



YEAR ENDED: MARCH 31, 2009

**FINANCIAL INFORMATION ACT
STATEMENTS AND SCHEDULES**

COLUMBIA POWER CORPORATION

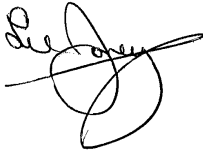
STATEMENTS AND SCHEDULES OF FINANCIAL INFORMATION

TABLE OF CONTENTS

	<u>TAB</u>
STATEMENT OF FINANCIAL INFORMATION APPROVAL	1
CONSOLIDATED FINANCIAL STATEMENTS	2
GUARANTEES AND INDEMNITIES	3
SCHEDULE OF DEBTS	4
FINANCIAL INFORMATION RECONCILIATION	5
REMUNERATION AND EXPENSES PAID TO BOARD OF DIRECTORS AND EMPLOYEES	6
AMOUNTS PAID TO SUPPLIERS FOR GOODS AND SERVICES	7
COLUMBIA POWER CORPORATION	7a
BRILLIANT POWER CORPORATION	7b
ARROW LAKES POWER CORPORATION	7c
BRILLIANT EXPANSION POWER CORPORATION	7d
POWER PROJECT PLANNING JOINT VENTURE	7e

**COLUMBIA POWER CORPORATION
STATEMENT OF FINANCIAL INFORMATION APPROVAL**

The undersigned represents the Board of Directors of Columbia Power Corporation and approves all the statements and schedules attached, produced under the Financial Information Act.

A handwritten signature in black ink, appearing to read "Lee Doney", written over a horizontal line.

Lee Doney
Chair
September 2, 2009

COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

COLUMBIA POWER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

Table of Contents

Statement of Management Responsibility.....	1
Auditor's Report	2
Consolidated Balance Sheet.....	3
Consolidated Statement of Income	5
Consolidated Statement of Retained Earnings	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8

COLUMBIA POWER CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

Statement of Management Responsibility

The consolidated financial statements of Columbia Power Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles and fairly present Columbia Power Corporation's consolidated financial position and results of operations. 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.



Barry Chuddy
President & Chief Executive Officer



David de Git, CMA
Corporate Controller

May 20, 2009



Report of the Auditor General of British Columbia

*To the Board of Directors of
Columbia Power Corporation and*

*To the Minister of Energy, Mines and Petroleum Resources,
Province of British Columbia:*

I have audited the consolidated balance sheet of *Columbia Power Corporation* as at March 31, 2009, and the consolidated statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of *Columbia Power Corporation* as at March 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Victoria, British Columbia
May 20, 2009*

John Doyle, MBA, CA
Auditor General

COLUMBIA POWER CORPORATION

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31

(in thousands)

	<u>2009</u>	<u>2008</u>
ASSETS		
Current assets		
Cash and temporary investments (Note 3)	\$ 30,879	\$ 36,230
Accounts receivable and unbilled revenue (Note 4)	10,590	9,470
Prepaid expenses and deposits	2,132	1,779
Recoverable channel repair costs and losses (Note 5)	-	6,450
	<u>43,601</u>	<u>53,929</u>
Capital assets (Note 6)	<u>349,349</u>	<u>344,985</u>
Other assets		
Due from joint venture partner (Note 10)	15,268	6,104
Hydroelectric power expansion rights (Note 7)	25,408	25,738
Deferred costs (Note 8)	14,782	10,888
Power sales right (Note 9)	5,984	6,943
Restricted cash (Note 3)	6,560	10,444
	<u>68,002</u>	<u>60,117</u>
	<u>\$ 460,952</u>	<u>\$ 459,031</u>

The accompanying notes are an integral part of the financial statements

APPROVED ON BEHALF OF THE BOARD:



Director



Director

COLUMBIA POWER CORPORATION

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31

(in thousands)

	<u>2009</u>	<u>2008</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,285	\$ 12,563
Dividend payable	2,000	2,000
Interest payable on long term bonds	2,610	2,762
Current portion of long term bonds (Note 12)	6,387	6,017
Due to related parties (Note 21)	219	507
	<u>15,501</u>	<u>23,849</u>
Deferred revenue	<u>595</u>	<u>604</u>
Long term bonds (Note 12)		
Project bonds	99,961	106,346
Financing costs	(2,339)	(2,667)
	<u>97,622</u>	<u>103,679</u>
Equity		
Share capital (Note 15)		
Contributed surplus (Note 16)	276,065	276,065
Retained earnings	71,169	54,834
	<u>347,234</u>	<u>330,899</u>
	<u>\$ 460,952</u>	<u>\$ 459,031</u>

Commitments (Note 20)

Contingencies (Note 22)

The accompanying notes are an integral part of the financial statements

COLUMBIA POWER CORPORATION

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31

(in thousands)

	<u>2009</u>	<u>2008</u>
REVENUES		
Sale of power	\$ 42,174	\$ 37,359
EcoEnergy grant	2,416	-
Transmission facility revenue	1,537	1,537
Interest	2,096	2,154
Management fee	1,295	752
	<u>49,518</u>	<u>41,802</u>
EXPENSES		
Water rentals	4,592	4,492
Amortization of capital assets in service	7,933	6,752
Amortization of rights	1,288	1,176
Property tax	1,042	1,010
Operations and maintenance	2,820	1,778
Administration and management	4,004	3,120
Insurance	587	527
Community sponsorship	85	85
Grants-in-Lieu (Note 14)	474	347
Claims response	15	233
Expensed development costs (Note 8)	10	183
Restructuring costs (Note 18)	251	1,828
	<u>23,101</u>	<u>21,531</u>
INCOME FROM OPERATIONS	<u>26,417</u>	<u>20,271</u>
FINANCE CHARGES		
Interest expense	7,659	7,906
Financing expense	331	364
	<u>7,990</u>	<u>8,270</u>
NET INCOME BEFORE CHANNEL REPAIR COSTS	18,427	12,001
CHANNEL REPAIR COSTS	(92)	(416)
RECOVERY OF REPAIR COSTS AND LOSSES (Note 5)	-	4,291
NET INCOME FOR THE YEAR	<u>\$ 18,335</u>	<u>\$ 15,876</u>

The accompanying notes are an integral part of the financial statements

COLUMBIA POWER CORPORATION

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED MARCH 31

(in thousands)

	<u>2009</u>	<u>2008</u>
RETAINED EARNINGS - beginning of year	\$ 54,834	\$ 41,285
Deduct: Adjustment upon implementation of financial instruments standard	-	(327)
REVISED RETAINED EARNINGS - beginning of year	<u>54,834</u>	<u>40,958</u>
Add: Net income	18,335	15,876
Deduct: Dividends declared	(2,000)	(2,000)
RETAINED EARNINGS - end of year	<u>\$ 71,169</u>	<u>\$ 54,834</u>

The accompanying notes are an integral part of the financial statements

COLUMBIA POWER CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31

(in thousands)

	<u>2009</u>	<u>2008</u>
OPERATING ACTIVITIES:		
Net income for the year	\$ 18,335	\$ 15,876
Adjustments to reconcile cash flow from operations:		
Amortization of capital assets in service	7,933	6,752
Amortization of rights	1,288	1,176
Recoverable channel repair costs and losses (Note 5)	6,450	(4,291)
Net change in non-cash working capital balances (Note 23)	(9,872)	5,781
	<u>24,134</u>	<u>25,294</u>
FINANCING ACTIVITIES:		
Dividends paid	(2,000)	(2,000)
Principal repayment of Project Bonds	(6,015)	(5,668)
	<u>(8,015)</u>	<u>(7,668)</u>
INVESTING ACTIVITIES:		
Advance to joint venture partner	(9,164)	(6,104)
Deferred costs	(3,894)	(2,263)
Additions to Brilliant power facility and terminal station	(1,459)	(1,157)
Additions to ALGS power facility	(37)	(103)
Additions to Brilliant Expansion	(8,667)	(11,277)
Purchase of furniture, equipment and vehicles	(2,133)	(425)
	<u>(25,354)</u>	<u>(21,329)</u>
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(9,235)	(3,703)
CASH AND EQUIVALENTS - beginning of year	46,674	50,377
CASH AND EQUIVALENTS - end of year	<u>\$ 37,439</u>	<u>\$ 46,674</u>
CASH AND EQUIVALENTS CONSIST OF:		
Restricted cash and temporary investments	6,560	10,444
Cash and temporary investments available for operations	30,879	36,230
	<u>\$ 37,439</u>	<u>\$ 46,674</u>
Supplemental disclosure of cash flow information		
Interest paid	\$ 7,556	\$ 8,342

The accompanying notes are an integral part of the financial statements

COLUMBIA POWER CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

1. Columbia Power Corporation

(a) Structure and Financing

Columbia Power Corporation (CPC) is wholly owned by the Province of British Columbia. 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 (the Trust), also wholly owned by the Province.

The Agreement anticipates that several power projects will be undertaken through joint ventures between CPC and subsidiaries of the Trust (the Venturers). The cost of all projects under consideration is expected to exceed \$1 billion. Under the Agreement between the Province and the Trust, 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 the Trust's subsidiaries.

The Venturers each hold a 50% interest in the joint ventures and direct their activities through Management Committees with an equal number of members appointed by each Venturer. All decisions of the Management Committees require the unanimous approval of their members.

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 Management Committees and annual capital and operating budgets approved by the committees. CPC's material transactions and agreements require the approval of the Province's Treasury Board.

(b) Power Project Planning

In 1996, CPC and CBT Power Corp. (CBT Power), a subsidiary of CBT Energy Inc. (CBT Energy), a subsidiary of the Trust, entered into the Power Project Planning Joint Venture (PPPJV) Agreement. Under this Agreement, the parties formed an unincorporated joint venture, primarily for the purpose of assessing and determining the feasibility of power projects pursuant to the Agreement between the Province and the Trust.

The Agreement provides for the Venturers to conduct work on specific power projects up to the date that an existing project is acquired, construction has commenced on a new project, or a project is no longer feasible or is abandoned. Prior to a project's acquisition or commencement of construction, approval must be received from the Directors of both CPC and the Trust. The project must also meet financial viability tests consistent with those of a commercial lender. When a project is acquired, or project construction is commenced, the project is transferred to a separate joint venture.

COLUMBIA POWER CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

(c) Brilliant Power Facility and Brilliant Terminal Station

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 Management Committee, with an equal number of members appointed by each Shareholder. All decisions of the Management Committee require the unanimous approval of the members. The purpose of the corporation is to operate the Brilliant Power Facility and Brilliant Terminal Station.

(d) Arrow Lakes Generating Station

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

(e) Brilliant Expansion

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

(f) Significant Agreements

(i) Entitlement Agreements

Under Entitlement Agreements, British Columbia Hydro and Power Authority (BC Hydro), a Crown Corporation of the Province, coordinates the operations of the Brilliant power facility, the Brilliant Expansion and ALGS, and receives all of the resulting electrical power. In return, BC Hydro provides BPC, BEPC and ALPC with a fixed amount of capacity and energy from the BC Hydro system.

(ii) Brilliant Power Purchase Agreement

Under the Brilliant Power Purchase Agreement, FortisBC Inc. (FortisBC), a regulated utility operating in British Columbia, will purchase the power under the Brilliant Entitlement, excluding the portion attributable to the regulated flows through the upgraded turbines. The term of the Agreement is 60 years.

In the first 30 years, the power will be 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 contract with FortisBC, there will be an annual market-related price adjustment.

COLUMBIA POWER CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

(iii) Facilities Interconnection and Investment Agreement (FIIA)

FortisBC operates and manages the Brilliant Terminal Station on behalf of BPC. A Management Committee with an equal number of members from BPC and FortisBC must unanimously approve all expenditures. Brilliant Terminal Station operating and capital costs are recovered from FortisBC through operations and maintenance and return on capital charges as described in Note 1(f)(ii). The term of the Agreement is coincident with the term of the Brilliant Power Purchase Agreement.

(iv) Powerex Backstop Agreement

This agreement provides for Powerex to purchase the Brilliant entitlement, excluding the portion attributable to the regulated flows through the upgraded turbines, if BPC terminates the Brilliant Power Purchase Agreement by reason of default by FortisBC.

(v) Management and Services Agreements

BPC

FortisBC operates and manages the Brilliant Power Facility on behalf of BPC. The management fee and other amounts payable under the Agreement form part of the operation and maintenance cost component described under Note 1(f)(ii).

The Brilliant Management Agreement provides for a Management Committee with an equal number of members from BPC and FortisBC who must unanimously approve all expenditures. The term of the Agreement is coincident with the term of the Brilliant Power Purchase Agreement.

ALPC

Under a Management Agreement, Fortis Pacific Holdings Inc. (Fortis Pacific - the unregulated parent company of FortisBC) operates and manages ALGS on behalf of ALPC.

BEPC

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

COLUMBIA POWER CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

(vi) Design-Build Contract - Brilliant Expansion

In 2003, BEPC entered into a turn-key, design-build contract for approximately \$167 million with Brilliant Expansion Consortium for the construction of the Brilliant Expansion. The scheduled Final Acceptance Date for the Brilliant Expansion is September 2010 subject to the satisfactory resolution of all project deficiencies.

(vii) Power Sales Right

In 1997, the Venturers acquired the right and obligation to provide up to 86 average megawatts to BC Hydro during the period January 2003 to December 2014. ALPC uses the Arrow Lakes entitlement to meet its obligations under the contract.

(viii) Green Power Generation Electricity Purchase Agreement (GPG EPA)

In 2003, BEPC entered into the 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.

(ix) Electricity Purchase Agreement 2006 (EPA 2006)

In 2006, BEPC entered into the 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.

(x) Confirmation of Sale of Unit Commitment Service ("Confirm")

Upon commencement of commercial operation of the Brilliant Expansion under the Confirm, regulated upgrades energy is sold from Brilliant Power Corporation to Brilliant Expansion Power Corporation, on a market basis.

2. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

COLUMBIA POWER CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

(a) Consolidated Financial Statements

These consolidated financial statements and notes include CPC's operations and interests in PPPJV, BPC, BEPC and ALPC. The joint ventures are consolidated using the proportionate consolidation method, whereby CPC's accounts are combined on a line by line basis with its proportionate share (in this case 50%) of the joint ventures' assets, liabilities, revenues, expenses and cash flows. Intercompany balances and transactions between CPC and the joint ventures have been eliminated.

(b) Temporary Investments

Temporary investments are recorded at market value.

(c) Capitalization and Amortization

Capital assets are recorded at cost and are amortized annually at rates calculated to expense the cost of assets over their estimated useful lives. Amortization begins when assets are placed into service. The corporation includes, as part of the costs of its fixed assets, interest charges incurred during construction.

(i) Brilliant Power Facility and Brilliant Terminal Station

Capital assets are recorded at cost and depreciated on a straight line basis over their expected useful lives. The expected useful lives of capital assets, in years, are:

Power facility	40 - 80
Terminal station	30 - 60

The estimates for asset life-spans are consistent with industry norms.

(ii) Arrow Lakes Generating Station

Capital assets are recorded at cost and depreciated on a straight line basis over their expected useful lives. The expected useful lives, in years, are:

Field and office equipment	5
Power facility	40 - 80
Transmission	30 - 50

The estimates for asset life-spans are consistent with industry norms.

(iii) CPC Offices and Equipment

Computer systems	-	straight line over 3 years
Office furniture and equipment	-	straight line over 5 years
Leasehold improvements	-	straight line over term of lease
Vehicles	-	straight line over 8 years

COLUMBIA POWER CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

(d) Deferral of Power Project Costs

Costs incurred in determining the feasibility of acquiring power projects or undertaking preliminary development work on power projects and construction expenditures are deferred. Deferred power project costs include all costs attributable to a project as well as capitalized interest and taxes.

When a project is acquired or construction commences, the related deferred costs of that project form part of its capital cost. When a project is abandoned, the costs deferred for that project are expensed. When a project's costs exceed those likely to be recovered, the excess is expensed.

(e) Financing Costs

Expenditures incurred in issuing the Series A, B and C Brilliant Project Bonds and Series A Arrow Lakes Project Bonds are recorded with the Bonds and amortized using the effective interest method.

(f) EcoEnergy Grants

The ecoEnergy for Renewable Power is a program operated by the Government of Canada to invest in Canada's supply of clean energy. The ecoEnergy Program provides Brilliant Expansion Power Corporation a grant of \$10.00 per megawatt-hour of eligible production. The ecoEnergy grant earned through eligible production in 2008/09 is recorded as revenue.

(g) Revenue Recognition

FortisBC is the purchaser of all power received under the Brilliant Entitlement, except for the regulated upgrades, and has the right to the shared use of the Brilliant terminal station. Revenues are recognized when operating and maintenance costs are incurred and as the return on capital is earned in accordance with the Brilliant Power Purchase Agreement (Note 1(f)(ii)) and FIIA (Note 1(f)(iii)). Regulated upgrade revenues, revenues from the Brilliant Expansion and ALGS revenues are recognized when entitlements are delivered.

COLUMBIA POWER CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

(h) Asset Retirement Obligations

Canadian generally accepted accounting principles require CPC to determine the fair value of the future expenditures required to settle legal obligations to remove capital assets on retirement. If a reasonable estimate can be determined, a liability is recognized equal to the present value of the estimated future removal costs, and an equivalent amount is capitalized as an inherent cost of the associated capital asset.

Some of CPC's assets may have asset retirement obligations. As CPC expects to use the majority of its assets for an indefinite period, no removal date can be determined and, consequently, an estimate of the fair value of any asset retirement obligation has not been made at this time.

(i) Taxes

CPC is exempt from corporate income taxes.

(j) Foreign Currency Translation

Foreign currency denominated revenues and expenses are translated into Canadian dollars at the rate of exchange in effect at the transaction date. Foreign currency denominated monetary assets and liabilities are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date.

(k) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

(l) Changes in accounting policies

Effective April 1, 2008, Columbia Power adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA).

i) Section 1535, Capital Disclosures, which requires additional information in the notes to the financial statements about CPC's capital and the manner in which it is managed. This additional disclosure, which includes qualitative and quantitative information regarding an entity's objectives, policies and processes for managing capital, is disclosed in the notes to CPC's March 31, 2009 consolidated financial statements.

ii) Section 3031, Inventories, which requires inventories to be measured at the lower of cost or net realizable value; disallows the use of a last-in first-out inventory costing methodology; and requires that, when circumstances which previously caused inventories to be written down below cost no longer exist, the amount of the write-down is to be reversed. The standard did not have an impact on CPC's earnings for the year ended March 31, 2009 as CPC has no inventories.

COLUMBIA POWER CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

(l) Changes in accounting policies (continued)

iii) Section 3862, Financial Instruments Disclosures and Section 3863, Financial Instruments Presentation, which require disclosure on both quantitative and qualitative information to assist users of the financial statements to evaluate the nature and extent of risks from the financial instruments to which CPC is exposed. The required disclosure has been provided in the notes to CPC's March 31, 2009 consolidated financial statements.

(m) Future accounting pronouncements

International Financial Reporting Standards (IFRS)

In February 2008, the Accounting Standards Board (AcSB) confirmed that the use of IFRS will be required in 2011 for publicly accountable enterprises in Canada. In April 2008, the AcSB issued an IFRS Omnibus Exposure Draft proposing that publicly accountable enterprises be required to apply IFRS, in full and without modification, on January 1, 2011. The adoption date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by CPC for its year ended March 31, 2011 and of the opening balance sheet as at April 1, 2010. The AcSB proposes that CICA Handbook Section, Accounting Changes, paragraph 1506.30, which would require an entity to disclose information relating to a primary source of GAAP that has been issued but is not yet effective and that the entity has not applied, not be applied with respect to the IFRS Omnibus Exposure Draft. CPC is continuing to assess the financial reporting impacts of the adoption of IFRS and, at this time, the impact on future financial position and results of operations is not reasonably determinable or estimable. CPC does anticipate a significant increase in disclosure resulting from the adoption of IFRS and is continuing to assess what other changes may be required to gather and process the information required from the adoption of IFRS.

Effective April 1, 2009, CPC will adopt Section 3064, Goodwill and Intangible Assets – which converges Canadian GAAP for goodwill and intangible assets with IFRS.

COLUMBIA POWER CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

3. Cash and Temporary Investments

BPC and ALPC must apply the payments they receive from the sales of power as set out under agreements with the Project Bondholders.

Under its agreements with Bondholders, BPC has established a debt service reserve fund in which it maintains cash or cash equivalents equal to one semi-annual payment on the Series A, B and C Brilliant Project Bonds. BPC also maintains an operating reserve account in an amount equal to one-quarter of annual operating expenses.

BEPC cash includes a US dollar account and a letter of credit account. The US dollar account is for collection of US dollar sales to Powerex. The letter of credit account secures letters of credit issued to BC Hydro for development security under the GPG EPA and 2006 EPA.

(\$ in thousands)	<u>2009</u>	<u>2008</u>
Restricted		
Debt service reserve fund		
Canadian dollar bank account	\$ 3,934	\$ 3,964
Operating reserve account		
Canadian dollar bank account	1,341	1,306
Letter of credit		
Canadian dollar bank accounts	<u>1,285</u>	<u>5,174</u>
	<u>6,560</u>	<u>10,444</u>
Available for operations		
Canadian dollar money market fund	27,945	29,583
Canadian dollar bank accounts	2,815	6125
US dollar bank accounts	119	522
	<u>30,879</u>	<u>36,230</u>
	<u>\$37,439</u>	<u>\$46,674</u>

COLUMBIA POWER CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

4. Accounts receivable and unbilled revenue

(\$ in thousands)	2009	2008
Accounts receivable	\$ 5,473	\$4,757
Unbilled revenue	5,117	4,713
	<u>\$ 10,590</u>	<u>\$9,470</u>

Accounts receivable consists of CPC's share of the sale of power revenue receivable in Arrow Lakes Power Corporation and Brilliant Expansion Power Corporation, ecoENERGY grant receivable in Brilliant Expansion Power Corporation, Management fees receivable and recovery of operating expenses from the Trust's share of the joint ventures.

Unbilled revenue consists of CPC's share of earned revenue in Brilliant Power Corporation that has not yet been billed to FortisBC as of year-end. The billing occurs semi-annually in May and November of each year.

5. Recoverable Channel Repair Costs and Losses

On May 3, 2004, ALPC discovered damage caused by unstable hydraulic conditions to the concrete lining of the approach channel. Power generation was suspended while investigations took place and repairs were made to the channel. The first two stages of repair, which involved placing a high-density polyethylene liner over the damaged area and then covering the liner with a layer of concrete, allowed production of power to resume in August 2004. Permanent repairs commenced in November 2005, and commercial operations resumed on May 18, 2006.

As a result of the settlement of the recovery proceedings, ALPC's recovered, through its insurance, a total of which CPC's 50% share is \$19.8 million. CPC's 50% share of the total cost of the channel repair damage was \$25.8 million, including lost revenues and capitalized costs.

6. Capital Assets

(\$ in thousands)	Cost	Accumulated Amortization	NBV 2009	NBV 2008
Brilliant power facility	\$106,468	\$21,288	\$ 85,180	\$ 86,007
Brilliant terminal station	13,438	2,365	11,073	11,171
Brilliant lands	2,509	-	2,509	2,509
ALPC power facility	137,382	19,344	118,038	120,905
ALPC transmission	10,745	2,268	8,477	8,848
ALPC lands	3,679	-	3,679	3,679
Brilliant Expansion	121,095	3,297	117,798	110,605
Computer systems	756	259	497	216
Furniture and equipment	956	241	715	34
Leasehold improvements	1,889	563	1,326	281
Vehicles	188	131	57	81
	<u>\$399,105</u>	<u>\$49,756</u>	<u>\$349,349</u>	<u>\$344,336</u>

COLUMBIA POWER CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

7. Hydroelectric Power Expansion Rights

Hydroelectric power expansion rights are recorded at cost and include options to acquire lands near the Waneta and Brilliant dams at no additional cost and the right to develop and operate new hydroelectric facilities on these lands. The fair value of these rights may differ from cost. A fair value is not readily determinable due to the unique nature of the expansion rights.

(\$ in thousands)		<u>2009</u>		<u>2008</u>
Expansion right	\$	25,925	\$	25,925
Less: Accumulated amortization		<u>(517)</u>		<u>(187)</u>
	\$	<u>25,408</u>	\$	<u>25,738</u>

8. Deferred Costs

Deferred costs consist of CPC's share of project development costs related to the Waneta Expansion project. These are mainly costs related to design engineering, environmental assessment, legal, financing, management and overhead items and are carried on the balance sheet based on management's judgment of anticipated future events. A number of significant estimates and qualitative factors are considered by management in determining whether the costs should continue to be deferred or instead be expensed. In 2008/09 \$10,000 of development costs were considered not recoverable and were expensed (2007/08 - \$183,000).

(a) Deferred Costs Comprise the Following:

(\$ in thousands)	<u>Deferred Costs at March 31, 2008</u>	<u>2008/09 Changes</u>	<u>Deferred Costs at March 31, 2009</u>
Development costs Waneta Expansion (WAX)	\$ 10,888	\$ 3,894	\$ 14,782

(b) Deferred Costs by Expenditure Category

(\$ in thousands)	<u>Project Design & Construction</u>	<u>Environmental Assessment</u>	<u>Socio- economic Assessment</u>	<u>Finance/ Legal Analysis</u>	<u>CPC/CBT Management</u>	<u>Total March 31, 2009</u>
WAX	\$ 4,472	\$ 2,412	\$ 238	\$ 1,294	\$ 6,366	\$ 14,782

COLUMBIA POWER CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

9. Power Sales Right

The power sales right is recorded at cost. Amortization is recorded on the basis of power sold to BC Hydro over the year compared to the total power sales under the agreement. The fair value of the power sales right may differ from its cost. A fair value is not readily determinable due to the unique nature and the extended term of the power sales right.

(\$ in thousands)	2009	2008
Power sales right	\$ 11,376	\$ 11,376
Accumulated amortization	(5,392)	(4,433)
	\$ 5,984	\$ 6,943

10. Due from Joint Venture Partner

During the year, CPC advanced \$17.8 million (2008 - \$11.9 million) in cash reserves to BEPC for payment of the settlement to the contractor and to allow equity from BEPC to be transferred to PPPJV for development purposes. The loan also includes \$554,000 (2008 - \$357,000) of accrued interest recorded during the year. 50% of this related party loan relates to the Trust's share of BEPC and is considered due from CPC's joint venture partner. The loan will be repaid upon BEPC issuing debt.

11. Pension Plans

CPC and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plan Act. The plan is a multi-employer defined benefit pension plan and is reported separately by the Province.

Employees of CPC are eligible for the same post retirement healthcare benefits as other members of the Public Service Pension Plan. 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, 2009 as \$211,000 (2008 - \$214,000) on a discounted cash flow basis.

COLUMBIA POWER CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

12. Long Term Bonds

The Series A, B and C Brilliant Project Bonds are secured on a limited recourse basis by charges against the Brilliant power facility including related material contracts, licences, permits, approvals, authorizations and insurance coverages.

The Bonds are redeemable by BPC in whole or in part at any time before May 31, 2026 at a price equal to the greater of the principal amount then outstanding, and a price calculated to provide a yield to maturity based on the current yield of a matching duration Government of Canada bond plus 0.30%.

The Series A Arrow Lakes Project Bonds issued on August 28, 2003 are secured on a limited recourse basis by charges against the ALGS Facility and Transmission assets including related material contracts, licences, permits, approvals, authorizations and insurance coverages.

The Bonds are redeemable by ALPC in whole or in part at any time before March 31, 2015 at a price equal to the greater of the principal amount then outstanding, and a price calculated to provide a yield to maturity based on the current yield of a matching duration Government of Canada bond plus 0.23%.

(\$ in thousands)			CPC's Portion of Principal Outstanding	
Series	Interest rate	Maturity date	2009	2008
BPC A	8.93%	May 31, 2026	\$ 40,633	\$ 41,573
BPC B	6.86%	May 31, 2026	12,049	12,397
BPC C	5.67%	May 31, 2026	22,224	22,952
ALPC A	5.39%	March 31, 2015	31,442	35,441
			<u>106,348</u>	<u>112,363</u>
	Current portion		<u>(6,387)</u>	<u>(6,017)</u>
			99,961	106,346
	Less: financing costs		<u>(2,339)</u>	<u>(2,667)</u>
			<u>\$97,622</u>	<u>\$103,679</u>
Principal repayments next five years:				
	2010			6,386
	2011			6,782
	2012			7,202
	2013			7,648
	2013			8,125
	Subsequent years			<u>70,203</u>
				<u>\$106,346</u>

COLUMBIA POWER CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

13. Credit Facility

In accordance with its agreements with Bondholders, BPC has secured a \$10 million credit facility with the CIBC, which would rank equally with the Series A, B and C Bonds. The facility was deactivated on April 1, 2005. Subject to an annual credit review the facility continues to be available.

14. Grants-in-Lieu of Property Taxes

ALPC and BEPC are exempt from property taxes but pay grants-in-lieu of property taxes to host and impacted local governments based on the 185 and 120 megawatt capacities of the ALGS and Brilliant Expansion. In 2008/09 the charge per megawatt was \$1,232 (2007/08 - \$1,160).

Columbia Power Corporation was directed by the Province to make payments of the grants-in-lieu of property taxes to the host and impacted local governments.

15. Share Capital

Authorized:

6 common shares, no par value

Issued:

6 common shares \$6

16. 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.

17. Capital Disclosures

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;
- Maintain investment grade credit ratings to support continued access to cost effective capital.

CPC's capital consists of shareholder's equity plus debt.

(\$ in thousands)	2009	2008
Debt	\$ 106,348	\$ 112,363
Shareholder's equity	346,970	330,695
	\$ 453,318	\$ 443,058

COLUMBIA POWER CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

18. Restructuring costs

On September 26, 2007 it was announced to staff that the Victoria office would close by December 31, 2007. CPC has recorded \$251,000 for restructuring costs related to that closure and the Castlegar office expansion during 2008/09 (2007/08 \$1.8 million).

19. Financial Instruments

(a) Designation and Valuation:

CPC's financial instruments and the carrying values of compared to their fair values are as follows:

The fair values of cash, accounts receivable, recoverable channel repairs costs and losses and accounts payable approximate their carrying values due to the short term maturity of these instruments.

Since CPC has classified Long term bonds as "Other Financial Liabilities", CPC has measured these at amortized cost using the effective interest method as required under CICA Handbook Section 3855.

(b) Risks:

CPC is exposed to a number of financial risks in the normal course of its operations, including market risks resulting from fluctuations in commodity prices, interest rates and foreign currency exchange rate risks, as well as credit risks and liquidity risks. The nature of the risks and CPC's strategy for managing these risks has not changed significantly from the prior period.

The following discussion is limited to the nature and extent of risks arising from financial instruments, as defined under section 3862 of the CICA Handbook. For a complete understanding of the nature and extent of risks CPC is exposed to, this note should be read in conjunction with CPC's discussion of Capacity, Outlook and Risks found in the Management Discussion and Analysis section of the 2009 Annual Report.

i) 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 power sales are mainly to BC Hydro and Powerex, both Provincial Crown Corporations. Other power sales are with FortisBC, a regulated utility. CPC's loan receivable is due from its joint venture partner, CBT, also a Provincial Crown Corporation.

ii) 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 does not believe that it will encounter difficulty in meeting its obligations associated with financial liabilities.

COLUMBIA POWER CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

iii) 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 use derivative products to manage these risks.

a) 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 most revenues and all significant expenses in Canadian dollars and is therefore not significantly exposed to currency fluctuations. Some of the power sales in Brilliant Expansion Power Corporation joint venture are transacted at short-term market prices in US dollars. Consolidated revenue from these short-term market sales equaled \$4.6 million for 2008/09 (2007/08 - \$3.9 million) and is included in the "Sale of power" line item in the Consolidated Statement of Income. A one cent change in the Canadian dollar relative to the US dollar represents an impact of approximately \$120,000 in revenue.

b) 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. CPC's debt is at a fixed interest rate and is therefore not exposed to interest rate risk.

c) Price risk

Price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The majority of CPC's power sales agreements are at long-term fixed rates and are therefore not exposed to price risk. Some of the power sales in Brilliant Expansion Power Corporation joint venture are transacted at short-term market prices and are therefore subject to price risk. Consolidated revenue from these short-term market sales equaled \$4.6 million for 2008/09 (2007/08 - \$3.9 million) and is included in the "Sale of power" line item in the Consolidated Statement of Income. A one dollar change in the short-term market price of power represents approximately \$233,000 in revenue.

20. Commitments

(a) Plant Operations

Under its agreements with Bondholders, BPC and ALPC have committed to keep the Brilliant power facility, Brilliant terminal station and the ALGS in good operating condition and to effect all necessary repairs and replacements according to the requirements of good industry practice.

COLUMBIA POWER CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

(b) ALPC Fish Entrainment Compensation

ALPC has made a commitment to contribute to the Columbia Basin Fish and Wildlife Compensation Program to compensate for fish entrainment for as long as fish are entrained in the ALGS. In 2008/09 the contribution was \$239,000 (2007/08 - \$206,000). This funding will be used for fertilizing fish stocks in the Upper and Lower Arrow Reservoirs.

(c) BEPC Project Approval Certificate

The project approval certificate issued for the Brilliant Expansion by the BC Environmental Assessment Office contains a number of commitments during pre-construction, construction, post-construction and operations phases which are being actively managed by BEPC.

(d) Office Long Term Lease Commitment

CPC has entered into operating leases for office premises that provide for minimum annual lease payments totaling up to \$125,000 per year for the next ten years.

21. Related Party Transactions

These consolidated financial statements include amounts receivable from, amounts payable to and transactions with BC Hydro and its affiliates; the Trust and its affiliates; and the Province. Other than the Trust, which charges the joint ventures on a cost recovery basis, all related party transactions are at market rates.

(a) Due from and sales to related parties

(\$ in thousands)	2009		2008	
	Due from Related Party	Sales to Related Party	Due from Related Party	Sales to Related Party
BC Hydro	\$ 81	\$ 22,036	\$ 216	\$ 17,501
Powerex	518	5,448	3,071	5,484
BC Transmission Corp.	-	-	7	9
Province	-	-	-	31
Joint ventures	1,498	-	1,452	-
Trust and affiliates	-	-	-	4
	<u>\$2,097</u>	<u>\$27,484</u>	<u>\$4,746</u>	<u>\$23,029</u>

The Due from Related Party amount of \$2,097,000 at March 31, 2009 (2008 - \$4,746,000) is included in the "Accounts receivable" line item in the Consolidated Balance Sheet. The due from Joint ventures amount of \$1,498,000 at March 31, 2009 (2008 - \$1,452,000) relates to recoveries of administration and management costs and also to management fee revenues, and is not related to sales. The Sales to Related Party amounts from BC Hydro and Powerex of \$22,036,000 and \$5,448,000 for 2008/09 (2007/08 - \$17,501,000 and \$5,484,000) are included in the Sale of Power line item in the Consolidated Statement of Income.

COLUMBIA POWER CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

(b) Due to and purchases from related parties

(\$ in thousands)	2009		2008	
	Due to Related Party	Purchases from Related Party	Due to Related Party	Purchases from Related Party
Province	\$ 1	\$5,931	\$ 18	\$5,967
Trust and affiliates	211	989	485	1,024
BC Hydro	7	139	4	646
Powerex	-	47	-	47
BC Transmission Corp.	-	59	-	50
	<u>\$ 219</u>	<u>\$7,165</u>	<u>\$ 507</u>	<u>\$7,734</u>

Purchases from the Province of \$5,931,000 for 2008/09 (2007/08 - \$5,967,000) are included in the "Water rental" expense line item in the Consolidated Statement of Income and "Prepaid expenses and deposits" line item in the Consolidated Balance Sheet. The purchases from CBT and affiliates of \$989,000 for 2008/09 (2007/08 - \$1,024,000) are included in the "Administration and management" line item in the Consolidated Statement of Income and the "Capital assets" line item in the Consolidated Balance Sheet.

22. Contingencies

(a) Power Projects

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.

23. Changes in Non-cash Working Capital

(\$ in thousands)	2009	2008
Changes in non-cash working capital:		
Accounts receivable	\$ (1,120)	\$ (3,358)
Prepaid expense	(353)	(84)
Other assets	-	3,360
Accounts Payable and Accrued Liabilities	(8,278)	8,719
Accounts Payable to Related Parties	(288)	417
Accrued Interest	(152)	(128)
Financing Costs	328	(2,667)
Deferred Revenue	(9)	(173)
Other	-	22
Retained Earnings	-	(327)
	<u>\$ (9,872)</u>	<u>\$ 5,781</u>

COLUMBIA POWER CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

24. Prior period adjustment

A portion of the water rental expense recorded in 2007/08 was incorrectly stated in the BEPC 2007/08 financial statements as it related to 2008/09 and, therefore, should have been reported as prepaid expense. A receivable related to water rental expense was also due from FortisBC under the Canal Plant Agreement. The financial statements of 2007/08 have been restated to correct these errors.

(\$ in thousands)	<u>2008</u>
Changes due to prior period adjustment:	
Accounts receivable	\$ 67
Prepaid expense	137
Water rental expense	<u>(204)</u>
	<u><u>\$ -</u></u>

25. Comparative Figures

Certain 2008 figures have been reclassified to conform with the current year's presentation.

**COLUMBIA POWER CORPORATION
SCHEDULE OF GUARANTEES AND INDEMNITY AGREEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2009**

SUBJECT	INDEMNITEE
Licence of Occupation Agreement between Her Majesty the Queen in Right of the Province of British Columbia, represented by the Minister responsible for the Land Act, and Waneta Expansion Power Corporation, Inc. No. BC0680286, with respect to Crown Lands along the Waneta Expansion transmission line corridor,	Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Minister responsible for the Land Act
Internet E-mail, Telephone and Fax Agreement between Columbia Power Corporation and Canadian Imperial Bank of Commerce pertaining to business communication,	The Canadian Imperial Bank of Commerce
Agreement between Brilliant Expansion Power Corporation (BEPC) and FortisBC Inc., and Fortis Pacific Holdings Inc., with respect to BEPC's Grand Opening Event, June 20 - 21, 2008,	FortisBC Inc., and Fortis Pacific Holdings Inc.
Agreement between Columbia Power Corporation and the Successful Proponent pertaining to section 9.3.8 of the Supplementary Conditions and section 12.1.3 of the CCDC3-1998 Cost Plus Contract,	successful proponent to RFP
Agreement between Columbia Power Corporation and Towers Perrin pertaining to services in connection with the executive compensation review engagement,	Towers Perrin
Private Crossing Agreement between Waneta Expansion Power Corporation ("Waneta") and BNSF Railway Company with respect to a private crossing (Line Segment 0056, Mile Post 140.27) to allow for permanent access & egress to/from a hydroelectric generating facility,	BNSF Railway Company, a Delaware corporation

**COLUMBIA POWER CORPORATION
SCHEDULE OF GUARANTEES AND INDEMNITY AGREEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2009
(continued)**

SUBJECT	INDEMNITEE
<p>Definite Term Agreement between Waneta Expansion Power Corporation ("Waneta") and BNSF Railway Company with respect to the lease of a certain parcel of real property, situated in the City of Waneta, Province of British Columbia, along Line Segment 391, Mile Post 139.98,</p>	<p>BNSF Railway Company, a Delaware Corporation</p>
<p>Sublease Agreement between Columbia Power Corporation and Hatch Energy whereby the Subtenant agrees to indemnify the Sublandlord for use and possession of the sublet premises within the building, having a civic address of 1444 Columbia Avenue, Castlegar BC,</p>	<p>Hatch Energy</p>
<p>Agreement between Her Majesty the Queen, in Right of Canada, as represented by the Minister of Natural Resources and acting through the Earth Sciences Sector (ESS) and Columbia Power Corporation (CPC) whereby CPC agreed to indemnify ESS for the services provided by ESS's automated earthquake location systems (ANHAS),</p>	<p>Her Majesty the Queen in Right of Canada, as represented by the Minister of Natural Resources and acting through the Earth Sciences Sector (ESS)</p>
<p>Waneta Bridge Agreement where Waneta Expansion Power Corporation (c/o Columbia Power Corporation) will, at its cost and in consultation with Her Majesty the Queen in Right of British Columbia, as represented by the Ministry of Transportation and Infrastructure, repair any blast damage it causes to the Bridge or Highway 22A immediately north of the Bridge,</p>	<p>Her Majesty the Queen in Right of British Columbia, as represented by the Ministry of Transportation and Infrastructure</p>
<p>Stipulated Price Contract between Columbia Power Corporation and Dan Maglio Contracting Ltd., with respect to construction project at 445 13th Avenue, Castlegar, BC,</p>	<p>Dan Maglio Contracting Ltd.</p>

**COLUMBIA POWER CORPORATION
SCHEDULE OF GUARANTEES AND INDEMNITY AGREEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2009
(continued)**

SUBJECT	INDEMNITEE
Lease Agreement between Columbia Power Corporation ("CPC") and CBT Real Estate Investment Corp. (lessor) whereby CPC agrees to indemnify the lessor for use and possession of the premises described as those parts of Strata Lot 3, DL 4598, Kootenay District Strata Plan NES2337,	CBT Real Estate Investment Corp.
Letter Agreement whereby Waneta Expansion Power Corporation agrees to indemnify Teck Cominco Metals Ltd. with respect to the use of Teck property for the purpose of geotechnical and hydrological investigation,	Teck Cominco Metals Ltd.
Engagement Letter whereby Columbia Power Corporation agrees to indemnify PricewaterhouseCoopers LLP with respect to internal audit services,	PricewaterhouseCoopers LLP (PWC)
Standard Terms and Conditions - Appendix C between Columbia Power Corporation and Hatch Ltd., with respect to a feasibility proposal to investigate Draft Tube Depression to mitigate fish mortality in the Brilliant Expansion Powerhouse turbines during startup,	Hatch Ltd.
Master Services Agreement between Columbia Power Corporation and ADP Canada Co. for the provision of payroll services,	ADP Canada Co. (ADP)
Transmission Line 2L289 Maintenance Agreement between British Columbia Hydro and Power Authority (BCH) and Arrow Lakes Power Corporation whereby Columbia Power Corporation agrees to indemnify BCH with respect to a Transmission Line Maintenance Agreement for access to Arrow Lakes Property,	British Columbia Hydro and Power Authority

**COLUMBIA POWER CORPORATION
SCHEDULE OF GUARANTEES AND INDEMNITY AGREEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2009
(continued)**

SUBJECT	INDEMNITEE
Engagement Letter for Financial Advisory Services between Columbia Power Corporation and CBT Energy Inc. (together the "Sponsors") agree to indemnify RBC Dominion Securities Inc. with respect to financial advisory services relating to the Waneta Expansion Financing Project,	RBC Dominion Securities Inc.
Agreement between Columbia Power Corporation and PricewaterhouseCoopers LLP with respect to an engagement letter relating to internal audit services,	PricewaterhouseCoopers LLP (PWC)
Blanket Indemnity given by Columbia Power Corporation to PricewaterhouseCoopers LLP for use in all future review projects relating to the Internal Audit Mandate report,	PricewaterhouseCoopers LLP (PWC)

**COLUMBIA POWER CORPORATION
SCHEDULE OF DEBTS
AS AT MARCH 31, 2009**

There were no debts at March 31, 2009 other than those disclosed in Columbia Power Corporation's Consolidated Financial Statements.

**COLUMBIA POWER CORPORATION
FINANCIAL INFORMATION RECONCILIATION
FOR THE FISCAL YEAR ENDED MARCH 31, 2009**

REMUNERATION AND EXPENSES PAID TO BOARD OF DIRECTORS AND EMPLOYEES	\$ 4,370,000
AMOUNTS PAID TO SUPPLIERS FOR GOODS AND SERVICES	6,036,000
COMMUNITY SPONSORSHIP CONTRIBUTIONS	85,000 ¹
AMORTIZATION OF NON-POWER CAPITAL ASSETS	341,000
RECOVERY OF EXPENSES FROM PROPORTIONATELY CONSOLIDATED JOINT VENTURES	(5,053,000)
PROPORTIONATELY CONSOLIDATED JOINT VENTURES' EXPENSES	28,258,000 ²
CONSOLIDATION ADJUSTMENTS	(721,000)
LESS: CAPITAL EXPENDITURES INCLUDED ABOVE	(2,133,000)
 TOTAL CONSOLIDATED EXPENSES	 <u><u>\$ 31,183,000</u></u> ²

¹ All contributions were less than \$25,000.

² Does not include the capital expenditures of proportionately consolidated joint ventures.

COLUMBIA POWER CORPORATION
REMUNERATION AND EXPENSES PAID TO BOARD OF DIRECTORS AND EMPLOYEES
FOR THE FISCAL YEAR ENDED MARCH 31, 2009

1. MEMBERS OF THE BOARD OF DIRECTORS

NAME	POSITION	REMUNERATION	EXPENSES
DONEY, LEE	CHAIR	\$ 23,000	\$ 5,168
DECK, GREGORY	MEMBER, BOARD	6,000	2,318
DUFFY, GERRY	MEMBER, BOARD	500	-
FLEMING, JANE	MEMBER, BOARD	6,375	979
MILES, RON	MEMBER, BOARD	14,000	4,689
REID, CHARLES	MEMBER, BOARD	2,996	48
SMIENK, JOHANNES	MEMBER, BOARD	5,159	3,455
STANLEY, TIM	MEMBER, BOARD	8,875	1,354
TOTAL		<u>\$ 66,905</u>	<u>\$ 18,011</u>

2. EMPLOYEES

NAME	REMUNERATION ¹	EXPENSES
AMBROSONE, G.	\$ 202,819	\$ 12,994
ANDERSON, G.	111,417	10,471
CHUDDY, B.	261,388	96,695
CLARK, B.	111,790	5,270
DEGIT, D.	146,821	12,672
DREHER, L.	86,104	-
GRAY, S.	104,517	5,437
HAGERTY, S.	90,676	7,526
HUCULAK, D.	76,956	17,893
JMAEFF, V.	217,862	95,230
KRYSAC, R.	139,439	25,970
MARTIN, D.	113,138	25,739
MATTHEWS, L.	129,586	33,622
MCLEAN, M.	81,620	7,534
NICHOLAS, M.	81,364	790
REPIN, A.	110,632	33,593
ROSE, J.	181,083	6,966
STEVENSON, A.	173,672	73,716
TOTAL FOR OVER \$75,000	2,420,884	472,118
TOTAL FOR UNDER \$75,000	1,327,427	106,775
	<u>\$ 3,748,311</u>	<u>\$ 578,893</u>

3. EMPLOYEE BENEFITS

CANADA PENSION PLAN	\$ 117,092
EMPLOYMENT INSURANCE	47,945
GROUP LIFE INSURANCE	1,672
LONG TERM DISABILITY	56,518
MEDICAL SERVICES PLAN	39,838
PUBLIC SERVICE SUPERANNUATION PLAN	335,848
WORKSAFE BC	17,651
OTHER AND REBATES	107,123
	<u>723,687</u>
ADJUSTMENTS AND ACCRUALS	(766,000)
GRAND TOTAL	<u>\$ 4,369,807</u>

¹ Remuneration includes salaries and payment for accumulated leave time.

THERE WERE 2 SEVERANCE AGREEMENTS BETWEEN COLUMBIA POWER CORPORATION AND ITS EMPLOYEES WHICH COMMENCED DURING THE FISCAL YEAR, REPRESENTING FROM 3 TO 4 MONTHS OF COMPENSATION

**COLUMBIA POWER CORPORATION
AMOUNTS PAID TO SUPPLIERS FOR GOODS AND SERVICES
FOR THE FISCAL YEAR ENDED MARCH 31, 2009**

SUPPLIER NAME	AMOUNTS
AIR CANADA	\$ 181,041
AMEC EARTH & ENVIRONMENTAL	81,458
BULL, HOUSSER & TUPPER LLP	155,041
CALDWELL PARTNERS INTERNATIONAL	27,720
CALLOW & ASSOCIATES	148,573
CBT REAL ESTATE	265,397
CEATI INTERNATIONAL	34,020
CENTRAL KOOTENAY REGIONAL DISTRICT	91,106
CHRIS GREEN & ASSOCIATES	147,722
CITY OF CASTLEGAR	283,464
COLUMBIA BASIN TRUST	538,431
DAN MAGLIO CONTRACTING LTD.	1,332,799
DAVID APLIN RECRUITING	59,063
FAIRBANK ARCHITECTS	162,462
FAIRMONT HOTELS	65,537
GRANT THORNTON CORPORATE FINANCE INC.	190,664
HATCH LTD.	27,573
HERITAGE OFFICE FURNISHINGS	753,572
INTERNATIONAL MENTAL FITNESS ETC	83,322
JSL FORUM LTD.	25,992
MINISTER OF FINANCE - AUDITOR GENERAL	164,284
PINTON FORREST & MADDEN	45,176
PRICEWATERHOUSE COOPERS LLP.	71,076
SPIPKER WATSON PIGOTT	73,890
SUTTON PLACE HOTEL	31,611
TELUS	50,059
TMC TELECOMMUNICATIONS	35,602
VALHALLA CONSULTING SERVICES	64,443
WESTERN INFORMATION MANAGEMENT INC.	105,283
ZAYTSOFF HOLDINS	50,860
ZE POWERGROUP INC.	185,916
TOTAL FOR OVER \$25,000	5,533,157
TOTAL FOR UNDER \$25,000	587,825
GRAND TOTAL	<u>\$ 6,120,982</u> ¹

¹ Does not include the expenditures of proportionately consolidated joint ventures.

**BRILLIANT POWER CORPORATION
AMOUNTS PAID TO SUPPLIERS FOR GOODS AND SERVICES
FOR THE FISCAL YEAR ENDED MARCH 31, 2009**

SUPPLIER NAME	AMOUNTS
BULL, HOUSSER & TUPPER LLP	\$ 55,245
CITY OF CASTLEGAR	2,038,669
COLUMBIA POWER CORPORATION	473,920
COMPUTERSHARE	34,664
FORTISBC INC.	3,594,998
GLEN EDWIN SORESON	30,000
MINISTRY OF FINANCE - PROPERTY TAXES	52,197
MINISTRY OF FINANCE - WATER MANAGEMENT BRANCH	4,355,148
MOODY'S CANADA INC.	36,750
PETER & LOUISE MAKONIN	25,000
POWEREX CORP.	94,007
WILLIS CANADA INC.	396,122
TOTAL FOR OVER \$25,000	11,186,720
TOTAL FOR UNDER \$25,000	90,934
GRAND TOTAL	<u>\$ 11,277,654</u>

¹ Columbia Power Corporation's Consolidated Financial Statements include its 50% share of the amounts paid to suppliers for goods and services.

**ARROW LAKES POWER CORPORATION
AMOUNTS PAID TO SUPPLIERS FOR GOODS AND SERVICES
FOR THE FISCAL YEAR ENDED MARCH 31, 2009**

SUPPLIER NAME	AMOUNTS
BC HYDRO (COLUMBIA BASIN FISH & WILDLIFE COMPENSATION)	\$ 238,628
BRITISH COLUMBIA TRANSMISSION CORPORATION	87,085
BULL, HOUSSER & TUPPER LLP	34,603
CBT COLUMBIA BASIN TRUST	33,346
COLUMBIA POWER CORPORATION	763,081
DELPHINIUM HOLDINGS INC.	26,586
FASKEN MARTINEAU & DUMOULIN	29,681
FORTIS PACIFIC HOLDINGS INC.	1,967,453
FORTISBC INC.	62,041
KLOHN CRIPPEN BERGER LTD.	101,104
LGL LIMITED	58,620
MINISTRY OF FINANCE - WATER MANAGEMENT BRANCH	4,960,985
WILLIS CANADA INC.	433,122
TOTAL FOR OVER \$25,000	8,796,335
TOTAL FOR UNDER \$25,000	175,077
GRAND TOTAL	<u>\$ 8,971,412</u>

¹ Columbia Power Corporation's Consolidated Financial Statements include its 50% share of the amounts paid to suppliers for goods and services.

**BRILLIANT EXPANSION POWER CORPORATION
AMOUNTS PAID TO SUPPLIERS FOR GOODS AND SERVICES
FOR THE FISCAL YEAR ENDED MARCH 31, 2009**

SUPPLIER NAME	AMOUNTS
ALMFOREST TIMBER COMPANY LTD.	\$ 25,950
BRILLIANT EXPANSION CONSORTIUM	17,936,251
BRILLIANT POWER CORPORATION	2,925,327
BULL, HOUSSER & TUPPER LLP	34,536
CANADIAN DEWATERING LP	54,880
CHAM INVESTMENTS LTD.	33,126
COLUMBIA BASIN TRUST	51,712
COLUMBIA HYDRO CONSTRUCTORS LTD.	126,211
COLUMBIA POWER CORPORATION	2,830,090
FASKEN MARTINEAU & DUMOULIN	99,474
FORTIS PACIFIC HOLDINGS INC.	2,362,884
FORTISBC INC.	114,921
G.G. OLIVER & ASSOCIATES	135,971
GOLDER ASSOCIATES LTD.	109,554
JJM CONSTRUCTION LTD.	12,399,408
KLOHN CRIPPEN BERGER LTD.	947,175
MARTECH ELECTRICAL SYSTEMS LTD.	79,452
MINISTRY OF FINANCE - WATER MANAGEMENT BRANCH	1,952,794
OOTISCHENIA IMPROVEMENT DISTRICT	27,000
POWER PROJECT PLANNING JOINT VENTURE	65,851
REMOTE OCEAN SYSTEMS	28,610
WILLIS CANADA INC.	358,998
TOTAL FOR OVER \$25,000	42,700,175
TOTAL FOR UNDER \$25,000	319,277
GRAND TOTAL	<u>\$ 43,019,452</u>

1

¹ Columbia Power Corporation's Consolidated Financial Statements include its 50% share of the amounts paid to suppliers for goods and services.

**POWER PROJECT PLANNING JOINT VENTURE
AMOUNTS PAID TO SUPPLIERS FOR GOODS AND SERVICES
FOR THE FISCAL YEAR ENDED MARCH 31, 2009**

SUPPLIER NAME	AMOUNTS
AMEC EARTH & ENVIRONMENTAL	\$ 28,854
ASL ENVIRONMENTAL SCIENCES INC.	59,383
BANJAR MANAGEMENT INC.	75,421
BRITISH COLUMBIA TRANSMISSION CORP.	31,500
BULL, HOUSSER & TUPPER LLP	311,414
CBT ENERGY INC.	131,221
CH2M HILL CANADA LIMITED	675,423
CIBC WORLD MARKETS INC.	147,000
COLUMBIA BASIN TRUST	199,088
COLUMBIA POWER CORPORATION	3,660,801
FASKEN MARTINEAU & DUMOULIN	780,995
FRONTIER GEOSCIENCES INC.	60,238
GEOTECH DRILLING SERVICES LTD.	583,127
GOLDER ASSOCIATES LTD.	93,674
GRANT THORNTON CORPORATE FINANCE INC.	29,848
HINTERLAND SURVEYING & GEOMATICS	34,544
JETSON CONSULTING ENGINEERS LTD.	221,419
KLOHN-CRIPPEN BERGER LTD.	1,097,478
KPMG - ACCOUNTING SERVICE CENTRE	261,694
MINISTRY OF FINANCE - WATER MANAGEMENT BRANCH	160,080
OKANAGAN NATION ALLIANCE	359,208
PANDION ECOLOGICAL RESEARCH LTD.	41,620
RBC DOMINION SECURITIES	52,500
TECK COMINCO METALS LTD.	47,135
TOTAL FOR OVER \$25,000	9,143,665
TOTAL FOR UNDER \$25,000	250,876
GRAND TOTAL	<u>\$ 9,394,541</u>

1

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