Columbia Power Corporation

2017/18 – 2019/20 SERVICE PLAN

February 2017

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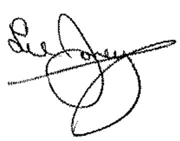
Accountability Statement

The 2017/18 – 2019/20 Columbia Power Corporation (Columbia Power) Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. 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 5, 2017, have been considered in preparing the plan. The performance measures presented are consistent with the Taxpayer Accountability Principles, Columbia Power's mandate and its 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.

Signature



Lee Doney,

Board Chair

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Strategic Direction and Context

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 hydro power assets in the Columbia Basin. The 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 Minister of Energy and Mines, which sets out the corporate mandate, including high-level performance expectations, public policy issues and strategic priorities. 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 including Taxpayer Accountability Principles. Columbia Power's 2017/18 Mandate Letter outlines three strategic actions:

1. Enhance Columbia Power's asset management process and management systems to ensure long-term profitability and reliability of your facilities through effective and efficient plant operations and maintenance, including improved accountability of Columbia Power's staff and third party service providers.
2. 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 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.
3. CPC will work with the Ministry of Energy and Mines, Ministry of Finance, and the Columbia Basin Trust to explore structural options to further enhance value to both the Province and Basin residents while mitigating risk.

Operating Environment

Columbia Power's operating facilities, as well as Independent Power Producers (IPPs), provide energy to British Columbia's power market where there is a single dominant wholesale purchaser. Transmission capacity to adjacent power markets in Alberta and the US Pacific Northwest is constrained and there is limited demand for new power developments in British Columbia in the near term beyond those planned or under construction. The operating environment is complex and includes federal and provincial regulators, the Columbia River Treaty, as well as local, regional, American, and First Nations stakeholders. There are no anticipated changes to Columbia Power's operating environment that would significantly affect the results from operations for its existing investments.

Columbia Power actively assesses its operating environment to ensure risks that could impact performance are identified and appropriate mitigation actions are in place. 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

Goals, Strategies, Measures and Targets

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 mandated 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 this service plan. The framework also adheres to the Office of the Auditor General's Performance Reporting Principles for the BC public sector.

The framework reflects Columbia Power's commitment to Taxpayer Accountability Principles of cost consciousness, accountability, and appropriate compensation. The company made significant progress last fiscal year, incorporating the Taxpayer Accountability Principles throughout the organization. Ongoing activities include strategic engagement with staff, Board of Directors, and Ministry of Energy and Mines, and the refinement of an evaluation plan with focus on efficiency and performance measures.

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.

The changes in targets from previous years to current year are as follows:

- **Goal 1:** The Waneta Expansion project commenced commercial operation in April 2015. The project team is focusing on ensuring there is a positive revenue stream and continued operations in future years by addressing deficiencies, warranty issues and outstanding deliverables under the Design-Build Contract. The targets for the construction phase of the project have ended as the facility is now operating. Performance targets and measures for Waneta Expansion are now reflected in Goal 3 – Effective Financial Planning.
- **Goal 2:** The Equivalent Reliability Rate (ERR) in hours and 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.
- **Goal 3:** 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.
- **Goal 4:** The goal to continue to pursue selective investment opportunities has been removed given the shareholder direction to remove new project development activites from Columbia Power's mandate in the second quarter of 2016.

Goal 1: Successful close-out of the Waneta Expansion Project

- 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.

- Complete the transition to the Waneta Expansion Limited Partnership Operating Committee and provide operational and financial oversight.

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.

Performance Measure 1: Waneta Expansion is on-schedule

Performance Measure	2017/18 Benchmark	2015/16 Actual	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
1.1 Waneta Expansion (WAX) construction completed early and Contract Closeout On-Schedule to Final Acceptance	Early or On-Schedule Final Acceptance (no negative variance from schedule)	WAX Construction Completed six weeks ahead of schedule	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[1]

[1] Final Acceptance targeted for April 1, 2018. This target will no longer be valid after fiscal 2018/19.

Discussion

Waneta Expansion achieved Substantial Completion six weeks before the Substantial Completion Milestone Date of May 17, 2015, as specified in the Design-Build Contract. The subsequent benchmark is for Waneta Expansion to achieve Final Acceptance by the Final Acceptance Milestone Date of April 1, 2018.

Performance Measure 2: Waneta Expansion is on-budget

Performance Measure	2017/18 Benchmark	2015/16 Actual	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
1.2 Waneta Expansion (WAX) is On-Budget	On or under-budget (no negative variance from budget)	WAX Construction Completed On-Budget	On-Budget to Final Acceptance	On-Budget to Final Acceptance	On-Budget to Final Acceptance	N/A[1]

[1] Final acceptance targeted for April 1, 2018. This target will no longer be valid after fiscal 2018/19.

Discussion

The target is to achieve Final Acceptance on or under budget. 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 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

- Enhance Columbia Power's asset management processes to ensure long-term profitability and reliability of its facilities through effective and efficient plant operation and maintenance, including improved performance of third party service providers.

Strategies

- Maximize availability of the power generation facilities of Arrow Lakes Power Corporation (ALPC) and Brilliant Expansion Power Corporation (BEPC). Agreements with BC Hydro provide both ALPC and BEPC with an energy entitlement based only on availability of the operating units. Due to the lease arrangement with FortisBC for the Brilliant facility owned by Brilliant Power Corporation (BPC), BPC lease revenues are not impacted by availability.
- Manage joint ventures effectively and efficiently and keep Operations, Maintenance and Administration (OMA) costs within industry norms by implementing an Asset Management System focussed 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 the application of a Computerized Maintenance Management System;
  2. Addressing equipment failure modes by doing the right maintenance at the right time; and
  3. Improving project and maintenance planning.

Performance Measure 1: Reliable Plant Operations

Performance Measure	2017/18 Benchmark	2015/16 Actual	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
2.1 Equivalent Availability Rate (Hours)	ALH[1]: 90.5% BRX[2]: 90.5%	ALH: 91.8% BRX: 93.4%	ALH: 93.2% BRX: 95.6%	ALH: 95.3% BRX: 92.2%	ALH: 93.55% BRX: 89.5%	ALH: 93.68% BRX: 92.2%
2.2 Equivalent Availability Rate (MWh)	ALH: 98.3%[3] BRX: 97.7%[4]	ALH: 99.4% BRX: 98.5%	ALH: 99.7% BRX: 99.7%	ALH: 98.5% BRX: 97.6%	ALH: 98.4% BRX: 97.4%	ALH: 98.4% BRX: 97.6%
2.3 OMA Costs ($ per MWh)	ALH: 10.3[5] BRX: 15.1[6]	ALH: 6.6 BRX: 10.2	ALH: 6.5 BRX: 9.8	ALH: 8.2 BRX: 12.2	ALH: 9.3 BRX: 12.9	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 2.00% applied in the second worst earning month.
[4] See Footnote 3.
[5] Columbia Power participates in a Navigant Study annually to gauge plant performance relative to industry. Advancements in the Navigant Study have resulted in a change in the benchmark sample sizing whereby ALH and BRX now have separate benchmarks based on a samples of similar sized facilities. The benchmarks were established based on a sample of 16 facilities for ALH and 13 facilities for BRX. The Navigant 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.
[6] See Footnote 5.

Discussion

Plant availability benchmarks are a measure for Columbia Power to assess asset reliability performance relative to industry benchmarks as well as internal criteria. Targets reflect Columbia Power's annual performance forecasts based on planned outage durations required for routine maintenance, periods of major maintenance and capital projects.

Columbia Power has identified two metrics for plant availability: Equivalent Availability Rate (Hours), and Equivalent Availability Rate (MWh). The Equivalent Availability Rate (Hours) annually references a Navigant Study[7] as the benchmark. The Equivalent Availability Rate (MWh) references an internal benchmark.

Measure 2.1 – Equivalent Availability Rate (Hours):

This measure accounts for the number of hours each generating unit is available annually, including both planned and forced outages, relative to the total number of generating hours available. This metric compares per cent of time the generating unit is available in hours to the benchmark. Over the forecast period, Arrow Lakes Generating Station (ALH) and Brilliant Expansion Generating Station (BRX) will experience variability in the duration of planned outages. Longer maintenance duration times are intended to focus on long-term reliability improvements.

The 2017/18 benchmark is 90.5% and 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 2% to 1.7% 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.

Measure 2.2 – Equivalent Availability Rate (MWh):

Columbia Power uses historic and forecasted production levels based on internal data for an internal benchmark. The benchmark reflects an optimal scenario of reliable plant operations while efficiently completing maintenance outages. This metric is the number of entitlement megawatt-hours (MWh) available to each facility annually accounting for both planned and forced (unplanned) outages, relative to the total entitlement MWh available to each facility. 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 2015/16 allowing both ALH and BRX to exceed both the target and benchmark.

Measure 2.3 – Operations, Maintenance and Administration (OMA) Costs ($ per MWh)

This metric 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 megawatt-hour (MWh).

Goal 3: Effective financial planning

- Deliver effective financial planning as a critical component of optimizing shareholder value. Access to key financial information drives sound decision making for managing operations and projects.

Strategies

- Maximize revenue generated through controlling facility operating costs and achieving reliable operations.

- Monitor and control corporate costs in adherence to Taxpayer Accountability Principles through cost control measures and monthly variance reporting.
- 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 Measure 1: Net Income

Performance Measure ($000)	2015/16 Actual	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
3.1 Net Income	44,185	40,407	46,802	47,425	50,343

Discussion
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 and the Taxpayer Accountability Principles.

Net income is anticipated to level off by 2017/18, growing moderately in future years. Net income in 2016/17 includes significant one-time costs incurred for organizational restructuring and expensing the Elko Redevelopment Project development costs. Service plan targets are prepared in adherence to the Taxpayer Accountability Principles of cost consciousness, accountability and appropriate compensation. Variances from 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.

Performance Measure 2: EBITDA Growth

Performance Measure ($000)	2015/16 Actual	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
3.2. EBITDA	55,068	50,883	57,090	57,505	60,166

Discussion
EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) is a measure of operating cash flow which focuses on returns directly influenced by management, and excludes those factors over which management has limited or no influence. The growth targets are based on Columbia Power's historic and forecasted performance.

- EBITDA is anticipated to lower in 2016/17 compared to other years for the reasons identified in Performance Measure 1: Net Income.

Financial Plan

The following financial overview presents: the actual performance for 2015/16; the forecast for the current year 2016/17; and forecasts for 2017/18, 2018/19 and 2019/20.

Summary of Financial Outlook: Columbia Power Consolidated

$ IN THOUSANDS	2015/16 Actual	2016/17 Forecast	2017/18 Budget	2018/19 Budget	2019/20 Budget
Operating Revenue					
Service Agreement	1,743	1,025	445	-	-
Recoveries	4,052	3,030	3,030	3,030	4,040
Income (Loss) From Equity Accounted Investees					
Brilliant Power Corporation	11,100	11,771	12,170	12,642	13,167
Brilliant Expansion Power Corporation	10,962	11,293	10,347	9,148	9,075
Arrow Lakes Power Corporation	3,561	15,496[1]	16,204	16,798	17,096
Waneta Expansion Power Corporation	12,887[2]	2,327	2,439	2,350	2,500
Waneta Expansion Limited Partnership	19,270	19,021	18,929	19,473	20,133
Total Operating Revenue	**63,575**	**63,963**	**63,564**	**63,441**	**66,011**
Expenses					
Salaries and Benefits	5,332	4,226	3,897	3,562	3,524
General & Administrative Costs	2,539	3,226	1,636	1,405	1,323
Project Development Cost	-	4,721	-	-	-
Community Sponsorship	97	352	360	360	360
Grants-in-Lieu of Property Taxes	539	555	581	609	638
Total Operating Expenses	**8,507**	**13,080**	**6,474**	**5,936**	**5,845**
EBITDA	55,068	50,883	57,090	57,505	60,166
Amortization and Financing					
Interest Expense	11,488	11,483	11,446	11,474	11,504
Amortization of Property, Plant & Equipment	228	294	294	317	300
Less: gain on sales of property, plant & equipment	19	-	-	-	-
Less: Interest Revenue	814	1,301	1,452	1,711	1,981
Total Amortization & Financial Expenses	**10,883**	**10,476**	**10,288**	**10,080**	**9,823**
Net Income	**44,185**	**40,407**	**46,802**	**47,425**	**50,343**
Total Liabilities	**311,337**	**305,546**	**306,300**	**301,059**	**301,873**

Accumulated Surplus & Retained Earnings	**230,746**	**171,153**	**181,637**	**189,969**	**205,584**
Capital Expenditures	**11,641**	**3,081**	**9,727**	**4,005**	**9,245**

[1] ALPC income has increased due to a new electricity purchase agreement with a higher price commenced in January 2016.
[2] WEPC, owned 58% by Columbia Power, recognized in March 2016 a $20 million contingent purchase price on sale of its interest in the Waneta Expansion to WELP

Key Forecast Assumptions & Financial Risks

- 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.

Forecast Risks & Sensitivities

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.
- Capital and operating needs of the assets are as forecasted.
- Operating cost inflation, including water rental increases, is approximately 2% per year.
- Columbia Power assumes adequate working capital reserves to maintain operations, meet liabilities from sources 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 in Appendix A.

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 2017/18. If the BRX plant outage factor were to increase by one percentage point, revenues and net income would decline by $350,000 in 2017/18. 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 Goal 2 of the 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 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

($ in millions)	Targeted Completion Date	Approved Anticipated Total Cost of Project	Project Cost to Dec 31, 2016
Capital Project #1 **Waneta Expansion Project**[1]	April 1, 2018	228,783	218,983[2]

[1] Capital spending forecast for Waneta Expansion in 2017/18 reflects costs to final acceptance for the project. Substantial Completion was achieved in 2015, as forecasted in previous service plans.
[2] Actual cost to September 2016 plus forecast expenditures to December 2016.

Capital Project #1 – Waneta Expansion Project

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% 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
- 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% 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 Tim Stanley, Lillian White, and Lee Doney. As the manager of CPC Waneta, Columbia Power ensures that the corporation adheres to Taxpayer Accountability Principles and that 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 in Appendix A, 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
CPC Waneta Holdings Ltd.

($ in thousands)	2015/16 Actual	2016/17 Forecast	2017/18 Budget	2018/19 Budget	2019/20 Budget
Revenues	19,232	19,254	19,171	19,473	20,133
Expenses	875	233	242	-	-
Net Income (Loss)	18,357	19,021	18,929	19,473	20,133

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 nominated by Columbia Power and three nominated 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
Arrow Lakes Generating Station

($ in thousands)	2015/16 Actual	2016/17 Forecast	2017/18 Budget	2018/19 Budget	2019/20 Budget
Revenues	42,961	66,832	68,641	69,272	69,969
Expenses	11,238	11,243	12,206	12,030	12,502
Amortization & Financing Expenses	24,603	24,596	24,028	23,645	23,276
Net Income (Loss)	7,120	30,993	32,407	33,597	34,191
Capital Expenditures	238	1,332	1,067	2,048	1,043

Capital Expenditures

The ALPC capital plan for the service plan period includes $1.1 million in capital expenditures for fiscal 2017/18 and $2 million and $1 million for fiscals 2018/19 and 2019/20 respectively. The most significant costs are related to the debris boom in 2016/17 and 2017/18, and intake gate improvements in 2018/19 and 2019/20.

Summary Financial Outlook Table
Brilliant Expansion Power Corporation

($ in thousands)	2015/16 Actual	2016/17 Forecast	2017/18 Budget	2018/19 Budget	2019/20 Budget
Revenues	35,990	36,610	35,526	32,867	33,235
Expenses	9,168	9,112	9,859	9,770	10,254
Amortization & Financing Expenses	4,899	4,912	4,973	4,801	4,831
Net Income	21,923	22,586	20,694	18,296	18,150
Capital Expenditures	311	245	62	600	-

Capital Expenditures

The BEPC capital plan for the service plan period includes $600 thousand in capital expenditures for fiscal 2018/19 for the BRX 10 year major equipment overhaul.

Summary Financial Outlook Table
Brilliant Power Corporation

($ in thousands)	2015/16 Actual	2016/17 Forecast	2017/18 Budget	2018/19 Budget	2019/20 Budget
Revenues	43,865	44,930	45,721	45,220	45,855
Expenses	12,766	13,040	13,589	12,776	13,038
Amortization & Financing Expenses	8,899	8,347	7,793	7,160	6,483
Net Income	22,200	23,543	24,339	25,284	26,334
Capital Expenditures	2,368	2,211	2,859	4,330	16,447

Capital Expenditures

The BPC capital plan for the service plan period includes $2.9 million in capital expenditures for fiscal 2017/18, $4.3 million for fiscal 2018/19, and $16.4 million 2019/20. The most significant cost over the next three years relates to the spillway gate replacement project which begins in 2019/20.

Non-operating Segment

Waneta Expansion Power Corporation (WEPC): 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
Waneta Expansion Power Corporation

($ in thousands)	2015/16 Actual	2016/17 Forecast	2017/18 Budget	2018/19 Budget	2019/20 Budget
Revenues	22,219	4,012	4,205	4,052	4,310
Expenses	-	-	-	-	-
Amortization & Financing Expenses	-	-	-	-	-
Net Income	22,219	4,012	4,205	4,052	4,310
Capital Expenditures	-	-	-	-	-