PRINCE EDWARD ISLAND ENERGY CORPORATION

ANNUAL REPORT 2018-19

Prince Edward Island Energy Corporation
36th Annual Report
For the Year Ended
March 31, 2019

Our Legislated Objectives

Pursuant to section 6 of the *Energy Corporation Act*, the legislated objectives of the Prince Edward Island Energy Corporation are:

….. "*to develop and promote the development of energy systems and the generation, production, transmission and distribution of energy in all its forms on an economic and efficient basis, to provide financial assistance for the development, installation and use of energy systems, and to coordinate all government programs in the establishment and application of energy systems in the province*."

Our Core Activities

Consistent with our legislated objectives, the Corporation:

- Owns and operates wind farm operations at East Point (30 megawatts), Hermanville/Clearspring (30 megawatts) and North Cape (13.56 megawatts);
- Owns electrical transmission facilities in Prince County that connect its North Cape operations and other renewable energy generators to the Maritime Electric grid;
- Finances energy projects and energy systems, particularly those initiatives that involve renewable development in PEI (e.g., Wind Energy Institute of Canada);
- Develops and implements the elements of the Provincial Energy Strategy;
- Increases electrical energy reliability and capacity through the completion of the Cable Interconnection Upgrade Project between PEI and the mainland; and
- Provides guidance to Government for the formulation of provincial policy, programs, legislation and agreements that pertain to energy matters.

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Message from the Minister

The Honourable Antoinette Perry
Lieutenant Governor of Prince Edward Island
PO Box 2000
Charlottetown, PE C1A 7N8

Dear Lieutenant Governor:

Prince Edward Island continues as a world leader in developing wind power to meet its growing electricity requirements. This year, the four wind farms owned by the Corporation generated more than 234,000 MWh of renewable electricity for the use of Islanders.

The Corporation has continued implementing the recommendations from the Provincial Energy Strategy developed in 2016/17. The Corporation's next major project will be development of a new 30-MW wind farm as recommended in the Strategy. Requests for proposals were issued for Project Management Services as well as Environmental Consulting Services for the new farm. Progress is being made on both fronts. A request for proposals was also executed for the Wind Turbine Procurement and the options are currently being analyzed to match the potential site to the most appropriate turbine.

In accordance with subsection 10.(1) of the *Energy Corporation Act*, it is my pleasure to submit to the Legislative Assembly the 36th Annual Report of the Prince Edward Island Energy Corporation which covers activities and finances for the 2018-19 fiscal year.

Respectfully submitted,

Steven Myers
Minister of Transportation, Infrastructure and Energy
Minister Responsible for the Prince Edward Island Energy Corporation

Message from the Chief Executive Officer

The Honourable Steven Myers
Minister of Transportation, Infrastructure and Energy
PO Box 2000
Charlottetown, PE C1A 7N8

Dear Honourable Minister:

This year, the Prince Edward Island Energy Corporation's combined wind farm facilities at East Point, North Cape and Hermanville/Clearspring continued to produce clean energy for Islanders. In the 2018-19 fiscal year, production exceeded 234,000 MWh. Including private and municipal wind farms, approximately 23% of Prince Edward Island's electrical energy for 2018-19 was attributed to wind power.

The Corporation began implementing recommendations from the 2016/17 Provincial Energy Strategy including the planned 2020 Wind Farm. Key achievements were selecting the Environmental Consultant and gathering of relevant data. Preliminary planning meetings and community consultation were also initiated.

In addition, the Corporation maintained its ongoing responsibility to finance the debt incurred to refurbish Point Lepreau and exit from the Dalhousie Thermal Generating Station Participation Agreement. Through its provision of low cost financing, the Corporation continued to provide savings to Island ratepayers.

On behalf of the Board of Directors of the Prince Edward Island Energy Corporation, it is my pleasure to provide you with the Annual Report which, in my opinion, accurately describes the activities and finances of the Corporation during the 2018-19 fiscal year.

Yours sincerely,

Kim Horrelt

Kim Horrelt
Chief Executive Officer

Executive Summary

The Prince Edward Island Energy Corporation is a provincial Crown corporation whose form and function is dictated by the *Energy Corporation Act*. Reporting to the Minister responsible for energy matters, the Prince Edward Island Energy Corporation is governed by a Board of Directors that consists of between five and seven members. The day-to-day operations of the Corporation rest with the Chief Executive Officer who is also an ex officio board member.

Through ownership of wind farms at North Cape (10.56 MW), East Point (30 MW), Hermanville/Clearspring (30 MW) and the V-90 prototype (3 MW), the Corporation supplied approximately 234,000 MWh of renewable electricity to Islanders in the 2018-19 fiscal year.

The Corporation reported revenue of $22.1 million this past fiscal year which was an 8% increase from the previous year. Hermanville/Clearspring showed the largest wind farm increase at 7% while the V-90 prototype's revenue decreased by 3%. Total expenses were $13.2 million, a 1% increase over the previous year, which can be primarily attributed to an increase in depreciation expense on the PEI-NB Cable Interconnection.

The Corporation also continued to administer debt financing related to the refurbishment of Point Lepreau and the decommissioning of the Dalhousie Thermal Generating facility. As a Government entity, the Corporation has been able to access borrowing rates lower than those available to private industry and then pass the associated savings on to Island ratepayers.

The Corporation continued to implement recommendations from the 2016/17 Provincial Energy Strategy. With regards to the 2020 Wind Farm, initial planning continued. An environmental consultant was selected through a competitive process and commenced gathering data for an Environmental Impact Assessment. A Request for Proposals from turbine suppliers was also issued and review of submissions commenced.

A five-year maintenance cycle was completed on all wind farm substations to mitigate operational and safety issues. The most significant operational issue at the wind farms in 2018-19 was blade damage at East Point, the root cause of which was still being determined at March 31, 2019.

Board of Directors

The affairs of the Prince Edward Island Energy Corporation are under the direction of a Board of Directors that consists of between five and seven members. Directors are appointed, at pleasure, for a three-year term.

As of March 31, 2019, the board members are as follows:

NAME	POSITION HELD
Deputy Minister of Transportation, Infrastructure & Energy (Darren Chaisson)	Chairperson
Deputy Minister of Finance (Neil Stewart)	Director
Deputy Minister of Economic Development & Tourism (David Keedwell)	Director
Clerk of the Executive Council (Paul Ledwell)	Director
Secretary to Treasury Board (Dan Campbell)	Director
Director of Intergovernmental Affairs (Rochelle Gallant)	Director
Minister of Transportation, Infrastructure & Energy (Paula Biggar)	Director

Staff of the Prince Edward Island Energy Corporation

Kim Horrelt, P.Eng. oversaw the day-to-day operations of the Prince Edward Island Energy Corporation in her duties as the Chief Executive Officer. Kim also oversaw significant growth in efficiencyPEI as their suite of programs and staff continue to grow with the goal of reducing PEI's energy footprint.

The Energy Corporation's Wind Farms were managed by Heather MacLeod, P.Eng. in her role as Director, Energy Policy and Assets. She was also a strong contributor to implementing components of the Energy Strategy including new wind farm planning.

Crystal Burrows, CPA, CA, performed the role of Chief Financial Officer for the Energy Corporation. Crystal allocated her financial management time between the Energy Corporation and efficiencyPEI, a section under the Department of Transportation, Infrastructure and Energy.

The Corporation's Administrative Assistant is Dawn Larter. She also provided clerical support to the Energy and Minerals Division of the Department of Transportation, Infrastructure and Energy.

Blair Arsenault, P.Eng., fulfilled his role as the Energy Operations Technician. He provided oversight on the day to day operations of the wind farms and associated assets.

Annual Objectives

The Prince Edward Island Energy Corporation had set the following objectives for the 2018-19 fiscal year:

- Operate and maintain its wind facilities at a high level of availability;
- Plan the 2020 wind farm;
- Continue implementation of the 2016/17 Provincial Energy Strategy; and
- Provide advice to Government on various energy issues.

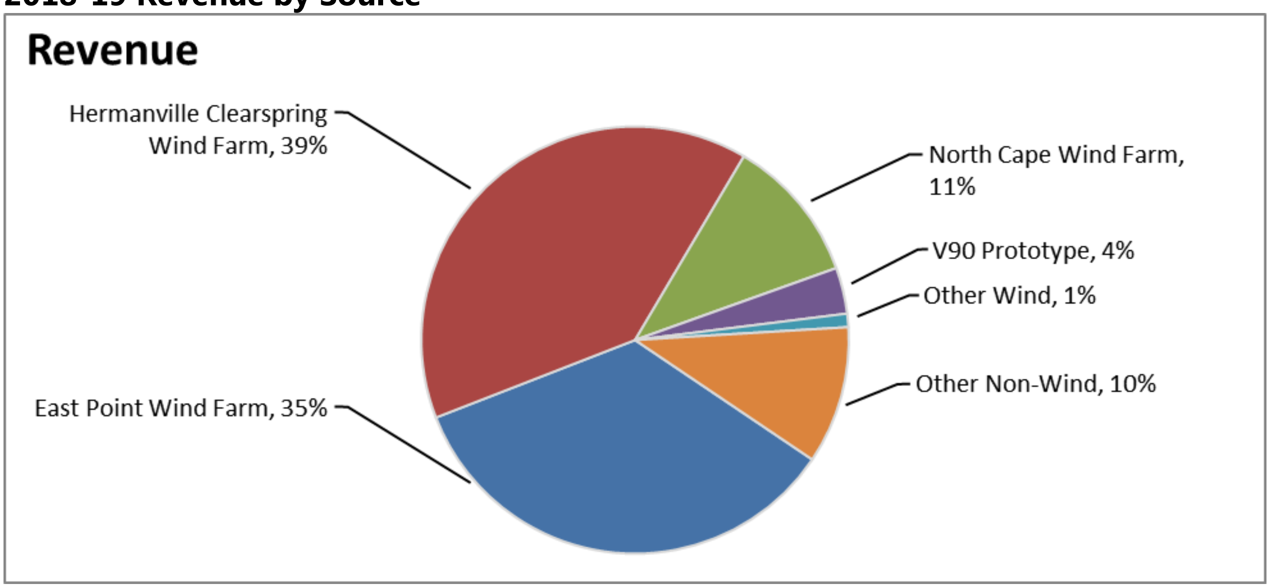
Operational Review for 2018-19

Revenue

The total revenue earned by the Prince Edward Island Energy Corporation during fiscal year 2018-19 was $22.1 million. The main component of this revenue accrued from the operation of its wind farms and related infrastructure. This included electricity sales to Maritime Electric Company Limited (MECL), marketing and transmission fees from private wind facilities, and land and building rentals. Other sources of revenue during this reporting period included interest as well as ratepayer recoveries on the PEI-NB Cable Interconnection. The following graph illustrates the sources of revenue during 2018-19.

Overall, revenue increased 8% over the prior year. Hermanville/Clearspring Wind Farm had the largest year over year increase at 7%, which primarily resulted from compensation from the service and warranty provider for lower than guaranteed availability. The V-90 prototype experienced the largest revenue decrease at 3%, primarily due to lower turbine availability stemming from issues with an underground collector line.

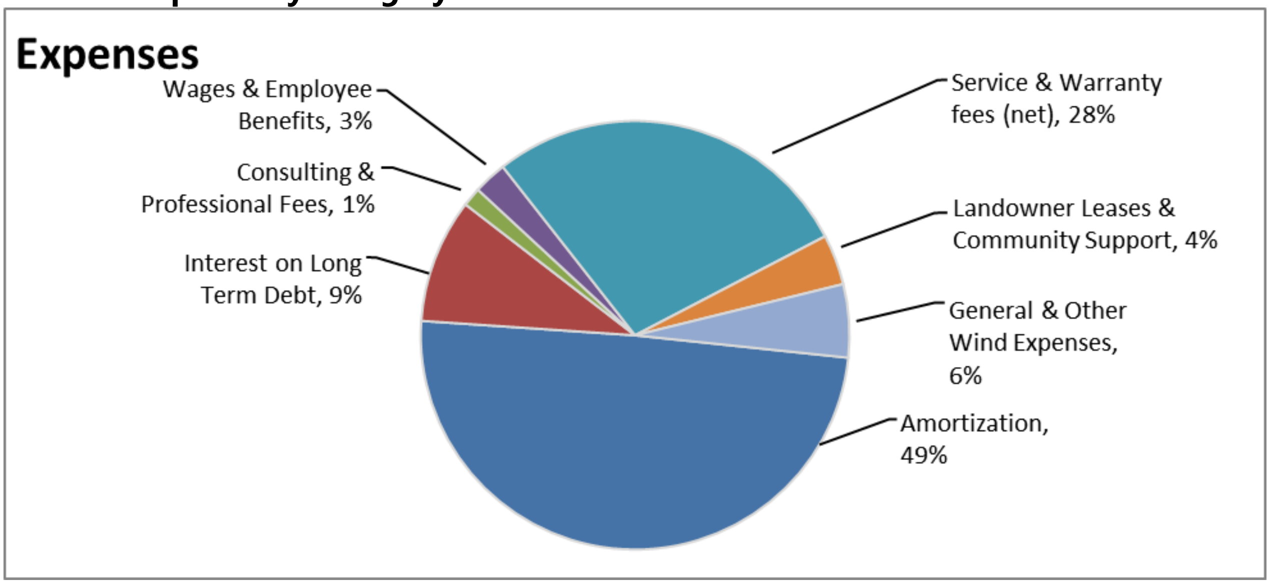
2018-19 Revenue by Source



Expenses

Expenses for the Corporation totaled $13.2 million in 2018-19. This represented a $0.1 million increase over the previous year, resulting from an increase in deprecation expense on the PEI-NB Cable Interconnection. The following graph presents the Corporation's expenses by category for 2018-19.

2018-19 Expense by Category



North Cape Wind Farm

The North Cape Wind Farm was Atlantic Canada's first commercial deployment of wind power. Commissioned in two phases, Phase I in November 2001 and Phase II in November 2003, the project consisted of sixteen (16) Vestas V-47 turbines. With a generating capacity of 660 kilowatts per turbine, the combined generation capacity of this wind facility is 10.56 megawatts. The fleet of Vestas V-47 turbines continues to operate with a high level of reliability and is providing ratepayers with some of the grid's cheapest power.

During the reporting period, the North Cape Wind Farm generated revenues of $2.4 million, which was up 3% compared to the previous year. The wind farm incurred expenditures of $1.4 million which resulted in surplus of $1.0 million. Included in the expenses was approximately $20,000 that was provided to landowners in the vicinity of the wind farm.

The V-47 turbines continued to perform well and pushed through several high wind fall storms with no significant issues. Major maintenance over the fiscal year included the exchange of three gearboxes. The wind turbine towers also received a fresh coat of paint as required during the summer maintenance period in 2018.

North Cape Performance		
Fiscal Year	**Electricity Production (megawatt-hours)**	**Capacity Factor (%)**
2009/10	32,300	34.9%
2010/11	32,684	35.3%
2011/12	31,365	33.8%
2012/13	30,362	32.8%
2013/14	32,619	35.3%
2014/15	30,983	33.5%
2015/16	32,789	35.3%
2016/17	30,521	33.0%
2017/18	30,953	33.5%
2018/19	**32,398**	**35.0%**
Average	31,697	34.2%

North Cape Financial					
	REVENUE		**EXPENSES**		**PROFIT/ SURPLUS**
Fiscal Year	**Annual $**	**Cents/ kWh**	**Annual $**	**Cents/ kWh**	**Annual $**
2009/10	$3,245,544	10.0	$2,501,550	7.7	$743,994
2010/11	$2,967,829	9.1	$2,024,390	6.2	$943,439
2011/12	$2,477,458	7.9	$1,985,124	6.3	$492,334
2012/13	$2,416,913	8.0	$1,840,290	6.1	$576,623
2013/14	$2,435,174	7.5	$1,738,513	5.3	$696,661
2014/15	$2,399,879	7.7	$1,931,019	6.2	$468,860
2015/16	$2,480,954	7.6	$1,731,429	5.3	$749,525
2016/17	$2,336,480	7.7	$1,521,668	5.0	$814,812
2017/18	$2,367,124	7.6	$1,678,650	5.4	$688,474
2018/19	**$2,432,779**	**7.5**	**$1,417,686**	**4.4**	**$1,015,093**
Average	$2,556,013	8.1	$1,837,032	5.8	$718,982

East Point Wind Farm

Located in Elmira, along Highway 16A, the East Point Wind Farm consists of ten Vestas V-90 turbines (30 MW), a transformer pad, an overhead collection system and 2.5 kilometers of service roads. All electricity generated from the turbines is sold to MECL under a long-term power purchase agreement. As prescribed in the *Renewable Energy Act Minimum Price Regulations,* the price was originally set at 7.75 cents per kilowatt-hour. After April 1, 2008, and for each year thereafter, a portion of the price, 2.0 cents/kilowatt-hour, has been adjusted based on increases in the Consumer Price Index (CPI).

During the most recent eight years of operation the facility has performed as expected, with high availability and production near or above 90 million kilowatt-hours per year. Leading edge wear and tear was addressed on the blades of three turbines when the leading edge was repaired and 3M tape applied to reduce further wear. Other significant events in 2018-19 included blade lightning damage repair as well as three complete blade replacements on T8.

East Point Performance			
Fiscal Year	**Availability* (%)**	**Electricity Production (megawatt-hours)**	**Capacity Factor**
2009/10	89.4	86,779	33.0%
2010/11	97.1	94,811	36.1%
2011/12	97.2	98,162	37.3%
2012/13	94.9	91,176	34.7%
2013/14	96.6	86,427	32.9%
2014/15	94.4	87,060	33.1%
2015/16	97.8	96,043	36.4%
2016/17	96.3**	90,972	34.6%
2017/18	95.3	90,957	34.6%
2018/19	**TBD**	**91,737**	**34.9%**
Average	TBD	91,412	34.8%

*As per the Operation and Service Agreement with Vestas, the machine availability is guaranteed to be 95%. Liquidated damages are assessed for availability below 95%.

** Corrected from previous year's report.

All the turbines at the East Point Wind Farm are located on private lands. Under a three-tier compensation system, a portion of the gross revenue from the wind farm is allocated to landowners who have turbines on their property as well as those who have property in proximity to a turbine. Approximately $176,000 was paid to landowners during 2018-19.

The wind farm generated $0.1 million more surplus in 2018-19 compared to the previous year. This is primarily due to higher electricity production. The following chart illustrates the annual revenues and expenditures of the East Point Wind Farm for the last ten fiscal years.

East Point Financial					
	Revenue		***Expenses***		***Profit/Surplus***
Fiscal Year	**Annual $**	**Cents/ kWh**	**Annual $**	**Cents/ kWh**	**Annual $**
2009/10	$8,097,498	9.3	$5,687,116	6.6	$2,410,382
2010/11	$8,361,280	8.8	$6,459,536	6.8	$1,901,744
2011/12	$8,738,992	8.9	$6,361,183	6.5	$2,377,809
2012/13	$8,239,977	9.0	$5,757,199	6.3	$2,482,778
2013/14	$7,736,910	9.0	$5,648,017	6.5	$2,088,893
2014/15	$7,823,478	9.0	$4,821,451	5.5	$3,002,027
2015/16	$8,750,605	9.1	$3,488,453	3.6	$5,262,152
2016/17	$8,214,694	9.0	$3,665,606	4.0	$4,549,088
2017/18	$7,380,113	8.1	$3,385,481	3.7	$3,994,632
2018/19	**$7,649,298**	**8.3**	**$3,507,191**	**3.8**	**$4,142,107**
Average	$8,099,285	8.9	$4,878,123	5.3	$3,221,161

V-90 Prototype Turbine

The Corporation took ownership of the 3-MW Vestas V-90 wind turbine at Norway in 2013 from Aeolus Wind PEI Ltd., a subsidiary of Vestas-Canadian Wind Technologies. The Prototype was originally installed in 2003 and served as a demonstration prototype for Aeolus Wind PEI Ltd. The Vestas V-90 may be seen at a number of wind projects in PEI and Atlantic Canada, with the Corporation deploying this technology at its East Point Wind Farm. In the past year, the V-90 performed well, but had an issue with the underground collector line as well as substation fuses which resulted in minor production losses.

V-90 Prototype Performance			
Fiscal Year	**Availability**	**Electricity Production (megawatt-hours)**	**Capacity Factor (%)**
2014/15	95.0%	10,060	38.3%
2015/16	97.2%	10,335	39.2%
2016/17	97.5%	9,814	37.3%
2017/18	97.2%	9,890	37.6%
2018/19	**95.9%**	**9,543**	**36.3%**
Average	96.6%	9,928	37.8%

V-90 Prototype					
	Revenue		***Expenses***		***Profit/Surplus***
Fiscal Year	**Annual $**	**Cents/ kWh**	**Annual $**	**Cents/ kWh**	**Annual $**
2014/15	$752,863	7.5	$453,733	4.5	$299,130
2015/16	$802,603	7.8	$438,187	4.2	$364,416
2016/17	$770,660	7.9	$435,771	4.4	$334,889
2017/18	$793,984	8.0	$435,816	4.4	$358,168
2018/19	**$770,958**	**8.1**	**$468,110**	**4.9**	**$302,848**
Average	$778,214	7.8	$446,323	4.5	$331,890

Hermanville/Clearspring Wind Farm

The Hermanville/Clearspring Wind Farm was operational for its fifth full year after being commissioned in January of 2014. This wind farm marks the first commercial installation of Acciona's AC 3.0-116 turbine (3.0 MW with a 116-meter rotor diameter) in the North American market.

In addition to emission-free electricity at a competitive price for rate payers, the operational phase of the wind farm is providing highly technical jobs for wind technicians to maintain the ten turbines at a high level of availability. The Corporation and Acciona signed a fifteen-year service and warranty agreement that guarantees a machine availability of 97% through to 2028-29.

Three of the turbines at the Hermanville/ Clearspring Wind Farm are located on private lands with the remaining being situated on Crown land. Compensation is provided to these private land owners as well as neighboring properties in proximity to the turbines. The compensation provided is relative to how close the turbine is to the respective property. The communities of Hermanville and Clearspring also receive compensation through the Northside Windmill Enhancement Fund where community projects are partially funded after an application process. In total, approximately $308,000 was distributed in 2018-19 to landowners and the community.

Hermanville's performance and production was slightly above the previous year, but still had availability issues, the primary cause being the blade bearings that resulted in approximately three months of downtime for one turbine total.

Hermanville/Clearspring Performance			
Fiscal Year	**Availability (%)**	**Electricity Production (megawatt-hours)**	**Capacity Factor**
2014/15	97.2	110,153	41.9%
2015/16	96.6	110,223	41.8%
2016/17	92.3*	91,423	34.8%
2017/18	95.7	100,421	38.2%
2018/19	**93.1**	**100,767**	**38.3%**
Average	95.0	102,597	39.0%

* Corrected from previous year's report.

Hermanville/Clearspring Financial					
	Revenue		***Expenditures***		***Profit/Surplus***
Fiscal Year	**Annual $**	**Cents/ kWh**	**Annual $**	**Cents/ kWh**	**Annual $**
2014/15	$8,775,104	8.0	$5,708,867	5.2	$3,066,237
2015/16	$8,760,174	7.9	$5,697,449	5.2	$3,062,725
2016/17	$7,727,229	8.5	$5,703,074	6.2	$2,024,155
2017/18	$8,107,256	8.1	$5,643,631	5.6	$2,463,625
2018/19	**$8,702,848**	**8.6**	**$5,438,142**	**5.4**	**$3,264,706**
Average	$8,414,522	8.2	$5,638,233	5.5	$2,776,290

Other Energy Initiatives

2020 Wind Farm Development

During 2018-19, the Corporation continued with preliminary development work on a new 30-megawatt wind farm that is expected to be operational by fall 2020. One year of wind data was collected at four locations of interest. Based on the analysis of this data, Environmental Impact Assessment studies were initiated at the three most favourable locations.

The Corporation also began community engagement activities and issued an RFP for a turbine supplier, the submissions to which were under review at March 31, 2019.

Appendix A – Audited Financial Statements

Prince Edward Island Energy Corporation

Consolidated Financial Statements

Year ended March 31, 2019

(Canadian Dollars)

Independent Auditor's Report

Opinion

We have audited the accompanying consolidated financial statements of Prince Edward Island Energy Corporation (the "Corporation") which comprise the consolidated statement of financial position as at March 31, 2019, the consolidated statements of profit, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charges with Governance for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to remain a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As a part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's use of the going concern basis and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to remain a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair representation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit group. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during our audit.

Key Audit Matters

We draw attention to note 3 on the consolidated financial statements, which indicates that a prior period adjustment was recorded due to an accounting error in a previous period relating to the treatment of derivatives.

Fitzpatrick & Company

Chartered Professional Accountants

Charlottetown, PE
June 27, 2019

Prince Edward Island Energy Corporation

Consolidated Statement of Financial Position
As at

	March 31 2019	March 31 2018 Restated	April 1 2017 Restated (Note 2, 3)
Assets			
Current assets:			
Unrestricted cash (note 4)	12,191,072	32,312,971	37,571,599
Trade receivables, net (note 5)	3,849,886	18,960,342	16,563,551
Current portion of financial assets (note 6)	3,988,607	4,493,328	4,079,922
Prepaid expenses	819,832	467,729	1,134,229
	20,849,397	56,234,370	59,349,301
Noncurrent assets:			
Restricted cash (note 4)	1,138,581	759,726	391,981
Other financial assets (note 6)	96,852,246	106,689,280	106,125,401
Derivative financial instruments	3,822,824	8,645,383	4,936,237
Property, plant and equipment (note 7)	130,979,985	133,565,761	133,932,253
Total Assets	$ 253,643,033	$ 305,894,520	$ 304,735,173
Liabilities and Equity			
Current liabilities:			
Trade payables and accrued liabilities (note 8)	2,299,414	1,718,544	15,325,516
Current indebtedness (note 11)	6,175,244	19,207,644	8,076,267
Contract liabilities (note 9)	1,351,654	639,079	-
	9,826,312	21,565,267	23,401,783
Noncurrent liabilities:			
Deferred service warranty (note 10)	5,720,561	2,116,276	1,606,377
Derivative financial instruments	5,141,389	2,961,118	7,980,056
Long-term indebtedness (note 11)	171,161,206	219,292,763	227,889,865
Total Liabilities	191,849,468	245,935,424	260,878,081
Equity:			
Cash flow hedge reserve	(1,318,565)	5,684,265	(3,043,819)
Surplus	63,112,130	54,274,831	46,900,911
Total Equity	61,793,565	59,959,096	43,857,092
Total Liabilities and Equity	$ 253,643,033	$ 305,894,520	$ 304,735,173

The accompanying notes are an integral part of these financial statements.

These financial statements were approved by the Corporation's Board of Directors on June 27, 2019.

______________________, Director ______________________, Director

Prince Edward Island Energy Corporation

Consolidated Statement of Profit
For the years ended March 31,

	2019	2018 Restated (Note 2, 3)
Revenue from Contracts with Customers		
Wind energy sales	19,103,740	18,824,542
Ratepayer recoveries	1,562,582	1,179,707
Grants	115,000	115,000
Total Revenue from Contracts with Customers	20,781,322	20,119,249
Other Revenue		
Other wind revenue	536,459	47,499
Finance income, net	760,746	334,242
Total Other Revenue	1,297,205	381,741
Total Revenue	22,078,527	20,500,990
Wind Expenses		
Consultants	71,321	36,783
Depreciation (note 7)	4,980,030	5,201,267
Electricity	221,751	217,278
Insurance	329,028	329,689
Finance costs, net	1,242,683	1,549,021
Land owner fees and community support	503,376	495,434
Repairs and maintenance	438,299	265,651
Service and warranty fees	3,626,746	3,508,709
Service and warranty recovery (note 10)	(364,149)	(242,000)
Other wind expenses	37,107	36,812
Total Wind Expenses	11,086,192	11,398,644
General and Administrative Expenses		
Consulting and professional services	118,120	138,717
Depreciation of non-wind assets (note 7)	1,562,582	1,179,707
Net loss on disposal of assets	49,193	-
Wages and employee benefits	332,649	346,326
Other general expenses	92,492	63,676
Total General and Administrative Expenses	2,155,036	1,728,426
Total Expenses	13,241,228	13,127,070
Total Profit for the Period	$ 8,837,299	$ 7,373,920

The accompanying notes are an integral part of these financial statements.

Prince Edward Island Energy Corporation

Consolidated Statement of Comprehensive Income
For the years ended March 31,

	2019	2018 Restated (Note 2, 3)
Profit for the Period	8,837,299	7,373,920
Other Comprehensive Income		
Items that may be reclassified to profit or loss		
Net gain (loss) on cash flow hedges	(6,862,109)	8,728,084
Hedging gains reclassified to profit or loss	(140,721)	-
Total Other Comprehensive Income for the Period	(7,002,830)	8,728,084
Total Comprehensive Income for the Period	$ 1,834,469	$ 16,102,004

The accompanying notes are an integral part of these financial statements.

Prince Edward Island Energy Corporation

Consolidated Statement of Changes in Equity
For the years ended March 31,

	Cash flow hedge reserve	Surplus	Total Equity
Balance at April 1, 2017	-	46,900,911	46,900,911
Correction of error	(3,043,819)	-	(3,043,819)
Balance at April 1, 2017 (restated)	(3,043,819)	46,900,911	43,857,092
Total Comprehensive Income for the Period			
Profit for the period (restated)	-	7,373,920	7,373,920
Other comprehensive income (restated)	8,728,084	-	8,728,084
Total Comprehensive Income for the Period	8,728,084	7,373,920	16,102,004
Balance at March 31, 2018 (restated)	$ 5,684,265	$ 54,274,831	$ 59,959,096
Balance at April 1, 2018	5,684,265	54,274,831	59,959,096
Total Comprehensive Income for the Period			
Profit for the period	-	8,837,299	8,837,299
Other comprehensive income	(7,002,830)	-	(7,002,830)
Total Comprehensive Income for the Period	(7,002,830)	8,837,299	1,834,469
Balance at March 31, 2019	$ (1,318,565)	$ 63,112,130	$ 61,793,565

The accompanying notes are an integral part of these financial statements.

Prince Edward Island Energy Corporation

Consolidated Statement of Cash Flows
For the years ended March 31,

	2019	2018 Restated (Note 2, 3)
Cash flows from operating activities:		
Cash receipts from customers and other	27,134,190	26,400,589
Cash paid to suppliers and employees	(11,017,286)	(9,644,163)
Financing income	6,460,778	4,921,823
Financing costs	(6,835,464)	(6,263,521)
	15,742,218	15,414,728
Cash flows from investing activities:		
Increase in other financial assets	(776,820)	(11,089,543)
Decrease in other financial assets	10,699,182	4,856,082
Increase in property, plant and equipment	(907,871)	(35,016,943)
Receipt of government grants	16,664,204	18,410,518
	25,678,695	(22,839,886)
Cash flows from financing activities:		
Proceeds from debt	19,014,210	10,609,270
Repayment of debt	(80,178,167)	(8,074,995)
	(61,163,957)	2,534,275
Net decrease in cash	(19,743,044)	(4,890,883)
Cash, beginning of year	33,072,697	37,963,580
Cash, end of year (note 4)	13,329,653	33,072,697

The accompanying notes are an integral part of these financial statements.

1. Corporate Information and Basis of Presentation

The Prince Edward Island Energy Corporation is a Crown corporation established by the Energy Corporation Act, and therefore is exempt from income taxes under Section 149(1)(d) of the Canadian Income Tax Act. The Corporation's principal business activities include the development and promotion of energy systems in Prince Edward Island.

The Corporation's registered office is located at 16 Fitzroy Street in Charlottetown, Prince Edward Island, C1A 7N8.

In these Consolidated Financial Statements, all dollars are expressed in Canadian dollars.

These Consolidated Financial Statements were prepared on a going concern basis, under the historical cost convention except for assets required to be measured at fair value in accordance with IFRS.

The preparation of Consolidated Financial Statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Corporation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2. Significant Accounting Policies

Consolidation

These Financial Statements are the Consolidated Financial Statements of Prince Edward Island Energy Corporation and its wholly owned subsidiary, Prince Edward Island Renewable Energy Corporation. All intercompany balances and transactions are eliminated upon consolidation.

Cash

Unrestricted cash in the Consolidated Statement of Financial Position consists of unrestricted bank balances held in Canadian currency.

Restricted cash in the Consolidated Statement of Financial Position consists of bank balances held in Canadian currency which, per the terms of a loan agreement, is restricted for settlement of long-term indebtedness that is expected to occur more than twelve months after the financial year end.

For the purpose of the Consolidated Statement of Cash Flows, cash consists of unrestricted and restricted cash, as defined above.

Trade Receivables

Trade receivables are amounts due from customers for the rendering of services or sale of goods in the ordinary course of business.

Financial Assets

Financial assets within the scope of IFRS 9 *Financial Instruments* are classified as financial assets at fair value through profit and loss, amortized cost or designated as hedging instruments, as appropriate. When financial assets are initially recognized, they are measured at fair value, plus, in the case of financial assets measured at amortized cost, directly attributable financing costs. The Corporation determines the classification of the financial assets at initial recognition, and, where appropriate, evaluates this designation at each financial year end.

2. Significant Accounting Policies (continued)

Loans and receivables for which the objective of the Corporation's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes) and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding are recognized at amortized cost.

All other financial assets, except derivative financial instruments designated as hedging instruments, are measured at fair value through profit or loss.

Impairment of Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The Corporation measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of conditions at the reporting date.

The Corporation writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Trade receivables that have been written off are not subject to enforcement activities.

Property, Plant and Equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and impairment losses. Cost includes the cost of restoring part of the relevant plant and equipment when the recognition criteria are met. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The useful lives are estimated as follows:

Asset	Rate
Wind turbines and towers	5-40 years
Distribution	30 years
Transmission	40 years
Building	20 years
Roads	40 years

Replacements of major components covered under third party service warranty agreements are recorded in property, plant and equipment at fair market value based on the cost the Corporation would have incurred had a service warranty agreement not been in place and are amortized in line with the Corporation's policy above.

Office furniture, equipment and computer equipment are fully expensed in the year of acquisition.

Depreciation is only recognized for assets available for use in their current state.

2. Significant Accounting Policies (continued)

Assets under Development

Development costs and assets under construction are recorded at cost. Capitalized costs related to an asset under development include all eligible expenditures incurred in connection with the development and construction of the asset until it is available for its intended use. The Corporation capitalizes all directly attributable costs. Upon a project becoming commercially operational, the accumulated costs, including capitalized borrowing costs, if any, are transferred to property, plant and equipment and are amortized on a straight line basis over the estimated useful lives of the various components.

Impairment of Property, Plant and Equipment

The Corporation assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, the Corporation makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The recoverable amount is determined for each asset group for which cash flows are generated independently from other assets in the group. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses from continuing operations are recognized in the Consolidated Statement of Comprehensive Income in the line item "Depreciation".

Deferred Service Warranty

Deferred service warranty represents replacements of major components covered under a third party service warranty, for which no costs are incurred by the Corporation over and above the annual premiums. Replacements of such components, for which no costs are incurred, are recorded as deferred warranty liability based on the difference between the fair value of the new asset and the net book value of the replaced asset and amortized to income on the same basis as the related depreciation expense charged against the assets reported in property, plant and equipment. Any loss on disposal incurred due to a replacement of a component under the service warranty agreement is shown net against service and warranty recovery.

Debt Instruments

Debt instruments are initially recognized at fair value, which is the proceeds received, less attributable financing costs. Subsequent to initial recognition, debt instruments are stated at amortized cost with any difference net of transaction costs incurred. Any discount between the net proceeds received and the principal value due on redemption is amortized over the duration of the debt instrument and is recognized as part of financing costs using the effective interest method.

Interest on indebtedness is expensed as incurred unless capitalized for qualifying assets in accordance with IAS 23 *Borrowing Costs*.

Debt is classified as a current liability unless the Corporation has an unconditional right to defer settlement for at least 12 months after the reporting period.

Derivative Financial Instruments and Hedge Accounting

The Corporation uses derivative financial instruments in the form of interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2. Significant Accounting Policies (continued)

Interest rate swaps when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction are classified as cash flow hedges.

At the inception of a hedge relationship, the Corporation formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Corporation will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

• There is 'an economic relationship' between the hedged item and the hedging instrument.

• The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.

• The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Corporation actually hedges and the quantity of the hedging instrument that the Corporation actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. The amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income must be accounted for depending on the nature of the underlying transaction as described above. Additional information regarding derivatives and hedging are provided in notes 12 and 14.

Revenue from Contracts with Customers

The Corporation is in the business of providing wind energy and access to electricity grid infrastructure. Revenue from contracts with customers is recognized when control of the good or services are transferred to the customer at an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for those goods or services. The Corporation has generally concluded that it is the principal in it revenue arrangements, except for the agency services below, because it typically controls the good or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

2. Significant Accounting Policies (continued)

Sale of wind energy:

The Corporation sells wind power through a number of Power Purchase Agreements (PPAs) with Maritime Electric Company Limited. With the exception of agency services described below, revenue from the sale of wind energy is recognized over the period of the applicable PPA based on the kilowatt hours of wind energy delivered and the applicable per-kilowatt hour selling price.

The Corporation also purchases and resells wind power on behalf of other entities. The Corporation is acting as an agent in these arrangements and, as a result, records revenue at the net amount that it retains for its agency services.

Ratepayer recoveries:

The Corporation provides electricity ratepayers with connection to the mainland electricity grid and ongoing access to a supply of electricity through the PEI-NB Cable Interconnection. Associated ratepayer recovery revenue equal to the capital cost of the Interconnection is recognized over the period of the contract, which coincides with the estimated useful life of the property, plant and equipment, based on the time elapsed. Ratepayer recoveries received in excess of revenue recognized are recorded as contract liabilities.

The amounts recovered from ratepayers explicitly include a significant financing component equal to the financing costs of the PEI-NB Cable Interconnection Project. The portion of the recoveries pertaining to the significant financing component are recognized separately as finance income and are netted against the related financing costs.

Sale of Renewable Energy Certificates (RECs):

The Corporation acts as an agent in selling RECs to third parties on behalf of the Province of PEI. The Corporation records revenue at the net amount that it retains for its agency services, which is equal to an annual grant provided by the Province.

Government Grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is deducted from the expense for which it is intended to compensate. When the grant relates to an asset, it is deducted from the asset's carrying amount. Grants paid in exchange for agency services are recorded as revenue from contracts with customers.

Service and Warranty Recovery

Service and warranty recovery represents the amortization of deferred service warranty and is recognized to profit or loss on the same basis as the related depreciation expense charged for assets replaced under service warranty for which no cost is incurred by the Corporation.

Pension Liabilities

Employees of the Corporation are members of the Province of Prince Edward Island pension plan. The pension plan obligation is a liability of the Province and not the Corporation; therefore, no liability for these costs has been recorded.

2. Significant Accounting Policies (continued)

Change in Accounting Policy

The Corporation adopted IFRS 15 *Revenue from contracts with customers* as at April 1, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. IFRS 15 supersedes IAS 11 *Construction Contracts,* IAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and require that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. IFRS requires entities to excise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers.

In accordance with the transition provisions in IFRS 15, the Corporation has adopted the new rules retrospectively and has restated comparatives for the financial year ended March 31, 2018. The following tables show the adjustments recognized for each individual line item. Line items that were not affected by the changes have not been included. As a result, the subtotals and totals disclosed cannot be recalculated from the numbers provided. As well, the amounts provided below are after the error restatement disclosed in Note 3.

Statement of Profit or Loss (extract)	**2018**	**Increase/ (Decrease)**	**2018 (Restated)**
Other Wind Revenue	496,337	(448,838)	47,499
Total Other Revenue	830,579	(448,838)	381,741
Total Revenue	20,949,828	(448,838)	20,500,990
Other Wind Expenses	485,650	(448,838)	36,812
Total Wind Expenses	11,847,482	(448,838)	11,398,644
Total Expenses	13,575,908	(448,838)	13,127,070
Total Profit for the Period	7,373,920	-	7,373,920

The nature of the above adjustments are as follows:

Sale of Renewable Energy Certificates (RECs):

The Corporation acts as an agent by selling RECs on behalf of the Province of PEI. Before adopting IFRS 15, the Corporation recorded REC sales revenue and selling expenses on a gross basis. Under IFRS 15, the Corporation records revenue at the net amount that it retains for its agency services, which is equal to an annual grant provided by the Province.

Prior year revenues were reclassified to distinguish between revenue from contracts with customers and other revenue. In addition, prior year deferred ratepayer recoveries were reclassified to contract liabilities.

2. Significant Accounting Policies (continued)

Standards and Interpretations - Early Adoption

IFRS 9 *Financial Instruments,* 2018 Edition as issued by the IASB in July 2014, to replace IAS 39, IFRIC 9 and earlier versions of IFRS 9 is mandatory for all entities with annual periods beginning on or after January 1, 2019 with early adoption permitted. The objective of this IFRS is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. Upon transition to IFRS, the Corporation had early adopted IFRS 9 and as a result all financial instruments are measured and classified in accordance with this standard.

Standards and Interpretations - Not Yet Adopted

A number of new standards, amendments and interpretations to existing standards are effective for annual periods beginning after April 1, 2018, and have not been adopted in preparing these consolidated financial statements. Most of the new standards and interpretations are not relevant and are not expected to have a material impact on the Corporation's financial statements, with the exception of the following:

IFRS 16 *Leases,* 2018 Edition as issued by IASB in January 2016, to replace IAS 17, IFRIC 4, SIC-15 and SIC-27 is mandatory for all entities beginning on or after January 1, 2019. The objective of this IFRS is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. Land owner fees and community support is expected to be impacted by this implementation.

3. Critical Accounting Estimates, Judgments and Errors

The preparation of financial statements requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. The following discussion sets forth management's most critical estimates and assumptions in determining the value of assets and liabilities, and the most critical judgments in applying accounting policies.

Revenue from Contracts with Customers

The Corporation applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the timing of satisfaction of access to electricity grid infrastructure

The Corporation concluded that revenue for ratepayer recoveries is to be recognized over time because the customer simultaneously receives and consumes the benefits provided by connection to the mainland electricity grid and ongoing access to a supply of electricity. The Corporation recognizes revenue on the basis of time elapsed relative to the total period of the contract, which aligns with the estimated useful life of the PEI-NB Cable Interconnection.

Principal versus agent considerations

The Corporation sells Renewable Energy Certificates (RECs) on behalf of the Province of PEI. The Corporation determined that it does not control the RECs before they are transferred to customers, and it does not have the ability to direct the use of the RECs or obtain benefits from the RECs. Therefore, the Corporation determined that it is an agent in these contracts.

3. Critical Accounting Estimates, Judgments and Errors (continued)

PEI Energy Accord

In November 2011, the Province of Prince Edward Island entered into the Prince Edward Island Energy Accord which requires the Corporation to assume certain financing responsibilities and recover these costs from customers of a local utility provider. The Prince Edward Island Energy Accord expired February 29, 2016 and a new collection agreement was signed between the Province of PEI, Maritime Electric Company Limited and the Corporation. The costs of electricity are the costs associated with the refurbishment of Point Lepreau Nuclear Generating Station Facility and the exit of the utility provider from the Dalhousie Unit Participation agreement. The Corporation has obtained financing from the Toronto Dominion Bank to cover these costs. Terms and conditions for repayment of the Point Lepreau and Dalhousie debt and the terms and conditions for the receivable from the customers of the utility provider differ because the payments from customers are based on kilowatt hour sales and repayment of debt is a fixed monthly payment. Although there are timing differences in payments received from customers and repayments of debt obligations, all financing costs associated with Point Lepreau and Dalhousie incurred by the Corporation are receivable from customers of the utility provider. Due to the variable monthly payments based on kilowatt hour sales and variable interest payments, the current portion recognized, and estimated maturities disclosed may be different from the actual amounts recognized.

PEI-NB Cable Interconnection Project

In May 2014, the Corporation entered into a Construction Agency Agreement with Maritime Electric Company Limited for the upgrade of the interconnection between the electrical systems of Prince Edward Island and mainland Canada. Under this agreement, the Corporation assumes financing responsibility for the upgrade. Financing has been obtained from Toronto Dominion Bank and all financing costs will be recovered from customers of a local utility provider. The PEI-NB Cable Interconnection Project, with the exception of the NB Interconnection Transmission as described below, has been accounted for as property, plant and equipment.

A key component of the PEI-NB Cable Interconnection Project is the construction of transmission facilities in New Brunswick ("NB Interconnection Transmission"). Ownership of this transmission must remain with NB Power in accordance with the provisions of the New Brunswick Electricity Act. A receivable from the customers of the local utility provider has been recorded for the NB Interconnection Transmission costs. Given that the financing obtained from Toronto Dominion Bank is in respect of the entire PEI-NB Cable Interconnection Project, a portion of the payments received from customers must be allocated to the NB Interconnection Transmission. The proportionate share of financing related to the NB Interconnection Transmission has been estimated based on costs incurred to the end of the reporting period. As a result, the current portion recognized in relation to the receivable from customers of the local utility provider may differ from the actual amounts recognized.

Asset Retirement Obligation

In accordance with IAS 16, the cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site to its original state. Such costs are not expected to be material and thus have not been recorded in the Corporation's financial statements. A change in circumstances or events could result in the recognition of such a cost which could be material to the Corporation's financial statements.

Asset Lives

Given the relatively new and constantly evolving wind energy industry, it is difficult to predict the useful lives of major components of property, plant and equipment. Useful lives of wind turbines and related infrastructure are determined based on suppliers' estimated design lives of the turbines with reference to the length of the power purchase agreements the Corporation has in place. The estimated useful lives, residual value and depreciation methods will be adjusted as new information becomes available and such changes could have a significant impact on these financial statements.

3. Critical Accounting Estimates and Judgments (continued)

Correction in Error in Accounting for Derivatives

During the year, the Corporation determined that, upon initial application of IFRS 9, it did not properly account for its interest rate swaps as derivatives. The transition provisions of IFRS 9 allow derivatives to be designated as hedging instruments if certain criteria are met at the date of initial application. The date of correction of the error marks the Corporation's initial application of IFRS 9 with respect to derivatives. The Corporation has met the necessary criteria as of that date and has elected to designate its derivatives as hedging instruments.

The error has been corrected by restating each of the affected financial statement line items for the prior period as follows:

Statement of Financial Position (extract)	March 31, 2018	Increase/ (Decrease)	March 31, 2018 (Restated)	March 31, 2017	Increase/ (Decrease)	April 1, 2017 (Restated)
Assets						
Derivative financial instruments	-	8,645,383	8,645,383	-	4,936,237	4,936,237
Liabilities						
Derivative financial Instruments	-	(2,961,118)	(2,961,118	-	(7,980,056)	(7,980,056)
Net assets	-	5,684,265	5,684,265	-	(3,043,819)	(3,043,819)
Cash flow hedge reserve	-	5,684,265	5,684,265	-	(3,043,819)	(3,043,819)
Total equity	-	5,684,265	5,684,265	-	(3,043,819)	(3,043,819)

Statement of Comprehensive Income (extract)	2018	Increase/ (Decrease)	2018 (Restated)
Profit for the period	7,373,920	-	7,373,920
Other comprehensive income for the period	-	8,728,084	8,728,084
Total comprehensive income for the period	7,373,920	8,728,084	16,102,004

The amounts disclosed above for the 2018 reporting period, and for the statements of financial position as at April 1, 2017 and March 31, 2018 are before restatements for the change in accounting policy disclosed in Note 2.

4. Cash

For the purpose of the Consolidated Statement of Cash Flows, cash consists of the following:

	2019	2018
Unrestricted cash	12,191,072	32,312,971
Restricted cash	1,138,581	759,726
	13,329,653	33,072,697

5. Trade Receivables

	2019	2018	April 1 2017
Trade receivables from contracts with customers	2,711,170	3,171,329	2,775,620
Other trade receivables	1,138,716	15,789,013	13,619,031
HST	-	-	168,900
	3,849,886	18,960,342	16,563,551

Trade receivables are non-interest bearing and are generally on 30-day payment terms. Included in trade receivables are past due amounts totaling $7,115 (2018 - $nil). No loss allowance was recognized for the year ended March 31, 2019 as historical experience and factors specific to the debtor indicate that the receivables are recoverable.

6. Other Financial Assets

	2019	2018
Customers of a local utility provider (Point Lepreau financing), 3.41%, receivable in monthly installments of $346,861 including principal and interest, due March 2038.	57,317,100	59,465,993
Customers of a local utility provider (Point Lepreau financing), 2.81%, receivable in monthly interest only payments up to April 2021, then monthly payments of principal and interest of $117,793, due March 2038.	19,014,210	-
Customers of a local utility provider (Dalhousie financing), 1.87%, receivable in monthly payments of principal and interest of $97,363, due April 2021.	2,385,442	3,497,886
Customers of a local utility provider (NB Interconnection Transmission prorated share of PEI-NB Cable Interconnection financing), 2.51%, receivable in monthly installments of $38,236 including principal and interest, due February 2046.	11,032,555	11,681,551
Wind Energy Institute of Canada, 4.02%, receivable in quarterly installments of $223,641 including principal and interest, due June 2036, secured by first charge on materials, buildings and equipment and site specific general security.	11,091,191	10,763,009
Customers of a local utility provider (Point Lepreau financing), refinanced during the year	-	25,266,564
West Cape Wind Energy, Inc., received during the year	-	399,198
Accrued interest receivable	355	108,407
	100,840,853	111,182,608
Less: current portion	(3,988,607)	(4,493,328)
	96,852,246	106,689,280

6. Other Financial Assets (continued)

The financing costs for Point Lepreau and Dalhousie along with the receivable from Wind Energy Institute of Canada were initially recorded in the financial statements at fair value with subsequent measurement at amortized cost.

During the year, the agreement for the Wind Energy Institute of Canada loan receivable was amended to defer the four loan payments due during the calendar year 2018 and to extend the amortization and term of the loan from June 2035 to June 2036. The interest on the deferred payment has been added to the principal in accordance with the loan agreement. Loan payments resumed effective March 31, 2019. A review of historical and reasonable and supportable forward-looking information indicates that credit risk has not increased significantly. As well, interest is being charged on both the past due principal and interest at the rate applicable to the loan. As a result, no expected credit losses have been recognized for the year ended March 31, 2019.

7. Property, Plant and Equipment, Net

	Wind Turbines and Towers	Transmission and Distribution	Land and Buildings	Roads	Assets under Development	Total
Gross Amount						
At March 31, 2017	101,852,900	18,915,552	1,034,333	2,118,999	54,680,583	178,602,367
Acquisitions	1,086,400	59,352,977	180,405	110,933	275,908	61,006,623
Disposals	(642,570)	-	-	-	(54,680,583)	(55,323,153)
At March 31, 2018	102,296,730	78,268,529	1,214,738	2,229,932	275,908	184,285,837
Acquisitions	5,097,160	(197,474)	-	13,523	108,829	5,022,038
Disposals	(2,739,275)	(190,843)	-	-	-	(2,930,118)
At March 31, 2019	104,654,615	77,880,212	1,214,738	2,243,455	384,737	186,377,757
Accumulated Depreciation						
At March 31, 2017	40,597,190	3,551,057	218,718	303,149	-	44,670,114
Depreciation	4,422,798	1,621,699	31,329	55,148	-	6,130,974
Impairment	-	250,000	-	-	-	250,000
Disposals	(331,012)	-	-	-	-	(331,012)
At March 31, 2018	44,688,976	5,422,756	250,047	358,297	-	50,720,076
Depreciation	4,180,390	2,024,696	31,585	55,942	-	6,292,613
Impairment	-	250,000	-	-	-	250,000
Disposals	(1,812,620)	(52,297)	-	-	-	(1,864,917)
At March 31, 2019	47,056,746	7,645,155	281,632	414,239	-	55,397,772
Carrying Amount						
At March 31, 2018	57,607,754	72,845,773	964,691	1,871,635	275,908	133,565,761
At March 31, 2019	57,597,869	70,235,057	933,106	1,829,216	384,737	130,979,985

Included in Transmission and Distribution is a 100MW transmission line which is not available for use in its current state. In accordance with the October 2008 agreement between the Corporation and Maritime Electric Company Limited governing the construction of the transmission line, the amount for which the asset can be sold to a third party equals cost less depreciation at a rate of 0% for the first seven years after construction and 5% per annum thereafter. The seven-year period expired December 31, 2015. During the year, an impairment loss of $250,000 (2018 - $250,000) was recognized in depreciation in the Consolidated Statement of Profit or Loss to write down the asset to its recoverable amount. At March 31, 2019, the recoverable amount, based on fair value less costs of disposal, was $4,187,500 (2018 - $4,437,500). Since the estimate of fair value based on the terms of the October 2008 agreement is a significant unobservable input, the fair value of the transmission line is classified as a level 3 fair value.

7. Property, Plant and Equipment, Net (continued)

During the year, a review of asset lives resulted in changes in the expected useful lives of certain wind turbine components based on the service and warranty agreement related to those assets. The effect of these changes on actual and expected depreciation expense in the current and future years is as follows:

	2019	2020	2021	2022	2023	Thereafter
(Decrease) increase in depreciation expense	(211,086)	(160,379)	(158,458)	(129,825)	(116,757)	776,505

8. Trade Payables and Accrued Liabilities

	2019	2018
Trade Payables	1,662,116	1,212,464
HST	572,034	416,603
Accrued Liabilities	65,264	89,477
	2,299,414	1,718,544

Trade payables are non-interest bearing and normally settled within 30 days. Included in trade payables is $749,834 (2018 - $217,282) due to various Provincial Government controlled departments and agencies.

9. Contract Liabilities

	2019	2018
Balance, beginning of year	639,079	-
Amount received	4,499,218	3,579,019
Debt collections allocated to repayment of NB Interconnection Transmission	(674,433)	(395,839)
Debt collections allocated to interest revenue	(1,549,628)	(1,364,394)
Debt collection revenue recognized	(1,562,582)	(1,179,707)
Balance, end of year	1,351,654	639,079

These amounts relate to the collection and recognition in comprehensive income of ratepayer recoveries on the PEI-NB Cable Interconnection. All end of year balances are current.

10. Deferred Service and Warranty, Net

	Wind Turbines and Towers
Gross Amount	
At March 31, 2017	4,834,644
Additions	751,899
Disposals	-
At March 31, 2018	5,586,543
Additions	3,968,434
Disposals	(111,811)
At March 31, 2019	9,443,166
Accumulated Amortization	
At March 31, 2017	3,228,267
Amortization	242,000
Disposals	-
At March 31, 2018	3,470,267
Amortization	355,824
Disposals	(103,486)
At March 31, 2019	3,722,605
Carrying Amount	
At March 31, 2018	2,116,276
At March 31, 2019	5,720,561

Additions pertain to increases in asset values due to replacement under service and warranty. Disposals pertain to removal of service warranty upon subsequent replacement.

11. Long-term indebtedness

	2019	2018
Toronto Dominion term loan, bearing interest at variable rates based on 30-day Bankers' Acceptances, hedged by a floating to fixed interest rate swap bearing interest at 2.51%, payable in monthly payments of principal and interest of $235,399, due February 2046.	67,922,412	77,516,021
Toronto Dominion term loan, bearing interest at variable rates based on 30-day Bankers' Acceptances, hedged by a floating to fixed interest rate swap bearing interest at 3.41%, payable in monthly payments of principal and interest of $346,861, due March 2038.	58,167,464	60,308,902
Toronto Dominion term loan, bearing interest at variable rates based on 30-day Bankers' Acceptances, hedged by a floating to fixed interest rate swap bearing interest at 2.99%, payable in monthly payments of principal and interest of $213,564, due July 2033.	29,845,646	49,019,741
Toronto Dominion term loan, bearing interest at variable rates based on 30-day Bankers' Acceptances, hedged by a floating to fixed interest rate swap bearing interest at 2.81%, payable in monthly interest only payments until April 2021, then monthly payments of principal and interest of $117,793, due March 2038.	19,014,210	-
Toronto Dominion term loan, bearing interest at variable rates based on 30-day Bankers' Acceptances, hedged by a floating to fixed interest rate swap bearing interest at 1.87%, payable in monthly payments of principal and interest of $97,363, due April 2021.	2,385,442	3,497,886
Bonds Payable, 5% compounded with dates ranging from December 31, 2006 to April 30, 2008 maturing five years from the date of issuance, guaranteed by the Province of Prince Edward Island.	1,276	1,276
Toronto Dominion, refinanced during the year	-	25,266,564
Province of PEI, repaid during the year	-	10,652,359
Toronto Dominion Bankers Acceptance, repaid during the year	-	10,609,270
Toronto Dominion, repaid during the year	-	1,628,388
	177,336,450	238,500,407
Less: current portion	(6,175,244)	(19,207,644)
	171,161,206	219,292,763

The aggregate maturities of long-term indebtedness including accrued interest subsequent to March 31, 2019 are as follows: 2020 - $6,175,244; 2021 - $6,352,082; 2022 - $6,271,621; 2023 - $6,439,574; 2024 - $6,637,617; thereafter - $145,460,312.

In accordance with a loan agreement, the Corporation must deposit $30,000 per month into a sinking fund for future settlement of long-term indebtedness. The balance of the sinking fund is presented on the Consolidated Statement of Financial Position as restricted cash.

Additional information regarding derivatives and hedging are provided in notes 12 and 14.

12. Financial Instruments

	Fair Value through Earnings	Amortized Cost	Derivatives designated as hedging instruments	Total
March 31, 2018				
Cash, including restricted cash	33,072,697	-	-	33,072,697
Trade receivables, net	18,960,342	-	-	18,960,342
Other financial assets, including current	-	111,182,608	-	111,182,608
Derivative financial instruments, assets	-	-	8,645,383	8,645,383
Derivative financial instruments, liabilities	-	-	(2,961,117)	(2,961,117)
Trade payables and accrued liabilities	(1,718,544)	-	-	(1,718,544)
Long-term indebtedness, including current	-	(238,500,407)	-	(238,500,407)
	50,314,495	(127,317,799)	5,684,266	(71,319,038)
March 31, 2019				
Cash, including restricted cash	13,329,653	-	-	13,329,653
Trade receivables, net	3,849,886	-	-	3,849,886
Other financial assets, including current	-	100,840,853	-	100,840,853
Trade payables and accrued liabilities	(2,299,414)	-	-	(2,299,414)
Derivative financial instruments, assets	-	-	3,822,824	3,822,824
Derivative financial instruments, liabilities	-	-	(5,141,389)	(5,141,389)
Long-term indebtedness, including current	-	(177,336,450)	-	(177,336,450)
	14,880,125	(76,495,597)	(1,318,565)	(62,934,037)

Net gains (losses) by category by period were as follows:

	2019	2018
Financial assets at fair value	379,402	296,882
Financial assets at amortized cost	444,456	457,512
Financial liabilities at amortized cost	(1,446,515)	(1,969,173)
Derivatives designated as hedging instruments	(6,862,109)	8,728,084

Additional details regarding net gains (losses) on derivatives designated as hedging instruments are as follows:

	2019	2018
Hedging gains (losses) recognized in other comprehensive income	(6,862,109)	8,728,084
Hedging gains reclassified to profit or loss due to interest rate swap unwinds	140,721	-
Line item in the statement of profit or loss	Finance income, net	-

The carrying values of financial instruments included in current assets and current liabilities approximate their fair value, reflecting the short-term maturity, normal trade credit terms and/or the nature of these instruments.

Derivative financial instruments consist of interest rate swaps with a financial institution that are designated as cash flow hedges. The carrying values of derivative financial instruments equal their fair values, which are calculated as the present values of the future rights and obligations between the two parties to receive or deliver future cash flows. The fair values of the Corporation’s interest rate swaps are classified as Level 2 fair values as the significant inputs are directly or indirectly observable.

12. Financial Instruments (continued)

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Corporation enters into interest rate swaps that have similar critical terms as the hedged items, such as reference rate, reset dates, payment dates, maturities and notional amount. As all critical terms of long-term indebtedness and corresponding interest rate swaps matched during the year, the economic relationships were 100% effective.

If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Corporation uses the hypothetical derivative method to assess effectiveness. Hedge ineffectiveness for interest rate swaps may arise if there is a credit value/debt value adjustment on an interest rate swap which is not matched by the corresponding loan, or if there are differences in critical terms between the interest rate swaps and loans. There was no ineffectiveness during the years ended March 31, 2019 and 2018 in relation to the interest rate swaps.

During the year, the Corporation made lump sum repayments of long-term indebtedness hedged by interest rate swaps. In conjunction with these repayments, the corresponding interest rate swaps were partially or fully unwound and critical terms adjusted, as applicable, in order to maintain 100% hedge effectiveness. Gains arising from the partial or full unwinds of interest rate swaps have been included in profit or loss.

Additional information regarding derivatives and hedging are provided in notes 11 and 14.

The fair value of other financial assets and long-term debt is calculated by discounting the future cash flow of each instrument at the estimated yield to maturity for the same or similar issues at the balance sheet date, or by using quoted market prices when available. The fair value of the Corporation's other financial assets and long-term debt is determined using the provincial Crown borrowing rate for similar terms. The estimated fair value of other financial assets is $101,912,138 (2018 – $109,947,985). The estimated fair value of long-term indebtedness is $171,105,148 (2018 - $226,873,929).

13. Government Grants

Government grants have been recorded in the Corporation’s financial statements as follows:

	2019	2018
Government grants deducted from carrying amount of related asset	1,120,718	21,300,405
Government grants recognized as income	115,000	115,000
	1,235,718	21,415,405

Government grants have been received for construction related to the PEI-NB Cable Interconnection Project which upgraded the interconnection between the electrical systems of Prince Edward Island and mainland Canada, and to compensate the Corporation for selling renewable energy certificate’s on behalf of the Provincial Government.

Under the conditions of the grant related to the PEI-NB Cable Interconnection Project, the Corporation must ensure the ongoing operation, maintenance and repair of the assets for a period of five years after the end of the project.

There are no unfilled conditions or contingencies attached to the other grants.

14. Risk Management

The Corporation’s activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Corporation uses various strategies to manage these risks.

14. Risk Management (continued)

Market Risk Risk that the fair value of future cash flows of a financial instrument held by the Corporation will fluctuate because of changes in market prices (i.e. commodity price risk, interest rate risk and currency risk).

Credit Risk Risk of loss due to the failure of the borrower or counterparty to fulfill its contractual obligations.

Liquidity Risk Risk that the Corporation cannot meet a demand for cash or fund an obligation when it is due.

Market Risk

Commodity price risk is defined as the risk that the fair value of future cash flows will fluctuate because of changes in the price of electricity. The Corporation manages this risk by entering into long-term PPA's. These PPA's provide price assurance. Currently 100% of the Corporation's electricity production is contracted under long-term PPA's which expire between 2022 and 2033.

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument held by the Corporation will fluctuate because of changes in interest rates. The Corporation's exposure to the risk of changes in market interest rates relates primarily to the Corporation's long-term debt obligations with floating interest rates.

The Corporation manages its interest rate risk by entering into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At March 31, 2019, after taking into account the effect of interest rate swaps, 100% of the Corporation's borrowings are at a fixed rate of interest (2018: 96%). The fixed interest rates of the swaps range between 1.87% and 3.41% (2018 – 1.87% and 2.41%). The swap contracts require settlement of net interest receivable or payable on a monthly basis. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

The effects of the interest rate swaps on the Corporation's financial position and performance are as follows:

	2019	2018
Carrying amount – derivative financial instruments (assets)	3,822,824	8,645,383
Carrying amount – derivative financial instruments (liabilities)	(5,141,389)	(2,961,118)
Notional amount	177,335,174	217,237,502
Maturity date	2019	2018
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since beginning of year	(7,002,830)	8,728,084
Change in value of hedged item used to determine hedge effectiveness	7,002,830	(8,728,084)
Balance in cash flows hedge reserve for continuing hedges	(1,318,565)	5,684,265
Weighted average hedged rate for the year	2.91%	2.85%

Additional information regarding derivatives and hedging are provided in notes 11 and 12.

Currency risk is defined as the risk that the fair value of future cash flows will fluctuate because of changes in foreign exchange rates. The Corporation currently incurs almost all of its revenues and expenditures in Canadian dollars but does have some expenses related to its turbine supply and maintenance agreements that are denominated in US dollars. To mitigate these risks, the Corporation monitors the risks associated with foreign exchange rate fluctuations and, from time to time, may enter into forward foreign exchange contracts. As at March 31, 2019, the Corporation did not hold any foreign exchange contacts.

14. Risk Management (continued)

Credit Risk

The Corporation's credit risk is limited to cash, trade receivables and other financial assets. The Corporation's maximum exposure to credit risk in relation to each class of recognized financial assets is limited to the carrying amount of those assets as indicated in the statement of financial position. The maximum credit exposure does not take into account the value of any collateral or other security held, in the event the counterparty fails to perform its obligations under the financial instrument in question. The Corporation considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Corporation in full, without recourse by the Corporation to actions such as realizing security (if any is held).
The Corporation has minimal credit risk with respect to cash as it is held at high-credit quality financial institutions. Trade receivable risk is managed through the PPA process whereby the counterparty to the PPA is a utility subject to government regulation and legislation and is a subsidiary of a highly rated public company. Of the trade receivables balance at the end of the year, $2,708,741 (2018 - $3,168,249) is due from the utility, the Corporation's largest customer, and $134,538 (2018 – $15,678,025) is due from the Federal Government in respect of grants. Apart from this, the Corporation does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. All other financial assets are categorized as performing as counterparties have a low risk of default and all contractual cash flows have been met except as disclosed in Note 6. No expected credit loss provisions have been recognized.

The Corporation actively manages its exposure to credit risk by assessing the ability of counterparties to fulfill their obligations under the related contracts prior to entering into such contracts. The Corporation makes detailed assessments of credit quality of all counterparties and, where appropriate, obtains corporate guarantees, collateral or other security to support the ultimate collection of these financial assets.

Liquidity Risk

The Corporation actively manages its liquidity through cash and debt management strategies. Such strategies include continually monitoring forecasted and actual cash flows to assess and further reduce liquidity risk. The Corporation's cash resources, trade receivables, other financial asset receivables and cash generated from operations significantly exceed the current cash outflow requirements.

15. Capital Management

The Corporation's debt management plan is built on the goal of ensuring the capacity to meet long-term obligations and ensuring financial health, while achieving the growth plans of the Corporation. In order to facilitate the management of its capital requirements, the Corporation prepares annual operating budgets and actual to budget forecasts on a quarterly basis. The Corporation's capital consists of short-term debt having a term to maturity of one year or less, long-term debt having a term to maturity greater than one year and equity, primarily in the form of surplus. There has been no change with respect to the overall capital risk management strategy during the year.

The Corporation is subject to an externally imposed requirement to contribute to a sinking fund for the future settlement of long-term indebtedness and has complied with this requirement during the year.

16. Commitments and Financial Guarantees

Commitments

Turbine service and warranty agreements:

The Corporation enters into service and warranty agreements in the ordinary course of business. Certain agreements are denominated in US dollars and have been converted to Canadian dollars using the exchange rate in effect at March 31, 2019. The contracts provide for scheduled and unscheduled maintenance and require annual minimum payments, subject to inflationary increases, as applicable, The committed amounts over the next five years and

16. Commitments and Financial Guarantees (continued)

beyond are as follows: 2020 - $3,529,631; 2021 - $3,529,631; 2022 - $3,529,631; 2023 - $2,126,396; 2024 - $2,106,907; thereafter - $10,178,284.

Power Purchase Agreements (PPAs):

The Corporation is contractually obligated, through PPA's totaling 19 megawatts with private wind developers, to purchase all wind power produced, and then sell all wind power purchased to Maritime Electric Company Limited. These PPA's expire in 2026 (9 megawatts) and 2036 (10 megawatts). The Corporation is contractually obligated, through PPA's totaling 73.56 megawatts, to sell all wind power produced at its wind farm facilities to Maritime Electric Company Limited. These PPA's expire in 2022 (5.28 megawatts), 2023 (3 megawatts), 2024 (5.28 megawatts), 2026 (30 megawatts) and 2033 (30 megawatts).

Land lease payments:

In the normal course of business, the Corporation has entered into agreements for the use of, or option to use, land in perpetuity in connection with the operation of its wind farms. Payment under these agreements is dependent on the amount of power generated by the wind farm assets; therefore, future minimum payments are indeterminable.

Development:

At March 31, 2019, the Corporation had outstanding contractual construction commitments amounting to approximately $100,000 (2018 – $1,600,000) related to PEI-NB Cable Interconnection Project which has upgraded the interconnection between the electrical systems of Prince Edward Island and mainland Canada. Outstanding funding for the project, as of March 31, 2019, from Infrastructure Canada is estimated at $50,000 (2018 - $800,000).

17. Related Party Transactions

Salaries and benefits for Corporation employees paid by and reimbursed to the Province of PEI during 2019 totaled $332,649 (2018 - $346,326).

During 2019, the Corporation received $115,000 (2018 - $115,000) in grants from the Province of PEI in exchange for the Corporation acting as an agent in the sale of Renewable Energy Certificates.

During the year, the Corporation provided $106,229 (2018 - $104,382) in funding for a program, administered through the Province of PEI, that supports economic, social and community-based projects in the area surrounding one of the Corporation's wind farms.

Interest paid to the Province of PEI during the year in respect of long-term indebtedness totaled $203,832 (2018 - $420,152).

Key Management Compensation

Key management includes the CEO. Salary and short-term benefits paid to the CEO totaled $149,893 (2018 – $148,957).

18. Subsequent Events

Subsequent to March 31, 2019, the Corporation entered into an agreement to provide funding for a program which supports local businesses and community groups in the area surrounding one of its wind farms by making strategic investments in economic, social or community-based projects that focus on community development, recreation, and arts and culture. The funding will be provided for a period of five years at a rate of $125,000 per year, beginning in April 2019.

Also subsequent to year end, the agreement for the Wind Energy Institute of Canada loan receivable was amended to increase the June 2019 loan payment by an amount equal to the interest on the deferred payments from March to December 2018 and to shorten the amortization and term of the loan from June 2036 to June 2035.