Powering Saskatchewan to a cleaner

ENERGY FUTURE

2016-17 ANNUAL REPORT

SaskPower
Powering the future®

OUR STRATEGIC CONTEXT

OUR VISION

Powering Saskatchewan to a cleaner energy future through innovation, performance and service.

OUR MISSION

Ensuring reliable, sustainable and cost-effective power for our customers and the communities we serve.

OUR VALUES

Safety, openness, collaboration and accountability.

CORPORATE PILLARS

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WORKFORCE EXCELLENCE
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CORPORATE PROFILE

Established in 1929, SaskPower is Saskatchewan's leading energy supplier. We are defined by our commitment to support economic growth and enhance quality of life in our province. Our corporate mission: ensuring reliable, sustainable and cost-effective power for our customers and the communities we serve.

SaskPower's team is made up of nearly 3,200 permanent full-time employees. We manage nearly $11 billion in generation, transmission, distribution and other assets. Our company operates five natural gas stations, three coal-fired power stations, seven hydroelectric stations, and two wind facilities. Combined, they generate 3,542 megawatts (MW) of electricity.

SaskPower also buys power from various Independent Power Producers, including the North Battleford Generating Station, Cory Cogeneration Station, Meridian Cogeneration Station, Spy Hill Generating Station, Morse Wind Energy Facility, Red Lily Wind Energy Facility and SunBridge Wind Power Facility. Our company's total available generation capacity is 4,491 MW.

We are responsible for serving over 528,000 customer accounts within Saskatchewan's geographic area of approximately 652,000 square kilometres. About three customer accounts are supplied per circuit kilometre. We maintain nearly 159,000 kilometres of power lines, 55 high voltage switching stations and 195 distribution substations. Our company also has interties at the Manitoba, Alberta and North Dakota borders.

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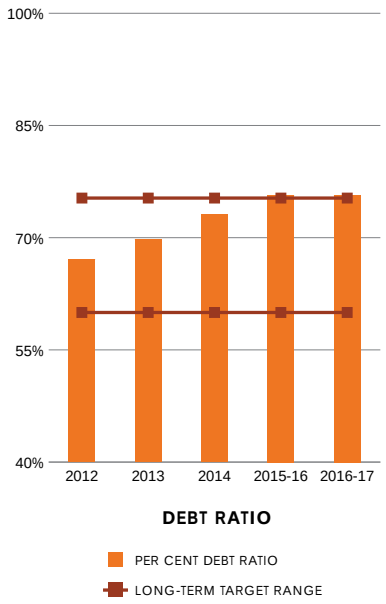
SaskPower's 2016-17 Annual Report reflects the fiscal period April 1, 2016, through March 31, 2017.

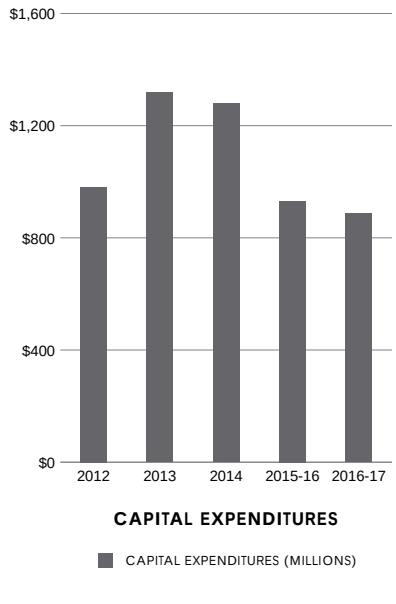
PERFORMANCE HIGHLIGHTS

FINANCIAL INDICATORS

(in millions)	**2016-17**	2015-16	Change
Revenue	**$ 2,402**	$ 2,304	$ 98
Expense	**2,356**	2,240	116
Income before unrealized market value adjustments	**46**	64	(18)
Net income (loss)	**56**	(19)	75
Capital expenditures	**886**	931	(45)
Total debt	**7,585**	7,244	341
Net cash from operating activities	**564**	376	188
Return on equity (operating)[1]	**2.1%**	2.9%	(0.8)%
Return on equity[2]	**2.6%**	(0.9)%	3.5%
Per cent debt ratio[3]	**75.7%**	75.7%	–

1. Return on equity (operating) = (income before unrealized market value adjustments)/(average equity).
2. Return on equity = (net income)/(average equity).
3. Per cent debt ratio = (debt)/(debt + equity), where debt = (long-term debt + short-term debt + finance lease obligations – debt retirement funds – cash and cash equivalents).





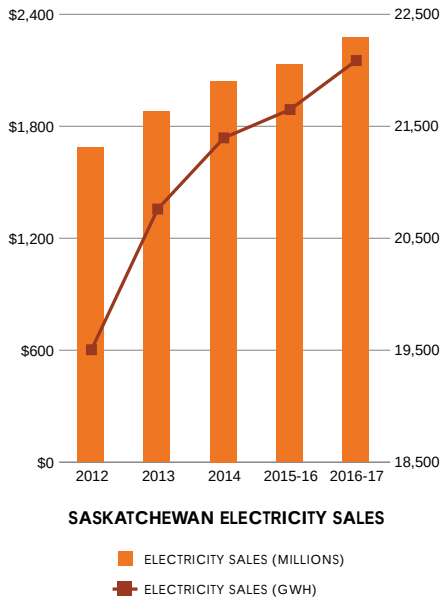
15% INCREASE IN CUSTOMER ELECTRICITY DEMAND DURING THE LAST FIVE FISCAL YEARS.

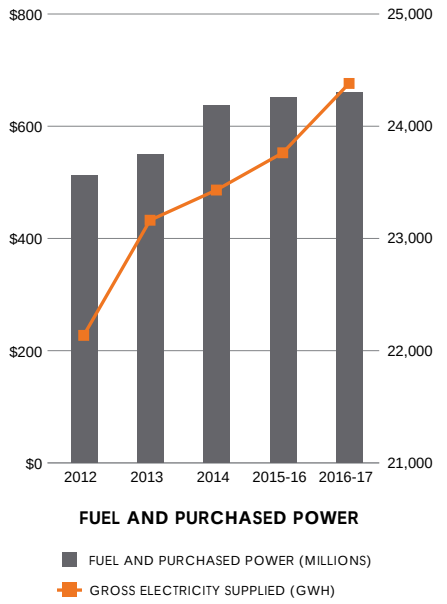
64% GROWTH IN TOTAL EXPENSES DUE TO CAPITAL-RELATED CHARGES — THOSE ASSOCIATED PRIMARILY WITH INFRASTRUCTURE INVESTMENT — IN THE LAST FIVE FISCAL YEARS.

OPERATING STATISTICS

(in millions)	**2016-17**	2015-16	Change
Electricity sales ($)	**$ 2,277**	$ 2,132	$ 145
Electricity sales (GWh[1])	**22,080**	21,642	438
Fuel and purchased power ($)	**$ 661**	$ 652	$ 9
Gross electricity supplied (GWh)	**24,374**	23,756	618

1. One gigawatt hour (GWh) is equivalent to the energy consumed by 125 typical houses in one year.





3,747 MW RECORD PEAK LOAD

24,374 GIGAWATT HOURS RECORD GROSS ELECTRICITY SUPPLIED

$886 MILLION CAPITAL INVESTMENT IN SASKATCHEWAN'S ELECTRICITY SYSTEM

2016-17 YEAR AT A GLANCE

- **CONTINUED** plan to increase renewable generation up to 50% of total capacity by 2030, which will reduce greenhouse gas emissions to approximately 40% below 2005 levels.
- **LAUNCHED** competitive process for up to 200 MW of new wind generation capacity for service beginning in 2020.
- **INITIATED** competitive process for Saskatchewan's first 10-MW utility-scale solar project, part of a program expected to add 60 MW of solar power to the province's electricity system by 2021.
- **BEGAN** construction of the new 350-MW natural gas-fired Chinook Power Station near Swift Current, and the 200-kilometre double circuit 230/138-kilovolt transmission line from Swift Current to Pasqua.
- **PROCEEDED** on $300-million life-extension of six units at E.B. Campbell Hydroelectric Station, which will allow the 289-MW facility near Carrot River to operate an additional 50 years.
- **COMPLETED** $130 million in new construction projects to connect customers to the electricity grid.
- **COMPLETED** $309 million of sustainment upgrades to Saskatchewan's aging generation, transmission and distribution infrastructure.
- **REACHED** milestone of capturing nearly 1.5 million tonnes of carbon dioxide at the Boundary Dam Integrated Carbon Capture and Storage Demonstration Project since start-up.
- **ACHIEVED** incremental electricity demand savings of 18 MW through a portfolio of energy efficiency and conservation programs, exceeding our goal of 10 MW for the year.
- **LAUNCHED** the new Safety Improvement Program, which is refocusing efforts in order to achieve zero workplace injuries and emphasize a safety-first culture.
- **NAMED** one of Canada's 25 Best Employers by Forbes Magazine, as well as one of Canada's Top Employers, one of Canada's Top Employers for Young People, one of Canada's Best Diversity Employers, and one of Saskatchewan's Top Employers.
- **CONTINUED** the Power to Grow tour, reaching an additional 58,300 citizens at 113 stops throughout Saskatchewan to provide an interactive and engaging way to learn about the province's electrical infrastructure.
- **PRODUCED** 643,844 SaskPower Shand Greenhouse seedlings, reaching a total of nearly 11 million provided to Saskatchewan residents and communities.

LETTER OF TRANSMITTAL

Regina
June 2017

To Her Honour
The Honourable Vaughn Solomon Schofield, S.O.M., S.V.M.
Lieutenant Governor of Saskatchewan
Province of Saskatchewan

Madame:

I have the honour to submit herewith the Annual Report of the Saskatchewan Power Corporation for the year ended March 31, 2017.

The report includes the financial statements for the year in the form approved by the Treasury Board, duly certified by the auditors of the Saskatchewan Power Corporation, all in accordance with *The Power Corporation Act*.

I have the honour to be, Madame, your obedient servant,

Honourable Gordon Wyant, Q.C.
Minister Responsible for Saskatchewan Power Corporation

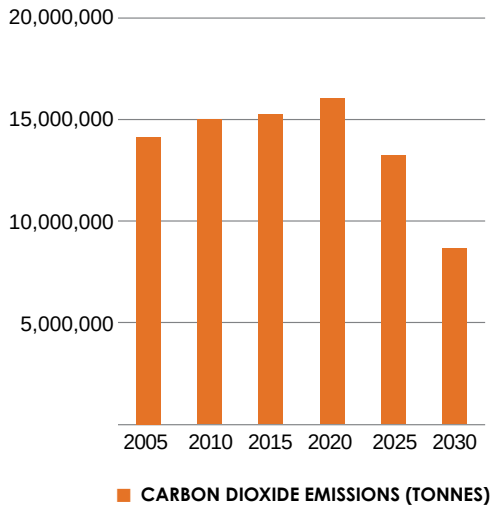
A MESSAGE TO OUR STAKEHOLDERS

Throughout the world, the electricity industry is undergoing an unprecedented period of change. Technological advances are driving lower prices for wind and solar energy, while also causing utilities to re-think how they generate, transmit and distribute electricity.

Meanwhile, climate change continues to trigger an accelerated regulatory evolution. In Canada, federal carbon dioxide emission regulations are now proposed that will phase out all conventional coal-fired electricity generation by 2030. This has significant implications for SaskPower, which in 2016-17 generated almost half of its electricity from this source.

As a result, the long-term success of our company — and the growth of our province — is contingent upon our transition to a sustainable approach that continues to provide customers with the cost-effective, reliable and secure electricity they expect. Mindful of this, in 2016-17 we refocused our company's vision statement: powering Saskatchewan to a cleaner energy future through innovation, performance and service.

This vision of a cleaner energy future is aligned with SaskPower's commitment to increase the amount of renewable electricity in Saskatchewan's generation mix to as much as 50% by 2030. This capacity target will help us achieve our goal to reduce our greenhouse gas emissions by approximately 40% from 2005 levels by 2030. As we move along this path we will see our emissions profile rise slightly until 2020, after which it drops dramatically. This reflects the addition of natural gas-fired generation to support the further integration of renewables, followed by the retirement of conventional coal facilities and addition of low- or non-emitting generation sources.



CUSTOMER EXPERIENCE & STAKEHOLDER RELATIONS

In our move to a cleaner energy future, it's also important to help our customers understand how they can do their part to conserve energy. We offer a portfolio of energy efficiency and conservation programs that provide incentives for our customers to reduce their consumption and save money. In 2016-17, SaskPower achieved an 18-megawatt (MW) reduction in peak demand through our conservation and efficiency programs, exceeding the year's target of 10 MW by over 77%.

Our company is also helping our customers more effectively manage their energy consumption and prepare for outages. During the year, the SaskPower App was launched for mobile phones. The App provides customers with notifications regarding planned and unplanned outages, as well as access to tools that provide energy efficiency and usage information. In addition, we implemented an online solution that enables our larger commercial and industrial customers to access information on their electricity usage over the past two years to assist with analyzing consumption trends.

WORKFORCE EXCELLENCE

Our company recognizes just how critical a high performing, diverse and engaged workforce is to our overall success. Located across the province, our employees are working — no matter the time of day and in all kinds of weather — to ensure the power we have come to depend upon is available.

Our employees are not only vital to the success of our business, they also make our company a great place to work. For the second year in a row, SaskPower was recognized by Forbes Magazine as one of Canada's 25 Best Employers.

Furthermore, our company has also been named one of Canada's Top Employers, one of Saskatchewan's Top Employers, one of Canada's Best Diversity Employers, as well as one of Canada's Top Employers for Young People.

The safety of our employees, contractors and the public continues to be of the utmost importance to our business. During the year, our new Safety Improvement Program implemented a number of initiatives which are becoming ingrained in our day-to-day activities. From starting meetings with a focus on the safety of our employees and the public to defining SaskPower's non-negotiable safety rules, safety is a top priority for our company. And our efforts are producing results: in 2016-17 lost-time injuries and severity decreased 60%.

EFFICIENCY, QUALITY & COST MANAGEMENT

The challenging economic climate within our province has placed financial pressure on both our customers and the Government of Saskatchewan. As a result, SaskPower has heightened its focus on fiscal restraint, and we are continually working to identify new opportunities to realize efficiency gains and cost reductions.

During 2016-17, we introduced the new Business Optimization Initiative. It will review our company from top to bottom, challenging the way we currently do business. The initiative is focused on streamlining, refining and prioritizing our high-value work, as well as improving our company's ability to evolve along with the ever-changing regulatory requirements, technological standards and service expectations inherent in our industry. Through a combination of restraint measures and optimization activities, SaskPower has realized $73 million in operating, maintenance and administration reductions from budget over the past two years.

When it comes to our financial performance, during 2016-17 SaskPower achieved an operating income of $46 million and an operating return on equity (ROE) of 2.1% before unrealized market value adjustments. With the addition of $10 million in unrealized market value gains, our company's net income was $56 million, resulting in an ROE of 2.6%.

SUSTAINABLE INFRASTRUCTURE & RELIABILITY

Notwithstanding the current economic climate, the demand for electricity continues to grow in Saskatchewan. New record peak demand was set on three separate occasions during the year, increasing a total of 107 MW above the record peak demand marked last year. This is nearly equivalent to the capacity required to serve the peak demand of approximately 14,000 homes. In order to meet our province's growing demand, we are progressing with our supply plan to grow and further diversify our generation portfolio.

In alignment with our renewables strategy, we announced our plan to add 60 MW of solar power to our generation portfolio by 2021. Allocated evenly between utility-scale solar, partnerships with the First Nations Power Authority, and community solar, this capacity addition will provide opportunities for our customers to participate in the generation of renewable energy. During the year, we began the request for proposal process for the first 10 MW. Once built, it will be the first Canadian utility-scale solar installation outside of Ontario.

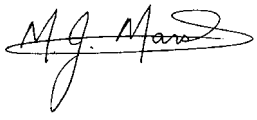
We are also progressing with the addition of more wind power, and have begun the competitive process to procure an additional 200 MW of wind generation through Independent Power Producers. Additionally, we have agreed to the re-siting of a 177-MW wind project from an area near Chaplin to a location at Blue Hills, south of Herbert in southwest Saskatchewan.

As backup for intermittent power sources such as wind and solar, we require additional natural gas-fired generation. Work began during the year at the site of the new 350-MW Chinook Power Station, located near Swift Current. Additionally, site planning has begun on a future natural gas-fired station which could be needed as early as 2022. As we look at the future of coal generation, we are also evaluating the next possible conversion of a conventional coal-fired unit to carbon capture and storage.

A number of projects have also moved forward on our transmission and distribution systems. These include the start of work on a 200-kilometre transmission line from Swift Current to Pasqua, ongoing connections of more than 6,300 customers per year, and implementation of projects related to our Grid Modernization Program.

As we move forward with all of the initiatives at SaskPower that take us closer to a cleaner energy future, we will continue to work closely with our dedicated employees, partners, key stakeholders, and customers. We would like to thank everyone for their work and support in 2016-17, and look forward to continued success in the coming year.

Chief Darcy Bear
Chair, Board of Directors



Mike Marsh
President & CEO

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2017

The following is a discussion of the consolidated financial condition and results of the operations of Saskatchewan Power Corporation (SaskPower; the Corporation) for the year ended March 31, 2017. It should be read in conjunction with the audited financial statements and accompanying notes. The financial information discussed herein has been prepared in accordance with International Financial Reporting Standards (IFRS).

This management's discussion and analysis (MD&A) contains forward-looking statements based on the Corporation's estimates and assumptions concerning future results and events. Due to the risks and uncertainties inherent in any forecasted outlook, the actual results of the Corporation could differ materially from those anticipated. These risks and uncertainties include natural gas prices; coal and hydro availability; weather; economic conditions; number of customers; and market conditions in other jurisdictions.

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OUR BUSINESS

At SaskPower, we are committed to supporting economic growth and enhancing quality of life in Saskatchewan. At the foundation of our business strategy is the pursuit of our vision of powering Saskatchewan to a cleaner energy future through innovation, performance and service. We work around the clock to provide power generation, transmission and distribution services to over 528,000 customer accounts. Our company prides itself on maintaining one of the largest service areas in Canada — a geographic region of approximately 652,000 square kilometres.

SaskPower is a vertically integrated utility with nearly 3,200 permanent full-time employees. Almost one-half of our workforce is comprised of members of the International Brotherhood of Electrical Workers Local 2067. Approximately 14% of workers belong to Unifor Local 649, with out-of-scope staff accounting for the balance.

Our company manages nearly $11 billion in assets, relying on a generating fleet that uses a wide range of fuels that include natural gas, coal, hydro, and wind. This diversity provides a hedge against supply and price volatility, protecting customers from some of the risk inherent in any single fuel. SaskPower has two wholly owned subsidiaries — NorthPoint Energy Solutions and SaskPower International.

652,000 SQUARE KILOMETRES OF SERVICE AREA

MANDATE

SaskPower traces its origins to the Saskatchewan Power Commission that was founded in 1929. In 1949, our company was incorporated as a provincial Crown corporation under the authority and mandate of *The Power Corporation Act* (the Act). The Act has had a number of modifications over its lifetime. However, SaskPower's mission — ensuring reliable, sustainable and cost-effective power for our customers and the communities we serve — has not fundamentally changed.

The Act grants SaskPower the exclusive franchise within the province of Saskatchewan (except for the City of Saskatoon and the City of Swift Current) to supply, transmit and distribute electricity, as well as to provide retail services to customers.

The reseller class of customer is restricted to two cities that retained their municipal franchises — the City of Swift Current and the City of Saskatoon.

SaskPower opened Saskatchewan's wholesale electricity market to competition through an open access transmission tariff (OATT) in 2001. It allows competitors to schedule access to our transmission system, enabling them to wheel power through Saskatchewan or sell to SaskPower's wholesale (reseller) customers.

Our company's vision, mission and values flow from the Act and SaskPower's relationship with our parent company, Crown Investments Corporation (CIC) of Saskatchewan. We support the strategic direction provided by CIC. In turn, CIC is responsive to general government direction as articulated in a variety of ways, such as through the annual Speech from the Throne or formal policy statements.

Pursuant to the Act, the President and Chief Executive Officer of SaskPower reports to a Board of Directors appointed by the Lieutenant Governor in Council. Through the Chair, our company's Board of Directors is accountable to the Minister Responsible for Saskatchewan Power Corporation. The Minister functions as a link between SaskPower and provincial cabinet, as well as the Saskatchewan Legislative Assembly.

OUR CAPABILITY TO DELIVER RESULTS

SaskPower maintains an extensive province-wide system of generation, transmission and distribution assets. With a history of innovation spanning more than 85 years, our company remains focused on strengthening our customers' experience while achieving our mission of ensuring reliable, sustainable and cost-effective power for our customers and the communities we serve.

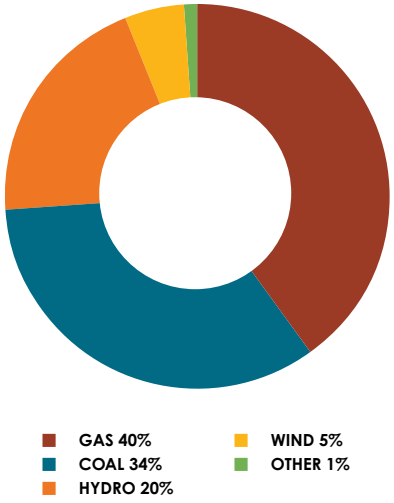
SUPPLY

To maintain reliability of service, SaskPower operates with a generating capacity greater than the province's peak demand. Our company's available capacity is 4,491 megawatts (MW), up 54 MW from 2015-16. Capacity restatements totaling 53 MW — resulting from a move from nameplate capacity to winter capacity ratings — were made for Meridian Cogeneration Station, North Battleford Generating Station, Cory Cogeneration Station, and Spy Hill Generating Station. These changes were made in order to align with the capacity ratings used for North American Electric Reliability Corporation (NERC) regulatory reporting requirements. Supply from the new 1-MW City of Regina Landfill Gas to Energy Facility was also added during the year.

Available capacity includes 3,542 MW available from our company's own assets — five natural gas stations, three coal-fired stations, seven hydroelectric stations, and two wind facilities. SaskPower also has a generating capacity of 949 MW available through long-term Power Purchase Agreements (PPAs).

The total available generating capacity is above our company's record system peak load of 3,747 MW, which was set in January 2017. SaskPower's reserve generating capacity — the difference between total available generating capacity and load — provides our company with the ability to carry out annual maintenance programs without compromising reserve capacity requirements. SaskPower's operating reserve is 292 MW, of which 40% or 117 MW must be spinning.

2016-17 AVAILABLE GENERATING CAPACITY
4,491 MW



Our company will also take advantage of excess capacity throughout the year to make export sales when SaskPower can earn an appropriate margin while operating within an acceptable level of risk.

Our company is committed to lessening the overall requirement for electricity by working closely with customers. Over the past nine years, we have assisted our customers in reducing their demand — freeing up just over 125 MW of capacity — through a variety of demand side management (DSM) initiatives, including energy efficiency, conservation and load management activities. SaskPower also provides programs to customers which assist them in generating a portion of their power requirements.

NETWORK

SaskPower's vast power line system provides the vital link between electricity generation sources and customers. Our transmission system is made up of 14,384 circuit kilometres of high voltage transmission lines and 55 switching stations located across Saskatchewan. SaskPower's transmission lines operate at high voltages (66,000 volts and above) in order to efficiently transport large volumes of electricity

NUMBER OF CUSTOMER ACCOUNTS PER CIRCUIT KILOMETRE OF POWER LINES **3**

3,747 NEW RECORD PEAK LOAD IN MEGAWATTS

from generating stations to load centres — cities, towns or large industrial and commercial customers.

Our distribution system consists of 144,339 circuit kilometres of power lines, 195 distribution substations and 184,648 pole, pad-mounted and step transformers. SaskPower's distribution lines are lower voltage lines (34,500 volts and under) that are used to supply power to residential users and smaller commercial consumers.

SaskPower's infrastructure includes the Grid Control Centre, which directs the safe and reliable operation of the power system, as well as the Supervisory Control and Data Acquisition (SCADA) system that enables the remote operation and control of our facilities. The challenge of managing our transmission and distribution systems is considerable because of the large geographic size of the province, locations of various sources of generation, and a dispersed and relatively small population.

SaskPower has transmission interconnections with Manitoba, Alberta and North Dakota. These provide our company with the capability to import or export electricity to meet higher internal demand or take advantage of export market opportunities. Under normal system conditions, the import capability is up to 250 MW from Manitoba, 147 MW from Alberta and 80 MW from North Dakota. The export capability is up to 90 MW to Manitoba, 153 MW to Alberta and 150 MW to North Dakota.

These interconnection capabilities vary with system conditions, including generation and load level. In compliance with the OATT, SaskPower is required to compete with other suppliers for access to these interconnections.

OUTLOOK

SaskPower continues to forecast a growing demand for electricity, at an average annual compound rate of 1.3% over the next five years. This period of future growth coincides with the need to refurbish or replace significant portions of both the generation fleet and the grid. These two factors strain the existing infrastructure, while also putting pressure on the company's finances to accommodate increased demand.

Fossil fuel generation is identified as the largest corporate risk facing SaskPower today. Federal carbon dioxide (CO_2) emission regulations are now proposed that will phase out all conventional coal-fired generation. Federal regulations governing natural gas emissions are also expected.

During the year, an Equivalency Agreement was reached in principle between the provincial and federal governments which will provide SaskPower with some flexibility to meet the CO_2 emissions reductions expected under federal regulations for coal-fired generation. The elimination of conventional coal-fired generation will significantly shift SaskPower's generation mix, as coal generation represented 44% of the total volume of electricity generated in 2016-17.

Ongoing and extensive system planning is not only required to meet the evolving regulatory environment, but also the changing needs of customers and stakeholders. Our company is completing a new Integrated Resource Plan, which is a decision support tool that provides various pathways to meet our generation objectives in the future, including the transmission system and DSM activities. A strategy to reduce our emissions to 40% below 2005 levels by 2030 is included.

In 2019, our company will be adding 350 MW of natural gas-fired generation with the commissioning of the combined-cycle Chinook Power Station, located near Swift Current. Meanwhile, 177 MW of wind generation, formerly planned near Chaplin, has been re-sited to Blue Hills, south of Herbert in southwest Saskatchewan.

A further 200 MW of wind will be added through a Request for Proposal (RFP) process by 2020-21. In 2016-17, SaskPower also started the RFP process for a 10-MW solar project, the first Canadian utility-scale solar project outside of Ontario.

In 2017-18, our company will continue to invest significantly in the grid. We are forecasting $168 million directed to investments in grid sustainment, as well as $194 million directed to growth projects. An additional $130 million is forecasted to connect customers.

OUR CORPORATE STRATEGY

VISION Powering Saskatchewan to a cleaner energy future through innovation, performance and service.

MISSION Ensuring reliable, sustainable and cost-effective power for our customers and the communities we serve.

VALUES Safety, openness, collaboration and accountability.

SaskPower's corporate strategy is designed to maximize organizational performance. Updated in 2016-17, our Strategic Direction is articulated in our vision, mission, and values statements. Our vision reminds us of the ideals we are pursuing and what we want to achieve in years to come. Our mission tells us why our business exists and defines its unique purpose. Our values are the fundamental principles that guide and govern our behaviour.

Our planning, execution and performance measurement are built around four corporate pillars. They are our company's foundation for success, and are the key result areas that form the basis of individual goal-setting. Each pillar plays a prominent role in SaskPower's Business Plan, Performance Management Plan and Corporate Balanced Scorecard, which are updated annually. Input is provided by our employees, Executive, and Board of Directors. The resulting course is closely aligned with the direction of our shareholder, CIC.

CORPORATE PILLARS & GOALS

1 CUSTOMER EXPERIENCE & STAKEHOLDER RELATIONS

- Deliver exceptional customer experiences through continued improvements in the value we offer our customers.
- Engage stakeholders at every opportunity to ensure our ability to do business.

2 WORKFORCE EXCELLENCE

- Drive exceptional public and employee safety performance through industry-leading safety programming and actions. Zero is our objective.
- Build effective people and development strategies that encourage diversity, enable employee success and reward quality and high performance.
- Strengthen our culture through leadership and re-enforcement of our core values of safety, openness, collaboration and accountability.

3 EFFICIENCY, QUALITY & COST MANAGEMENT

- Continually improve business results through prudent and responsible management of budgets and optimization of available resources.
- Implement process and quality improvements through innovative ideas and technology.

4 SUSTAINABLE INFRASTRUCTURE & RELIABILITY

- Ensure customer demand and future energy requirements are met through a cleaner, sustainable and diversified supply mix.
- Deliver reliable, secure, cost-effective power through effective asset management programs.
- Continually demonstrate responsible environmental stewardship to meet or exceed all current regulations and be able to adapt to evolving future requirements.

PERFORMANCE MEASURES	FURTHER INFORMATION
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OUR PERFORMANCE MEASURES, TARGETS AND STRATEGIC INITIATIVES

SaskPower's operational and financial performance is driven by our four corporate pillars, which serve as the basis of our business. They are the foundation of our Corporate Balanced Scorecard, which provides the framework for our day-to-day work, creation of targets, measurement of organizational performance and execution of long-term planning.

During 2016-17, our efforts were guided by our newly transformed vision of powering Saskatchewan to a cleaner energy future through innovation, performance and service. While executing our mission of ensuring reliable, sustainable and cost-effective power for our customers and the communities we serve, we advanced our plan to modernize and renew our power grid and moved forward with our strategy of transitioning our generation portfolio to incorporate more renewable sources. The targets, results and strategic initiatives associated with each of SaskPower's corporate pillars are contained within this section.

SASKPOWER CORPORATE BALANCED SCORECARD

	Corporate pillars & performance measures	Twelve months March 31 2015-16 actual[1]	Twelve months March 31 2016-17 target	Twelve months March 31 2016-17 actual	2016-17 Performance
	CUSTOMER EXPERIENCE & STAKEHOLDER RELATIONS				
M1.	Customer Experience Index (residential/small & medium business/key & major accounts)	5.7/7.2/7.6	**5.8/7.3/7.7**	**5.8/7.3/8.0**	🟢🟢🟢
M2.	New Connect Construction Index (%) (NEW FOR 2016-17)	•	**70**	**78**	🟢
M3.	DSM peak demand/energy savings (MW/GWh) (REVISED FOR 2016-17)	15/•	**10/50**	**17.7/75.8**	🔵🔵
	WORKFORCE EXCELLENCE				
M4.	Employee engagement (%)	56	**58**	**55**	🟡
M5.	Diversity hires (net) (NEW FOR 2016-17)	•	**70**	**56**	🔴
M6.	Safety Index (%) (REVISED FOR 2016-17)	91.8	**85.0**	**90.7**	🟢
	EFFICIENCY, QUALITY & COST MANAGEMENT				
M7.	Return on equity (operating/net income) (%)	2.9/(0.9)	**6.9/8.0**	**2.1/2.6**	🔴🔴
M8.	Per cent debt ratio (%)	75.7	**74.7**	**75.7**	🟡
M9.	OM&A/property, plant and equipment (%)	6.9	**7.1**	**7.1**	🟢
M10.	Aboriginal procurement (%) (NEW FOR 2016-17)	•	**2.5**	**7.9**	🔵
M11.	Rates - thermal utilities comparison (%)	99.7	**≤100**	**97.1**	🟢
	SUSTAINABLE INFRASTRUCTURE & RELIABILITY				
M12.	Equivalent availability factor[2] (%)	86.2	**87.6**	**85.5**	🟡
M13.	SAIDI/SAIFI (distribution) (hours/outages)	5.1/2.3	**5.9/2.4**	**5.1/2.2**	🟢🟢
M14.	SAIDI/SAIFI (transmission) (minutes/outages)	157/2.7	**200/2.4**	**125/2.8**	🔵🟡
M15.	Planned maintenance (distribution/transmission) (%)	68/94	**57/80**	**60/94**	🟢🟢
M16.	Renewable generation portfolio (%)	25.7	**25.7**	**25.3**	🟡

🔵 ≥ 20% better than target 🟢 on target 🟡 did not meet target by <20% 🔴 did not meet target by ≥20%

• Denotes that actuals were not reported for that time period.

1. Prior-year actuals, with the exceptions of the Safety Index and equivalent availability factor, have been restated for comparison purposes to reflect the same 12-month period from April 1through March 31 as the actuals for 2016-17.
2. Target and results are reported on a calendar-year basis.

OUR BUSINESS IS DEFINED BY OUR RELATIONSHIPS WITH CUSTOMERS AND STAKEHOLDERS AT ALL LEVELS. WE ARE WORKING TO PROVIDE OUR CUSTOMERS WITH MORE CHOICE, CONTROL AND CONVENIENCE, WHILE IMPROVING OUR COMMUNICATION AND TRANSPARENCY BY ENGAGING ON WHAT MATTERS MOST TO THEM. WE WELCOME DIALOGUE AND WORK TO CREATE OPPORTUNITIES FOR STAKEHOLDERS TO PROVIDE INPUT.

CORPORATE PILLAR 1

CUSTOMER EXPERIENCE & STAKEHOLDER RELATIONS

CUSTOMER EXPERIENCE

Delivering an exceptional customer experience is a top priority for SaskPower. Our customers expect us to deliver segment-specific programs, services and support; provide faster and easier access to information that matters to them; increase engagement and transparency; and deliver reliable power at an affordable price while operating our business effectively and efficiently. SaskPower's customer experience strategy focuses on four key areas that have the greatest impact:

- Creating a customer-focused culture – Building a workplace environment that puts the customer first and recognizes the benefits of focusing on customers.
- Optimizing customer interactions – Meeting customer expectations during every interaction by consistently providing high quality, convenient service on their terms.
- Delivering value to customers – Developing services that provide customers with greater control over their power use and opportunities to minimize the impact of rate increases.
- Engaging customers and stakeholders – Building positive customer relationships through active promotion of programs and services and frequent customer engagement.

SaskPower continues to demonstrate its customer focus through continuous improvements to service delivery and enhancements to programs and services, across all customer classes:

KEY AND MAJOR ACCOUNT CUSTOMERS

- Delivering personalized service – SaskPower remains committed to providing an enhanced level of service to our largest industrial and commercial accounts through dedicated key and major account managers; regular strategic meetings; an online customer newsletter (Customer Link); and frequent dialogue regarding power rates and system reliability.
- Demonstrating a commitment to better understand our customers' businesses – SaskPower participates in customer-coordinated site tours and hosts operational tours and demonstrations to facilitate a mutual understanding of each other's businesses.
- Providing customers with timely information regarding their energy consumption – SaskPower has implemented an online solution that allows key account customers self-service access to their energy consumption data. This includes information as recent as midnight of the previous day, as well as data over the past two years, enabling customers to analyze electricity consumption trends.

1,041,383 NUMBER OF CUSTOMER TELEPHONE INQUIRIES

Corporate Balanced Scorecard performance measure

M1. CUSTOMER EXPERIENCE INDEX (RESIDENTIAL/SMALL & MEDIUM BUSINESS/KEY & MAJOR ACCOUNT CUSTOMERS) (10-POINT SCALE)

Twelve months ended	March 31 2015-16	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	Long-term
Target	5.9/•/7.6[1]	5.8/7.3/7.7	5.9/7.4/7.8	6.0/7.4/7.8	6.0/7.4/7.8	6.1/7.5/7.9	6.5/7.6/8.0
Actual	5.7/7.2/7.6	5.8/7.3/8.0					

• Denotes that targets were not reported for that time period.
1. Targets for the 2015 calendar year as approved by Crown Investments Corporation (CIC) of Saskatchewan.

The Customer Experience Index is comprised of the results of questions asked in SaskPower's residential, small and medium business, and key and major account customer experience surveys. It is the sum of weighted scores for four core areas: customer perceptions about SaskPower, contact experience, products and services, and value for money. These drivers prioritize areas for improvement based on how much impact they have on the overall experience score.

This measure is assessed annually and SaskPower has developed increasing customer experience targets over the next few years and in the long term.

- Residential customers – The residential customer experience score achieved the annual target of 5.8, increasing slightly from the prior year. In 2016, the Canadian Electricity Association conducted its annual customer satisfaction survey of residential electric utility customers across Canada. For the 9th year in a row, SaskPower received the highest overall satisfaction results among all major utilities surveyed, and ranked higher than the national average in all measured attributes.
- Small and medium business customers – The small and medium business customer experience score achieved the annual target of 7.3. In the most recent customer experience survey, 65% of our business customers rated their experience with SaskPower as "excellent" (an increase of 3% from the prior year).
- Key and major account customers – The key and major account customer experience score of 8.0 exceeded the annual target of 7.7, increasing significantly from the prior-year score of 7.6. This positive performance can be attributed to SaskPower's focus on improving customer service delivery; efforts to understand customers' businesses; and increased communication regarding topics that matter, such as power rates, system reliability and our company's long-term plans.

- Providing more detailed insights regarding SaskPower's business plans – Our company continues to have in-depth discussions with customers about SaskPower's operational efficiency improvements, infrastructure plans and outage communications, as well as shares forecasts and insights regarding future potential rate increases.
- Offering education regarding energy efficiency and programs that support customers in reducing their electricity usage – SaskPower continues to offer the Industrial Energy Optimization Program (IEOP), which provides industrial customers with customized high-quality technical assistance and financial incentives towards energy management and capital projects that will reduce power usage and improve energy efficiency.

RESIDENTIAL AND SMALL & MEDIUM BUSINESS CUSTOMERS

- Developing new and improved customer self-service capabilities – SaskPower continues to improve the online billing experience (MyAccount) through enhanced usability, including the option for customers to receive their bills via e-mail monthly. Our company also recently launched the SaskPower App, which allows customers to report streetlight outages; receive notifications regarding planned and unplanned outages in their area; and access tools that provide energy efficiency and usage information.
- Enhancing the Customer Care Centre experience – SaskPower continues to implement enhanced service and training programs, as well as invest in technological improvements, to enable staff in the Customer Care Centre to improve the quality and timeliness of customer interactions.
- Enabling customers to prepare for planned outages – SaskPower has increased advance planned outage communication, making announcements by way of mail-outs, radio advertisements, the SaskPower App and social media.
- Providing opportunities for customer and stakeholder engagement – SaskPower utilizes a variety of approaches to proactively engage with customers, including community consultations on planned infrastructure projects, the Power to Grow provincial educational tour, social media, and more.

Corporate Balanced Scorecard performance measure

M2. NEW CONNECT CONSTRUCTION INDEX (%) (NEW FOR 2016-17)

Twelve months ended	March 31 2015-16	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	Long-term
Target	•	70	74	76	78	80	80
Actual	•	78					

• Denotes that targets were not reported for that time period.

New for 2016-17, the New Connect Construction Index measures the percentage of new connect delivery orders in which construction is completed before the later of the need date provided by the customer or the targeted cycle time for the relevant new connect order type.

SaskPower's New Connect Construction Index performance was 78% for 2016-17, well above the target of 70%. A decline in urban residential development and a continued slowdown in oilfield construction due to low oil prices — along with improved procurement strategies — has allowed SaskPower to eliminate its construction backlog and meet customer need dates on a consistent basis.

- Delivering customer education on energy efficiency – SaskPower provides customers with information on how to improve home and business energy efficiency, as well as on new energy efficiency products and technology. Our company's energy education and engagement programs are delivered through multiple channels, including in-store engagements, social media, and tradeshows, in addition to engagements with businesses and professional associations.

CONNECTING OUR CUSTOMERS

Our company's ability to connect new customers to the grid in a timely fashion remains a key focus. Consistent with the downturn our province is experiencing in the residential construction, oilfield and resource sectors, new connect volumes and spending were down in 2016-17 compared to previous years. SaskPower spent just over $130 million connecting more than 6,300 customers this year, compared to over $149 million spent on connecting customers in the prior year.

EFFICIENCY, CONSERVATION AND LOAD MANAGEMENT

SaskPower's Demand Side Management (DSM) portfolio of energy efficiency and conservation programs plays a significant role in securing Saskatchewan's electricity supply. Our company supports the adoption of energy-efficient technologies and provides conservation and efficiency education to residential and business customers with the long-term goal of transforming Saskatchewan into a more sustainable and energy-efficient market.

Through our programs, we're helping to both defer and ultimately reduce the need for new generation and infrastructure, while stimulating environmental and economic benefits associated with increased energy conservation and efficiency. We're also committed to educating customers on how to make the most informed decisions, while providing them with greater control and choice over their power use and presenting opportunities to minimize the impact of rate increases. SaskPower's portfolio of DSM programs is designed to serve all three segments of our customer base: residential; small and medium businesses; and key and major account customers.

Our most extensive energy efficiency initiative for residential customers is the Residential Retail Discount Program, which includes both lighting and home automation products. It provides customers with in-store rebates on select EnergyStar® qualified lights, light fixtures, controls and smart products, as well as access to in-store program representatives to assist customers in making educated purchasing choices. During the year, the program was available at 270 retail locations in 175 communities across Saskatchewan, engaging approximately 23,000 customers in energy efficiency and conservation discussions. In 2016-17, the Residential Retail Discount Program accounted for almost 12 MW, representing just under 70% of SaskPower's total demand savings from DSM.

During 2016-17, SaskPower received an award for the education component of the Residential Retail Discount Program from Lieutenant Governor Vaughn Solomon Schofield and the Regional Centre of Expertise on Education for Sustainable Development in Saskatchewan (RCE Saskatchewan). This is the third year in a row our company has received an award from RCE Saskatchewan for the education component of our energy efficiency programs for residential customers.

Corporate Balanced Scorecard performance measure

M3. DSM PEAK DEMAND/ENERGY SAVINGS (MW/GWH) (REVISED FOR 2016-17)

Twelve months ended	March 31 2015-16	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	Long-term
Target	10/•[1]	10/50	12/55	12/55	13/56	13/57	20/140
Actual	15/•	17.7/75.8					

• Denotes that actuals or targets were not reported for that time period.
1. Target for the 2015 calendar year as approved by CIC.

The DSM peak demand metric measures the reduction in peak electricity demand in MW and the energy savings metric measures the volume of energy saved in gigawatt hours (GWh) resulting from the various DSM programs delivered. The accumulated reduction is achieved through energy efficiency and conservation measures, demand response and system improvement programs.

In 2016-17, SaskPower achieved a 17.7 MW reduction in peak demand, exceeding the year's target of 10 MW by over 77%. The reductions were largely achieved through our Residential Retail Discount Program, and Commercial Lighting Rebate Program. These programs are SaskPower's most wide-reaching energy efficiency programs delivered to residential and business customers; both experienced increased customer uptake and retailer participation over previous years.

Since its initial launch, on a cumulative basis our portfolio of DSM programs has saved enough electricity to power 45,400 homes for a year. Meanwhile, the reduction in carbon emissions is equivalent to taking 72,000 cars off the road or planting 34 million new trees.

Meanwhile, in 2016-17 SaskPower's Refrigerator and Freezer Recycling Program concluded its sixth and final year. Over the program's lifetime, nearly 36,000 inefficient fridges and freezers were recycled.

When it comes to small and medium business customers, available support includes the Commercial Lighting Rebate Program, which promotes the adoption of energy-efficient lighting by providing rebates on select prequalified lighting and equipment. As well, the Commercial Refrigeration Program offers rebates on select refrigeration products. Both programs are delivered in partnership with local distributors and electrical contractors. Since 2012, approximately 5,600 Saskatchewan businesses have participated in the Commercial Lighting Rebate Program, resulting in 12 MW of demand savings. In 2016-17, the program achieved its highest annual participation to date, with over 2,800 rebate applications received and processed.

Acknowledging the unique needs of our small and medium business customers, SaskPower introduced the Walk-Through Assessment Program during the year. Based on annual consumption and square-footage, qualifying customers receive an in-person facility audit to assist them in understanding their power usage. Recommendations are provided on measures that can help them save energy. Since the program's launch in the fall of 2016, 17 customers have completed a walk-through audit.

For our key and major account customers, the Industrial Energy Optimization Program (IEOP) provides customized technical assistance and financial incentives for the identification, development and implementation of energy management and energy efficiency capital projects. During the year, SaskPower continued to explore energy efficiency projects with 38 customers, supporting the development and implementation of approximately 55 projects with 19 customers. In 2016-17, 14 projects were completed, representing a demand reduction of approximately 1.2 MW.

To complement our energy efficiency and conservation programs, SaskPower continues to dedicate resources to outreach and customer education. Throughout the year, our company met with various business groups and professional associations to discuss the energy efficiency and self-generation programs offered to business customers. The Efficiency Partners Program was launched in 2016-17, creating a network of small and medium business organizations that work with SaskPower to help customers make informed energy efficiency choices. The network features semi-annual workshops open to all program partners and provides insights on current and future SaskPower program offerings.

For our largest customers, SaskPower hosted the first Industrial Energy Management Meeting in November 2016. The gathering brought together 90 participants from 39 companies representing 11 different industries, and featured topics on energy management and opportunities to advance

energy efficiency capital projects. These engagements offer SaskPower an opportunity to gain valuable feedback, as well as identify opportunities for future collaboration.

These efforts contributed to our receipt of an award from the Saskatchewan Regional Centre of Expertise on Education for Sustainable Development for our education, awareness, and outreach initiatives for business customers.

CUSTOMER SELF-GENERATION

SaskPower continues to support and promote the development of renewable energy in Saskatchewan. Our company currently offers two programs — the Net Metering Program and the Small Power Producers Program (SPP) — which support customers in the generation of renewable energy in our province.

Through the Net Metering Program, customers use renewable sources with a capacity of up to 100 kilowatts (kW). Participants are credited for excess electricity transmitted to the grid, which they can use to offset future electricity bills within a set 12-month period. SaskPower received 195 net metering applications in 2016-17, for a combined generating capacity of 1.69 MW.

The SPP allows customers to generate up to 100 kW of electricity, which participants can either use or sell to SaskPower. During the year, 50 applications were received under the SPP for a combined generating capacity of 3.95 MW.

As the cost of solar power installations continued to decrease and electricity rates continue to rise, our company is also experiencing a rapid growth of interest in solar power through our existing self-generation programs. Furthermore, recognizing that Saskatchewan has the best solar power generation potential in Canada, our company made a commitment to add 60 MW of solar generation to the province's electricity grid by 2021. This addition has been allocated equally between utility-scale solar projects, agreements with the First Nations Power Authority, and community solar generation.

During the year, SaskPower initiated a review of existing customer self-generation programs with the goal of developing recommendations on how best to support the future development of residential, commercial and community-based solar power generation in Saskatchewan. As part of this review, our company embarked on a stakeholder consultation process. Feedback was gathered through face-to-face meetings with key stakeholders; facilitated stakeholder workshops; focus group testing; and an online engagement opportunity. Stakeholder input will help inform SaskPower's future development of solar programs.

STAKEHOLDER RELATIONS

Consultation programs for SaskPower projects are designed to engage a wide variety of stakeholders and rights holders, including customers, communities, landowners, Aboriginal groups, businesses, municipalities, regulators and government agencies. Successful engagement with stakeholders is essential to obtaining regulatory approval and to achieving social license in order to construct new infrastructure or upgrade existing facilities.

SaskPower's consultation programs typically include early contact with local officials through delivery of project presentations; broad distribution of detailed project information; public open house information sessions; meetings with individuals and interest groups; media releases; advertisements; and direct correspondence and discussion.

In 2016-17, SaskPower engaged stakeholders on a variety of infrastructure projects, including the Birtle to Tantallon 230-kilovolt (kV) Transmission Line; Condie to Belle Plaine 230-kV Transmission Line; Yancoal Potash 230-kV Transmission Line; Pasqua to Swift Current 230/138-kV Transmission Line; Spruce Lake 138-kV Transmission Line; Belle Plaine Switching Station; Chinook Power Station near Swift Current; a proposed combined-cycle gas generating station (2022) in the Regina or Moose Jaw areas; a SaskPower 10-MW utility-scale solar project; and the Poplar River Power Station Public Safety and Security Project.

Meanwhile, SaskPower continues to participate on the Saskatchewan Integrated Infrastructure Planning Network with a focus on coordination of shared utility corridors with other Crowns and agencies. The objectives are to achieve financial and operational efficiencies through the joint planning of provincial infrastructure and to improve customer service for proponents of major economic development projects.

SaskPower's provincial Power to Grow tour completed its final year educating residents about power and engaging them regarding the province's electrical infrastructure challenges and our company's plans for the future. Over the past three years, the tour made 340 stops in over 100 communities throughout Saskatchewan, and has reached over 128,000 people.

ABORIGINAL RELATIONS

Saskatchewan's First Nations and Métis communities are key SaskPower stakeholders. This is reflected in our company's Aboriginal Relations Policy, which enables SaskPower to build positive long-term relationships with Aboriginal communities and facilitates the achievement of specific business objectives. It supports Aboriginal economic development activities in Saskatchewan and promotes clear and open communication in response to social, economic and environmental issues that are of mutual concern.

SaskPower is working closely with Aboriginal communities because their input is an integral component of successful project development, project operation and mitigation of impacts. Our company is committed to informing and consulting with Aboriginal people and communities at an early stage with respect to planned activities, and we are incorporating traditional knowledge and community input along the way.

The formation of business partnerships is one way in which SaskPower and Aboriginal people, communities and businesses are mutually benefiting from electricity-related projects and operations. Our company is also focused on providing employment, contracting, and other opportunities. In Saskatchewan, the Aboriginal population is one of the fastest growing segments, and represents an important source of future employment.

During the year, our company continued to strengthen existing relationships and build new connections with Aboriginal people as potential employees, customers, suppliers, contractors and partners in business ventures.

Activities included:

- Ongoing engagement and consultations with several communities in relation to hydro licensing applications for the Nipawin and E.B. Campbell Hydroelectric Stations;
- Participating in traditional ceremonies, including a pipe ceremony with Nekaneet First Nation in relation to the Chinook Power Station project near Swift Current;
- Continued efforts to increase Aboriginal business participation in SaskPower's procurement processes through both formal processes and informal dialogue;
- Discussions and negotiations to implement solar and flare gas power generation commitments with the First Nations Power Authority; and
- Key sponsorship of the Elephant Thoughts Science Camp and Outdoor Classroom Project with the Hector Thiboutot Community School in Sandy Bay.

COMMUNITY INVOLVEMENT

SaskPower's Community Partnerships and Investment Policy, which ensures our sponsorships are closely aligned to our company's strategic priorities, focuses on educational programming within three areas: workforce excellence (building our next generation of employees); safety (keeping our customers safe around electricity); and conservation and efficiency (creating a community of customers who find ways to save power and protect the environment). In 2016-17, our company invested just over $1.4 million towards educational programs throughout the province.

Acknowledging today's youth are SaskPower's potential customers and workforce of tomorrow, our company is committed to supporting initiatives that will improve educational outcomes. An important part of being successful in school is having a discrimination- and bully-free environment. To help promote safe environments for students, SaskPower entered into a three-year agreement with fYrefly Saskatchewan. This partnership enables fYrefly Saskatchewan to deliver a comprehensive lesbian, gay, bisexual, transgender, and queer program in schools around the province in order to help reduce discrimination against sexual and gender minority youth; increase awareness of the impacts of homophobia and transphobia; and create safe and inclusive school environments. During the school year fYrefly Saskatchewan reached more than 80 schools, thousands of students and hundreds of school division staff, teachers and administrators in Saskatchewan.

Keeping our customers safe around electricity is a fundamental value of SaskPower. Through programming, we educate youth to instill lifelong safety habits and a respect for electricity. Three years ago our company saw a natural fit with the Canadian Red Cross to develop and integrate an electrical safety component within its babysitting course. Following on the success of this program, SaskPower expanded its investment to include St. John Ambulance's babysitting course. Safety references were developed and are provided to each child in the province who takes the babysitting course.

To inspire youth to become protectors of our environment, SaskPower has partnered with the Native Plant Society for its Native Plants in the Classroom Program. It educates youth across Saskatchewan about native plants and habitats, including species at risk, through classroom and outdoor exercises, teacher resources, and other events. By empowering youth to become "citizen scientists," participants learn about the importance of sustaining our natural habitats. In 2016-17, 86 schools across Saskatchewan — as far north as Lac La Ronge — received over 1,000 individual educational resources. Additionally, over 220 students were involved in classroom and outdoor exercises, technical presentations, nature programming, and watershed-focused mentoring.

SaskPower recognizes that employees are passionate about volunteering time and expertise to charitable causes in their communities. Around 79% of employees are already volunteering or would like to start volunteering. SaskPower's Employee Volunteer Program offers employees the chance to win money for the organizations for which they volunteer. Employees submit applications to be entered into monthly draws to receive either $250 or $500 for their organization, depending on how many hours the employee has volunteered. In 2016-17, participating employees logged over 6,332 hours of volunteer time and, on their behalf, SaskPower donated over $22,750 to their organizations. Employees from across the province also raised more than $304,000 (including SaskPower's dollar-for-dollar matching donation) for the United Way.

Our company also recognizes the challenges our business can pose to Saskatchewan Fire Departments, and looks to collaborate on initiatives to enable them to be better prepared to respond to emergency calls where they could encounter electrical hazards. During 2016-17, SaskPower designed and installed a simulated single-phase 14.4-kV power line at Parkland College's firefighter training grounds in Melville. This line will be used as a safe training prop and will allow firefighting students to use the structure in scenario training. It will also be used by students enrolled in Parkland College's agricultural operator and heavy equipment operator courses.

THE SUCCESS OF OUR COMPANY IS DEPENDENT UPON THE STRENGTH OF OUR WORKFORCE. WE STRIVE TO BE AN EMPLOYER OF CHOICE, WITH DEDICATED, ENGAGED EMPLOYEES WORKING TO EXECUTE SASKPOWER'S STRATEGY. ABOVE ALL ELSE, IN ALL ACTIVITIES THE SAFETY OF OUR EMPLOYEES AND THE PUBLIC IS VITAL.

CORPORATE PILLAR 2

WORKFORCE EXCELLENCE

OUR EMPLOYEES

SaskPower recognizes that a high-performing, diverse, and engaged workforce is critical to achieving sustainable business results. Ensuring our company has the appropriate corporate culture, learning, and development programs will position SaskPower in attracting and retaining top talent. Aligned human resource policies, processes, and practices are also critical.

During 2016-17, the following initiatives were implemented to create an employee experience that sets SaskPower apart and drives high performance:

- Values and behaviours – A cultural transformation is occurring at SaskPower, with a renewed focus on accountability for what we accomplish and recognition that how we accomplish our work is of equal importance to achieving results. Our recently revised corporate values — safety, openness, collaboration, and accountability — better reflect how employees are expected to work together to achieve business results. Having all leaders and employees clear on SaskPower's desired culture will ensure we can build trusting relationships while producing the results expected by our shareholder, customers and stakeholders.

- Performance – To ensure results are achieved consistent with SaskPower's vision, mission and values, clarity around expectations for high performance and how performance will be measured and aligned to our strategy and business plans is critical. To assist our employees with this, we have renewed our company's performance rating definitions and scale to offer clearer differentiation between levels of performance.

- Engagement – SaskPower leaders continue to focus on the activities that improve employee engagement and look externally to comparative industries to integrate and implement best practices. During the year, SaskPower was named 5th on Forbes Magazine's Canada's 25 Best Employers for 2017.

- Leadership development – During 2016-17, leadership development courses were delivered to SaskPower's Managers and Directors. They focused on increasing leadership effectiveness in areas such as labour relations; communication; performance management; organizational focus; strategic thinking; impact and influence; and change management.

WORKFORCE PLANNING & SUCCESSION MANAGEMENT

Today, SaskPower is navigating an array of new challenges. These include the transformation of the power industry; rapid creation of new technologies; skill gaps in critical positions; and increased productivity demands within fiscal constraints. These challenges, coupled with changes to regulations, technology and demographics, will impact the competencies and skills required by SaskPower in the future, making some of our traditional roles and operations obsolete over time.

Managing our workforce is critical to the success of delivering power across Saskatchewan in an efficient and cost-effective way, both now and in the future. SaskPower continues to refine its approach to the workforce planning process and has recently developed a 10-year Corporate Workforce Plan.

Corporate Balanced Scorecard performance measure

M4. EMPLOYEE ENGAGEMENT (%)

Twelve months ended	March 31 2015-16	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	Long-term
Target	58[1]	58	60	62	64	66	80
Actual	56	55					

1. Target for the 2015 calendar year as approved by CIC.

Our company wants to ensure it has engaged employees that create an environment of accountability and high performance. Employees with a high level of engagement generally say positive things about their company, want to stay at their company, and strive to do their best work so their company succeeds. This metric identifies the percentage of employees that have a high degree of engagement.

Survey results showed 55% of employees who responded to the survey reported a high level of engagement, falling short of SaskPower's employee engagement performance target of 58%. Decreased performance is attributable to lower scores for recognition, learning and leadership categories. Specifically, these categories were affected by results related to applying recognition consistently and pay relative to performance.

Meanwhile, SaskPower's overall employee engagement score was 84%, up from 83% in 2015-16. Of the eight categories included in the survey that drive the engagement results, SaskPower's greatest strengths lie in the categories of direct out-of-scope Director or Manager; wellness and work-life balance; and work environment.

The plan outlines three main components:

- Critical workforce segment planning – Secures SaskPower's short- and long-term workforce requirements to support capital and operational plans for the business;
- Operational or capacity workforce planning – Ensures SaskPower's short- and long-term workforce requirements for business supporting roles within our company; and
- Strategic workforce planning – Anticipates SaskPower's longer-term workforce requirement needs based on the business and industry's evolving transformation.

Numerous initiatives that focus on workforce risk mitigation are underway, with an emphasis on attraction and retention strategies, as well as strategic partnerships and employee development strategies. As part of succession management planning, SaskPower is identifying and developing talent pools. Talent reviews were completed by the Executive team of all Director-level employees, resulting in the identification of over 20 succession candidates for the Vice-President level. To increase readiness to undertake a Vice-President position if/when needed, as well as enhance effectiveness in their current leadership positions, these candidates are creating individualized development plans with their Executive leaders. In 2017-18, talent reviews of Managers will be conducted to identify top talent for Director-level readiness.

During the year, SaskPower continued to explore and build educational partnerships with post-secondary institutions. Areas of focus included how to combine certifications to create multi-skilled workers in renewable energy and engineering programs for the long-term, as well as continuing SaskPower's various apprenticeship programs.

Due to the success of our pilot partnership with the Prairie South School Division to provide two power engineer courses at the high school level, the program expanded during 2016-17. These courses, which prepare students to write the Technical Safety Authority of Saskatchewan's Power Engineering Class 5 Exam and attain certification, are now also available in partnership with the Saskatoon Industry Education Council (Saskatoon Tribal Council, Good Spirit School Division, and Greater Saskatoon Catholic School Division); Prairie Spirit School Division; South East Cornerstone School Division; and Holy Trinity Moose Jaw.

DIVERSITY & INCLUSION

As a Saskatchewan Crown Corporation and leading electricity supplier, SaskPower is committed to supporting economic growth and improving the quality of life for the people of our province. This includes the belief that our workforce should be as diverse as the customers we serve. Building a diverse and inclusive workforce encourages a work environment where everyone is treated with fairness and respect. Diversity of thought benefits everybody at SaskPower and contributes to our overall success.

Corporate Balanced Scorecard performance measure

M5. DIVERSITY HIRES (NET) (NEW FOR 2016-17)

Twelve months ended	March 31 2015-16	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	Long-term
Target	•	70	70	70	70	70	70
Actual	•	56					

• Denotes that targets were not reported for that time period.

New this year, the diversity hires (net) measure demonstrates the diversity of SaskPower's workforce through the change in the number of diversity employees in four designated areas: Aboriginal people, women in non-traditional roles, people with disabilities, and visible minorities.

Notwithstanding hiring limitations due to fiscal restraint, during the year just over 50% of the 185 individuals hired self-declared in at least one of the four designated areas. However, departures of diversity employees decreased SaskPower's diversity hires (net) performance to 56, below targeted performance of 70.

Led by employee affinity groups, SaskPower participated in a variety of diversity-related events during the year, such as: National Aboriginal Day; a Pride Parade; Orange Shirt Day; Women's History Month; People with Disabilities Day; and Pink T-shirt Day. Our employee affinity groups serve an important role within SaskPower's corporate culture, acting as a resource by building communities, providing opportunities for development and networking, recruiting, and feedback.

During the year, SaskPower was selected as one of Canada's Top Employers for Young People for 2017. This was the result of student offerings, such as engineering internships and unpaid work placements for course credit, as well as the establishment of the Youth Network Employee Resource Group for employees 29 and under.

In continuing to further establish a diverse and inclusive workforce, SaskPower is currently developing a comprehensive Diversity and Inclusion Strategy. With a focus on increasing SaskPower's talent pool, it concentrates on enhancing SaskPower's employer brand; increasing awareness of the importance of diversity and inclusion through education; providing an accountability framework for leaders and employees; strengthening community relationships and educational partnerships; and promoting diversity and inclusion-specific programs.

SaskPower finished 2016-17 by being recognized as one of Canada's Best Diversity Employers for 2017. Some of the reasons identified as to why our company was selected include: our dedicated diversity department and joint diversity committee; various diversity affinity groups; diversity training, such as Aboriginal awareness and creating positive spaces for lesbian, gay, bisexual and transgender individuals; diversity-focused partnerships, such as those with the Regina Open Door Society, Saskatchewan Deaf and Hard of Hearing Association, and Canadian Mental Health Association; and our Diversity Week.

SAFETY

The safety of our employees, contractors and the public is essential to the operation of our business. Our company strives for operational excellence, managing a continuous improvement model that centers around safety-focused leadership; increased safety compliance; improved safety performance; use of available technology; shared safety objectives; and effective cross-functional processes.

In 2016-17, SaskPower reorganized the Health and Safety Division, creating a strong foundation on which to build, implement and sustain safety solutions. Refocused into three lines of business, this division supports and communicates with leaders and provides enhanced training with the right mix of coaching and accountability; monitors compliance of work and investigates incidents; and measures performance and implements standards and programs that apply best management practices.

In the spring of 2016, the Safety Improvement Program (SIP) was launched, based on recommendations from the Safety Improvement Working Group. Its goal is to find solutions to SaskPower's safety challenges. The SIP recognizes safety as a corporate-wide priority, impacting and involving all areas of our company's operations and performance results. Sustainable solutions are developed by the business for the business, progressing towards SIP's ultimate goal to reduce SaskPower's workplace injuries.

Corporate Balanced Scorecard performance measure

M6. SAFETY INDEX (%) (REVISED FOR 2016-17)

Twelve months ended	December 31 2015	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	Long-term
Target	•	85.0	87.0	89.0	91.0	93.0	100.0
Actual	91.8[1]	90.7					

• Denotes that targets were not reported for that time period.
1. Actual result is reported on a calendar-year basis.

The Safety Index measures SaskPower's safety performance and is made up of a combination of leading and lagging indicators. In 2016-17, SaskPower began reporting the Safety Index results on a percentage basis rather than the previous scale of 1-4, with a higher percentage indicating better performance.

Leading indicators measure proactive activities that identify hazards, and assess, eliminate, minimize and control risks. They evaluate the effectiveness of safety programs and contribute to the prevention of incidents before they occur. The leading indicators include safety objectives; safety training; safety audits; and work observations. Safety training is a new leading indicator for 2016-17, replacing the previously used leading indicator of investigated lost-time injury incidents.

Lagging indicators record safety performance related to the occurrence of safety incidents, including lost-time injury frequency; lost-time injury severity; recordable injury frequency; and recordable licensed fleet motor vehicle frequency.

For 2016-17, the Safety Index performance of 90.7% exceeded the target performance of 85.0%.

Of the four leading indicators, only safety objectives exceeded a performance of 85%. Safety objectives, safety audits, and work observations had decreased performance from the prior year, while safety training performance was almost 78% for its first year of inclusion in the Safety Index. All four lagging indicators met their individual targets, which resulted in 100% performance.

During the year, SaskPower made improvements to our safety expectations and performance through a variety of SIP initiatives, such as:

- Adopting Safety Moments, when the safety of our people, their families, and the public are the first topic of every meeting;
- Defining and educating every employee on the non-negotiable safety rules — SaskPower's Safety Absolutes;
- Working on 30 action plan initiatives to improve compliance with the Standard Protection Code;
- Enhancing the Incident Investigation Process, with improved ownership of safety by the business and a focus on learning and prevention;
- Instituting the Injury and Serious Injury Exposure conference call process to enact immediate learning, with leaders demonstrating openness in communication and accountability; and
- Completing the High Risk Leader Validation Study to identify the safety-related behavioural requirements to perform and supervise high-risk work.

Our company is also currently working on an additional 29 initiatives, which fall under projects in the areas of learning and capabilities; leadership; safety excellence; and safety absolutes. These initiatives, which will be completed and transitioned to the business in 2017-18 include:

- Developing clear roles and accountabilities for supervisors grounded in our corporate values that will drive a positive safety culture;
- Defining and/or refining training matrices for positions that conduct high-risk work, including recertification and audit requirements;
- Building and implementing improvements to solutions to proactively identify safety hazards and environmental aspects, evaluating risk and applying multiple controls to eliminate or reduce the risk to within defined risk tolerance levels;
- Specifying training requirements for contractors and implementing a process to provide and track training completion;
- Increasing corporate and public awareness and reinforcement of safety; and
- Implementing improvements to the Working Alone Standard, process and tools, ultimately leveraging technology solutions that enable alerts, early identification and prompt response in the event of an incident.

SASKPOWER'S AIM IS TO PROVIDE COMPETITIVE RATES IN THE FACE OF AN UNPRECEDENTED PERIOD OF INFRASTRUCTURE RENEWAL AND CONTINUING GROWTH. WE RECOGNIZE OUR ROLE IN SUPPORTING BUSINESS AND QUALITY OF LIFE, AND BELIEVE WE HAVE A RESPONSIBILITY TO CAREFULLY AND PRUDENTLY MANAGE OUR COMPANY'S FINANCES.

CORPORATE PILLAR 3

EFFICIENCY, QUALITY & COST MANAGEMENT

BUSINESS OPTIMIZATION AND RESTRAINT

Over the past few years, SaskPower has experienced a significant increase in the amount of capital investment it needs to make to meet the sustainment and growth needs of our province's electricity system. These investment needs have contributed to an increasingly challenging financial situation for our company. In conjunction with this, the Province of Saskatchewan has also experienced a worsening financial situation driven by low commodity prices.

To deal with these challenges, SaskPower has implemented a number of restraint initiatives in recent years with the intent of providing our company and the Province of Saskatchewan with immediate financial savings. In October of 2016, SaskPower came to the conclusion that while the restraint activities were providing short-term results, they were not sustainable over the long term.

As a result, SaskPower launched the new Business Optimization Initiative with the intent of identifying sustainable process improvements and cost reductions that will provide benefits to both SaskPower and the Province of Saskatchewan well into the future.

Through a combination of restraint measures and optimization activities, SaskPower has realized $73 million in budgeted operating, maintenance and administration (OM&A) savings over the past two years. Moving forward, our company is projecting additional OM&A reductions through the Business Optimization Initiative. These savings will be achieved in a number of ways: continuing to manage and streamline our workforce – both employees and contractors; prioritizing all requests for new initiative spending; and in some cases, deferring projects to future years.

CROWN COLLABORATION

SaskPower continues to collaborate with SaskEnergy, SaskTel, SGI and other Crowns to identify and pursue opportunities that enhance customer experience; increase operational efficiencies and productivity; and reduce costs and administration. Opportunities which were fully assessed, implemented or completed during the year include: the new entrants to Saskatchewan package, insurance efficiencies, and coordination of infrastructure installation, including the Regina Bypass Project.

A Crown collaboration working committee is working to identify new collaboration opportunities, evaluate their viability, and move them through implementation if appropriate. Its mandate is also to foster a collaborative culture within and between the Crowns and entrench collaboration into existing business processes. The working group has been successful in identifying a number of potential new opportunities, including smarthome/customer efficiency programs; security; training content and delivery; hazardous and non-hazardous waste management; and environmental screening.

As well, collaboration is becoming further ingrained in how day-to-day business is conducted. A number of cross-Crown committees are in place, with subject matter experts from each Crown sharing information, best practices, and pursuing opportunities to partner for shared benefit.

PROCUREMENT

In 2016-17, SaskPower contributed almost $2.4 billion to the provincial economy. This occurred through the procurement of goods and services from Saskatchewan suppliers; payment of salaries, wages and benefits to employees; purchase of coal and natural gas; and acquisition of electricity from Independent Power Producers (IPPs).

Our company's contributions also included grants-in-lieu of taxes payable to local governments, as well as coal royalties, water rentals and provincial corporate capital tax payable directly to the Government of Saskatchewan. With the exception of Chinook Power Station, nearly 72% of the procurement SaskPower conducted during the year was awarded to Saskatchewan suppliers.

Focusing on best value rather than lowest cost procurement, our company is continually looking for opportunities to improve our practices. This includes educating suppliers about SaskPower's procurement needs and processes and effectively managing supplier relationships.

By ensuring flexibility, transparency, and fairness are inherent in our procurement practices, we also benefit from making it easier for customers to do business with our company. To focus efforts on achieving the best value for our procurement, the provincial government's Priority Saskatchewan Procurement Transformation Action Plan continues to be integrated into our procurement activities.

Corporate Balanced Scorecard performance measure
M7. RETURN ON EQUITY (OPERATING/NET INCOME)(%)

Twelve months ended	March 31 2015-16	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	Long-term
Target	3.7[1]	6.9/8.0	7.6	8.5	8.5	7.6	8.5
Actual	2.9/(0.9)	2.1/2.6					

1. Target for the 2015 calendar year as approved by CIC.

Return on equity (ROE) is a measure of income expressed as a percentage of average equity. Operating ROE is calculated using income before unrealized market value adjustments. In recent years, our company has set reduced ROE targets to allow for SaskPower's continued investment in infrastructure renewal and growth, while also assisting our company to maintain competitive rates. The long-term target of 8.5% reflects a rate of return common to other Canadian electrical utilities.

For 2016-17, SaskPower fell short of its operating ROE target. This was largely due to decreased Saskatchewan electricity sales and electricity exports. SaskPower's net income ROE was below target due to the impact of decreased unrealized gains on natural gas hedge contracts. The income results are explained in further detail in the financial results section of the MD&A.

Corporate Balanced Scorecard performance measure
M8. PER CENT DEBT RATIO (%)

Twelve months ended	March 31 2015-16	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	Long-term
Target	74.4[1]	74.7	74.6	74.7	74.3	75.4	60.0 - 75.0
Actual	75.7	75.7					

1. Target for the 2015 calendar year as approved by CIC.

Per cent debt ratio provides a measure of debt expressed as a percentage of the total corporate financing structure. As we modernize and expand infrastructure, debt levels will increase in order to finance our capital program. SaskPower's long-term debt ratio target is between 60–75%.

SaskPower did not meet its per cent debt ratio target for 2016-17 as a result of lower than expected income, which in turn led to lower than expected equity. The per cent debt ratio result slightly exceeds our long-term target. This level of performance is expected to improve slightly during the next three years.

Corporate Balanced Scorecard performance measure
M9. OM&A/PROPERTY, PLANT AND EQUIPMENT (%)

Twelve months ended	March 31 2015-16	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	Long-term
Target	7.0[1]	7.1	6.8	6.3	6.1	5.8	6.0
Actual	6.9	7.1					

1. Target for the 2015 calendar year as approved by CIC.

The growth in SaskPower's asset base is considered to be a key driver of OM&A costs. The OM&A as a percentage of property, plant and equipment metric illustrates how efficiently SaskPower is managing its OM&A in terms of our company's growth. A lower ratio represents more efficient operations.

For 2016-17, SaskPower met its performance target of 7.1. Both OM&A spending and capital investments were under budget during the year, due primarily to cost reduction initiatives.

Corporate Balanced Scorecard performance measure
M10. ABORIGINAL PROCUREMENT (%) (NEW FOR 2016-17)

Twelve months ended	March 31 2015-16	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	Long-term
Target	•	2.5	3.0	3.5	4.0	4.5	5.0
Actual	•	7.9					

• Denotes that actuals or targets were not reported for that time period.

The Aboriginal procurement measure is new for 2016-17. This metric measures the extent to which SaskPower engages in Saskatchewan Aboriginal-sourced procurement relative to total Saskatchewan procurement. Our company is committed to promoting and pursuing viable business development opportunities through long-term relationships with Aboriginal people, communities and companies in the Province of Saskatchewan. The purpose of this metric is to demonstrate SaskPower's dedication to involve Saskatchewan's Aboriginal people in our company's economic opportunities and growth.

During 2016-17, 7.9% — more than three times the annual target of 2.5% — of the dollar value of purchase orders SaskPower issued to Saskatchewan vendors were to Aboriginal-owned companies and companies employing or subcontracting Aboriginal people or suppliers.

SaskPower remains committed to promoting positive relations with Aboriginal people, communities and businesses on a province-wide basis, and increasing Aboriginal involvement in the economic opportunities created by our company's operations and growth. In 2016-17, SaskPower realized the benefits of establishing a dedicated Aboriginal Procurement function through increased Saskatchewan Aboriginal-sourced procurement for the year. Additional efforts to further develop and broaden our Aboriginal procurement activities will be guided by our Aboriginal Procurement Unit and strategic plan over the next five years.

PROPERTIES

SaskPower's Provincial Properties Strategy manages facility operating costs and delivers savings through facility consolidation and improvements, while also providing our employees with safe and efficient working environments.

Key activities include:

- Consolidating properties and disposing of surplus facilities. A total of 38 facilities have been eliminated since the Provincial Properties Strategy was implemented in 2012. A number of additional properties have been identified for disposal by 2027.

- Supporting SaskPower's environmental initiative to phase out polychlorinated biphenyl (PCB) contaminated electrical equipment. During the year, construction was completed on PCB storage buildings located in Swift Current, Saskatoon, North Battleford and Weyburn. Two additional PCB storage buildings will be constructed in Prince Albert and Yorkton.

- Upgrading our properties portfolio. During 2016-17, construction was completed on the new Lloydminster Maintenance Hub, and a major renovation to the Prince Albert Maintenance Centre was concluded. Capital projects were approved for new Kindersley and Estevan maintenance hubs and a new Moosomin maintenance outpost.

- Deferring additional lease costs. As of March 31, 2017, almost $10 million has been saved as a result of continued implementation of Office Space Utilization Standards, which were initially introduced in 2012.

- Aligning our facilities with national and industry standards. Development of new building templates for typical buildings will help ensure our facilities have consistent features and amenities. These templates will be completed in 2017-18.

RATES STRATEGY

During the past fiscal year, SaskPower received approval for two rate adjustments: increases of 5% in July 2016 and 3.5% in January 2017. Our company's requirement for increases is driven primarily by its need to make investments in aging infrastructure and new capacity additions to support growth in electricity demand.

Over the past five years, SaskPower's capital program has resulted in expenditures of over $6 billion through direct capital investment or PPAs. Going forward, SaskPower plans to continue with a similar level of capital investment, averaging approximately $1.5 billion per year over the next decade. Each billion requires approximately a 3% increase in customer rates to cover increases to finance charges and depreciation expense. This level of investment will continue to challenge SaskPower's financial situation. However, a continued commitment to our capital program is necessary to ensure reliability.

Recently, SaskPower budgeted for an ROE that fell short of our long-term target to lessen the level of rate increases required. This strategy has contributed to additional pressure on our company's debt ratio. To ensure that our debt ratio remains within target, beyond 2018 SaskPower will be requesting rate increases that seek to earn our long-term ROE of 8.5%.

In 2017, SaskPower launched a review of its Cost of Service Methodology to ensure that the rates charged to each customer group are a fair representation of the actual costs incurred to serve them. Conducted approximately every five years by an independent consultant, these reviews ensure our company's Cost of Service Methodology is reasonable and follows industry standards. After a competitive procurement process, Canadian consulting firm Elenchus was chosen. Throughout the process, customers and stakeholders were invited to submit questions and participate in public meetings. At the review's conclusion, Elenchus will provide a final report which includes responses to stakeholder submissions.

Corporate Balanced Scorecard performance measure

M11. RATES – THERMAL UTILITIES COMPARISON (%)

Twelve months ended	March 31 2015-16	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	Long-term
Target	≤100[1]	≤100	≤100	≤100	≤100	≤100	≤100
Actual	99.7	97.1					

1. Target for the 2015 calendar year as approved by CIC.

Our company has a target of ensuring SaskPower's system average rates are less than or equal to the system average rates for customers served by utilities primarily dependent on thermal generation (using coal, natural gas, nuclear or oil). On a yearly basis, using annual Hydro-Québec survey results, our company compares our rates against other thermal utilities within Canada. As of the most recent survey date of April 1, 2016, SaskPower remained competitive, with system average rates almost 3% below the system average rates for thermal utilities within Canada.

SUCCESSFULLY MEETING OUR MISSION OF ENSURING RELIABLE, SUSTAINABLE AND COST-EFFECTIVE POWER FOR OUR CUSTOMERS MEANS SECURING THE PRESENT AND FUTURE SUPPLY OF ELECTRICITY WHILE ADDRESSING ENVIRONMENTAL RESPONSIBILITIES. AS WE DEVELOP NEW CAPACITY, OUR COMPANY IS ALSO MAINTAINING AND UPGRADING EXISTING GENERATION, TRANSMISSION AND DISTRIBUTION INFRASTRUCTURE TO ENSURE RELIABILITY.

CORPORATE PILLAR 4

SUSTAINABLE INFRASTRUCTURE & RELIABILITY

SYSTEM SUSTAINMENT

Effective asset management planning is essential to providing ongoing reliability at a reasonable price for customers. Much of SaskPower's generation fleet, transmission network and distribution system is old by Canadian standards, and significant portions of each require replacement or refurbishment.

Coal and hydroelectric generation make up approximately half of SaskPower's generation capacity. Many hydroelectric units are in need of extensive refurbishments. In 2016-17, a total of $20 million was invested in hydroelectric generation projects. Work has already begun on life-extending Units #1 through #6 of E.B. Campbell Hydroelectric Station, a 289-MW facility near Nipawin. Plans to refurbish the 186-MW Coteau Creek Hydroelectric Station, located on the South Saskatchewan river near Elbow, have also started. These projects are budgeted at over $440 million and will take eight or nine years to complete, but will extend the lives of these renewable electricity sources for the next generation.

Our coal fleet is also aging. Other than the carbon capture unit that was installed at Boundary Dam Power Station, the newest conventional coal-fired generation addition to the fleet was the Shand Power Station, commissioned in 1992. Although federal regulations will require the phase out of conventional coal-fired generation, the coal fleet provides an important bridge of baseload capacity as SaskPower moves towards its goal of up to 50% renewable capacity by 2030.

More electricity was generated by coal than any other source in 2016-17, and it remains a cost-effective supply. During the year, SaskPower invested significantly in refurbishing its coal fleet, including $47 million at Poplar River Power Station, $47 million at Boundary Dam Power Station, and $18 million at Shand Power Station.

Meanwhile, investment in the natural gas fleet was $11 million in 2016-17. In the future, reliance on gas generation is expected to grow, providing the flexibility of both baseload and peak generation as more intermittent sources of renewable generation are added to the system.

When it comes to the electricity grid, although recent sustainment investments have improved its performance, it still requires significant investment to maintain reliability. Both aging infrastructure and the loss of experienced employees through retirement make it increasingly difficult to maintain the grid.

SaskPower has one of the largest service areas in the country. Coupled with a relatively small customer base, SaskPower has one of the lowest customer densities among Canadian utilities. This affects reliability in many ways, such as causing potentially longer response times to repair outages because of the distances required to travel. As well, there is a smaller revenue base relative to the size of the grid to support investment.

Many variables outside of SaskPower's control can impact reliability. Saskatchewan's extreme climate causes many

NUMBER OF WOOD DISTRIBUTION POLES INSPECTED IN 2016-17 **79,000**

outages due to wind, lightning, flooding, snow and ice. Other significant factors include animals, vegetation, equipment failure, operator error and accidents. We focus on careful planning, with an emphasis on the highest risk assets in order to ensure the necessary maintenance work is completed.

In 2016-17, SaskPower spent $143 million on grid sustainment. This included many ongoing maintenance programs, such as transmission and distribution wood pole remediation projects. Wood remediation life extends power poles through the performance of assessment and treatment processes. This program is a significant undertaking. There are more power poles than people in our province, and many poles are well past their expected lives. These programs provide significant benefits, such as increased safety, system security and the life extension of assets.

In 2016-17, the Distribution Wood Pole Remediation Program resulted in the review of 79,000 poles. Where required, the inspected poles were life-extended, and this season's inspections identified a failure rate of 2.8%. Currently, the average distribution pole age is 37.9 years.

Underground cable rejuvenation also played an important part in distribution asset management completed during the year. Work involved extending the useful life of 58 kilometres of urban residential underground lines in Saskatoon and Regina at a total cost of approximately $2.4 million, compared to a projected replacement cost of $11.6 million.

The Rural Rebuild and Improvement Program is focused on the strategic replacement of the aging rural electrical distribution system. It replaces distribution lines with poor reliability performance, and facilitates the removal of power lines from farm fields while taking into account safety considerations and the optimization of line loss savings. The total investment in 2016-17 was $15 million.

Meanwhile, a joint study between SaskPower and Manitoba Hydro was launched for winter operations. The goal is to determine the transfer capability on the Manitoba Hydro and SaskPower system interface to ensure grid stability under various contingency scenarios on either system. After the study is completed, the guidelines will be used by both groups to manage the unexpected loss of one critical element on the grid overnight or during the weekend.

GRID MODERNIZATION

Grid modernization continues to be a key focus for our company as we strive to provide improved reliability and enable better information sharing with our customers. The implementation of an Outage Management System (OMS) will form part of the foundational components of the grid modernization program. Contract negotiations are underway with the successful proponent and implementation of this technology is expected to begin in 2017-18. The OMS will provide improved outage response; increased visibility of outage events; and effective communication with customers and key stakeholders.

Advanced Metering Infrastructure has been integrated with the grid modernization strategy to ensure alignment. Meter deployment to commercial and industrial customers will be the first phase of this program. Prior to deployment, internal and external meter specification testing will be completed and subject to third-party review. The project team is also undertaking stakeholder interviews to ensure appropriate objectives are in place in advance of a commercial and industrial meter deployment pilot.

Corporate Balanced Scorecard performance measure

M12. EQUIVALENT AVAILABILITY FACTOR[1] (%)

Twelve months ended	December 31 2015	December 31 2016	December 31 2017	March 31 2018-19	March 31 2019-20	March 31 2020-21	Long-term
Target	86.8	87.6	87.2	87.7	87.9	87.1	>85.0
Actual	86.2	85.5					

1. Actuals and targets are reported on a calendar-year basis and will transition to the fiscal year in 2018-19.

The Equivalent Availability Factor (EAF) is a measure which represents the percentage of time that a generating unit is capable of producing electricity, adjusted for any temporary reductions in generating capability due to equipment failures, maintenance or other causes. This measure is commonly used in the utility industry. Although higher percentages are better, targets are set giving consideration to prudent equipment maintenance requirements.

SaskPower's EAF performance of 85.5% fell short of the target of 87.6% largely due to decreased hydroelectric availability. Coteau Creek Hydroelectric Station Unit #1 suffered a transformer malfunction; E.B. Campbell Hydroelectric Station Unit #8 required generator stator realignment; and Nipawin Hydroelectric Station Unit #2 experienced a rotor rim failure. Additionally, coal availability was slightly lower than planned due to a 21-day extension of the overhaul of Boundary Dam Power Station Unit #6.

Corporate Balanced Scorecard performance measure

M13. SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI) (DISTRIBUTION)

Twelve months ended	March 31 2015-16	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	Long-term
Target	5.9[1]	5.9	5.7	5.5	5.3	5.1	2.9
Actual	5.1	5.1					

1. Target for the 2015 calendar year as approved by CIC.

The distribution SAIDI allows us to track our performance restoring service in response to outages. It is a measure of the service interruption length in hours that an average customer experiences in one year. The SAIDI is influenced by a number of factors, including adverse weather; equipment condition; line contacts; extent of outage; travel time to the trouble point; as well as line staff availability, familiarity with facilities and level of experience.

SaskPower's distribution SAIDI performance was better than target for 2016-17, reflecting increased efforts and spending to improve reliability. While outage duration has improved, planned outages have increased in order to replace and renew aging infrastructure. Significant improvements in service levels will continue to be dependent upon long-term increases in capital investment and enhanced maintenance activities.

Corporate Balanced Scorecard performance measure

M13. SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX (SAIFI) (DISTRIBUTION)

Twelve months ended	March 31 2015-16	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	Long-term
Target	2.4[1]	2.4	2.4	2.4	2.3	2.3	1.4
Actual	2.3	2.2					

1. Target for the 2015 calendar year as approved by CIC.

The distribution SAIFI represents the number of outages that an average customer experiences in one year. Both controllable and uncontrollable interruptions are taken into account. Outages with controllable elements include infrastructure failures, tree contacts, scheduled outages or loss of supply. Uncontrollable factors include lightning and other adverse weather conditions.

SaskPower's SAIFI performance of 2.2 for distribution was slightly better than target for 2016-17. Increased efforts to renew infrastructure resulted in increased planned outages in an effort to improve the overall reliability of the system, which in turn translated into fewer outages.

Corporate Balanced Scorecard performance measure

M14. SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI) (TRANSMISSION)

Twelve months ended	March 31 2015-16	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	Long-term
Target	250[1]	200	195	190	185	180	150
Actual	157	125					

1. Target for the 2015 calendar year as approved by CIC.

The transmission SAIDI allows us to track our performance restoring service in response to outages specifically related to our transmission assets. It is a measure of the average interruption length in minutes experienced at a bulk electrical service delivery point in one year. The transmission SAIDI is influenced by a number of factors, including adverse weather and equipment condition.

SaskPower's SAIDI for transmission delivery points performed better than target in 2016-17, due to continued improvements in contingency planning for critical assets and the targeted implementation of transmission asset sustainment programs.

Corporate Balanced Scorecard performance measure

M14. SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX (SAIFI) (TRANSMISSION)

Twelve months ended	March 31 2015-16	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	Long-term
Target	2.4[1]	2.4	2.4	2.4	2.3	2.3	1.4
Actual	2.7	2.8					

1. Target for the 2015 calendar year as approved by CIC.

The transmission SAIFI represents the average number of interruptions experienced at a bulk electrical service delivery point in one year. Only unplanned interruptions are taken into account, which include outages due to defective equipment, adverse weather conditions, and system conditions such as overload.

In 2016-17, SaskPower's SAIFI for transmission exceeded its target of 2.4, mainly due to increased outages related to adverse weather. Our company continues to invest in the transmission system in a cost-effective manner and implement enhanced construction and maintenance standards to reduce the number of outages.

Corporate Balanced Scorecard performance measure

M15. PLANNED MAINTENANCE (DISTRIBUTION/TRANSMISSION) (%)

Twelve months ended	March 31 2015-16	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	Long-term
Target	55/80[1]	57/80	59/90	61/88	63/86	65/84	80/80
Actual	68/94	60/94					

1. Target for the 2015 calendar year as approved by CIC.

This measure illustrates the proportion of distribution and transmission maintenance that is planned/corrective maintenance as opposed to an emergency response, as a percentage of total maintenance for each.

In 2016-17, both transmission and distribution surpassed their respective performance targets. Spring and summer had fewer severe storms impacting transmission assets and required less extensive emergency maintenance than anticipated. While the summer storm season had a larger impact on distribution assets, less emergency maintenance than expected was required for these assets as well. This, combined with a mild winter, allowed for an increased amount of planned maintenance to be completed.

FIRE COMPENSATION AND SUPPRESSION

Our company recognizes the financial burden borne by municipal firefighting agencies that respond to electrical facility-related incidents, for which typical causes may include equipment failure, vegetation and wildlife contacts, and routine operation of protection devices. As a result, SaskPower has developed new practices to address compensation requests from these agencies.

Additionally, SaskPower continues to take steps to limit exposure to wildfire risks in northern Saskatchewan. During the year, our company deployed a new technology designed to extinguish arcs on protection devices when operating. Our company also implemented new operating practices, including disablement of auto-reclose functionality of protection devices through dry seasons in high-risk areas to minimize wildfires.

GROWTH

For the fifth consecutive year, SaskPower witnessed record-setting power consumption. In January 2017, SaskPower set a system peak load record of 3,747 MW. Total Saskatchewan sales for 2016-17 exceeded 22,000 GWh for the first time, driven by increased demand, especially by our key and major account customers.

To accommodate growth, SaskPower has developed comprehensive short- and long-term plans to meet Saskatchewan's power needs. They take into account known environmental regulations and corporate goals that assist in guiding generation option choices while allowing for long-term flexibility. In the short-term, SaskPower will address growth in electricity demand largely with natural gas and wind, as well as hydro imports, solar and biomass projects. In the future, wind, natural gas, imports, solar, and carbon capture and storage will be considered, as well as hydro, flare gas, nuclear and geothermal.

In 2016-17, SaskPower invested $179 million in capital projects related to power production growth. SaskPower continues to move forward with the development of renewable and cleaner energy sources. We have begun the competitive process for the procurement of up to 200 MW of wind power from IPPs. In addition, our company and Algonquin Power have agreed to re-site a 177-MW wind project from an area near Chaplin to a location at Blue Hills, south of Herbert in southwest Saskatchewan.

The competitive process for our province's first utility-scale solar project is also moving forward with a request for proposals. The 10-MW installation will be the first Canadian utility-scale solar project outside of Ontario, and moves SaskPower closer to its goal of adding 60 MW of solar power to Saskatchewan's grid by 2021.

Meanwhile, site work has begun on the new 350-MW Chinook Power Station near Swift Current. The design and construction of the combined-cycle gas plant will be managed by Burns & McDonnell Canada, an engineering, procurement and construction firm that was also involved in the recent expansion of the Queen Elizabeth Power Station in Saskatoon.

With an anticipated in-service date of 2019, the Chinook Power Station is needed to meet the growing demand for power and support the integration of intermittent renewable

Corporate Balanced Scorecard performance measure

M16. RENEWABLE GENERATION PORTFOLIO (%)

Twelve months ended	March 31 2015-16	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	Long-term
Target	26.5[1]	25.7	26	26	26	31	50
Actual	25.7	25.3					

1. Target for the 2015 calendar year as approved by CIC.

This measure reflects renewable generation capacity as a percentage of SaskPower's total installed generation capacity (including IPP-contracted capacity). Renewable sources include hydro, wind, biomass, waste heat recovery, flare gas and other green options, as well as long-term firm capacity agreements for imports generated from renewable fuel sources.

During 2016-17, SaskPower restated our net capacity amount to reflect generating station winter capacity ratings in order to align with the capacity ratings used for North American Electric Reliability Corporation (NERC) regulatory reporting requirements. As a result of this restatement, our company's generating capacity from natural gas power stations increased by a combined 53 MW. Power generation facilities affected by this restatement are identified in the legend of SaskPower's System Map.

SaskPower's renewable generation portfolio performance of 25.3% reflects these capacity restatements, and therefore is slightly below the approved performance target of 25.7% which does not.

generation. It will also provide replacement power for the retirement and/or refurbishment of conventional coal-fired generating units.

Work is also underway on the 230/138-kV Pasqua to Swift Current Transmission Line, a 200-kilometre project that will connect the Chinook Power Station to the grid. With a budget of $223 million, the transmission line will replace the single-circuit 138-kV lines connecting the Pasqua, Chaplin and Swift Current Switching Stations, accommodate expected load growth near Swift Current and provide export capability to Alberta.

Along with activities associated with increasing generation capacity, SaskPower's transmission and distribution system is in need of significant development. In 2016-17, $140 million was spent on grid growth-related projects. Major transmission lines such as the Kennedy to Tantallon 230-kV expansion saw substantial progress. This line is needed to accommodate potential future load growth in the area, and the south sections of the 100-kilometre transmission line will be constructed with 230-kV double-circuit structures, with the second circuit left open for future use.

Construction of the 230-kV Aberdeen to Wolverine Transmission Line also advanced throughout 2016-17, as did many other growth projects. SaskPower also invested significantly in new and expanded substations and switching stations. Meanwhile, a further $130 million was spent to connect customers to SaskPower's grid.

In addition to our own grid expansions, we have been working in conjunction with the Regina Bypass Design Builders (RBDB) on one of our province's larger infrastructure growth projects. In 2016-17, we completed all required distribution power line alterations. SaskPower will continue to work with RBDB to complete street lighting requirements along new interchanges as road work progresses.

CARBON CAPTURE & STORAGE (CCS)

The federally regulated phase out of conventional coal-fired generation will have a significant impact on SaskPower's generation mix. Coal was our largest source of generation capacity until 2013, when it was surpassed by natural gas. However, coal still accounts for well over 40% of the electricity that is generated in Saskatchewan.

If coal is to remain a significant component of SaskPower's generation fleet, our company will have to rely on CCS technology. During 2016-17, the Boundary Dam Integrated Carbon Capture and Storage (ICCS) Demonstration Project showed steady performance. It reached a total CO_2 capture mark of nearly 1.5 million tonnes since the plant began operating in October 2014.

By the end of October 2016, the plant reached an important milestone of achieving a capture total of 800,000 tonnes over 12 consecutive months — effectively a production year. That 12-month period also witnessed the plant on line for 85% of the time, which met design expectations.

Financial performance also showed improvement. SaskPower realized $17.3 million in revenue from CO_2 sales in 2016-17, while accruing $3.7 million in shortfall payments, for a net revenue of $13.6 million. This compares favourably to last year's performance, where over the 15-month period from January 1, 2015, to March 31, 2016, SaskPower realized net revenue of $7.5 million.

In early 2016-17, the facility began to use captured sulphur dioxide to produce sulphuric acid, one of the world's most utilized industrial chemicals. By the end of 2016-17, SaskPower produced 2,060 tonnes of sulphuric acid. Currently, the acid being produced is mostly being used at SaskPower facilities. However, following final commissioning of the plant, production will increase.

ENVIRONMENTAL STEWARDSHIP

Delivering on our company's mission to ensure sustainable power for the customers and communities we serve requires us to be accountable for the environmental impacts of our business. Access to accurate, comprehensive environmental data is critical to support our ability to perform work in an environmentally responsible manner.

During the year, to meet this need SaskPower began implementation of an Environment Safety Management Information System (ESMIS). It is a single technical solution to support environment and safety business processes. When fully deployed in 2018-19, the ESMIS will provide integrated safety and environmental data, enhancing our ability to access critical performance information, such as regulations and procedures, more easily and quickly; identify and understand what needs to be done; manage risks; and report.

Along with managing environmental aspects faced in our daily operations, our company is transitioning towards a more environmentally sustainable future. In the face of increased pressures related to greenhouse gas (GHG) emissions, both globally and federally, our province's planned approach to reducing emissions includes SaskPower's Supply Plan and Renewable Strategy. When implemented, this strategy is expected to reduce GHG emissions by 40% from 2005 levels by the year 2030. This would exceed the federal emission reduction target of a 30% reduction from 2005 levels by the year 2030.

In November 2016, the Saskatchewan Ministry of Environment (MoE) and Environment and Climate Change Canada (ECCC) reached an Agreement in Principle that defined the key principles for an Equivalency Agreement for our province. SaskPower has been providing technical support to the Government of Saskatchewan's efforts related to this agreement. The proposal lays out a framework for achieving GHG reductions that are equivalent to or better than the federal coal regulation, while also providing SaskPower additional operational flexibility as our fleet is transitioned to a lower carbon-emitting system.

SASKPOWER BIODIVERSITY STRATEGY

SaskPower's operations are intimately linked to ecological systems. Our company is dependent on water, wind, coal and natural gas reserves for power production, as well as timber for wood poles and iron ore for steel poles and components within our transmission and distribution system. SaskPower is also a steward of over 158,000 kilometres of transmission and distribution right-of-ways and a large power production footprint. This positions our company as a steward of one of the largest asset footprints in the province, with a need to manage potential biodiversity impacts such as fragmentation, habitat alteration, wildlife mortality and disturbance.

As a major consumer of natural resources with a large land base, SaskPower has an opportunity to play a significant role in the enhancement of biodiversity. During the year, our company approved our first Corporate Biodiversity Strategy, aligned with the responsible stewardship objectives of SaskPower's Environmental Strategy. Our company's vision is to address and manage impacts to biodiversity by aspiring to a net neutral or net positive impact. We will pursue this by:

- Preventing or mitigating biodiversity risks throughout the business cycle;
- Implementing science-based stewardship;
- Offsetting our residual impacts to natural areas and species at risk where economically feasible; and
- Involving communities and stakeholders.

POLYCHLORINATED BIPHENYLS (PCBs)

Through continued implementation of SaskPower's PCB Action Plan, our company has been working diligently in response to a federal regulation which has mandated an end-of-use deadline of December 31, 2025, for specific electrical equipment with PCB concentrations greater than or equal to 50 parts per million (ppm).

SaskPower will not only meet the requirements of this federal regulation, but is also positioned to do so targeting an earlier deadline of on or before December 31, 2023. Our company is also using a more aggressive threshold of 2 ppm or greater in concentration.

SaskPower has made significant progress since enacting the PCB Action Plan in 2014, including the implementation of corporate Standard Operating Procedures for PCB activities; development of online PCB training; and introduction of operational changes, such as the use of standardized PCB bags to transport equipment containing PCBs. These efforts

have significantly improved our company's operational performance related to PCBs.

As of March 31, 2017, over 25,000 pieces of PCB-contaminated equipment — approximately 25% of SaskPower's PCB inventory — have been removed from service or had PCB-contaminated oil removed to make the equipment PCB-free.

FLY ASH

Created during the coal combustion process, fly ash is a by-product which is extracted and collected prior to exhaust gases entering the atmosphere. Fly ash is sold for use in ready-mix concrete, mine backfill, oil well cementing, road base stabilization and liquid waste stabilization applications.

Each tonne of fly ash captured and sold that replaces cement prevents roughly one tonne of CO_2 from entering the atmosphere. During the fiscal year, our company sold approximately 150,693 tonnes from the Boundary Dam and Shand Power Stations.

SASKPOWER SHAND GREENHOUSE

Since 1991, the SaskPower Shand Greenhouse has been using waste heat from the nearby Shand Power Station to grow millions of tree, shrub and native plant seedlings. They have been provided to the community for use in land reclamation and other environmental planting projects.

During the year, the SaskPower Shand Greenhouse produced 643,844 seedlings. This brings total distribution since inception to just under 11 million. Beyond growing seedlings, SaskPower Shand Greenhouse staff help to educate future consumers about the impacts of their energy choices. School tours, presentations, and planting project partnerships reached approximately 280 students in 2016-17.

INFORMATION TECHNOLOGY AND SECURITY (IT&S)

SaskPower is leveraging technology to enable corporate strategic priorities and create efficiencies through automation. Our customers are benefiting from enhanced online and mobile capabilities, while our business is finding savings and efficiencies through optimized technology solutions.

The SaskPower Customer App allows customers to view their bills online as well as to sign up for outage notifications from 493 different regions in the province and receive updates regarding progress to restore service. The app also allows customers to report streetlight troubles using an interactive map, and can access tools to help analyze power usage. In the future, the app will allow customers to submit meter reads and view their bills.

During the year, improvements were also made to the collections and billing processes. These changes are expected to result in productivity gains. Efficiencies were created that allow customer service representatives to focus on higher value work while also improving billing accuracy.

Internally, SaskPower has launched multiple projects that integrate data from various systems, enabling SaskPower to take advantage of synchronized information. Examples include single sign-ons for internal systems, integrating data between SAP and various SuccessFactor modules, as well as phase one of the integration of SAP and the Geographical Information System (GIS). These improvements will reduce duplication of effort, minimize manual entry and increase the efficiency of asset management resources.

SaskPower also introduced the Asset Management Dashboard, which was developed to assess the health of assets and to determine investment areas for Power Production, Transmission and Distribution. The dashboard brings together data from over 30 sources and aggregates it into one location. In the future, this type of solution can be implemented in other areas of SaskPower to help accommodate more informed decisions.

During 2016-17, SaskPower developed the Quality Control Management Application, used by Power Production. This solution streamlines existing workflows and provides efficiencies by replacing the old Quality Control and Boiler Tube Failure databases — both at end of life — with an integrated solution within the SAP Management of Change module. The project will help maintain compliance requirements, ensuring all work performed on pressure equipment is in accordance with the *Saskatchewan Boiler and Pressure Vessel Act* and *Regulations*.

On the security front, SaskPower launched a multi-year initiative to develop a centralized, standardized security management system. The initiative will replace end-of-life security systems and will facilitate effective management of all intrusion, electronic access control and closed circuit video networks across SaskPower. Benefits from this investment include: reduced costs related to theft; compliance with NERC Critical Infrastructure Protection Standards; better reporting of security incidents; and improved safety by preventing incidents where copper grounding has been removed. The infrastructure being put in place is scalable, which will allow physical security installations to be centrally managed and monitored from SaskPower's Security Operations Centre.

2016-17 FINANCIAL RESULTS

(in millions)	Twelve Months March 31 2017	Twelve Months March 31 2016[3]	Change	Three Months March 31 2015	Fifteen Months March 31 2016
Revenue					
Saskatchewan electricity sales	**$ 2,277**	$ 2,132	$ 145	$ 558	$ 2,690
Exports	**5**	8	(3)	1	9
Net costs from electricity trading	**(3)**	(2)	(1)	-	(2)
Share of profit from equity accounted investees	**1**	1	-	1	2
Other revenue	**122**	165	(43)	23	188
	2,402	2,304	98	583	2,887
Expense					
Fuel and purchased power	**661**	652	9	166	818
Operating, maintenance and administration	**675**	637	38	156	793
Depreciation and amortization	**494**	466	28	105	571
Finance charges	**416**	384	32	79	463
Taxes	**72**	64	8	16	80
Other expenses	**38**	37	1	1	38
	2,356	2,240	116	523	2,763
Income before the following	**$ 46**	$ 64	$ (18)	$ 60	$ 124
Unrealized market value adjustments	**10**	(83)	93	(15)	(98)
Net income (loss)	**$ 56**	$ (19)	$ 75	$ 45	$ 26
Return on equity (operating)[1]	**2.1%**	2.9%	(0.8)%		5.7%
Return on equity[2]	**2.6%**	(0.9)%	3.5%		1.2%

1. Return on equity (operating) = (income before unrealized market value adjustments)/(average equity).
2. Return on equity = (net income)/(average equity).
3. Prior-year figures have been restated to reflect 12-month comparable period.

Explanation of change *(in millions)*	**Increase (decrease)**
Income before unrealized market value adjustments, for the year ending March 31, 2016	**$ 64**
Increase in Saskatchewan electricity sales as a result of rate increases and higher demand	**145**
Lower customer contributions	**(38)**
Decrease in exports and electricity trading	**(4)**
Fuel and purchased power costs up due to higher generation requirements	**(9)**
Increased operating costs as a result of higher maintenance costs	**(38)**
Capital-related expenses increase as a result of SaskPower's capital program	**(69)**
Other	**(5)**
Income before unrealized market value adjustments, for the year ending March 31, 2017	**$ 46**

HIGHLIGHTS AND SUMMARY OF RESULTS

SaskPower's consolidated income before unrealized market value adjustments was $46 million in 2016-17, compared to $64 million in 2015-16. The decrease in earnings was primarily due to higher expenses offset by an increase in revenue. SaskPower's operating return on equity was 2.1% in 2016-17, down nearly one percentage point from the previous year.

Total revenue was $2,402 million, up $98 million from 2015-16. Saskatchewan electricity sales were up $145 million as a result of the system-wide average rate increase of 5.0% that became effective July 1, 2016, and 3.5% effective January 1, 2017. Higher sales volumes also contributed to the additional revenue realized in 2016-17. Electricity sales volumes to Saskatchewan customers were 22,080 gigawatt hours (GWh), up 438 GWh or 2% compared to the prior year.

In addition, other revenue decreased $43 million as a result of lower customer contributions. Equity investment revenue was consistent with the prior year, while export and electricity trading revenue were down $4 million.

Total expense was $2,356 million, up $116 million from 2015-16. This is mainly attributable to capital-related expenses — depreciation, finance charges, taxes and other expenses — which increased $69 million in 2016-17 as a result of SaskPower's capital program. Finance charges increased $32 million compared to 2015-16 due to additional interest expense incurred as a result of higher borrowings as well as lower interest capitalized. Depreciation and amortization expense increased $28 million compared to 2015-16 as SaskPower invested $886 million in capital in 2016-17. Taxes increased by $8 million as a result of growth in the Corporation's capital tax base. Finally, other expenses increased by $1 million due to an increase in losses on asset disposals and retirements.

OM&A costs increased $38 million in 2016-17 as compared to 2015-16, primarily as a result of increased maintenance at our generation, transmission and distribution facilities. Fuel and purchased power costs also increased $9 million, largely as a result of an unfavourable volume variance due to increased generation required to supply load growth in Saskatchewan.

SaskPower reported $10 million of unrealized market value net gains in 2016-17, compared to $83 million in net losses in 2015-16. The unrealized market value adjustments represent the change in the market value of our company's outstanding natural gas hedges; electricity contracts; and debt retirement funds at year-end.

The net impact of SaskPower's operating results plus unrealized market value gains was consolidated income of $56 million for the twelve months ended March 31, 2017, compared to a $19 million net loss for 2015-16.

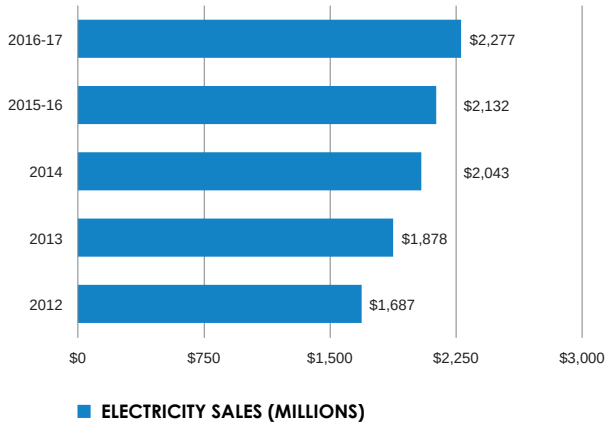
REVENUE

Saskatchewan electricity sales

(in millions)	2016-17	2015-16	Change
Saskatchewan electricity sales	**$ 2,277**	$ 2,132	$ 145

Saskatchewan electricity sales represent the sale of electricity to all customer classes within the province. These sales are subject to the effects of general economic conditions, number of customers, weather, and electricity rates.

Saskatchewan electricity sales were $2,277 million in 2016-17, up $145 million from 2015-16. The increase was due to the system-wide average rate increase of 5.0% that became effective July 1, 2016, as well as an additional system-wide average rate increase of 3.5% effective January 1, 2017. Higher sales volumes also contributed to the additional revenue realized in 2016-17. Electricity sales volumes to Saskatchewan customers were 22,080 GWh, up 438 GWh or 2.0% compared to the prior year. The increase in sales volumes is attributed to a 4.0% growth in the power and oilfield customer classes, which was slightly offset by a decline in the farm and reseller customer classes.

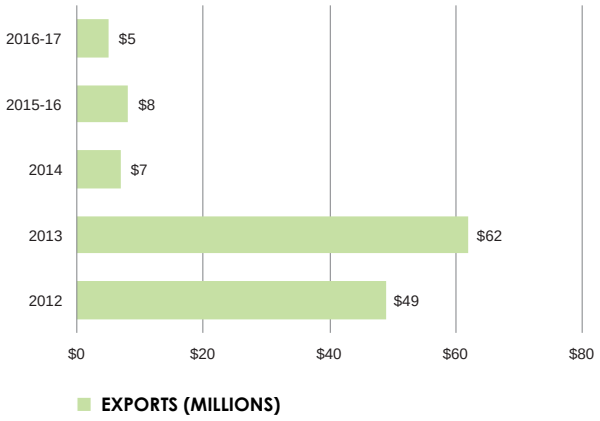


Exports

(in millions)	2016-17	2015-16	Change
Exports	**$ 5**	$ 8	$ (3)

Exports represent the sale of SaskPower's available generation to other regions in Canada and the United States. The bulk of our exports are traditionally made to the neighbouring Alberta, Midcontinent Independent System Operator (MISO) and Southwest Power Pool (SPP) markets. Export pricing is not subject to the rate review process but is determined based on market conditions in other jurisdictions. Export sales volumes are dependent on the availability of SaskPower generation, market conditions in other jurisdictions, and transmission availability.

Exports were $5 million in 2016-17, down $3 million from 2015-16. Exports decreased due to lower Alberta Power Pool prices, offset by an increase in sales volumes to the SPP market. The average export sales price decreased from $90/megawatt hour (MWh) in 2015-16 to $28/MWh in 2016-17. Export sales volumes were 176 GWh, double the volumes sold in 2015-16.

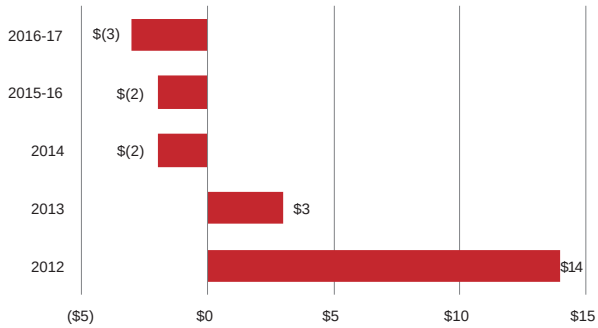


Electricity trading

(in millions)	2016-17	2015-16	Change
Electricity trading revenue	**$ 2**	$ 5	$ (3)
Electricity trading costs	**(5)**	(7)	2
Net costs from electricity trading	**$ (3)**	$ (2)	$ (1)

Electricity trading activities, performed by SaskPower's subsidiary NorthPoint Energy Solutions Inc., include the purchase and resale of electricity and other derivatives in regions outside Saskatchewan. The trading activities include both real-time as well as short- to long-term physical and financial trades in the North American market. The trading activities are intended to deliver positive gross margins to SaskPower's bottom line while operating within an acceptable level of risk.

SaskPower experienced a $3 million loss on electricity trading activities in 2016-17 as trading revenues were not sufficient to cover a fixed transmission position the Corporation has in British Columbia.



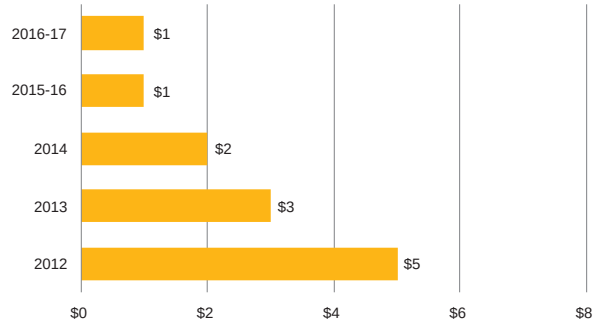
NET (COSTS) SALES FROM ELECTRICITY TRADING (MILLIONS)

Equity accounted investments

(in millions)	2016-17	2015-16	Change
Share of profit from equity accounted investees	**$ 1**	$ 1	$ -

SaskPower accounts for its 30% ownership in the MRM Cogeneration Station (MRM) using the equity method. MRM is a 172-MW natural gas-fired cogeneration facility located at the Athabasca Oil Sands Project's Muskeg River Mine, north of Fort McMurray, Alberta. The electricity generated by the facility is used by the mine, with excess energy delivered to the Alberta power grid.

SaskPower's share of profit from its investment in MRM was $1 million in 2016-17, consistent with the prior year.

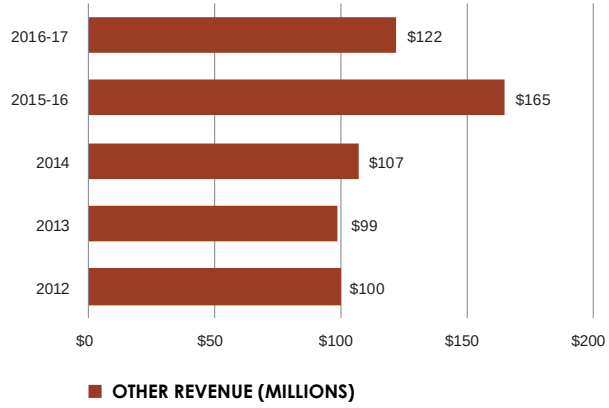


SHARE OF PROFIT FROM EQUITY ACCOUNTED INVESTEES (MILLIONS)

Other revenue

(in millions)	**2016-17**	2015-16	Change
Customer contributions	**$ 53**	$ 91	$ (38)
Gas and electrical inspections	**17**	20	(3)
CO_2 sales	**14**	6	8
Carbon capture test facility rental fees	**12**	13	(1)
Fly ash sales	**6**	7	(1)
Joint use charge	**4**	6	(2)
Custom work	**4**	4	-
Wind power production incentives	**-**	4	(4)
Miscellaneous revenue	**12**	14	(2)
Other revenue	**$ 122**	$ 165	$ (43)

Other revenue includes various non-electricity products and services. Other revenue decreased $43 million to $122 million in 2016-17. The decrease was mainly attributable to lower revenue from customer contributions; a decline in wind power incentives received from the Government of Canada; and a reduction in gas and electrical inspections. These decreases were slightly offset by an increase in CO_2 sales.



EXPENSE

Fuel and purchased power

(in millions)	2016-17	2015-16	Change
Fuel and purchased power	**$ 661**	$ 652	$ 9

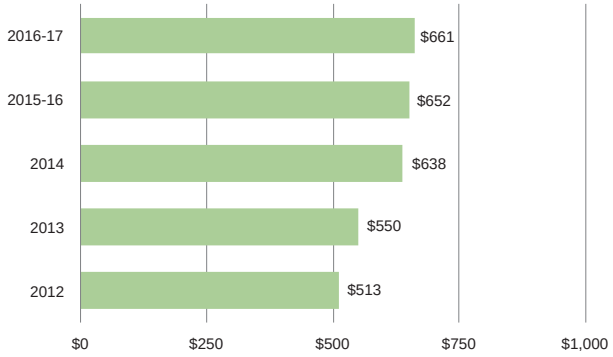
SaskPower's fuel and purchased power costs include the fuel charges associated with the electricity generated from SaskPower-owned facilities, costs associated with power purchase agreements (PPAs), as well as electricity imported from markets outside Saskatchewan. This electricity is used to serve our company's Saskatchewan customers, with surplus electricity being sold to markets outside the province when favourable conditions exist.

Fuel and purchased power costs were $661 million in 2016-17, up $9 million from 2015-16. The $9 million increase is a result of unfavourable volume and fuel mix variances offset by a favourable price variance.

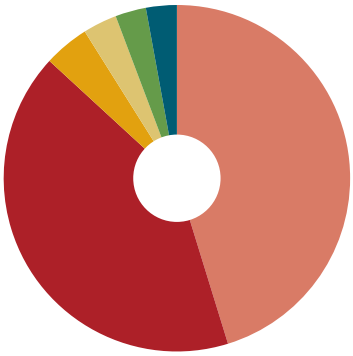
Total generation and purchased power was 24,374 GWh in 2016-17, an increase of 618 GWh or 2.6% compared to 2015-16. The increased generation was required to supply demand growth in Saskatchewan. The higher volume of generation resulted in an estimated $16 million increase in fuel and purchased power costs.

The fuel mix is the relative proportion that each fuel source contributes to our total fuel supply. The more energy that is generated from lower incremental cost units such as coal and hydro, the more favourable the impact on fuel and purchased power costs. During 2016-17, coal and hydro generation accounted for 58% of total generation, down 1% compared to 2015-16. This unfavourable change in the fuel mix resulted in an estimated $1 million increase in fuel and purchased power costs.

These unfavourable variances were partially offset by lower costs for natural gas and coal, primarily due to a $7 million decrease in coal royalties. This resulted in an estimated $8 million decrease in fuel and purchased power costs.

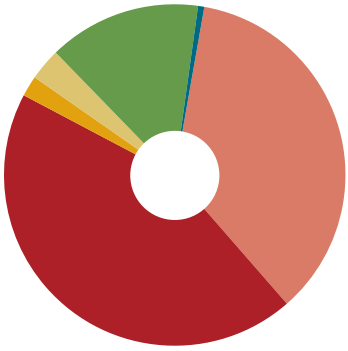


FUEL AND PURCHASED POWER (MILLIONS)



2016-17 FUEL AND PURCHASED POWER - $661 MILLION

GAS 45%
COAL 42%
IMPORTS 4%
WIND 3%
HYDRO 3%
OTHER 3%



2016-17 GROSS ELECTRICITY SUPPLIED - 24,374 GWH

GAS 36%
COAL 44%
IMPORTS 2%
WIND 3%
HYDRO 14%
OTHER 1%

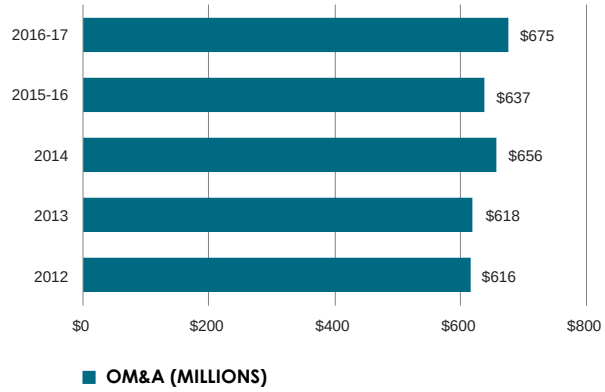
Operating, maintenance and administration (OM&A)

(in millions)	**2016-17**	2015-16	Change
OM&A	**$ 675**	$ 637	$ 38

OM&A expense includes salaries and benefits; external services; materials and supplies; and other operating costs.

OM&A expense was $675 million in 2016-17, up $38 million from 2015-16. The increase was due to an increase in maintenance at the Corporation's generation facilities. The number of days dedicated to performing overhauls at the Corporation's generation facilities increased from 135 days in 2015-16 to 196 days in 2016-17. In addition, PPA expenses also increased as a result of additional maintenance at the Cory Cogeneration Station.

Emergency and planned maintenance activity at our transmission and distribution facilities also contributed to the increase in OM&A expense.

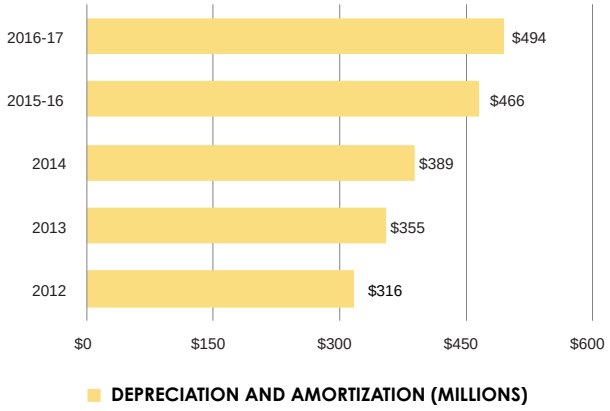


Depreciation and amortization

(in millions)	**2016-17**	2015-16	Change
Depreciation and amortization	**$ 494**	$ 466	$ 28

Depreciation represents a charge to income for the capital expenditures of SaskPower. The capital expenditures are amortized to income on a straight-line basis over the estimated useful life of each component of property, plant and equipment. Depreciation rates are established based on periodic depreciation studies.

Depreciation and amortization expense was $494 million in 2016-17, up $28 million from 2015-16. The increase was primarily attributable to ongoing capital expenditures. As well, following the completion of an internal depreciation study in 2015-16, the estimated useful lives of certain asset components were changed. The changes in estimates were applied prospectively effective April 1, 2016, and resulted in an $11 million increase to depreciation expense in 2016-17.

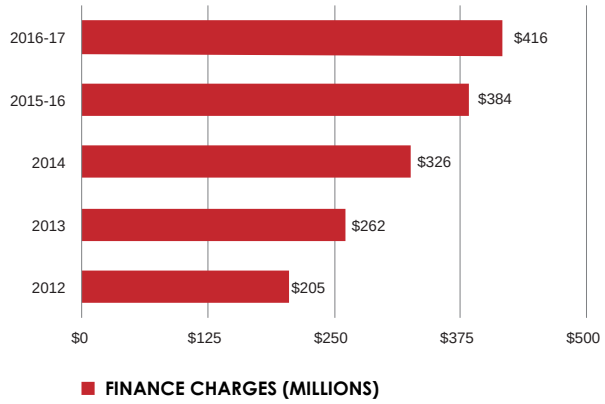


Finance charges

(in millions)	2016-17	2015-16	Change
Finance charges	**$ 416**	$ 384	$ 32

Finance charges include the net of interest on long-term and short-term debt; interest on finance leases; interest on employee benefit plans; interest on provisions; interest capitalized; debt retirement fund earnings; and interest income.

Finance charges were $416 million in 2016-17, up $32 million from 2015-16. The increase in finance charges was attributable to $16 million additional interest expense incurred as a result of higher long-term debt levels required to finance SaskPower's capital expenditures and a $2 million increase in interest related to employee benefit plans. These increases in finance charges were coupled with a $10 million decrease in interest capitalized during the year as a result of a reduction in the size of the construction in progress balance that was carried throughout the year. Debt retirement fund earnings also decreased by $4 million.

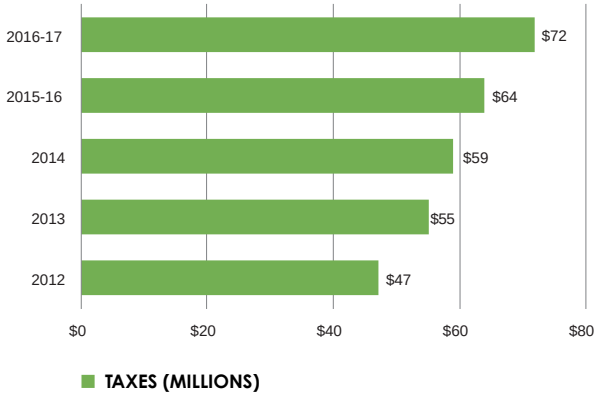


Taxes

(in millions)	2016-17	2015-16	Change
Taxes	**$ 72**	$ 64	$ 8

Taxes represent the payment of corporation capital tax to the Province of Saskatchewan and grants-in-lieu of taxes paid to 13 cities in Saskatchewan.

Taxes were $72 million in 2016-17, up $8 million from 2015-16. This increase was primarily due to an increase in corporate capital tax as a result of growth in the Corporation's capital tax base.

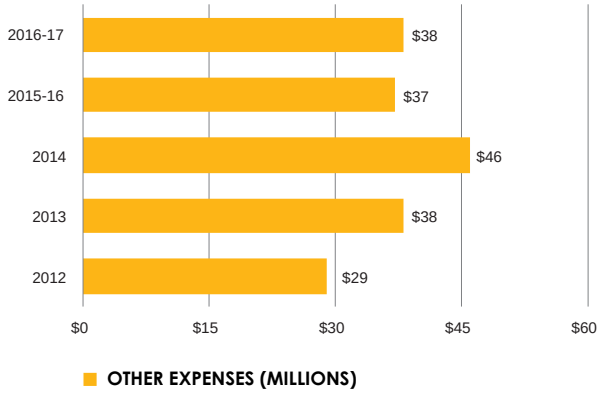


Other expenses

(in millions)	2016-17	2015-16	Change
Other expenses	**$ 38**	$ 37	$ 1

Other expenses include net losses on asset disposals and retirements; inventory variance adjustments; foreign exchange gains and losses; and environmental remediation activities.

Other expenses were $38 million in 2016-17, up $1 million compared to 2015-16. The increase was mainly due to a $4 million increase in losses on asset disposals and retirements offset by a $2 million decrease in inventory variance adjustments as well as lower environmental expenditures.



UNREALIZED MARKET VALUE ADJUSTMENTS

(in millions)	2016-17	2015-16	Change
Natural gas contracts gains (losses)	**$ 12**	$ (63)	$ 75
Natural gas inventory revaluation	**2**	(2)	4
Electricity contracts gains	**-**	1	(1)
Debt retirement funds losses	**(4)**	(19)	15
Unrealized market value adjustments	**$ 10**	$ (83)	$ 93

Unrealized market value adjustments represent the change in the market value of the Corporation's outstanding natural gas hedges; natural gas inventory; electricity trading contracts; and debt retirement funds at period-end. These non-cash transactions resulted in net market value gains for the year of $10 million compared to an $83 million net loss in the prior year.

SaskPower has outstanding natural gas hedges of approximately 93 million notional GJs to cap the price of natural gas on a portion of the Corporation's anticipated natural gas needs for the period of 2017 to 2026. The market value of these outstanding natural gas hedges increased $12 million in 2016-17 compared to a $63 million decrease the previous year. The gains are the result of an increase in the forward price of natural gas as well as the settlement of natural gas hedge contracts. Market value adjustments on natural gas hedges are subject to significant volatility based on movements in the forward price of natural gas.

The net realizable value of the Corporation's natural gas inventory held in storage has also improved due to rising natural gas prices. As a result, SaskPower recognized a $2 million reversal of previous write-downs of its natural gas inventory in 2016-17.

Unrealized market value losses related to SaskPower's outstanding electricity derivative contracts were nil, a $1 million decrease from the prior year.

Finally, the Corporation also recorded $4 million in market value losses related to its debt retirement funds, which represents a $15 million increase compared to the prior year. The decline in the market value of the debt retirement funds is primarily due to an increase in long-term interest rates which negatively impacts the value of the bonds in the debt retirement fund portfolio.

2016-17 QUARTERLY RESULTS

The following chart outlines the quarterly results of SaskPower for the year ended March 31, 2017:

(in millions)	Q1	Q2	Q3	Q4	Total
Revenue					
Saskatchewan electricity sales	$ 522	$ 546	$ 581	$ 628	**$ 2,277**
Exports	3	1	-	1	**5**
Net costs from electricity trading	(1)	-	(1)	(1)	**(3)**
Share of profit from equity accounted investees	-	-	-	1	**1**
Other revenue	23	34	41	24	**122**
	547	**581**	**621**	**653**	**2,402**
Expense					
Fuel and purchased power	155	157	175	174	**661**
Operating, maintenance and administration	179	170	156	170	**675**
Depreciation and amortization	122	123	124	125	**494**
Finance charges	101	102	106	107	**416**
Taxes	16	19	21	16	**72**
Other expenses	5	6	11	16	**38**
	578	**577**	**593**	**608**	**2,356**
Income (loss) before the following	**$ (31)**	**$ 4**	**$ 28**	**$ 45**	**$ 46**
Unrealized market value adjustments	49	(12)	(3)	(24)	**10**
Net income (loss)	**$ 18**	**$ (8)**	**$ 25**	**$ 21**	**$ 56**

Q1

SaskPower had a consolidated loss before unrealized market value adjustments of $31 million in the first quarter of 2016-17. The loss was attributable to increased capital-related expenditures.

Q2

SaskPower's consolidated income before unrealized market value adjustments was $4 million in the second quarter of 2016-17. The earnings in the quarter are primarily due to increased Saskatchewan electricity sales as a result of the 5.0% rate increase effective July 1, 2016.

Q3

SaskPower's consolidated income before unrealized market value adjustments was $28 million in the third quarter of 2016-17. The strong earnings were the result of higher Saskatchewan electricity sales coupled with lower OM&A expenses due to a decrease in overhaul activity at our generation facilities.

Q4

SaskPower had consolidated income before unrealized market value adjustments of $45 million in the fourth quarter of 2016-17. The earnings in the quarter are attributable primarily to strong Saskatchewan sales volumes as a result of cold weather as well as a 3.5% rate increase effective January 1, 2017.

FINANCIAL CONDITION

The following chart outlines changes in the consolidated statement of financial position from April 1, 2016, to March 31, 2017:

(in millions)	Increase/ (decrease)
Cash and cash equivalents Refer to Consolidated Statement of Cash Flows.	**$ (15)**
Accounts receivable and unbilled revenue Margin deposits on natural gas derivatives and timing of receipts.	**49**
Inventory Revaluation of natural gas inventory.	**2**
Prepaid expenses Balance consistent with prior year.	**-**
Property, plant and equipment Capital additions offset by depreciation, asset disposals, and retirements.	**378**
Intangible assets Amortization expense less capitalization of new software costs.	**(6)**
Debt retirement funds Instalments, earnings, and market value losses.	**57**
Investments accounted for using equity method MRM equity investment income less distributions.	**-**
Other assets Repayment of asset-backed commercial paper (MAVII investments).	**(2)**
Accounts payable and accrued liabilities Timing of payments.	**59**
Accrued interest Timing of interest payments.	**6**
Risk management liabilities (net of risk management assets) Increase in the fair value of bond forward agreements and gains on natural gas hedges.	**(27)**
Short-term advances Net repayment of short-term advances.	**(81)**
Long-term debt (including current portion) New borrowings offset by repayments and amortization of debt premiums.	**429**
Finance lease obligations (including current portion) Principal repayment of finance lease obligations.	**(7)**
Employee benefits Actuarial gains on the defined benefit pension plan.	**(27)**
Provisions Additional decommissioning provisions established and accretion offset by expenditures incurred.	**16**
Equity 2016-17 comprehensive income.	**95**

LIQUIDITY AND CAPITAL RESOURCES

SaskPower raises most of its capital through internal operating activities and through borrowings obtained from the Government of Saskatchewan Ministry of Finance. This type of borrowing allows our company to take advantage of the Government of Saskatchewan's strong credit rating. *The Power Corporation Act* provides SaskPower with the authority to have outstanding borrowings of up to $10 billion, which includes $2 billion that may be borrowed by way of temporary loans. Temporary loans include short-term borrowings through the Government of Saskatchewan as well as borrowings made under the $51 million of credit facilities available at financial institutions.

The other major sources of financing utilized by our company include non-recourse debt that was issued in 2001 to finance SaskPower's share of the Cory Cogeneration Station and $660 million in equity advances that were provided by CIC from 1989–1992 to form CIC's equity capitalization in SaskPower.

a) Sources of financing

Types of financing	**Authorized amount**	**Outstanding as at March 31, 2017**
Credit facility	$51.0 million	**–**
Temporary loans (including credit facility)	$2.0 billion	**$0.9 billion**
Total borrowings (including temporary loans)	$10.0 billion	**$6.5 billion**

b) Credit ratings

	2016-17			2015-16		
	Short-term obligations	**Long-term obligations**	**Trend**	Short-term obligations	Long-term obligations	Trend
Dominion Bond Rating Service	**R-1 (high)**[1]	**AA**[2]	**Stable**	R-1 (high)[1]	AA[2]	Stable

1. As per Dominion Bond Rating Service Rating Policies, R-1 (high) denotes the highest credit quality. The capacity for payment of short-term financial obligations as they fall due is exceptionally high. Unlikely to be adversely affected by future events.
2. As per Dominion Bond Rating Service Rating Policies, AA denotes superior credit quality. The capacity for payment of financial obligations is considered high. Credit quality differs from AAA only to a small degree. Unlikely to be significantly vulnerable to future events.

CASH FLOW HIGHLIGHTS

(in millions)	Twelve Months **March 31 2017**	Twelve Months March 31 2016	Change	Three Months March 31 2015	Fifteen Months March 31 2016
Cash provided by operating activities	**$ 564**	$ 376	$ 188	$ 33	$ 409
Cash used in investing activities	**(862)**	(904)	42	(236)	(1,140)
Cash provided by financing activities	**283**	532	(249)	229	761
(Decrease) increase in cash position	**$ (15)**	$ 4	$ (19)	$ 26	$ 30

a) Operating activities

(in millions)	**2016-17**	2015-16	Change
Cash provided by operating activities	**$ 564**	$ 376	$ 188

Cash provided by operating activities was $564 million for the twelve months ended March 31, 2017, up $188 million compared to 2015-16. The increase was primarily the result of an increase in the net change in non-cash working capital and net income.

b) Investing activities

(in millions)	2016-17	2015-16	Change
Generation	$ 166	$ 161	$ 5
Transmission	67	98	(31)
Distribution	76	54	22
Other	106	85	21
Sustainment	**$ 415**	$ 398	$ 17
Generation	179	103	76
Transmission	119	156	(37)
Distribution	21	79	(58)
Customer connects	130	149	(19)
Growth and compliance	**$ 449**	$ 487	$ (38)
Strategic and other investments	**$ 22**	$ 46	$ (24)
Total capital expenditures	**$ 886**	$ 931	$ (45)
Less: Interest capitalized	(15)	(24)	9
Reimbursements and proceeds from sale and disposal of assets	(14)	(3)	(11)
Costs of removal of assets	6	4	2
Distributions from equity accounted investees	(1)	(4)	3
Cash used in investing activities	**$ 862**	$ 904	$ (42)

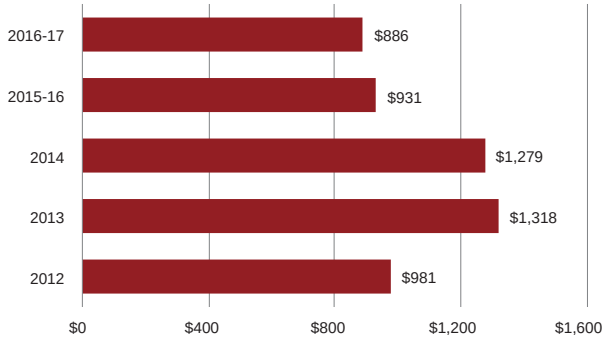
In order to ensure a reliable, sustainable and cost-effective supply of electricity for its customers, SaskPower spent $886 million on various capital projects during the twelve months ended March 31, 2017, compared to $931 million in 2015-16.

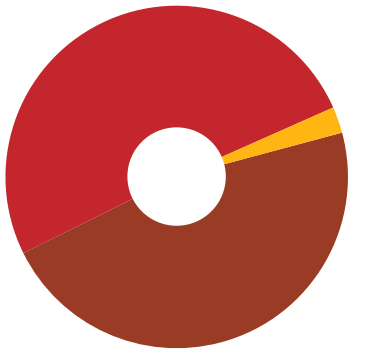
Our company invested $415 million on sustainment activities, including:

- $166 million on generation assets and $143 million on transmission and distribution assets; and
- $106 million for other sustainment expenditures, including $36 million on information technology and security assets and $19 million on vehicles and equipment.

SaskPower spent $449 million on growth and compliance investments, including:

- $179 million on new generation assets, including $166 million on the new Chinook Power Station;
- $140 million on increasing grid capacity, including $89 million on new 230-kV transmission lines; and
- $130 million to connect customers to the SaskPower electric system.





2016-17 CAPITAL EXPENDITURES - $886 MILLION

- SUSTAINMENT 47%
- GROWTH AND COMPLIANCE 51%
- STRATEGIC AND OTHER 2%

c) Financing activities

(in millions)	**2016-17**	2015-16	Change
Net proceeds from short-term advances	**$ (81)**	$ 65	$ (146)
Proceeds from long-term debt	**535**	535	-
Repayment of long-term debt	**(105)**	(5)	(100)
Debt retirement fund instalments	**(48)**	(43)	(5)
Principal repayment of finance lease obligations	**(11)**	(9)	(2)
Increase in finance lease obligations	**4**	6	(2)
Realized losses on cash flow hedges	**(11)**	(17)	6
Cash provided by financing activities	**$ 283**	$ 532	$ (249)

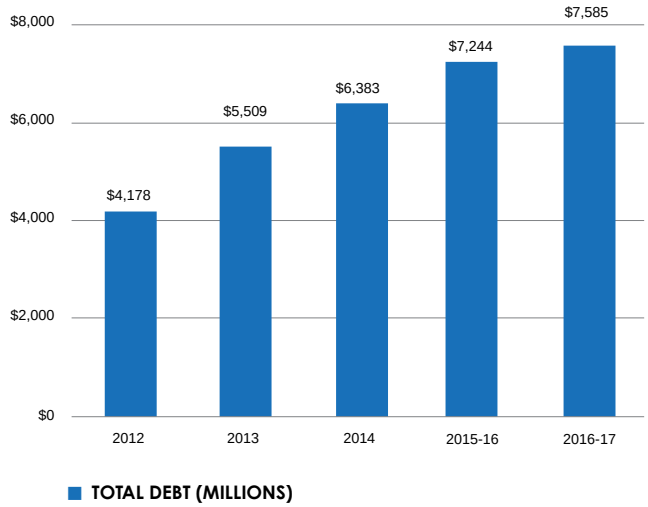
In the twelve months ended March 31, 2017, $283 million of cash was provided by financing activities, compared to $532 million in the prior period. The cash was used to finance the Corporation's capital program.

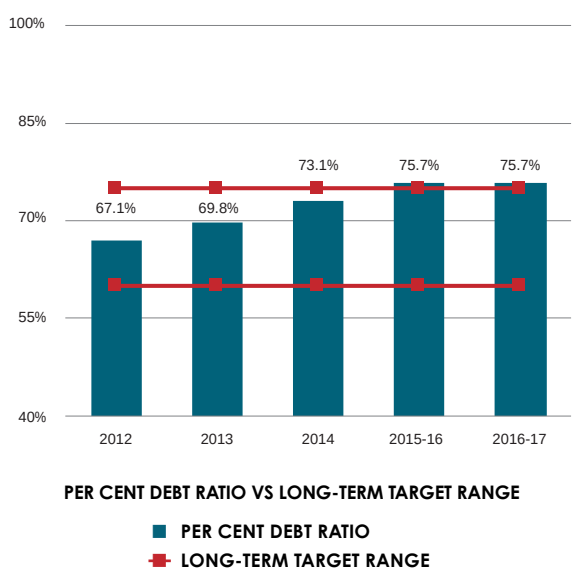
Capital management

(in millions)	**March 31 2017**	March 31 2016	Change
Long-term debt	**$ 5,559**	$ 5,130	$ 429
Short-term advances	**900**	981	(81)
Finance lease obligations	**1,126**	1,133	(7)
Total debt	**7,585**	7,244	341
Debt retirement funds	**590**	533	57
Cash and cash equivalents	**13**	28	(15)
Total net debt	**$ 6,982**	$ 6,683	$ 299
Retained earnings	**1,603**	1,547	56
Accumulated other comprehensive loss	**(22)**	(61)	39
Equity advances	**660**	660	-
Total capital	**$ 9,223**	$ 8,829	$ 394
Per cent debt ratio[1]	**75.7%**	75.7%	-

1. Per cent debt ratio = (debt)/(debt + equity), where debt = (long-term debt + short-term advances + finance lease obligations – debt retirement funds – cash and cash equivalents).

Total debt position





SaskPower's total debt position (including finance lease obligations) was $7.6 billion at March 31, 2017, up $0.4 billion from the prior year. The increase was the result of the following:

- The Corporation, through the Government of Saskatchewan's General Revenue Fund, transacted the following:

Date of issue	Date of maturity	Effective interest rate (%)	Coupon rate (%)	Par value	Unamortized premiums (discounts)	Outstanding amount
July 12, 2016	December 2, 2046	2.85%	2.75%	$ 150	$ (3)	$ 147
October 13, 2016	December 2, 2046	3.00%	2.75%	200	(10)	190
January 19, 2017	June 2, 2048	3.35%	3.30%	200	(2)	198
				$ 550	**$ (15)**	**$ 535**

- The Corporation repaid $100 million of floating rate recourse debt and $5 million of non-recourse debt, and recognized $1 million in amortization of debt premiums.
- In addition, the Corporation repaid $81 million in short-term advances to the Government of Saskatchewan's General Revenue Fund.
- Lastly, finance lease obligations decreased $7 million.

As a result of these financing activities, SaskPower's per cent debt ratio remained consistent at 75.7% as at March 31, 2017.

Debt retirement funds

(in millions)	**March 31 2017**	March 31 2016
Balance, beginning of period	**$ 533**	$ 491
Debt retirement fund instalments	**48**	43
Debt retirement fund earnings	**13**	18
Debt retirement fund market value losses	**(4)**	(19)
Balance, end of period	**$ 590**	$ 533

Debt retirement funds are monies set aside to retire outstanding long-term debt upon maturity. SaskPower makes regular contributions to the funds, which are held and invested by the Government of Saskatchewan's General Revenue Fund.

During the twelve months ended March 31, 2017, SaskPower made $48 million in contributions to the debt retirement funds on outstanding debt issues as required by the terms of the advances from the Government of Saskatchewan's General Revenue Fund. In addition, the Corporation earned $13 million (included with finance charges and classified as non-cash operating activities) on the debt retirement funds for the 2016-17 year.

DIVIDENDS

Historically, SaskPower has paid dividends to CIC based on the CIC Dividend Policy. For the 2016-17 fiscal year, CIC determined that the Corporation would not be required to pay dividends due to the company's significant investments in property, plant and equipment.

CONTRACTUAL OBLIGATIONS

SaskPower has the following significant long-term contractual obligations as at March 31, 2017, which will impact cash flows in the following year and beyond:

(in millions)	**1 year**	**1 - 5 years**	**More than 5 years**
Planned capital expenditures	$ 1,121	$ 4,317	$ 4,676
Power purchase agreements (PPAs)	400	1,880	6,898
Long-term debt (including principal and interest)	371	1,434	8,851
Debt retirement fund instalments	52	215	985
Coal purchase contracts	32	742	962
Natural gas purchase contracts	106	350	137
Transmission purchase contracts	6	19	-

CAPITAL INVESTMENTS

SUSTAINMENT

Capital sustainment investments include generation, transmission and distribution projects that involve renewing, refurbishing or replacing existing infrastructure, either through an annual program or one-time project. Select major sustainment investments are described below.

TRANSMISSION

TRANSMISSION WOOD POLE REMEDIATION

IN-SERVICE	TOTAL COST (MILLIONS)
ONGOING PROGRAM	$320 (NEXT 5 YEARS)

Transmission wood pole assets are being life-extended through an assessment and treatment process. Poles are evaluated and then treated or replaced as necessary. Cross-arm and spar replacement are also included as part of this program.

CIRCUIT BREAKER AND RELAY REPLACEMENTS

IN-SERVICE	TOTAL COST (MILLIONS)
ONGOING PROGRAM	$38 (NEXT 5 YEARS)

Our company is replacing breakers and relays that are obsolete or at the end of their useful lives. Circuit breakers and relays protect the electrical system by interrupting any short circuits or overload currents that may occur by turning off the power. Once breakers and relays are replaced, maintenance is substantially reduced and the quality of output increases.

DISTRIBUTION

RURAL REBUILD AND IMPROVEMENT PROGRAM

IN-SERVICE	TOTAL COST (MILLIONS)
ONGOING PROGRAM	$104 (NEXT 5 YEARS)

The Rural Rebuild and Improvement Program is focused on the strategic replacement of the aging rural electrical distribution system. It replaces lines with poor reliability performance and facilitates removal of power lines from farm fields while taking into account safety considerations and the optimization of line loss savings.

DISTRIBUTION WOOD POLE REMEDIATION

IN-SERVICE	TOTAL COST (MILLIONS)
ONGOING PROGRAM	$150 (NEXT 5 YEARS)

This program involves the inspection, life extension, reinforcement and replacement of aging distribution wood asset infrastructure, including poles and cross-arms. The application of additional wood preservative treatment during the testing procedure is also used to reduce the frequency of future pole reinforcement and replacement. Benefits include increased safety, system security and increased life of distribution assets.

GENERATION

ISLAND FALLS DAM REHABILITATION

IN-SERVICE	TOTAL COST (MILLIONS)
2021	$45

This project will address deficiencies that impose major risks to the long-term integrity of the Island Falls Powerhouse and Main Dam and flow control equipment. It includes rehabilitation work to ensure that this facility satisfies the guidelines of the Canadian Dam Association.

E.B. CAMPBELL LIFE EXTENSION

IN-SERVICE	TOTAL COST (MILLIONS)
2025	$300

SaskPower is life-extending Units #1 through #6 at E.B. Campbell Hydroelectric Station. Located on the Saskatchewan River near Nipawin, the first six units at E.B. Campbell were commissioned in 1963/1964, with an additional two units commissioned in 1966. E.B. Campbell has a net capacity of 289 MW.

GROWTH AND COMPLIANCE

Growth and compliance investments include new generation, transmission or distribution additions to accommodate growth in demand, customer connections and other projects.

TRANSMISSION

REGINA BYPASS PROJECT

IN-SERVICE	TOTAL COST (MILLIONS)	YTD (MILLIONS)
2017-19	$32	$18.5

In order to support the expansion of the Regina area highway system, SaskPower is required to modify or move 13 transmission lines, 55-60 distribution lines, seven fibre communication lines and many street lighting services as part of the Saskatchewan Ministry of Highways and Infrastructure's project.

KENNEDY TO TANTALLON TRANSMISSION LINE

IN-SERVICE	TOTAL COST (MILLIONS)	YTD (MILLIONS)
2017	$113	$81

A new 230-kV transmission line – approximately 100 kilometres – and other facilities are required to facilitate load growth and reinforcement due to new potash developments and expansions in the area.

PASQUA TO SWIFT CURRENT TRANSMISSION LINE

IN-SERVICE	TOTAL COST (MILLIONS)
2019	$223

A new 230/138-kV double circuit line and other facilities are required to facilitate transmission service from SaskPower's planned gas-fired power plant near Swift Current, supply expected load growth in Swift Current and mitigate other lines' end-of-life issues.

AUBURNTON TO KENNEDY TRANSMISSION LINE

IN-SERVICE	TOTAL COST (MILLIONS)
2021	$61

A new 230-kV transmission line between the Auburnton and Kennedy switching stations is required to provide transmission reinforcement and comply with system performance requirements. The new line will be approximately 70 kilometres in length.

DISTRIBUTION

CUSTOMER CONNECTS

IN-SERVICE	TOTAL COST (MILLIONS)
ON-GOING PROGRAM	$520 (NEXT 5 YEARS)

The objective of this program is to provide for the connection of new electrical services to the SaskPower grid, as well as to upgrade existing customer services. SaskPower is mandated by *The Power Corporation Act* to provide service as requested by the customer.

GENERATION

CHINOOK POWER STATION

IN-SERVICE	TOTAL COST (MILLIONS)	YTD (MILLIONS)
2019	$680.5	$166

SaskPower was chosen as the most economic option to build the new natural gas-fired combined-cycle generating station with a capacity of up to 350 MW. The facility is required to meet growing electricity demand and to support intermittent renewable energy generation, and will be located near Swift Current. The project is expected to cost $680.5 million, not including transmission costs.

BLUE HILLS WIND ENERGY PROJECT (FORMERLY CHAPLIN WIND)

IN-SERVICE	TOTAL COST (MILLIONS)
2020-21	TBD

SaskPower has entered into a partnership with Algonquin Power Company to purchase approximately 177 MW of wind-generated electricity from a facility located south of Herbert. This project is expected to be in service in 2020-21, and will increase SaskPower's wind generation capacity to 400 MW.

OUTLOOK

2017-18 BUDGET VS 2016-17 ACTUAL RESULTS

The following chart outlines the 2017-18 budget as compared to SaskPower's 2016-17 actual results. These earnings expectations are subject to a number of variables including: natural gas prices; coal and hydro availability; weather; economic conditions; number of customers; and market conditions in other jurisdictions.

(in millions)	**Budget 2017-18**	Actual 2016-17	Change
Revenue			
Saskatchewan electricity sales	**$ 2,449**	$ 2,277	$ 172
Exports	**10**	5	5
Net sales (costs) from electricity trading	**1**	(3)	4
Share of profit from equity accounted investees	**3**	1	2
Other revenue	**122**	122	-
	2,585	2,402	183
Expense			
Fuel and purchased power	**677**	661	16
Operating, maintenance and administration	**689**	675	14
Depreciation and amortization	**542**	494	48
Finance charges	**402**	416	(14)
Taxes	**73**	72	1
Other expenses	**22**	38	(16)
	2,405	2,356	49
Income before the following	**$ 180**	$ 46	$ 134
Unrealized market value adjustments	**-**	10	(10)
Net income	**$ 180**	$ 56	$ 124
Return on equity (operating)[1]	**7.6%**	2.1%	5.5%
Return on equity[2]	**7.6%**	2.6%	5.0%

1. Return on equity (operating) = (income before unrealized market value adjustments)/(average equity).
2. Return on equity = (net income)/(average equity).

SaskPower's net income is expected to be $180 million in 2017-18, resulting in a return on equity of 7.6%.

Saskatchewan sales of $2,449 million are expected to increase $172 million as a result of a 415 GWh or 2% increase in electricity sales volumes, and the full year impact of the 5.0% system-wide average rate increase implemented on July 1, 2016, and 3.5% implemented on January 1, 2017.

The increase in revenue, however, is expected to be partially offset by a $49 million increase in expenses. The primary driver is a $48 million increase in depreciation expense. SaskPower invested $886 million in capital in 2016-17, and an additional $1,121 million is expected to be invested in 2017-18.

2017-18 CAPITAL EXPENDITURES

(in millions)	**Budget 2017-18**	Actual 2016-17	Change
Capital expenditures	**$ 1,121**	$ 886	$ 235

SaskPower also expects to continue to make substantial investments in its infrastructure over the next 10 years. Capital expenditures in 2017-18 are budgeted to be approximately $1,121 million. This includes $306 million on the new Chinook Power Station; $194 million in costs to improve and expand the Corporation's transmission and distribution infrastructure; $130 million connecting new customers to SaskPower's grid; $168 million to sustain our existing transmission and distribution assets; and $169 million to maintain the existing generation fleet.

RELATED PARTY TRANSACTIONS

SaskPower also has a number of routine transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to our company by virtue of common control by the Government of Saskatchewan. These transactions with related parties are settled at prevailing market prices under normal trade terms. Related party transactions are disclosed in Note 30 to the consolidated financial statements.

ANALYSIS OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

SaskPower's significant accounting policies are described in Note 3 to the consolidated financial statements. Some of these policies involve accounting estimates that require management to make particularly subjective or complex judgments about matters that are inherently uncertain. Different conditions or assumptions regarding the estimates could result in materially different results being reported. Management has discussed the development and selection of these critical accounting policies with the Board of Directors and the external auditors.

The following section discusses the critical accounting estimates and assumptions that management has made and how they affect the amounts reported in the consolidated financial statements.

REVENUE

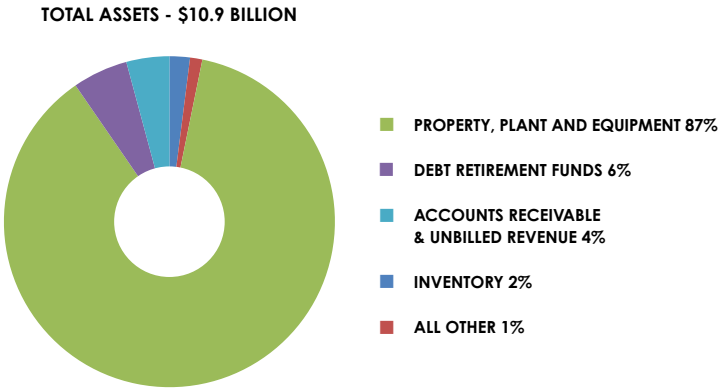
Electric revenues are billed on a systematic basis. At the end of each month, SaskPower makes an estimate of the electricity delivered to its customers since their last billing date. The estimated unbilled revenue is based on several factors, including estimated consumption for each customer, applicable customer rates and the number of days between the last billing date and the end of the period. As at March 31, 2017, total Saskatchewan electricity sales of $2,277 million included $73 million of estimated unbilled revenue.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

An allowance for doubtful accounts is calculated for both energy and non-energy sales. The allowance for doubtful accounts is reviewed quarterly based on an estimate of outstanding amounts that are considered uncollectible based on past experience. Historically, SaskPower has not written off a significant portion of its accounts receivable balances.

DEPRECIATION

Property, plant and equipment represents 87% of total assets recognized on SaskPower's statement of financial position as at March 31, 2017. Included in property, plant and equipment are the generation, transmission, distribution and other assets of SaskPower. Due to the size of SaskPower's property, plant and equipment, changes in estimated depreciation rates can have a significant impact on income.



Depreciation is recognized on a straight-line basis over the estimated useful life of each component of property, plant and equipment. Depreciation commences when the property, plant and equipment is ready for its intended use. The estimated useful life of property, plant and equipment is based on manufacturers' guidance, past experience and future expectations regarding the potential for technical obsolescence. The estimated useful lives of the components are based on formal depreciation studies that are performed every five years, with annual reviews for reasonableness. A one-year decrease in the average estimated service life of each of the major asset classes of property, plant and equipment would result in a $28 million increase to depreciation expense in the current year.

Following the completion of an internal depreciation study, the estimated useful lives of certain assets were changed. The change in estimate was applied prospectively, effective April 1, 2016. The impact of the change in estimated useful lives was an $11 million increase to depreciation expense for the twelve months ended March 31, 2017. See Note 3(d) and Note 8 to the consolidated financial statements for additional discussion of SaskPower's depreciation expense.

Coal-fired electricity generation regulations

Canada has developed regulatory requirements regarding greenhouse gas (GHG) emissions for coal-fired generation. The new coal-fired electricity generation regulations implemented by Environment and Climate Change Canada require a reduction in net emissions to 420 tonnes of carbon dioxide (CO_2) per gigawatt hour of electricity to be met for new coal-fired electricity plants, as well as units that have reached the end of their useful life. The regulations state that units commissioned before 1975 will reach the end of their useful life on the earlier of December 31, 2019, or on December 31 of the 50th year after their commissioning date. Prior to this point being reached, the decision to retire the unit or retrofit it with carbon capture and storage (CCS) equipment must be made.

Therefore, by 2030 SaskPower will be required to retire or meet the regulations at Boundary Dam Power Station Units #4, #5 and #6 and Poplar River Power Station Units #1 and #2. The integrated carbon capture and storage facility at Boundary Dam Power Station Unit #3 meets these regulations. SaskPower is working with the province on an Equivalency Agreement with the Government of Canada which would provide some flexibility in how SaskPower's remaining conventional coal-fired generation units could be managed to meet expected emissions outcomes.

PROVISIONS

A provision is recognized if, as a result of a past event, SaskPower has a present legal or constructive obligation that can be estimated reliably. It must also be probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The unwinding of the discount on provisions is recognized in profit or loss as a finance expense.

Decommissioning

A decommissioning provision is a legal or constructive obligation associated with the decommissioning of a long-lived asset. SaskPower recognizes decommissioning provisions if a reasonable estimate of fair value (net present value) can be determined. Our company recognizes provisions to decommission coal, natural gas, cogeneration, and wind generation facilities in the period in which the facility is commissioned. SaskPower also recognizes provisions for the decommissioning of assets containing polychlorinated biphenyls (PCBs) in accordance with existing federal regulations.

The fair value of the estimated decommissioning costs is recorded as a provision, with an offsetting amount capitalized and included as part of property, plant and equipment. The decommissioning provisions are increased periodically for the passage of time by calculating interest expense. The offsetting capitalized asset retirement costs are depreciated over the estimated useful life of the related asset.

The calculations of fair value are based on detailed studies that take into account various assumptions regarding anticipated future cash flows, including the method and timing of decommissioning and estimates of future inflation. Decommissioning provisions are periodically reviewed and any changes are recognized as an increase or decrease in the carrying amount of the obligation and the related asset. If the asset is fully depreciated, the changes are recognized in profit or loss as other expenses.

Sensitivity of provisions to changes in the discount and inflation rate on the recorded liability as at March 31, 2017, is as follows:

	Decommissioning provisions	
(in millions)	0.5% increase	0.5% decrease
Discount rate	$ (17)	$ 20
Inflation rate	22	(19)

Environmental remediation

A provision for environmental remediation is accrued when the occurrence of an environmental expenditure, related to present or past activities of SaskPower, is considered probable and the costs of remedial activities can be reasonably estimated. The fair value of the estimated costs for investigations and remediation at identified sites is recorded as a provision in profit or loss as other expenses. These provisions are based on management's best estimate considering current environmental laws and regulations and are recorded at fair value. SaskPower reviews its estimates of future environmental expenditures on an ongoing basis.

See Note 3(g) and Note 22 to the consolidated financial statements for additional discussion of SaskPower's provisions.

EMPLOYEE BENEFITS

As explained in Note 3(m) and Note 31 in the consolidated financial statements, SaskPower provides post-retirement benefits to employees, including those from a defined benefit pension plan (the Plan). The Plan, substantially closed to new members since 1977, provides benefits based on the average of the highest five years' annual pensionable earnings and years of service. Pensions are increased annually at a rate equal to 70% of the increase in the Saskatchewan consumer price index (CPI).

An independent actuary calculates the funded status of the Plan at December 31 each year based on assumptions regarding discount rates, inflation rates, future pension indexing, and life expectancy. Current service costs are recognized in the statement of income as OM&A expense. Interest expense (income), which is calculated by applying the discount rate to the net accrued benefit obligation, is included in the statement of income as finance charges. The actuarial gains and losses of the Plan are recognized directly in other comprehensive income. As at March 31, 2017, the current status of the Plan recognized on the statement of financial position was a Plan deficit of $188 million.

Actuarial gains and losses

Actuarial gains and losses on Plan assets are determined by calculating the difference between actual and expected returns of the Plan assets based upon the discount rate at the beginning of the year. Actuarial gains and losses on the accrued benefit obligation are calculated by an independent actuary based on the discount rate in effect at the end of the year. For the year ending March 31, 2017, $35 million in net actuarial gains were recognized directly in other comprehensive income relating to SaskPower's defined benefit pension plans.

Changes in the long-term assumptions, including the discount rate, inflation rate, future indexing and life expectancy can have a significant impact on the pension costs of SaskPower. Sensitivity of the defined benefit plan to changes in these assumptions on the accrued benefit obligation as at March 31, 2017, is as follows:

	Accrued benefit obligation	
(in millions)	1% increase	1% decrease
Discount rate	$ (91)	$ 109
Inflation rate	(19)	20
Future indexing	124	(104)
Life expectancy (each member one year older/younger)	(33)	35

RECENT AND FUTURE ACCOUNTING POLICY CHANGES

Refer to Note 2(g) to the consolidated financial statements for information pertaining to accounting changes effective for the 2016-17 fiscal year.

The following new standards and amendments to standards and interpretations have been issued, however, are not yet effective for the year ended March 31, 2017, and have not been applied in preparing the consolidated financial statements. SaskPower is currently reviewing the new accounting standards to determine the potential impact, if any, on its consolidated financial statements. The Corporation intends to early adopt International Financial Reporting Standard (IFRS) 9, but does not have any plans to early adopt any of the other new standards.

IFRS 9, *Financial Instruments*

SaskPower will early adopt IFRS 9, *Financial Instruments* effective April 1, 2017. As a result of the adoption of IFRS 9, SaskPower will adopt consequential amendments to IFRS 7, *Financial Instruments: Disclosures*.

The key changes resulting from the adoption of IFRS 9 are summarized below.

a) Classification of financial assets and financial liabilities

IFRS 9 includes three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

Under IFRS 9, SaskPower will reclassify its debt retirement funds from FVTPL to FVOCI. This will result in any changes in fair value related to these financial assets being recorded through OCI rather than profit or loss.

The adoption of IFRS 9 will not have a significant effect on SaskPower's accounting policies for financial liabilities.

b) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost and debt instruments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

c) Hedge accounting

IFRS 9 requires the Corporation to ensure that hedge accounting relationships are aligned with risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Corporation is exposed to natural gas price risk from natural gas purchased for the production of electricity through certain power purchase agreements that have a cost component based on the market price of natural gas. To manage this price risk, the Corporation enters into derivative swap instruments. The Corporation will elect to apply hedge accounting under IFRS 9 to these natural gas hedges. As a result, the effective portion of the changes in fair value related to these derivative financial instruments will be recognized in OCI.

IAS 7, *Statement of Cash Flows*

On January 29, 2016, the IASB issued amendments to IAS 7, *Statement of Cash Flows*, effective for annual periods beginning on or after January 1, 2017. The amendments require a reconciliation of the opening and closing liabilities that form part of an entity's financing activities, including both changes arising from cash flows and non-cash changes.

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 was issued by the IASB on May 28, 2014, and will replace IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 establishes principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2018.

IFRS 16, *Leases*

On January 13, 2016, the IASB issued the new leases standard, IFRS 16, effective for annual reporting periods beginning after January 1, 2019. Early adoption is permitted provided that an entity does not adopt the leases standard before adopting the revenue guidance in IFRS 15.

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases using a similar approach to that of the superseded standards, but with enhanced disclosure to improve information about a lessor's risk exposure. IFRS 16 will replace IAS 17, *Leases*, and a number of lease-related interpretations.

RISK MANAGEMENT

SaskPower operates in a complex and dynamic business environment where significant pressures and changes are occurring in the industry. As part of our strategic planning process we have identified major challenges to our business which introduce a variety of risks and uncertainties that could impact the achievement of our business objectives, financial and operating performance, and public safety. In addition to strategic risk, functional risks related to financial, operational performance, safety, environmental, compliance and reputational risks are managed through an Enterprise Risk Management (ERM) Program. It is designed to safeguard stakeholder interests, improve efficiency, and improve effectiveness. SaskPower's risk management responses are delivered using a comprehensive risk management approach, including governance, policies, procedures, processes and technologies designed to support effective risk management. The ERM Program reinforces a consistent and robust approach to risk management and assists in managing the business risks and opportunities involved in SaskPower activities.

SaskPower's ERM strategy aligns with our company's strategy, corporate pillars and goals. SaskPower's performance measures and targets provide the opportunity to optimize continuous improvement through strategic and business planning as well as ongoing risk management practices.

ERM GOVERNANCE

Our philosophy is that risk management is the responsibility of all employees. Specific roles and responsibilities related to risk management are outlined in our ERM Policy and ERM Committee Charter as approved by the SaskPower Board of Directors. The ERM Policy is reviewed annually and was revised recently to better clarify the roles related to project risk management, due diligence and oversight.

The Board of Directors

The Board of Directors has overall responsibility for the stewardship of the Corporation, including the establishment and maintenance of the ERM Program. The Audit & Finance Committee — as a standing committee of the Board — has risk management responsibility including:

- Assisting the Board in fulfilling its oversight responsibility relating to risk management, accounting and internal control as well as the integrity of financial statements and the reporting process;
- Overseeing the internal audit function and the external auditors' qualifications, terms and conditions of appointment, remuneration, independence, performance and reports;
- Reviewing the Corporation's risk appetite and tolerances, risk profile, the annual enterprise risk register, quarterly interim risk reporting and the appropriateness of the ERM Program; and
- Establishing policies and procedures, defining acceptable risk tolerance and receiving an annual report of SaskPower's top risks to satisfy itself that effective risk management systems and processes are in place.

The Environment, Health & Safety Committee reviews, on an annual basis, significant environment, health and safety risks and plans to mitigate them on an annual basis or as they emerge.

ERM Committee

The President and CEO has ultimate accountability for risk management and is supported by the Executive. Together, they form the SaskPower ERM Committee and are assigned risk management oversight which includes:

- Reviewing the annual Corporate Risk Registry to scan for emerging risks, identify risk correlations, review existing risks, prioritize SaskPower's top risks, and assign Executive responsibility for identified risks;
- Incorporating risk management into policy development, business and strategic planning and change management processes; and
- Monitoring risks against established limits, goals and targets.

In early 2016, three Executive Advisory Committees were formed to amalgamate existing advisory committees and to provide advice and guidance to management on initiatives and projects that involve significant risk or impact to the organization. The primary responsibility of each Committee includes the review of principal risks associated with projects and initiatives and to ensure that appropriate processes have been followed to identify and manage risks.

Other risk functions

SaskPower's business divisions are responsible for managing day-to-day risks within their area of responsibility. Project risks are the responsibility of project managers with accountability to project boards and respective Executive members. Risks are identified, analyzed, documented and reviewed in divisional and functional risk registers annually as part of the ERM Program.

SaskPower's risk management is supported by experienced risk professionals who:

Risk management governance

- Compile risk reporting for the Board, Board Sub-Committees and Executive;
- Participate in risk identification, analysis, monitoring and reporting across all divisions and major projects;
- Analyze commercial and environmental risk exposures in our assets and trading operations; and
- Ensure our daily market price exposure is kept within approved risk metrics, including value at risk (VaR), position limits, term limits and market limits.

SaskPower utilizes insurance as a key tool in managing risk in conjunction with risk identification, analysis, and control. Our company employs risk and insurance management professionals and maintains appropriate insurance policies to mitigate the impact of losses arising from the operation or failure of our assets.

SaskPower's Internal Audit function augments ERM by providing assurance on the ERM Program's effectiveness and by attesting to the effectiveness of risk management practices and internal controls as part of a risk-based audit work plan.

MAJOR RISK FACTORS

Our industry is changing. Our company is challenged by recent regulatory requirements regarding emissions, the need for new energy supply, financial constraints, evolving technologies, growing capital requirements and the speed at which stakeholder and customer demands and expectations are changing. As part of the strategic planning process, we have identified four major challenges to our business: (1) achieving financial health; (2) navigating utility transformation; (3) securing public and customer support; and (4) maintaining and improving reliability. In addition, SaskPower annually identifies top corporate risk factors that could impact our company's corporate strategies and priorities, influence financial and operating results and affect achievement of our business objectives. The risks are identified and assessed by Executive and business divisions, providing a top-down and a bottom-up perspective of enterprise risks. SaskPower's risk portfolio evolves over time, with significant shifts to focus on key emerging issues and priority initiatives.

SaskPower regularly undertakes routine and non-routine projects as well as explores a number of strategic initiatives to meet evolving regulatory requirements, customer demands, load conditions and support integrated resource planning. These projects and initiatives involve significant investment and require strategic risk management to support investment decision making and ensure appropriate project delivery. A structured approach to improving project risk management is maturing, which includes identification of high-risk and/or complex projects and additional corporate guidance for risk management throughout the project life cycle. Risk management, procurement and contract management are integral to sound project management. SaskPower continues to evolve its project management practices and standards to demonstrate due diligence in project and risk management.

1. FOSSIL FUEL GENERATION

Corporate Pillar: Sustainable Infrastructure & Reliability

Our industry is challenged by changing regulations resulting in the phase out of conventional coal-fired generation, increasing performance requirements for natural gas generation and the potential implementation of a price on carbon. Amendments to federal regulations are expected to require the phase out of conventional coal-fired generation by 2030. Provinces have until 2018 to adopt a direct price on carbon or an indirect cap and trade system. In addition, the federal government is requiring performance standards for new natural gas generation to start in 2020.

Risks we are facing:

- Replacement of generation assets and increasing renewable generation;
- Additional fuel cost risk as we become more reliant on natural gas; and
- Additional reliability risk as a result of increased integration of intermittent generation.

Steps we are taking:

- Formation of a supply plan that would increase generating capacity from renewable sources such as wind; reduce SaskPower's greenhouse gas emissions; and integrate the most promising emerging technologies (solar, geothermal, biomass, flare gas, landfill gas) into SaskPower's future outlook;
- Development of a renewables integration strategy; and
- Support of an Equivalency Agreement between the province and federal government which will provide SaskPower with increased flexibility to meet emissions-related regulations.

2. FINANCIAL CONSTRAINTS

Corporate Pillars: Efficiency, Quality & Cost Management and Sustainable Infrastructure & Reliability

SaskPower's financial flexibility is challenged by changing economic conditions, growing capital requirements, increasing debt, and unpredictable rate increases. SaskPower has a high fixed cost structure driven by capital intensity. SaskPower's business model may not be agile enough to adapt to industry changes that include new emissions regulations, rising costs, and customer self-generation. Revenues are impacted by load growth, customer mix and approved rate increases. The cost of fuel is driven by load growth, fuel mix, market conditions and fuel prices. Depreciation and finance charges are impacted by capital expenditures, supply arrangements and the cost of borrowing.

Risks we are facing:

- Increasing costs due to aging and new infrastructure (including renewables) requiring higher levels of capital spending to meet customer load and provide reliable service;
- Cost uncertainty related to implications from evolving emissions regulations, including impacts of carbon price or cap and trade schemes;
- Increasing debt levels; and
- Changing customer expectations resulting in load reduction or grid defection, with the potential for stranded assets.

Steps we are taking:

- Implementation of Business Optimization Initiatives;
- Scenario-based budgeting and forecasting for business planning;
- Asset management program for prioritization of capital projects;
- Establishment of 10-year debt ratio and capital spending targets;
- Formation of an Integrated Resource Plan and value for money analysis for selected supply options; and
- Ongoing rate applications.

3. INFRASTRUCTURE AND RELIABILITY

Corporate Pillar: Sustainable Infrastructure & Reliability

Infrastructure and reliability remains a top risk at SaskPower. Significant capital spending is required to maintain system reliability, renew aging infrastructure and accommodate growing demand for electricity. SaskPower's electricity supply infrastructure used to serve existing and new customers is compromised by age, insufficient capital investment, and growing customer demand and expectations. A large portion of SaskPower's critical generation, transmission and distribution assets are near or at the end of their expected service lives. Aging assets are increasingly expensive to maintain and operate, and may be less efficient than newer technologies.

Significant financial and other resources are required to monitor and properly sustain the existing asset base, replace major components to ensure optimal asset value, allow for capacity increases and perform customer connects. Performance, reliability and maximized uptime of existing generation, transmission and distribution facilities are fundamental to ensuring a safe, continuous and adequate supply of electricity. Information technology systems and requirements are evolving to manage the power system more efficiently and maintain acceptable security standards.

SaskPower prioritizes its capital expenditures based on a number of criteria and objectives, including: providing a reliable energy supply to meet forecasted requirements; maintaining system reliability, maintaining security and power quality; meeting or exceeding environmental regulations and guidelines; and minimizing the cost of electricity for customers. Infrastructure investment and our capital allocation methodology approach financing based on three groupings: core sustainment spending; capital spending related to growth and compliance; and strategic and other investments.

Risks we are facing:

- The rate of infrastructure aging outpaces sustainment and maintenance activities, which can result in unplanned outages, higher costs, or blackouts during peak times;
- Escalating costs to sustain and operate aging and deteriorating infrastructure and meet growing demand for new infrastructure including renewables;
- The impact of evolving environmental conditions related to water, wind, air, solar and land on SaskPower operations;
- Severe weather events, natural disasters and man-made events (including cyber and physical attacks) which may threaten or disrupt normal business operations; and
- Low customer density relative to grid infrastructure and growing trends in customer self-generation or customer-owned generation will affect SaskPower supply and infrastructure planning and may result in stranded or abandoned assets.

Steps we are taking:

- Long-term system planning and the preparation of integrated generation, transmission and distribution plans;
- Implementation of a risk-based asset management business model to provide optimal and sustainable management of assets;
- Increased sustainment capital spending;
- Established business continuity and emergency plans to address a variety of adverse events;
- Reciprocal agreements with neighbouring utilities to provide assistance in major outage situations; and
- Implementation of security requirements based on classification level of new facilities for construction and renovation projects.

4. REPUTATION

Corporate Pillar: Customer Experience & Stakeholder Relations

SaskPower interacts with a variety of stakeholders within the scope of its operations. These stakeholders include the Aboriginal community, customers, business partners, employees, shareholders, governments, regulatory bodies and contractors. Stakeholder expectations are changing, with greater transparency, involvement and stewardship expected. Ineffective communication of SaskPower's needs and strategy can impact customer, stakeholder and shareholder perception and response. Positive stakeholder engagement can help SaskPower achieve its objectives and deal with adversity or significant change when it impacts the organization and its stakeholders.

Risks we are facing:

- If stakeholder and customer expectations are not identified and managed, public opinion could negatively affect our reputation;
- If awareness/support of SaskPower's strategic direction is low, public support and social licence to proceed may be threatened;
- Lack of awareness of our challenges and strategic plans by our shareholder and stakeholders risks timely and costly delays to decisions and projects; and
- Lack of stakeholder support due to a poor reputation puts the approval of future rate increases at risk.

Steps we are taking:

- Development, implementation and monitoring of communication strategies to meet the needs of stakeholders, including strategies for using and managing social media;
- Development of a revised corporate strategy that identifies and prepares for opportunities from market disruptions;
- Execution of stakeholder engagement processes and a dedicated Aboriginal relations team;
- Strengthening of relationships through information and consultation processes and the development of a stakeholder engagement strategy; and
- Public engagements on solar energy and our Integrated Resource Plan.

5. SECURITY

Corporate Pillar: Sustainable Infrastructure & Reliability

SaskPower business operations rely on information and operational technologies. They need to be maintained, supported, protected and secured to enable appropriate authorized access and to ensure reliability, confidentiality, integrity and availability of associated systems and information. Demand for security capabilities will increase because security threats evolve at a rapid rate and SaskPower is diversifying and acquiring services that require security innovation, flexibility and adaptability. In addition, SaskPower is a target for copper theft and malware.

Risks we are facing:

- Evolving threats from organized crime, international extremists, intellectual property thieves, environmental militants and insider threats could potentially result in:
    - Disruption of system reliability, core business operations and customer services;
    - Loss of and/or damage to personnel, customer and corporate data, facilities, equipment and operating systems;
    - Loss of stakeholder and customer trust and confidence;
    - Increased costs of recovery and restoration, including damage claims from vendors and suppliers; and
    - Cyber-attacks, such as remote hacking and intrusions on operations technology control systems or information technology assets; and
- Criminal acts, sabotage, and physical attacks such as theft and/or vandalism of critical assets, property or equipment.

Steps we are taking:

- Enhancement of security analytics, intrusion detection, vulnerability and threat management and data loss prevention through projects designed to address unauthorized access and use of unauthorized software;
- Records and information management activities regarding the appropriate handling of information including physical records and electronic records;
- Development of business continuity plans, as well as plans to address threats of sabotage and information theft;
- Movement toward compliance with security standards within North American Electric Reliability Corporation – Critical Infrastructure Protection;
- Centralization of security services to coordinate security monitoring and response activities;
- Attendance at Canadian Security Intelligence Service briefings for timely and critical updates on emerging threats;
- Receipt of information from the Canadian Cyber Response Centre, RCMP, Public Safety Canada and other external and internal sources to advise and raise awareness of security threats and to consider during policy/standard development; and
- Establishment of physical security controls, including the Perimeter Security Program.

6. SAFETY

Corporate Pillar: Workforce Excellence

SaskPower operations and/or activities impact the safety of employees, contractors, customers and the general public. There are considerable hazards and risks associated with working on high voltage equipment, at heights, with chemicals, and around large machines that are at a high temperature or pressure. SaskPower interacts with customers, contractors and the public, who must be informed of potential safety issues.

Risks we are facing:

- Potential for loss, injury or death of an employee, contractor or member of the public, as well as increased safety incidents;
- Failure to develop, execute and/or comply with appropriate standards and safe work processes and procedures may result in adverse individual (employee, contractor, and public) or corporate consequences; and
- Poor safety performance contributes to lower productivity due to injury, accident investigations, and lower employee engagement.

Steps we are taking:

- Leadership project that builds safety and leadership competencies to foster and reinforce safe work practices (including updating job descriptions, recruitment processes and onboarding);
- Safety Absolutes project that defines non-negotiable safety rules and implements solutions to enable proficiency and reinforce compliance;
- Learning and Capability Project that is developing learning solutions to enable a safe and competent workforce;
- Safety Excellence Project that is creating a corporate safety center of excellence to build and reinforce our safety culture; and
- Incorporating safety goals into the performance management system.

7. PROJECT DELIVERY

Corporate Pillar: Efficiency, Quality & Cost Management

SaskPower has identified the need to invest significant amounts of capital in long-term projects to ensure continuing reliability; maintain, upgrade and expand infrastructure; and meet environmental requirements. SaskPower continues to deliver on significant projects related to customer connects, service delivery improvement, sustainment and refurbishment of existing infrastructure and new supply options. New regulations, stakeholder expectations, and financial constraints are placing increasing demands on SaskPower. All of these are competing for human, financial, operating and capital resources.

Risks we are facing:

- SaskPower may fail to deliver projects or complete projects on materially different terms or timing than initially anticipated, which impacts service delivery to customers/suppliers, system reliability and costs to the Corporation;
- Errors in communication, planning and execution may result in poor project perceptions and impact stakeholder trust and confidence; and
- Any failure of major initiatives to transition to operations may result in damage to SaskPower's financial position and reputation.

Steps we are taking:

- SaskPower is reviewing its project risk management practices and standards to identify improvements in risk management, process safety management, strategic procurement, and contract management;
- The Project Delivery Model has been expanded to include transmission and generation projects, mitigation plans and responses as well as consistent monitoring and reporting of projects;
- Jobs are planned and engineered in advance to support logistics management function;
- Project delivery tools and methods are being standardized, contributing to increased proficiency in delivery;
- SaskPower is working to reduce costs and increase efficiency and effectiveness through strategic sourcing of goods and services, improvement of logistics, and improvement in the procurement operating model and processes;
- Increased efficiencies due to the creation and refinement of Transmission and Power Production construction groups including the addition of transmission contract administrators; and
- SaskPower employs professional project specialists for planning, estimating, execution, cost control, quality management, commissioning, and risk management plan development to deal with specific contingencies.

8. INDUSTRY DISRUPTION

Corporate Pillars: Customer Experience & Stakeholder Relations; Efficiency, Quality & Cost Management; and Sustainable Infrastructure & Reliability

SaskPower is challenged by evolving disruptive forces which are significantly influenced by the introduction of new technology. Developments in technology are changing the role of the customer and the economics of the industry. Disruption driven by new policies and regulations will expedite the necessity for new technology, innovation and agility in order to adapt and comply.

The industry is facing a number of dynamic conditions. Overall, it is maturing and is in the midst of a major infrastructure investment cycle. The bulk of SaskPower infrastructure is coming to the end of its useful life and needs to be renewed or replaced. At the same time, our supply mix is becoming cleaner as more renewable options are introduced. This shift is driven by new emissions regulations, public expectations, and the falling cost of renewables. The traditional electrical grid is evolving into a fully networked system in which automation, remote control, visibility and customer participation are expected, which introduces additional cyber security risk. Customers will increasingly become involved in long-term decision making, rate regulation, self-generation, energy management and the transition to a low-carbon economy.

Risks we are facing:

- Distributed generation could significantly impact SaskPower's existing business model. This could potentially have a negative impact on financial performance, reliability, customer experience, employees and corporate reputation;
- Potential costs/missed opportunities associated with not formulating and executing on a plan in a timely basis to respond to and anticipate the impacts of new/existing technology; and
- Disruption in customer loyalty with others filling the void to service customer expectations for more digital interaction in managing their energy costs and supply options.

Steps we are taking:

- Creation of a cross-functional team to work with various stakeholders (industry, government, customers) to address disruption with distributed/self-generated technologies;
- Development of strategies to define the path forward, including core plans, grid modernization strategy, and an Integrated Resource Plan;
- Development of a number of initiatives at various stages of implementation or maturity: customer self-service (availability of consumption data, streetlight app, automation of internal processes); Outage Management System; smart meters; asset management tools; and customer and community solar development;
- Exploratory discussions with key account customers regarding self-generation;
- Development of a robust stakeholder engagement strategy to ensure customers have a voice in decisions that impact them; and
- Creation of SaskPower's long-term strategic workforce plan, which will focus on longer-term workforce requirements.

9. WORKFORCE MANAGEMENT

Corporate Pillar: Workforce Excellence

SaskPower faces challenges in attracting and maintaining a safe and productive workforce and in strategically planning for workforce needs. Over the next five to 10 years, a significant number of core SaskPower employees will be eligible for retirement, contributing to a period of challenging transition. Changing demographics put critical positions at risk as it relates to technical roles and leadership positions. Technology is moving quickly and redefining the industry, changing the customer's role, and changing SaskPower's workforce.

Risks we are facing:

- SaskPower may experience a critical skills shortage within the next five to 10 years given the changing demographics and difficulty in externally sourcing for critical workforce segments/ key skills areas;
- Acquiring, developing or maintaining new and critical skills, specifically in technical roles, may limit our ability to lead and support ongoing operations;
- New regulations and technology are changing the skills required by the utility and are likely to put traditional technical roles at risk;
- Additional critical workforce segments may be identified over the next few years as a result of the business optimization investment decisions; and
- Lack of diverse skills in the workforce.

Steps we are taking:

- Enhancement of sourcing strategies for critical skills/roles will continue with strategies focused on Power Engineer and Power Line Technician roles;
- Proactive identification of talent for critical leadership roles to create a succession strategy;
- SaskPower's longer-term strategic Workforce Plan includes focusing on SaskPower's long-term work requirements needed to support the Corporation's capital and operational plans for the business. The 10-year work forecasts will be reviewed and refreshed annually to ensure it aligns to SaskPower's 10-year corporate strategy;
- SaskPower's business optimization project outcomes will ensure the corporation is delivering product and services in the most efficient and effective way possible which may include redeployment of knowledge and skills, upskilling, and/or outsourcing certain roles; and
- SaskPower's long-term workforce planning strategy includes assessing the right labour mix (internal and external) for the long term based on business optimization decisions and the evolving power industry.

10. FUEL SUPPLY

Corporate Pillar: Sustainable Infrastructure & Reliability

Having sufficient fuel available when required for generation is essential to SaskPower's ability to meet electricity demand and supply customers. Changes to the commodity supply/demand balance in the market may impact fuel supply and consequently our company's ability to generate power. SaskPower's primary fuel sources include natural gas, coal and hydro. These fuel sources form the basis of SaskPower's diversified supply portfolio. Recent changes in emissions regulations will introduce a shift in the supply mix, including more renewables such as wind and solar generation. Balancing the evolving supply mix with system flexibility and reliable operations are challenges being managed.

Increasing the percentage of renewables in the supply along with changing regulations resulting in the phase out of conventional coal-fired generation impacts system operability and has the potential to increase costs to integrate and maintain a secure system.

Risks we are facing:

- A disruption in fuel supply could adversely affect SaskPower operations, financial condition or its ability to meet electricity demand and service customers;
- Volatile fuel requirements due to issues such as, but not limited to: weather, fuel switching and availability of other energy production, transmission; capacity and availability, and commodity/energy market dynamics; and
- Supply planning involves consideration of: the capital cost to install new generation and transmission; the fuel input and maintenance costs to operate facilities; regulatory concerns around emissions and carbon pricing; load forecast uncertainty; and ownership and resource availability.

Steps we are taking:

- Secure transportation and storage of natural gas through long-term transmission contracts with renewable rights;
- Negotiation of coal contracts to address price, security of supply and equipment, and performance items;
- Development of a diversified and flexible fuel portfolio, including strategies for renewables, low-emitting sources and demand side management opportunities;
- Continuation and improvement of the hedging policy and program to address security of natural gas supply, market access and price management;
- Implementation of an integrated resource plan defining a diversified and flexible fuel portfolio, including up to 50% renewables by 2030; and
- Strengthening relationships with suppliers, customers and stakeholders to achieve further efficiencies, such as coordination of planned outages and alignment of expansion plans.

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

FOR THE TWELVE MONTHS ENDED MARCH 31, 2017

CONTENTS

REPORT OF MANAGEMENT

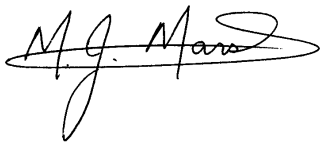
The consolidated financial statements of Saskatchewan Power Corporation (SaskPower; the Corporation) are the responsibility of management and have been prepared in accordance with International Financial Reporting Standards. The preparation of financial statements necessarily involves the use of estimates based on management's best judgment, particularly when transactions affecting the current period cannot be finalized with certainty until future periods. In management's opinion, the consolidated financial statements have been properly prepared within the framework of selected accounting policies summarized in the consolidated financial statements and incorporate, within reasonable limits of materiality, information available up to May 31, 2017. The financial information presented in the Management's Discussion & Analysis (MD&A) and elsewhere in this report is consistent with that in the consolidated financial statements.

Management maintains appropriate systems of internal control which provide reasonable assurance that the Corporation's assets are safeguarded and appropriately accounted for, that financial records are relevant, reliable, and accurate, and that transactions are executed in accordance with management's authorization. This system includes corporate-wide policies and procedures, as well as the appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and the Audit & Finance Committee of the Board of Directors.

The Board of Directors, through the Audit & Finance Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Audit & Finance Committee consists entirely of outside Directors. At regular meetings, the Committee reviews audit, internal control and financial reporting matters with management, the internal auditors and the external auditors to satisfy itself that each is properly discharging its responsibilities. The financial statements and the Independent Auditor's Report have been reviewed by the Audit & Finance Committee and have been approved by the Board of Directors. The internal and external auditors have full and open access to the Audit & Finance Committee, with and without the presence of management.

The consolidated financial statements have been examined by Deloitte LLP, Chartered Professional Accountants, as appointed by the Lieutenant Governor in Council and approved by the Crown Investments Corporation of Saskatchewan. The external auditor's responsibility is to express its opinion on whether the consolidated financial statements are fairly presented in accordance with International Financial Reporting Standards.

On behalf of management,



Mike Marsh
President and Chief Executive Officer
May 31, 2017

Troy King
Acting Vice-President and Chief Financial Officer

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

I, Mike Marsh, President and Chief Executive Officer of Saskatchewan Power Corporation, and I, Troy King, Acting Vice-President and Chief Financial Officer of Saskatchewan Power Corporation, certify the following:

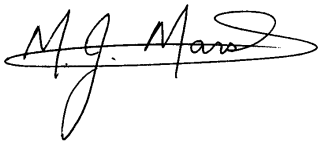
(a) That we have reviewed the consolidated financial statements included in the Annual Report of Saskatchewan Power Corporation. Based on our knowledge, having exercised reasonable diligence, the consolidated financial statements included in the Annual Report fairly present in all material respects, the financial condition, results of operations, and cash flows, as of March 31, 2017.

(b) That based on our knowledge, having exercised reasonable diligence, the consolidated financial statements included in the Annual Report of Saskatchewan Power Corporation do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made.

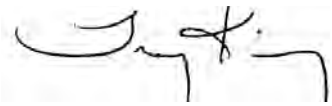
(c) That Saskatchewan Power Corporation is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and Saskatchewan Power Corporation has designed internal controls over financial reporting that are appropriate to the circumstances of Saskatchewan Power Corporation.

(d) That Saskatchewan Power Corporation conducted its assessment of the effectiveness of the Corporation's internal controls over financial reporting and, based on the results of this assessment, Saskatchewan Power Corporation can provide reasonable assurance that internal controls over financial reporting as of March 31, 2017, were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

On behalf of management,



Mike Marsh
President and Chief Executive Officer
May 31, 2017



Troy King
Acting Vice-President and Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan:

We have audited the accompanying consolidated financial statements of Saskatchewan Power Corporation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statement of income, consolidated statement of comprehensive income (loss), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Saskatchewan Power Corporation as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Professional Accountants
Licensed Professional Accountants
May 31, 2017
Regina, Saskatchewan

CONSOLIDATED STATEMENT OF INCOME

(in millions)	Notes	**Twelve Months March 31 2017**	Fifteen Months March 31 2016
Revenue			
Saskatchewan electricity sales		**$ 2,277**	$ 2,690
Exports		**5**	9
Net costs from electricity trading	4	**(3)**	(2)
Share of profit from equity accounted investees	17	**1**	2
Other revenue	5	**122**	188
		2,402	2,887
Expense			
Fuel and purchased power	6	**661**	818
Operating, maintenance and administration	7	**675**	793
Depreciation and amortization	8	**494**	571
Finance charges	9	**416**	463
Taxes	10	**72**	80
Other expenses	11	**38**	38
		2,356	2,763
Income before the following		**46**	124
Unrealized market value adjustments	12	**10**	(98)
Net income		**$ 56**	$ 26

See accompanying notes

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(in millions)	Notes	**Twelve Months March 31 2017**	Fifteen Months March 31 2016
Net income		**$ 56**	$ 26
Other comprehensive income (loss)			
Items that may be reclassified subsequently to net income:			
Derivatives designated as cash flow hedges:			
Change in fair value during the period		**15**	15
Realized losses during the period		**(11)**	(46)
Items that will not be reclassified to net income:			
Defined benefit pension plans:			
Net actuarial gains (losses)	31	**35**	(27)
		39	(58)
Total comprehensive income (loss)		**$ 95**	$ (32)

See accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions)

As at March 31	Notes	2017	2016
Assets			
Current assets			
Cash and cash equivalents		**$ 13**	$ 28
Accounts receivable and unbilled revenue		**458**	409
Inventory	13	**214**	212
Prepaid expenses		**16**	16
Risk management assets	25	**11**	-
		712	665
Property, plant and equipment	14	**9,518**	9,140
Intangible assets	15	**48**	54
Debt retirement funds	16	**590**	533
Investments accounted for using equity method	17	**38**	38
Other assets	18	**2**	4
Total assets		**$ 10,908**	$ 10,434
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 429**	$ 370
Accrued interest		**58**	52
Risk management liabilities	25	**141**	157
Short-term advances	19	**900**	981
Current portion of long-term debt	20	**105**	105
Current portion of finance lease obligations	21	**14**	11
		1,647	1,676
Long-term debt	20	**5,454**	5,025
Finance lease obligations	21	**1,112**	1,122
Employee benefits	31	**237**	264
Provisions	22	**217**	201
Total liabilities		**8,667**	8,288
Equity			
Retained earnings		**1,603**	1,547
Accumulated other comprehensive loss	24	**(22)**	(61)
Equity advances	23	**660**	660
Total equity		**2,241**	2,146
Total liabilities and equity		**$ 10,908**	$ 10,434

See accompanying notes

On behalf of the Board,

Chief Darcy Bear
Chair

Leslie Neufeld
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions)	Retained earnings	Accumulated other comprehensive income (loss): Net gains (losses) on derivatives designated as cash flow hedges	Accumulated other comprehensive income (loss): Net actuarial gains (losses) on defined benefit pension plans	Equity advances	**Total**
Equity					
Balance, January 1, 2015	$ 1,521	$ 15	$ (18)	$ 660	**$ 2,178**
Net income	26	-	-	-	**26**
Other comprehensive loss	-	(31)	(27)	-	**(58)**
Balance, March 31, 2016	**$ 1,547**	**$ (16)**	**$ (45)**	**$ 660**	**$ 2,146**
Net income	56	-	-	-	**56**
Other comprehensive income	-	4	35	-	**39**
Balance, March 31, 2017	**$ 1,603**	**$ (12)**	**$ (10)**	**$ 660**	**$ 2,241**

See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions)	Notes	**Twelve Months March 31 2017**	Fifteen Months March 31 2016
Operating activities			
Net income		**$ 56**	$ 26
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation and amortization	8	**494**	571
Finance charges	9	**416**	463
Net losses on asset disposals and retirements	11	**32**	29
Unrealized market value adjustments	12	**(10)**	98
Employee benefits	31	**(3)**	(7)
Share of profit from equity accounted investees	17	**(1)**	(2)
Allowance for obsolescence	13	**-**	1
Environmental provisions	22	**1**	4
Environmental expenditures	22	**(10)**	(6)
		975	1,177
Net change in non-cash working capital	29	**12**	(247)
Interest paid		**(423)**	(521)
Cash provided by operating activities		**564**	409
Investing activities			
Property, plant and equipment additions		**(832)**	(1,125)
Intangible assets additions	15	**(28)**	(18)
Proceeds from sale and disposal of assets		**3**	3
Costs of removal of assets		**(6)**	(4)
Distributions from equity accounted investees	17	**1**	4
Cash used in investing activities		**(862)**	(1,140)
Decrease in cash before financing activities		**(298)**	(731)
Financing activities			
Net proceeds from short-term advances	19	**(81)**	91
Proceeds from long-term debt	20	**535**	783
Repayments of long-term debt	20	**(105)**	(6)
Debt retirement fund instalments	16	**(48)**	(56)
Principal repayment of finance lease obligations		**(11)**	(11)
Increase in finance lease obligations		**4**	6
Realized losses on derivatives designated as cash flow hedges		**(11)**	(46)
Cash provided by financing activities		**283**	761
(Decrease) increase in cash		**(15)**	30
Cash and cash equivalents (bank indebtedness), beginning of period		**28**	(2)
Cash and cash equivalents, end of period		**$ 13**	$ 28

See accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

Saskatchewan Power Corporation (SaskPower; the Corporation), a provincially-owned Crown corporation, generates, purchases, transmits, distributes and sells electricity and related products and services. Founded as the Saskatchewan Power Commission in 1929, SaskPower was set up in 1949 and operates primarily under the mandate and authority of *The Power Corporation Act*. SaskPower's head office is located at 2025 Victoria Avenue in Regina, Saskatchewan, Canada, S4P 0S1.

By virtue of *The Crown Corporations Act*, 1993, SaskPower has been designated a subsidiary of Crown Investments Corporation of Saskatchewan (CIC), a provincial Crown corporation. Accordingly, the financial results of the Corporation are included in the consolidated financial statements of CIC. As a provincial Crown corporation, the Corporation is not subject to federal and provincial income taxes.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements were authorized for issue by the Board of Directors on May 31, 2017.

(b) Change of year-end

The Corporation was directed by the provincial government to change its fiscal year-end to March 31 to coincide with that of the Province of Saskatchewan. Information included in the consolidated financial statements reflects the second complete fiscal period consisting of the twelve months ending March 31, 2017, as compared to the fifteen month period ending March 31, 2016, and as a result, are not entirely comparable.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statement of financial position:

(i) Inventory at lower of cost and net realizable value defined in Note 3(b).

(ii) Provisions at discounted expected future cash flows defined in Note 3(g).

(iii) Financial instruments that are accounted for according to the financial instrument categories defined in Note 3(l).

(iv) Employee benefit plans recognized at the fair value of plan assets less the present value of the accrued benefit obligations defined in Note 3(m).

(d) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest million.

(e) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas requiring the use of management estimates and judgments are further described in the following summary of significant accounting policies and related notes:

(i) Electricity sales

Estimation and judgment are used to determine the amount of electricity deliveries not yet billed at period-end. Unbilled revenue is estimated by calculating the daily average revenue for each customer based on the customer's past consumption history multiplied by the number of days between the last billing date and the end of the period [Note 3(h)].

(ii) Customer contributions

Customer contributions are funds received from certain customers towards the costs of service extensions. In determining when to recognize revenue related to customer contributions, management is required to make judgments in regards to when the related property, plant and equipment is available for use and performance obligations are complete [Notes: 3(h) and 5].

(iii) Receivables

Management's best estimate is required to determine the amount of receivables that will be uncollectible in a given period. The allowance for doubtful accounts for electricity sales is based on a percentage of accounts outstanding.

(iv) Inventory

Estimation and judgment are used to determine the appropriate measure of net realizable value as well as the allowance for inventory obsolescence. Management's best estimate is required to determine the amount of inventories to be written-off in a given period [Notes: 3(b) and 13].

(v) Property, plant and equipment and intangible assets

Estimation and judgment are involved in determining the useful lives, related depreciation and amortization and accumulated depreciation and amortization of property, plant and equipment and intangible assets. Estimated useful lives are determined based upon manufacturer's guidance on asset life, SaskPower's past experience with similar assets, industry averages, as well as expectations about future events that could impact the life of the asset. Estimated useful lives are reviewed annually to ensure their reasonableness [Notes: 3(c), 3(d), 3(e), 8, 14 and 15].

Judgment has been used to determine the estimated useful lives and related accelerated depreciation for coal facility assets based on expected federal government requirements to phase out conventional coal-fired generation in Canada by 2030.

(vi) Provisions

Estimation and judgment are involved in determining the carrying amounts of decommissioning and environmental remediation provisions. The provisions are recorded at the fair value based on the Corporation's best estimate of the future cash expenditures required to settle the obligations, taking into account current environmental regulations. The underlying estimates of future cash flows are required to be made over a long period of time, given the fact that most provisions will not be settled for a number of years [Notes: 3(g) and 22].

(vii) Leases

In identifying whether the Corporation's power purchase agreements (PPAs) are leases, management must use judgment in assessing whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys the right to use the asset [Notes: 3(k) and 21].

(viii) Financial instruments

Determining the fair value of financial instruments and derivatives can require significant estimation regarding components such as future price, volatility, and liquidity. Fair values can fluctuate significantly depending on current market conditions. These estimates of fair value may not accurately reflect the amounts that could be realized or settled [Notes: 3(l) and 25].

(ix) Employee benefits

Employee benefit plans expense and obligations are calculated by an independent actuary based on underlying actuarial assumptions, including discount rates, inflation rates, future pension indexing and life expectancy. These assumptions are determined by management and reviewed annually by the actuary. The calculations are complex, and a change in the estimate of any of the assumptions could have a material effect on the employee benefit plans expense or obligation [Notes: 3(m) and 31].

(f) New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended March 31, 2017, and have not been applied in preparing these consolidated financial statements.

In particular, the Corporation is reviewing the following:

STANDARD	DESCRIPTION	IMPACT	EFFECTIVE DATE
Amendments to IAS 7, *Statement of Cash Flows*	Issued to require a reconciliation of the opening and closing liabilities that form part of an entity's financing activities, including both changes arising from cash flows and non-cash changes.	SaskPower is reviewing the standard to determine the potential impact, if any.	For years beginning on or after January 1, 2017, applied prospectively.
IFRS 9, *Financial Instruments*	Issued to provide guidance on the classification, measurement, and disclosure of financial instruments as well as introduce a new hedging model.	The Corporation is exposed to natural gas price risk from natural gas purchased for the production of electricity through certain power purchase agreements that have a cost component based on the market price of natural gas. To manage this price risk, SaskPower enters into derivative swap instruments. Upon adoption of IFRS 9, the Corporation will elect to apply hedge accounting to the majority of these derivative instruments. As a result, the effective portion of the changes in the fair value related to these derivative financial instruments will be recognized in other comprehensive income (OCI). SaskPower will also reclassify its debt retirement funds from fair value through profit or loss to fair value through OCI. This will result in any changes in fair value being recorded through OCI rather than profit or loss. SaskPower will also apply the new impairment model based on the premise of providing for expected losses.	For years beginning on or after January 1, 2018, applied retrospectively, with certain exceptions. Hedge accounting requirements under IFRS 9 are generally applied prospectively. SaskPower intends to early adopt this standard effective April 1, 2017.
IFRS 15, *Revenue from Contracts with Customers*	Issued to provide guidance on the recognition of revenue from contracts with customers, as well as report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.	SaskPower is reviewing the standard to determine the potential impact, if any.	For years beginning on or after January 1, 2018, applied retrospectively.
IFRS 16, *Leases*	Issued to provide guidance on the requirement for a lessee to recognize, measure, present and disclose assets and liabilities for the rights and obligations created by leases.	SaskPower is reviewing the standard to determine the potential impact, if any.	For years beginning on or after January 1, 2019, applied retrospectively.

(g) Application of new and revised International Financial Reporting Standards

(i) IAS 1, *Presentation of Financial Statements*

Effective April 1, 2016, SaskPower prospectively adopted the amendments to IAS 1, *Presentation of Financial Statements*. The amendments serve to improve the effectiveness of presentation and disclosure in financial reports, with the objective of reducing immaterial note disclosures. There was no impact to the consolidated financial statements upon adoption of the amendments to the standard.

(ii) IFRS 11, *Joint Arrangements*

Effective April 1, 2016, SaskPower prospectively adopted the amendments to IFRS 11, *Joint Arrangements*. The amendments serve to provide guidance on accounting for the acquisition of an interest in a joint operation. There was no impact to the consolidated financial statements upon adoption of the amendments to the standard.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries with all significant inter-company transactions and balances being eliminated.

Separate audited financial statements are prepared annually for its wholly-owned subsidiary: NorthPoint Energy Solutions Inc. (NorthPoint). NorthPoint actively trades electricity in markets outside of Saskatchewan. SaskPower International Inc. is also a wholly-owned subsidiary, however, it has no active operations beyond its interests as joint operators of Cory Cogeneration Station and Cory Cogeneration Funding Corporation (CCFC) and its investment in MRM Cogeneration Station, over which it exerts significant influence. As a result, separate audited financial statements are not prepared for SaskPower International.

(ii) Associates

Associates are those entities in which the Corporation has significant influence, but not control, over strategic financial and operating decisions. Significant influence is presumed to exist when the Corporation holds between 20% and 50% of the voting power of another entity.

Associates are accounted for using the equity method (equity accounted for investees) and are recognized initially at cost. The consolidated financial statements include the Corporation's share of the total comprehensive income from the date that significant influence or joint control commences until the date that significant influence or joint control ceases (Note 17).

The Corporation has classified the following investment as an associate:

- 30% ownership interest in the MRM Cogeneration Station. The 172-megawatt (MW) natural gas-fired cogeneration facility is located at the Athabasca Oil Sands Project's Muskeg River Mine, north of Fort McMurray, Alberta.

(iii) Joint operations

Joint operations are those entities over whose activities the Corporation has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. They also provide the Corporation with rights to the assets and liabilities related to the arrangement.

The Corporation has classified the following arrangements as joint operations:

- 50% ownership interest in an unincorporated joint venture with ATCO Power Canada Ltd. The joint venture owns and operates a 249-MW natural gas-fired cogeneration plant (Cory Cogeneration Station) near Saskatoon, Saskatchewan. The electricity generated by the facility is sold to SaskPower under the terms of a 25-year power purchase agreement.
- 50% ownership interest in CCFC. CCFC is a special purpose company established by the Corporation and ATCO Power Canada Ltd. (the Owners) to borrow long-term, non-recourse debt to finance the Cory Cogeneration Station. CCFC acts as agents for the Owners by receiving revenues, disbursing costs (including debt service) and distributing proceeds to the Owners.
- 50% ownership interest in BHP Billiton SaskPower Carbon Capture and Storage (CCS) Knowledge Centre Inc. This not-for-profit corporation was established on February 26, 2016, to advance the understanding and use of CCS as a means of managing greenhouse gas emissions and to further research projects related thereto as agreed upon by its members from time to time.

The consolidated financial statements include the Corporation's proportionate share of the joint operation assets, liabilities, revenue and expenses.

(b) Inventory

Maintenance materials, supplies, natural gas, coal and other fuel inventory are recorded at the lower of weighted average cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Replacement cost is used as management's best estimate of the net realizable value for maintenance materials, supplies, coal and other fuel inventory. Net realizable value for natural gas inventory is determined using the near-month AECO C natural gas market prices as appropriate. Inventories are written down to net realizable value on an item by item basis.

In establishing the appropriate provision for inventory obsolescence, management estimates the likelihood that inventory on hand will become obsolete due to changes in technology. Maintenance materials and supplies are charged to inventory when purchased and expensed or capitalized when used. Natural gas, coal and other fuel inventory are charged to inventory when purchased and expensed as consumed or sold (Note 13).

(c) Property, plant and equipment

Property, plant and equipment is recorded at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, services and direct labour. Borrowing costs associated with major capital and development projects that are six months or longer in duration are capitalized during the construction period at the weighted average cost of borrowings. Assets under construction are recorded as in progress until they are operational and available for use, at which time they are transferred to property, plant and equipment.

Costs are capitalized provided there is reasonable certainty they will provide benefits into the future. Significant renewals and enhancements to existing assets are capitalized only if the useful life of the asset is increased; physical output, service capacity or quality is improved above original design standards; or operating costs are reduced by a substantial and quantifiable amount that can be reliably measured. The costs of day-to-day servicing of property, plant and equipment are expensed as incurred (Note 14).

When property, plant and equipment are disposed of or retired, the related net book value is de-recognized. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds less costs of removal and the carrying amount of the asset. The gain or loss on asset disposals and retirements is recognized in profit or loss as other expenses (Note 11).

Assets held under finance leases are initially recognized at the lower of their fair value at the inception of the lease or the present value of the minimum lease payments. The corresponding liability is recorded as a finance lease obligation (Note 21).

(d) Depreciation

Depreciation is recognized on a straight-line basis over the estimated useful life of each component of property, plant and equipment. Depreciation commences when the property, plant and equipment is ready for its intended use. Land is not depreciated.

The estimated useful life of property, plant and equipment is based on manufacturer's guidance, past experience and future expectations regarding the potential for technical obsolescence. Their estimated useful lives are reviewed annually and any changes are applied prospectively.

Following the completion of an internal depreciation study, the estimated useful lives of certain assets were changed. The change in estimate was applied prospectively, effective April 1, 2016, and resulted in approximately an $11 million increase to depreciation expense for the year ended March 31, 2017.

The estimated useful lives of the major classes of property, plant and equipment are:

Asset class	Estimated useful lives (years)
Generation	5 – 100
Transmission	3 – 55
Distribution	3 – 40
Other	4 – 60

A one-year decrease in the estimated useful life of each of the major classes of property, plant and equipment would result in a $28 million increase to depreciation expense annually.

Assets held under finance leases are depreciated over their expected useful economic lives on the same basis as for owned assets, or where shorter, the lease term (Note 8).

(e) Intangible assets

The Corporation's only identifiable intangible asset is software. Software is recorded at cost less accumulated amortization and accumulated impairment losses. Software costs include the cost of externally purchased software packages and for internally developed programs, related external and direct labour costs. Maintenance of existing software programs is expensed as incurred (Note 15).

Amortization is calculated on a straight-line basis over five years — the estimated useful life of the Corporation's software programs. The estimated useful life of intangible assets is reviewed annually and any changes are applied prospectively (Note 8).

(f) Impairment of assets

At each reporting date, the Corporation evaluates its property, plant and equipment and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Factors which could indicate an impairment exists include significant changes in the Corporation's strategy or underperformance of assets relative to projected future operating results. An impairment is recognized when the carrying amount of an asset or cash generating unit (CGU) exceeds the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the present value of the future cash flows to be derived from a CGU. At the reporting date, the Corporation determined that there was no impairment of value to its long-lived assets and therefore no write-down was required.

Impairment losses previously recognized for an asset are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. In no case shall the revised carrying amount exceed the original carrying amount, after depreciation or amortization, that would have been determined if no impairment loss had been recognized. An impairment loss or reversal of an impairment loss is recognized in other expenses.

(g) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. For SaskPower, that rate is considered to be equal to the yield on Government of Saskatchewan bonds that match the timing of the expected cash flows. The unwinding of the discount on provisions is recognized in profit or loss as finance expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(i) Decommissioning

A decommissioning provision is a legal or constructive obligation associated with the decommissioning of a long-lived asset. The Corporation recognizes decommissioning provisions in the period they are incurred if a reasonable estimate of fair value (net present value) can be determined. The Corporation recognizes provisions to decommission coal, natural gas, cogeneration and wind generation facilities in the period in which the facility is commissioned. SaskPower also recognizes provisions for the decommissioning of assets containing polychlorinated biphenyls (PCBs) in accordance with existing federal regulations.

The fair value of the estimated decommissioning costs is recorded as a provision with an offsetting amount capitalized and included as part of property, plant and equipment. The provisions are increased periodically for the passage of time by calculating interest expense. The offsetting capitalized asset retirement costs are depreciated over the estimated useful life of the related asset.

The calculations of fair value are based on detailed studies that take into account various assumptions regarding the anticipated future cash flows including the method and timing of decommissioning and estimates of future inflation. Decommissioning provisions are periodically reviewed and any changes in the estimated timing and amount of future cash flows, as well as changes in the discount rate, are recognized as an increase or decrease in the carrying amount of the obligation and the related asset. If the asset value is fully depreciated the changes are recognized in profit or loss as other expenses (Notes: 11 and 22).

(ii) Environmental remediation

A provision for environmental remediation is accrued when the occurrence of an environmental expenditure, related to present or past activities of the Corporation, is considered probable and the costs of remedial activities can be reasonably estimated. The fair value of the estimated costs for investigations and remediation at identified sites is recorded as a provision in profit or loss as other expenses. These provisions are based on management's best estimate considering current environmental laws and regulations and are recorded at fair value. The Corporation reviews its estimates of future environmental expenditures on an ongoing basis. Changes in the estimated timing and amount of future cash flows are recognized in profit or loss as other expenses (Notes: 11 and 22).

(h) Revenue recognition

Revenue represents amounts receivable for goods and services provided in the normal course of business. Revenue is recognized when it is probable that future economic benefits will flow to the Corporation and these benefits can be measured reliably.

(i) Electricity

Electricity pricing in Saskatchewan is subject to review by the Saskatchewan Rate Review Panel with final approval by provincial cabinet. Saskatchewan electricity sales and exports are recognized upon delivery to the customer and include an estimate of electricity deliveries not yet billed at period-end. The estimated unbilled revenue is based on several factors, including estimated consumption by customer, applicable customer rates and the number of days between the last billing date and the end of the period.

Electricity trading revenues are reported on a net basis upon delivery of electricity to the customers and receipt of electricity purchased from external parties. Electricity trading contracts are recorded at fair value (Notes: 4 and 25).

(ii) Customer contributions

Customer contributions are funds received from certain customers toward the costs of service extensions. These contributions are generally recognized immediately in profit or loss as other revenue when the related property, plant and equipment is available for use and the Corporation's performance obligations are completed (Note 5).

(iii) Other

Wind power incentives received from the Government of Canada for electricity generated from the Centennial and Cypress Wind Power Facilities are recognized as other revenue upon delivery of the electricity into the SaskPower grid (contract ended in March 2016). Other revenue also includes gas and electrical inspections, Carbon Capture Test Facility rental fees, fly ash and carbon dioxide (CO_2) sales which are recorded upon delivery of the related good or service (Note 5).

(i) Finance charges

Finance expense is comprised of interest expense on short-term and long-term borrowings, interest on provisions, interest on employee benefit plans and finance costs related to leased assets. Interest expense is recognized in profit or loss using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. All other borrowing costs are recognized as a finance expense as the costs accrue (Note 9).

Finance income is comprised of earnings on debt retirement funds. Finance income is recognized in profit or loss as earned (Note 9).

(j) Foreign currency translation

Monetary assets and liabilities denominated in a foreign currency are translated to Canadian dollars using the rate of exchange in effect at the reporting date. Revenues and expenses are translated at the rate prevailing at the transaction date. Foreign currency translation gains and losses are included in other expenses in the period in which they arise (Note 11).

(k) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. The Corporation has assessed its arrangements to determine whether they contain a lease. Certain take-or-pay PPAs, which in management's judgment give SaskPower the exclusive right to use specific production assets, meet the definition of a lease. These arrangements have been classified as finance leases.

Assets held under finance leases are initially recognized at the lower of their fair value at the inception of the lease or the present value of the minimum lease payments. The corresponding liability is recorded as a finance lease obligation. Each lease payment is allocated between the liability and interest so as to achieve a constant rate on the finance balance outstanding. The interest component is included in finance expense.

Assets held under finance leases are depreciated over their expected useful economic lives on the same basis as for owned assets, or where shorter, the lease term (Notes: 14 and 21).

All other transactions in which SaskPower is the lessee are classified as operating leases. Payments made under operating leases are expensed over the term of the lease.

(l) Financial instruments

(i) Classification and measurement

SaskPower classifies its financial instruments into one of the following categories: financial instruments at fair value through profit or loss; loans and receivables; and other liabilities (Note 25). All financial instruments are measured at fair value on initial recognition and recorded on the consolidated statement of financial position. Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transactions costs directly attributable to the acquisition of financial instruments classified as fair value through profit or loss are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

Financial instruments classified as fair value through profit or loss are subsequently measured at fair value, with changes in fair value recognized in the consolidated statement of income in unrealized market value adjustments. Financial instruments classified as loans and receivables and other liabilities are subsequently measured at amortized cost using the effective interest method, less any impairment.

Derivative financial instruments, including natural gas and electricity contracts, are recognized as a financial asset or a financial liability on the trade date. All derivative financial instruments are classified as fair value through profit or loss and recorded at fair value on the consolidated statement of financial position as risk management assets and liabilities. Subsequent changes in fair value of these derivative financial instruments, with the exception of the effective portion of derivatives designated as cash flow hedges, are recognized in the consolidated statement of income in unrealized market value adjustments.

The terms and conditions of certain derivative financial instrument contracts require SaskPower to provide collateral when the fair value of the obligation pursuant to these contracts is in excess of exposure limits granted. When posted, these collateral amounts are recognized as margin deposits on derivative financial instruments and are included with accounts receivable on the statement of financial position.

Certain commodity contracts for the physical purchase of natural gas qualify as own-use contracts. SaskPower entered into these contracts for the purpose of physical receipt of the natural gas in accordance with its own expected usage requirements for the generation of electricity. As such, these non-financial derivative contracts are not recorded at fair value on the consolidated statement of financial position; rather, the contracts are accounted for as a purchase at the time of delivery.

(ii) Hedges

In order to qualify for hedge accounting, the Corporation designates derivatives as hedges through formal documentation of all relationships between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking the hedge transaction. This process includes linking derivatives to specific assets and liabilities or to specific firm commitments or forecast transactions. The Corporation formally assesses both at the hedge's inception and on an ongoing basis, whether the derivatives used are highly effective in offsetting changes in cash flows of the hedged item and the timing of the cash flows is similar.

The Corporation enters into bond forward agreements to hedge exposures to anticipated changes in interest rates on forecasted issuances of debt (Note 25). The Corporation chooses to designate these contracts as cash flow hedges. As such, the effective portion of the changes in fair value related to the derivative financial instruments are recognized in other comprehensive income, with the fair value being recognized as risk management assets and liabilities on the consolidated statement of financial position. Ineffective portions of hedges are recorded in profit or loss immediately. When the derivatives expire upon the issuance of debt, the resulting gain or loss recorded in accumulated other comprehensive income (loss) is amortized to profit or loss over the term of the debt. If no debt is issued, the gain or loss is recognized in profit or loss immediately.

(iii) Embedded derivatives

As at March 31, 2017, the Corporation does not have any outstanding contracts or financial instruments with embedded derivatives that are required to be valued separately.

(iv) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market at the measurement date. SaskPower's own credit risk and the credit risk of the counterparty have been taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. The Corporation has classified the fair value of its financial instruments as level 1, 2, or 3 (Note 25) as defined below:

Level 1 – Fair values are determined using inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Corporation has immediate access.

Level 2 – Fair values are determined using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. The debt retirement funds are valued by the Government of Saskatchewan Ministry of Finance using information provided by investment dealers. To the extent possible, valuations reflect indicative secondary pricing for these securities. In all other circumstances, valuations are determined with reference to similar actively traded instruments. The fair value of long-term debt is determined by the present value of future cash flows, discounted at the market rate of interest for the same or similar debt instruments.

Natural gas fixed price swap contract values are calculated using internal discounted cash flow models that rely on forward AECO C natural gas pricing provided by independent reference dealers. The contracted cash flows are discounted using observable yield curves.

Electricity contract fair values are determined using independent pricing information from external market providers.

Bond forward agreement fair values are determined using internal discounted cash flow models that rely on forward Government of Canada bond yields provided by independent reference dealers. The contracted cash flows are discounted using observable yield curves.

Level 3 – Fair values are determined based on inputs for the asset or liability that are not based on observable market data. The finance lease obligations are valued using internal cash flow models based on contracted pricing in the Corporation's PPAs. The contracted cash flows are discounted using the Government of Saskatchewan bond yields adjusted for a negotiated risk premium.

(m) Employee benefits

The Corporation has a defined contribution pension plan, defined benefit pension plans, and other benefit plans that provide retirement benefits for its employees.

(i) Defined contribution pension plan

A defined contribution pension plan is a post-employment benefit plan under which SaskPower pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized in operating, maintenance and administration (OM&A) expense in the period during which services are rendered by employees (Note 31).

(ii) Defined benefit pension plans

A defined benefit pension plan is a post-employment benefit plan other than a defined contribution pension plan. The Corporation's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for service in the current and prior periods. The obligation is discounted to determine its present value. The discount rate is the yield at the reporting date on high quality bonds that match the timing of expected benefit payments. The fair value of plan assets is deducted from the present value of the defined benefit obligation to determine the plan surplus or deficit. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Corporation, the recognized asset is limited to the lower of the plan surplus and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Corporation if it is realizable during the life of the plan, or on settlement of the plan liabilities.

Current service costs are recognized in profit or loss as OM&A expense. Interest expense (income) is calculated by applying the discount rate to the net accrued benefit obligation and recognized as finance charges. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

The Corporation recognizes all actuarial gains and losses arising from defined benefit plans directly in other comprehensive income in the period in which they arise (Note 31).

(iii) Other benefit plans

The Corporation provides a supplementary superannuation plan for certain management employees who elect to forego their entitlement to banked days off. SaskPower's current period expense is limited to yearly notional contributions to the plan based upon the employee's salary and an amount allocated for interest on the employee's plan balance.

The Corporation also provides lifetime superannuation allowances and bridge allowances to employees who chose to retire under various early retirement options. The cost of these benefits is actuarially determined by calculating the present value of all future benefit entitlements (Note 31).

4. NET COSTS FROM ELECTRICITY TRADING

(in millions)	**Twelve Months March 31 2017**	Fifteen Months March 31 2016
Electricity trading revenue	**$ 2**	$ 7
Electricity trading costs	**(5)**	(9)
	$ (3)	$ (2)

5. OTHER REVENUE

(in millions)	**Twelve Months March 31 2017**	Fifteen Months March 31 2016
Customer contributions	**$ 53**	$ 101
Gas and electrical inspections	**17**	25
CO_2 sales	**14**	7
Carbon capture test facility rental fees	**12**	13
Fly ash sales	**6**	8
Joint use charge	**4**	6
Custom work	**4**	5
Wind power production incentives	**-**	6
Miscellaneous revenue	**12**	17
	$ 122	$ 188

6. FUEL AND PURCHASED POWER

(in millions)	**Twelve Months March 31 2017**	Fifteen Months March 31 2016
Gas	**$ 299**	$ 363
Coal	**275**	354
Imports	**28**	35
Wind	**21**	21
Hydro	**19**	22
Other	**19**	23
	$ 661	$ 818

Gas costs include the fuel charges associated with the electricity generated from SaskPower-owned gas-fired facilities and the cost of fuel related to gas-fired PPA facilities. Imports represent electricity purchased from suppliers that produce power outside Saskatchewan. Wind and other includes the cost of electricity obtained through wind PPA facilities, green option partners, small Independent Power Producers, and the cost of demand response programs.

7. OPERATING, MAINTENANCE AND ADMINISTRATION

(in millions)	Notes	**Twelve Months March 31 2017**	Fifteen Months March 31 2016
Salaries and benefits		**$ 325**	$ 386
Employee long-term benefits	31	**29**	35
External services		**216**	248
Materials and supplies		**37**	39
Other		**68**	85
		$ 675	$ 793

8. DEPRECIATION AND AMORTIZATION

(in millions)	Notes	**Twelve Months March 31 2017**	Fifteen Months March 31 2016
Depreciation expense	14	**$ 469**	$ 536
Amortization of intangible assets	15	**25**	35
		$ 494	$ 571

9. FINANCE CHARGES

(in millions)	Notes	**Twelve Months March 31 2017**	Fifteen Months March 31 2016
Finance expense			
Interest on long-term debt		**$ 257**	$ 300
Interest on finance leases		**166**	208
Interest on short-term advances		**6**	7
Net interest on employee benefit plans	31	**11**	11
Interest on provisions	22	**5**	6
Other interest and charges		**-**	1
		445	533
Less: interest capitalized		**(15)**	(35)
amortization of debt premiums net of discounts	20	**(1)**	(2)
		429	496
Finance income			
Debt retirement fund earnings	16	**(13)**	(33)
		(13)	(33)
		$ 416	$ 463

10. TAXES

(in millions)	**Twelve Months March 31 2017**	Fifteen Months March 31 2016
Saskatchewan corporate capital tax	**$ 46**	$ 49
Grants-in-lieu of taxes to 13 cities	**26**	31
	$ 72	$ 80

11. OTHER EXPENSES

(in millions)	**Twelve Months March 31 2017**	Fifteen Months March 31 2016
Net losses on asset disposals and retirements	**$ 32**	$ 29
Environmental costs	**5**	8
Inventory variance adjustments	**1**	3
Foreign exchange gains	**-**	(2)
	$ 38	$ 38

12. UNREALIZED MARKET VALUE ADJUSTMENTS

(in millions)	Notes	**Twelve Months March 31 2017**	Fifteen Months March 31 2016
Natural gas contracts gains (losses)	25	**$ 12**	$ (79)
Natural gas inventory revaluation	13	**2**	(2)
Electricity contracts losses	25	**-**	(4)
Debt retirement funds losses	16	**(4)**	(13)
		$ 10	$ (98)

13. INVENTORY

(in millions)	**March 31 2017**	March 31 2016
Maintenance materials and supplies	**$ 209**	$ 209
Allowance for obsolescence	**(12)**	(12)
	197	197
Coal	**10**	10
Natural gas	**8**	8
Other fuel	**1**	1
	216	216
Unrealized natural gas market revaluation	**(2)**	(4)
	$ 214	$ 212

(in millions)	**Twelve Months March 31 2017**	Fifteen Months March 31 2016
Inventory consumed during the period:		
Maintenance materials and supplies	**$ 198**	$ 256
Coal	**183**	241
Natural gas	**141**	176
Other fuel	**1**	3
	$ 523	$ 676

(in millions)	**Allowance for obsolescence**
Balance, January 1, 2015	$ 11
Provision for obsolete inventory	3
Inventory disposals/write-downs	(2)
Balance, March 31, 2016	**$ 12**
Provision for obsolete inventory	1
Inventory disposals/write-downs	(1)
Balance, March 31, 2017	**$ 12**

14. PROPERTY, PLANT AND EQUIPMENT

(in millions)	Generation	Leased assets	Transmission	Distribution	Other	Construction in progress	Total
Cost or deemed cost							
Balance, January 1, 2015	$ 5,609	$ 1,233	$ 1,316	$ 3,300	$ 722	$ 1,053	**$ 13,233**
Additions	785	-	586	317	86	1,178	**2,952**
Disposals and/or retirements	(38)	-	(13)	(28)	(39)	-	**(118)**
Transfers	-	-	-	-	-	(1,788)	**(1,788)**
Balance, March 31, 2016	**$ 6,356**	**$ 1,233**	**$ 1,889**	**$ 3,589**	**$ 769**	**$ 443**	**$ 14,279**
Additions	228	-	246	233	72	875	**1,654**
Disposals and/or retirements	(36)	-	(16)	(28)	(25)	-	**(105)**
Transfers	-	-	-	-	-	(778)	**(778)**
Balance, March 31, 2017	**$ 6,548**	**$ 1,233**	**$ 2,119**	**$ 3,794**	**$ 816**	**$ 540**	**$ 15,050**
Accumulated depreciation							
Balance, January 1, 2015	$ 2,287	$ 279	$ 489	$ 1,345	$ 285	$ -	**$ 4,685**
Depreciation expense	238	71	46	127	54	-	**536**
Disposals and/or retirements	(33)	-	(4)	(23)	(22)	-	**(82)**
Transfers	-	-	-	-	-	-	**-**
Balance, March 31, 2016	**$ 2,492**	**$ 350**	**$ 531**	**$ 1,449**	**$ 317**	**$ -**	**$ 5,139**
Depreciation expense	217	56	45	105	46	-	**469**
Disposals and/or retirements	(32)	-	(5)	(22)	(17)	-	**(76)**
Transfers	-	-	-	-	-	-	-
Balance, March 31, 2017	**$ 2,677**	**$ 406**	**$ 571**	**$ 1,532**	**$ 346**	**$ -**	**$ 5,532**
Net book value							
Balance, January 1, 2015	**$ 3,322**	**$ 954**	**$ 827**	**$ 1,955**	**$ 437**	**$ 1,053**	**$ 8,548**
Balance, March 31, 2016	**$ 3,864**	**$ 883**	**$ 1,358**	**$ 2,140**	**$ 452**	**$ 443**	**$ 9,140**
Balance, March 31, 2017	**$ 3,871**	**$ 827**	**$ 1,548**	**$ 2,262**	**$ 470**	**$ 540**	**$ 9,518**

For the twelve months ended March 31, 2017, $15 million (fifteen months ended March 31, 2016 – $35 million) of interest costs were capitalized at the weighted average cost of borrowings rate of 4.30% (2015-16 – 4.70%).

15. INTANGIBLE ASSETS

(in millions)	Software
Cost	
Balance, January 1, 2015	$ 239
Additions	18
Disposals and/or retirements	(12)
Transfers	-
Balance, March 31, 2016	**$ 245**
Additions	28
Disposals and/or retirements	(11)
Transfers	-
Balance, March 31, 2017	**$ 262**
Accumulated amortization	
Balance, January 1, 2015	$ 166
Amortization expense	35
Disposals and/or retirements	(10)
Transfers	-
Balance, March 31, 2016	**$ 191**
Amortization expense	25
Disposals and/or retirements	(2)
Transfers	-
Balance, March 31, 2017	**$ 214**
Net book value	
Balance, January 1, 2015	**$ 73**
Balance, March 31, 2016	**$ 54**
Balance, March 31, 2017	**$ 48**

16. DEBT RETIREMENT FUNDS

(in millions)	
Balance, January 1, 2015	$ 457
Debt retirement fund instalments	56
Debt retirement fund earnings	33
Debt retirement fund market value gains (losses)	(13)
Balance, March 31, 2016	**$ 533**
Debt retirement fund instalments	48
Debt retirement fund earnings	13
Debt retirement fund market value gains (losses)	(4)
Balance, March 31, 2017	**$ 590**

Under conditions attached to certain advances from the Government of Saskatchewan's General Revenue Fund, the Corporation is required to pay annually into debt retirement funds administered by the Government of Saskatchewan Ministry of Finance, amounts at least equal to 1% of certain debt outstanding. As at March 31, 2017, scheduled debt retirement fund instalments for the next five years are as follows:

(in millions)	2017-18	2018-19	2019-20	2020-21	2021-22
Debt retirement fund instalments	$ 52	$ 54	$ 54	$ 54	$ 53

17. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

(in millions)	MRM
Balance, January 1, 2015	$ 40
Profit (loss)	2
Distributions	(4)
Balance, March 31, 2016	**$ 38**
Profit (loss)	1
Distributions	(1)
Balance, March 31, 2017	**$ 38**

MRM Cogeneration Station (MRM)

The Corporation has a 30% ownership interest in the MRM Cogeneration Station. The 172-MW natural gas-fired cogeneration facility is located at the Athabasca Oil Sands Project's Muskeg River Mine, north of Fort McMurray, Alberta.

The Corporation's interest in MRM is summarized below:

(in millions)	**March 31 2017**	March 31 2016
Statement of financial position		
Current assets	**$ 25**	$ 24
Non-current assets	**175**	190
Current liabilities	**(25)**	(27)
Non-current liabilities	**(49)**	(60)
Net assets	**$ 126**	$ 127
SaskPower's 30% investment share	**$ 38**	$ 38

(in millions)	**Twelve Months March 31 2017**	Fifteen Months March 31 2016
Statement of income		
Revenue	**$ 34**	$ 48
Expense	**(30)**	(42)
Profit (loss)	**$ 4**	$ 6
SaskPower's 30% investment share	**$ 1**	$ 2

18. OTHER ASSETS

(in millions)	**March 31 2017**	March 31 2016
Investment	**$ -**	$ 2
Other long-term receivables	**2**	2
	$ 2	$ 4

Investment

This represents an investment in the Master Asset Vehicle II (MAVII) instrument. The investment is recorded at its estimated fair value, and was repaid in January 2017.

19. SHORT-TERM ADVANCES

(in millions)	**March 31 2017**	March 31 2016
Short-term advances	**$ 900**	$ 981

The short-term advances are due to the Government of Saskatchewan's General Revenue Fund. As at March 31, 2017, the advances have interest rates ranging from 0.570% to 0.639% and mature between April 3 and July 20, 2017. As at March 31, 2016, the advances had interest rates ranging from 0.548% to 0.672% and matured between April 1 and July 22, 2016.

20. LONG-TERM DEBT

(in millions)	
Balance, January 1, 2015	$ 4,355
Long-term debt issues	783
Long-term debt repayments	(6)
Amortization of debt premiums net of discounts	(2)
Balance, March 31, 2016	**$ 5,130**
Long-term debt issues	535
Long-term debt repayments	(105)
Amortization of debt premiums net of discounts	(1)
	$ 5,559
Less: current portion of long-term debt	(105)
Balance, March 31, 2017	**$ 5,454**

Long-term debt is comprised of recourse debt — advances from the Government of Saskatchewan's General Revenue Fund — and non-recourse debt which is used to finance the Cory Cogeneration Station. Under the terms of the non-recourse debt, lenders have recourse limited to the station's assets.

Recourse debt – advances from the Government of Saskatchewan's General Revenue Fund (in millions):

Date of issue	Date of maturity	Effective interest rate (%)	Coupon rate (%)	Par value	Unamortized premiums (discounts)	Outstanding amount
May 27, 2014	June 5, 2017	Floating	CDOR[1]	$ 100	$ -	$ 100
December 20, 1990	December 15, 2020	11.23	9.97	129	-	129
February 4, 1992	February 4, 2022	9.27	9.60	240	3	243
July 21, 1992	July 15, 2022	10.06	8.94	256	(1)	255
May 30, 1995	May 30, 2025	8.82	8.75	100	-	100
August 8, 2001	September 5, 2031	6.49	6.40	200	(2)	198
January 15, 2003	September 5, 2031	5.91	6.40	100	5	105
May 12, 2003	September 5, 2033	5.90	5.80	100	(1)	99
January 14, 2004	September 5, 2033	5.68	5.80	200	2	202
October 5, 2004	September 5, 2035	5.50	5.60	200	2	202
February 15, 2005	March 5, 2037	5.09	5.00	150	(2)	148
May 6, 2005	March 5, 2037	5.07	5.00	150	(1)	149
February 24, 2006	March 5, 2037	4.71	5.00	100	4	104
March 6, 2007	June 1, 2040	4.49	4.75	100	4	104
April 2, 2008	June 1, 2040	4.67	4.75	250	3	253
December 19, 2008	June 1, 2040	4.71	4.71	100	-	100
September 8, 2010	June 1, 2040	4.27	4.75	200	14	214
November 7, 2012	February 3, 2042	3.22	3.40	200	6	206
February 20, 2013	February 3, 2042	3.54	3.40	200	(4)	196
October 2, 2013	June 2, 2045	3.97	3.90	400	(5)	395
January 10, 2014	June 2, 2045	3.95	3.90	200	(2)	198
October 2, 2014	June 2, 2045	3.43	3.90	200	17	217
February 5, 2015	June 2, 2045	2.73	3.90	200	46	246
May 26, 2015	December 2, 2046	3.15	2.75	200	(15)	185
October 15, 2015	December 2, 2046	3.43	2.75	200	(25)	175
January 19, 2016	December 2, 2046	3.34	2.75	200	(22)	178
July 12, 2016	December 2, 2046	2.85	2.75	150	(3)	147
October 13, 2016	December 2, 2046	3.00	2.75	200	(10)	190
January 19, 2017	June 2, 2048	3.35	3.30	200	(2)	198
March 6, 2014	March 5, 2054	3.76	3.75	100	-	100
May 2, 2014	March 5, 2054	3.71	3.75	175	1	176
				$ 5,500	**$ 12**	**$ 5,512**

1. The coupon rate for this floating rate note is the three-month Canadian Dealer Offer Rate (CDOR) less a margin payable quarterly. There are no debt retirement fund requirements for this debt issuance.

Non-recourse debt (in millions):

Date of issue	Date of maturity	Effective interest rate (%)	Coupon rate (%)	Par value	Unamortized premiums (discounts)	Outstanding amount
April 26, 2001	June 30, 2017, to December 31, 2025	7.87	7.59	$ 25	$ (1)	$ 24
April 26, 2001	June 30, 2017, to June 30, 2026	7.88	7.60	23	-	23
				$ 48	**$ (1)**	**$ 47**

As at March 31, 2017, scheduled principal debt retirement requirements for the next five years are as follows:

(in millions)	2017-18	2018-19	2019-20	2020-21	2021-22
Recourse debt	$ 100	$ -	$ -	$ 129	$ 240
Non-recourse debt	5	5	5	5	5
	$ 105	**$ 5**	**$ 5**	**$ 134**	**$ 245**

Under conditions attached to certain advances from the Government of Saskatchewan's General Revenue Fund, the Corporation is required to pay annually into debt retirement funds administered by the Government of Saskatchewan Ministry of Finance, amounts at least equal to 1% of certain debt outstanding (Note 16).

21. FINANCE LEASE OBLIGATIONS

(in millions)	**March 31 2017**	March 31 2016
Total future minimum lease payments	**$ 2,983**	$ 3,155
Less: future finance charges on finance leases	**(1,857)**	(2,022)
Present value of finance lease obligations	**$ 1,126**	$ 1,133
Less: current portion of finance lease obligations	**(14)**	(11)
	$ 1,112	$ 1,122

As at March 31, 2017, scheduled future minimum lease payments and the present value of finance lease obligations are as follows:

(in millions)	**1 year**	**1 - 5 years**	**More than 5 years**
Future minimum lease payments	$ 176	$ 739	$ 2,068
Present value of finance lease obligations	14	113	999

22. PROVISIONS

(in millions)	**Decommissioning**	**Environmental remediation**	**Total**
Balance, January 1, 2015	$ 150	$ 43	**$ 193**
Charged to income:			
New obligations	4	-	**4**
Change in discount rate	-	-	**-**
Interest	6	-	**6**
Capitalized to property, plant and equipment:			
New obligations	4	-	**4**
Change in discount rate	-	-	**-**
Settled during the period	(5)	(1)	**(6)**
Balance, March 31, 2016	**$ 159**	**$ 42**	**$ 201**
Charged to income:			
New obligations	3	-	**3**
Change in discount rate	(2)	-	**(2)**
Interest	5	-	**5**
Capitalized to property, plant and equipment:			
New obligations	21	-	**21**
Change in discount rate	(1)	-	**(1)**
Settled during the period	(8)	(2)	**(10)**
Balance, March 31, 2017	**$ 177**	**$ 40**	**$ 217**

Assumptions

	March 31 2017	March 31 2016
Discount rate, end of period	**1.93 - 3.25%**	1.46 - 3.22%
Long-term inflation rate	**2.00%**	2.00%
Undiscounted cash flows (in millions)	**$ 374**	$ 435

Discount rates based on the Government of Saskatchewan bond yields were used to calculate the carrying values of the provisions. The costs of the decommissioning provisions will be incurred between 2017 and 2068. No funds have been set aside by the Corporation to settle the decommissioning provisions.

Sensitivity of assumptions

Sensitivity of provisions to changes in the discount and inflation rate on the recorded liability as at March 31, 2017, is as follows:

	Decommissioning provisions	
(in millions)	0.5% increase	0.5% decrease
Discount rate	$ (17)	$ 20
Inflation rate	22	(19)

23. EQUITY ADVANCES

The Corporation does not have share capital. However, the Corporation has received advances from CIC to form its equity capitalization. The advances reflect an equity investment in the Corporation by CIC.

24. ACCUMULATED OTHER COMPREHENSIVE LOSS

(in millions)	March 31 2017	March 31 2016
Realized losses on derivatives designated as cash flow hedges	**$ (23)**	$ (12)
Unrealized gains (losses) on derivatives designated as cash flow hedges	**11**	(4)
Actuarial losses on defined benefit pension plans	**(10)**	(45)
	$ (22)	$ (61)

25. FINANCIAL INSTRUMENTS

(in millions)			**March 31, 2017**		March 31, 2016	
			Asset (liability)		Asset (liability)	
	Classification[4]	**Level**[5]	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets						
Cash and cash equivalents	FVTPL[1]	1	**$ 13**	**$ 13**	$ 28	$ 28
Accounts receivable and unbilled revenue	L&R[2]	N/A	**458**	**458**	409	409
Debt retirement funds	FVTPL[1]	2	**590**	**590**	533	533
Other assets – investment	FVTPL[1]	3	**-**	**-**	2	2
Financial liabilities						
Accounts payable and accrued liabilities	OL[3]	N/A	**$ (429)**	**$ (429)**	$ (370)	$ (370)
Accrued interest	OL[3]	N/A	**(58)**	**(58)**	(52)	(52)
Short-term advances	OL[3]	N/A	**(900)**	**(900)**	(981)	(981)
Long-term debt	OL[3]	2	**(5,559)**	**(6,421)**	(5,130)	(6,169)
Finance lease obligations	OL[3]	3	**(1,126)**	**(1,257)**	(1,133)	(1,274)

1. FVTPL – fair value through profit or loss.
2. L&R – loans and receivables.
3. OL – other liabilities.
4. The Corporation has not classified any of its financial instruments as held-to-maturity.
5. Fair values are determined using a fair value hierarchy as follows:

   Level 1 – Quoted prices in active markets for identical assets or liabilities.

   Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability.

   Level 3 – Inputs for the asset or liability that are not based on observable market data.

   Not applicable (N/A) – Financial instruments — including accounts receivable and unbilled revenue; accounts payable and accrued liabilities; accrued interest and short-term advances — are carried at values which approximate fair value.

   There were no items transferred between levels.

Risk management assets and liabilities

(in millions)			March 31, 2017		March 31, 2016	
	Classification	**Level[2]**	**Asset**	**(Liability)**	Asset	(Liability)
Natural gas contracts						
Fixed price swap instruments[3]	FVTPL[1]	2	**$ -**	**$ (141)**	$ -	$ (153)
Forward agreements	FVTPL[1]	2	**-**	**-**	-	-
Electricity contracts						
Contracts for differences	FVTPL[1]	2	**-**	**-**	-	-
Forward agreements	FVTPL[1]	2	**-**	**-**	-	-
Interest rate risk management						
Bond forward agreements[4]	FVTPL[1]	2	**11**	**-**	-	(4)
			$ 11	**$ (141)**	$ -	$ (157)

1. FVTPL – fair value through profit or loss.
2. Fair values are determined using a fair value hierarchy as follows:

   Level 1 – Quoted prices in active markets for identical assets or liabilities.

   Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability.

   Level 3 – Inputs for the asset or liability that are not based on observable market data.
3. The terms and conditions of certain derivative financial instrument contracts require SaskPower to provide collateral when the fair value of the obligation pursuant to these contracts is in excess of exposure limits granted. As at March 31, 2017, the Corporation has posted $155 million in collateral which is recognized as margin deposits on derivative financial instruments and included with accounts receivable on the statement of financial position.
4. These bond forward agreements have been designated as cash flow hedges. As such, the effective portion of the changes in fair value related to the derivative financial instruments are recognized in other comprehensive income (loss).

Cash flow hedges

The Corporation uses bond forward agreements to hedge exposures to anticipated changes in interest rates on forecasted issuances of debt. As at March 31, 2017, the Corporation had outstanding bond forward agreements with fixed interest rates ranging from 1.76% to 1.77% as follows:

(in millions)	March 31, 2017			March 31, 2016		
	Maturity	**Notional principal amount**	**Fair value**	Maturity	Notional principal amount	Fair value
Interest rate risk management						
Bond forward agreements	**September 2017**	**$ 72**	**$ 11**	October 2016	$ 114	$ (4)
		$ 72	**$ 11**		$ 114	$ (4)

26. FINANCIAL RISK MANAGEMENT

Market risk

By virtue of its operations, the Corporation is exposed to changes in commodity prices, interest rates and foreign exchange rates. SaskPower may utilize derivative financial instruments to manage these exposures. The Corporation mitigates risk associated with derivative financial instruments through Board-approved policies, limits on use and amount of exposure, internal monitoring and compliance reporting to senior management and the Board.

(a) Commodity prices

Natural gas contracts

The Corporation is exposed to natural gas price risk through natural gas purchased for its natural gas-fired power plants and through certain PPAs that have a cost component based on the market price of natural gas. As at March 31, 2017, the Corporation had entered into financial and physical natural gas contracts to price manage approximately 64% of its budgeted natural gas purchases for 2017-18, 56% for 2018-19, 49% for 2019-20, 37% for 2020-21, 36% for 2021-22, 27% for 2022-23, 19% for 2023-24, 11% for 2024-25, 6% for 2025-26, 1% for 2026-27, and 1% for 2027-28.

Based on the Corporation's March 31, 2017, closing positions on its financial natural gas hedges, a one dollar per gigajoule (GJ) increase in the price of natural gas would have resulted in an $88 million improvement in the unrealized market value adjustments recognized in profit or loss for the period. This sensitivity analysis does not represent the underlying exposure to changes in the price of natural gas on the remaining forecasted natural gas purchases which are unhedged as at March 31, 2017.

Electricity trading contracts

The Corporation is also exposed to electricity price risk on its electricity trading activities. Electricity trading risks are managed through limits on the size and duration of transactions and open positions, including Value at Risk (VaR) limits. VaR is a commonly used metric employed to track and manage the market risk associated with trading positions. A VaR measure gives, for a specific confidence level, an estimated potential loss that could be incurred over a specified period of time. VaR is used to determine the potential change in value of the proprietary trading portfolio, over a 10-day period within a 95% confidence level, resulting from normal market fluctuations. VaR is estimated using the historical variance/covariance approach.

VaR has certain inherent limitations. The use of historical information in the estimate assumes that price movements in the past will be indicative of future market risk. As such, it may be only meaningful under normal market conditions. Extreme market events are not addressed by this risk measure. In addition, the use of a 10-day measurement period implies that positions can be unwound or hedged within that period. However, this may not be possible if the market becomes illiquid. SaskPower recognizes the limitations of VaR and actively uses other controls, including restrictions on authorized instruments, volumetric and term limits, stress-testing of individual portfolios and of the total proprietary trading portfolio and management review. As at March 31, 2017, the VaR associated with electricity trading activities was nil.

(b) Interest rates

Short- and long-term borrowings

The Corporation is exposed to interest rate risk on the Corporation's short-term variable interest rate debt. At March 31, 2017, SaskPower had $900 million in short-term advances as well as $100 million of floating rate long-term debt outstanding. The Corporation is also exposed to interest rate risk arising from fluctuations in interest rates on future short-term and long-term borrowings. Interest rate risk on these expected future borrowings is managed by having an appropriate mix of fixed and floating rate debt. The expected borrowings in fiscal 2018 are approximately $400 million, of which $200 million is short-term. The Corporation has entered into bond forward agreements of $72 million to hedge exposures to anticipated changes in interest rates on forecasted issuances of long-term debt in 2017-18.

The Corporation expects to have an average balance of $1.1 billion in short-term advances outstanding throughout fiscal 2018. If interest rates were to increase by 100 basis points, this would result in approximately an $11 million increase in finance charges related to this short-term variable interest rate debt.

Debt retirement funds

Debt retirement funds are monies set aside to retire outstanding debt upon maturity. The Corporation is required to pay annually into debt retirement funds which are held and invested by the Government of Saskatchewan's General Revenue Fund. The Corporation has classified these investments as fair value through profit or loss and, therefore, recognized the change in the market value in profit or loss for the period. At March 31, 2017, SaskPower had $590 million in debt retirement funds. The fair value of the debt retirement funds is driven largely by interest rates. The estimated impact of a 1% yield curve shift, assuming no change in the amount of debt retirement funds, would be a $49 million decrease in the market value of the debt retirement funds.

(c) Foreign exchange rates

The Corporation faces exposure to the United States/Canadian dollar exchange rate primarily through the sale of electricity to customers in the United States, as well as from the purchase of goods and services that are payable in United States dollars. The Corporation may utilize financial instruments to manage this risk. As at March 31, 2017, the Corporation had no outstanding foreign exchange derivative contracts. The impact of fluctuations in foreign exchange rates on SaskPower's financial instruments is not considered significant to the Corporation. Therefore, a sensitivity analysis of the impact on profit or loss has not been provided.

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentrations of credit risk relate to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Corporation does not have a significant concentration of credit risk. The maximum credit risk to which the Corporation is exposed as at March 31, 2017, is limited to the fair value of the financial assets recognized as follows:

(in millions)	**March 31 2017**	March 31 2016
Financial assets		
Cash and cash equivalents	**$ 13**	$ 28
Accounts receivable and unbilled revenue	**458**	409
Risk management assets	**11**	-
Debt retirement funds	**590**	533
Investment	**-**	2
	$ 1,072	$ 972

(a) Accounts receivable and unbilled revenue is diversified among many residential, farm and commercial customers primarily throughout Saskatchewan. The following reflects an aging summary of the Corporation's customer accounts receivable balances for both electricity and non-electricity sales at March 31, 2017:

(in millions)	**March 31 2017**	March 31 2016
Current	**$ 273**	$ 253
30 to 59 days	**7**	8
60 to 89 days	**3**	2
90 days and greater	**16**	17
	$ 299	$ 280
Allowance for doubtful accounts	**(10)**	(10)
Margin deposits on derivative financial instruments	**155**	132
Miscellaneous receivables	**14**	7
	$ 458	$ 409

The allowance for doubtful accounts is reviewed quarterly based on an estimate of outstanding amounts that are considered uncollectible. Historically, the Corporation has not written-off a significant portion of its accounts receivable balances.

(b) SaskPower is also exposed to credit risk arising from derivative financial instruments if a counterparty fails to meet its obligations. The Corporation maintains Board-approved credit policies and limits in respect to its counterparties.

(c) Debt retirement funds are on deposit with the Government of Saskatchewan's General Revenue Fund and invested as the Minister of Finance may determine. At March 31, 2017, the Minister has invested these funds primarily in provincial government and federal government bonds with varying maturities. These coincide with related long-term debt maturities and are managed based on this maturity profile and market conditions. As such, the related credit risk associated with these investments as at March 31, 2017, is considered low.

(d) As of March 31, 2017, the Master Asset Vehicle II (MAVII) investments have been repaid in full.

Liquidity risk

Liquidity risk is the risk that the Corporation is unable to meet its financial commitments as they become due or can do so only at excessive cost. SaskPower manages the Corporation's cash resources based on financial forecasts and anticipated cash flows. The following summarizes the contractual maturities of the Corporation's financial liabilities at March 31, 2017:

		Contractual cash flows					
(in millions)	**Carrying amount**	**Contractual cash flows**	**0-6 months**	**7-12 months**	**1-2 years**	**3-5 years**	**More than 5 years**
Financial liabilities							
Accounts payable and accrued liabilities	$ 429	$ 429	$ 429	$ -	$ -	$ -	$ -
Accrued interest	58	58	58	-	-	-	-
Risk management liabilities[1]	141	141	141	-	-	-	-
Short-term advances	900	900	900	-	-	-	-
Long-term debt	5,559	10,599	179	135	270	1,164	8,851
	$ 7,087	**$ 12,127**	**$ 1,707**	**$ 135**	**$ 270**	**$ 1,164**	**$ 8,851**

1. The terms and conditions of certain derivative financial instrument contracts require SaskPower to provide collateral when the fair value of the obligation pursuant to these contracts is in excess of credit limits granted. As at March 31, 2017, the Corporation had $155 million in collateral posted related to these contracts.

Management believes its ability to generate and acquire funds will be adequate to support these financial liabilities.

27. CAPITAL MANAGEMENT

The Corporation's objective when managing capital is to ensure adequate capital to support the operations and growth strategies of the Corporation. SaskPower raises most of its capital through internal operating activities and through funds obtained by borrowing from the Government of Saskatchewan Ministry of Finance. This type of borrowing allows the Corporation to take advantage of the Government of Saskatchewan's strong credit rating. *The Power Corporation Act* provides SaskPower with the authority to have outstanding borrowings of up to $10 billion, which includes $2 billion that may be borrowed by way of temporary loans. Temporary loans include short-term borrowings through the Government of Saskatchewan as well as borrowings made under the $51 million of credit facilities available at financial institutions.

The Corporation's capital structure consists of long-term debt, short-term advances, finance lease obligations, retained earnings, accumulated other comprehensive loss and equity advances, net of debt retirement funds and cash and cash equivalents.

The Corporation monitors its capital structure using the per cent debt ratio. The per cent debt ratio is calculated as total net debt divided by total capital as follows:

(in millions)	**March 31 2017**	March 31 2016
Long-term debt	**$ 5,559**	$ 5,130
Short-term advances	**900**	981
Finance lease obligations	**1,126**	1,133
Total debt	**7,585**	7,244
Debt retirement funds	**590**	533
Cash and cash equivalents	**13**	28
Total net debt	**$ 6,982**	$ 6,683
Retained earnings	**1,603**	1,547
Accumulated other comprehensive loss	**(22)**	(61)
Equity advances	**660**	660
Total capital	**$ 9,223**	$ 8,829
Per cent debt ratio	**75.7%**	75.7%

28. COMMITMENTS AND CONTINGENCIES

(in millions)	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**Thereafter**
Planned capital expenditures	$ 1,121	$ 1,260	$ 1,229	$ 884	$ 944	$ 4,676
Power purchase agreements (PPAs)[1]	400	432	435	479	534	6,898
Coal purchase contracts	32	145	199	200	198	962
Natural gas purchase contracts[2]	106	94	96	86	74	137
Transmission purchase contracts	6	6	6	5	2	-
Letters of credit	6	-	-	-	-	-

1. The amounts reflected include minimum lease payments related to PPAs classified as leases.

2. Includes fixed price forward contracts of $582 million which apply for the own-use scope exemption.

The commitments listed above have maturity dates ranging from fiscal 2018 to 2046.

29. NET CHANGE IN NON-CASH WORKING CAPITAL

(in millions)	**Twelve Months March 31 2017**	Fifteen Months March 31 2016
Accounts receivable and unbilled revenue	**$ (49)**	$ (84)
Inventory	**-**	3
Prepaid expenses	**-**	(5)
Other assets	**2**	1
Accounts payable and accrued liabilities	**59**	(162)
	$ 12	$ (247)

30. RELATED PARTY TRANSACTIONS

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as related parties). Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

The Corporation also pays Saskatchewan provincial sales tax on all its taxable purchases to the Government of Saskatchewan Ministry of Finance. Taxes paid are recorded as part of the cost of those purchases.

Key management personnel compensation

Key management personnel include Board Members and executive officers. The compensation paid to key management for employee services is shown below:

(in millions)	**Twelve Months March 31 2017**	Fifteen Months March 31 2016
Salaries and short-term employee benefits	**$ 5**	$ 6
Post-employment benefits	**-**	-
Termination benefits	**-**	-
Other long-term benefits	**-**	-
	$ 5	$ 6

31. EMPLOYEE BENEFITS

(in millions)	**Defined benefit pension plan**	**Other benefit plans**	**Total**
Balance, January 1, 2015	$ 180	$ 53	**$ 233**
Current service cost	-	9	**9**
Net interest expense	8	3	**11**
SaskPower funding contribution	-	-	**-**
SaskPower benefits paid	-	(16)	**(16)**
Actuarial losses	27	-	**27**
Balance, March 31, 2016	**$ 215**	**$ 49**	**$ 264**
Current service cost	-	8	**8**
Net interest expense	8	3	**11**
SaskPower funding contribution	-	-	**-**
SaskPower benefits paid	-	(11)	**(11)**
Actuarial gains	(35)	-	**(35)**
Balance, March 31, 2017	**$ 188**	**$ 49**	**$ 237**

Defined benefit pension plan

The Corporation sponsors a defined benefit pension plan (the Plan) that has been substantially closed to employees since 1977. The Plan is governed by *The Superannuation (Supplementary Provisions) Act* and *Regulations*, as well as *The Power Corporation Superannuation Act*.

The Plan provides benefits based on the average of the highest five years' annual pensionable earnings and years of service. Pensions are increased annually at a rate equal to 70% of the increase in the Saskatchewan consumer price index (CPI). The measurement date of the latest actuarial valuation used to determine the Plan assets and obligations was September 30, 2015, and the results were extrapolated to March 31, 2017.

The effective date of the most recent actuarial valuation for funding purposes was December 31, 2014. Under current Canada Revenue Agency guidelines, an actuarial valuation for funding purposes is to be completed, at a minimum, every three years.

The Plan is solely the obligation of the Corporation. The Corporation is not obligated to fund the Plan but is obligated to pay benefits under the terms of the Plan as they come due. SaskPower has a Board-approved funding policy which is based on the funding actuarial valuation and requires the Plan deficit to be funded over 10 years when the funded status is less than 95%. In accordance with the funding policy, no contributions were made by SaskPower for the year ended March 31, 2017.

(a) Status of the Plan

The actuarial valuation measured at September 30, 2015, and extrapolated to March 31, 2017, showed that the Plan had an actuarial deficit of $188 million (2015-16 – $215 million). The calculation of the pension plan deficit is as follows:

(in millions)	**Twelve Months March 31 2017**	Fifteen Months March 31 2016
Plan assets		
Fair value, beginning of period	**$ 744**	$ 800
Actual return on plan assets	**71**	23
Employer funding contributions	**-**	-
Employee funding contributions	**-**	-
Benefits paid	**(63)**	(79)
Fair value, end of period	**$ 752**	$ 744
Accrued benefit obligation		
Balance, beginning of period	**$ 959**	$ 980
Current service cost	**-**	-
Interest cost	**33**	44
Benefits paid	**(63)**	(79)
Actuarial losses on accrued benefit obligation	**11**	14
Balance, end of period	**$ 940**	$ 959
Plan deficit	**$ (188)**	$ (215)

(b) Assumptions

The significant actuarial assumptions adopted in measuring the Corporation's accrued benefit obligation are:

	March 31 2017	March 31 2016
Discount rate, beginning of period	**3.60%**	3.75%
Discount rate, end of period	**3.50%**	3.60%
Long-term inflation rate	**2.00%**	2.00%
Assumptions for benefit increases (% of CPI)	**70.00%**	70.00%
Plan duration (years)	**10.60**	10.80

The actuarial assumptions are based on management's expectations, independent actuarial advice and guidance provided by IFRS. The discount rate is the yield at the reporting date on high quality bonds that have maturity dates approximating the terms of the Corporation's obligations. The long-term rate of compensation increases assumption is no longer necessary due to the fact that all active members are assumed to retire immediately given their age and service levels. The mortality assumptions are based on the 2014 Canadian Private Sector Mortality Table.

Sensitivity of assumptions

Sensitivity of the defined benefit pension plan to changes in the discount rate, inflation rate, future indexing and life expectancy on the accrued benefit obligation as at March 31, 2017, is as follows:

	Accrued benefit obligation	
(in millions)	1% increase	1% decrease
Discount rate	$ (91)	$ 109
Inflation rate	(19)	20
Future indexing	124	(104)
Life expectancy (each member one year older/younger)	(33)	35

(c) Benefit plan asset allocation

The following is a summary of the asset mix of the Plan's investments:

	March 31 2017	March 31 2016
Equity securities	**49.2%**	48.5%
Debt securities	**33.9%**	36.2%
Real estate and infrastructure	**16.2%**	14.6%
Short-term securities	**0.7%**	0.7%
	100.0%	100.0%

(d) Benefit payments

The benefit payments expected to be made to beneficiaries over the next five years are as follows:

(in millions)	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**
Expected benefit payments	$ 65	$ 64	$ 63	$ 61	$ 60

Other benefit plans

Other benefit plans include a defined benefit and a defined contribution severance plan, a supplementary superannuation plan and a voluntary early retirement plan. The significant actuarial assumptions adopted in measuring the Corporation's other benefit plans are:

	March 31 2017	March 31 2016
Discount rate	**2.75 - 3.25%**	3.00 - 3.25%
Long-term rate of compensation increases	**2.00%**	2.00%
Long-term inflation rate	**2.00%**	2.00%
Remaining service life (years)	**6.84**	7.02
Plan duration (years)	**3.60 - 5.70**	3.60 - 5.80

Cumulative actuarial losses (gains)

The cumulative amount of actuarial losses (gains) recorded in other comprehensive income (loss) related to the Corporation's defined benefit pension plans is as follows:

(in millions)	**March 31 2017**	March 31 2016
Balance, beginning of period	**$ 45**	$ 18
Actuarial losses (gains) on plan assets:		
Experience adjustments	**(46)**	13
Actuarial losses (gains) on accrued benefit obligations:		
Experience adjustments	**-**	(1)
Changes in actuarial assumptions (discount rate)	**11**	15
Balance, end of period	**$ 10**	$ 45

Defined contribution pension plan

The defined contribution pension plan is governed by *The Public Employees Pension Plan Act and Regulations* and certain sections of *The Superannuation (Supplementary Provisions) Act and Regulations*.

Under the defined contribution pension plan, the Corporation's obligations are limited to the contributions for current service. These contributions are charged to income when made. The employee benefits expense for the defined contribution pension plan recorded in OM&A expense is as follows:

(in millions)	**Twelve Months March 31 2017**	Fifteen Months March 31 2016
Employee benefits expense	**$ 21**	$ 26

CORPORATE GOVERNANCE

Accountability is a principal component of SaskPower's corporate values and is essential in our relationship with our customers, stakeholders and shareholder. In order to ensure the continuing presence of a sound corporate governance structure, our company remains committed to ongoing evaluation. Our aim is to strengthen transparency while executing a comprehensive program of reporting.

COMPANY STRUCTURE

SaskPower is governed by *The Power Corporation Act*. It is subject to the provisions of *The Crown Corporations Act*, 1993, which gives the Crown Investments Corporation (CIC) of Saskatchewan, the holding company for Saskatchewan's commercial Crown corporations, broad authority to set the direction of SaskPower. In practice, directives are normally in the following forms: CIC Crown subsidiary policies applying to all CIC Crowns; CIC Board resolutions and directives; and CIC management directives.

As the shareholder of SaskPower, CIC provides oversight of our company's operations. Communication is implemented through written policies and directives issued by CIC's management or its Board of Directors, as well as verbally through discussions with SaskPower leaders. Our company reports to CIC on a regular basis on matters such as Corporate Balanced Scorecard results; financial statements and forecasts; capital expenditures; and debt obligations. SaskPower also provides ad hoc reports to CIC upon request.

Where required by legislation or policy directive, our company submits performance management and investment decisions for review and approval by CIC and provincial cabinet. Through its Chair, who is an outside Director, the SaskPower Board of Directors is accountable to the Minister Responsible for Saskatchewan Power Corporation. The Minister functions as a link between SaskPower and cabinet, as well as the provincial legislature.

The Legislative Assembly of Saskatchewan appoints members to the Standing Committee on Crown and Central Agencies at the beginning of each legislative session. This committee holds public hearings and is empowered to review the annual reports, financial statements and operations of Crown corporations and related agencies. The Minister Responsible for Saskatchewan Power Corporation and our company's senior executives are called before the committee to answer questions about the year under review and issues of topical concern.

GOVERNING OUR COMPANY

The SaskPower Board of Directors is responsible for the general stewardship of our company. It is accountable for setting direction, monitoring and evaluating achievement, as well as identifying any necessary corrective action for SaskPower. The Board works with management to develop and approve SaskPower's Strategic Plan, annual budget and Business Plan. It participates in identifying business risks and oversees the implementation of appropriate systems to achieve a balance between risks incurred and potential returns.

All of SaskPower's Board Members, including the Chair, are independent of management. The expectations and responsibilities of Directors are outlined in terms of reference. Board Members receive a comprehensive orientation and continuing education. In addition to being subject to SaskPower's Code of Conduct Policy, Board Members are also bound by the CIC Directors' Code of Conduct. Peer evaluations are completed every two years.

Director	Board meetings attended[1]
Chief Darcy Bear, Chairperson[2]	2
Rob Pletch, Chairperson[3]	5
Bryan Leverick, Vice-Chairperson[4]	8
Bill Wheatley, Vice-Chairperson[5]	5
Ayten Archer[2]	2
Merin Coutts	9
Judy Harwood[3]	4
Jim Hopson	8
Karri Howlett	8
John Hyshka	7
Phil Klein[2]	3
Mick MacBean[5]	1
Leslie Neufeld	9
Marvin Romanow[2]	3
Tammy Van Lambalgen	8
Laura Wiebe[2]	3

1. There were a total of 9 meetings held in 2016-17.
2. Appointed November 24, 2016.
3. Term expired November 24, 2016.
4. Appointed Vice-Chairperson November 24, 2016 (Appointed to Board February 6, 2008).
5. Resigned November 24, 2016.

Information in this section covers the fiscal year ending March 31, 2017. Visit saskpower.com for a full description of SaskPower's corporate governance practices, including Board and Director terms of reference.

LEADERSHIP BY COMMITTEE

During the year, the Board reviewed the strategic direction of SaskPower, as well as numerous operational, financial, environmental, human resource and governance items. The Board also continues to adopt policies and processes to enable effective communication with our shareholder, stakeholders and the public.

Our company's Board has three standing committees to assist in discharging specific areas of responsibility:

Audit & Finance Committee

Eight meetings

Chair: Leslie Neufeld

Members: Merin Coutts (From December 2, 2016 to February 14, 2017), **John Hyshka** (appointed February 14, 2017), **Phil Klein** (appointed February 14, 2017), **Bryan Leverick**, **Mick MacBean** (resigned November 24, 2016), **Bill Wheatley** (resigned November 24, 2016), **Laura Wiebe** (appointed temporarily December 2, 2016; appointed permanently February 14, 2017), **Chief Darcy Bear** (ex officio – appointed November 24, 2016), **and Rob Pletch** (ex officio – term expired November 24, 2016)

The Audit & Finance Committee's terms of reference mandate the committee to assist the Board in meeting its responsibilities with respect to financial reporting, internal controls and accountability. The committee oversees the risk management reporting of SaskPower and directly interacts with the internal and external auditors. The committee ensures that the Board is provided with financial plans, proposals and information that are consistent with our company's overall strategic planning and public policy objectives.

During the fiscal year ending March 31, 2017, the committee reviewed annual and interim financial statements, regular risk reports, Corporate Balanced Scorecard reporting, the 2017-18 Business Plan, as well as the Deloitte and Provincial Auditor 2015-16 audit summaries. The committee approved the work plan for the Internal Audit Department and monitored quarterly reporting on irregularities.

The committee reviewed and provided oversight related to strategic initiatives such as the deployment of commercial and industrial advanced metering infrastructure, which will enable visibility, control and automation for SaskPower and our customers. A number of projects and initiatives that support our company's objective of achieving up to 50% of total generating capacity from renewable sources by 2030 were also reviewed and approved by the committee. These included a competition to select Independent Power Producers to supply up to 200 MW of new wind generation in the province and another competition for 10 MW of solar generation from the first utility-scale solar project to be built in the province. The committee also approved a major project to extend the life of the company's E.B. Campbell Hydroelectric Station by 50 years to ensure that we continue to deliver cost-effective power from this clean source of renewable generation to our customers into the future.

The committee reviewed a number of transmission projects. These included a plan to rebuild 72-kilovolt (kV) transmission lines between Beatty and Prince Albert to supply future load growth in the area. The committee also assessed a project to construct a new 230 kV/138-kV double-circuit transmission line from Pasqua to Swift Current to integrate generation from the Chinook Power Station, SaskPower's new 350-MW combined-cycle gas facility, into the grid. Several major long-term competitively sourced contracts were vetted by the committee, including: master construction agreements for distribution construction services; agreements for the supply of critical high-voltage breakers; and an agreement for the supply of limestone, which is required for sulphur dioxide emissions reduction.

The committee reviewed SaskPower's significant corporate risks/mitigation plans and monitored our company's financial performance. The committee also participated in the recruitment and selection of a new Director, Internal Audit, for SaskPower and held regular *in camera* discussions with the Director, Internal Audit.

Environment, Health & Safety Committee

Four meetings

Chair: Karri Howlett

Members: Ayten Archer (appointed February 14, 2017), **Judy Harwood** (term expired November 24, 2016), **Jim Hopson**, **John Hyshka** (until February 14, 2017), **Marvin Romanow** (appointed February 14, 2017), **Chief Darcy Bear** (ex officio – appointed November 24, 2016), **and Rob Pletch** (ex officio – term expired November 24, 2016)

The Environment, Health & Safety Committee is charged with ensuring that our company proactively addresses safety, health and environmental issues and is in compliance with regulatory and statutory requirements. In addition, the committee reviews the findings of the internal and external audits of the company's environmental and safety management systems, as well as environmental, health and safety facilities. It also monitors the implementation of audit recommendations.

In the fiscal year ended March 31, 2017, the committee approved a Corporate Responsibility and Sustainability Policy for SaskPower to help guide our decisions around how we fulfill our mission of reliable, sustainable and cost-effective power while being mindful of the impacts we have on our province. The committee also reviewed the mandates of several environmental and safety committees of similar companies to benchmark its mandate against that of others in

the areas of corporate responsibility and sustainability. More work on this is expected in 2017-18.

The committee also approved two key initiatives to mitigate SaskPower's impact on the environment. The first was a Biodiversity Strategy, which identifies areas for improvement in managing compliance risk, preparing for emerging industry trends and learning from evolving industry best practice. The committee also approved a Criteria Air Contaminants Plan, which will help SaskPower manage emission reductions as it implements our company's long-term supply plan.

The committee reviewed SaskPower's Spill Prevention Plan and monitored progress on a number of other key initiatives, including the employee SIP and Public Safety Program. The committee continued to monitor environmental and safety performance; review progress on regulatory developments for greenhouse gas emissions and other air pollutants; receive reports on SaskPower's compliance with environmental legislative, regulatory and corporate standards; and review the results of internal and external audits of SaskPower's environmental and safety management systems.

Governance/Human Resources Committee

Seven meetings

Chair: Tammy Van Lambalgen

Members: Merin Coutts, Karri Howlett, Bryan Leverick, Chief Darcy Bear (ex officio – appointed November 24, 2016), **and Rob Pletch** (ex officio – term expired November 24, 2016)

The Governance/Human Resources Committee is responsible for the development, review and effectiveness of SaskPower's corporate governance practices. The committee's governance-related duties include serving as ethics advisor for the Board, monitoring and evaluating overall Board performance on a biannual basis, providing guidance on governance issues to Directors, and recommending governance issues for discussion by the full Board. The Governance/Human Resources Committee is also charged with overseeing SaskPower's human resources strategies, programs and practices.

In the fiscal year ended March 31, 2017, the committee received an update on two university chair positions that were established in 2011 with the University of Regina and the University of Saskatchewan to support research in carbon capture and storage. The committee also received updates on our company's progress on various Aboriginal initiatives as well as regular reporting on irregularities from the Director, Internal Audit, in the areas of governance and human resources.

The committee received reports on our company's activities in a number of areas, including: an annual report on the activities of the Saskatchewan Electric Reliability Authority, a committee within SaskPower that is charged with the authority to adopt and enforce electric reliability standards in Saskatchewan under *The Power Corporation Act*; an update on the performance of SaskPower's Gas and Electrical Inspections Branch; and an update on the company's Aboriginal initiatives.

The committee's human resources activities included: a review of SaskPower's benefit plans; approval of amendments to SaskPower's Code of Conduct to address employee snooping; a review of SaskPower's Personnel Risk Assessment Policy; a review of a 10-year workforce plan for SaskPower; a review of SaskPower's succession planning framework; and a review of amendments to SaskPower's corporate values and behaviours to incorporate "accountability" and "collaboration." The committee also approved short-term incentive measures and targets for senior leaders and out-of-scope employees and established performance objectives for the President and CEO for 2017-18.

ASSESSING OUR GOVERNANCE PERFORMANCE

Our company is committed to regularly revisiting key elements of SaskPower's decision-making processes to ensure we continue to meet best practice standards. As a Crown corporation, SaskPower is not required to comply with Canadian Securities Administrators (CSA) Governance Guidelines. However, we use these guidelines to benchmark our governance practices.

Our company's practices are substantially consistent with CSA standards, as set out in the following scorecard:

CSA national policy 58-201 Part 3 — Corporate Governance Guidelines	SaskPower's corporate governance practices	Consistent with CSA guidelines?
Composition of the Board 3.1 The Board should have a majority of independent Directors.	As of March 31, 2017, the Board was comprised of 12 independent Directors.	Yes
3.2 The Chair of the Board should be an independent Director. Where this is not appropriate, an independent Director should be appointed to act as "Lead Director." However, either an independent Chair or an independent Lead Director should act as the effective leader of the Board and ensure that the Board's agenda will enable it to successfully carry out its duties.	The Chair of the Board is an independent Director.	Yes
Meetings of independent Directors 3.3 The independent Directors should hold regularly scheduled meetings at which non-independent Directors and members of management are not in attendance.	All members are independent. The Board typically has two *in camera* sessions without management at every meeting.	Yes
Board mandate 3.4 The Board should adopt a written mandate in which it explicitly acknowledges responsibility for the stewardship of the issuer, including responsibility for:	The Board has a written mandate in its terms of reference, where it explicitly acknowledges that the Board of Directors functions as a steward of the company.	Yes
(a) to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer (the CEO) and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization;	The terms of reference for a Director state that Directors shall require "of themselves and corporate employees high standards of ethical behaviour…" The President and CEO mandate also places accountability on that position for ensuring activities and practices of the company are ethical and compliant with the law.	Yes
(b) adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;	The Board, working with the executive, provides strategic direction to SaskPower. Formally, this is accomplished with the annual approval of the Strategic Plan.	Yes
(c) the identification of the principal risks of the issuer's business, and ensuring the implementation of appropriate systems to manage these risks;	The Board identifies principal risks to the company on an annual basis. Either directly or through the Audit & Finance Committee, the Board monitors the company's risk management programs. It also oversees the implementation of risk management systems. The Audit & Finance Committee meets regularly to review reports and discuss significant risk concerns with both the internal and external auditors.	Yes
(d) succession planning (including appointing, training and monitoring senior management);	The Board terms of reference state that the Board is responsible for succession planning.	Yes
(e) adopting a communication policy for the issuer;	Pursuant to the Board terms of reference, the Board adopts policies and processes to enable effective communication with CIC, stakeholders and the public.	Yes

CSA national policy 58-201 Part 3 — Corporate Governance Guidelines	SaskPower's corporate governance practices	Consistent with CSA guidelines?
(f) the issuer's internal control and management information systems; and	The Board has approved an internal control program. SaskPower has documented and evaluated the design of the company's internal controls over financial reporting, including the adequacy of its information systems. Our company has developed a testing program to regularly evaluate the effectiveness of these controls. SaskPower's CEO and CFO annually certify that our company has developed an appropriate set of internal controls over financial reporting and that the controls are working effectively.	Yes
(g) developing the issuer's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the issuer.[1]	The company's corporate governance principles and guidelines are outlined in SaskPower's Governance Manual, which is approved by the Board of Directors. In addition, the Governance/Human Resources Committee is responsible for and reports to the Board on corporate governance matters. The committee also functions as the ethics advisor for the Board.	Yes
The written mandate of the Board should also set out: (i) measures for receiving feedback from stakeholders (e.g., the Board may wish to establish a process to permit stakeholders to directly contact the independent Directors), and	The Board assumes responsibility for adopting policies and processes to enable effective communication with the shareholder, stakeholders and the public. To facilitate feedback from employees, the Board has adopted a whistleblower policy.	Yes
(ii) expectations and responsibilities of Directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials. In developing an effective communication policy for the issuer, issuers should refer to the guidance set out in National Policy 51-201 *Disclosure Standards*.	Expectations and responsibilities of Directors, including participation in and preparation for meetings, are outlined in the terms of reference for a Director.	Yes

1. Issuers may consider appointing a Corporate Governance Committee to consider these issues. A Corporate Governance Committee should have a majority of independent Directors, with the remaining members being "non-management" Directors.

CSA national policy 58-201 Part 3 — Corporate Governance Guidelines	SaskPower's corporate governance practices	Consistent with CSA guidelines?
Position descriptions 3.5 The Board should develop clear position descriptions for the Chair of the Board and the Chair of each Board Committee. In addition, the Board, together with the CEO, should develop a clear position description for the CEO, which includes delineating management's responsibilities. The Board should also develop or approve the corporate goals and objectives that the CEO is responsible for meeting.	The Governance/Human Resources Committee annually reviews the terms of reference for the Board Chair as well as Committee Chairs. These are approved by the Board. The Board has also adopted a President and CEO mandate.	Yes
Orientation and continuing education 3.6 The Board should ensure that all new Directors receive a comprehensive orientation. All new Directors should fully understand the role of the Board and its Committees, as well as the contribution individual Directors are expected to make (including, in particular, the commitment of time and resources that the issuer expects from its Directors). All new Directors should also understand the nature and operation of the issuer's business.	The Governance/Human Resources Committee terms of reference state that it shall recommend a Director orientation and continuing education policy. New Directors receive a comprehensive orientation to corporate issues and processes. Comprehensive briefing materials are also provided to new members covering key aspects of our company's business. The expectations of individual Directors are set out in the terms of reference for a Director approved by the Board. These expectations include attendance at meetings, participation in Board and committee work, and advance preparation for each meeting.	Yes
3.7 The Board should provide continuing education opportunities for all Directors, so that individuals may maintain or enhance their skills and abilities as Directors, as well as to ensure their knowledge and understanding of the issuer's business remains current.	SaskPower Board Members receive governance training from CIC and are offered the opportunity to attend The Director's College. Sponsored by CIC, this modular program focuses on the highest calibre governance practices, including technical and behavioural aspects of board governance. Directors who complete all five modules of the program are eligible to write a final examination and receive certification as a chartered corporate Director. In addition, our company provides opportunities to participate in site visits and tours. The Board also receives presentations from outside experts and industry-specific briefings as a backdrop for policy and investment decisions.	Yes
Code of Business Conduct and Ethics 3.8 The Board should adopt a written Code of Business Conduct and Ethics (a Code). The Code should be applicable to Directors, officers and employees of the issuer. The Code should constitute written standards that are reasonably designed to promote integrity and to deter wrongdoing. In particular, it should address the following issues:	SaskPower has a written Code of Conduct Policy applicable to Directors, officers and employees. It is intended to provide both general and specific guidelines to protect and guide SaskPower personnel faced with ethical, moral and legal dilemmas during the course of their employment or in carrying out their duties. The Board has the responsibility to review and revise the Code, as required. The Board has further strengthened this directive by adopting a whistleblower policy and implementing an anonymous reporting process to help deter wrongdoing. Quarterly irregularity reporting has been implemented to keep the Board informed of compliance issues.	Yes
(a) conflicts of interest, including transactions and agreements in respect of which a Director or Executive Officer has a material interest;	The Code addresses conflicts of interest. Board Members complete and file annual conflict of interest declarations with the office of the General Counsel as well as declare any conflicts on the spot as they may arise in a meeting setting. Board Members are also bound by the CIC Directors' Code of Conduct.	Yes
(b) protection and proper use of assets and opportunities;	Property and inventions are covered in the Code as well as the appropriate use of business assets.	Yes
(c) confidentiality of corporate information;	Confidentiality is covered in the Code, including SaskPower information that contains third party information and personal information about personnel and customers.	Yes

CSA national policy 58-201 Part 3 — Corporate Governance Guidelines	SaskPower's corporate governance practices	Consistent with CSA guidelines?
(d) fair dealing with the issuer's security holders, customers, suppliers, competitors and employees;	Fair Dealing is covered in the General Conduct Principles section of the Code as follows: "The public is entitled to expect and receive from SaskPower equitable treatment and compliance with confidentiality expectations and laws, whether in the provision of services or in the acquisition of property… SaskPower expects its personnel to conduct themselves in a manner that is and is perceived to be fair, even-handed, and in compliance with applicable laws, this Code and related policies."	Yes
(e) compliance with laws, rules and regulations; and	The Code requires Directors, Officers and employees to comply with applicable laws and related policies.	Yes
(f) reporting of any illegal or unethical behaviour.	The Code places an onus on employees to report suspected illegal or unethical behaviour. This is facilitated by specific procedures for reporting and investigating unethical conduct and other irregularities, which are appended to the Code.	Yes
3.9 The Board should be responsible for monitoring compliance with the Code. Any waivers from the Code that are granted for the benefit of the issuer's Directors or Executive Officers should be granted by the Board (or a Board committee) only. Although issuers must exercise their own judgment in making materiality determinations, the Canadian securities regulatory authorities consider that conduct by a Director or Executive Officer which constitutes a material departure from the Code will likely constitute a "material change" within the meaning of National Instrument 51-102 Continuous Disclosure Obligations. National Instrument 51-102 requires every material change report to include a full description of the material change. Where a material departure from the Code constitutes a material change to the issuer, we expect that the material change report will disclose, among other things: • the date of the departure(s), • the party(ies) involved in the departure(s), • the reason why the Board has or has not sanctioned the departure(s), and • any measures the Board has taken to address or remedy the departure(s).	The Governance/Human Resources Committee's terms of reference state that it shall monitor and report annually to the Board concerning compliance with the CIC Director's Code of Conduct and "review and report to the Board on conflict of interest matters involving Directors." There were no waivers granted during the year ending March 31, 2017, with respect to Code compliance by Directors, Officers or employees.	Yes
Nomination of directors 3.10 The Board should appoint a Nominating Committee.	As a Crown corporation, the appointment and removal of Directors is the prerogative of the Lieutenant Governor in Council, as established by statute. The Governance/Human Resources Committee may review and recommend qualified potential candidates for the Board. The names of any recommended candidates are then submitted by the Board to CIC as shareholder.	Substantial compliance

CSA national policy 58-201 Part 3 — Corporate Governance Guidelines	SaskPower's corporate governance practices	Consistent with CSA guidelines?
3.11 The Nominating Committee should have a written charter that clearly establishes the Committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members and subcommittees), and manner of reporting to the Board. In addition, the Nominating Committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties. If an issuer is legally required by contract or otherwise to provide third parties with the right to nominate Directors, the selection and nomination of those Directors need not involve the approval of an independent Nominating Committee.	The terms of reference for the Governance/Human Resources Committee incorporate a written charter, which includes all terms referred to in the CSA guideline, with the exception of authority to delegate to individual members and subcommittees and member appointment and removal. The Board terms of reference state that any Committee can obtain the advice and counsel of external advisors. However, it states the decision to engage such advisors rests with the Board.	**Substantial compliance**
3.12 Prior to nominating or appointing individuals as Directors, the Board should adopt a process involving the following steps: (a) Consider what competencies and skills the Board, as a whole, should possess. In doing so, the Board should recognize that the particular competencies and skills required for one issuer may not be the same as those required for another.	A skills profile, identifying the desired mix of experience and competencies required for the Board to effectively discharge its responsibilities, has been developed and is periodically updated.	**Yes**
(b) Assess what competencies and skills each existing Director possesses. It is unlikely that any one Director will have all the competencies and skills required by the Board. Instead, the Board should be considered as a group, with each individual making his or her own contribution. Attention should also be paid to the personality and other qualities of each Director, as these may ultimately determine the boardroom dynamic.	The Governance/Human Resources Committee, with assistance from the Corporate Secretary, maintains and updates a skills matrix of existing members. As needed, it conducts a gap analysis to identify skills required for future appointments to round out the Board's overall skill set.	**Yes**
The Board should also consider the appropriate size of the Board, with a view to facilitating effective decision making. In carrying out each of these functions, the Board should consider the advice and input of the Nominating Committee.	The terms of reference for the Governance/Human Resources Committee state that it shall recommend the size of the Board.	**Yes**
3.13 The Nominating Committee should be responsible for identifying individuals qualified to become new Board Members and recommending to the Board the new Director nominees for the next annual meeting of shareholders.	The Governance/Human Resources Committee identifies preferred skill sets for appointment to the Board of Directors. The identification of candidates for appointment to the Board is the responsibility of Executive Council.	**Partial compliance**
3.14 In making its recommendations, the Nominating Committee should consider: (a) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; (b) the competencies and skills that the Board considers each existing Director to possess; and	The terms of reference for the Governance/Human Resources Committee require the Committee to "recommend to the Board the size, composition, required capabilities and compensation of the Board of Directors to meet the needs of the Corporation."	**Yes**
(c) the competencies and skills each new nominee will bring to the boardroom. The Nominating Committee should also consider whether or not each new nominee can devote sufficient time and resources to his or her duties as a Board Member.	When seeking candidates to fill a vacancy, it is the responsibility of Executive Council to consider how the skills and competencies of each candidate fit with the identified gaps on the Board.	**Partial compliance**

CSA national policy 58-201 Part 3 — Corporate Governance Guidelines	SaskPower's corporate governance practices	Consistent with CSA guidelines?
Compensation 3.15 The Board should appoint a Compensation Committee composed entirely of independent Directors.	All members of the Governance/Human Resources Committee are independent Directors.	Yes
3.16 The Compensation Committee should have a written charter that establishes the Committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members or subcommittees), and the manner of reporting to the Board. In addition, the Compensation Committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.	The terms of reference for the Governance/Human Resources Committee incorporate a written charter, which includes all items referred to in the CSA guideline (with the exception of member appointment and removal, which is established by statute). The Board terms of reference state that any Committee can obtain the advice and counsel of external advisors. However, it states the decision to engage such advisors rests with the Board.	Substantial compliance
3.17 The Compensation Committee should be responsible for: (a) reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining (or making recommendations to the Board with respect to) the CEO's compensation level based on this evaluation;	The Governance/Human Resources Committee's terms of reference state that the CEO's review is based upon agreed-upon objectives, updated each year. While CEO compensation is not addressed specifically, the Committee has the responsibility to review and monitor all management compensation and benefit programs. As SaskPower is not a publicly-traded company, the parameters for CEO compensation are set by its shareholder, CIC.	Substantial compliance
(b) making recommendations to the Board with respect to non-CEO Officer and Director compensation, incentive-compensation plans and equity-based plans; and	The Governance/Human Resources Committee has the responsibility to annually review and monitor management compensation and benefit programs and make recommendations to the Board. CIC, as shareholder, sets Director remuneration.	Substantial compliance
(c) reviewing Executive compensation disclosure before the issuer publicly discloses this information.	The Board annually approves the disclosure of the compensation of executive members and all employees earning more than $50,000 per year. The compensation is disclosed to the Standing Committee on Crown and Central Agencies of the Legislative Assembly, and ultimately the public, through the Payee Disclosure Report. In addition, the President and CEO — and direct reports — are required to file their employment contracts, and any amendments thereto, with the Clerk of the Executive Council pursuant to *The Crown Employment Contracts Act*. Key management personnel compensation is disclosed in the notes to the consolidated financial statements.	Yes
Regular Board assessments 3.18 The Board, its Committees and each individual Director should be regularly assessed regarding his, her or its effectiveness and contribution. An assessment should consider:	The Governance/Human Resources Committee coordinates the assessment process with the assistance of the Corporate Secretary or an external service provider. Performance evaluations are conducted annually on a two-year cycle, with Board and Board Chair evaluations being conducted one year, and direct peer, Committee Chair and Committee evaluations being conducted the following year. In the year ended March 31, 2017, evaluations were conducted on the Board.	Yes
(a) in the case of the Board or a Board Committee, its mandate or charter, and	Comprehensive evaluation surveys have been developed that take into consideration the mandate of the Board as well as accepted good governance practices.	Yes
(b) in the case of an individual Director, the applicable position description(s), as well as the competencies and skills each individual Director is expected to bring to the Board.	Peer evaluations are completed every other year and are based on the position description for Directors.	Yes

The Corporation has adopted CSA Amendment Instrument for National Instrument 58-101 respecting disclosure of Director term limits and representation of women on the Board and in Executive Officer positions as reflected in the following table.

CSA national policy 58-101 Disclosure of Corporate Governance Practices	SaskPower's corporate governance practices	Consistent with CSA guidelines?
Director term limits and other mechanisms of Board renewal 10. Director term limits and other mechanisms of Board renewal. Disclose whether or not the issuer has adopted term limits for the Directors on its Board or other mechanisms of Board renewal and, if so, include a description of those Director term limits or other mechanisms of Board renewal. If the issuer has not adopted Director term limits or other mechanisms of Board renewal, disclose why it has not done so.	The appointment and removal of Directors is the prerogative of the Lieutenant Governor in Council pursuant to the Act. Director appointments are subject to term limits (established by Order in Council).	**Partial compliance**
Policies regarding the representation of women on the Board 11. (a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women Directors. If the issuer has not adopted such a policy, disclose why it has not done so.	Since the Corporation's Directors are selected and appointed by the Lieutenant Governor in Council pursuant to statutory authority, the representation of women on the Board is a matter of shareholder policy. CIC has adopted a written "Board of Directors' Appointment Policy." While the policy does not specifically refer to the identification and nomination of women Directors, it requires Crown Boards to include, "diversity candidates." The term "diversity candidates" is not defined but is interpreted as including women, Aboriginal persons and visible minorities. In 2016-17, 50% of the Board Members were women.	**Partial compliance**
(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: (i) A short summary of its objectives and key provisions, (ii) The measures taken to ensure that the policy has been effectively implemented, (iii) Annual and cumulative progress by the issuer in achieving the objectives of the policy, and (iv) Whether and, if so, how the Board or its Nominating Committee measures the effectiveness of the policy.	The Corporation has not adopted a policy on the identification and nomination of women Directors, as this is a matter of shareholder policy. CIC maintains statistics regarding the diversity of each Crown Board, including progress made on the percentage of women serving on Crown Boards. CIC forwards the information to Executive Council to be considered when Board appointment decisions are made. The information includes the skill sets required for the Board, and diversity statistics. See Table A for disclosure of the number and proportion (in percentage terms) of Directors on the Board who are women. In 2016-17, 50% of the Board Members were women.	**Partial compliance**
Consideration of the representation of women in the Director identification and selection process 12. Disclose whether or not, if so, how the Board or Nominating Committee considers the level of representation of women on the Board in identifying the nominating candidates for election or re-election to the Board. If the issuer does not consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board, disclose the issuer's reasons for not doing so.	It is the responsibility of Executive Council to consider the level of representation of women on the Board. In 2016-17, 50% of the Board Members were women.	**Partial compliance**
Consideration given to the representation of women in Executive Officer appointments 13. Disclose whether and, if so, how the issuer considers the level of representation of women in Executive Officer positions when making Executive Officer appointments. If the issuer does not consider the level of representation of women in Executive Officer positions when making Executive Officer appointments, disclose the issuer's reasons for not doing so.	SaskPower promotes a diverse workforce across all levels of the organization, including the Executive. This commitment is reflected in SaskPower's Executive Diversity Strategy. The focus of the strategy is to develop a talent pipeline of diversity candidates that possess the experience, education and technical backgrounds that are required for Executive positions. Diversity candidates include women, visible minority persons, Aboriginal persons and persons with disabilities.	**Yes**

CSA national policy 58-101 Disclosure of Corporate Governance Practices	SaskPower's corporate governance practices	Consistent with CSA guidelines?
Issuer's targets regarding the representation of Women on the Board and in Executive Officer positions 14. (a) For purposes of this item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's Board or in Executive Officer positions of the issuer by a specific date. (b) Disclose whether the issuer has adopted a target regarding women on the issuer's Board. If the issuer has not adopted a target, disclose why it has not done so.	Although the CIC policy requires Crown Boards to include, "diversity candidates," the CIC policy does not adopt a specific target for representation of women on the Board.	No
(c) Disclose whether the issuer has adopted a target regarding women in Executive Officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so. (d) If the issuer has adopted a target referred to in either (b) or (c), disclose: (i) The target, and (ii) The annual and cumulative progress of the issuer in achieving the target.	SaskPower does not have a specific target for the representation of women in Executive Officer positions. However, the Corporation's Executive Diversity Strategy has set short- and long-term targets for diversity on the Executive team as follows: • 40% by 2021; and • 50% by 2026.	Partial compliance
Number of women on the Board and in Executive Officer positions 15. (a) Disclose the number and proportion (in percentage terms) of Directors on the issuer's Board who are women.	Refer to Table A below.	Yes
(b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.	Refer to Table B below.	Yes

Table A – Representation of Women on the Board

Year	Target # of women	# of women	Actual % of women	Target % of all diversity candidates	Total # of all diversity candidates	Actual % of all diversity candidates	Total # of Directors
March 31, 2017	N/A	6	50%	N/A	7	58%	12
March 31, 2016	N/A	5	45%	N/A	5	45%	11

Table B – Representation of Women in Executive Positions

Year	Target # of women	# of women	Actual % of women	Target % of all diversity candidates	Total # of all diversity candidates	Actual % of all diversity candidates	Total # of Executive positions
March 31, 2017	N/A	2	17%	40% (by 2021)	2	17%	12
March 31, 2016	N/A	2	15%	40% (by 2021)	3	23%	13

BOARD OF DIRECTORS

As at March 31, 2017

Chief Darcy Bear
Chair
Whitecap Dakota First Nation

Chief Bear joined the Board of Directors in November 2016 as Chair. He is also serving a seventh consecutive mandate as Chief of the Whitecap Dakota First Nation, and is an established businessman.

The Chief holds a Business Administration Certificate and an Honorary Doctor of Laws Degree from the University of Saskatchewan.

His illustrious career has been marked by notable awards such as the Commemorative Medal for the Centennial of Saskatchewan (2005), the Saskatchewan Order of Merit (2011), Diamond Jubilee Medal (2012), Canadian Council for Aboriginal Business Hall of Fame Lifetime Achievement Award (2016), and Junior Achievement of Saskatchewan Business Hall of Fame Award (2017). Chief Bear enjoys his time creating meaningful friendships and continues to work towards improving the quality of life for others. Being raised in Whitecap has provided him with a strong connection to the land in the community. He spends his free time with his grandchildren and enjoys spending quality time on the land with his horses and canoeing the Saskatchewan River system that runs through the community.

Bryan Leverick
Vice-Chairperson
Saskatoon, Saskatchewan

Bryan Leverick joined the Board of Directors in 2008. He is currently the President of Saskatchewan-based Alliance Energy Ltd, and has been with the company since 1974.

In addition to his role on the SaskPower Board of Directors, Mr. Leverick is a Board Member of Ducks Unlimited Canada and the Saskatoon Club. He is the Past Chair of the Royal University Hospital Foundation's Board of Directors and Past Chairman of the Canadian Electrical Contractors Association. Mr. Leverick holds a certificate in Business Administration from the University of Saskatchewan. He holds a Chartered Director designation from McMaster University and is a journeyman electrician with his Gold Seal in project management from the Canadian Construction Association.

Mr. Leverick has also served as Past President of the Saskatchewan Construction Association, Saskatchewan Bid Depository, Saskatoon Construction Association, and Electrical Contractors Association. He is also a Past Chairman of the Saskatoon Regional Economic Development Authority and Saskatoon City Hospital Foundation, as well as an avid supporter of Ronald McDonald House and the Farm in the Dell. In 2003, he was honoured with the Distinguished Service Award by the Saskatchewan Construction Association, and received the Person of the Year Award in 2006.

Ayten Archer
Saskatoon, Saskatchewan

Ayten Archer joined the Board of Directors in 2016. She is currently the CEO of FIAT LUX Ventures. In her role as an international business consultant, Ms. Archer has worked on four continents with elite clients that include the Government of Canada, Procter & Gamble, and Mercedes Benz.

Ms. Archer is active in corporate governance having served with the Canadian Research Institute for the Advancement of Women, Vancouver Fashion Week, Rotary International, Mendel Art Gallery, Saskatoon Symphony, Ryerson Students' Union, and Ryerson Commerce Society.

Ms. Archer holds a Master of Business Administration and a Bachelor of Commerce from the University of Saskatchewan. She has been the recipient of more than 40 academic teaching, coaching and industry leadership awards. For five consecutive years, she was named in Maclean's Guide to Canadian Universities as one of the "Most Popular Professors" at a Canadian university. She was also recognized with the University of Saskatchewan Excellence in Teaching Award, as well as the Edwards School of Business Most Effective Professor and Somers Awards.

Ms. Archer is the recipient of five faculty medals from the Canadian Marketing Association and was selected from 51 Canadian Fellows for the Advancing Canadian Entrepreneurship John Dobson Faculty Award. She is the inaugural recipient of Leadership Saskatoon's Community Leadership Award presented at the Chamber of Commerce SABEX (Saskatoon Achievement in Business Excellence) Awards.

Ms. Archer is an international civility-protocol expert and long-serving judge for the Queen's University Leadership Business Competition, Schulich's GLOBE Competition, Ted Rogers School of Management TRMC Competition, as well as the Top Model Canada, Miss World and Miss Teen Canada competitions.

Merin Coutts
Saskatoon, Saskatchewan

Merin Coutts joined the Board of Directors in February 2014. Mrs. Coutts is the CEO of Merin Coutts Management Consulting, where she specializes in organizational effectiveness and change management solutions as well as governance and strategic planning facilitation.

In addition to her role on the SaskPower Board of Directors, Mrs. Coutts is the Chair of the Community Consultative Committee and a Board Director of the Saskatoon Airport Authority. She is also Chair of the Governance and Nominations Committee on the Gardiner Dam Terminal Ltd. Board of Directors.

Mrs. Coutts holds a Bachelor of Commerce from the University of Saskatchewan as well as a Chartered Director designation from a joint venture between the DeGroote School of Business and the Conference Board of Canada. She also holds a Chartered Professional Accountant (CPA, CMA) designation.

Mrs. Coutts has served on the Board of Saskatchewan Government Insurance, and the Saskatoon Regional Economic Development Authority. Prior to starting her consulting practice, she held a number of leadership positions in the telecommunications, cable and broadcast industries in Saskatchewan, including the role of Regional Manager for Shaw Communications Inc.'s Saskatchewan division.

Jim Hopson
Regina, Saskatchewan

Jim Hopson joined the Board of Directors in 2015. Currently he is Chair for the Conexus Arts Centre, a Board Member with the George Reed Foundation, an Honourary Spokesperson with the Saskatchewan Brain Injury Association, and undertakes public speaking and consulting work.

Mr. Hopson earned a Bachelor of Education (with distinction) from the University of Regina and a Master of Education from the University of Oregon. His teaching career began in 1972 in Ceylon, Saskatchewan, and in December 2004, he retired as the Director of Education for the Qu'Appelle Valley School Division.

Football was also a big part of his life. After high school, he played four years with the Regina Rams. He was a multi-year all-star and was named Outstanding Lineman in the league in 1972. In 1973, he made the jump to the Saskatchewan Roughriders, playing until 1976.

In 2005, he returned to the Riders as their first-ever full-time President and CEO, retiring in March 2015. Mr. Hopson was also personally involved in securing and planning for the new Mosaic Stadium that opened in 2017.

Mr. Hopson has been named one of the Power 50 of Canadian Sports by the Globe and Mail, was awarded both the Saskatchewan Centennial Medal and the Queen Elizabeth II Diamond Jubilee Medal and was recognized as one of Saskatchewan's most influential men by Saskatchewan Business Magazine.

In 2014, Mr. Hopson was honoured with the Hugh Campbell Distinguished Leadership Award for his contributions to the Canadian Football League, the game of football and Canada's sporting culture. In 2015, he was presented the Lifetime Achievement Award by the University of Regina Alumni Association.

Karri Howlett
Saskatoon, Saskatchewan

Karri Howlett joined the Board of Directors in 2013. She is currently President and member of the Board of Directors of North Rim Exploration Ltd., a wholly owned subsidiary of RESPEC in Saskatoon. She led the company's ownership transition from sole-proprietorship to 50 per cent employee and 50 per cent institutional ownership in 2009, and its subsequent sale to RSI Consulting Inc. in April 2016.

Ms. Howlett has more than 18 years of experience in corporate strategy, mergers and acquisitions, financial due diligence, and risk analysis. Her knowledge is based on positions held with various financial institutions and as Principal of Karri Howlett Consulting Inc. Ms. Howlett has conducted financial due diligence and risk analysis for several business endeavours, including business advisement and financial modelling for several mining and energy projects, and mergers of financial institutions ranging in size from $75 million to $3 billion in assets. She also sits on the boards of North Rim Exploration Ltd., and RSI Consulting Inc.

Ms. Howlett holds a Bachelor of Commerce with Honours in Finance from the University of Saskatchewan and has earned the Chartered Financial Analyst (CFA) designation and the Chartered Director designation. An active community member, Ms. Howlett has previously served on the Boards of the Varsity View Community Association, Skate Saskatoon, and CFA Society of Saskatchewan. She has been involved with the University of Saskatchewan's Edwards School of Business as a lecturer in the Department of Finance, a participant in the Leadership Development Program, and a protégé in the Betty Ann Heggie Womentorship Program.

John Hyshka
Saskatoon, Saskatchewan

John Hyshka joined the Board of Directors in 2014. Currently, he is the President of Hyshka + Associates and is a consultant. He works with clients in the corporate finance, corporate development and strategic management areas, mainly in the life sciences sector. Mr. Hyshka is also currently the Chairman of the Board of Defyrus Inc., a life science company that develops anti-viral drugs and vaccines.

Prior to this, he was the Director of Economic Development of the Saskatoon Regional Economic Development Authority (SREDA) for six years and was directly involved in the development of the agriculture biotechnology and manufacturing cluster. He was also a founding Board Member of the Saskatchewan Nutraceutical Network. After leaving SREDA, he joined Performance Plants Inc. as Chief Financial Officer with a focus on raising capital and selling technology.

In 2000, he co-founded Phenomenome Discoveries Inc. (PDI), a human health research company. The company launched COLOGIC®, a simple test to help assess risk for colorectal cancer. In 2015, he left Phenomenome and started his consulting firm.

Mr. Hyshka holds a Bachelor of Commerce from the University of Saskatchewan. He has sat on two venture capital advisory boards in Canada, and was on the Boards of the Saskatoon and Saskatchewan Chambers of Commerce, and Business Development Bank of Canada. He has also been an adviser to Working Ventures for a number of years.

Phil Klein
Saskatoon, Saskatchewan

Phil Klein joined the Board of Directors in 2016. He is currently the Vice-President of Commercial Financial Services with RBC Royal Bank located in Saskatoon. He also currently sits as the Chair of Care and Share Saskatoon Inc.

Mr. Klein has worked in the financial services industry for the past 41 years. Throughout his career he has held many client-facing and senior leadership roles. Mr. Klein is a graduate of the Directors Education Program through the University of Toronto's Rotman School of Management, and has an ICD.D designation from the Institute of Corporate Directors. He also attended Western University in Ontario and the University of Regina prior to starting his banking career in Regina.

Mr. Klein has been active with community and business organizations throughout his entire career, holding many Board and executive positions. He is a past Board Member of both the Saskatoon and Regina Chambers of Commerce and is past National Vice-President of the Canadian Progress Club. He has received the Queen's Golden Jubilee Medal, recognizing his lifelong commitment to volunteerism.

Leslie Neufeld
Swift Current, Saskatchewan

Leslie Neufeld joined the Board of Directors in 2012. She is currently a partner with Stark & Marsh CPA, LLP, a position she has held since 2006. She focuses in the Technical Services business unit, which provides tax and compliance services to individuals and corporations. She has also worked extensively in the field of trust and estate taxation.

Ms. Neufeld began her public practice career with Deloitte & Touche in Regina, and relocated to her hometown of Swift Current in 1996 to join Stark & Marsh CPA, LLP. Since 2012, she has served as the Chairperson of the Board of Directors of Stark & Marsh CPA, LLP. From June 2008 to June 2010, she served as a member of Council for the Institute of Chartered Accountants of Saskatchewan and has also participated on the institute's Practice Appraisal Committee.

Ms. Neufeld holds a Bachelor of Administration from the University of Regina, and had obtained her Chartered Professional Accountant (CPA, CA) and Certified Financial Planner (CFP) designations.

Marvin Romanow
Calgary, Alberta

Marvin Romanow Joined the SaskPower Board of Directors in 2016. Mr. Romanow is a Corporate Director, Executive in Residence at the University of Saskatchewan, and former President and Chief Executive Officer of Nexen Inc. He is also Chairman of Freehold Royalties Ltd., and Board Member for the Alberta Teacher's Retirement Fund, Alberta Petroleum Marketing Commission (Commissioner), and the Arnie Charbonneau Cancer Institute.

He holds an MBA and a Bachelor of Engineering, with Great Distinction, from the University of Saskatchewan. He is also a graduate of the Program for Management Development at Harvard Graduate School, and completed the Advanced Management Programme with the INSEAD Business School. Mr. Romanow holds the ICD.D designation from the Institute of Corporate Directors.

In 2007, Mr. Romanow was recognized as Canada's "CFO of the Year" and in 2013 he was inducted into the Saskatchewan Oil Patch Hall of Fame.

Tammy Van Lambalgen
Saskatoon, Saskatchewan

Tammy Van Lambalgen joined the Board of Directors in 2013 and currently serves as Chair of the Governance/Human Resources Committee. She is the Vice-President, Corporate Affairs and General Counsel with AREVA Resources Canada overseeing legal, corporate social responsibility and organizational excellence.

Ms. Van Lambalgen holds a Bachelor of Arts and a Bachelor of Laws, graduating from the University of Saskatchewan in 1993. Ms. Van Lambalgen began her career in Calgary, where she worked as a solicitor and in-house counsel for Shell Canada. In 2003, she returned to Saskatoon to join AREVA, where in 2008 she became a Vice-President with oversight for regulatory affairs and legal.

In addition to her role on the SaskPower Board of Directors, Ms. Van Lambalgen is on the Board of Directors of AREVA Resources Canada, the Vice-Chair of the Saskatchewan Mining Association and the Chair of the Children's Discovery Museum in Saskatoon. She has also held board positions on the Saskatoon Adult Soccer Association, College Park Community Association and the Greater Saskatoon Chamber of Commerce.

Laura Wiebe
Saskatoon, Saskatchewan

Laura Wiebe joined the Board of Directors in 2016. She is currently the President and CEO of the Saskatchewan Mutual Insurance Company (SMI), a Prairie-based property and casualty insurance company, with business in the provinces of Saskatchewan, Alberta and Manitoba.

Ms. Wiebe was employed with SMI from 1981 to 1990, holding various underwriting positions and achieving her Charted Insurance Professional designation from the Insurance Institute of Canada. In 2003, Ms. Wiebe was elected to the SMI Board of Directors and in November 2006, returned to SMI on a full-time basis as Executive Vice-President. She assumed the position of President and CEO in January 2008.

Ms. Wiebe holds a Bachelor of Commerce from the University of Saskatchewan and has a Chartered Professional Accountant (CPA, CA) designation. In 2011, Ms. Wiebe obtained her Fellow Chartered Insurance Professional designation from the Insurance Institute of Canada.

Dale Bloom
Regina, Saskatchewan
Corporate Secretary

Dale Bloom works for CIC, the holding company for Saskatchewan's commercial Crown corporations. He was part of a team at CIC that won the Lieutenant Governor's Gold Medal for Outstanding Public Service in Saskatchewan, as well as a Certificate of Achievement in the International Awards Programme for work in governance and performance management of public enterprises.

Mr. Bloom has worked in the public sector for over 20 years in various capacities. He has several degrees, most recently attaining his MBA in 2011 from the Kenneth Levene Graduate School of Business at the University of Regina. He has been and continues to be involved in various charitable activities in Regina.

COMPENSATION

Under the authority of *The Crown Corporations Act, 1993*, SaskPower's shareholder, CIC, directs the compensation received by Directors. In addition to reimbursement for reasonable expenses incurred while performing their duties (including related travel, meal and accommodation costs), Directors receive an annual retainer and meeting fees for service:

- The Board Chair receives an annual retainer of $40,000.
- Board Members receive an annual retainer of $25,000.
- The Audit & Finance Committee Chair receives an annual retainer of $3,500.
- Other Committee Chairs receive an annual retainer of $2,500.
- Committee members receive a $750 daily meeting fee.

In March 2017, Directors approved a motion to reduce their 2017-18 compensation by 3.5% in consideration of the province's fiscal situation.

EXECUTIVE TEAM

As at March 31, 2017

Mike Marsh
President and CEO

Mike Marsh was appointed President and Chief Executive Officer in April 2015. He joined SaskPower in 1991, following 12 years in the construction industry in Alberta and Saskatchewan.

At SaskPower, Mr. Marsh began his career at Boundary Dam Power Station in engineering and maintenance. He went on to various positions in the company, notably as Manager of Business and Financial Planning and Vice-President of Transmission and Distribution. In 2012, he became Vice-President of Operations and Chief Operations Officer, responsible for all operational areas including Power Production, Transmission Services and Distribution Services.

Mr. Marsh attended the University of Saskatchewan, where he earned a Bachelor of Science in Mechanical Engineering. He later studied at Queen's School of Business and obtained a Master of Business Administration. He is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan (APEGS).

He is a Board Member of the Canadian Electricity Association (CEA), and is Past Chair of the CEA Transmission Council. He has also held positions on the CEA Distribution Council and CEA Occupational Health and Safety Task Group.

Mr. Marsh is a Past President of Canadian Progress Club – Regina Centre Chapter. This service organization offers financial assistance to charities supporting children and wellness.

Diane Avery
Vice-President,
Customer Services

Diane Avery joined SaskPower in 2012 and is currently Vice-President, Customer Services. She has served in other roles, including Vice-President, Commercial.

Ms. Avery has more than 27 years of experience in the utility Crown sector. She worked for SaskTel in a number of areas, notably as Director of Technology, Director of Marketing and Director of Business Simplification.

Ms. Avery holds a Bachelor of Administration from the University of Regina. She has also completed the Creating a Culture of Innovation Program at the Northwestern University Kellogg School of Management, and the Executive Marketing Program at the University of Western Ontario Richard Ivey School of Business.

Ms. Avery represents SaskPower on the Customer Council for the Canadian Electricity Association. She is the former Board President and Chair of the Queen City Kinsmen Gymnastics Club and is a past Board Member of the Canadian Wireless Telecommunications Association and the Saskatchewan Science Centre.

Guy Bruce
Vice-President, Planning, Environment and Sustainable Development

Guy Bruce was appointed to the SaskPower Executive in September 2011. Since that time he has been responsible for a number of functions including environment, regulatory affairs, system planning, project delivery and properties.

He is currently responsible for strategic planning, environment, sustainability, integrated resource planning and development of major supply options including clean energy, hydroelectricity, carbon capture, and procurement from Independent Power Producers.

Mr. Bruce has more than 35 years of experience in the electricity industry. Throughout his career, he has served in a variety of roles, including plant engineering, system operations, energy trading, risk management, business planning and asset management.

He is a professional electrical engineer and holds a degree from the University of Saskatchewan.

Tim Eckel
Vice-President,
Transmission Services

Tim Eckel was appointed Vice-President, Transmission Services, in June 2015. He has more than 30 years of experience in numerous roles within SaskPower, most recently as Senior Director, Transmission Services.

Mr. Eckel's career at SaskPower began with Customer Services in North Battleford. Over the years he was involved with transmission maintenance, as well as distribution and transmission planning. He also served as District Engineering Manager and led the formation of the asset management group.

Mr. Eckel holds a Diploma in Electrical Engineering Technology from Saskatchewan Polytechnic, a Bachelor of Science in Electrical Engineering from the University of Saskatchewan, and a Master of Business Administration from the University of Regina. He is a professional engineer and member of the Association of Professional Engineers and Geoscientists of Saskatchewan.

He represents SaskPower on the Canadian Electricity Association Transmission Council. Mr. Eckel is also an active member of his community. He currently volunteers with the Knights of Columbus and has volunteered with a number of charitable and community organizations in Saskatchewan. In February 2017, Mr. Eckel was nominated to the North American Electric Reliability Corporation's Reliability Issues Steering Committee.

Ted Elliott
Vice-President,
Distribution Services

Ted Elliott was appointed Vice-President, Distribution Services, in June 2015. He first joined SaskPower in 1980 as a Project Labourer at Boundary Dam Power Station. He then spent 11 years in the field as a Power Line Technician, the same position held by his father before him.

Mr. Elliott has also held positions in several areas of SaskPower during his 35-year career, including Training Instructor in Weyburn, Business Manager in Swift Current, Transmission and Distribution Region Manager in Prince Albert, Director of Recruitment and Labour Relations out of Regina, and General Manager of Distribution Services headquartered in Saskatoon.

He is a graduate of the Queen's University Executive Program, and is an active volunteer for the MS Society of Canada. Mr. Elliott represents SaskPower on the Canadian Electricity Association Distribution Council.

Kory Hayko
Vice-President, Commercial and Industrial Operations, and President and CEO, NorthPoint Energy Solutions

Kory Hayko was appointed Vice-President, Commercial and Industrial Operations, in June 2015. He has over 25 years of experience in numerous roles within SaskPower, including Vice-President, Fuel and Cross-Crown Collaboration, and Acting Vice-President, Customer Services. Since July 2014, he has also held the position of President and CEO, NorthPoint Energy Solutions.

Mr. Hayko graduated from the University of Regina with a Bachelor of Applied Science in Industrial Systems Engineering, and has a Master of Applied Science in Energy Systems. He is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan and is the Board Chair of the BHP Billiton SaskPower CCS Knowledge Centre.

Mr. Hayko is also an active volunteer. He has been involved with Regina Minor Softball as an Executive Member and coach. He also volunteers with the Heart and Stroke Foundation, Canadian Cancer Society, MS Society of Canada and Canadian Diabetes Association.

Brian Ketcheson
Vice-President, Human Resources and Safety

Brian Ketcheson was appointed Vice-President, Human Resources and Stakeholder Relations, in July 2015. With more than 33 years in the utility industry, Mr. Ketcheson began his career as a Power Technician with Manitoba Hydro. He went on to hold leadership roles in Corporate Services, Operations, Systems Control, Aboriginal Relations, Human Resources and with Manitoba Hydro International. His most recent role was as Senior Vice-President, U.S. Operations, with Algonquin Power.

Mr. Ketcheson holds a Master of Business Administration from Queen's University and is a Chartered Professional Accountant (CPA, CMA). Mr. Ketcheson has served on a number of community organizations and charity Boards in Manitoba, including the John Howard Society, Humane Society, Salvation Army and YMCA/YWCA. He was also a founding member of the Amadeus Steen Foundation, a children's charity to raise money for at-risk children.

Troy King
Vice-President, Finance, and Chief Financial Officer (Acting)

Troy King was appointed the Acting Vice-President, Finance, and Chief Financial Officer, in March 2017. Mr. King has worked at SaskPower since 1996 in a number of leadership roles that included financial reporting, budgeting and forecasting, risk management, taxes, strategic planning, information technology, load forecasting and rate design. Before moving into his present role, he was the Director of Corporate Planning and Controller. Mr. King is also the Chief Financial Officer for NorthPoint Energy Solutions.

Mr. King is a graduate of the University of Regina, with a degree in Business Administration. He is also a Chartered Professional Accountant (CPA, CMA). Mr. King has served as a Board Member for the Saskatchewan Science Centre and volunteers with Hockey Regina and Baseball Regina.

Howard Matthews
Vice-President, Power Production, and President & CEO, SaskPower International

Howard Matthews was appointed Vice-President, Power Production, and President and CEO of SaskPower International, in June 2015, after serving as Acting Vice-President, Power Production, since July 2014.

He has held a number of positions during his career with SaskPower, beginning as an Electrical Engineer in 1989. Prior to joining SaskPower's Executive, he was Director at Poplar River Power Station in Coronach, Saskatchewan.

Prior to joining SaskPower, Mr. Matthews worked as a computer programmer for the Saskatchewan Research Council, Northern Telecom and Saskatchewan Mining and Development Corporation. He has also worked as a field engineer with Husky Injection in Toronto. Mr. Matthews holds a Bachelor of Commerce and Bachelor of Electrical Engineering from the University of Saskatchewan.

Grant Ring
Vice-President, Procurement and Supply Chain

Grant Ring was appointed Vice-President, Procurement and Supply Chain, in June 2015. At SaskPower, Mr. Ring previously held the positions of Vice-President, Business Development; President and Chief Executive Officer of NorthPoint Energy Solutions; and Acting Vice-President and Chief Financial Officer. Prior to that, he spent 11 years in various positions at the company.

Mr. Ring holds a Master of Business Administration from Queen's University and is a Chartered Professional Accountant (CPA, CMA). He was named a Fellow of the Society of Management Accountants in 2008. In 2007, he completed a Certificate in Executive Coaching, and in 2011, achieved his ICD.D designation from the Institute of Corporate Directors.

He is the Chairman of the Power Corporation Superannuation Plan and a Board Member of the Regina Qu'Appelle Health Region. In the past, Mr. Ring has also held positions as Chair of Financial Executives International Canada and Vice-Chair of the Public Employees Pension Plan, as well as serving on other non-profit boards.

Brad Strom
Vice-President, Information Technology and Security, and Chief Information Officer

Brad Strom joined SaskPower as Vice-President, Information Technology and Security, and Chief Information Officer, in 2015.

Previously, Mr. Strom worked at Farm Credit Canada (FCC) as Vice-President, Development and Operations. During his time at FCC, he took on a number of leadership roles, and was accountable for all aspects of the company's information technology and enterprise security functions.

Prior to FCC, Mr. Strom worked in a number of countries, including Brazil, Argentina and the United Kingdom. He worked in various sectors such as healthcare, insurance, banking and government, for companies including SHL Systemhouse, IBM and PwC Canada.

Mr. Strom is a graduate of Carleton University in Ottawa, where he obtained a Bachelor of Science in Computer Systems Engineering. Mr. Strom is also involved in his community, as a Board Member for Junior Achievement of Saskatchewan, and for the Caring Place, a non-profit counselling centre.

Rachelle Verret Morphy
Vice-President, Law, Land and Regulatory Affairs, General Counsel and Assistant Secretary

Rachelle Verret Morphy joined SaskPower in 2005, as Assistant General Counsel with the Law Department. She was appointed Vice-President in 2011, with responsibility for overseeing the Law, Land and Regulatory Affairs Division and advising the President, Executive and Board of Directors on governance issues.

Previously, Ms. Verret Morphy worked for a federally regulated financial institution where she was responsible for providing advice on legal, tax and regulatory matters. Ms. Verret Morphy also worked in the private practice of law for a number of years at a major Saskatchewan law firm, with a focus on procurement, construction, information technology and taxation.

Ms. Verret Morphy is both a lawyer and a Chartered Professional Accountant (CPA, CA), and holds an ICD.D designation from the Institute of Corporate Directors. She has a Bachelor of Laws from the University of Saskatchewan, and a Bachelor of Commerce (Honours) from the University of Ottawa.

She is a member of the Law Society of Saskatchewan, the Canadian Bar Association, the Chartered Professional Accountants of Saskatchewan, the Chartered Professional Accountants of Ontario, the Canadian Corporate Counsel Association and the Association of Corporate Counsel. She volunteers as a member of the Board of Directors of the Hospitals of Regina Foundation.

COMPENSATION

CIC has established a framework for executive compensation, and SaskPower's Board can approve compensation packages within that framework. The Board has delegated responsibility for addressing and making recommendations concerning executive compensation issues to the Governance/Human Resources Committee. Executive performance is assessed annually against corporate and individual objectives that are aligned with our company's Strategic Plan. The mandate for executive compensation for Saskatchewan Crown corporations is established and monitored by CIC.

Direct reports of SaskPower's President and CEO, including all executive members, are required by legislation to file and report the details of their compensation and benefits and any changes to the Clerk of the Saskatchewan Legislature within 14 days of occurrence. In addition, the Crown and Central Agencies Committee of the Legislative Assembly of Saskatchewan requires Crown corporations, including SaskPower, to file an annual payee list that includes the total compensation of executive members.

Salary ranges for SaskPower's Executive team, as of March 31, 2017, were:

- President and CEO: $346,440 to $433,049.
- Vice-President: $238,918 to $298,648.

FIVE-YEAR FINANCIAL SUMMARY

(in millions)	**Twelve Months March 31 2016-17**	Twelve Months March 31 2015-16	Twelve Months December 31 2015	2014	2013	2012
Consolidated statement of income						
Revenue						
Saskatchewan electricity sales	**$ 2,277**	$ 2,132	$ 2,128	$ 2,043	$ 1,878	$ 1,687
Exports	**5**	8	8	7	62	49
Net (costs) sales from electricity trading	**(3)**	(2)	(2)	(2)	3	14
Share of profit from equity accounted investees	**1**	1	1	2	3	5
Other revenue	**122**	165	161	107	99	100
	2,402	2,304	2,296	2,157	2,045	1,855
Expense						
Fuel and purchased power	**661**	652	650	638	550	513
Operating, maintenance and administration	**675**	637	634	656	618	616
Depreciation and amortization	**494**	466	452	389	355	316
Finance charges	**416**	384	362	326	262	205
Taxes	**72**	64	63	59	55	47
Other expenses	**38**	37	31	46	38	29
	2,356	2,240	2,192	2,114	1,878	1,726
Income before the following	**$ 46**	$ 64	$ 104	$ 43	$ 167	$ 129
Unrealized market value adjustments	**10**	(83)	(64)	17	(53)	6
Net income (loss)	**$ 56**	$ (19)	$ 40	$ 60	$ 114	$ 135
Consolidated statement of financial position						
Assets						
Current assets	**$ 712**	$ 665	$ 602	$ 551	$ 472	$ 441
Property, plant and equipment	**9,518**	9,140	9,071	8,548	7,641	6,030
Intangible assets	**48**	54	58	73	76	62
Debt retirement funds	**590**	533	511	457	368	390
Investments accounted for using equity method	**38**	38	38	40	40	37
Other assets	**2**	4	4	5	7	9
Total assets	**$ 10,908**	$ 10,434	$ 10,284	$ 9,674	$ 8,604	$ 6,969
Liabilities and equity						
Current liabilities	**$ 1,647**	$ 1,676	$ 1,676	$ 1,590	$ 1,376	$ 1,300
Long-term debt	**5,454**	5,025	4,849	4,350	3,563	2,879
Finance lease obligations	**1,112**	1,122	1,126	1,130	1,131	430
Employee benefits	**237**	264	231	233	153	340
Provisions	**217**	201	198	193	158	162
Equity	**2,241**	2,146	2,204	2,178	2,223	1,858
Total liabilities and equity	**$ 10,908**	$ 10,434	$ 10,284	$ 9,674	$ 8,604	$ 6,969
Consolidated statement of cash flows						
Cash provided by operating activities	**$ 564**	$ 376	$ 383	$ 391	$ 572	$ 396
Cash used in investing activities	**(862)**	(904)	(957)	(1,218)	(1,264)	(954)
Cash provided by financing activities	**283**	532	574	827	688	564
(Decrease) increase in cash position	**$ (15)**	$ 4	$ -	$ -	$ (4)	$ 6
Financial indicators						
Dividends	**$ -**	$ -	$ -	$ -	$ -	$ 120
Capital expenditures	**$ 886**	$ 931	$ 990	$ 1,279	$ 1,318	$ 981
Return on equity (operating)	**2.1%**	2.9%	4.7%	2.0%	8.2%	7.0%
Return on equity	**2.6%**	-0.9%	1.8%	2.7%	5.6%	7.3%
Per cent debt ratio	**75.7%**	75.7%	74.8%	73.1%	69.8%	67.1%

The Corporation was directed by the provincial government to change its fiscal year-end to coincide with that of the Province of Saskatchewan. The 2012-2015 financial information disclosed reflects SaskPower's previous fiscal year-end consisting of the twelve months ended December 31. The 2016-17 and 2015-16 information disclosed reflects SaskPower's new fiscal year-end consisting of the twelve months ended March 31.

FIVE-YEAR REVENUE STATISTICS

	Twelve Months March 31	Twelve Months March 31	Twelve Months December 31			
	2016-17	2015-16	2015	2014	2013	2012
Number of Saskatchewan customer accounts						
Residential	**388,006**	381,857	380,392	373,109	362,738	353,435
Farm	**58,775**	59,156	59,262	59,792	61,076	61,737
Commercial	**61,918**	61,351	61,231	60,274	59,402	58,435
Oilfield	**19,234**	19,258	19,307	18,662	17,560	16,894
Power	**124**	121	121	102	101	108
Reseller	**2**	2	2	2	2	2
Total	**528,059**	521,745	520,315	511,941	500,879	490,611
Electricity sales (in millions)						
Residential	**$ 514**	$ 485	$ 490	$ 490	$ 452	$ 402
Farm	**158**	157	159	164	155	131
Commercial	**472**	447	447	432	396	365
Oilfield	**357**	330	333	324	300	263
Power	**681**	624	609	546	494	449
Reseller	**95**	89	90	87	81	77
Saskatchewan electricity sales	**2,277**	2,132	2,128	2,043	1,878	1,687
Exports	**5**	8	8	7	62	49
Total electricity sales	**$ 2,282**	$ 2,140	$ 2,136	$ 2,050	$ 1,940	$ 1,736
Electricity sales (GWh)						
Residential	**3,068**	3,067	3,128	3,281	3,190	2,937
Farm	**1,189**	1,255	1,276	1,364	1,332	1,149
Commercial	**3,777**	3,768	3,795	3,788	3,663	3,532
Oilfield	**3,621**	3,453	3,494	3,503	3,448	3,177
Power	**9,207**	8,876	8,698	8,179	7,863	7,448
Reseller	**1,218**	1,223	1,234	1,274	1,257	1,254
Saskatchewan electricity sales	**22,080**	21,642	21,625	21,389	20,753	19,497
Exports	**176**	89	71	90	497	460
Total electricity sales	**22,256**	21,731	21,696	21,479	21,250	19,957
Average electricity sales price ($/MWh)						
Residential	**$ 168**	$ 158	$ 157	$ 149	$ 142	$ 137
Farm	**133**	125	125	120	116	114
Commercial	**125**	119	118	114	108	103
Oilfield	**99**	96	95	92	87	83
Power	**74**	70	70	67	63	60
Reseller	**78**	73	73	68	64	61
Exports	**28**	90	113	78	125	107
Total weighted average electricity sales price	**$ 103**	$ 98	$ 98	$ 95	$ 91	$ 87
Average annual usage per residential customer (kWh)	**7,907**	8,032	8,223	8,794	8,794	8,310
System-wide average rate increases	**5.0% (July 1) 3.5% (Jan 1)**	2.0% (Sept 1)	3.0% (Jan 1) 2.0% (Sept 1)	5.5% (Jan 1)	5.0% (Jan 1)	0.0%

The Corporation was directed by the provincial government to change its fiscal year-end to coincide with that of the Province of Saskatchewan. The 2012-2015 financial information disclosed reflects SaskPower's previous fiscal year-end consisting of the twelve months ended December 31. The 2016-17 and 2015-16 information disclosed reflects SaskPower's new fiscal year-end consisting of the twelve months ended March 31.

FIVE-YEAR GENERATING AND OPERATING STATISTICS

	Twelve Months March 31	Twelve Months March 31	Twelve Months December 31			
	2016-17	2015-16	2015	2014	2013	2012
Net electricity supplied (GWh)						
Coal	**10,759**	10,967	11,011	10,219	10,846	11,446
Gas	**8,729**	8,379	7,976	6,883	6,460	4,968
Hydro	**3,525**	3,213	3,426	4,706	4,449	4,240
Wind	**740**	682	684	636	646	655
Imports	**478**	375	506	797	548	656
Other	**143**	140	141	183	206	164
Gross electricity supplied	**24,374**	23,756	23,744	23,424	23,155	22,129
Line losses	**(2,118)**	(2,025)	(2,048)	(1,945)	(1,905)	(2,172)
Net electricity supplied	**22,256**	21,731	21,696	21,479	21,250	19,957
Available generating capacity (net MW)						
Coal	**1,530**	1,530	1,530	1,530	1,591	1,686
Gas	**1,824**	1,771	1,771	1,567	1,597	1,337
Hydro	**889**	889	889	864	863	853
Wind	**221**	221	221	198	198	198
Other	**27**	26	25	22	32	30
Total available generating capacity	**4,491**	4,437	4,436	4,181	4,281	4,104
Peak loads (net MW)						
Annual peak load	**3,747**	3,640	3,628	3,561	3,543	3,314
Minimum load	**1,970**	2,033	2,033	1,854	1,839	1,640
Summer peak load	**3,270**	3,331	3,331	3,131	3,187	3,053
Lines in service (circuit kilometres)						
Transmission lines	**14,384**	13,964	13,964	13,405	13,267	13,174
Distribution lines	**144,339**	143,020	143,292	142,403	139,375	138,959
Total lines in service	**158,723**	156,984	157,256	155,808	152,642	152,133
Number of permanent full-time employees	**3,178**	3,143	3,133	3,099	3,008	2,830

The Corporation was directed by the provincial government to change its fiscal year-end to coincide with that of the Province of Saskatchewan. The 2012-2015 financial information disclosed reflects SaskPower's previous fiscal year-end consisting of the twelve months ended December 31. The 2016-17 and 2015-16 information disclosed reflects SaskPower's new fiscal year-end consisting of the twelve months ended March 31.

GLOSSARY

Advanced Metering Infrastructure (AMI)
An integrated system of smart meters, communication networks, and data management systems that enables two-way communication between utilities and customers.

Biomass
Energy resources derived from organic matter. These include wood, agricultural waste and other living-cell material that can be burned to produce heat energy.

Capacity
The greatest load than can be supplied by a generating unit, power station or an entire provincial grid system.

Carbon capture and storage (CCS)
Technology that reduces greenhouse gas emissions by capturing carbon dioxide, typically at fossil-fuelled power plants, and storing it in geological reservoirs deep underground.

Carbon dioxide (CO_2)
One of the primary greenhouse gases believed to be a cause of climate change. Carbon dioxide is produced in fossil fuel-based electricity generation.

Carbon dioxide equivalent (CO_2e)
A unit of measurement used to compare the emissions from various greenhouse gases based upon their global warming potential.

Climate change
Climate change refers to any change in climate over time, whether due to natural variability or as a result of human activity.

Cogeneration
The simultaneous generation of electricity and useful heat or steam. The heat could be put in use in an industrial process or to heat a facility or community. The electricity could be used by the owner or sold.

Demand
The rate at which electric energy is delivered at a given instant or averaged over a period of time. It is measured in kilowatts, megawatts, etc.

Distribution
Process of moving electric energy at lower voltages from major substations to customers.

Fly ash
The fine powder by-product resulting from the combustion of pulverized coal used in many coal-fired generating stations.

Gigawatt (GW)
A unit of bulk power; one billion watts or one million kilowatts.

Gigawatt hour (GWh)
A unit of bulk energy; 1,000,000 kilowatt hours.

Independent Power Producer (IPP)
An unregulated entity that owns power plants and generates electricity in the competitive wholesale market.

International Financial Reporting Standards (IFRS)
Guidelines and rules set by the International Accounting Standards Board that companies follow when compiling financial statements. IFRS replaced the previous Canadian generally accepted accounting principles as the acceptable set of accounting standards for publicly accountable enterprises in Canada.

ISO 14001
A standard that defines the elements of a sound environmental management system. The ISO 14000 series is a family of environmental management standards developed by the International Organization for Standardization (ISO).

Kilowatt hour (kWh)
A unit of bulk energy; 1,000 watt hours. The measurement is generally used for billing residential customers.

Load
The amount of electric power or energy consumed by a particular customer or group of customers.

Megawatt (MW)
A unit of bulk power; 1,000 kilowatts. The unit generally used to describe the output of a commercial generator.

Megawatt hour (MWh)
A unit of bulk energy; 1,000 kilowatt hours.

North American Electric Reliability Corporation (NERC)
Formed in 1968, its mission is to ensure that the bulk electric system in North America is reliable, adequate and secure.

Net metering
The offsetting of electricity consumption by a customer against the same customer's production of electricity, typically from a small-scale renewable energy source such as wind or solar.

Open Access Transmission Tariff (OATT)
The SaskPower OATT allows eligible users to access our transmission system to transport electricity to wholesale customers within Saskatchewan or across the province to other jurisdictions. The OATT also ensures SaskPower can access the transmission systems of other utilities.

OHSAS 18001
A standard that defines the elements of sound occupational health and safety management systems.

Peak load demand or peak energy demand
The maximum amount of electric power or energy consumed by a particular customer or group of customers at a precise time.

Polychlorinated biphenyls (PCBs)
A group of organic compounds that were once used as cooling and insulating fluids in various types of electrical equipment, including transformers and capacitors.

Power purchase agreement (PPA)
A contract between electricity producers in which one party sells energy and/or generating capacity to another, who generally serves end-use retail customers. For example, instead of building a new power plant an electric company can choose to enter into a PPA.

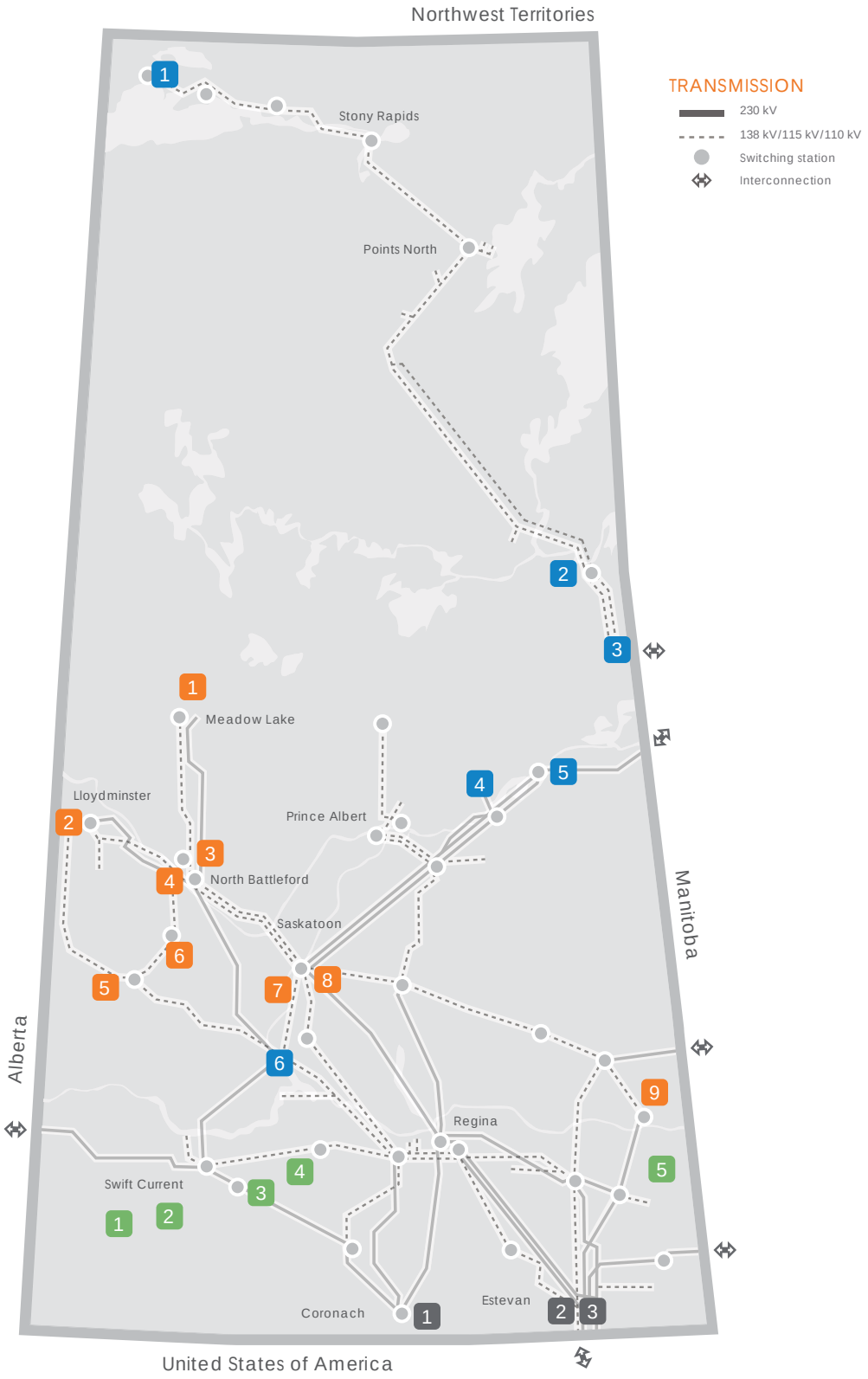
Smart meter
An electronic device that records consumption of electric energy in intervals of an hour or less and communicates that information at least daily back to the utility for monitoring and billing.

Sulphur dioxide (SO_2)
Sulphur dioxide belongs to the family of sulphur oxide gases. These gases are formed when fuel containing sulphur (mainly coal and oil) is burned at power plants and during industrial processes.

Switching station
A facility containing transformers, regulators, switches and protective equipment for changing transmission voltages between transmission lines.

Transmission
Process of moving electric power in bulk at higher voltages from the source of supply to distribution centres.

SYSTEM MAP


Northwest Territories
TRANSMISSION
230 kV
138 kV/115 kV/110 kV
Switching station
Interconnection
Stony Rapids
Points North
Meadow Lake
Lloydminster
Prince Albert
North Battleford
Saskatoon
Regina
Swift Current
Coronach
Estevan
Alberta
Manitoba
United States of America

8	3	9	5
Hydro Facilities	Coal Facilities	Natural Gas Facilities	Wind Facilities

As of March 31, 2017

	Facility	Owner	Net Capacity (MW)	Fuel
1.	Athabasca Hydroelectric System			
	• Wellington	SaskPower	5	Hydro
	• Waterloo	SaskPower	8	Hydro
	• Charlot River	SaskPower	10	Hydro
2.	Island Falls Hydroelectric Station	SaskPower	111	Hydro
3.	Manitoba Hydro Northern Power Purchase Agreement	Manitoba Hydro	25	Hydro
4.	Nipawin Hydroelectric Station	SaskPower	255	Hydro
5.	E.B. Campbell Hydroelectric Station	SaskPower	289	Hydro
6.	Coteau Creek Hydroelectric Station	SaskPower	186	Hydro
	Total Hydro		889	
1.	Poplar River Power Station	SaskPower	582	Coal
2.	Boundary Dam Power Station	SaskPower	672	Coal
3.	Shand Power Station	SaskPower	276	Coal
	Total Coal		1,530	
1.	Meadow Lake Power Station	SaskPower	44	Natural Gas
2.	Meridian Cogeneration Station	Independent Power Producer	228*	Natural Gas
3.	North Battleford Generating Station	Independent Power Producer	271*	Natural Gas
4.	Yellowhead Power Station	SaskPower	138	Natural Gas
5.	Ermine Power Station	SaskPower	92	Natural Gas
6.	Landis Power Station	SaskPower	79	Natural Gas
7.	Cory Cogeneration Station	SaskPower International/ ATCO Power Canada	249*	Natural Gas
8.	Queen Elizabeth Power Station	SaskPower	634	Natural Gas
9.	Spy Hill Generating Station	Independent Power Producer	89*	Natural Gas
	Total Natural Gas		1,824	
1.	Cypress Wind Power Facility	SaskPower	11	Wind
2.	SunBridge Wind Power Facility	Independent Power Producer	11	Wind
3.	Centennial Wind Power Facility	SaskPower	150	Wind
4.	Morse Wind Energy Facility	Independent Power Producer	23	Wind
5.	Red Lily Wind Energy Facility	Independent Power Producer	26	Wind
	Total Wind		221	
	Small Independent Power Producers	Various	27	Various
	Total Small Independent Power Producers		27	
	Total Available Generating Capacity		**4,491**	

* The net capacity amount has been restated to reflect the generation station's winter capacity rating in order to align with the capacity rating used for North American Electric Reliability Corporation (NERC) regulatory reporting requirements.

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