Columbia Power Corporation

2018/19 – 2020/21 SERVICE PLAN

February 2018

For more information on Columbia Power Corporation contact:

Suite 200, 445 13th Avenue
Castlegar, B.C.

1.250.304.6060

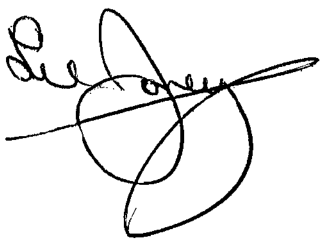
David.deGit@columbiapower.org

Or visit our website at
columbiapower.org

Board Chair Accountability Statement

The 2018/19 – 2020/21 Columbia Power Corporation (Columbia Power) Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with government's strategic priorities and fiscal plan. I am accountable for the contents of the plan, including what has been included in the plan and how it has been reported. I am responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of January 31, 2018, have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, Columbia Power's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of Columbia Power's operating environment, forecast conditions, risk assessment and past performance.



Lee Doney
Board Chair

Table of Contents

Strategic Direction and Alignment with Government Priorities

Columbia Power Corporation (Columbia Power), a commercial Crown corporation, operates under the *Business Corporations Act* and an agency agreement with the Province to develop power projects within British Columbia. Columbia Power owns and operates hydroelectric power generation assets in the Columbia Basin. This service plan foresees the continued safe and reliable operation of existing facilities and the generation of clean hydropower, and provides continued support for community sponsorship and a dividend return to the Province.

Each year, Columbia Power receives a Mandate Letter from the British Columbia Government, which sets out the corporate mandate, including making life more affordable, delivering services that people count on, and building a strong, sustainable, innovative economy that works for everyone.
The Mandate Letter directs Columbia Power to conduct its operations and financial activities in a manner that is consistent with the legislative, regulatory and policy framework established by government.

Columbia Power is manager of the power generation assets that it jointly owns with Columbia Basin Trust. Columbia Power is also Owner's Representative for the Waneta Expansion Project on behalf of the Waneta Expansion Limited Partnership with Fortis Inc. and the Columbia Basin Trust. As a result of these responsibilities, Columbia Power's three strategic priorities in 2018/19 are:

- Enhance Columbia Power's asset management process and management systems to ensure long-term profitability and reliability of the facilities through effective and efficient plant operations and maintenance, including improved accountability of Columbia Power's staff and third party service providers.
- Through Columbia Power's role as the Owner's Representative for the Waneta Expansion Project, successfully close out the Design-Build construction contract, including management of contract deficiencies, warranty items and all other responsibilities of the Owner's Representative to Final Acceptance in 2018. Complete the transition to Owner operational oversight through the involvement in the Waneta Expansion Limited Partnership Operating Committee and ongoing representation on the Waneta Expansion General Partnership Board of Directors.
- Columbia Power will work with the Province, and Columbia Basin Trust to explore structural options to further enhance value to both the Province and Basin residents while mitigating risk.

Columbia Power is aligned with the Government's key priorities:

Government Priorities	Columbia Power Corporation Aligns with These Priorities By:
A strong, sustainable economy	• Reaching Waneta Expansion Project Final Acceptance in April 2018 on budget and on time. (Objective 1.1)
Delivering the services that people count on	• Ensuring efficient and reliable plant operations. (Goal 2)

Contribution towards Truth and Reconciliation Commission Calls to Action

Project and development work undertaken by Columbia Power has included meaningful consultation of First Nations and Columbia Power has been engaged in the development of relationship protocol frameworks with the Okanagan Nation and Ktunaxa Nation. First Nations participate in Columbia Power's Operational Technical Working Group, and have seats on the Brilliant Expansion Project and Waneta Expansion Project Community Impact Management Committees.

Operating Environment

Columbia Power's operating facilities, as well as independent power producers (IPPs), provide energy to British Columbia's power market where BC Hydro is the dominant wholesale purchaser. Availability of transmission capacity to adjacent power markets in Alberta and the U.S. Pacific Northwest is constrained due to limited transmission capacity and limited demand for power in the near term. The operating environment is complex, and includes federal and provincial regulators, the Columbia River Treaty, and multi-party operating agreements, as well as First Nations and local, regional, and American stakeholders.

Columbia Power receives information technology services from Columbia Basin Trust (the Trust). Columbia Power and the Trust expanded this model to include further shared services in the areas of human resources, communications, accounting, payroll and other functions, and entered into an agreement on these shared services effective September 2017.

Columbia Power actively assesses its operating environment to ensure risks that could impact performance are identified and appropriate mitigation actions are in place. There are no anticipated changes to Columbia Power's operating environment that would significantly affect the results from operations for its existing investments. For the fiscal 2017/18 planning period, Columbia Power has evaluated its risks and how to manage these risks using a variety of strategies, as outlined in its Risk Matrix/Management Table.

Performance Plan

The purpose of this section is to provide a clear understanding of how Columbia Power's goals and strategies ensure the company meets its three priorities while supporting Government's strategic direction. Columbia Power's goals include: the successful completion to final acceptance of the Waneta Expansion Project; efficient and reliable plant operations; and effective financial planning.

Columbia Power's performance measures framework follows the *Budget Transparency and Accountability Act* requirements for performance measures, benchmarks and targets, and is linked to the specific goals, objectives and strategies outlined in the service plan.

Columbia Power believes the performance measures are appropriate for its activities and present the results of the company's performance against its mandate. Where possible, performance targets are verified by external benchmarks. The data underlying the company's performance is, in almost all cases, independently audited or verified by a third party or parties. The performance measures can be found in the following document: Source & Reliability of Performance Plan Data.

Goal 1: Successful closeout of the Waneta Expansion Project as Owners Representative

The targets for the construction phase of the Waneta Expansion project have ended since the project commenced commercial operation in April 2015. The project team is now focused on ensuring there is a positive revenue stream and continued operations in future years by addressing contract deficiencies, warranty issues and outstanding deliverables under the Design-Build Contract. Performance targets and measures for Waneta Expansion are now reflected in Goal 3 – Effective Financial Planning.

Objective 1.1: Reach Project Final Acceptance in April 2018 on budget and on time while completing transition to Waneta Expansion Limited Partnership Operating Committee.

Key Strategies:

- Monitor and administer the Design-Build Contract to ensure the Waneta Expansion Project is delivered according to schedule, while meeting scope and quality expectations to protect future income.
- Continue to perform monthly forecast and periodic risk registry reviews to provide early detection of potential budget variances.
- Meet or exceed all Environmental Assessment Certificate conditions (federal and provincial).
- Complete the transition to the Waneta Expansion Limited Partnership Operating Committee and provide operational and financial oversight and ongoing representation on the Waneta Expansion General Partnership Board of Directors.

Performance Measure(s)		2016/17 Actual	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
1.1a	Waneta Expansion (WAX) construction completed early and Contract Closeout On Schedule to Final Acceptance [1]	Contract close-out on schedule to Final Acceptance	Contract close-out on schedule to Final Acceptance	Contract close-out on schedule to Final Acceptance	n/a	n/a
1.1b	Waneta Expansion (WAX) is On Budget [2]	On budget to Final Acceptance	On budget to Final Acceptance	On budget to Final Acceptance	n/a	n/a

[1] Data Source: Internal assessment. Final Acceptance targeted for April 1, 2018. This Performance Measure target will no longer be valid after fiscal 2018/19.
[2] Data Source: Internal assessment. Final Acceptance targeted for April 1, 2018. This Performance Measure target will no longer be valid after fiscal 2018/19.

Linking Performance Measures to Objective:

1.1 a and 1.1b Act as Owner’s Representative for the Waneta Expansion Project to ensure a positive revenue stream and continued operations in future years by successfully closing out the Design-Build Contract, including management of deficiencies, warranty items and all other responsibilities to Final Acceptance, targeted for April 2018.

Discussion:

The fixed price Design-Build Contract provides as much price certainty as possible. Unresolved issues between the Owner and the Design-Build Contractor in carrying out their contractual obligations may potentially increase future project costs, and reduce return on investment. Monthly budget forecast reviews will be performed until Final Acceptance to proactively identify and mitigate budget variances. Given the reduced levels of activity and risk associated with construction until Final Acceptance, reviews of the WAX risk register will be conducted as circumstances dictate.

Goal 2: Efficient and reliable plant operations

The Equivalent Reliability Rate (ERR) in hours and megawatt hours (MWh) targets have been revised to reflect the most current projections of planned outages. Operations, Maintenance and Administration (OMA) targets have been revised to reflect the most current estimates of budgets and resources required for each of the operating facilities.

Objective 2.1: Maximize and improve availability of power generation facilities of Arrow Lakes Power Corporation (ALPC) and Brilliant Expansion Power Corporation (BEPC).

Key Strategies:
Manage joint ventures effectively and efficiently and keep Operations, Maintenance and Administration (OMA) costs within industry norms by implementing an Asset Management System focused on improving availability of the generating units and financial performance. The three priorities of the Asset Management System are currently:

1. Improving work management through tracking of equipment condition and work history;
2. Addressing the potential for equipment failure by doing the right maintenance at the right time; and
3. Improving project and maintenance planning.

Performance Measure	2017/18 Benchmark	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
2.1a Equivalent Availability Rate (Hours)	ALH[1]: 90.5% BRX[2]: 90.5%	ALH: 95.3% BRX: 92.2%	ALH: 93.6% BRX: 89.5%	ALH: 93.7% BRX: 92.2%	ALH: 93.7% BRX: 92.2%
2.1b Equivalent Availability Rate (MWh)	ALH: 98.3%[3] BRX: 97.7%[3]	ALH: 98.5% BRX: 97.6%	ALH: 98.4% BRX: 97.4%	ALH: 98.4% BRX: 97.6%	ALH: 98.4% BRX: 97.6%
2.1c OMA Costs ($ per MWh)	ALH: 10.3[4] BRX: 15.1[4]	ALH: 8.2 BRX: 12.2	ALH: 9.3 BRX: 12.9	ALH: 8.7 BRX: 12.1	ALH: 8.7 BRX: 12.1

[1] ALPC holds Arrow Lakes Generating Station (ALH). [2] BEPC holds Brilliant Expansion Generating Station (BRX).
[3] The unplanned outage assumption for determining the long-term baseline was reduced to 1.66% unplanned outages averaged across all earning months from 2% applied in the second worst earning month based on consistently strong facility operating performance.
[4.] Columbia Power participates in a Navigant GSK Hydro Benchmarking Study periodically to gauge plant performance relative to industry with the most recent study completed in 2016 (Columbia Power GSK Hydro Benchmarking Study- March 2016). GSK Hydro Benchmarking Study advancements have resulted in benchmark sample sizing changes whereby ALH and BRX now have separate benchmarks based on a sample of similar sized facilities. Benchmarks were established based on a sample of 16 facilities for ALH and 13 facilities for BRX. The study has a sufficiently large sample population base to normalize regional differences such as labour rates and CANADIAN/US dollar conversions. Previous benchmark was blended for ALH and BRX and based on a large sample that was found not to be representative of each individual facility. This is the second year the benchmarks have been split by generating station.

Linking Performance Measures to Objectives:

2.1a This is an industry standard measure used in Navigant benchmarking to gauge the percentage of time that the plant is available to provide energy to the grid. It is also measures the efficiency of operator response to unplanned outages and in carrying out planned outages.

2.1b This metric helps gauge revenue generation. The greater the percentage of entitlement MWh available to each facility annually relative to the total entitlement MWh available, the greater the plant's revenue from the sale of the entitlement.

2.1c This is an industry standard measure used in Navigant benchmarking regarding plant efficiency and helps gauge Columbia Power performance relative to other hydropower producers. Keeping Operations, Maintenance and Administration (OMA) costs low helps keeps the cost of generating power low.

Discussion:

Plant availability benchmarks are measures for Columbia Power to assess asset reliability performance relative to industry benchmarks as well as internal criteria. Performance Measure 2.1a compares the percentage of time the generating unit is available in hours to the benchmark. The 2017/18 benchmark of 90.5 per cent is derived from the five year average equivalent rate for medium-sized hydro plants in operation for less than forty-five years, as provided by the Navigant Study.

The ALH unplanned outage rate was adjusted down from two per cent to 1.7 per cent for the 2018/19 budget year resulting in a higher availability rate (Hours). The target was adjusted to encourage Columbia Power to strive for better performance.

Columbia Power has used its own historic and forecasted production level data to develop an internal benchmark for Performance Measure 2.1b. The benchmark reflects an optimal scenario of reliable plant operations while efficiently completing maintenance outages. This metric allows a comparison of Columbia Power's revenue generating performance to the internal benchmark. The long-term target is to meet or exceed the benchmark. The fluctuation of targets is due to the variability in the duration of the planned outages. Fewer than expected unplanned/forced outages occurred in 2016/17 allowing both ALH and BRX to exceed the benchmark.

Performance Measure 2.1c is a measure of plant operational cost efficiency which consists of the Operations, Maintenance and Administration (OMA) costs for each facility (net of allowance for outages) divided by entitlement energy for that facility, in dollars per MWh. OMA is a standard measure used by Navigant to assess cost effective operations.

Goal 3: Optimize Shareholder value

Annual revisions to Columbia Power's financial projections include all known and anticipated events that may affect revenues and expenditures. Targets in Goal 3 are adjusted annually to reflect the most recent forecasts for each joint venture entity and Columbia Power's consolidated financial position.

Objective 3.1: Deliver effective financial planning

Key Strategies:

- Maximize revenue generated through controlling facility operating costs and achieving reliable operations.
- Manage working capital to meet Columbia Power's mandate while returning free cash-flow to the shareholder through a dividend.
- Invest in management systems necessary to carry out enhancements to the asset management process, including improvements to the financial, asset assessment and performance data required for review, analysis and optimization.

Performance Measures ($000)		2016/17 Actual	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
3.1a	Net Income[1]	42,246	48,125	47,237	49,834	49,521
3.1b	Earnings Before Interest Taxes Depreciation and Amortization[2]	53,597	59,424	57,273	59,646	59,099

[1] Net Income was lower in 2016/17 as it includes significant one-time costs incurred for organizational restructuring and expensing the ELKO Redevelopment Project development costs after a decision to not proceed with the project.
[2] EBITDA was lower in 2016/17 compared to other years for the reasons identified in Performance Measure 3.1a: Net Income.

Linking Performance Measures to Objectives:

3.1a Columbia Power's net income is the most appropriate measure to gauge the company's financial performance. Net income is closely monitored throughout the reporting period and audited annually. All components are rigorously reviewed for reliability and consistency with government reporting standards.

3.1b Earnings Before Interest Taxes Depreciation and Amortization (EBITDA) is a measure of operating income which focuses on items of importance to ongoing operations and excludes items that do not impact ongoing operations, such as financing decisions and accounting policies. EBITDA also approximates cash flow from operations before payment of financing costs and necessary capital investment. After financing costs are paid and capital investment is made, the surplus is free cash flow available to be paid to the Shareholder. EBITDA is a standard measure to gauge long term profitability.

Discussion:

Financial statements calculating both net income and EBITDA are prepared monthly for internal use and quarterly for reporting to the Province. Variances from monthly net income targets are reported monthly to the Finance and Audit Committee and on a quarterly basis to the full Board of Directors and the Province. Corrective measures are taken to achieve forecast net income if variances are identified. The growth targets are based on Columbia Power's historic and forecasted performance.

Financial Plan
Summary Financial Outlook

($000)	2017/18 Forecast	2018/19 Budget	2019/20 Budget	2020/21 Budget
Total Revenue				
Operating Revenue				
Service Agreement	$ 1,000	$ 200	$ 200	$ 200
Recoveries	3,030	3,000	4,000	4,000
Income from Equity Accounted Investees				
Brilliant Power Corporation	12,170	12,639	13,074	13,565
Brilliant Expansion Power Corporation	10,347	8,981	9,053	8,857
Arrow Lakes Power Corporation	15,698	16,051	16,227	16,896
Waneta Expansion Power Corporation	2,439	2,350	2,500	-
Waneta Expansion Limited Partnership	20,143	19,473	20,133	21,246
Total Revenue	**$ 64,827**	**$ 62,694**	**$ 65,187**	**$ 64,764**
Total Expenses				
Salaries and Benefits	$ 3,123	$ 3,478	$ 3,548	$ 3,619
General Administrative Costs	1,339	999	1,020	1,042
Community Sponsorship	360	335	335	335
Grants in Lieu of Property Taxes	581	609	638	669
Interest Expense	12,493	11,474	11,504	11,534
Amortization of Property, Plants and Equipment	229	229	229	229
Less: Interest Revenue	1,423	1,667	1,921	2,185
Total Expenses	**16,702**	**15,457**	**15,353**	**15,243**
Net Income	**48,125**	**47,237**	**49,834**	**49,521**
Total Liabilities	**327,423**	**322,182**	**322,996**	**302,718**
Accumulated Surplus	**$ 207,620**	**$ 172,757**	**$ 179,260**	**$ 163,971**
Capital Expenditures	**$ 5,180**	**$ 2,644**	**$ 1,799**	**$ 1,683**
Dividends	**$ 41,998**	**$ 82,100**[1]	**$ 43,331**	**$ 64,810**

[1] The dividend in 2018/19 is higher due to the release of working capital after WAX Final Acceptance.

Key Forecast Assumptions, Risks and Sensitivities

- Columbia Power's assets provide stable streams of revenue. Factors that could affect commercial operations include capital and operating requirements of the assets under management, and regulatory and/or legislative changes imposed on existing assets. Operations and maintenance services for ALPC and BEPC are provided by FortisBC Pacific Holdings Inc. under a management agreement. Operational risks experienced by the service provider may impact the provision of services.
- Future dividends to the Province will be determined based on annual earnings, working capital requirements, contingency reserves, and reserves for future sustaining capital requirements. A revised dividend policy has been reviewed and approved by the Province and is incorporated into this service plan.

Sensitivity Analysis

The financial outlook for the forecast period indicates stable net income for the forecast period.

Key assumptions affecting the forecasted operations are as follows:

- Plant availability for ALH, BRX, and Waneta Expansion are as forecasted. Power sales for BRD are in the form of a lease and not impacted by plant availability.
- Capital and operating needs of the assets are as forecasted.
- Operating cost inflation, including water rental increases, is approximately two per cent per year.
- Columbia Power assumes adequate working capital to maintain operations, meet liabilities to parties outside the Government, and achieve goals within the service plan period and into the future.

The issues, impacts and potential magnitude of the risks associated with the above assumptions and how these risks are managed are provided in the Risk Matrix/Management Table.

Plant availability has a large impact on forecasted revenues. Unanticipated Operations and Maintenance cost increases and capital requirements could impact net revenues. If the ALH plant outage factor were to increase by one percentage point, revenues and net income would decline by $684,000 in 2018/19. If the BRX plant outage factor were to increase by one percentage point, revenues and net income would decline by $350,000 in 2018/19. To compensate for the potential variability of plant availability, a provision for unplanned outages is incorporated into the revenue projections for ALH and BRX. To impact the revenue results from Operations, plant availability will have to fall below the targets presented in the Goal 2 performance measures.

Management's Perspective on the Financial Outlook

Management anticipates that the financial performance of the company will meet expectations.

The financial outlook for the planning period includes areas of potential volatility. The primary concern would be the reliability of income from the Waneta Expansion Limited Partnership (WELP).

As the Waneta Expansion Project achieved substantial completion and the facility is generating electricity, the income anticipated from WELP could be affected by unforeseen incidents (i.e. a forced outage or outages) that may impact forecast revenues. Greater certainty in the income projection from WELP will be known after final acceptance, targeted for April 2018.

Major Capital Projects

Major Capital Projects (over $50 million)	Targeted Completion Date (Year)	Project Cost to Dec 31, 2017 ($ millions)	Estimated Cost to Complete ($ millions)	Approved Anticipated Total Capital Cost of Project ($ millions)
Waneta Expansion Project	April 1, 2018	218.3	4.0	222.2

The Waneta Expansion Project successfully achieved operational status in April 2015. One of the largest hydroelectric projects recently under construction in British Columbia, it is now generating 335 MW of clean, hydroelectric energy by using the hydraulic head created by the pre-existing Waneta Dam.

The project is owned by the Waneta Expansion Limited Partnership (WELP), a limited partnership owned by Fortis Inc. (51 per cent), CPC Waneta Holdings Ltd. (a subsidiary owned 100 per cent by Columbia Power) (32.5 per cent), and Columbia Basin Trust (the Trust) (16.5 per cent). WELP is managed by a general partner, Waneta Expansion General Partner Ltd. (WEGP), which is also owned by Fortis Inc., Columbia Power, and the Trust. WEGP has a seven-member Board of Directors comprised of four nominees of Fortis Inc., two nominees of Columbia Power, and one nominee of the Trust.

Columbia Power will continue to act as an Owner's Representative on behalf of the Waneta Expansion Project until Final Acceptance in April 2018. Management of deficiencies and warranty items will remain a prime focus until Final Acceptance. FortisBC Pacific Holdings Inc. operates and maintains the facility.

The risks associated with the project are disclosed in the Risk Matrix/Management Table in Appendix A.

Appendix A: Hyperlinks to Additional Information

Corporate Governance

- Corporate Governance

Organizational Overview

- Organizational Overview
- Mandate Letter
- Risk Matrix/Management Table
- Source & Reliability of Performance Plan Data

Appendix B: Subsidiaries and Operating Segments

Active Subsidiaries

CPC Waneta Holdings Ltd. (CPC Waneta)

CPC Waneta started operations on October 1, 2010. Its purpose is to be party to the Waneta Expansion Project through its 32.5 per cent ownership of the Waneta Expansion Limited Partnership (WELP) according to the Waneta Expansion General Partner Shareholder Agreement and the Waneta Expansion Amended and Restated Partnership Agreement. Columbia Power is the sole shareholder of CPC Waneta.

CPC Waneta's Board of Directors members are Lee Doney, Tim Stanley and Lillian White. As the manager of CPC Waneta, Columbia Power ensures that the corporation's business activities are in alignment with Columbia Power's mandate, strategic priorities, and fiscal plan.

CPC Waneta invests in WELP in the form of cash contributions. WELP requests cash from the partners as required to meet its obligations to the design-build contractor and other suppliers to the project. Given that the WAX Project achieved commercial operations on April 2, 2015, there are no planned capital expenditures during the reporting period of this service plan except for a $6.5 million contribution required within 90 days of the Final Acceptance Date, (anticipated to be April 1, 2018) according to the Asset Purchase Agreement between WELP and the Waneta Expansion Power Corporation (described below).

In addition to the WAX Project risk described in the Risk Matrix/Management Table, CPC Waneta's main risk is related to the reliability of WAX operations and cost control. Plant outages causing lost revenues and high maintenance costs could significantly reduce returns from WELP to CPC Waneta.

Summary Financial Outlook Table for CPC Waneta Holdings Ltd.

($000)	2017/18 Forecast	2018/19 Budget	2019/20 Budget	2020/21 Budget
Total Revenue	$ 20,143	$ 19,473	$ 20,133	$ 21,246
Total Expense	-	-	-	-
Net Income	**$ 20,143**	**$ 19,473**	**$ 20,133**	**$ 21,246**

Operating Segments

Columbia Power owns three hydropower facilities in joint venture partnership with Columbia Basin Trust (the Trust). These facilities are owned by corporations that are jointly owned by Columbia Power and indirect subsidiaries of the Trust, as follows:

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

- Brilliant Expansion Power Corporation (BEPC): owns the Brilliant Expansion Generating Station (BRX).

- Brilliant Power Corporation (BPC): owns the Brilliant Dam and Generating Station (BRD) and the Brilliant Terminal Station.

The Boards of Directors of these corporations are comprised of six Directors, three appointed by Columbia Power and three appointed by the Trust. Columbia Power manages these assets on behalf of the joint ventures. Senior Management for these corporations is consistent with that of Columbia Power.

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

Most of the power generated at these facilities is committed under long-term sales agreements to two utilities, FortisBC and BC Hydro. Short-term sales of capacity and energy maximize revenue.

Summary Financial Outlook Table for Arrow Lakes Power Corporation

($000)	2017/18 Forecast	2018/19 Budget	2019/20 Budget	2020/21 Budget
Revenues	$ 67,630	$ 67,900	$ 68,414	$ 68,932
Operating Expenses	12,206	12,153	12,683	12,208
Amortization & Financing Expenses	24,028	23,645	23,276	23,931
Net Income	**$ 31,396**	**$ 32,102**	**$ 32,455**	**$ 33,793**
Capital Expenditures	**$ 1,008**	**$ 1,259**	**$ 1,323**	**$ 650**

Capital Expenditures

The ALPC capital plan for the service plan period includes $1.0 million in capital expenditures for fiscal 2017/18, $1.3 million for fiscals 2018/19 and 2019/20 and $650 thousand for 2020/21. The most significant costs are related to site security, control system replacement and intake gate improvements.

Summary Financial Outlook Table for Brilliant Expansion Power Corporation

($000)	2017/18 Forecast	2018/19 Budget	2019/20 Budget	2020/21 Budget
Revenues	$ 35,526	$ 32,829	$ 33,176	$ 33,499
Operating Expenses	9,859	10,066	10,238	10,955
Amortization & Financing Expenses	4,973	4,801	4,831	4,831
Net Income	**$ 20,694**	**$ 17,962**	**$ 18,107**	**$ 17,713**
Capital Expenditures	**$ 62**	**$ 439**	**-**	**-**

Capital Expenditures

The BEPC capital plan for the service plan period includes $439 thousand in capital expenditures for fiscal 2018/19 for the BRX 10 year major equipment overhaul.

Summary Financial Outlook Table for Brilliant Power Corporation

($000)	2017/18 Forecast	2018/19 Budget	2019/20 Budget	2020/21 Budget
Revenues	$ 45,721	$ 45,778	$ 46,338	$ 46,619
Operating Expenses	13,589	13,339	13,707	13,758
Amortization & Financing Expenses	7,793	7,160	6,483	5,732
Net Income	**$ 24,339**	**$ 25,279**	**$ 26,148**	**$ 27,129**
Capital Expenditures	**$ 2,859**	**$ 3,588**	**$ 2,274**	**$ 2,716**

Capital Expenditures

The BPC capital plan for the service plan period includes $2.9 million in capital expenditures for fiscal 2017/18, $3.6 million for fiscal 2018/19, $2.3 million for 2019/20 and $2.7 million for 2020/21. The most significant cost over the next three years relates to concrete rehabilitation, HVAC upgrade, dam safety and fire safety projects.

Non-Operating Segments

Waneta Expansion Power Corporation (WEPC) owned 58 per cent by Columbia Power and 42 per cent by the Trust: holds a $72 million non-interest bearing promissory note maturing in 2020 consistent with the terms of the Asset Purchase Agreement between WEPC and WELP. WEPC also holds a long term receivable for $20 million from WELP payable 90 days after Final Acceptance of the WAX project according to the terms of the Asset Purchase Agreement.

Summary Financial Outlook Table for Waneta Expansion Power Corporation

($000)	2017/18 Forecast	2018/19 Budget	2019/20 Budget	2020/21 Budget
Revenues	$ 4,205	$ 4,052	$ 4,310	-
Expenses	-	-	-	-
Net Income	**$ 4,205**	**$ 4,052**	**$ 4,310**	-