statements was issued in June 2011 and requires companies preparing financial statements in accordance with IFRS to group together items within OCI that may be reclassified to the profit or loss section of the statement of earnings. Revised IAS 1 also reaffirms existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. This revised standard is required to be applied for periods beginning on or after January 1, 2013. Management has determined there will be no significant impact of this revised standard on CPC's financial statements.

(v) First-time Adoption of International Financial Reporting Standards

An amendment to IFRS 1, First-time adoption of International Financial Reporting Standards was issued in March 2012 and provides relief for first-time adopters from the retrospective application of IFRSs when accounting for loans received from governments at a below-market rate of interest. This amendment is effective for periods beginning on or after January 1, 2013. Management has determined there will be no impact of this revised standard on CPC's financial statements.

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

CPC 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. CPC 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 CBT (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. The transaction to acquire CPC Waneta's interest in WELP is described in note 6(d), and summarized financial information for WELP is included in note 5.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

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

Prior to the Design Build contract being signed and the formation of WELP, the owners of the Waneta Expansion Project (the project, as described in note 6(d)), signed a letter of intent (LOI) with SNC-Lavalin 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 to prepare its own financial statements and has capitalized all costs to date related to the Waneta Expansion Project (the project, as described in note 6(d)). 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 CPC and CPC Waneta.

(\$ in thousands)	2012	2011
October 15, 2010		18,200
October 28, 2010		6,175
November 12, 2010		4,550
January 31, 2011		4,875
April 1, 2011	18,525	
June 30, 2011	13,650	
September 30, 2011	13,532	
January 3, 2012	15,610	
Cash contributions	61,317	33,800
Ineligible costs	(196)	(131)
Investment in WELP	61,121	33,669
Total (cumulative) investment in WELP	94,790	33,669

Summarized financial information of WELP is included in the following table. Summary financial information has been adjusted to conform with accounting policies adopted by CPC and CPC Waneta. The fair value of the investment in WELP is not available.

On Mar 31, 2011 and 2012, CPC Waneta's accumulated contribution does not equal 32.5% of WELP's total partner equity due to the timing of contribution payments from other partners.

(\$ in thousands)	2012	2011
Current assets	26,276	15,628
Non-current assets	362,356	197,817
Total assets	388,632	213,445
Current liabilities	37,100	57,290
Non-current liabilities	45,161	42,750
Partner equity	306,371	113,405
Total liabilities and partner equity	388,632	213,445

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

6. Description of equity accounted joint arrangements:

CPC has a 50 percent interest in the following jointly controlled operations:

- Brilliant Power Corporation (BPC);
- Brilliant Expansion Power Corporation (BEPC); and
- Arrow Lakes Power Corporation (ALPC).

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

CPC has a 58% percent interest (2011 – 58% percent interest, 2010 – 50% interest) in the Waneta Expansion Power Corporation (WEPC). The change in ownership interest in WEPC in fiscal 2011 (see note 6(d)) has not affected control over WEPC. CPC and CBT Energy Inc. continue to share control over decision-making on a 50/50 basis. As such, CPC continues to account for WEPC as an investment in an equity accounted joint arrangement (see note 7 - Summary financial information for equity accounted joint arrangements).

(a) Brilliant Power Corporation:

Brilliant Power Corporation (BPC) is jointly owned, on a 50/50 basis, by CPC and CBT Power. The Shareholders direct BPC's activities through a Board of Directors, with an equal number of directors appointed by each Shareholder. All decisions of the Board of Directors require the unanimous approval of the directors.

The purpose of BPC is to operate the Brilliant Dam and Generating Station (Brilliant Power Facility) and Brilliant Terminal Station (BTS). The Brilliant Power Facility is located on the Kootenay River, 3 kilometers upstream of the confluence with the Columbia River. The original 125-megawatt (MW) facility was purchased from Cominco Ltd. (now Teck Resources Ltd.) in 1996. Between 2000 and 2003, a significant upgrade and life extension program was conducted on the facility, resulting in an additional 20 MW of capacity, 120 gigawatt-hours of additional energy and modernization of all equipment. The BTS is a 230-Kilovolt switchyard which interconnects the Arrow Lakes Generating Station, the Brilliant Expansion and Brilliant Power Facility to the integrated BC transmission system.

BPC entered into the Canal Plant Agreement (CPA) with British Columbia Hydro and Power Authority (BC Hydro, a Crown Corporation of the Province), FortisBC Inc. (FortisBC, a regulated utility operating in British Columbia), Teck Resources Ltd. (Teck,), Brilliant Expansion Power Corporation and Waneta Expansion Power Corporation that provides for the coordination of hydro facilities on the lower Kootenay and Pend d'Oreille Rivers. The CPA represents a joint venture in the form of jointly controlled assets and is recorded as such in the financial statements of BPC.

Under the CPA, BC Hydro coordinates the operations of the power facilities and receives all of the resulting electrical power. In return, BC Hydro provides BPC with a fixed amount of capacity and energy from the BC Hydro system (Brilliant Entitlement).

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

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

(a) Brilliant Power Corporation (continued):

The Brilliant Entitlement is sold to FortisBC under the Brilliant Power Purchase Agreement (BPPA), excluding a 60 gigawatt-hour portion attributable to the regulated flows through the upgraded turbines. The term of the BPPA is 60 years. In the first 30 years, the power is sold on a "take or pay" basis with the price payable by FortisBC composed of an operation and maintenance cost charge and a return on capital charge. In the second 30 years of the BPPA, the price is subject to an annual market-related price test. BTS operating and capital costs are recovered from FortisBC through operations and maintenance and return on capital charges under the Facilities Interconnection and Investment Agreement (FIIA). The BPPA and FIIA are accounted for as finance leases of the Brilliant Power Facility and the BTS.

BPC has also entered into the Powerex Backstop Agreement, an arrangement with Powerex Ltd. (Powerex), (a subsidiary of BC Hydro) to purchase the Brilliant entitlement, excluding the portion attributable to the regulated flows through the upgraded turbines, if BPC terminates the BPPA by reason of default by FortisBC.

FortisBC operates and manages the Brilliant Power Facility and BTS on behalf of BPC. The management agreements provide for a Management Committee with an equal number of members from BPC and FortisBC who must unanimously approve all expenditures. The management fee and other amounts payable under the Agreements form part of the operation and maintenance cost component in the BPPA. The term of the management agreements is coincident with the term of the BPPA.

(b) Brilliant Expansion Power Corporation:

Brilliant Expansion Power Corporation (BEPC) is jointly owned, on a 50/50 basis, by CPC and CBT Brilliant Expansion Power Corporation, a subsidiary of CBT Energy. The Shareholders direct BEPC's activities through a Board of Directors, with an equal number of directors appointed by each Shareholder. All decisions of the Board of Directors require the unanimous approval of the directors.

The purpose of the corporation is to construct and operate the Brilliant Expansion Project (Brilliant Expansion), a 120 MW power generation development adjacent to the Brilliant Dam at Castlegar, British Columbia.

BEPC is party to the CPA. Under the agreement, BEPC is entitled to a fixed amount of capacity and energy (Brilliant Expansion Entitlement).

In 2003, BEPC entered into the Green Power Generation Electricity Purchase Agreement (GPG EPA) with BC Hydro obtaining the right and obligation to provide 23.12 average annual megawatts from the Brilliant Expansion to BC Hydro for a 20-year period starting with commercial operation of the Brilliant Expansion.

In 2006, BEPC entered into the Electricity Purchase Agreement 2006 (EPA 2006) with BC Hydro obtaining the right and obligation to provide 25.75 average annual megawatts from the Brilliant Expansion to BC Hydro for a 20-year period starting not later than February 1, 2010.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

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

(b) Brilliant Expansion Power Corporation (continued):

Upon commencement of commercial operation of the Brilliant Expansion under the Confirmation of Sale of Unit Commitment Service agreement, regulated upgrade energy is sold from BPC to BEPC, on a market basis.

Under a Services Agreement, Fortis Pacific (the unregulated parent of FortisBC) operates and maintains the Brilliant Expansion on behalf of BEPC.

(c) Arrow Lakes Power Corporation:

Arrow Lakes Power Corporation (ALPC) is jointly owned, on a 50/50 basis, by CPC and CBT Arrow Lakes Power Development Corp., (CBT Arrow Lakes), a subsidiary of CBT Energy. The Shareholders direct ALPC's activities through a Board of Directors, with an equal number of directors appointed by each Shareholder. All decisions of the Board of Directors require the unanimous approval of the directors.

The purpose of the corporation is to construct and operate the 185 MW Arrow Lakes Generating Station (ALH) adjacent to the Hugh Keenleyside Dam at Castlegar, British Columbia and a 48-kilometre transmission line from the power plant to BC Hydro's Selkirk substation.

ALPC entered into an agreement with BC Hydro that provides for the coordination of the Hugh Keenleyside Dam (owned by BC Hydro) and ALH. The Keenleyside Entitlement Agreement represents a joint venture in the form of jointly controlled assets and is recorded as such in the financial statements of ALPC.

Under the agreement, BC Hydro coordinates the operations of ALH and receives all of the resulting electrical power. In return, BC Hydro provides ALPC with a fixed amount of capacity and energy from the BC Hydro system (Arrow Lakes Entitlement).

In 1997, CPC and CBT Arrow Lakes acquired the right and obligation to provide up to 86 average megawatts to BC Hydro during the period January 2003 to December 2014, which is accounted for as an intangible asset, Power Sales Rights. ALPC uses the Arrow Lakes Entitlement to meet its obligations under the contract.

Fortis Pacific Holdings Inc. (Fortis Pacific, an unregulated parent company of FortisBC) operates and manages ALH on behalf of ALPC.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

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

(d) Power Project Planning Joint Venture/ Waneta Expansion Power Corporation:

In 1996, CPC and CBT Power Corp. (CBT Power), a subsidiary of CBT Energy Inc. (CBT Energy), a subsidiary of the Columbia Basin Trust (CBT), entered into the Power Project Planning Joint Venture (PPPJV) Agreement (the Agreement). Under this Agreement, the parties formed an unincorporated joint venture called PPPJV, primarily for the purpose of assessing and determining the feasibility of power projects pursuant to the Agreement between CPC and CBT (the Venturers). The Agreement provided for the Venturers to conduct work on specific power projects up to the date that an existing project is acquired, construction had commenced on a new project, or a project was no longer feasible or was abandoned. Prior to a project's acquisition or commencement of construction, approval had to be received from the Directors of both CPC and CBT. The project was also required to meet financial viability tests consistent with those of a commercial lender. When a project was acquired, or project construction was commenced, the project was transferred to a separate joint venture entity. This process was followed for the Arrow Lakes and Brilliant Expansion projects.

At the transition date of April 1, 2010, PPPJV's assets were legally held by Waneta Expansion Power Corporation (WEPC) which at that time was jointly owned, on a 50/50 basis by CPC and CBT Energy Inc. Although WEPC held legal title of Power Project Planning Joint Venture's (PPPJV) assets at the transition date, WEPC did not prepare audited financial statements as PPPJV had held beneficial interest in a development project until a project either proceeded or was terminated. In October 2010, CPC Waneta Holdings Ltd. (32.5% interest) (see note 5), 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 property, plant and equipment (development costs) and intangibles (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. Subsequently, CPC agreed to pay CBT Energy Inc. (CBT Energy) \$5.76 million to increase its interest in WEPC to 58% and reduce CBT Energy's interest to 42% to reflect their relative interests in WELP. \$5.76 million was accrued in CPC's Accounts Payable and Accrued Liabilities account as at March 31, 2011. The transaction was considered to be technically subject to the Province's approval. The Province approved the transaction on March 15, 2012 and the \$5.76 million was paid to CBT Energy prior to March 31, 2012.

7. Summary financial information for equity accounted joint arrangements:

CPC's share of profit in its equity accounted joint arrangements for the year was \$16,302 thousand (2011: \$18,376 thousand) as follows:

(\$ in thousands)		31-Mar-12	31-Mar-11
BPC	50%	9,638	9,366
ALPC	50%	(2,066)	7,877
BEPC	50%	7,786	10,131
PPPJV/WEPC	58%	944	(8,997)
		16,302	18,376

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

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

In 2012, CPC received \$158,064 thousand in dividends from its investments in equity accounted joint arrangements (2011: \$22,068 thousand) as follows:

(\$ in thousands)	31-Mar-12	31-Mar-11
BPC	5,900	3,250
ALPC	142,812	6,853
BEPC	9,352	11,965
PPPJV/WEPC	-	-
	158,064	22,068

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

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

The following information has **not been adjusted** for the percentage ownership held by CPC:

(\$ 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 Other Comprehensive Income (Loss)
01-Apr-10											
BPC	50%	13,082	300,271	313,353	10,827	137,916	148,743	164,610			
ALPC	50%	16,378	266,287	282,665	10,750	44,409	55,159	227,506			
BEPC	50%	10,481	246,079	256,560	33,310	-	33,310	223,250			
PPPJV/WEPC	50%	598	53,574	54,172	1,350	-	1,350	52,822			
		40,539	866,211	906,750	56,237	182,325	238,562	668,188			
31-Mar-11											
BPC	50%	15,349	305,754	321,103	11,130	133,132	144,262	176,841	40,585	(21,854)	18,731
ALPC	50%	16,541	260,132	276,673	47,120	-	47,120	229,553	34,773	(19,020)	15,753
BEPC	50%	12,563	241,669	254,232	34,651	-	34,651	219,581	34,190	(13,929)	20,261
PPPJV/WEPC	58%	878	42,750	43,628	878	-	878	42,750	1,157	(14,470)	(13,313)
		45,331	850,305	895,636	93,779	133,132	226,911	668,725	110,705	(69,273)	41,432
31-Mar-12											
BPC	50%	14,135	309,494	323,629	11,324	127,988	139,312	184,317	41,132	(21,856)	19,276
ALPC	50%	16,621	280,533	297,154	10,084	347,271	357,355	(60,201)	36,157	(40,288)	(4,131)
BEPC	50%	13,309	237,421	250,730	1,086	-	1,086	249,644	30,478	(14,907)	15,571
WEPC	58%	0	45,161	45,161	-	-	-	45,161	2,411	-	2,411
		44,065	872,609	916,674	22,494	475,259	497,753	418,921	110,178	(77,051)	33,127

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2012 and March 31, 2011

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

The following information has **not been adjusted** for the percentage ownership held by CPC:

(\$ in thousands)	Ownership	Cash and Cash	Current Financial	Non-current	Depreciation and	Interest	Interest
		Equivalents	Liabilities	Financial Liabilities	Amortization	Income	Expense
01-Apr-10							
BPC	50%	11,425	4,666	137,916			
ALPC	50%	1,620	8,896	44,409			
BEPC	50%	3,593	32,505	-			
PPPJV/WEPC	50%	590	-	-			
		17,228	46,067	182,325			
31-Mar-11							
BPC	50%	12,058	5,020	133,132	(66)	28,658	(11,144)
ALPC	50%	5,775	44,768	-	(7,418)	92	(2,974)
BEPC	50%	6,154	32,818	-	(4,976)	78	(338)
PPPJV/WEPC	58%	2	-	-	-	1,157	-
		23,989	82,606	133,132	(12,460)	29,985	(14,456)
31-Mar-12							
BPC	50%	12,240	5,402	127,988	-	29,177	(10,815)
ALPC	50%	38,333	-	347,271	(7,431)	534	(23,084)
BEPC	50%	6,548	-	-	(5,000)	118	(406)
WEPC	58%	-	-	-	-	2,411	-
		57,121	5,402	475,259	(12,431)	32,240	(34,305)

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

7. 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 April 1, 2010	164,610	227,506	223,250	52,822	668,188
<i>CPC's share</i>	50%	50%	50%	50%	
	82,305	113,753	111,625	26,411	334,094
<i>Less: elimination entry</i>		(48)			(48)
Investment in equity accounted joint arrangements April 1, 2010	82,305	113,705	111,625	26,411	334,046
Contributions				3,241	3,241
Dividends paid	(6,500)	(13,706)	(23,930)		(44,136)
Profit/loss	18,731	15,753	20,261	(13,313)	41,432
Net assets of equity accounted joint arrangements at March 31, 2011	176,841	229,553	219,581	42,750	668,725
<i>CPC's share</i>	50%	50%	50%	58%	
	88,421	114,777	109,791	24,795	337,783
<i>Less: elimination entry</i>		(48)			(48)
Investment in equity accounted joint arrangements March 31, 2011	88,421	114,729	109,791	24,795	337,735
Contributions	-	-	33,196	-	33,196
Dividends paid	(11,800)	(285,623)	(18,704)		(316,127)
Profit/loss	19,276	(4,131)	15,571	2,411	33,127
Net assets of equity accounted joint arrangements at March 31, 2012	184,317	(60,201)	249,644	45,161	418,921
<i>CPC's share</i>	50%	50%	50%	58%	
	92,159	(30,101)	124,822	26,193	213,073
<i>Less: elimination entries</i>		(48)		(454)	(502)
Investment in equity accounted joint arrangements March 31, 2012	92,159	(30,149)	124,822	25,739	212,571

Notes:

1. The ongoing elimination entry for \$48 thousand represents interest charged by CPC to ALPC on funding provided by CPC for the construction of the Arrow Lakes Generating Station and Transmission line.
2. The elimination entry of \$454 thousand for fiscal 2012 represents the elimination of CPC's portion of interest earned on the promissory note held by WEPC.

8. Revenue

(\$ in thousands)	2012	2011
For the year ended March 31		
Management fees	290	2,186
Recovery of costs incurred on behalf of WELP	1,543	733
	1,833	2,919

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

9. Finance income

(\$ in thousands)				
For the year ended March 31				
			2012	2011
Interest earned on loan to investee			379	313
Interest on bank accounts			13	-
Interest on other investments			1,590	207
			1,982	520

10. Finance costs

(\$ in thousands)				
For the year ended March 31				
			2012	2011
Bank fees			2	2
Financing costs			5	-
Interest on loans and borrowings			1,123	-
			1,130	2

11. Other expenses:

(\$ in thousands)				
For the year ended March 31				
			2012	2011
Development costs expensed			196	131
Insurance			9	11
Administration and management			2,949	3,319
Community sponsorship			84	82
Grants-in-lieu of property taxes			460	407
			3,698	3,950

12. Accounts receivable:

(\$ in thousands)			
	31-Mar-12	31-Mar-11	01-Apr-10
Accounts receivable from related parties	6,428	1,435	1,286
Other accounts receivable	77	1,149	73
	6,505	2,584	1,359

CPC's exposure to credit risks and impairment losses related to accounts receivable and other receivables is disclosed in note 21.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

13. Employee benefits:

CPC 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 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. The latest actuarial valuation, conducted in March 2011, determined that PSPP has assets of \$17.8 billion as compared to liabilities of \$18.0 billion. As a result, there will be a relatively small contribution rate increase to the PSPP for both the employers and plan members. The PSPP Board of Trustees was required to implement a contribution rate increase of 0.40% of salary each, for plan members and employers to meet the funding requirements of the Pension Benefits Standards Act. The increases will be effective April 1, 2012. Contributions to PSPP by CPC in fiscal 2012 were \$283 (2011 - \$268 thousand).

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

CPC maintains an executive pension benefit plan (EPBP). Pension payments from the EPBP commenced in January 2006 upon retirement of CPC's former President. CPC valued the pension liability at March 31, 2012 as \$185 thousand (2011 - \$183 thousand) on a discounted cash flow basis at a 5.5% discount rate.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

14. Due from joint venture investee:

(\$ in thousands)	Loan to related party
Balance at April 1, 2010	32,505
Accrued interest	313
Balance at March 31, 2011	32,818
Balance at April 1, 2011	32,818
Accrued interest	379
Loan repayment	(33,197)
Balance at March 31, 2012	-

In fiscals 2008 and 2009, CPC advanced cash reserves to BEPC to allow the venturers' equity to be transferred for development purposes from BEPC to the former Power Project Planning Joint Venture, an unincorporated joint venture of CPC and CBT Power Corporation, an indirect subsidiary of the Columbia Basin Trust. The loan was repayable on demand with the expectation that it would be repaid when funds became available. The rate used to accrue interest on the loan reflected short term money market rates that would have been charged on a similar type of loan from the Province of BC. As such, management has determined that the interest rate on this short term loan is equivalent to one that would prevail in an arm's length transaction. At the time of repayment in March 2012, the loan included \$1,776 thousand in accrued interest.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

15. Property, plant and equipment:

(\$ in thousands)	Leasehold Improvements	Furniture and equipment	Automobile	Computers and Software	Total
Cost					
Balance at April 1, 2010	1,798	1,063	211	1,171	4,243
Additions	49	50		238	337
Disposals	586	229			815
Balance at March 31, 2011	1,261	884	211	1,409	3,765
Balance at April 1, 2011	1,261	884	211	1,409	3,765
Additions				73	73
Disposals		78	26	463	567
Balance at March 31, 2012	1,261	806	185	1,019	3,271
Depreciation					
Balance at April 1, 2010	702	386	155	558	1,801
Depreciation for the year	116	145	24	300	585
Disposals	586	229			815
Balance at March 31, 2011	232	302	179	858	1,571
Balance at April 1, 2011	232	302	179	858	1,571
Depreciation for the year	116	164	14	309	603
Disposals			26	463	489
Balance at March 31, 2012	348	466	167	704	1,685
Carrying amounts					
At April 1, 2010	1,096	677	56	613	2,442
At March 31, 2011	1,029	582	32	551	2,194
At March 31, 2012	913	340	18	315	1,586

16. Capital and other components of equity:

At March 31, 2012, March 31, 2011, and April 1, 2010 CPC has 6 common shares authorized and issued with no par value.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

17. Dividends:

The following dividends were declared by CPC:

For the year ended March 31

(\$ in thousands)	2012	2011
\$333 thousand per qualifying common share (2011: \$666 thousand)	2,000	4,000

At March 31, 2012 there are \$2 million in dividends payable (2011 - \$2,000 million; 2010 - \$0)

18. Contributed surplus:

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

19. Accounts payable and accrued liabilities

(\$ in thousands)	31-Mar-12	31-Mar-11	01-Apr-10
Accounts payable to related parties	5,126	6,210	200
Accrued interest to related party	551	-	-
Management bonuses	160	161	169
Other accounts payable	687	606	770
	6,524	6,977	1,139

CPC's exposure to liquidity risk related to trade and other payables is disclosed in note 21.

20. Loans and borrowings:

This note provides information about the contractual terms of CPC's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about CPC's exposure to interest rate and liquidity risk, see note 21.

(\$ in thousands)	31-Mar-12
Non-current liabilities	
Promissory note	20,000
Less: borrowing costs	(113)
	19,887

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

20. Loans and borrowings (continued):

On April 5, 2011, CBT Energy Inc. advanced \$20 million cash to CPC in the form of a promissory note to assist CPC with cashflow requirements. The promissory note bears interest at 5.67% and has a 30 year term, similar to terms of the ALPC Series B bonds. Interest only is payable until April 5, 2016, after which the promissory note will be repayable in 50 semi-annual payments of principal and interest commencing on October 5, 2016. The promissory note is unsecured and may be prepaid in whole or in part at any time without notice, penalty or bonus.

(\$ in thousands)	Coupon rate	Effective rate	Year of maturity	31-Mar-12 Carrying Amount	31-Mar-11 Carrying Amount	01-Apr-11 Carrying Amount
Promissory note	5.67%	5.72%	2041	19,887	-	-

CPC is in compliance with all terms and conditions of the promissory note.

21. Financial instruments:

(a) Financial risk management:

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

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

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

(b) Credit risk:

Credit risks refers to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. CPC does not consider itself to be significantly exposed to credit risk since its loan receivable is due from BEPC, a related company jointly owned with CBT, also a Provincial Crown Corporation.

The percentage of accounts receivable balance older than 90 days is 0% (2011: 0%).

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

21. Financial instruments (continued):

(b) Credit risk (continued):

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

(\$ in thousands)	Carrying amounts		
	31-Mar-12	31-Mar-11	01-Apr-10
Cash and cash equivalents	40,576	14,178	2,033
Restricted cash	186	182	-
Accounts receivable	6,505	2,583	1,359
Other investments	100,051	779	31,947
Due from joint venture investee	-	32,818	32,505
	147,318	50,540	67,844

(c) Liquidity risk:

Liquidity risk refers to the risk that CPC will encounter difficulty in meeting obligations associated with financial liabilities. CPC regularly monitors its cash flows and balances and maintains a cash surplus which can be utilized by the joint ventures of CPC/CBT for short-term financing. CPC 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
<i>31-Mar-12</i>							
Accounts payable and accrued liabilities	6,524	6,524	6,524				
Loans and borrowings	19,887	42,192	16	567	1,133	5,092	35,384
	26,411	48,716	6,540	567	1,133	5,092	35,384
<i>31-Mar-11</i>							
Accounts payable and accrued liabilities	6,977	6,977	1,217	5,760			
<i>01-Apr-10</i>							
Accounts payable and accrued liabilities	1,139	1,139	1,139				

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

21. Financial instruments (continued):

(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. CPC does not have any exposure to price risk and it does not use derivative products to manage the remaining 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. CPC realizes all significant revenues 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. Although the coupon rate on CPC's loan from CBT is fixed, the fair value of the loan is affected by interest rate changes. In addition, interest earned on its other investments and the loan to the joint venture investee will fluctuate with short term interest rates. Therefore CPC is exposed to interest rate risk.

Sensitivity analysis:

An increase of 100 basis points in the interest rate will incite a \$2.1 million decrease in the fair value of the loan and a \$1.4 million increase in finance income, and vice versa for a decrease in interest rates. For fiscal 2011, an increase of 100 basis points in the interest rate would have incited a \$569 thousand increase in finance income.

(e) Capital management:

CPC's capital management objectives are to:

- Target a long-term capital structure with sufficient debt to finance the proposed Waneta Expansion project;
- Finance the debt portion of the capital structure with fixed rate, longer term debt approximately matching the term of relevant power sales agreements in its equity accounted investments; and
- Maintain investment grade credit ratings to support continued access to cost effective capital.

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

Neither CPC, nor any of its equity accounted investments, are subject to externally imposed capital requirements.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

21. 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)	31-Mar-12		31-Mar-11		01-Apr-10	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at amortized cost						
Accounts receivable	6,505	6,505	2,583	2,583	1,359	1,359
Due from joint venture investee	-	-	32,818	32,818	32,505	32,505
	6,505	6,505	35,401	35,401	33,864	33,864
Liabilities carried at amortized cost						
Accounts payable and accruals	6,525	6,525	6,978	6,978	1,139	1,139
Loans and borrowings	19,887	22,461	-	-	-	-
	26,412	28,986	6,978	6,978	1,139	1,139

Given that the loan from CPC to an equity accounted joint arrangement (see note 14) accrues interest at a rate that management believes reflects a rate that would prevail in an arm's length transaction, management has determined that the carrying amount of the loan should be the same as its fair value. The interest rate on this loan approximates market rates charged by the Province of BC on short term borrowings.

An interest rate of 4.5% used to discount estimated cash flows on the promissory note outstanding at March 31, 2012 is based on the government yield curve at the reporting date plus an adequate credit spread.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

21. Financial instruments (continued):

(f) Fair values (continued):

CPC'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
<i>31-Mar-12</i>				
Financial assets held for trading	100,051			100,051
<i>31-Mar-11</i>				
Financial assets held for trading	779			779
<i>01-Apr-10</i>				
Financial assets held for trading	31,947			31,947

22. Operating leases:

CPC 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 (8 years remaining as at March 31, 2012). The lease has a renewal period of 10 years at fair market rents at the option of CPC.

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 are with the landlord. As such, CPC determined that the lease is an operating lease.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

22. Operating leases (continued):

During the year ended March 31, 2012, an amount of \$191 thousand (2011: \$192 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 25.

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

\$ in thousands	31-Mar-12	31-Mar-11	01-Apr-10
Less than 1 year	148	148	133
Between 1 and 5 years	778	762	751
More than 5 years	167	331	491
	1,093	1,241	1,374

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.

23. Commitments:

CPC has provided a payment guarantee to the Waneta Expansion Design-Build contractor, SNC Lavalin.

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.

24. Contingencies:

CPC'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 Venturers 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.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

25. Related parties and related party transactions:

(a) Parent company:

CPC is related through common ownership to its joint ventures with CBT. CPC 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; CBT 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 4, 5 and 6 are related parties to CPC. All intercompany balances and transactions between CPC and its subsidiary have been eliminated on consolidation and not shown in this note. Intercompany transactions between CPC and equity accounted investees are eliminated only to the extent that one of the parties includes the amount in assets. Details of transactions between CPC and related parties which have not been eliminated are summarized in the following table:

(b) Due from and sales to related parties:

(\$ in thousands)	2012		2011		2010
	Due from related party	Sales to related party	Due from related party	Sales to related party	Due from related party
BC Hydro	4,776	-	-	-	-
BEPC	172	-	235	715	222
ALPC	148	-	249	527	144
BPC	94	-	57	195	121
WELP	1,238	1,833	18	837	-
WEPC	-	-	876	645	799
	6,428	1,833	1,435	2,919	1,286

The Due from Related Party of \$6,428 thousand at March 31, 2012 (2011 - \$1,435 thousand; 2010 - \$1,286 thousand) is included in the "Accounts receivable" line item in the Consolidated Statement of Financial Position. The Sales to Related Party of \$1,833 thousand for the year ended 2012 (year ended 2011 - \$2,919 thousand) are included in the "Revenue" line item on the Consolidated Statement of Comprehensive Income.

During the year, CPC 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 fiscal 2012 of \$3,826 thousand (2011 - \$2,698 thousand) has been included in the "Administration and management" line item in note 11 – Other expenses.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

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

(c) Due to and purchases from related parties:

(\$ in thousands)	2012		2011		2010
	Due to related party	Purchases from related party	Due to related party	Purchases from related party	Due to related party
CBT and affiliates	716	1,810	6,027	914	-
Province	-	242	-	165	-
BC Pension Corp	185	304	183	268	200
BC Hydro	4,776	-	-	-	-
	5,677	2,356	6,210	1,347	200

The Due to Related Party of \$5,677 thousand at March 31, 2012 (2011 - \$6,210 thousand; 2010 - \$200) is included in the "Accounts payable" line item in the Consolidated Statement of Financial Position. Purchases from Related Party of \$2,356 thousand for the year ended 2012 (year ended 2011 - \$1,347 thousand) are included in the "Administration and management" line item in Other expenses – note 11.

(d) Pension Plan

CPC has a pension plan which is a related party by virtue of IAS 24 (Related Party Disclosures). Refer to note 13 for detailed information on the transactions with the pension plan.

(e) Due from joint venture investee

CPC had a loan receivable outstanding from BEPC at March 31, 2011 and April 1, 2010. The loan was repaid in fiscal 2012. Details of the loan receivable are provided in note 14.

(f) Loan from related party

At March 31, 2012, CPC has a promissory note outstanding payable to CBT Energy Inc. Details of this promissory note are provided in note 20.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

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

(g) Executive management personnel and Board compensation:

(i) Executive Management

CPC is organized into business units and support functions. The managers of these units report to the corporate management, which comprises the President and Chief Executive Officer, the Chief Operating Officer, the Vice President, Capital Projects, the Chief Technical Officer, the Vice President, Human Resources & Corporate Services, the Director, Finance, and the Corporate Secretary.

Each of the members of the corporate management has a bonus scheme which can give them an annual payment of up to 10% of base salary. The bonus is paid on the basis of achieving corporate and individually specified objectives. Bonuses accrued at the end of each fiscal year and paid in the subsequent year are shown in note 19.

In addition to their salaries, CPC provides non-cash benefits to directors and executive officers, and contributes to the PSPP on behalf of executives (see note 13). In accordance with the terms of the plan, executive officers are entitled to receive annual payments equivalent to 2 percent of their highest 5 year average salary times their number of years of service from the date of retirement until death.

Upon resignation at CPC'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 CPC are as follows:

Pension and Other Benefits				2012	2011
For the year ending					
Public Service Superannuation Plan				\$ 62,047	\$ 60,796
Standard Benefits				45,908	29,888
				\$107,955	\$ 90,683

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 ending March 31, 2012 amounted to \$1,300 thousand (March 31, 2011 - \$1,205 thousand) as follows:

Year ending March 31, 2012						
Remuneration paid - Executive management						
Name	Position	Salary	Bonus	Other	Expenses	Total
Bird, Jane	President & CEO	\$ 229,164	\$ -	\$ 27,500	\$ 64,617	321,281
Wszelaki, Frank	Chief Operating Officer	99,944	-	10,000	28,487	138,431
Ambrosone, Giulio	VP, Capital Projects	186,302	15,034	19,557	3,125	224,018
Jmaeff, Victor	Chief Technical Officer	186,302	14,872	23,068	20,938	245,180
Martin, Debbie	VP, Human Resources & Corporate Services	124,667	12,459	6,692	11,273	155,091
de Git, David	Director, Finance	139,581	11,290	16,466	11,600	178,936
Rose, Don	Corporate Secretary	35,782	-	-	1,134	36,916
Total		1,001,742	53,655	103,283	141,174	1,299,853

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

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

(g) Executive management personnel and Board compensation (continued):

(i) Executive Management (continued):

Year ending March 31, 2011						
Remuneration paid - Executive management						
Name	Position	Salary	Bonus	Other	Expenses	Total
Bird, Jane	President & CEO	\$ 116,667	\$ -	\$ 16,570	\$ 32,186	\$ 165,423
Gerry Duffy	Advisor to the Board	115,500	-	9,240	-	124,740
Wszelaki, Frank	Chief Operating Officer	-	-	-	-	-
Ambrosone, Giulio	VP, Capital Projects	179,402	16,377	16,617	4,102	216,498
Jmaeff, Victor	Chief Technical Officer	179,402	14,713	34,406	66,617	295,138
Martin, Debbie	VP, Human Resources & Corporate Services	152,503	12,463	7,175	13,789	185,930
de Git, David	Director, Finance	130,524	10,651	12,063	21,787	175,026
Rose, Don	Corporate Secretary	40,661	-	1,627	-	42,288
Total		914,660	54,204	97,699	138,481	1,205,043

(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 ending March 31, 2012 was \$82 thousand (year ending March 31, 2011 - \$102 thousand) as follows:

Year ending March 31, 2012					
Members of the Board of Directors					
Name	Position	Retainers	Meeting Fees	Expenses	Total
DONEY, LEE	Chair, Board	\$ 15,000	\$ 3,750	\$ 5,244	\$ 23,994
DECK, GREGORY	Member, Board	9,000	3,750	3,107	15,857
MILES, RON	Member, Board	7,500	3,250	1,659	12,409
STANLEY, TIM	Member, Board	9,500	3,250	1,286	14,036
WHITE, LILLIAN	Member, Board	10,500	3,250	1,809	15,559
Total		\$ 51,500	\$ 17,250	\$ 13,105	\$ 81,855

Year ending March 31, 2011					
Members of the Board of Directors					
Name	Position	Retainers	Meeting Fees	Expenses	Total
DONEY, LEE	Chair, Board	\$ 15,000	\$ 5,000	\$ 3,158	\$ 23,158
DECK, GREGORY	Member, Board	7,500	5,000	4,488	16,988
DUFFY, GERRY	Member, Board	4,750	2,250	9,161	16,161
MILES, RON	Member, Board	7,500	5,000	2,583	15,083
STANLEY, TIM	Member, Board	9,500	4,250	185	13,935
WHITE, LILLIAN	Member, Board	10,500	5,250	688	16,438
Total		\$ 54,750	\$ 26,750	\$ 20,263	\$ 101,763

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

26. Explanation of transition to IFRSs:

As stated in note 2(a), these are CPC's first consolidated financial statements prepared in accordance with IFRSs.

The accounting policies set out in note 3 have been applied in preparing the consolidated financial statements for the year ended March 31, 2012, the comparative information presented in these consolidated financial statements for the year ended March 31, 2011 and in the preparation of an opening IFRS consolidated statement of financial position at April 1, 2010 (the CPC's date of transition).

IFRS provides entities preparing their first IFRS compliant consolidated financial statements with several optional exemptions from full retrospective application of IFRS. CPC has not elected to apply any optional exemptions.

In preparing its opening IFRS consolidated statement of financial position, CPC has adjusted amounts reported previously in its consolidated financial statements prepared in accordance with previous Canadian Generally Accepted Accounting Principles (Canadian GAAP). An explanation of how the transition from previous Canadian GAAP to IFRSs has affected CPC's financial position, financial performance, and cash flows is set out in the following tables and the notes that accompany the tables.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

26. Explanation of transition to IFRSs (continued):

Reconciliation of consolidated equity as at April 1, 2010

Table 1

(in thousands)	Canadian GAAP					IFRS
	2010	IFRS Adj 1	IFRS Adj 2	Reclass	Prior Period Adjustment	2010
ASSETS						
Current assets						
Cash and temporary investments	44,008	(10,028)		(33,980)		-
Accounts receivable and unbilled revenue	8,446	(7,734)		(712)		-
P repaid expenses and deposits	2,251	(2,220)		(31)		-
Due from joint venture partner						
Cash and cash equivalents				2,033		2,033
Accounts receivable		647		712		1,359
P repaid expenses				31		31
Other investments				31,947		31,947
Due from joint venture investee		32,505				32,505
Total current assets	54,705	13,170	-	-	-	67,875
Capital assets	343,660	(341,218)		(2,442)		-
Intangibles						
Expansion rights	25,082	(25,082)				-
Power sales right	5,028	(5,028)				-
	30,110	(30,110)				-
Other assets						
Due from joint venture partner	16,252	(16,252)				-
Deferred costs	19,084	(19,084)				-
Restricted cash	6,559	(6,559)				-
	41,895	(41,895)				-
Non-current assets						
Investments in equity accounted investees	-	297,673	36,373			334,046
Property, plant and equipment	-			2,442		2,442
Total non-current assets	-	297,673	36,373	2,442		336,488
TOTAL ASSETS	470,370	(102,381)	36,373	-		404,362
LIABILITIES AND SHAREHOLDER'S EQUITY						
Current liabilities						
Accounts payable and accrued liabilities	2,304	(1,335)			169	1,138
Interest payable on long term bonds	2,467	(2,467)				-
Current portion of long term bonds	6,781	(6,781)				-
Due to related parties	165	(165)				-
Deferred revenue	471	(471)				-
Total current liabilities	12,188	(11,219)			169	1,138
Long term bonds						
Project bonds	93,179	(93,179)				-
Financing costs	(2,017)	2,017				-
	91,162	(91,162)				-
Equity						
Share capital						
Contributed surplus	276,065					276,065
Retained earnings	90,955		36,373		(169)	127,159
Total equity	367,020	-	36,373		(169)	403,224
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	470,370	(102,381)	36,373	-	-	404,362

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

26. Explanation of transition to IFRSs (continued):

Reconciliation of consolidated equity as at March 31, 2011

Table 2

(in thousands)	Canadian						IFRS
	GAAP	IFRS Adj 3	IFRS Adj 4	IFRS Adj 5	Reclass	Prior Period Adjustments	2011
	2011						
ASSETS							
Current assets							
Cash and temporary investments	26,909	(11,951)			(14,958)		0
Accounts receivable and unbilled revenue	9,904	(7,969)			(1,935)		0
P repaid expenses and deposits	1,972	(1,958)			(14)		0
Due from joint venture partner	11,087	(11,087)					0
Cash and cash equivalents					14,178		14,178
Accounts receivable		648			1,936		2,584
P repaid expenses					14		14
Other investments					779		779
Due from joint venture investee		32,818					32,818
Total current assets	49,872	501	-	-	-	-	50,373
Capital assets	337,868	(335,673)	-	-	(2,195)	-	-
Intangibles							
Expansion rights	12,052	(12,052)					-
Power sales right	4,066	(4,066)					-
	16,118	(16,118)	-	-	-	-	-
Other assets							
Deferred bond issue costs	396	(396)					-
Promissory note receivable	24,795	(24,795)					-
Investment in WELP	35,125			(131)	(34,994)		-
Restricted cash	6,767	(6,585)					182
	67,083	(31,776)	-	(131)	(34,994)	-	182
Non-current assets							
Investments in equity accounted investees	-	292,425	45,310				337,735
Investment in WELP	-				34,994		34,994
Property, plant and equipment	-				2,195		2,195
Total non-current assets	-	292,425	45,310	-	37,189	-	374,924
TOTAL ASSETS	470,941	(90,641)	45,310	(131)	-	-	425,479
LIABILITIES AND SHAREHOLDER'S EQUITY							
Current liabilities							
Accounts payable and accrued liabilities	2,476	4,340				161	6,977
Dividends payable	-	-				2,000	2,000
Interest payable on long term bonds	2,309	(2,309)					-
Current portion of long term bonds	25,286	(25,286)					-
Due to related parties	604	(604)					-
Deferred revenue	609	(609)					-
Total current liabilities	31,284	(24,468)	-	-	-	2,161	8,977
Long term bonds							
Project bonds	67,893	(67,893)					-
Financing costs	(1,720)	1,720					-
	66,173	(66,173)	-	-	-	-	-
Equity							
Share capital							
Contributed surplus	276,065						276,065
Retained earnings	97,419		45,310	(131)		(2,161)	140,437
Total equity	373,484	-	45,310	(131)	-	(2,161)	416,502
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	470,941	(90,641)	45,310	(131)	-	-	425,479

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

26. Explanation of transition to IFRSs (continued):

Reconciliation of consolidated comprehensive income for the year ended March 31, 2011

Table 3

(\$ in thousands)	Canadian GAAP	IFRS Adj 6	IFRS Adj 7	IFRS Adj 8	Reclass	Effect of Transition to IFRS	IFRS
Sale of power	\$ 48,771	(48,771)				(48,771)	-
EcoEnergy grant	2,230	(2,230)				(2,230)	-
Transmission facility revenue	1,645	(1,645)				(1,645)	-
Interest	499	21			(520)	(499)	-
Management fee	1,146	1,040			(1,146)	(106)	1,040
Other	733				(733)	(733)	-
Revenue					1,879	1,879	1,879
Other income		6,732	11,645			18,377	18,377
							-
Water rentals	(6,154)	6,154				6,154	-
Amortization of capital assets in service	(8,409)	7,824			585	8,409	-
Amortization of rights	(1,293)	1,293				1,293	-
Property tax	(1,082)	1,082				1,082	-
Operations and maintenance	(3,190)	3,190				3,190	-
Administration and management	(4,260)	940			3,320	4,260	-
Insurance	(596)	585			11	596	-
Community sponsorship	(82)				82	82	-
Grants-in-lieu (Note 15)	(407)				407	407	-
US\$ exchange loss	(25)	25				25	-
Expensed development costs	(13,994)	16,702	(2,708)			13,994	-
Depreciation expense					(585)	(585)	(585)
Amortization expense						-	-
Other expenses				(131)	(3,820)	(3,951)	(3,951)
Finance income					520	520	520
Interest expense	(6,762)	6,762				6,762	-
Financing costs	(298)	296				296	(2)
Total comprehensive Income for the year	\$ 8,472	-	8,937	(131)	-	8,806	17,278

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

26. Explanation of transition to IFRSs (continued):

Reconciliation of consolidated cash flows for the year ended March 31, 2011

Table 4

(\$ in thousands)	Canadian GAAP	IFRS Adj 6	IFRS Adj 7	IFRS Adj 8	Reclass	Effect of Transition to IFRS	Prior period adjustment	IFRS
Cash flows from Operating Activities								
Total comprehensive income for the year	\$ 8,472		8,937	(131)		8,806		17,278
Adjustments to reconcile cash flow from operations								
Amortization of capital assets in service	8,409	(7,824)			(585)	(8,409)		-
Depreciation of property, plant and equipment					585	585		585
Amortization of rights	1,293	(1,293)				(1,293)		-
Amortization of financing costs	297	(297)				(297)		-
Development costs expensed	13,994	(16,702)	2,708			(13,994)		-
Ineligible costs capitalized in WELP				131		131		131
Interest income					(351)	(351)		(351)
Interest expense					2	2		2
Other income		(6,732)	(11,645)			(18,377)		(18,377)
Net change in non-cash working capital balances								
Accounts receivable	(1,458)	235				235		(1,223)
Due from joint venture partner	(595)	282				282		(313)
Prepaid expense	279	(262)				(262)		17
Accounts payable and accrued liabilities	164	5,674				5,674		5,838
Dividends payable	-	-				-	2,000	2,000
Accounts payable to related parties	439	(439)				(439)		-
Accrued interest	(158)	158				158		-
Deferred revenue	138	(138)				(138)		-
Net cash from operating activities	31,274	(27,338)	-	-	(349)	(27,687)	2,000	5,587
Cash flows from financing activities								
Interest paid					(4)	(4)		(4)
Deferred bond issue costs	(396)	396				396		-
Dividends declared	(2,000)	-				-	(2,000)	(4,000)
Principal repayment of Project Bonds	(6,781)	6,781				6,781		-
	(9,177)	7,177	-		(4)	7,173	(2,000)	(4,004)
Cash flows from investing activities								
(Purchase)/sale of other investments					31,167	31,167		31,167
Interest received					350	350		350
Dividends received		22,068				22,068		22,068
Deferred costs	(1,245)	1,245				1,245		-
Investment prior to Limited Partnership					(1,325)	(1,325)		(1,325)
Investment in Limited Partnership	(35,125)				1,325	1,325		(33,800)
Investment in WEPC (PPPJV)		(7,381)				(7,381)		(7,381)
Additions to Brilliant power facility and terminal station	(1,722)	1,722				1,722		-
Additions to ALGS power facility	(258)	258				258		-
Additions to Brilliant Expansion	(287)	287				287		-
Purchase of furniture, equipment and vehicles	(351)	15			336	351		-
(Acquisition)/disposal of property, plant and equipment					(336)	(336)		(336)
	(38,988)	18,214	-	-	31,517	49,731		10,743
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(16,891)	(1,947)	-	-	31,164	29,217		12,326
CASH AND EQUIVALENTS - beginning of year	50,567	(16,587)			(31,947)	(48,534)		2,034
CASH AND EQUIVALENTS - end of year	\$ 33,676	(18,534)	-	-	(783)	(19,317)		14,360

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

26. Explanation of transition to IFRSs (continued):

Notes to the above reconciliations:

(a) Material adjustment to the presentation of the consolidated statement of comprehensive income:

CPC has made certain adjustments to the presentation of its consolidated statement of comprehensive income to comply with the requirements of IAS 1. IFRS requires that expenses recognized in profit or loss be analyzed either by nature or by function. CPC has elected to analyze its expenses by nature. This change has had a material impact on the presentation of the consolidated statement of comprehensive income which is set out in the “reclass” column of the transition schedules above.

(b) Reclassification

The “Reclass” column represents changes to account names to conform to the IFRS convention for naming accounts.

(c) Equity investment in joint ventures:

Under previous Canadian GAAP, CPC accounted for its investments in jointly controlled arrangements using the proportionate consolidated method. Under the proportionate consolidation method, the consolidated financial statements include CPC’s proportionate share of the investees’ assets, liabilities, revenue, and expenses with items of a similar nature on line-by-line basis, from the date that joint control commences until the date joint control ceases.

CPC has elected to early adopt the requirements of IFRS 11, which requires an entity to account for its investments in jointly controlled arrangements using the equity method.

Under the equity method, the investment in a joint venture is initially recognized at cost and the carrying amount is increased or decreased to recognize the venturer’s share of the profit or loss of the joint venture after the date of acquisition. The venturer’s share of the profit or loss of the joint ventures is recognized in the venturer’s profit or loss. In CPC, the profit or loss from equity accounted joint arrangements is included in the “Other income” item line in the Consolidated Statement of Comprehensive Income.

This change to the equity method from the proportionate consolidation method has a significant impact on the presentation of the consolidated financial statements. In the reconciliation tables above:

- IFRS adjusting entries 1 and 3 remove CPC’s share of the joint ventures’ assets and liabilities from the Consolidated Statement of Financial Position at April 1, 2010, and March 31, 2011 respectively and instead record CPC’s investment in the joint ventures along with its proportionate share of the joint ventures’ retained earnings.
- IFRS adjusting entries 2 and 4 show the change in the “Investment in equity accounted joint arrangements” line item on the Consolidated Statement of Financial Position due to changes in the joint venture net asset balances on transition to IFRS.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

26. Explanation of transition to IFRSs (continued):

(c) Equity investment in joint ventures (continued):

- IFRS adjusting entry 5 removes the joint ventures' revenues and expenses from accounts on the Consolidated Statement of Comprehensive Income, and instead records CPC's share of the joint ventures' profit or loss.
- IFRS adjusting entry 6 shows the impact on the "Other income" line item in the Consolidated Statement of Comprehensive Income due to changes in the joint ventures' profit or loss on transition to IFRS.

An explanation of how the transition from previous Canadian GAAP to IFRSs has affected CPC's "Investment in equity accounted joint arrangements" line item in the Consolidated Statement of Financial Position as at April 1, 2010 and March 31, 2011, and CPC's share of profit of equity accounted joint arrangements included in the "Other income" line item on the Consolidated Statement of Comprehensive Income for the year ended March 31, 2011 are provided in notes 26 b(i), (ii), and (iii).

Under the proportionate consolidation method, CPC eliminated management fees and interest it had charged to the joint ventures to the extent of CPC's ownership interest. Some elimination entries related to management fees and interest that had been capitalized in the property, plant and equipment of the joint ventures (as described in notes 26c(i), (ii) and (iii)). On transition to IFRS, all management fees and some interest have been assessed as ineligible for capitalization in the joint ventures, and therefore written off. Consequently, CPC's prior year eliminating entries relating to property, plant and equipment need to be reversed given that the management fees and interest they relate to have been written off in the joint ventures. The impact of the reversal of prior year eliminating entries on the IFRS adjustments picked up from the joint ventures are shown in Table 5.

(i) Finance lease classification of the Brilliant Power:

The Brilliant Power Facility and the BTS are held by BPC. The Brilliant Entitlement associated with the assets is sold to FortisBC under the BPPA and FIIA (see note 6). As the BPPA and FIIA were entered into prior to (and not amended subsequent to) April 1, 2005 CPC was not required to assess the contract to determine if it contained a lease under EIC-150. CPC accounted for the arrangements as power sales arrangements, recognizing the assets in the Consolidated Statement of Financial Position, the sale of power as revenue and the costs incurred as operating expenses in the Consolidated Statement of Comprehensive Income.

Under IFRS, IFRIC-4 does not provide any exemptions on assessing contracts (as EIC-150 does). As such, on transition to IFRS, CPC assessed the BPPA and determined that the arrangement did contain a lease.

COLUMBIA POWER CORPORATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2012

26. Explanation of transition to IFRSs (continued):

(c) Equity investment in joint ventures (continued):

(i) Finance lease classification of the Brilliant Power (continued):

BPC management assessed the BPPA and FIIA for appropriate lease classification. Management determined that the arrangements resulted in the risks and rewards incidental to ownership of the Brilliant Power Facility and BTS transferred from BPC to FortisBC. As a result, under IFRS, BPC accounts for the arrangements as finance leases. The net effect on BPC's equity of removing BPC's leased property, plant and equipment, related amortization, and sales revenue from its financial statements and setting up the finance leases receivable and finance income, and the impact on CPC is summarized in Table 5 below:

ii) Costs directly attributable to the construction of property, plant and equipment:

IFRS requires that property, plant and equipment cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed property, plant and equipment includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

On transition to IFRS, management determined that certain costs capitalized in ALPC, BEPC and WEPC did not meet the capitalization criteria under IFRS. The net effect on ALPC's, BEPC's and WEPC's equity from writing off ineligible costs included in self-constructed assets, and the impact on CPC is summarized in Table 5 below.

In addition, CPC Waneta has an investment in WELP that is accounted for according to the equity method. Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. WELP uses generally accepted accounting principles for private enterprises to account for the investment in the Waneta Expansion project. WELP has capitalized all costs to date related to the project. Certain of these costs related to the project are considered ineligible for capitalization under IFRS. Management has identified certain administration and general overhead costs as well as other costs that would not be considered "directly attributable" that have been capitalized in WELP. The impact of writing off CPC Waneta's share of these ineligible costs is summarized as follows:

- IFRS adj 5 – represents the decrease in CPC Waneta's investment in WELP due to the net write off of ineligible interest revenue, and administration and general overhead type costs capitalized in WELP's asset under construction at March 31, 2011.
- IFRS adj 8 – represents the increase in other expenses in fiscal 2011 due to the net write off of ineligible interest revenue and administration and general overhead type costs that were capitalized in that year.

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Year ended March 31, 2012

26. Explanation of transition to IFRSs (continued):

(c) Equity investment in joint ventures (continued):

iii) Major components of property, plant, and equipment:

IFRS requires that 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.

On transition to IFRS, management identified major components and estimated useful lives relating to self-constructed assets in ALPC and BEPC. The impact on ALPC's and BEPC's net equity of reallocating property, plant and equipment costs to major component categories and amortizing costs over the estimated useful lives of these categories, along with the impact on CPC is summarized in Table 5 below.

iv) Table 5

Impact of transition to IFRS on CPC's portion of net assets and profit or loss of equity accounted joint arrangements.

(\$ in thousands)					01-Apr-10	For the year ended	31-Mar-11
					IFRS Adj 2	IFRS Adj 7	IFRS Adj 4
BPC							
	Effect of removing PP&E and setting up finance lease				44,140	3,587	47,726
	Reversing management fee and interest eliminating entry				678		678
					44,818	3,587	48,404
ALPC							
	Effect of writing off ineligible costs				(3,796)	(30)	(3,826)
	Effect of componentization on accumulated depreciation				3,914	342	4,256
					118	313	430
	Reversing management fee and interest eliminating entry				630		630
					748	313	1,060
BEPC							
	Effect of writing off ineligible costs				(6,068)	(16)	(6,084)
	Effect of componentization on accumulated depreciation				79	57	136
					(5,989)	41	(5,948)
	Reversing management fee and interest eliminating entry				1,793		1,793
					(4,196)	41	(4,155)
WEPC							
	Effect of writing off ineligible costs				(7,705)	7,705	-
	Reversing management fee eliminating entry				2,708	(2,708)	
					(4,997)	4,997	
Total							
					30,564	11,645	42,209
					5,809	(2,708)	3,101
					36,373	8,937	45,310

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27. Prior period adjustments

Management bonuses payable

During fiscal 2012, CPC management determined that management bonuses should be accrued and expensed in the year they are incurred. Previously, management bonuses were expensed when they were paid. As a result, an adjustment has been made to accrue bonuses of \$169 thousand at April 1, 2010 (based on CPC's performance in fiscal 2010). This adjustment increased accounts payable and decreased retained earnings by the same amount.

At March 31, 2011, a management bonus of \$161 thousand should have been accrued. The impact on the Consolidated Statement of Comprehensive Income caused by the reversal of the management fees accrued at April 1, 2010 of \$169 thousand and the accrual March 31, 2011 of \$161 thousand is a decrease in administrative and management expenses \$8 thousand.

Dividends payable

Dividends of \$2 million declared and not paid at March 31, 2011 were not accrued at March 31, 2011. Instead, these dividends were recorded in error as though they were declared in fiscal 2012. The impact of correcting this error in fiscal 2011 on the Consolidated Statement of Changes in Equity is to increase the "Dividends paid to equity holders" line item by \$2 million to a balance of \$4 million. In addition, the impact as at March 31, 2011 of correcting this error on the Consolidated Statement of Financial Position is an increase in "Dividends payable" to \$2 million.



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