



**Unaudited Consolidated Interim Financial Statements
For the three months ended March 31, 2008**

CONSOLIDATED BALANCE SHEETS

 As at
 (unaudited)

 March 31, 2008
 (\$000s)

 December 31, 2007
 (\$000s)

ASSETS (note 4)
Current assets

Cash	166	-
Accounts receivable (note 6)	38,809	42,864
Prepaid expenses	2,745	1,349
Deferred charges and other assets	975	976
Materials and supplies	752	523
Regulatory assets	114	136
Income taxes recoverable	74	-
	43,635	45,848

Deferred charges and other assets

	12,440	11,554
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Regulatory assets

	18,878	18,514
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Property, plant and equipment (note 3)

	849,713	836,180
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Goodwill

	1,209	1,209
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TOTAL ASSETS

	925,875	913,305
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LIABILITIES AND SHAREHOLDER'S EQUITY
Current liabilities

Accounts payable and accrued liabilities (note 6)	42,401	39,358
Accrued interest	8,839	8,044
Current portion of debt (note 4)	6,028	5,438
Regulatory liabilities	833	1,132
Income taxes payable	-	301
	58,101	54,273

Long-term debt (note 4)

	488,554	488,643
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Obligation under capital lease and other liabilities

	29,015	28,976
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Other post-retirement benefits

	9,137	8,749
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Future income taxes

	1,741	1,745
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	528,447	528,113
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Shareholder's equity

Share capital (note 5)	166,851	166,851
Retained earnings	172,476	164,068
	339,327	330,919

Contingency (note 9)
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY

	925,875	913,305
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CONSOLIDATED STATEMENTS OF EARNINGS

For the three months ended March 31

(Unaudited)

	2008	2007
	(\$000s)	(\$000s)
Revenues (note 6)		
Electricity revenue	63,008	59,973
Other revenue	1,355	1,999
	<u>64,363</u>	<u>61,972</u>
Expenses (note 6)		
Power purchases	20,979	20,093
Operating and maintenance	9,017	8,909
Depreciation	7,902	7,082
Property taxes	2,877	2,828
Water fees	1,990	2,019
Wheeling	879	861
Amortization	637	707
	<u>44,281</u>	<u>42,499</u>
Earnings from operations	<u>20,082</u>	19,473
Interest expense		
Long-term debt	7,901	6,640
Short-term debt	145	376
Allowance for funds used during construction	(822)	(616)
	<u>7,224</u>	<u>6,400</u>
Earnings before income taxes	12,858	13,073
Income taxes	<u>1,250</u>	1,734
Net earnings	<u>11,608</u>	11,339

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the three months ended March 31

(Unaudited)

	2008	2007
	(\$000s)	(\$000s)
Retained earnings, beginning of period	164,068	145,812
Net earnings	11,608	11,339
Dividends	(3,200)	(2,900)
Retained earnings, end of period	<u>172,476</u>	<u>154,251</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

 For the three months ended March 31
 (Unaudited)

	2008 (\$000s)	2007 (\$000s)
Cash from (used in) operating activities		
Net earnings	11,608	11,339
Adjustments for non-cash items:		
Depreciation	7,902	7,082
Amortization	637	707
Future income taxes	(4)	6
Deferred charges and other non-current assets and liabilities	(847)	(833)
	<u>19,296</u>	<u>18,301</u>
Changes in non-cash working capital (note 7)	11,305	11,239
	<u>30,601</u>	<u>29,540</u>
Cash from (used in) investing activities		
Additions to property, plant and equipment	(21,662)	(27,595)
Additions to deferred charges and other non-current assets	(569)	(169)
Changes in non-cash working capital (note 7)	(5,404)	3,085
	<u>(27,635)</u>	<u>(24,679)</u>
Cash from (used in) financing activities		
Proceeds from bank debt	573	-
Repayment of bank debt	-	(32,807)
Proceeds from affiliate demand notes	-	31,000
Repayment of mortgage	(168)	(154)
Dividends	(3,200)	(2,900)
Deferred financing costs	(5)	-
	<u>(2,800)</u>	<u>(4,861)</u>
Increase in cash	<u>166</u>	<u>-</u>
Cash, opening balance	<u>-</u>	<u>46</u>
Cash, closing balance	<u>166</u>	<u>46</u>
Cash flows include the following elements:		
Interest paid	7,251	4,625
Income taxes paid	1,122	1,080

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended March 31, 2008 and 2007

(Unaudited)

(All tabular dollar amounts are in thousands, unless otherwise noted)

1. ENTITY DEFINITION AND NATURE OF OPERATIONS

FortisBC Inc. (“FortisBC” or the “Company”) was incorporated by an Act of the Legislature of British Columbia. The Company is a wholly-owned subsidiary of Fortis Pacific Holdings Inc. (“Fortis Pacific”) which is an indirect wholly-owned subsidiary of Fortis Inc. (“Fortis”), a Canadian public company.

FortisBC is an integrated, regulated electric utility which owns and operates a network of generation, transmission and distribution assets located in the southern interior of British Columbia. The Company serves residential, general service, wholesale and industrial consumers of electricity. The Company’s generation assets include four regulated hydroelectric generating plants on the Kootenay River with an aggregate capacity of 223 megawatts and a non-regulated 16 megawatt run-of-river hydroelectric generating plant near Lillooet, British Columbia. The Company’s regulated transmission and distribution assets consist of a network of transmission and distribution power lines, substations and support structures.

Interim results will fluctuate due to the seasonal demands for electricity, the movements of electricity prices and the timing and recognition of regulatory decisions. The Company’s operations normally produce higher earnings in the first quarter when demand for electricity is higher. Consequently, interim results are not necessarily indicative of annual results.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of presentation**

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”) for interim financial statements and do not include all the disclosures normally found in the Company’s annual consolidated financial statements. These interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2007.

The consolidated financial statements include the accounts of the Company and its wholly-owned partnership and subsidiaries, Walden Power Partnership (“WPP”), ESI-Power Walden Corporation Ltd., and West Kootenay Power Ltd. All significant inter-company transactions and balances have been eliminated upon consolidation.

These consolidated financial statements have been prepared following the same accounting policies and methods as those used in preparing the most recent audited consolidated financial statements except for those described under “Changes in accounting policies”.

Regulation

The Company is regulated by the British Columbia Utilities Commission (“BCUC”). The BCUC administers acts and regulations, pursuant to the *Utilities Commission Act* (British Columbia) covering such matters as tariffs, rates, construction, operations, financing and accounting.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended March 31, 2008 and 2007

(Unaudited)

(All tabular dollar amounts are in thousands, unless otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FortisBC operates primarily under a cost of service regulation as prescribed by the BCUC. The Company applies to the BCUC for annual revenue requirements based on estimated costs of service, including, but not limited to, operating expenses, power purchases, depreciation and amortization, income taxes, interest on debt and a return on equity. In addition, the regulatory framework includes some performance-based rate setting (“PBR”) attributes. PBR is subject to change as the Company’s regulatory framework evolves.

Electricity revenue is billed at rates approved by the BCUC and is bundled to include the cost of generating, transmitting and distributing electricity. In addition, the rate includes customer service as well as other corporate and service functions.

When the BCUC issues decisions affecting the financial statements, the effects of the decision are recorded in the period in which the decision is received.

The Company’s consolidated financial statements have been prepared in accordance with GAAP, including certain treatments that differ from that for enterprises not subject to rate regulation.

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the period. The estimates relate to unbilled electricity deliveries, the useful life of property, plant and equipment, goodwill, asset retirement obligations and employee future benefits, among other things. Certain estimates are also necessary since the regulatory environment in which the Company operates often requires amounts to be recorded at estimated values until finalization and adjustment, if any, is determined pursuant to subsequent regulatory decisions or other regulatory proceedings. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes in such estimates in future periods could be material and are recorded in the period they became known.

Changes in accounting policies

Effective January 1, 2008, FortisBC adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (“CICA”).

- a) 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. This standard did not have a material impact on the Company’s earnings for the three month period ended March 31, 2008.
- b) Section 1535, *Capital Disclosures*, which requires additional information in the notes to the financial statements about the Company’s capital and the manner in which it is managed. This additional disclosure, which includes qualitative and quantitative information regarding an entity’s objectives,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended March 31, 2008 and 2007

(Unaudited)

(All tabular dollar amounts are in thousands, unless otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

policies and processes for managing capital, has been provided in note 10.

- c) Section 3862, *Financial Instruments Disclosures*, which requires disclosure on both qualitative and quantitative information to assist users of the financial statements to evaluate the nature and extent of risks from financial instruments to which the Company is exposed. The required disclosure has been provided in note 11.

Future accounting pronouncements**a) Accounting for rate regulated operations**

In March 2002, the Accounting Standards' Board ("AcSB") approved a project to review the need to modify existing standards to reflect the unique characteristics of rate regulated operations, specifically how rate regulation may result in assets and liabilities which meet the asset and liability definitions of the CICA Handbook. In August 2007, the AcSB issued a summary regarding its March 2007 Exposure Draft "Rate Regulated Operations", which decided that prospectively for fiscal years beginning on or after January 1, 2009:

- The temporary exemption in Section 1100, *Generally Accepted Accounting Principles*, providing relief to entities subject to rate regulation from the requirement to apply Section 1100 to the recognition and measurement of assets and liabilities arising from rate regulation will be removed.
- Section 3465, *Income Taxes*, will be amended to require the recognition of future income tax liabilities and assets as well as a regulatory asset or liability for the amount of future income taxes expected to be recovered from or returned to customers in future rates.

The AcSB also decided that the current guidance pertaining to rate regulated operations in Section 1600, *Consolidated Financial Statements*, Section 3061, *Property, Plant and Equipment*, Section 3475, *Disposal of Long Lived Assets and Discontinued Operations*, and AcG-19, *Disclosures by Entities Subject to Rate Regulation* be retained.

Effective January 1, 2009, the impact on FortisBC of the amendment to Section 3465, *Income Taxes*, will be the recognition of a future income tax liability as well as a separate regulatory asset for the amount of future income taxes expected to be included in future rates and recovered from customers. Currently, the Company uses the taxes payable method of accounting for income taxes on regulated earnings. The effect on the Company's financial statements if it had adopted amended Section 3465, *Income Taxes*, as at December 31, 2007, would have been an increase in future tax liabilities of \$63.9 million, including an amount associated with income taxes that will become payable on future revenues as they are collected from customers when the tax timing differences reverse. There would also be a corresponding increase in regulatory assets of \$63.9 million. The Company is continuing to assess and monitor any additional implications on its financial reporting related to accounting for rate regulated operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended March 31, 2008 and 2007

 (Unaudited)

(All tabular dollar amounts are in thousands, unless otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
b) Goodwill and intangible assets

Effective January 1, 2009, FortisBC will be adopting the new Section 3064, *Goodwill and Intangible Assets*, which converges Canadian GAAP for goodwill and intangible assets with International Financial Reporting Standards. The new standard provides more comprehensive guidance on intangible assets, particularly for internally developed intangible assets. The Company is investigating the impact of this new standard on the financial statements of the Company.

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	Book Value March 31, 2008	Book Value December 31, 2007
Generation	\$ 182,531	\$ 41,882	\$ 140,649	\$ 141,027
Substations	253,149	52,107	201,042	202,170
Transmission	142,099	31,006	111,093	111,603
Distribution	299,778	64,718	235,060	231,165
General	124,389	49,036	75,353	76,112
Asset under capital lease	27,228	4,555	22,673	22,900
Construction work in progress	63,843	-	63,843	51,203
Total	<u>\$ 1,093,017</u>	<u>\$ 243,304</u>	<u>\$ 849,713</u>	<u>\$ 836,180</u>

Included in general property, plant and equipment is \$7.9 million (December 31, 2007 - \$6.9 million) of inventory held for construction and maintenance of property, plant and equipment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended March 31, 2008 and 2007

(Unaudited)

(All tabular dollar amounts are in thousands, unless otherwise noted)

4. DEBT

	March 31, 2008	December 31, 2007
Secured Debentures		
Series E 11.0% due December 1, 2009	\$ 4,500	\$ 4,500
Series F 9.65% due October 16, 2012	15,000	15,000
Series G 8.8% due August 28, 2023	25,000	25,000
WPP mortgage 9.44% due October 31, 2013	5,013	5,181
	49,513	49,681
Unsecured Debentures		
Series H 8.77% due February 1, 2016	25,000	25,000
Series I 7.81% due December 1, 2021	25,000	25,000
Series J 6.75% due July 31, 2009	50,000	50,000
Series 04-1 5.48% due November 28, 2014	140,000	140,000
Series 05-1 5.60% due November 9, 2035	100,000	100,000
Series 07-1 5.90% due July 4, 2047	105,000	105,000
	445,000	445,000
Operating credit facilities		
Overdraft facility	4,562	3,989
	4,562	3,989
Total debt	499,075	498,670
Current portion of debt	6,028	5,438
	493,047	493,232
Less: deferred financing costs	4,493	4,589
Long-term debt	\$ 488,554	\$ 488,643

Secured and unsecured debentures

The Series E, F and G secured debentures are collateralized by a fixed and floating first charge on the assets of the Company. The secured Series E, F, G and unsecured Series H, I and J debentures are guaranteed by FortisWest Inc., a subsidiary of Fortis.

Operating credit facilities

The operating credit facility is comprised of a \$50.0 million, three-year revolving facility maturing on May 12, 2010 ("Facility A") and a \$100.0 million, 364-day revolving facility maturing May 8, 2008 ("Facility B"). Two years prior to the current Facility A maturity date, the Company may request an extension of the maturity date for Facility A for a further period of 364 days and if the request for extension is not granted, all amounts outstanding under Facility A become due on the Facility A maturity date. Similarly, prior to the current Facility B maturity date, the Company may request the lenders to extend the term for an additional 364 days and if the request for extension is not granted, Facility B will automatically convert into a non-revolving term credit facility that will mature six months from that date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended March 31, 2008 and 2007

(Unaudited)

(All tabular dollar amounts are in thousands, unless otherwise noted)

4. DEBT (continued)

On April 15, 2008, the Company entered into an amendment to the operating credit facility that extends the maturity date of Facility A to May 11, 2011 and extends the maturity date of Facility B to May 7, 2009.

The operating credit facility also allows the Company to request that the lenders provide up to \$50.0 million of additional financing under Facility A or Facility B or a combination of the two facilities. As at March 31, 2008, \$nil (December 31, 2007 - \$nil) has been drawn on Facility A and \$nil (December 31, 2007 - \$nil) has been drawn on Facility B.

Borrowings under the operating credit facilities bear interest at prime or the certificate of deposit offered rate for bankers' acceptances plus a margin based on FortisBC's debt ratings provided by certain major credit rating agencies. The operating credit facilities are also available to support letters of credit. As at March 31, 2008, letters of credit were issued in the amount of \$3.0 million (December 31, 2007 - \$3.1 million).

Overdraft facility

The overdraft facility is an unsecured \$10.0 million demand credit facility which bears interest at prime. The interest rate on the balance outstanding at March 31, 2008 is 5.25% (December 31, 2007 - 6.0%).

5. SHARE CAPITAL

FortisBC has issued and outstanding 1,668,510 common shares (December 31, 2007 - 1,668,510 common shares), all of which are owned by Fortis through its indirect wholly owned subsidiary, Fortis Pacific.

There were no changes to share capital during the three months ended March 31, 2008 and March 31, 2007.

During the three months ended March 31, 2008, FortisBC paid dividends of \$3.2 million (2007 - \$2.9 million) to its parent company, Fortis Pacific.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended March 31, 2008 and 2007

 (Unaudited)

(All tabular dollar amounts are in thousands, unless otherwise noted)

6. RELATED PARTY TRANSACTIONS

In addition to transactions and balances disclosed elsewhere, in the normal course of business the Company transacts with its parent and other related companies under common control. The following transactions were measured at the exchange amount.

	Three Months Ended	
	March 31	
	2008	2007
Revenues charged to related parties	\$ 127	\$ 129
Operating costs charged from related parties	320	320
Operating costs recovered from related parties	1,413	1,166
Interest expense on affiliate demand notes	-	255
Interest revenue on accounts receivable	6	6

The revenues charged represent electricity and services sold to related parties.

The operating costs charged consist of information technology expenses, contract and direct labour charges, meter shop charges, stock options, rent, natural gas utility charges consumed in operating the Company's facilities, and corporate governance costs.

The operating costs recovered consist of labour and materials charges to the Company's parent and other related parties.

During the three months ended March 31, 2007, the Company borrowed affiliate demand notes from Fortis totalling \$31.0 million at 4.57%. Interest expense on the affiliate demand notes was recorded in short-term interest expense.

Included in accounts receivable are amounts due from Fortis Pacific which bear interest at prime. Interest on the related party accounts receivable was recorded in other revenue.

The following amounts due to and from the Company's parent and other related companies under common control are unsecured and due on demand:

	As at	As at
	March 31	December 31
	2008	2007
Included in accounts receivable	\$ 597	\$ 2,743
Included in accounts payable and accrued liabilities	428	125

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended March 31, 2008 and 2007

 (Unaudited)

(All tabular dollar amounts are in thousands, unless otherwise noted)

7. CHANGES IN NON-CASH WORKING CAPITAL

	Three Months Ended	
	March 31	
	2008	2007
Changes in non-cash working capital:		
Accounts receivable	\$ 4,055	\$ 5,864
Prepaid expenses	(1,396)	(1,280)
Deferred charges and other assets	8	(19)
Income taxes recoverable / payable	(375)	405
Materials and supplies	(229)	21
Accounts payable and accrued liabilities	3,043	6,942
Accrued interest	795	2,391
	<u>5,901</u>	<u>14,324</u>
Changes in non-cash working capital attributable to:		
Operating activities	11,305	11,239
Investing activities	(5,404)	3,085
	<u>\$ 5,901</u>	<u>\$ 14,324</u>

8. PENSION BENEFITS

During the three months ended March 31, 2008, the Company recorded defined benefit pension expenses of \$0.7 million (three months ended March 31, 2007 - \$0.9 million).

9. CONTINGENCY

The Province of British Columbia has alleged breaches of the Forest Practices Code and negligence relating to a forest fire near Vaseux Lake and has filed and served a Writ and Statement of Claim against FortisBC. In addition, FortisBC has been served with two Writs and Statements of Claim by private land owners in relation to the same matter. FortisBC is communicating with its insurers and has filed a Statement of Defence in relation to all of the actions. The outcome cannot be reasonably determined and estimated at this time, and accordingly no amount has been accrued in the financial statements

10. CAPITAL DISCLOSURES

The objectives of the Company to manage capital are to:

- target a long-term capital structure that includes approximately 40% equity and 60% debt;
- finance the debt portion of the capital structure primarily with fixed rate, longer term debt in order to match the long term nature of the property, plant and equipment the capital is primarily financing; and
- maintain investment grade credit ratings to support continued access to cost effective capital.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended March 31, 2008 and 2007

 (Unaudited)

(All tabular dollar amounts are in thousands, unless otherwise noted)

10. CAPITAL DISCLOSURES (continued)

The Company defines its capital as shareholder's equity (consisting of share capital and retained earnings) plus debt (consisting of secured and unsecured debentures gross of deferred financing costs, the WPP mortgage, operating credit facilities, overdraft facility and other short term borrowings). The Company's long term capital structure target of 40% equity and 60% debt is consistent with the deemed capital structure allowed by the BCUC when determining the costs to finance the operations included in customer rates. The Company meets its objectives when managing capital by estimating the amount and timing for the issuance of common shares and the payment of dividends, by issuing long term debentures when the Company's capital structure includes a relatively high proportion of floating rate debt and by maintaining adequate borrowing capacity on its operating credit facilities.

As at March 31, 2008 and December 31, 2007, the Company's capital structure was as follows:

	As at		As at	
	March 31		December 31	
	2008		2007	
	\$	Percent	\$	Percent
Total Debt ¹	499,075	59.5	498,670	60.1
Shareholder's Equity	339,327	40.5	330,919	39.9
Total	838,402	100.0	829,589	100.0

¹ Excludes debt issue costs.

11. FINANCIAL INSTRUMENTS
(a) Designation and valuation of financial instruments

The Company enters into financial instruments to finance the Company's operations in the normal course of business.

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

- The fair values of cash, accounts receivable, deposits, employee loans and accounts payable and accrued liabilities approximate their carrying values due to the short-term maturity of these instruments.
- The fair values of energy management loans and operating credit and overdraft facilities approximate their carrying values since their interest rates are comparable to market rates.
- Since the Company has classified secured and unsecured debentures and mortgage obligations as "*Other Financial Liabilities*", the Company has measured these debt instruments at amortized cost using the effective interest method as required under CICA Handbook Section 3855. As at March 31, 2008, the fair value of these liabilities exceeded the carrying value by \$40.5 million (December 31, 2007 - \$34.0 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended March 31, 2008 and 2007

(Unaudited)

(All tabular dollar amounts are in thousands, unless otherwise noted)

11. FINANCIAL INSTRUMENTS (continued)**(b) Risks**

Exposure to credit risk, foreign exchange risk, interest rate risk and liquidity risk occur in the normal course of the Company's operations. The Company currently does not enter into derivative financial instruments to reduce exposure to fluctuations in any of the risks impacting the Company's operations.

Credit risk

The Company extends credit to customers in its role as a regulated electric utility service provider. Credit risk on accounts receivable is managed based on the terms and conditions of the Electric Tariff BCUC No.1 for Service in the West Kootenay and Okanagan Areas. The Company manages credit risk for its accounts receivables by requiring customer deposits or credit checks for new customers and by issuing notices, performing disconnections and using third party collection agencies for overdue accounts. The Company's credit risk is also mitigated through the annual Revenue Requirement Application which includes a forecast amount for uncollectible accounts receivable.

At March 31, 2008 the balance of customer accounts receivable past due over 60 days was \$2.0 million (December 31, 2007 - \$2.8 million). The Company has provided an allowance for doubtful accounts of \$1.3 million (December 31, 2007 - \$1.3 million) on outstanding accounts receivable.

Foreign exchange risk

The Company realizes all of its sales and a significant majority of its expenses in Canadian dollars and is therefore not exposed to significant foreign exchange rate fluctuations.

Interest rate risk

The Company's secured and unsecured debentures bear fixed interest rates, while the Company's operating credit facility and overdraft facility are subject to variable interest rates. Under the current PBR regulatory framework the Company currently operates within, any variations in regulated interest expense are flowed through to be paid by or returned to customers in future customer rates. Because of this mechanism, the Company's exposure to interest rate risk on its variable interest rate debt is immaterial.

Liquidity risk

The Company endeavors to maintain committed operating credit facilities with capacity sufficient to repay its financial liabilities when they became due. The Company regularly monitors the maturity dates, committed amounts and balances drawn on its operating credit facilities in order to reduce its liquidity risk to an appropriate level when considering upcoming financial liabilities.