British Columbia Hydro and Power Authority

2019/20

FIRST QUARTER REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) reports on British Columbia Hydro and Power Authority's (BC Hydro or the Company) consolidated results and financial position for the three months ended June 30, 2019 and should be read in conjunction with the MD&A presented in the 2018/19 Annual Service Plan Report, the 2018/19 Audited Consolidated Financial Statements and related notes of the Company, and the Unaudited Condensed Consolidated Interim Financial Statements and related notes of the Company for the three months ended June 30, 2019.

All financial information is expressed in Canadian dollars unless otherwise specified.

This report contains forward-looking statements, including statements regarding the business and anticipated financial performance of the Company. These statements are subject to a number of risks and uncertainties that may cause actual results to differ from those contemplated in the forward-looking statements.

HIGHLIGHTS

- In February 2019, BC Hydro filed an Application with the British Columbia Utilities Commission (BCUC) to approve its revenue requirements for a two year test period covering 2019/20 and 2020/21. In June 2019, the BCUC held a Procedural Conference and issued its order setting the regulatory timetable with BC Hydro submitting an Evidentiary Update. The financial results for the three months ended June 30, 2019 reflect the Evidentiary Update that was filed with the BCUC on August 22, 2019.

- The net income for the three months ended June 30, 2019 was $25 million, $55 million lower than the same period in the prior fiscal year. The decrease in net income after regulatory account transfers was primary driven by the elimination of rate smoothing and higher domestic cost of energy, partially offset by the return of the credit balance in the cost of energy variance accounts to ratepayers and higher trade gross margin.

- Water inflows to the system during the three months ended June 30, 2019 were below average compared to average in the same period in the prior fiscal year. The lower water inflows were the result of reduced run off with below average snowpack accumulation across the winter and reduced precipitation primarily in the Peace and Kinbasket basins.

- Capital expenditures, before contributions-in-aid of construction, for the three months ended June 30, 2019 were $625 million, an $86 million increase over the prior fiscal year. BC Hydro continues to invest significantly in capital projects/programs to refurbish its ageing infrastructure and build new assets for future growth, including the Site C Project, Peace Region Electricity Supply, Distribution Wood Poles Replacements, Mica Replace Units 1-4 Transformers, Transmission Wood Structure and Framing Replacement, Supply Chain Applications, and LNG Canada Load Interconnection.

CONSOLIDATED RESULTS OF OPERATIONS

($ in millions)		*For the three months ended June 30* **2019**		2018		Change
Total Revenues	**$**	**1,368**	$	1,403	$	(35)
Net Income	**$**	**25**	$	80	$	(55)
Capital Expenditures	**$**	**625**	$	539	$	86
GWh Sold (Domestic)		**11,845**		12,633		(788)

($ in millions)		***As at June 30, 2019***		*As at March 31, 2019*		Change
Total Assets and Regulatory Balances	**$**	**36,779**	$	36,567	$	212
Shareholder's Equity	**$**	**4,996**	$	4,946	$	50
Accrued Payment to the Province	**$**	**-**	$	59	$	(59)
Retained Earnings	**$**	**4,958**	$	4,933	$	25
Debt to Equity		**82 : 18**		82 : 18		n/a
Number of Domestic Customer Accounts		**2,056,899**		2,049,157		7,742

REVENUES

For the three months ended June 30, 2019, total revenues of $1.37 billion were $35 million lower than the same period in the prior fiscal year. The decrease was due to lower trade revenues of $60 million, partially offset by higher domestic revenues of $25 million.

	(in millions)				*(gigawatt hours)*		*($ per MWh)* [1]			
for the three months ended June 30		**2019**		2018	**2019**	2018		**2019**		2018
Domestic Revenues										
Residential	**$**	**422**	$	433	**3,566**	3,770	**$**	**118.34**	$	114.85
Light industrial and commercial		**456**		467	**4,373**	4,640		**104.28**		100.65
Large industrial		**207**		192	**3,364**	3,229		**61.53**		59.46
Surplus Sales		**1**		4	**183**	760		**5.46**		5.26
Other sales		**111**		76	**359**	234		**-**		-
Total Domestic Revenues	**$**	**1,197**	$	1,172	**11,845**	12,633	**$**	**101.06**	$	92.77
Trade Revenues										
Gross electricity and gas	**$**	**230**	$	275	**6,178**	7,633	**$**	**33.02**	$	28.85
Less: forward electricity and gas purchases		**(59)**		(44)	**-**	-		**-**		-
Total Trade Revenues	**$**	**171**	$	231	**6,178**	7,633	**$**	**27.68**	$	30.26
Total Revenues	**$**	**1,368**	$	1,403	**18,023**	20,266	**$**	**75.90**	$	69.23

[1] The Trade $ per MWh represents the gross $ per MWh of physical transactions and does not include financial transactions. The Total Trade $ per MWh is a simple average calculation and does not reflect actual trade energy prices during the period.

Domestic Revenues

For the three months ended June 30, 2019, domestic revenues were $1.20 billion, an increase of $25 million (or 2 per cent), compared to the same period in the prior fiscal year. The increase over the prior fiscal year was primarily due to higher average rates that reflect the 1.76 per cent interim average net bill increase as approved by the BCUC effective April 1, 2019. Revenue was also higher due to other sales, which includes higher revenues related to the sale of two-thirds of the production from the Waneta Dam and Generating Facility which the Company acquired in July 2018. Furthermore, there were higher large industrial revenues primarily driven by increased production in the oil and gas sector. These higher revenues were partly offset by lower residential and light industrial and commercial revenue, driven by lower average use per account, despite customer growth and the rate increase.

Trade Revenues

Powerex Corp., a wholly owned subsidiary of the Company, is an energy marketer whose activities include trading wholesale power, environmental products (renewable energy credits or other similar products), carbon products (allowances and other similar products), natural gas, ancillary services, and financial energy products.

The Company's electricity system is interconnected with systems in Alberta and the Western United States, facilitating sales and purchases of electricity outside of British Columbia. Powerex Corp.'s trade activities earn income to keep the Company's customer rates low and to help balance its system by being able to import energy to meet domestic demand when there is a supply shortage and exporting energy when there is a supply surplus. Exports are made only after ensuring domestic demand requirements are met.

Total trade revenues for the three months ended June 30, 2019 were $171 million, a decrease of $60 million (or 26 per cent) compared to the same period in the prior fiscal year. The decrease in trade revenue was primarily driven by lower sales volumes. Variances between actual and planned trade revenues are transferred to the Trade Income Deferral Account (TIDA).

OPERATING EXPENSES

For the three months ended June 30, 2019, total operating expenses of $1.21 billion were $65 million higher than the same period in the prior fiscal year. The increase over the prior fiscal year was primarily due to higher domestic energy costs of $52 million, higher personnel expenses of $17 million, higher amortization and depreciation of $15 million, and higher grants, taxes and other costs of $13 million. This was partially offset by lower trade energy costs of $35 million.

Energy Costs

Energy costs are comprised of electricity and gas purchases for domestic and trade customers, water rentals and transmission and other charges. Energy costs are primarily influenced by the volume of energy consumed by customers, the mix of sources of supply, and market prices of energy. The mix of sources of supply is influenced by variables such as the current and forecast market prices of energy, water inflows, reservoir levels, energy demand, and environmental and social impacts.

Total energy costs for the three months ended June 30, 2019 were $568 million, $17 million (or 3 per cent) higher than the same period in the prior fiscal year. The increase was primarily due to higher domestic energy costs of $52 million, partially offset by lower trade energy costs of $35 million.

	(in millions)		*(gigawatt hours)*		*($ per MWh)* [2]	
for the three months ended June 30	**2019**	2018	**2019**	2018	**2019**	2018
Domestic Energy Costs						
Water rental payments (hydro generation)[1]	**$ 79**	$ 84	**6,619**	8,719	**$ 11.94**	$ 9.63
Purchases from Independent Power Producers	**325**	325	**4,188**	4,414	**77.60**	73.63
Other electricity purchases - Domestic	**65**	1	**1,909**	40	**34.05**	25.00
Gas and transportation for thermal generation	**1**	4	**29**	25	**34.48**	160.00
Transmission charges and other expenses	**-**	4	**21**	25	**-**	-
Non-Treaty storage and co-ordination agreements	**6**	-	**-**	-	**-**	-
Allocation from (to) trade energy	**2**	8	**97**	422	**36.87**	18.72
Total Domestic Energy Costs	**$ 478**	$ 426	**12,863**	13,645	**$ 37.16**	$ 31.22
Trade Energy Costs						
Gross electricity and remarketed gas	**$ 77**	$ 100	**6,834**	8,202	**$ 13.75**	$ 12.04
Less: forward electricity and gas purchases	**(59)**	(44)	**-**	-	**-**	-
Net Electricity and Remarketed Gas	**18**	56	**-**	-	**-**	-
Transmission charges and other expenses	**74**	77	**-**	-	**-**	-
Allocation (to) from domestic energy	**(2)**	(8)	**(97)**	(422)	**36.87**	18.72
Total Trade Energy Costs	**$ 90**	$ 125	**6,737**	7,780	**$ 13.36**	$ 16.07
Total Energy Costs	**$ 568**	$ 551	**19,600**	21,425	**$ 28.98**	$ 25.72

[1] Water rental payments are based on the previous calendar year's generation volumes. The volumes are actual hydro generation during the period. The $ per MWh is a simple average calculation and does not reflect actual water rental rates during the period.

[2] The $ per MWh represents the gross unit cost per physical electricity and gas transaction. The Total Trade $ per MWh is a simple average calculation and does not reflect actual trade energy prices during the period.

Domestic Energy Costs

Domestic energy costs for the three months ended June 30, 2019 were $478 million, $52 million (or 12 per cent) higher than the same period in the prior fiscal year. The increase in costs was primarily due to higher domestic market purchases required to meet domestic load requirements due to lower water inflows and reservoir storage levels which constrained hydro generation. Variances between actual and planned domestic energy costs are transferred to the Heritage Deferral Account (HDA) and Non-Heritage Deferral Account (NHDA). Changes to regulatory account balances are discussed in the *Regulatory Transfers* section.

Trade Energy Costs

Total trade energy costs for the three months ended June 30, 2019 were $90 million, a decrease of $35 million (or 28 per cent) compared to the same period in the prior fiscal year. The decrease in trade energy costs was primarily driven by lower volumes. Variances between actual and planned trade costs are transferred to the TIDA.

Water Inflows and Reservoir Storage

Water inflows to the system during the three months ended June 30, 2019 were below average compared to average in the same period in the prior fiscal year. The lower water inflows were the result of reduced run off with below average snowpack accumulation across the winter and reduced precipitation in the Peace and Kinbasket basins.

System energy storage continues to track below the historic average due to low inflows and an increase in demand as a result of cold weather in the prior fiscal year.

Personnel Expenses

Personnel expenses include salaries and wages, benefits and post-employment benefits. Personnel expenses for the three months ended June 30, 2019 were $178 million, $17 million higher than the same period in the prior fiscal year primarily due to BC Hydro's Accenture Repatriation which occurred on May 1, 2018 and the ongoing Workforce Optimization program which started in July 2015. Both have replaced external service providers with internal staff to reduce costs and deliver on our business objectives.

Materials and External Services

Materials and External Services primarily include materials, supplies, and contractor fees. Materials and external services for the three months ended June 30, 2019 were $139 million, $3 million higher than the same period in the prior fiscal year primarily due to higher costs related to operating the Waneta Dam and Generating Facility and the John Hart Generating Station, which was partially offset by lower contractor costs as a result of BC Hydro's Accenture repatriation and ongoing Workforce Optimization program.

Amortization and Depreciation

Amortization and depreciation expense includes the depreciation of property, plant and equipment, amortization of intangible assets, and amortization of right-of-use assets. For the three months ended June 30, 2019, amortization and depreciation expense was $241 million, $14 million higher than the same period in the prior fiscal year primarily due to the property, plant and equipment placed in service since June 30, 2018 and the purchase of the remaining two-thirds interest in the Waneta Dam and Generating Facility on July 26, 2018.

Grants, Taxes and Other Costs

As a Crown Corporation, the Company is exempt from paying federal and provincial income taxes, but pays local government taxes and grants in lieu to municipalities and regional districts, and school tax to the Province on certain assets. Other costs, net of recoveries, primarily includes gains and losses on the disposal of assets, certain cost recoveries related to operating costs, and dismantling costs. Total grants, taxes and other costs for the three months ended June 30, 2019 were $101 million, $13 million higher than the same period in the prior fiscal year primarily due to higher dismantling costs related to the decommissioning of assets.

Capitalized Costs

Capitalized costs consist of overhead costs directly attributable to capital expenditures that are transferred from operating costs to Property, Plant & Equipment. Certain overhead costs not eligible for capitalization under IFRS are transferred from operating costs to the IFRS Property, Plant & Equipment Regulatory Account. These transfers are amortized over 40 years, which approximates the composite average life of the Property, Plant & Equipment. In addition, starting in 2012/13, the ongoing impact of this change is being included in rates over a 10-year period through transfers to the IFRS Property, Plant & Equipment Regulatory Account as approved by the BCUC. As such, each year, 1/10 more of ineligible costs will be charged to operating costs such that by the end of year ten, all ineligible costs will be charged to operating costs. Capitalized costs for the three months ended June 30, 2019 were $18 million, which was unchanged compared to the same period in the prior fiscal year.

FINANCE CHARGES

Finance charges for the three months ended June 30, 2019 were $460 million, $263 million higher than the prior fiscal year. The increase was primarily due to unrealized losses on future debt hedges used to economically hedge the interest rates on future debt issuances, higher volumes of long-term debt and short-term borrowings, and higher short-term interest rates.

REGULATORY TRANSFERS

In accordance with IFRS 14, the Company separately presents regulatory balances and related net movements on the Condensed Consolidated Interim Statements of Financial Position and the Condensed Consolidated Interim Statements of Comprehensive Income.

The Company has established various regulatory accounts through rate regulation and with the approval of the BCUC. The use of regulatory accounts is common amongst regulated utility industries throughout North America. BC Hydro uses various regulatory accounts, in compliance with BCUC orders, to better match costs and benefits for different generations of customers, smooth out the rate impact of large non-recurring costs, and defer to future periods differences between forecast and actual costs or revenues. Regulatory accounts allow the Company to defer certain types of revenue and cost variances through transfers to and from the accounts which are then included in customer rates in future periods, subject to approval by the BCUC and have the effect of adjusting net income.

Net regulatory account transfers are comprised of the following:

(in millions)		*For the three months ended June 30* **2019**		2018
Energy Deferral Accounts				
Heritage Deferral Account	**$**	**8**	$	(4)
Non-Heritage Deferral Account		**19**		58
Trade Income Deferral Account		**(16)**		(56)
		11		(2)
Forecast Variance Accounts				
Total Finance Charges		**8**		(2)
Rate Smoothing (RSRA)		**-**		71
Non-Current Pension Costs		**(46)**		-
PEB Current Pension Costs		**-**		17
Debt Management		**239**		(10)
Storm Restoration		**(4)**		-
Other		**5**		-
		202		76
Capital-Like Accounts				
Demand-Side Management		**13**		11
IFRS Property, Plant & Equipment		**11**		17
		24		28
Non-Cash Accounts				
Environmental Provisions & Costs		**5**		2
First Nations Provisions & Costs		**6**		7
Other		**(1)**		(1)
		10		8
Amortization of regulatory accounts		**4**		(104)
Interest on regulatory accounts		**5**		13
Net increase in regulatory accounts	**$**	**256**	$	19

The Company adopted IFRS 16, *Leases* on April 1, 2019, which resulted in an increase of $64 million to the opening net regulatory asset balance and the $64 million is not included in the above table. There was no impact to the net regulatory account transfers for the three months ended June 30, 2019. Refer to Note 2 in the Unaudited Condensed Consolidated Interim Financial Statements for more detail on the impact of the adoption of IFRS 16.

For the three months ended June 30, 2019, there was a net addition of $256 million to the Company's regulatory accounts compared to a net addition of $19 million in the prior fiscal year. The net regulatory asset balance as at June 30, 2019 was $4.51 billion compared to $4.26 billion as at March 31, 2019.

Net additions to the regulatory accounts during the three months ended June 30, 2019 included $239 million of additions to the Debt Management Regulatory Account primarily as a result of unrealized losses on interest rate hedges due to a decrease in forward interest rates. This was partially offset by $46 million of reductions to the Non-Current Pension Costs Regulatory Account primarily due to actuarial gains attributed to the elimination of the Medical Service Plan premiums.

BC Hydro has or has applied for regulatory mechanisms to collect 23 of 25 regulatory accounts in use or with balances at June 30, 2019 in rates over various periods, which represent approximately 89 per cent of the net regulatory asset balance.

PAYMENT TO THE PROVINCE

In accordance with Order in Council No. 095/2014 from the Province, for 2017/18 and subsequent years, the payment to the Province was reduced by $100 million per year based on the payment in the immediate preceding fiscal year until it reaches zero and will thereafter remain at zero until BC Hydro achieves a 60:40 debt to equity ratio.

The 2018/19 Payment to the Province was $59 million and was paid in June 2019. As a result, the Payment for 2019/20 will be $nil.

As at June 30, 2019, the Company's net debt to equity ratio was 82:18.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow provided by operating activities for the three months ended June 30, 2019 was $264 million, compared to $236 million in the same period in the prior fiscal year. The increase was mainly due to higher cash flow received from changes in working capital.

The long-term debt balance net of sinking funds as at June 30, 2019 was $22.50 billion compared to $22.19 billion as at March 31, 2019. The increase was mainly as a result of an increase in net long-term bond issuances (net of redemptions) for net proceeds of $415 million, primarily to fund capital expenditures. This increase was partially offset by lower revolving borrowings of $74 million, and net foreign exchange gains of $21 million.

CAPITAL EXPENDITURES

Capital expenditures include property, plant and equipment and intangible assets. The capital expenditures, before contributions-in-aid of construction, were as follows:

	For the three months ended June 30	
(in millions)	**2019**	2018
Transmission lines and substations replacements and expansion	**$ 78**	$ 80
Generation replacements and expansion	**71**	92
Distribution system improvements and expansion	**119**	119
General, including technology, vehicles and buildings	**36**	33
Site C	**321**	215
Total Capital Expenditures	**$ 625**	$ 539

Total capital expenditures presented in this table are different from the amount of property, plant and equipment and intangible asset expenditures in the Consolidated Interim Statements of Cash Flows because the expenditures above include accruals.

Transmission lines and substation capital expenditures include expenditures on the following projects/programs: Peace Region Electricity Supply, Transmission Wood Structure and Framing Replacement, LNG Canada Load Interconnection, Fort St. John and Taylor Electric Supply, UBC Load Increase Stage 2, and Substation 12/25kV Circuit Breaker Replacement.

Generation capital expenditures include expenditures on the following projects: Mica Replace Units 1-4 Transformers, Bridge River 2 Units 7 and 8 Upgrade, G.M. Shrum Spillway Gate Upgrade, Cheakamus Unit 1 and Unit 2 Generator Replacement, John Hart Generating Station Replacement, Mica Modernize Controls (Digital), and Mica Powerhouse Cranes Upgrade.

Distribution capital expenditures include expenditures on customer driven work, end of life asset replacements, and system expansion and improvements.

General capital expenditures include expenditures on the Supply Chain Applications project, various building development programs, vehicles, and technology projects.

Site C Project expenditures relate to site preparation, clearing for reservoir and transmission lines, engineering and design, main civil works, generating station and spillway, as well as social and land programs.

RATE REGULATION

In the process of regulating and setting rates for BC Hydro, the BCUC must ensure that the rates are sufficient to allow BC Hydro to provide reliable electricity service, meet its financial obligations, comply with government policy, and earn an annual rate of return.

Capital Expenditures and Projects Review

The BCUC initiated a review in May 2016 to review the regulatory oversight of BC Hydro's capital expenditures and projects. BC Hydro submitted our current proposal in June 2018, which included draft Capital Filing Guidelines. These draft Guidelines expand upon the previous capital project filing guidelines by including the review of capital expenditures and projects in a revenue requirements proceeding, and better aligning capital project regulatory applications with our current capital planning processes. The proceeding has now moved into final argument phase and a decision is expected in the fall of 2019.

BC Hydro's Fiscal 2020 to Fiscal 2021 Revenue Requirements Application

In February 2019, BC Hydro filed an Application with the BCUC to approve its revenue requirements for a two year test period covering 2019/20 and 2020/21. In the Application, BC Hydro requested rate increases of 6.85 per cent for 2019/20 and 0.72 per cent for 2020/21. BC Hydro has also requested a reduction of the Deferral Account Rate Rider from 5 per cent to nil, resulting in a net bill impact for customers of 1.76 per cent for 2019/20 and 0.72 per cent for 2020/21. The BCUC issued Order No. G-45-19 on March 1, 2019, approving the rate increases and reduction to the Deferral Account Rate Rider on an interim basis effective April 1, 2019.

In June, the BCUC held a Procedural Conference, and then issued its order setting the regulatory timetable remaining for review of the application. The second round of information requests were submitted in August, followed by BC Hydro submitting an Evidentiary Update in August 2019 and subsequent rounds of information requests later in the fall of 2019.

RISK MANAGEMENT

BC Hydro is exposed to numerous risks, which can result in safety, environmental, financial, reliability and reputational impacts. This section of the MD&A discusses risks that may impact financial performance.

The impact of many financial risks associated with uncontrollable external influences on BC Hydro's net income is mitigated through the use of BCUC-approved regulatory accounts. Regulatory accounts assist in matching costs and benefits for different generations of customers, to smooth the impact of large, non-recurring costs and to defer for future recovery in rates the differences between planned and actual costs or revenues that arise due to uncontrollable events. BC Hydro's approach to the recovery of its regulatory accounts is included in the Fiscal 2020 to Fiscal 2021 Revenue Requirements Application.

Significant Financial Risks

The largest sources of variability in BC Hydro's financial performance are typically domestic and trade revenue, domestic and trade cost of energy, and finance charges. These are influenced by several elements, which generally fall into the following five categories: energy availability, domestic demand for energy, energy market prices, deliveries from electricity purchase agreement contracts, and interest rates. Neither a high nor a low value of any of these individual drivers is intrinsically positive or negative for BC Hydro's financial results. It is the specific combination of these drivers in any given year which has an impact.

While meeting domestic demand, environmental regulations and treaty obligations, BC Hydro seeks to operate the system to take maximum advantage of market energy prices – buying from the markets when prices are low and selling when prices are high. In doing so, BC Hydro seeks to optimize the combined effects of these elements and reduce the net cost of energy for our customers.

This section should be read in conjunction with the risks disclosed in the Risk Management section in the Management's Discussion and Analysis presented in the 2018/19 Annual Service Plan Report for the year ended March 31, 2019. In addition, information on risks and opportunities that could significantly impact BC Hydro meeting its objectives is outlined at www.bchydro.com/serviceplan.

FUTURE OUTLOOK

The *Budget Transparency and Accountability Act* requires that BC Hydro file a Service Plan each year. BC Hydro's Service Plan filed in February 2019 forecast net income for 2019/20 at $712 million which is consistent with the amount required by Order in Council No. 051.

The Company's earnings can fluctuate significantly due to various non-controllable factors such as the level of water inflows, customer load, market prices for electricity and natural gas, interest rates, and foreign exchange rates. The impact to net income of these non-controllable factors is largely mitigated through the use of regulatory accounts. The Service Plan forecast for 2019/20 assumes average water inflows (100 per cent of average), domestic sales of 53,567 GWh, average market energy prices of US $25.88/MWh, short-term interest rates of 2.37 per cent, and a Canadian to US dollar exchange rate of US $0.7910.

BC Hydro filed an updated forecast with the Province in August 2019. The updated forecast net income for 2019/20 remains at $712 million and assumes below average water inflows (88 percent of average), domestic sales of 53,296 GWh, average market energy prices of U.S. $31.69/MWh, short-term interest rates of 2.35 per cent and a Canadian to US dollar exchange rate of US $0.7655.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

(in millions)		*For the three months ended June 30* **2019**		2018 (Note 17)
Revenues (Note 3)				
Domestic	**$**	**1,197**	$	1,172
Trade		**171**		231
		1,368		1,403
Expenses				
Operating expenses (Note 4)		**1,209**		1,145
Finance charges (Note 5)		**460**		197
Net Income (Loss) Before Movement in Regulatory Balances		**(301)**		61
Net movement in regulatory balances (Note 9)		**326**		19
Net Income		**25**		80
OTHER COMPREHENSIVE INCOME				
Items Reclassified Subsequently to Net Income				
Effective portion of changes in fair value of derivatives designated as cash flow hedges (Note 14)		**9**		(7)
Reclassification to income of derivatives designated as cash flow hedges (Note 14)		**19**		6
Foreign currency translation (losses) gains		**(3)**		2
Items That Will Not Be Reclassified to Net Income				
Actuarial gain on post employment benefits		**70**		-
Other Comprehensive Income before movement in regulatory balances		**95**		**1**
Net movements in regulatory balances (Note 9)		**(70)**		-
Other Comprehensive Income		**25**		1
Total Comprehensive Income	**$**	**50**	$	81

See accompanying Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(in millions)	***As at June 30* 2019**	*As at March 31* 2019 (Note 17)	*As at April 1* 2018 (Note 17)
ASSETS			
Current Assets			
Cash and cash equivalents	**$ 43**	$ 84	$ 42
Restricted cash	**8**	109	77
Accounts receivable and accrued revenue	**633**	912	728
Inventories (Note 7)	**189**	168	144
Prepaid expenses	**221**	174	164
Current portion of derivative financial instrument assets (Note 14)	**98**	79	174
	1,192	1,526	1,329
Non-Current Assets			
Property, plant and equipment (Note 8)	**27,739**	27,334	24,439
Right-of-use assets	**1,444**	1,466	1,526
Intangible assets (Note 8)	**616**	602	591
Derivative financial instrument assets (Note 14)	**45**	49	156
Other non-current assets (Note 10)	**577**	583	614
	30,421	30,034	27,326
Total Assets	**$ 31,613**	$ 31,560	$ 28,655
Regulatory Balances (Note 9)	**5,166**	5,007	5,954
Total Assets and Regulatory Balances	**$ 36,779**	$ 36,567	$ 34,609
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	**$ 1,305**	$ 1,546	$ 1,665
Current portion of long-term debt (Note 11)	**2,871**	3,121	3,344
Current portion of unearned revenues and contributions in aid	**89**	87	85
Current portion of derivative financial instrument liabilities (Note 14)	**149**	89	114
	4,414	4,843	5,208
Non-Current Liabilities			
Long-term debt (Note 11)	**19,826**	19,261	17,020
Lease liabilities	**1,472**	1,470	1,519
Derivative financial instrument liabilities (Note 14)	**424**	294	65
Unearned revenues and contributions in aid	**1,935**	1,905	1,758
Post-employment benefits (Note 13)	**1,712**	1,752	1,474
Other non-current liabilities (Note 15)	**1,347**	1,346	1,369
	26,716	26,028	23,205
Total Liabilities	**31,130**	30,871	28,413
Regulatory Balances (Note 9)	**653**	750	750
Shareholder's Equity			
Contributed surplus	**60**	60	60
Retained earnings	**4,958**	4,933	5,420
Accumulated other comprehensive loss	**(22)**	(47)	(34)
	4,996	4,946	5,446
Total Liabilities, Shareholder's Equity and Regulatory Balances	**$ 36,779**	$ 36,567	$ 34,609

Commitments (Note 8)

See accompanying Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(in millions)	Cumulative Translation Reserve (Note 17)	Unrealized Gains (Losses) on Cash Flow Hedges	Total Accumulated Other Comprehensive Loss (Note 17)	Contributed Surplus	Retained Earnings (Note 17)	Total
Balance as at April 1, 2018	$ (5)	$ (29)	$ (34)	$ 60	$ 5,420	$ 5,446
Payment to the Province (Note 12)	-	-	-	-	(59)	(59)
Comprehensive Income (Loss)	2	(1)	1	-	80	81
Balance as at June 30, 2018	$ (3)	$ (30)	$ (33)	$ 60	$ 5,441	$ 5,468
Balance as at April 1, 2019	$ (2)	$ (45)	$ (47)	$ 60	$ 4,933	$ 4,946
Comprehensive Income (Loss)	(3)	28	25	-	25	50
Balance as at June 30, 2019	$ (5)	$ (17)	$ (22)	$ 60	$ 4,958	$ 4,996

See accompanying Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(in millions)	*For the three months ended June 30* **2019**	2018 (Note 17)
Operating Activities		
Net income	**$ 25**	$ 80
Regulatory account transfers (Note 9)	**(252)**	(123)
Adjustments for non-cash items:		
Amortization of regulatory accounts (Note 9)	**(4)**	104
Amortization and depreciation expense (Note 6)	**241**	227
Unrealized losses on derivative financial instruments	**209**	14
Post-employee benefit plan expenses	**33**	26
Interest accrual	**215**	205
Other items	**15**	14
	482	547
Changes in:		
Restricted cash	**101**	36
Accounts receivable and accrued revenue	**278**	165
Prepaid expenses	**(60)**	(44)
Inventories	**(22)**	(16)
Accounts payable, accrued liabilities and other non-current liabilities	**(223)**	(76)
Unearned revenue and contributions in aid	**25**	26
Other non-current assets	**22**	(76)
	121	15
Interest paid	**(339)**	(326)
Cash provided by operating activities	**264**	236
Investing Activities		
Property, plant and equipment and intangible asset expenditures	**(546)**	(678)
Cash used in investing activities	**(546)**	(678)
Financing Activities		
Long-term debt issued (Note 11)	**590**	874
Long-term debt retired (Note 11)	**(175)**	(457)
Receipt of revolving borrowings	**2,425**	1,913
Repayment of revolving borrowings	**(2,493)**	(1,780)
Payment to the Province (Note 12)	**(59)**	(159)
Other items	**(47)**	55
Cash provided by financing activities	**241**	446
Increase (Decrease) in cash and cash equivalents	**(41)**	4
Cash and cash equivalents, beginning of period	**84**	42
Cash and cash equivalents, end of period	**$ 43**	$ 46

See accompanying Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2019

NOTE 1: REPORTING ENTITY

British Columbia Hydro and Power Authority (BC Hydro) was established in 1962 as a Crown Corporation of the Province of British Columbia (the Province) by enactment of the *Hydro and Power Authority Act*. As directed by the *Hydro and Power Authority Act*, BC Hydro's mandate is to generate, manufacture, conserve and supply power. BC Hydro owns and operates electric generation, transmission and distribution facilities in the province of British Columbia.

The condensed consolidated interim financial statements (interim financial statements) of BC Hydro include the accounts of BC Hydro and its principal wholly-owned operating subsidiaries Powerex Corp. (Powerex), Powertech Labs Inc. (Powertech), and Columbia Hydro Constructors Ltd. (Columbia), (collectively with BC Hydro, the Company). All intercompany transactions and balances are eliminated on consolidation. On July 26, 2018, the Company completed the purchase of the remaining two-thirds interest of Waneta Dam and Generating Facility (Waneta). Prior to this transaction, the Company accounted for its one-third interest in Waneta as a joint operation.

NOTE 2: BASIS OF PRESENTATION

Basis of Accounting

These interim financial statements have been prepared by management in accordance with principles of IAS 34, *Interim Financial Reporting* and were prepared using the same accounting policies as described in BC Hydro's 2018/19 Annual Service Plan Report, except for changes as a result of the adoption of IFRS 16, *Leases* (IFRS 16). These interim financial statements should be read in conjunction with the Annual Consolidated Financial Statements and accompanying notes in BC Hydro's 2018/19 Annual Service Plan Report.

Certain amounts in the prior year's comparative figures have been reclassified to conform to the current year's presentation.

These interim financial statements were approved on behalf of the Board of Directors on August 20, 2019.

The following significant accounting policy was amended for the adoption of IFRS 16.

IFRS 16 - Leases

Effective April 1, 2019, the Company adopted IFRS 16, *Leases*, which replaces the existing standards IAS 17, *Leases* and IFRIC 4, *Determining Whether an Arrangement Contains a Lease*. The Company applied the standard on a full retrospective basis in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, under which the comparative periods are restated.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and have the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, consideration is allocated to each lease component within the contract on the basis of its relative stand-alone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are comprised of:

i) Fixed payments, including in-substance fixed payments, less any lease incentives receivable;

ii) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

iii) Amounts expected to be payable under a residual value guarantee;

iv) Exercise prices of purchase options if reasonably certain the option will be exercised; and

v) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in our estimate or assessment of the amount expected to be payable under a residual value guarantee, purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments not included in the initial measurement of the lease liability are charged directly to the consolidated statement of comprehensive income as an expense.

The impact of the adoption of IFRS 16 on these condensed interim consolidated financial statements is disclosed in Note 17 - Explanation of Adoption of IFRS 16 and Restatement of Previously Reported Figures.

Key Assumptions and Significant Judgments:

In the situation where the implicit interest rate in the lease is not readily determined, the Company uses judgment to estimate the incremental borrowing rate for discounting the lease payments. The Company's incremental borrowing rate generally reflects the interest rate that the Company would have to pay to borrow a similar amount at a similar term and with similar security. The Company estimates the lease term by considering the facts and circumstances that create an economic incentive to exercise an extension or termination option. Certain qualitative and quantitative assumptions are used when evaluating these options.

Practical Expedients Used as Permitted by IFRS 16:

(i) The Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component for leases pertaining to generating equipment.

(ii) The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including office equipment.

NOTE 3: REVENUE

The Company disaggregates revenue by revenue type and customer class, which are considered to be the most relevant revenue information for management to consider in allocating resources and evaluating performance.

	For the three months ended June 30	
(in millions)	**2019**	2018
Domestic		
Residential	**$ 422**	$ 433
Light industrial and commercial	**456**	467
Large industrial	**207**	192
Surplus sales	**1**	4
Other sales	**111**	76
Total Domestic	**1,197**	1,172
Total Trade[1]	**171**	231
Total Revenue	**$ 1,368**	$ 1,403

[1] Includes mark-to-market gains (losses) from derivatives.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2019

NOTE 4: OPERATING EXPENSES

(in millions)	*For the three months ended June 30* **2019**	2018
Electricity and gas purchases	**$ 443**	$ 415
Water rentals	**79**	84
Transmission charges	**46**	52
Personnel expenses	**178**	161
Materials and external services	**139**	136
Amortization and depreciation (Note 6)	**241**	227
Grants, taxes and other costs	**101**	88
Less: Capitalized costs	**(18)**	(18)
	$ 1,209	$ 1,145

NOTE 5: FINANCE CHARGES

(in millions)	*For the three months ended June 30* **2019**	2018
Interest on long-term debt	**$ 215**	$ 205
Interest on lease liabilities	**15**	12
Interest on defined benefit plan obligations	**16**	14
Mark-to-market losses (gains) on derivative financial instruments	**239**	(12)
Capitalized interest	**(37)**	(31)
Other	**12**	9
	$ 460	$ 197

NOTE 6: AMORTIZATION AND DEPRECIATION

(in millions)	*For the three months ended June 30* **2019**	2018
Depreciation of property, plant and equipment	**$ 200**	$ 183
Depreciation of right-of-use assets	**22**	23
Amortization of intangible assets	**19**	21
	$ 241	$ 227

NOTE 7: INVENTORIES

(in millions)	***As at June 30* 2019**	*As at March 31* 2019	*As at April 1* 2018
Materials and supplies	**$ 162**	$ 161	$ 142
Natural gas trading inventories	**27**	7	2
	$ 189	$ 168	$ 144

NOTE 8: PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment and intangible asset additions, before contributions in aid of construction, for the three months ended June 30, 2019 were $625 million (2018/19 - $539 million).

As of June 30, 2019, the Company has contractual commitments to spend $3.26 billion on major property, plant and equipment projects (for individual projects greater than $50 million).

NOTE 9: RATE REGULATION

In February 2019, BC Hydro filed an Application with the British Columbia Utilities Commission (BCUC) to approve its revenue requirements for a two year test period covering 2019/20 and 2020/21. Subsequently, BC Hydro submitted an Evidentiary Update in August 2019. The financial impact of the Evidentiary Update has been incorporated in these financial statements in accordance with the Company's rate regulation accounting policy whereby BC Hydro defers amounts in advance of a final decision on the application by the BCUC based on management's estimate on the probability of acceptance and recovery in future rates. For the three months ended June 30, 2019, the impact was a $5 million increase to net income.

Regulatory Accounts

The Company has established various regulatory accounts through rate regulation and with the approval of the BCUC. In the absence of rate regulation, these amounts would be reflected in total comprehensive income. For the three months ended June 30, 2019, the impact of regulatory accounting has resulted in a net increase to total comprehensive income of $256 million (2018/19 - $19 million net increase) which is comprised of an increase to net income of $326 million (2018/19 - $19 million increase) and a decrease to other comprehensive income of $70 million (2018/19 - $nil). For each regulatory account, the amount reflected in the Net Change column in the following regulatory tables represents the impact on comprehensive income for the applicable year. Under rate regulated accounting, a net decrease in a regulatory asset or a net increase in a regulatory liability results in a decrease to comprehensive income.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2019

(in millions)	*As at April 1 2019*	*Addition (Reduction)*	*Interest [1]*	*Amortization*	*Net Change [2]*	***As at June 30 2019***
Regulatory Assets						
Non-Heritage Deferral Account[3]	$ 141	$ 19	$ 2	$ (11)	$ 10	**$ 151**
Demand-Side Management	915	13	-	(26)	(13)	**902**
Debt Management	163	239	-	3	242	**405**
First Nations Provisions & Costs	505	6	1	(8)	(1)	**504**
Non-Current Pension Costs	486	(46)	-	(14)	(60)	**426**
Site C	491	-	5	-	5	**496**
CIA Amortization	83	(1)	-	-	(1)	**82**
Environmental Provisions & Costs	227	5	(1)	(5)	(1)	**226**
Smart Metering & Infrastructure	217	-	2	(7)	(5)	**212**
IFRS Pension	497	-	-	(10)	(10)	**487**
IFRS Property, Plant & Equipment	1,064	11	-	(7)	4	**1,068**
Storm Restoration Costs	58	(4)	1	(8)	(11)	**47**
Total Finance Charges	20	8	-	(3)	5	**25**
Foreign Exchange Gains and Losses	12	(2)	-	-	(2)	**10**
Other Regulatory Accounts	128	8	1	(12)	(3)	**125**
Total Regulatory Assets	5,007	256	11	(108)	159	**5,166**
Regulatory Liabilities						
Heritage Deferral Account	485	(8)	4	(71)	(75)	**410**
Trade Income Deferral Account[3]	261	16	2	(41)	(23)	**238**
Other Regulatory Accounts	4	1	-	-	1	**5**
Total Regulatory Liabilities	750	9	6	(112)	(97)	**653**
Net Regulatory Asset	$ 4,257	$ 247	$ 5	$ 4	$ 256	**$ 4,513**

[1] As permitted by the BCUC, interest charges were accrued to certain regulatory balances at a rate of 3.8 per cent for the three months ended June 30, 2019 (2018/19 – 4.0 per cent) at the Company's weighted average cost of debt.

[2] Net Change includes a net decrease to net loss of $326 million (2018/19 – a net increase to net income of $19 million) and net decrease to other comprehensive income of $70 million (2018/19 – $nil).

[3] As a result of the adoption of IFRS 16, the opening balances as at April 1, 2019 included a $65 million adjustment to the Non-Heritage Deferral Account and a $2 million adjustment to the Trade Income Deferral Account. Refer to Note 17 - Explanation of Adoption of IFRS 16 and Restatement of Previously Reported Figures for more details.

There were no significant changes to the remaining recovery/reversal periods for the three months ended June 30, 2019. Refer to Note 14 – Rate Regulation in the Company's 2018/19 Annual Service Plan Report.

NOTE 10: OTHER NON-CURRENT ASSETS

(in millions)		***As at June 30* 2019**		*As at March 31* 2019		*As at April 1* 2018
Non-current receivables	**$**	**154**	$	148	$	194
Sinking funds		**196**		197		182
Other		**227**		238		238
	$	**577**	$	583	$	614

Included in the non-current receivables balance are $137 million of receivables (March 31, 2019 - $135 million; April 1, 2018 - $140 million) attributable to contributions and $5 million of receivables (March 31, 2019 - $5 million; April 1, 2018 - $28 million) from mining customers participating in the Mining Customer Payment Plan. In February 2016, the Province issued a direction to the BCUC to establish the Mining Customer Payment Plan, which allows the operators of applicable mines to defer payment of a portion of electricity purchases for a period of up to five years.

Included in the other balance is the long-term portion of prepaid expenses from Site C of $225 million (March 31, 2019 - $235 million; April 1, 2018 - $229 million).

NOTE 11: LONG-TERM DEBT AND DEBT MANAGEMENT

The Company's debt comprises bonds and revolving borrowings obtained under an agreement with the Province.

The Company has a commercial paper borrowing program with the Province which is limited to $4.50 billion, and is included in revolving borrowings. At June 30, 2019, the outstanding amount under the borrowing program was $2.87 billion (March 31, 2019 - $2.95 billion; April 1, 2018 - $2.05 billion).

For the three months ended June 30, 2019, the Company issued bonds for net proceeds of $590 million (2018/19 - $874 million) and a par value of $550 million (2018/19 - $900 million), a weighted average effective interest rate of 2.3 per cent (2018/19 - 3.0 per cent) and a weighted average term to maturity of 18.7 years (2018/19 - 21.3 years).

For the three months ended June 30, 2019, the Company redeemed bonds with a par value of $175 million (2018/19 - $457 million).

NOTE 12: CAPITAL MANAGEMENT

Orders in Council from the Province establish the basis for determining the Company's equity for regulatory purposes, as well as the annual Payment to the Province (see below). Capital requirements are consequently managed through the retention of equity subsequent to the Payment to the Province. For this purpose, the applicable Order in Council defines debt as revolving borrowings and interest-bearing borrowings less investments held in sinking funds and cash and cash equivalents. Equity comprises retained earnings, accumulated other comprehensive loss, and contributed surplus. The Company monitors its capital structure on the basis of its debt to equity ratio.

During the three months ended June 30, 2019, there were no changes in the approach to capital management.

The debt to equity ratio at June 30, 2019, March 31, 2019 and April 1, 2018 was as follows:

(in millions)	***As at June 30*** **2019**	*As at March 31* 2019	*As at April 1* 2018
Total debt, net of sinking funds	**$ 22,501**	$ 22,185	$ 20,182
Less: Cash and cash equivalents	**(43)**	(84)	(42)
Net Debt	**$ 22,458**	$ 22,101	$ 20,140
Retained earnings	**$ 4,958**	$ 4,933	$ 5,420
Contributed surplus	**60**	60	60
Accumulated other comprehensive loss	**(22)**	(46)	(34)
Total Equity	**$ 4,996**	$ 4,947	$ 5,446
Net Debt to Equity Ratio	**82 : 18**	82 : 18	79 : 21

Payment to the Province

In accordance with Order in Council No. 095/2014 from the Province, for 2017/18 and subsequent years, the payment to the Province was reduced by $100 million per year based on the payment in the immediate preceding fiscal year until it reaches zero and will thereafter remain at zero until BC Hydro achieves a 60:40 debt to equity ratio.

The 2018/19 Payment to the Province was $59 million and was paid in June 2019. As a result, the Payment for 2019/20 will be $nil.

NOTE 13: POST-EMPLOYMENT BENEFITS

The expense recognized for the Company’s defined benefit plans prior to any capitalization of employment costs attributable to property, plant and equipment and intangible asset additions for the three months ended June 30, 2019 was $48 million (2018/19 - $41 million).

Company contributions to the registered defined benefit pension plans for the three months ended June 30, 2019 were $11 million (2018/19 - $11 million).

In the absence of a plan amendment, curtailment or settlement, the Company recognizes plan re-measurements due to market fluctuations from changes in the market rate of return on plan assets and liability discount rates at year end.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2019

NOTE 14: FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following table provides a comparison of carrying values and fair values for non-derivative financial instruments as at June 30, 2019, March 31, 2019 and April 1, 2018.

(in millions)	**June 30, 2019** Carrying Value	**June 30, 2019** Fair Value	March 31, 2019 Carrying Value	March 31, 2019 Fair Value	April 1, 2018 Carrying Value	April 1, 2018 Fair Value
Fair Value Through Profit or Loss (FVPTL):						
Cash equivalents - short-term investments	**$ 43**	**$ 43**	$ 50	$ 50	$ 31	$ 31
Amortized Cost:						
Cash	**-**	**-**	34	34	11	11
Restricted cash	**8**	**8**	109	109	77	77
Accounts receivable and accrued revenue	**633**	**633**	912	912	728	728
Non-current receivables	**154**	**170**	148	159	194	195
Sinking funds	**196**	**221**	197	220	182	201
Accounts payable and accrued liabilities	**(1,305)**	**(1,305)**	(1,546)	(1,546)	(1,665)	(1,665)
Revolving borrowings	**(2,871)**	**(2,871)**	(2,945)	(2,945)	(2,053)	(2,053)
Long-term debt (including current portion due in one year)	**(19,826)**	**(23,558)**	(19,437)	(22,480)	(18,311)	(20,814)
First Nations liabilities (non-current portion)	**(384)**	**(714)**	(391)	(640)	(399)	(652)
Lease liabilities (non-current portion)	**(1,472)**	**(1,472)**	(1,470)	(1,470)	(1,519)	(1,519)
Other liabilities	**(432)**	**(452)**	(419)	(434)	(409)	(416)

The fair values of non-derivative financial instruments, where the carrying value differs from fair value, are classified as Level 2 of the fair value hierarchy. The carrying value of cash equivalents, restricted cash, accounts receivable and accrued revenues, accounts payable and accrued liabilities, and revolving borrowings approximates fair value due to the short duration of these financial instruments.

Hedges

The following foreign currency contracts under hedge accounting were in place at June 30, 2019 in a net asset position of $31 million (March 31, 2019 – net asset $22 million; April 1, 2018 – net asset $99 million). Such contracts are used to hedge the principal on $US denominated long-term debt and the principal and coupon payments on Euro denominated long-term debt for which hedge accounting has been applied. The hedging instruments are effective in offsetting changes in the cash flows of the hedged item attributed to the hedged risk. The main source of hedge ineffectiveness in these hedges is credit risk.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2019

($ amounts in millions)	**June 30, 2019**	March 31, 2019	April 1, 2018
Cross- Currency Hedging Swaps			
Euro dollar to Canadian dollar - notional amount[1]	**€ 402**	€ 402	€ 402
Euro dollar to Canadian dollar - weighted average contract rate	**1.47**	1.47	1.47
Weighted remaining term	**9 years**	9 years	10 years
Foreign Currency Hedging Forwards			
United States dollar to Canadian dollar - notional amount[1]	**US$ 573**	US$ 573	US$ 773
United States dollar to Canadian dollar - weighted average contract rate	**1.25**	1.25	1.19
Weighted remaining term	**11 years**	11 years	9 years

[1] *Notional amount for a derivative instrument is defined as the contractual amount on which payments are calculated.*

The fair value of derivative instruments designated and not designated as hedges, was as follows:

(in millions)	**June 30, 2019 Fair Value**	March 31, 2019 Fair Value	April 1, 2018 Fair Value
Designated Derivative Instruments Used to Hedge Risk Associated with Long-term Debt:			
Foreign currency contract assets (cash flow hedges for $US denominated long-term debt)	**$ 12**	$ 10	$ 59
Foreign currency contract liabilities (cash flow hedges for $US denominated long-term debt)	**-**	-	(8)
Foreign currency contract assets (cash flow hedges for €EURO denominated long-term debt)	**19**	12	48
	31	22	99
Non-Designated Derivative Instruments:			
Interest rate contract assets	**-**	25	180
Interest rate contract liabilities	**(498)**	(310)	(97)
Foreign currency contract assets	**(4)**	2	6
Commodity derivative assets	**111**	78	36
Commodity derivative liabilities	**(70)**	(72)	(73)
	(461)	(277)	52
Net (liability) asset	**$ (430)**	$ (255)	$ 151

The carrying value of derivative instruments designated and not designated as hedges was the same as the fair value.

The derivatives are represented on the statement of financial position as follows:

(in millions)	**June 30, 2019**	March 31, 2019	April 1, 2018
Current portion of derivative financial instrument assets	**$ 98**	$ 79	$ 174
Current portion of derivative financial instrument liabilities	**(149)**	(89)	(114)
Derivative financial instrument assets, non-current	**45**	49	156
Derivative financial instrument liabilities, non-current	**(424)**	(294)	(65)
Net (liability) asset	**$ (430)**	$ (255)	$ 151

For designated cash flow hedges for the three months ended June 30, 2019, a gain of $9 million (2018/19 - loss of $7 million) was recognized in other comprehensive income. For the three months ended June 30, 2019, $19 million (2018/19 - $6 million) was reclassified from other comprehensive income and reported in net income, offsetting net foreign exchange losses (2018/19 - gains) recorded in the period.

For outstanding interest rate contracts not designated as hedges with an aggregate notional principal of $5.55 billion (March 31, 2019 – $6.05 billion; April 1, 2018 – $4.90 billion), used to economically hedge the interest rates on future debt issuances, there was a $223 million decrease (2018/19 - $1 million increase) in the fair value of these contracts for the three months ended June 30, 2019. For interest rate contracts associated with debt issued, there was a $16 million decrease (2018/19 - $9 million increase) in the fair value of contracts that settled during the three months ended June 30, 2019. The net decrease for the three months ended June 30, 2019 of $239 million in the fair value of these interest rate contracts was transferred to the Debt Management Regulatory Account which had a net asset balance of $405 million as at June 30, 2019.

For foreign currency contracts not designated as hedges for the three months ended June 30, 2019, a loss of $nil (2018/19 – gain of $2 million) was recognized in finance charges with respect to foreign currency contracts for cash management purposes. For foreign currency contracts not designated as hedges, which comprise primarily of foreign currency contracts for U.S. revolving borrowings, for the three months ended June 30, 2019, such contracts had a loss of $6 million (2018/19 - loss of $nil) recognized in finance charges. These economic hedges offset $6 million of foreign exchange revaluation gains (2018/19 - gains of $nil) recorded in finance charges with respect to U.S. revolving borrowings for the three months ended June 30, 2019.

For commodity derivatives not designated as hedges, a net gain of $84 million (2018/19 - gain of $17 million) was recorded in trade revenue for the three months ended June 30, 2019.

Inception Gains and Losses

Changes in deferred inception gains and losses are as follows:

(in millions)		*For the three months ended June 30* **2019**		2018
Deferred inception gain, beginning of the period	**$**	**15**	$	23
New transactions		**8**		11
Amortization		**(10)**		(35)
Deferred inception gain (loss), end of the period	**$**	**13**	$	(1)

In some instances, a difference may arise between the fair value of a financial instrument at initial recognition, as defined by its transaction price, and the fair value calculated by a valuation technique or model (inception gain or loss). In addition, the Company's inception gain or loss on a contract may arise as a result of embedded derivatives which are recorded at fair value, with the remainder of the contract recorded on an accrual basis. In these circumstances, the unrealized inception gain or loss is deferred and amortized into income over the full term of the underlying financial instrument.

Fair Value Hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped based on the lowest level of input that is significant to that fair value measurement.

The inputs used in determining fair value are characterized by using a hierarchy that prioritizes inputs based on the degree to which they are observable. The three levels of the fair value hierarchy are as follows:

- Level 1 - values are quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 - inputs are those other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, as of the reporting date.

  The Company determines Level 2 fair values for debt securities and derivatives using discounted cash flow techniques, which use contractual cash flows and market-related discount rates.

  Level 2 fair values for commodity derivatives are determined using inputs other than unadjusted quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Level 2 includes bilateral and over-the-counter contracts valued using interpolation from observable forward curves or broker quotes from active markets for similar instruments and other publicly available data, and options valued using industry-standard and accepted models incorporating only observable data inputs.

- Level 3 - inputs are those that are not based on observable market data. Level 3 fair values for commodity derivatives are determined using inputs that are based on unobservable inputs.

  Level 3 includes instruments valued using observable prices adjusted for unobservable basis differentials such as delivery location and product quality, instruments which are valued by extrapolation of observable market information into periods for which observable market information is not yet available, and instruments valued using internally developed or non-standard valuation models.

The following tables present the financial instruments measured at fair value for each hierarchy level as at June 30, 2019 and March 31, 2019 and April 1, 2018:

As at June 30, 2019 *(in millions)*	Level 1	Level 2	Level 3	Total
Total financial assets carried at fair value:				
Short-term investments	$ 43	$ -	$ -	$ 43
Derivatives designated as hedges	-	31	-	31
Derivatives not designated as hedges	91	7	14	112
	$ 134	$ 38	$ 14	$ 186

As at June 30, 2019 *(in millions)*	Level 1	Level 2	Level 3	Total
Total financial liabilities carried at fair value:				
Derivatives designated as hedges	$ -	$ -	$ -	$ -
Derivatives not designated as hedges	(48)	(516)	(9)	(573)
	$ (48)	$ (516)	$ (9)	$ (573)

As at March 31, 2019 *(in millions)*	Level 1	Level 2	Level 3	Total
Total financial assets carried at fair value:				
Short-term investments	$ 50	$ -	$ -	$ 50
Derivatives designated as hedges	-	22	-	22
Derivatives not designated as hedges	64	38	4	106
	$ 114	$ 60	$ 4	$ 178

As at March 31, 2019 *(in millions)*	Level 1	Level 2	Level 3	Total
Total financial liabilities carried at fair value:				
Derivatives designated as hedges	$ -	$ -	$ -	$ -
Derivatives not designated as hedges	(47)	(325)	(11)	(383)
	$ (47)	$ (325)	$ (11)	$ (383)

As at April 1, 2018 *(in millions)*	Level 1	Level 2	Level 3	Total
Total financial assets carried at fair value:				
Short-term investments	$ 31	$ -	$ -	$ 31
Derivatives designated as hedges	-	107	-	107
Derivatives not designated as hedges	17	201	5	223
	$ 48	$ 308	$ 5	$ 361

As at April 1, 2018 *(in millions)*	Level 1	Level 2	Level 3	Total
Total financial liabilities carried at fair value:				
Derivatives designated as hedges	$ -	$ (8)	$ -	$ (8)
Derivatives not designated as hedges	(62)	(106)	(3)	(171)
	$ (62)	$ (114)	$ (3)	$ (179)

The Company’s policy is to recognize level transfers at the end of each period during which the change occurred. There were no transfers between Level 1 and 2 during the period.

The following table reconciles the changes in the balance of financial instruments carried at fair value on the statement of financial position, classified as Level 3, for the three months ended June 30, 2019 and 2018:

(in millions)		
Balance as at April 1, 2019	**$**	**(7)**
Net gain recognized		21
Existing transactions settled		(9)
Balance as at June 30, 2019	**$**	**5**

(in millions)		
Balance as at April 1, 2018	**$**	**2**
Net gain recognized		6
Existing transactions settled		(5)
Balance as at June 30, 2018	**$**	**3**

There were no transfers between Level 3 and 2 during the period.

During the three months ended June 30, 2019, unrealized gains of $24 million (2018/19 - $8 million gain) were recognized on Level 3 derivative commodity instruments still on hand. These gains were recognized in trade revenues.

Methodologies and procedures regarding commodity trading Level 3 fair value measurements are determined by the Company's risk management group. Level 3 fair values are calculated within the Company's risk management policies for trading activities based on underlying contractual data as well as observable and non-observable inputs. To ensure reasonability, Level 3 fair value measurements are reviewed and validated by risk management and finance departments on a regular basis.

The key unobservable inputs in the valuation of certain Level 3 financial instruments includes components of forward commodity prices and delivery or receipt volumes. A sensitivity analysis was prepared using the Company's assessment of a reasonably possible change in various components of forward prices and volumes of 10 percent. Forward commodity prices used in determining Level 3 base fair value at June 30, 2019 are $5-$94 per MWh and a 10 percent increase/decrease in certain components of these prices would decrease/increase fair value by $1 million. A 10 percent change in estimated volumes used in determining Level 3 fair value would increase/decrease fair value by $14 million.

NOTE 15: OTHER NON-CURRENT LIABILITIES

(in millions)		***As at June 30*** **2019**		*As at March 31* 2019		*As at April 1* 2018
Provisions						
Environmental liabilities	**$**	**280**	$	284	$	317
Decommissioning obligations		**53**		53		53
Other		**52**		30		70
		385		367		440
First Nations liabilities		**399**		410		401
Other contributions		**237**		238		242
Other liabilities		**432**		419		409
		1,453		1,434		1,492
Less: Current portion, included in accounts payable and accrued liabilities		**(106)**		(88)		(123)
	$	**1,347**	$	1,346	$	1,369

NOTE 16: SEASONALITY OF OPERATING RESULTS

Due to the seasonal nature of the Company’s operations, the condensed consolidated interim statement of comprehensive income is not indicative of operations on an annual basis. Seasonal impacts of weather, including its impact on water inflows, energy consumption within the region and market prices of energy, can have a significant impact on the Company’s operating results.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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NOTE 17: EXPLANATION OF ADOPTION OF IFRS 16 AND RESTATEMENT TO PREVIOUSLY REPORTED FIGURES

Reconciliation of Consolidated Statement of Financial Position

	As at April 1, 2018			As at June 30, 2018			As at March 31, 2019		
(in millions)	Pre-policy change	IFRS 16 Adjustment	**Post-policy change**	Pre-policy change	IFRS 16 Adjustment	**Post-policy change**	Pre-policy change	IFRS 16 Adjustment	**Post-policy change**
ASSETS									
Current Assets									
Cash and cash equivalents	$ 42	$ -	**$ 42**	$ 46	$ -	**$ 46**	$ 84	$ -	**$ 84**
Restricted cash	77	-	**77**	41	-	**41**	109	-	**109**
Accounts receivable and accrued revenue	728	-	**728**	565	-	**565**	912	-	**912**
Inventories	144	-	**144**	160	-	**160**	168	-	**168**
Prepaid expenses	167	(3)	**164**	211	(3)	**208**	179	(5)	**174**
Current portion of derivative financial instrument assets	174	-	**174**	103	-	**103**	79	-	**79**
	1,332	(3)	**1,329**	1,126	(3)	**1,123**	1,531	(5)	**1,526**
Non-Current Assets									
Property, plant and equipment	25,079	(640)	**24,439**	25,393	(635)	**24,758**	27,952	(618)	**27,334**
Right-of-use assets	-	1,526	**1,526**	-	1,505	**1,505**	-	1,466	**1,466**
Intangible assets	591	-	**591**	595	-	**595**	602	-	**602**
Derivative financial instrument assets	156	-	**156**	132	1	**133**	49	-	**49**
Other non-current assets	632	(18)	**614**	689	(17)	**672**	596	(13)	**583**
	26,458	868	**27,326**	26,809	854	**27,663**	29,199	835	**30,034**
Total Assets	27,790	865	**28,655**	27,935	851	**28,786**	30,730	830	**31,560**
Regulatory Balances	5,891	63	**5,954**	5,869	77	**5,946**	4,942	65	**5,007**
Total Assets and Regulatory Balances	$ 33,681	$ 928	**$ 34,609**	$ 33,804	$ 928	**$ 34,732**	$ 35,672	$ 895	**$ 36,567**
LIABILITIES AND EQUITY									
Current Liabilities									
Accounts payable and accrued liabilities	$ 1,603	$ 62	**$ 1,665**	$ 1,161	$ 64	**$ 1,225**	$ 1,478	$ 68	**$ 1,546**
Current portion of long-term debt	3,344	-	**3,344**	3,194	-	**3,194**	3,121	-	**3,121**
Current portion of unearned revenues and contributions in aid	85	-	**85**	84	-	**84**	87	-	**87**
Current portion of derivative financial instrument liabilities	112	2	**114**	105	2	**107**	89	-	**89**
	5,144	64	**5,208**	4,544	66	**4,610**	4,775	68	**4,843**
Non-Current Liabilities									
Long-term debt	17,020	-	**17,020**	17,717	-	**17,717**	19,261	-	**19,261**
Lease liabilities	652	867	**1,519**	651	864	**1,515**	642	828	**1,470**
Derivative financial instrument liabilities	66	(1)	**65**	59	-	**59**	296	(2)	**294**
Unearned revenues and contributions in aid of construction	1,758	-	**1,758**	1,784	-	**1,784**	1,905	-	**1,905**
Post-employment benefits	1,474	-	**1,474**	1,499	-	**1,499**	1,752	-	**1,752**
Other non-current liabilities	1,369	-	**1,369**	1,357	-	**1,357**	1,346	-	**1,346**
	22,339	866	**23,205**	23,067	864	**23,931**	25,202	826	**26,028**
Total Liabilities	27,483	930	**28,413**	27,611	930	**28,541**	29,977	894	**30,871**
Regulatory Balances	751	(1)	**750**	724	(1)	**723**	748	2	**750**
Shareholder's Equity									
Contributed surplus	60	-	**60**	60	-	**60**	60	-	**60**
Retained earnings	5,421	(1)	**5,420**	5,442	(1)	**5,441**	4,934	(1)	**4,933**
Accumulated other comprehensive income (loss)	(34)	-	**(34)**	(33)	-	**(33)**	(47)	-	**(47)**
	5,447	(1)	**5,446**	5,469	(1)	**5,468**	4,947	(1)	**4,946**
Total Liabilities, Shareholder's Equity and Regulatory Balances	$ 33,681	$ 928	**$ 34,609**	$ 33,804	$ 928	**$ 34,732**	$ 35,672	$ 895	**$ 36,567**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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Reconciliation of Consolidated Statement of Comprehensive Income (Loss)

(in millions)	For the three months ended June 30, 2018 Pre-policy change	IFRS 16 Adjustment	**Post-policy change**	For the year ended March 31, 2019 Pre-policy change	IFRS 16 Adjustment	**Post-policy change**
Revenues						
Domestic	$ 1,172	$ -	**$ 1,172**	$ 5,432	$ -	**$ 5,432**
Trade	231	-	**231**	1,141	3	**1,144**
	1,403	-	**1,403**	6,573	3	**6,576**
Expenses						
Operating expenses	1,133	12	**1,145**	4,696	(8)	**4,688**
Finance charges	195	2	**197**	1,186	10	**1,196**
Net Income Before Movement in Regulatory Balances	75	(14)	**61**	691	1	**692**
Net movement in regulatory balances	5	14	**19**	(1,119)	(1)	**(1,120)**
Net Income (Loss)	80	-	**80**	(428)	-	**(428)**
OTHER COMPREHENSIVE INCOME (LOSS)						
Items That Will Be Reclassified to Net Income						
Effective portion of changes in fair value of derivatives designated as cash flow hedges	(7)	-	**(7)**	(24)	-	**(24)**
Reclassification to income of derivatives designated as cash flow hedges	6	-	**6**	8	-	**8**
Foreign currency translation gains (losses)	2	-	**2**	3	-	**3**
Items That Will Not Be Reclassified to Net Income						
Actuarial gain (loss)	-	-	**-**	(173)	-	**(173)**
Other Comprehensive Income (Loss) before movement in regulatory balances	1	-	**1**	(186)	-	**(186)**
Net movements in regulatory balances	-	-	**-**	173	-	**173**
Other Comprehensive Income (Loss)	1	-	**1**	(13)	-	**(13)**
Total Comprehensive Income (Loss)	$ 81	-	**$ 81**	$ (441)	-	**$ (441)**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2019

Reconciliation of Consolidated Statement of Cash Flows

	For the three months ended June 30, 2018			For the year ended March 31, 2019		
(in millions)	Pre-policy change	IFRS 16 Adjustment	**Post-policy change**	Pre-policy change	IFRS 16 Adjustment	**Post-policy change**
Operating Activities						
Net income (Loss)	$ 80	-	**$ 80**	$ (428)	-	**$ (428)**
Regulatory account transfers	(92)	**(31)**	**(123)**	504	**1**	**505**
Adjustments for non-cash items:						
Amortization of regulatory accounts	104	-	**104**	442	-	**442**
Amortization and depreciation expense	210	**16**	**226**	880	**8**	**888**
Unrealized losses on derivative financial instruments	14	-	**14**	286	-	**286**
Post-employment benefits expense	26	-	**26**	106	-	**106**
Interest accrual	205	-	**205**	854	-	**854**
Other items	13	**2**	**15**	(22)	**10**	**(12)**
	560	**(13)**	**547**	2,622	**19**	**2,641**
Changes in:						
Restricted cash	36	-	**36**	(32)	-	**(32)**
Accounts receivable and accrued revenue	165	-	**165**	(131)	-	**(131)**
Prepaid expenses	(44)	-	**(44)**	(30)	-	**(30)**
Inventories	(16)	-	**(16)**	(23)	-	**(23)**
Accounts payable, accrued liabilities and other non-current liabilities	(93)	**17**	**(76)**	138	-	**138**
Unearned revenue and contributions in aid	26	-	**26**	160	-	**160**
Other non-current assets	(76)	-	**(76)**	18	-	**18**
	(2)	**17**	**15**	100	-	**100**
Interest paid	(326)	-	**(326)**	(850)	-	**(850)**
Cash provided by operating activities	232	**4**	**236**	1,872	**19**	**1,891**
Investing Activities						
Property, plant and equipment and intangible asset expenditures	(678)	-	**(678)**	(3,766)	-	**(3,766)**
Cash used in investing activities	(678)	-	**(678)**	(3,766)	-	**(3,766)**
Financing Activities						
Long-term debt issued	874	-	**874**	2,418	-	**2,418**
Long-term debt retired	(457)	-	**(457)**	(1,287)	-	**(1,287)**
Receipt of revolving borrowings	1,913	-	**1,913**	8,865	-	**8,865**
Repayment of revolving borrowings	(1,780)	-	**(1,780)**	(7,981)	-	**(7,981)**
Payment to the Province	(159)	-	**(159)**	(159)	-	**(159)**
Other items	59	**(4)**	**55**	80	**(19)**	**61**
Cash provided by financing activities	450	**(4)**	**446**	1,936	**(19)**	**1,917**
Increase (decrease) in cash and cash equivalents	4	-	**4**	42	-	**42**
Cash and cash equivalents, beginning of year	42	-	**42**	42	-	**42**
Cash and cash equivalents, end of year	$ 46	-	**46**	$ 84	-	**84**

a) Leases

The Company previously recognized three long-term energy purchase agreements as finance leases. Under IFRS 16, these three long-term energy purchase agreements no longer meet the definition of a lease as the contract does not convey the right to control the use of the identified asset. In addition, the Company recognized certain long-term energy purchase agreements, office property agreements, and generating equipment agreements as a lease upon adoption of IFRS 16.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2019

The following table summarizes the impact of the adjustments to the following periods:

	Incremental Increase (Decrease)		
(in millions)	As at April 1, 2018	For the three months ended June 30, 2018	For the year ended March 31, 2019
Prepaid expenses	$ (3)	$ -	$ (2)
Property, plant and equipment	(640)	5	22
Right-of-use assets	1,526	(21)	(60)
Derivative financial instrument assets	-	1	-
Other non-current assets	(18)	1	5
Regulatory balances (regulatory assets)	63	14	2
Accounts payable and accrued liabilities	62	2	6
Current portion of derivative financial instrument liabilities	2	-	(2)
Lease liabilities	867	(3)	(39)
Derivative financial instrument liabilities	(1)	1	(1)
Regulatory balances (regulatory liabilities)	(1)	-	3
Retained earnings	(1)	-	-
Trade revenues	-	-	3
Operating expenses	-	12	(8)
Finance charges	-	2	10
Net movement in regulatory balances in net income	-	14	1

b) Restatement of Previously Reported Figures

As noted in the 2018/19 Annual Service Plan Report, the Company transitioned to IFRS during the year ended March 31, 2019. As a result, previously reported figures in the consolidated statement of financial position as at June 30, 2018 and in the consolidated statement of comprehensive income and consolidated statement of cash flows for the three months ended June 30, 2018 presented above under pre-policy change columns were restated. Refer to Note 24 – Explanation of Transition to IFRS in the BC Hydro's 2018/19 Annual Service Plan Report for a detailed explanation of adjustments and reclassifications made on transition to IFRS.

The net impact to shareholder's equity as at June 30, 2018 on the transition to IFRS was a net decrease of $9 million, which included a decrease to accumulated other comprehensive income of $83 million and an increase to retained earnings of $74 million. The transition to IFRS resulted in reclassifications within certain line items but had no net impact on the consolidated statement of comprehensive income or consolidated statement of cash flows for the three months ended June 30, 2018.

The following table summarizes the impact of the adjustments to the following periods:

	Incremental Increase (Decrease)	
(in millions)	As at June 30, 2018	For the three months ended June 30, 2018
Accounts receivable and accrued revenues	$ (5)	$ -
Property, plant and equipment	(4)	-
Regulatory balances (regulatory assets)	17	-
Accounts payable and accrued liabilities	(33)	-
Current portion of unearned revenues and contributions in aid	84	-
Unearned revenue and contributions in aid	(116)	-
Post-employment benefits	17	-
Other non-current liabilities	65	-
Retained earnings	74	-
Accumulated other comprehensive income (loss)	(83)	-
Domestic revenues	-	(118)
Operating expenses	-	(137)
Finance charges	-	24
Net movement in regulatory balances in net income	-	5
Actuarial gain in OCI	-	(17)
Net movement in regulatory balances in OCI	-	17

NOTE 18: SUBSEQUENT EVENT

Subsequent to June 30, 2019, a contractor made claims against BC Hydro that alleges among other things delays and disruptions impacting work completed to-date and expected to be performed in future periods. BC Hydro continues to assess the validity of the claim amount. Additional details related to these claims are not being disclosed as they could seriously prejudice the outcome of the dispute.