ANNUAL REPORT

SaskPower
Powering our future®

2020-21

ON THE COVER

At SaskPower, we're balancing the transition to a lower carbon future with reliability, safety and affordability. Wind generation is an increasingly important renewable option as we strive to reduce greenhouse gas (GHG) emissions by at least 50% below 2005 levels by 2030 while also scenario planning for a net-zero GHG future.

Once operational in 2021, the Golden South Wind Energy Facility (on the cover) will provide an additional 200 megawatts (MW) of renewable generation capacity in Saskatchewan. When the new 175-MW Blue Hill Wind Energy Facility is also commissioned in 2021, the two facilities will together increase SaskPower's wind generation capacity by 156%.

While our generation mix will change, the importance of reliability will not. As we continue to integrate increasing levels of renewable energy, natural gas-fired generation will play a foundational role in following intermittent supplies of wind and solar energy. And as the capabilities and flexibility of our grid grow in importance, we will continue to renew and modernize our vast transmission and distribution system to ensure our company can power Saskatchewan well into the future.

GOLDEN SOUTH WIND ENERGY FACILITY

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 over 3,000 permanent full-time employees. We manage over $12 billion in generation, transmission, distribution and other assets. Our company operates seven natural gas stations, three coal-fired power stations, seven hydroelectric stations, and two wind facilities. Combined, they generate 4,109 MW of electricity. SaskPower also buys power from various independent power producers. Our company's total available generation capacity is 4,987 MW.

We are responsible for serving over 545,000 customer accounts within Saskatchewan's geographic area of approximately 652,000 square kilometres (km). About three customer accounts are supplied per circuit km. We maintain over 157,000 circuit kilometres of power lines, 56 high voltage switching stations and 200 distribution substations. Our company also has transmission interties at the Manitoba, Alberta and North Dakota borders.

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SaskPower's 2020-21 Annual Report reflects the fiscal period April 1, 2020, through March 31, 2021.

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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SUSTAINABLE INFRASTRUCTURE & RELIABILITY *[p 26]*

PERFORMANCE HIGHLIGHTS

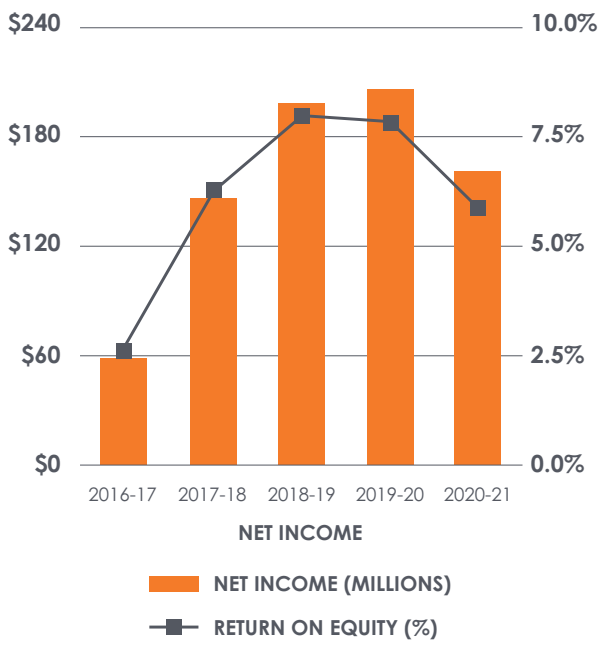
FINANCIAL INDICATORS

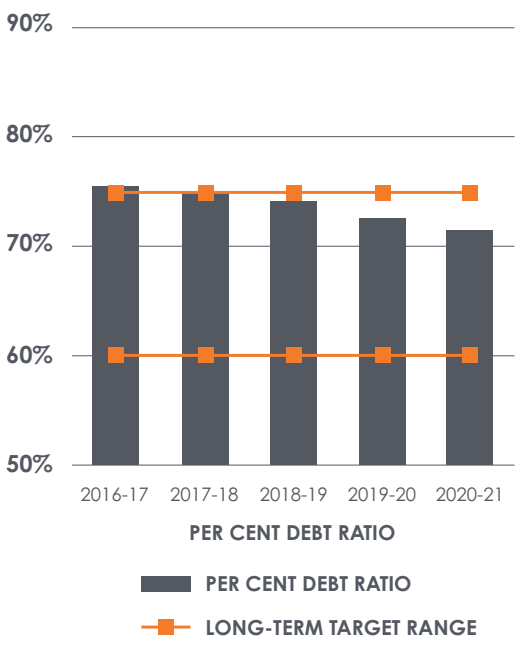
(in millions)	2020-21	2019-20	Change
Revenue	$ 2,771	$ 2,771	$ -
Expense	2,611	2,566	45
Net income	160	205	(45)
Capital expenditures	693	696	(3)
Net cash from operating activities	814	866	(52)
Return on equity[1]	5.8%	7.8%	(2.0%)
	March 31 2021	March 31 2020	Change
Long-term debt	$ 6,741	$ 6,309	$ 432
Short-term advances	299	946	(647)
Lease liabilities	982	1,008	(26)
Total debt	$ 8,022	$ 8,263	$ (241)
Debt retirement funds	865	848	17
Cash and cash equivalents	98	236	(138)
Total net debt	$ 7,059	$ 7,179	$ (120)
Retained earnings	2,235	2,123	112
Equity advances	593	593	-
Total capital	$ 9,887	$ 9,895	$ (8)
Per cent debt ratio[2]	71.4%	72.6%	(1.2%)

1. Return on equity = (net income)/(average equity), where equity = (retained earnings + equity advances).
2. Per cent debt ratio = total net debt / total capital.

$160 M
NET INCOME

5.8%
RETURN ON EQUITY





REVENUE HIGHLIGHTS

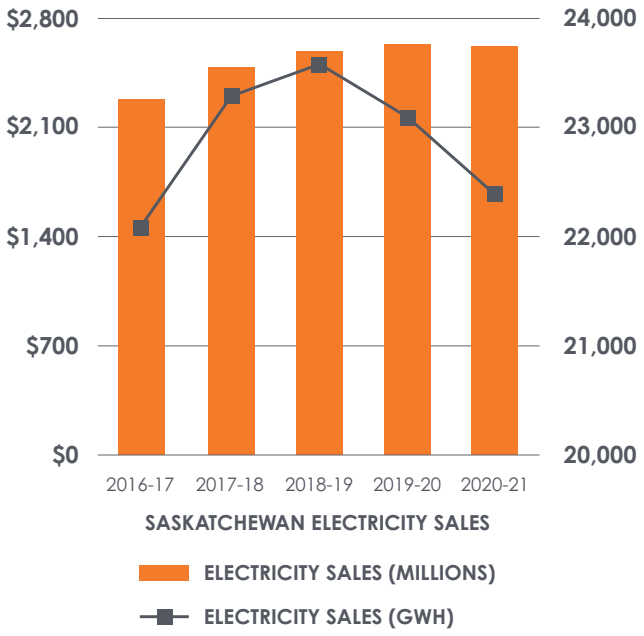
(in millions)	2020-21	2019-20	Change
Saskatchewan electricity sales			
Residential	**$ 579**	$ 559	$ 20
Farm	**188**	185	3
Commercial	**487**	508	(21)
Oilfield	**390**	435	(45)
Power	**748**	759	(11)
Reseller	**94**	97	(3)
Federal carbon charge	**129**	83	46
Saskatchewan electricity sales	**$ 2,615**	$ 2,626	$ (11)

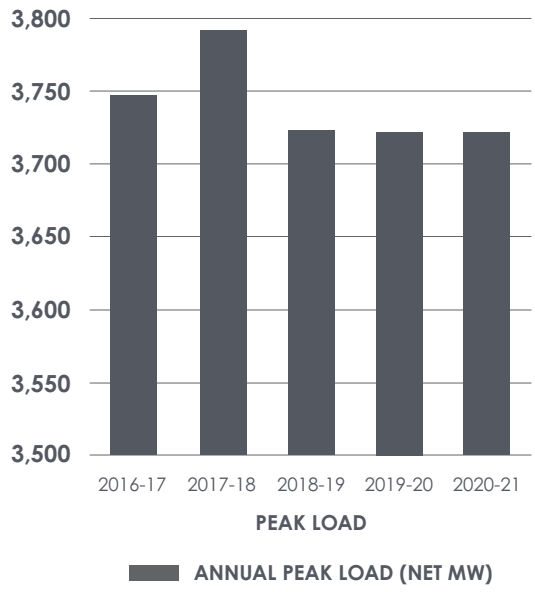
(in GWh)	2020-21	2019-20	Change
Electricity sales volumes			
Residential	**3,224**	3,091	133
Farm	**1,348**	1,330	18
Commercial	**3,540**	3,748	(208)
Oilfield	**3,727**	4,163	(436)
Power	**9,409**	9,584	(175)
Reseller	**1,129**	1,156	(27)
Electricity sales volumes	**22,377**	23,072	(695)

Service area (square kilometres)	652,000
Summer peak load (net megawatts (MW))	3,481
Annual peak load (net MW)	3,722

3.0%
DECREASE IN SALES VOLUMES

545,179
CUSTOMER ACCOUNTS





GENERATING CAPACITY AND FUEL HIGHLIGHTS

Generation assets			
Source	**Facilities**	**Net capacity**	**Per cent**
SaskPower-owned capacity			
Gas	7	1,554	31%
Coal	3	1,530	31%
Hydro	7	864	17%
Wind	2	161	3%
Total SaskPower-owned capacity		4,109	82%
Power purchase agreement (PPA) capacity			
Gas	3	606	12%
Hydro	Import	125	3%
Wind	4	80	2%
Solar	Various	39	<1%
Other	Various	28	<1%
Total PPA capacity		878	18%
Total available generating capacity (net MW)		4,987	100%

4,987 MW
TOTAL AVAILABLE GENERATING CAPACITY

26%
RENEWABLE GENERATION CAPACITY

	2020-21	2019-20	Change
Fuel and purchased power (millions)	**$ 807**	$ 737	$ 70
Gross electricity supplied (GWh)	**24,634**	25,033	(399)

2020-21 AVAILABLE GENERATING CAPACITY
4,987 NET MW

- **GAS** 43%
- **COAL** 31%
- **HYDRO** 20%
- **WIND** 5%
- **SOLAR** <1%
- **OTHER** <1%

FORECASTED 2025-26 AVAILABLE GENERATING CAPACITY
5,854 NET MW

- **GAS** 40%
- **COAL** 21%
- **HYDRO** 20%
- **WIND** 15%
- **SOLAR** 2%
- **OTHER** 2%

TRANSMISSION AND DISTRIBUTION HIGHLIGHTS

Transmission and distribution assets	
Transmission lines[1] (circuit km)	14,600
Distribution lines[1] (circuit km)	142,972
Distribution poles	1,194,601
High voltage switching stations	56
Distribution substations	200
Pole, pad-mounted and step transformers	170,138

1. Transmission lines deliver 66 kilovolts (kV) or above while distribution lines deliver less than 35 kV.

157,572 CIRCUIT KM

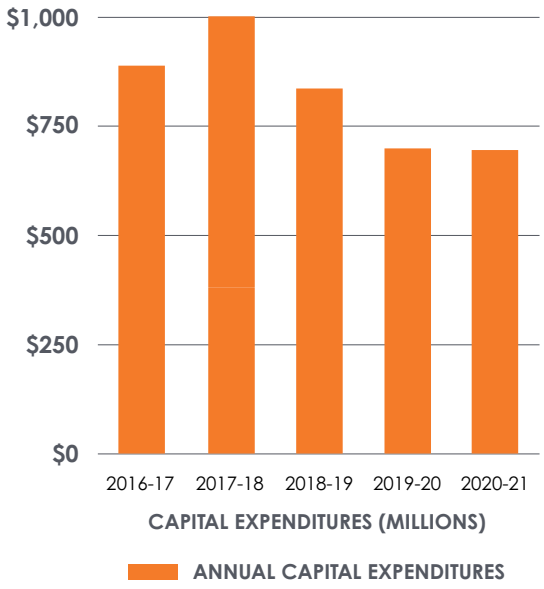
TRANSMISSION AND DISTRIBUTION LINES

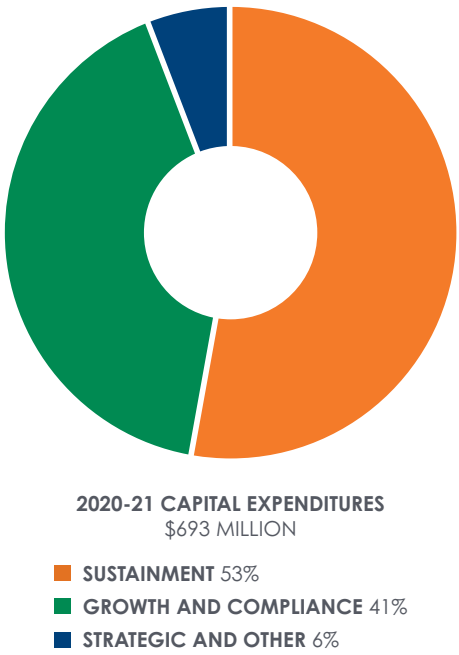
CAPITAL HIGHLIGHTS

(in millions)	2016-17	2017-18	2018-19	2019-20	**2020-21**
Sustainment	$ 415	$ 380	$ 342	$ 374	**$ 366**
Growth and compliance	449	578	443	253	**286**
Strategic and other	22	38	48	69	**41**
Total capital expenditures	$ 886	$ 996	$ 833	$ 696	**$ 693**

$693 M

CAPITAL EXPENDITURES





2020-21 YEAR AT A GLANCE

- **BEGAN** construction of the new 350-megawatt (MW) natural gas-fired Great Plains Power Station in Moose Jaw.
- **SIGNED** on to the Government of Canada's Small Modular Reactor Action Plan.
- **REACHED** an agreement with Manitoba Hydro to receive up to 215 MW of clean, hydroelectric energy for up to 30 years starting in 2022.
- **CONTINUED** work on the $300-million life extension of the 289-MW E.B. Campbell Hydroelectric Station near Nipawin.
- **ANNOUNCED** the Request for Proposals phase for up to 300 MW of wind power.
- **ANNOUNCED** the development of the 10-MW Foxtail Grove Solar Energy Facility, to be located in northeast Regina.
- **ENTERED** into power purchase agreements for two 10-MW solar projects brought forward by the First Nations Power Authority.
- **APPROVED** the third-year Power Generation Partner Program customer projects that will generate and sell power to SaskPower, adding up to 10 MW of solar and 0.9 MW of carbon-neutral, non-renewable flare gas power.
- **CAPTURED** the four millionth tonne of carbon dioxide at the Boundary Dam Power Station Integrated Carbon Capture and Storage Facility.
- **ANNOUNCED** SaskPower's first utility-scale battery energy storage system, which will support the integration of renewable energy and be able to power up to 20,000 homes for one hour.
- **INSPECTED** almost 90,000 wood power poles as part of an ongoing Wood Pole Maintenance Program.
- **UPGRADED** nearly 20% of SaskPower-owned streetlights to more efficient LED technology.
- **EXPANDED** the Energy Assistance Program to help lower-income households improve their home's energy efficiency and save money on their bills.
- **ANNOUNCED** the residential smart meter pilot while also completing the installation of over 38,000 smart meters for industrial and commercial customers since 2017.
- **INVESTED** $2.1 million in educational and community programming throughout Saskatchewan.
- **SELECTED** as one of Canada's Best Diversity Employers, one of Canada's Top Employers for Young People, and one of Saskatchewan's Top Employers.
- **TRANSFERRED** the SaskPower Gas & Electrical Inspections Division to the Technical Safety Authority of Saskatchewan as part of a government initiative to consolidate inspection and licensing functions within a single regulatory body.

LETTER OF TRANSMITTAL

Regina
July 2021

To His Honour
The Honourable Russ Mirasty, S.O.M., M.S.M.
Lieutenant Governor of Saskatchewan
Province of Saskatchewan

Dear Sir:

I have the honour to submit herewith the Annual Report of the Saskatchewan Power Corporation for the fiscal year ending March 31, 2021, in accordance with *The Power Corporation Act*.

The Financial Statements included in this Annual Report are in the form approved by Crown Investments Corporation of Saskatchewan as required by *The Financial Administration Act, 1993,* and have been reported on by the auditors.

Respectfully submitted,

Honourable Don Morgan, Q.C.
Minister Responsible for SaskPower

A MESSAGE TO OUR STAKEHOLDERS

The last year has seen the COVID-19 crisis impacting our province and the world in ways that few could have imagined. As our province continues to navigate the uncertainty created by the pandemic, our gaze is increasingly focused on Saskatchewan's economic recovery and long-term outlook.

With over 3,000 employees in communities across our vast province, our company recognizes the critical place we have in this conversation because of our role in providing reliable, sustainable and cost-effective electricity that drives industry, creates jobs, and directly and indirectly supports hundreds of local businesses.

During the year, we continued important work already underway to build a cleaner energy future for Saskatchewan. Our initial goal was to achieve a 40% reduction in greenhouse gas (GHG) emissions from 2005 levels by 2030. However, we are currently on pace for at least a 50% reduction. Notably, in 2020-21 SaskPower's GHG emissions declined by 10.2% from 2005 levels. This was in part due to the Boundary Dam Power Station Integrated Carbon Capture and Storage Facility. It captured its four millionth tonne of carbon dioxide (CO_2) during the year.

The year ahead will mark another significant achievement as we add over 400 megawatts (MW) of renewable capacity — in the process more than doubling wind generation in the province. We're also seeing construction of Saskatchewan's first utility-scale solar facility and first utility-scale battery system.

As we advance toward our 2030 GHG emissions target, our company is planning to ensure Saskatchewan is well positioned for the energy transition. We are evaluating the feasibility of existing and emerging low- or non-emitting generation options with a view to net-zero GHG emissions from operations by 2050 or sooner.

To support the transition, the modernization of our electricity grid is essential. Our work will enhance our system's capabilities by providing increased control, automation and visibility across our network. The enhancements will assist in accommodating increased levels of renewable generation and customer-generated power while also improving system reliability and resiliency.

CUSTOMER EXPERIENCE & STAKEHOLDER RELATIONS

Planning Saskatchewan's electricity future was far from our only priority during 2020-21. The last year required an extraordinary response to the disruption caused by COVID-19, with a focus on supplying reliable electricity and offering peace of mind to customers in these uncertain times. We introduced programs that waived the interest on outstanding accounts for six months and then offered an additional interest-free year so that customers can pay any balances through equalized monthly instalments.

Further support came through the Government of Saskatchewan's Economic Recovery Rebate, which provides a 10% reduction in electricity charges until November 30, 2021. For eligible municipal rinks, SaskPower introduced a program delivering important cost savings by waiving all demand charges between March and September 2021.

Throughout 2020-21, customers continued to embrace both new and existing SaskPower programs that are important elements in our plans for a cleaner energy future. The third and final year of the Power Generation Partner Program (PGPP) will see us add 10.9 MW of renewable and carbon-neutral generation through customer-owned wind and flare gas projects. Importantly, one of these projects is Indigenous-led. Over the three years of the PGPP, a total of six projects developed by Indigenous proponents were accepted, reflecting our desire for a more inclusive approach in working with Indigenous rights-holders.

The past year also saw the provincial rollout of the Energy Assistance Program, which offers lower-income customers new ways to improve home energy efficiency and save up to $230 annually on utility bills. For small and medium business customers, our program of walk-through audits revealed new savings that can be paid for through affordable investments in energy efficiency equipment and improved operational practices.

Meanwhile, new service options introduced over the last year continue to make it easier for customers to do business with us. These include a new MySaskPower online presence offering more self-serve options; web and mobile options for reporting power outages; and acceptance of credit card payments over the phone.

WORKFORCE EXCELLENCE

Maintaining employee safety during COVID-19 required a dramatic pivot as we redeployed many of our staff to work remotely. However, sadly, this past April a Facility Operator at Boundary Dam Power Station passed away after contracting COVID-19.

In October 2020, tragedy also struck the SaskPower family when a workplace incident took the lives of two Power Line Technicians. This event was a solemn reminder that safety must always be front and centre in everything we do. The legacy of these employees is being honoured as we work to better define and improve the safety culture at SaskPower. Input from our field workers is essential in this effort.

In 2020-21, SaskPower was proud to be named one of Canada's Best Diversity Employers for the 13th consecutive year. We continue to make this area of focus a priority, and recently unveiled a new diversity and inclusion strategy focused on people, partnerships, and culture. The past year also saw us deliver updated Indigenous awareness training to all employees.

EFFICIENCY, QUALITY & COST MANAGEMENT

We have seen the impact of the COVID-19 pandemic on a number of financial and operational fronts, including a reduction in the amount of electricity used in the province. Electricity demand rebounded somewhat after a significant drop-off in the spring of 2020, but still finished 3% lower than the previous year. With the potential for Saskatchewan's economy to begin a broader re-opening, we are forecasting an approximate 2% growth in electricity demand for 2021-22.

Overall, 2020-21 financial results were stronger than expected, with SaskPower recording a consolidated net income of $160 million and a return on equity of 5.8%. At the same time, our company's per cent debt ratio improved to 71.4% and remains within our long-term target of 60% to 75%. Our financial position remains strong as we continue to pursue internal efficiency gains, with our efforts contributing to a third consecutive year without implementation of a rate increase.

Cost management will continue to be critical as we work to maintain rate competitiveness in the face of increasing carbon tax impacts on our customers. Government of Canada regulations related to GHG emissions continue to tighten, with the federal carbon tax currently expected to increase to $170 per tonne of CO_2 by 2030 from the 2021 rate of $40.

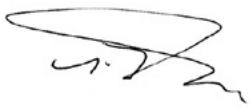
SUSTAINABLE INFRASTRUCTURE & RELIABILITY

Renewable power holds a central place on the roadmap to our province's cleaner energy future. In the years ahead, wind and solar generation will play increasingly larger roles as generating options. As we phase out conventional coal-fired facilities in Saskatchewan by 2030, SaskPower will rely on natural gas generation to back up intermittent renewable generation until other emissions-free baseload power options are proven reliable, cost effective and available for our geographic region.

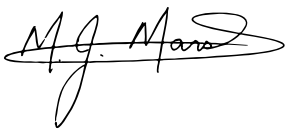
SaskPower was a participant in development of the national nuclear Small Modular Reactor (SMR) Action Plan, which outlines ongoing efforts in developing and deploying SMRs across Canada. Additionally, SaskPower has begun a multi-year planning phase which includes studying the feasibility of adding a 300-MW SMR by 2032, and an additional 900 MW of SMR capacity between 2035 to 2042. A wide range of other options — carbon capture and storage, utility-scale battery storage, hydrogen, geothermal energy, and the expansion of interconnections with neighbouring jurisdictions — are also being investigated for a potential fit in a net-zero GHG future.

Whatever future supply options we choose, they will go hand in hand with significant upgrades to the province's power grid. Our smart meter program is central to our grid modernization efforts and will offer customers the benefit of improved outage response along with visibility into consumption data and an end to estimated power bills. With extensive testing confirming these meters can withstand Saskatchewan's extreme climate — including third-party specification verification — our phased deployment plan will continue in 2021-22.

This reporting cycle will forever be etched in our memories, both for the loss of three colleagues and the pandemic. Our work in navigating the last year would not have been possible without extraordinary efforts from our employees, contractors, partners, and Board Members — efforts which remind us that in moving forward together, we are capable of meeting the challenges that lay ahead.



Chief Darcy Bear
Chair, Board of Directors



Mike Marsh
President and CEO

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 26, 2021

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, 2021. 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 the COVID-19 pandemic; natural gas prices; coal and hydro availability; weather; economic conditions; number of customers; and market conditions in other jurisdictions.

CONTENTS

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 545,000 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 (km).

SaskPower is a vertically integrated utility with more than 3,000 permanent full-time employees. Almost one-half of our workforce is comprised of members of the International Brotherhood of Electrical Workers Local 2067. Approximately 13% of workers belong to Unifor Local 649, with out-of-scope staff accounting for the balance.

Our company manages over $12 billion in assets, relying on generation sources that use a wide range of fuels that include natural gas, coal, hydro, wind and solar. This diversity provides a hedge against supply and price volatility, protecting customers from some of the risk inherent in any single fuel. SaskPower has one wholly owned subsidiary — NorthPoint Energy Solutions Inc.

$12 B TOTAL ASSETS

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

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 SaskPower. The Minister functions as a link between SaskPower and provincial cabinet, as well as the Saskatchewan Legislative Assembly.

OUR CAPACITY TO DELIVER RESULTS

SaskPower is a Crown-owned, vertically integrated electric utility. Our company relies on an extensive system of generation, transmission and distribution assets to fulfill our mission of delivering reliable, sustainable and cost-effective power to customers and communities across Saskatchewan. Our company is focused on transitioning to a cleaner energy future that will result in a 50% reduction of greenhouse gas (GHG) emissions from 2005 levels by 2030. We are also evaluating scenarios to reach a long-term target of net-zero GHG emissions by 2050.

SUPPLY AND NETWORK

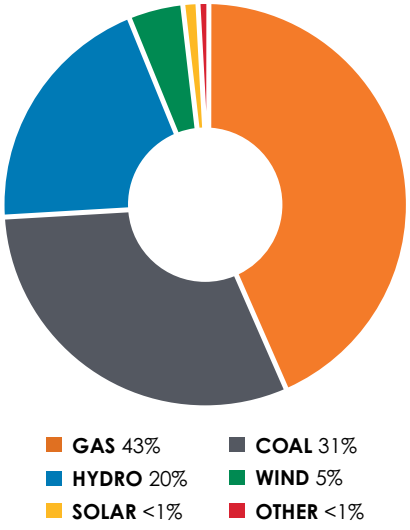
Our company's total available generating capacity is 4,987 megawatts (MW) and includes 4,109 MW of SaskPower-owned generation. Our company's thermal generation facilities include seven natural gas-fired stations and three coal-fired stations, while non-thermal facilities include seven hydroelectric stations and two wind power facilities.

SaskPower contracts 811 MW of generation capacity through power purchase agreements (PPAs) for natural gas, hydro, and wind generation from large independent power producers (IPPs). Our company also has 39 MW of customer-generated solar capacity and another 28 MW of capacity contracted with small IPPs using wind, waste heat recovery, flare gas and landfill gas generation technologies.

SaskPower's power production fleet is built to exceed the forecasted peak in customer demand for electricity, ensuring that we can deliver power even as we perform planned system maintenance or complete emergency repairs. Sufficient generation capacity must also be available to serve as a back-up when intermittent generation sources are unable to produce power. In consideration of all these factors, SaskPower maintains an operating reserve of 332 MW.

In 2020-21, Saskatchewan electricity sales decreased for the second year in a row to 22,377 gigawatt hours (GWh). The two-year decrease in sales volumes follows nine years of annual increases. Meanwhile, year-over-year peak demand held steady at 3,722 MW.

2020-21 AVAILABLE GENERATING CAPACITY
4,987 NET MW



SaskPower's electricity imports and exports are managed through our subsidiary, NorthPoint Energy Solutions Inc. Power is imported from other jurisdictions when it can be acquired at a price lower than our marginal cost of generating the electricity internally. We generate surplus electricity for export in circumstances where it can be sold at a profit. SaskPower maintains interconnections with Alberta, Manitoba, and North Dakota that have the following capacity under normal system conditions: 350 MW from Manitoba, 147 MW from Alberta and 150 MW from North Dakota.

SaskPower relies on a provincial network of transmission and distribution assets to move electricity from generating stations to customers across our 652,000-square kilometre (km) service area. The transmission system efficiently moves large volumes of electricity (66,000 volts and above) to major load centres — including cities, towns or large industrial or commercial customers — through the use of 14,600 circuit km of lines and 56 high voltage switching stations.

Meanwhile, the distribution system (less than 34,500 volts) includes 142,972 circuit km of lines and over 170,000 transformers. It complements the transmission system by stepping down the voltage so power can be safely delivered to residential, farm, commercial and oilfield customers.

SaskPower's Grid Control Centre is responsible for managing the provincial grid. It is also responsible for the Supervisory Control and Data Acquisition (SCADA) system used for remote operation and control of facilities.

A number of factors — including the size of our service area, the dispersed locations of our generation facilities and a

SASKATCHEWAN ELECTRICITY SALES VOLUMES **22,377 GWH**

3 CUSTOMER ACCOUNTS PER CIRCUIT KILOMETRE OF LINE

wide-spread and relatively small population in Saskatchewan — lead to a customer density that is among the smallest in Canada. As a result, we face ongoing and significant challenges in the operation of our transmission and distribution systems.

In 2020-21, SaskPower's capital spending totalled $693 million, with $366 million directed to the sustainment of existing infrastructure. This included an investment of $41 million dedicated to ongoing life extension work at the 289-MW E.B. Campbell Hydroelectric Station. This is part of a multi-year, $300-million project which will extend the life of the facility for over 50 years.

At the same time, $149 million was allocated for electricity system growth-related projects, including $97 million for construction of the new 350-MW natural gas-fired Great Plains Power Station; $35 million for transmission growth; and $14 million for distribution growth. A total of $137 million was invested in new customer connects in 2020-21.

OUTLOOK

Electric utilities across Canada are taking a leadership role in society's transition to a cleaner energy future. Within SaskPower, we recognize that timely and regular engagement with customers, Indigenous rights-holders and stakeholders through a variety of channels — including phone, email, social media, the web and virtual dialogue — is essential as we chart a sustainable path forward. All of these communication platforms also continue to serve as important information pipelines for many customers as we respond to concerns during the COVID-19 pandemic.

Beginning in March 2020, we implemented a range of initiatives to ease the pandemic's financial burden. These included a waiver of interest charges on late payments; a pause on disconnecting customers for non-payment; and a temporary stop of all active collections. In September 2020, SaskPower offered customers an interest-free program to pay outstanding balances over 12 equal monthly payments.

Customers are also benefitting from the Government of Saskatchewan-funded Saskatchewan Economic Recovery Rebate. They will see a 10% rebate on energy consumption, demand and basic monthly charges from December 1, 2020, to the end of November 2021.

More recently, SaskPower announced a one-time relief program to waive demand charges for eligible community rinks between March and September 2021. This will deliver savings of about $1,600 per month for operating rinks and approximately $330 per month once they are shut down for the season.

For 2021-22, our focus remains on implementing service improvements that align with SaskPower's core objective of delivering additional value to customers. A new team dedicated to supporting small business customers means we will be more agile in how we respond to their unique requirements.

Meanwhile, a pilot project for a new Indigenous Customer Care Centre promises to improve service in remote and northern Indigenous communities. Collaborating with local relationship managers to address commonly encountered issues — such as high bills and collections — is a key service component being tested through this pilot.

Offering programs that help customers use electricity wisely and save money will continue as a priority in the year ahead. To improve the personalized energy management advice that we deliver to industrial customers, we are launching a new Power Support Service. One of the important pillars in this new offering is the Energy Use Analytics Program, in which our experts provide a detailed review of energy use and load profile at a customer's facilities. We will then use these insights to identify opportunities for improving efficiency, reducing costs and potentially reducing emissions.

For lower-income residential customers, we have expanded our Energy Assistance Program across the province. It offers home assessments and free energy efficiency upgrades that will deliver annual savings of up to $230 on home utility bills. The upcoming year will also see our company launch a Northern Home Retrofit Program that will help lower costs for Indigenous customers heating their homes with electricity.

Inside SaskPower, efforts continue to improve energy efficiency at our own facilities. We continue to implement new activities and initiatives through an Internal Energy Management Plan that includes facility energy audits, data analysis and specialized training for our facility operators.

Promoting energy efficiency to our customers reflects SaskPower's larger corporate goal to operate as a sustainable company. Foundational to this sustainability commitment is work to significantly reduce the GHG emissions produced at our generating facilities.

After setting an initial goal to reduce GHG emissions by 40% from 2005 levels by 2030, SaskPower is currently on pace to reduce emissions by at least 50% over the same timeframe. Over the last calendar year, SaskPower's GHG emissions were approximately 10% lower than 2005 levels and 20% lower than the previous year — our single largest GHG reduction ever recorded.

While partially attributable to a decline in electricity sales due to the COVID-19 pandemic and the lower emitting Chinook Power Station displacing some conventional coal generation, our company is also benefitting from maximizing the use of increasing levels of renewable generation in our system.

In the year ahead, we plan to add more than 400 MW of renewable electricity. This includes the 200-MW Golden South Wind Energy Facility being developed by Potentia Renewables south of Assiniboia; the 175-MW Blue Hill Wind Energy Facility being developed by Algonquin Power near Herbert; and the 10-MW Riverhurst Wind Energy Facility being developed by Capstone Infrastructure.

During the year, we received 71 proposals in response to a competitive solicitation for up to 300 MW of additional wind power. By 2025-26, SaskPower expects the percentage of wind generation capacity to triple from 5% to 15%.

SaskPower will reach an important milestone in 2021-22 when the 10-MW Highfield Solar Project becomes the first utility-scale solar facility to operate in the province. It will be situated in the RM of Coulee and is being developed by Saturn Power. When complete, this project will have the capacity to produce enough electricity every year to offset the consumption of 2,000 average homes.

After evaluating 17 proposals, SaskPower selected Kruger Energy to proceed with construction of our province's next utility-scale solar project. The 10-MW Foxtail Grove Solar Energy Facility will be located in northeast Regina and is scheduled for commissioning in 2022.

In 2020-21, we also finalized PPAs on solar projects brought forward by the First Nations Power Authority. The 10-MW Pesâkâstêw Solar Energy Facility will be constructed near Weyburn, and is being jointly developed by the George Gordon First Nation, Star Blanket Cree Nation and Natural Forces.

As well, the 10-MW Awasis Solar Energy Facility will be constructed near Regina, and is being jointly developed by Cowessess First Nation and Elemental Energy. These projects will join the new Meadow Lake Tribal Council 8-MW biomass generating facility — which began construction in 2020-21 — in providing electricity to Saskatchewan.

FORECASTED 2025-26 AVAILABLE GENERATING CAPACITY
5,854 NET MW

Customers are also contributing to the generation of renewable energy in Saskatchewan. In 2020-21, the Power Generation Partner Program (PGPP) entered its third and final year. It supports the development of new small renewable and carbon-neutral energy projects, with customers participating in a competitive bidding process.

During the year, a total of 12 projects were initially accepted, however, one flare gas project has withdrawn from the program. Ten of these projects will add 10 MW of solar power to the grid, while one flare gas project will add 0.9 MW. To date, four projects from the PGPP have been interconnected, resulting in 1.4 MW of additional capacity.

Meanwhile, SaskPower's Net Metering Program provides participants with the opportunity to generate up to 100 kilowatts of power to offset their own power use. All SaskPower customers are eligible, and can use qualified energy sources such as solar, low-impact hydro, biomass, biogas, flare gas or waste heat recovery.

Any excess power can be sold back to the grid; customers will receive a credit of additional 7.5 cents per kilowatt hour. In 2020-21, 150 projects resulted in almost 3 MW of capacity. Since inception, the program has provided over 35 MW of additional capacity.

The expansion of SaskPower's renewable power portfolio is enabled by the introduction of more natural gas generation, which produces less than half the emissions of a conventional coal-fired power plant and acts as a reliable quick-starting backstop when the wind is not blowing, or skies are cloudy. In the last year, the 353-MW Chinook Power Station near Swift Current completed its first full year of operation, while the 350-MW Great Plains Power Station near Moose Jaw is expected to be in service in 2024. Both set the stage for further expansion of renewable power in Saskatchewan over the near-term.

With plans on track to exceed our initial 2030 GHG emission reduction target, SaskPower is actively exploring the feasibility of an even more ambitious goal — achieving net-zero GHG emissions from operations by 2050. This target aligns with regulatory developments and the world's increasing interest in a transition to a low-carbon economy.

Reaching net-zero GHG emissions by 2050 will require an unprecedented re-evaluation

RENEWABLE ENERGY ADDED THROUGH NET METERING PROGRAM SINCE INCEPTION **35 MW**

20 MW SIZE OF NEW BATTERY ENERGY STORAGE SYSTEM BEING INSTALLED IN REGINA, ENOUGH TO POWER 20,000 HOMES

of how we generate and deliver power, along with ongoing engagements with our customers, stakeholders and Indigenous rights-holders. In planning for a long-term energy transformation of this magnitude, our company is undertaking regular assessments of electricity load forecasts, including the impact of the COVID-19 pandemic.

At the same time, the growing electrification of more sectors within the provincial economy — including transportation and industry — could increase power demand in the future. A flexible planning approach for 2050 and beyond will be critical.

Because no one supply option can meet all of our province's future requirements, we are proceeding with analyzing a portfolio approach that will rely on a mix of power generation sources in order to deliver the reliable, cost-effective and sustainable power needed by our customers.

One of the future supply options under review is nuclear small modular reactors (SMRs). SaskPower participated in the development of the national SMR Action Plan, which outlines ongoing efforts in developing and deploying SMRs across Canada.

Earlier in 2021, we began a multi-year planning phase for the potential development of SMRs in Saskatchewan. It includes evaluating the technical feasibility of adding 300 MW of nuclear power by 2032, and an additional 900 MW between 2035 and 2042.

Our company's investigation into utility-scale battery technology — which could eventually be used to store surplus wind and solar generation — took an important step forward when we announced that a 20-MW battery system in Regina will be operational by the end of 2022. This project offers a unique opportunity to study how battery storage can fit into our provincial electricity system while also offering the chance to gain important operational and maintenance experience.

At the same time, SaskPower continues to work with Deep Earth Energy Production (DEEP) on what could become Canada's first commercial geothermal power generating facility. The project is located near Estevan and would generate renewable, baseload power by tapping into a hot aquifer three kilometres under the earth's surface. Other future supply options being investigated by SaskPower include carbon capture and storage, hydrogen and the expansion of interconnections with neighbouring jurisdictions.

Our work to evaluate future options that will power the transition to a cleaner energy future aligns with increasingly strict Government of Canada regulations regarding GHG emissions. In March 2021, the Supreme Court of Canada determined that the federal carbon tax is constitutional. This means that by 2030 the federal carbon tax is expected to increase to $170 per tonne of carbon dioxide equivalent (CO_2e) from the 2021 rate of $40.

Grid modernization — which promises to provide increased visibility, control and automation — is another essential component in our province's electricity future. It will enable two-way energy services and enable the wider integration of Distributed Energy Resources. An updated transmission and distribution system is also essential to accommodate growth in renewable energy; increase the resilience and reliability of the power grid; and secure the operational flexibility needed as more customers begin generating their own power.

With much of our current transmission and distribution infrastructure over 50 years old, sustainment spending for the grid will remain critical well into the future. For 2021-22, the Government of Saskatchewan — through SaskBuilds and Procurement — approved the Power Grid Renewal Grant for SaskPower. It is a $50-million capital contribution designed to support transmission and distribution system reliability and contribute to COVID-19 recovery economic stimulus in our province.

This grant, along with additional capital allocations by SaskPower, will lead to a record $272 million investment in the renewal and replacement of transmission and distribution infrastructure across the province during the upcoming year.

Smart meters are a cornerstone of our grid modernization efforts and will deliver improved reliability, efficiency and visibility for our customers. Our stepped implementation approach to smart meter deployment has included extensive real-world testing to ensure they withstand Saskatchewan's climate.

With smart meters, customers will be able to look forward to the elimination of estimated bills, visibility into consumption data and faster resolution of power outages. Over the last year, we completed the installation of over 38,000 smart meters for our commercial and industrial customers — including the province's oil sector. Meanwhile, we remain committed to install up to 30,000 residential smart meters — through a voluntary pilot program — by the end of 2021.

When complete, the implementation of smart meters across Saskatchewan will result in a reduction of approximately 2.3 million kilometres traveled per year for meter reading. This roughly equates to an annual reduction of 581 tonnes of CO_2 emissions.

OUR ENTERPRISE-WIDE STRATEGIC CONTEXT

SaskPower's strategic direction includes our company's vision, mission and values statements, as well as our corporate pillars, strategic priorities and key initiatives. 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. Meanwhile, our values are the fundamental principles that guide and govern our behaviour.

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

SaskPower aligns with the strategic direction set by our shareholder, Crown Investments Corporation (CIC) of Saskatchewan and the Government of Saskatchewan. CIC develops Crown Sector Strategic Priorities, which provide focus areas that form the cornerstone of Crown strategies. SaskPower also aligns to additional provincial government direction — such as the *Prairie Resilience* climate change strategy and *Saskatchewan's Growth Plan: the Next Decade of Growth 2020-2030*.

CORPORATE PILLARS & STRATEGIC PRIORITIES

1 CUSTOMER EXPERIENCE & STAKEHOLDER RELATIONS
STRATEGIC PRIORITY: Deliver improved value for our customers and stakeholders

2 WORKFORCE EXCELLENCE
STRATEGIC PRIORITY: Develop our workforce to meet the needs of the utility of the future

3 EFFICIENCY, QUALITY & COST MANAGEMENT
STRATEGIC PRIORITY: Ensure our financial health in a transitioning industry

4 SUSTAINABLE INFRASTRUCTURE & RELIABILITY
STRATEGIC PRIORITY: Build a cleaner, reliable, modernized electricity system

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.

CYPRESS WIND POWER FACILITY

PERFORMANCE MEASURES	FURTHER INFORMATION
Customer Experience Index (residential/small & medium business/key & major account)	Page 19
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Call centre average wait time [new for 2020-21]	Page 20
Employee engagement	Page 21
Workforce diversity	Page 22
Health & Safety Index	Page 22
Return on equity	Page 23
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Equivalent Availability Factor	Page 26
SAIDI/SAIFI (distribution)	Page 27
SAIDI/SAIFI (transmission)	Page 27-28
Renewable generation portfolio	Page 28
Greenhouse gas (GHG) emissions	Page 29

OUR PERFORMANCE MEASURES AND TARGETS

SaskPower's operational and financial performance is driven by our four corporate pillars, which serve as the base structure 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.

The measures, targets and results associated with each of SaskPower's corporate pillars are contained within this section.

SASKPOWER CORPORATE BALANCED SCORECARD

	Corporate pillars & performance measures	2019-20 actual	2020-21 target	2020-21 actual	2020-21 performance
	CUSTOMER EXPERIENCE & STAKEHOLDER RELATIONS				
M1.	Customer Experience Index[1] (%) (residential/small & medium business/key & major account)	69/68/79	•/ •/ •	•/ •/ •	•
M2.	New Connect Construction Index (%)	79.6	78.0	**84.9**	🟢
M3.	Call centre average wait time (minutes:seconds) **[NEW FOR 2020-21]**	•	4:00	**5:58**	🔴
	WORKFORCE EXCELLENCE				
M4.	Employee engagement (%)	59	60	**67**	🟢
M5.	Workforce diversity (%)	40.9	42.5	**41.3**	🟡
M6.	Health & Safety Index (%)	92.3	91.0	**0.0**	🔴
	EFFICIENCY, QUALITY & COST MANAGEMENT				
M7.	Return on equity (%)	7.8	2.6	**5.8**	🔵
M8.	Per cent debt ratio (%)	72.6	73.3	**71.4**	🟢
M9.	OM&A per customer account vs. Saskatchewan Consumer Price Index (% growth)	0.4	1.3	**1.0**	🔵
M10.	Capital Cost Performance Index/Capital Schedule Performance Index (%/%)	87/74	70/70	**88/92**	🔵/🔵
M11.	Indigenous procurement (%)	8.6	8.5	**10.6**	🔵
M12.	Competitive rates (thermal utilities) (%)	91.4	≤100	**92.7**	🟢
M13.	Crown collaboration ($ millions) **[NEW FOR 2021-22]**	•	•	•	•
	SUSTAINABLE INFRASTRUCTURE & RELIABILITY				
M14.	Equivalent Availability Factor (%)	84.1	≥ 85.0	**82.7**	🟡
M15.	SAIDI/SAIFI (distribution) (hours/outages)	5.9/2.3	5.9/2.4	**6.0/2.8**	🟡/🟡
M16.	SAIDI/SAIFI (transmission) (minutes/outages)	146/3.2	140/3.1	**134/2.7**	🟢/🟢
M17.	Renewable generation portfolio (%)	24.3	30.0	**26.0**	🟡
M18.	GHG emissions[2] (% change from 2005 levels)	11.9	5.0	**(10.2)**	🔵

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

• Denotes that actual results or targets are not available for that time period.

1. The customer experience surveys used for this measure were not administered in 2020-21.
2. This measure is reported on a calendar year basis. During 2020, SaskPower transitioned this measure from the measurement of CO_2 emissions to the measurement of greenhouse gas (GHG) emissions to align with regulatory reporting requirements. This measure now includes CO_2 emissions as well as the CO_2 equivalents (CO_2e) for methane (CH_4) and nitrous oxide (N_2O) emissions. The result for 2019 has been restated from 11.7 to 11.9 to reflect this change.

CORPORATE PILLAR 1

CUSTOMER EXPERIENCE & STAKEHOLDER RELATIONS

Strategic priority

DELIVER IMPROVED VALUE FOR OUR CUSTOMERS AND STAKEHOLDERS

OUR CUSTOMERS EXPECT IMPROVED SERVICES AND COMMUNICATION CHANNELS, WHILE NEW TECHNOLOGY IS ENABLING A GREATER CUSTOMER ROLE IN THE POWER SYSTEM. WE WILL ENGAGE OUR CUSTOMERS IN PLANNING FOR A MODERNIZED GRID AND WE WILL OFFER CHOICES AND OPTIONS THAT MEET THEIR INDIVIDUAL NEEDS IN ORDER TO PROVIDE EXCEPTIONAL SERVICE AND VALUE. WE WILL HELP CUSTOMERS MANAGE THEIR ELECTRICITY CONSUMPTION AND PROVIDE VALUE AS A TRUSTED ADVISOR.

M1. CUSTOMER EXPERIENCE INDEX (%)

(RESIDENTIAL/SMALL & MEDIUM BUSINESS/KEY & MAJOR ACCOUNT)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	69/71/80	•/•/•	71/71/80	71/71/80	72/72/80	72/72/80	72/74/80
Actual	69/68/79	•/•/•					

• Denotes that actual results or targets are not available for that time period.

SaskPower conducts annual customer experience research each spring for all three of our customer segments — residential customers; small & medium business customers; and key & major account customers — to measure our customers' perceptions of their interactions and relationship with SaskPower and our company's ability to provide our customers with positive experiences. Due to the uncertainty and challenges caused by COVID-19 for our customers, SaskPower paused the administration of our annual customer experience surveys during 2020-21 and plans to resume surveying in 2021-22.

M2. NEW CONNECT CONSTRUCTION INDEX (%)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	78.0	78.0	≥ 80.0	≥ 80.0	≥ 80.0	≥ 80.0	≥ 80.0
Actual	79.6	84.9					

The New Connect Construction Index measures the percentage of new connect orders from customers that SaskPower completes before the later of the customer's specified need date and the associated cycle-time target for the type of order. Our company's New Connect Construction Index performance for 2020-21 was 84.9%, well above our target of 78.0%.

The total volume of new connect requests received in 2020-21 remained comparable to 2019-20. An increase in the number of prepaid customer service orders during the year offset the 26% decrease in non-complex service orders that was due to lagging economic conditions caused by the COVID-19 pandemic. This shift to prepaid service orders, which have a fair degree of consistency and require fewer processing steps than non-complex service orders, led to improved performance because of quicker turnaround times and lower demand placed on resources.

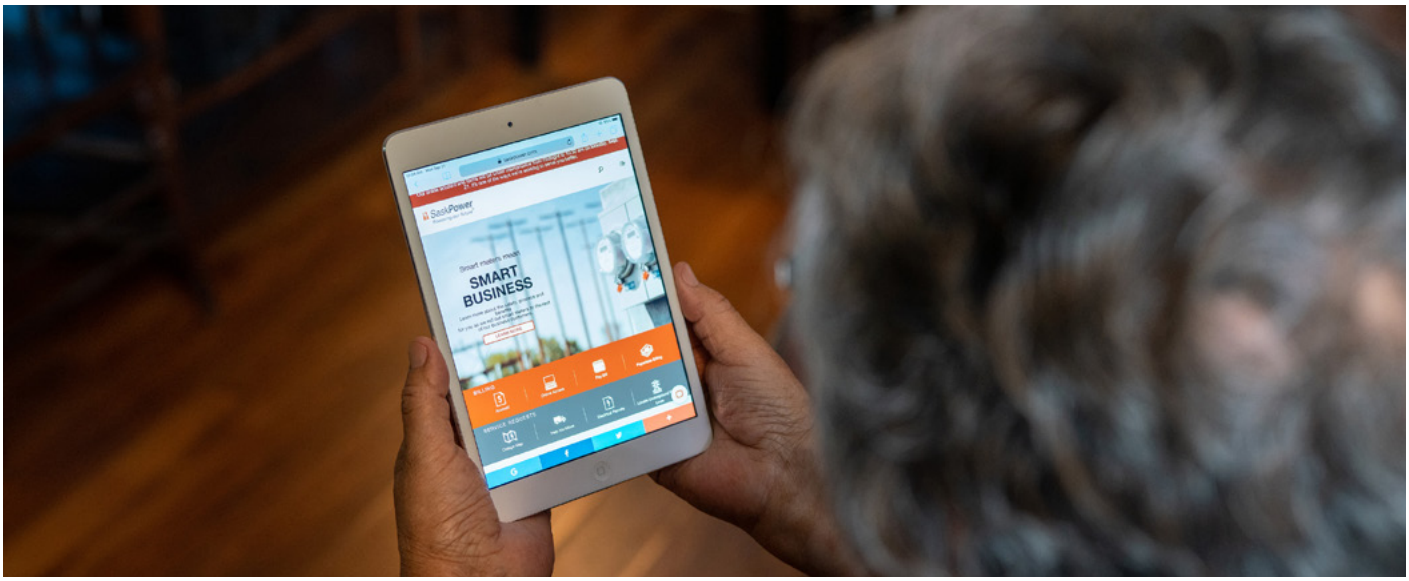
M3. CALL CENTRE AVERAGE WAIT TIME (MINUTES:SECONDS) [NEW FOR 2020-21]

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	•	4:00	4:00	4:00	4:00	4:00	4:00
Actual	•	5:58					

• Denotes that actual results or targets are not available for that time period.

The call centre average wait time metric tracks the average time that callers to SaskPower's Primary Care Centre remain on hold after they have selected an applicable option from our company's Interactive Voice Response system. This measure is used to monitor and manage the time that our customers wait in the queue before their calls are answered by a customer service representative. SaskPower's call centre average wait time for 2020-21 was five minutes and 58 seconds, which exceeded our target threshold of four minutes.

Our Primary Care Centre received a greater number of calls in 2020-21 as customers called to take advantage of an interest deferral program offered during the COVID-19 pandemic. The upsurge in calls required additional handling time to set up repayment plans for customers. Combined with lower staffing levels, this led to an increase in the average time a customer waited to speak to a customer service representative.



CORPORATE PILLAR 2

WORKFORCE EXCELLENCE

Strategic priority

DEVELOP OUR WORKFORCE TO MEET THE NEEDS OF THE UTILITY OF THE FUTURE

OPERATING THE MODERN POWER SYSTEM OF TOMORROW WILL REQUIRE A WORKFORCE WITH NEW SKILLS. THE FINANCIAL PRESSURES OF TODAY NECESSITATE A CULTURE IN WHICH EVERY EMPLOYEE IS ACCOUNTABLE FOR DRIVING EFFICIENCY AND PERFORMANCE IMPROVEMENT, WITHOUT COMPROMISING ON SAFETY OR CUSTOMER EXPERIENCE. WE WILL ENSURE OUR WORKFORCE IS HIGH PERFORMING, ENGAGED AND AS DIVERSE AS THE COMMUNITIES WE SERVE.

M4. EMPLOYEE ENGAGEMENT[1] (%)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	66	60	•	67	•	68	72
Actual	59	67					

• Denotes that actual results or targets are not available for that time period.

1. Measure moving from annual to biennial frequency.

SaskPower wants to ensure it has engaged employees while creating an environment of accountability and high performance. Employee engagement is defined as an emotional and intellectual connection employees have with their jobs, organizations, managers, or coworkers that influences them to apply discretionary effort to their work. This metric identifies the percentage of employees that have a favourable level of engagement.

Our company's result of 67% for 2020-21 is well above our target of 60%, and has increased eight percentage points from our result of 59% in 2019-20. Professional growth continues to have the biggest impact on engagement results, followed by organizational vision and senior leadership. While the score for professional growth remained flat for 2020-21, notable improvements from the previous year were reported for organizational vision (11%) and senior leadership (10%).

M5. WORKFORCE DIVERSITY (%)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	42.0	42.5	42.0	42.0	42.0	42.3	44.0
Actual	40.9	41.3					

Workforce diversity measures the growth in the percentage of our company's permanent employees who:

- Self-declare as being in one or more designated equity groups (Indigenous, visible minorities, and/or persons with disabilities), and/or
- Are women in positions or occupations where there is less than 46% representation.

SaskPower's 2020-21 result of 41.3%, increased 0.4% from the previous year, however performance remained below our target of 42.5%. SaskPower is committed to employing a diverse workforce. However, our company's workforce efficiency efforts — which include greater scrutiny of vacancy filling and reduced spending on external hiring — impact our ability to bring in new diversity employees. Additional challenges were experienced during 2020-21 due to the limitations on external hiring put in place due to the COVID-19 pandemic.

The table below compares SaskPower's diversity representation to the most recent diversity targets suggested by the Saskatchewan Human Rights Commission (SHRC).

	SHRC targets	SaskPower actuals
Indigenous people	14.0%	5.6%
Persons with disabilities	22.0%	11.7%
Visible minorities	11.0%	9.6%
Women in under-represented positions	47.0%	14.4%

M6. HEALTH & SAFETY INDEX (%)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	90.0	91.0	92.0	100.0	100.0	100.0	100.0
Actual	92.3	0.0					

The Health & Safety Index measures SaskPower's safety performance during the year and is made up of a combination of leading and lagging indicators.

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 the completion of safety objectives; health and safety training; safety incident corrective/preventative actions; and work observations.

Lagging indicators record safety performance related to the occurrence of safety incidents and include rates for lost-time injury frequency; lost-time injury severity; recordable injury frequency; and all injury frequency.

In October 2020, a workplace incident occurred that took the lives of two of SaskPower's Power Line Technicians. Due to the incident, our company assigned a result of 0.0% to this measure.

CORPORATE PILLAR 3

EFFICIENCY, QUALITY & COST MANAGEMENT

Strategic priority
ENSURE OUR FINANCIAL HEALTH IN A TRANSITIONING INDUSTRY

THE ABILITY TO PRESERVE OUR FINANCIAL STRENGTH IN THE FACE OF ELECTRICITY MARKET TRANSFORMATION IS CRITICAL. CONTINUED INVESTMENT IN INFRASTRUCTURE WILL BE NEEDED TO MAINTAIN OR IMPROVE CURRENT LEVELS OF RELIABILITY AND ALSO TO MEET THE DEMAND FOR ELECTRICITY. ASSET OPTIMIZATION AND EFFICIENCY PROGRAMS WILL BE USED TO CONTINUALLY IMPROVE OUR BUSINESS PROCESSES AND REDUCE COSTS SO THAT WE MAINTAIN COMPETITIVE RATES.

M7. RETURN ON EQUITY (%)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	9.5	2.6	0.6	8.5	8.5	8.5	8.5
Actual	7.8	5.8					

Return on equity (ROE) is a measure of income expressed as a percentage of average equity. SaskPower's recorded ROE of 5.8% for 2020-21 more than doubled our target of 2.6%. In June 2020, SaskPower reset the target for ROE to 2.6% to account for the anticipated impact of the COVID-19 pandemic.

Performance improved primarily due to higher than anticipated Saskatchewan electricity sales following the first wave of COVID-19 cases in our province; an arbitral award in relation to a contractual dispute partially recognized in income; and electricity exports to the Southwest Power Pool and Alberta during severe winter storms in February 2021. Net income results are explained in further detail in the financial results section of the Management's Discussion and Analysis.

GOLDEN SOUTH WIND ENERGY FACILITY CONSTRUCTION

M8. PER CENT DEBT RATIO (%)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	73.6	73.3	73.5	74.1	74.3	74.4	60.0 - 75.0
Actual	72.6	71.4					

The per cent debt ratio provides a measure of debt expressed as a percentage of the total corporate financing structure. As we modernize and expand our infrastructure, debt levels will increase in order to finance our capital program.

Our company's per cent debt ratio of 71.4% at March 31, 2021, was 1.9 percentage points better than our target of 73.3%. To ensure SaskPower could maintain customer service levels and timely vendor payments during the COVID-19 pandemic, our company planned to increase debt in 2020-21 to offset the deferral of customer payments under the Interest Waiver Program. However, increased net income and lower capital spending — combined with regular payments from most customers — enabled our company to repay a portion of debt during the year.

M9. OM&A PER CUSTOMER ACCOUNT VS. SASKATCHEWAN CONSUMER PRICE INDEX (SK CPI) (% GROWTH)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	1.4	1.3	< SK CPI increase	< SK CPI increase	< SK CPI increase	< SK CPI increase	< SK CPI increase
Actual	0.4	1.0					

The operating, maintenance and administration (OM&A) per customer account vs. SK CPI measure compares the growth of SaskPower's OM&A expense per customer account against the growth of the SK CPI to assess how efficiently our OM&A expense is being managed.

In 2020-21, SaskPower's five-year average annual growth in OM&A expense per customer account was 1.0%, just slightly below the ceiling target and five-year average annual growth in the SK CPI of 1.3% over the same period. Our company's ongoing continuous improvement and workforce efficiency efforts resulted in a 2020-21 OM&A expense of $700 million, $5 million below our 2019-20 OM&A expense of $705 million. Meanwhile, our number of customer accounts increased by more than 4,400.

M10. CAPITAL COST PERFORMANCE INDEX (%) / CAPITAL SCHEDULE PERFORMANCE INDEX (%)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	70/70	70/70	75/75	76/76	77/77	78/78	80/80
Actual	87/74	88/92					

SaskPower uses the Capital Cost Performance and Capital Schedule Performance Indices to evaluate our company's ability to manage large capital projects within approved budgets and schedules. In 2020-21, a total of 51 projects — 24 power production projects, 16 transmission projects, eight supply chain projects and three technology and security projects — with minimum approved project budgets of $5 million were included in these measures.

The Capital Cost Performance Index reports the percentage of projects for which actual expenditures have been managed within the project's budgeted cash flow at a point in time. As at March 31, 2021, 88% of the projects were successfully managed within budget.

Meanwhile, the Capital Schedule Performance Index reports the percentage of projects that have been kept on schedule by measuring a project's actual progress completed against the progress expected to be completed at a point in time. SaskPower's management of project schedules improved significantly during 2020-21, with 92% of projects on or ahead of schedule as at March 31, 2021.

M11. INDIGENOUS PROCUREMENT (%)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	8.5	8.5	8.5	8.5	8.5	8.5	10.0
Actual	8.6	10.6					

Our company is committed to promoting and pursuing viable business development opportunities through long-term relationships with Indigenous rights-holders, communities and companies in the Province of Saskatchewan. The Indigenous procurement measure tracks the extent to which SaskPower engages in Saskatchewan Indigenous-sourced procurement relative to total Saskatchewan-sourced procurement.

Of the purchase orders SaskPower issued to Saskatchewan vendors in 2020-21, Indigenous procurement accounted for 10.6% or over $61 million of spending. This represents a $14 million increase from 2019-20. Contracted services for the year included civil construction, vegetation management, wood pole remediation and environmental monitoring.

M12. COMPETITIVE RATES (THERMAL UTILITIES) (%)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	≤100.0	≤100.0	≤100.0	≤100.0	≤100.0	≤100.0	≤100.0
Actual	91.4	92.7					

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 at April 1, 2020, SaskPower's rates were an average of 7% lower than the average rates of eight other Canadian thermal utilities across seven customer classes.

Although 2020-21 marked the third consecutive year that SaskPower did not implement a rate increase, performance slightly declined from 2019-20 due to decreases in rates for some Canadian thermal utilities, such as those operating in Alberta's electricity market. SaskPower's rates ranked second or third lowest in four of five of the medium and large power customer categories. However, our rates are above average for the residential and small business customer classes.

M13. CROWN COLLABORATION ($ MILLIONS) [NEW FOR 2021-22]

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	•	•	50	•	•	•	•
Actual	•	•					

• Denotes that actual results or targets are not available for that time period.

The Crown collaboration measure tracks total cost savings for Crown corporations, and participating Treasury Board Crowns, agencies and ministries achieved through joint initiatives and collaboration efforts.

CORPORATE PILLAR 4

SUSTAINABLE INFRASTRUCTURE & RELIABILITY

Strategic priority
BUILD A CLEANER, RELIABLE, MODERNIZED ELECTRICITY SYSTEM

NEW GHG REGULATIONS, TECHNOLOGY, AND SOCIAL EXPECTATIONS ARE REQUIRING UTILITIES TO MODERNIZE THEIR SYSTEMS WITH CLEANER POWER OPTIONS, ADVANCED INFORMATION SYSTEMS, AND CLIMATE-RESILIENT ASSETS. WE WILL OPERATE A DIVERSE AND SUSTAINABLE GENERATION FLEET TO MEET OUR CUSTOMERS' NEEDS. WE WILL WELCOME COLLABORATION WITH CUSTOMERS AND COMMUNITIES ON ELECTRICITY OPTIONS. WE WILL ALSO USE AUTOMATION TO IMPROVE RELIABILITY AND GRID SECURITY.

M14. EQUIVALENT AVAILABILITY FACTOR (%)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	≥ 85.0	≥ 85.0	≥ 85.0	≥ 85.0	≥ 85.0	≥ 85.0	≥ 85.0
Actual	84.1	82.7					

An Equivalent Availability Factor (EAF) 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. In addition to determining the EAF for each SaskPower-owned generation unit, our company also measures an overall weighted EAF for all of SaskPower's generation assets. While higher EAF percentages are more favourable, targets are set giving consideration to prudent equipment maintenance and capital requirements.

SaskPower's overall weighted EAF performance of 82.7% in 2020-21 missed the annual target of ≥ 85.0%. Unexpected repairs required on a number of our company's coal-fired generation units, combined with the extension of a major overhaul on Boundary Dam Power Station Unit #6, drove the largest decrease in performance in 2020-21. The weighted average EAF for coal-fired generation assets was nearly two percentage points below planned availability. The major overhaul of E. B. Campbell Hydroelectric Station Unit #3 was also extended, largely due to COVID-19 restrictions.

M15. SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI) (DISTRIBUTION) (HOURS)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	5.9	5.9	5.9	5.9	5.8	5.8	3.8
Actual	5.9	6.0					

The distribution SAIDI allows us to track our company's performance restoring service in response to outages. It is a measure of the service interruption length in hours that an average customer experiences in a 12-month period. The distribution SAIDI results are influenced by a number of factors, including adverse weather during restoration; equipment condition; extent of outage; travel time to the trouble point; and line staff availability, familiarity with facilities and level of experience. Major Event Days, which are defined as events that exceed reasonable design and/or operational limits as set out by the Institute of Electrical and Electronics Engineers, are excluded from this measure.

SaskPower's distribution SAIDI performance for 2020-21 was 6.0 hours, slightly exceeding the target of 5.9 hours. The leading causes of distribution outage duration included the loss of transmission supply (20%); adverse weather and environment (20%); planned outages (19%); defective equipment (10%); tree contacts (6%); and external accidents (5%).

M15. SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX (SAIFI) (DISTRIBUTION) (OUTAGES)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	2.4	2.4	2.4	2.4	2.4	2.3	1.8
Actual	2.3	2.8					

The distribution SAIFI reports the number of outages, excluding Major Event Days, that an average customer experiences in one year. This measure includes controllable interruptions (outages from infrastructure failures, tree contacts and scheduled outages) as well as uncontrollable interruptions (caused by elements such as adverse weather or the loss of transmission supply).

SaskPower's distribution SAIFI result of 2.8 outages did not achieve the target of 2.4 outages. The loss of transmission supply was responsible for the most distribution outages experienced (28%), followed by planned maintenance (18%). Other significant causes of distribution outages included adverse weather and environment (14%); defective equipment (11%); wildlife contacts (5%); external accidents (5%); and tree contacts (5%).

M16. SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI) (TRANSMISSION) (MINUTES)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	140	140	140	135	135	135	110
Actual	146	134					

SaskPower's transmission SAIDI tracks our performance restoring service in response to outages specific to our transmission assets. It reports the average forced interruption length in minutes, excluding Major Event Days, experienced at a bulk electric service delivery point in one year. Transmission SAIDI is influenced by factors such as adverse weather and defective equipment.

Our company's 2020-21 transmission SAIDI performance of 134 minutes per bulk electric service delivery point outperformed our target of 140 minutes. The primary causes of transmission outage duration this year were defective equipment (44%); adverse weather (31%); foreign interference (12%); and system configuration (7%).

M16. SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX (SAIFI) (TRANSMISSION) (OUTAGES)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	3.1	3.1	3.1	3.0	3.0	3.0	2.9
Actual	3.2	2.7					

SaskPower's transmission SAIFI reports the average number of forced interruptions, excluding Major Event Days, experienced at a bulk electric service delivery point over a 12-month period. Forced interruptions include outages caused by weather conditions, defective equipment, and system conditions such as overload. In 2020-21, our transmission SAIFI performance of 2.7 outages showed improvement compared to our target of 3.1 outages, as well as our performance of 3.2 outages in the prior year.

Of the transmission interruptions experienced this year, adverse weather was responsible for 49% or 474 transmission outages, including 351 outages due to lightning. Other factors that caused a substantial number of outages included defective equipment (15%) and foreign interference primarily from vehicle and wildlife contacts (8%).

M17. RENEWABLE GENERATION PORTFOLIO (%)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Long-term
Target	24.0	30.0	33.1	36.2	38.9	38.0	40.0
Actual	24.3	26.0					

This measure evaluates SaskPower's generation capacity from renewable sources as a percentage of our company's total installed generation capacity, including capacity contracted from independent power producers (IPPs). The renewable generation portfolio refers to non-natural gas and non-coal-fired generation, and includes hydro, wind, solar, waste heat, flare gas and landfill gas, as well as long-term firm capacity agreements for imports generated from renewable fuel sources.

SaskPower's total renewable generation capacity as at March 31, 2021, was 1,297 megawatts (MW), or 26.0%, of our company's total available generating capacity of 4,987 MW. Renewable capacity increased during the year with a new 100-MW power purchase agreement (PPA) with Manitoba Hydro, as well as additions from our company's customer program initiatives and small IPPs. However, our 2020-21 performance fell short of our 30.0% target due to delays in the commissioning of the Riverhurst Wind Energy Facility and Golden South Wind Energy Facility, which will now be commissioned in 2021-22.

GOLDEN SOUTH WIND ENERGY FACILITY

M18. GHG EMISSIONS (% CHANGE FROM 2005 LEVELS)[1]

	2019	2020	2021	2022	2023	2024	Long-term
Target	12.0	5.0	(8.0)	(21.0)	(21.0)	(25.0)	(50.0)
Actual	11.9	(10.2)					

1. This measure is reported on a calendar year basis.
2. During 2020, SaskPower transitioned this measure from the measurement of CO_2 emissions to the measurement of GHG emissions to align with regulatory reporting requirements. This measure now includes CO_2 emissions as well as the CO_2 equivalents (CO_2e) for methane (CH_4) and nitrous oxide (N_2O) emissions. The result for 2019 has been restated from 11.7 to 11.9 to reflect this change.

SaskPower's GHG emissions measure compares our company's annual GHG emissions against our 2005 GHG emissions to track our progress towards our commitment to reduce GHG emissions by at least 50% from 2005 levels by 2030. This measure includes GHG emissions from electricity generated by SaskPower-owned units, as well as from electricity supplied to the grid via IPPs. Targets and results express GHG emissions as a per cent change from SaskPower's 2005 GHG emissions level.

Our company's annual GHG emissions fell below our 2005 GHG emissions level benchmark for the first time this year. For 2020, our GHG emissions of 12.8 million tonnes of CO_2e were 10.2% below 2005 emission levels — 15.2 percentage points below our 2020 target, and 22.1 percentage points below our reported GHG emissions for 2019 of 15.9 million tonnes of CO_2e. Performance improved significantly during the year due to a reduction in the demand for electricity, which was driven by COVID-19 restrictions as well as efforts to enhance operating efficiencies.

During the year, SaskPower scaled back generation from its legacy gas-fired plants to take advantage of lower emissions from the new Chinook Power Station and leveraged higher than normal water levels to use more clean hydroelectric generation than originally planned. Meanwhile, emissions were further reduced by improved carbon capture at the Boundary Dam Power Station Integrated Carbon Capture and Storage Facility, as well as greater alignment between outages and non-peak demand periods to optimize generation.

NIPAWIN HYDROELECTRIC STATION

2020-21 FINANCIAL RESULTS

AT A GLANCE		
Revenue	$	2,771 M
Net income	$	160 M
Return on equity[1]		5.8%
Electricity sales volumes		22,377 GWh
Gross electricity supplied		24,634 GWh
Property, plant and equipment	$	9,816 M
Capital expenditures	$	693 M
Total net debt[2]	$	7,059 M
Per cent debt ratio[3]		71.4%
Customer accounts		545,179
Annual peak load		3,722 MW

1. Return on equity = (net income)/(average equity), where equity = (retained earnings + equity advances).
2. Total net debt is a non-GAAP financial measure and calculated by deducting debt retirement funds and cash and cash equivalents from total debt.
3. Per cent debt ratio = total net debt / total capital

(in millions)	2020-21	2019-20	Change
Revenue			
Saskatchewan electricity sales	$ 2,615	$ 2,626	$ (11)
Exports and electricity trading	53	20	33
Other revenue	103	125	(22)
Total revenue	2,771	2,771	-
Expense			
Fuel and purchased power	807	737	70
Operating, maintenance and administration	700	705	(5)
Depreciation and amortization	595	572	23
Finance charges	426	431	(5)
Taxes	79	77	2
Other expenses	4	44	(40)
Total expense	2,611	2,566	45
Net income	$ 160	$ 205	$ (45)
Return on equity[1]	5.8%	7.8%	(2.0%)

HIGHLIGHTS AND SUMMARY OF RESULTS

SaskPower reported a consolidated net income of $160 million in 2020-21, compared to $205 million in 2019-20. The Corporation's 2020-21 earnings were supported by a $38 million arbitral award received related to a contractual dispute and $29 million in earnings from exports to the Southwest Power Pool and Alberta during severe winter storms in February 2021. Despite these unexpected sources of revenue, overall earnings were down from 2019-20 as a result of lower Saskatchewan electricity sales, increased fuel costs and higher capital-related expenses. The return on equity was 5.8%, two percentage points lower than the previous year.

Total revenue was $2,771 million, consistent with the 2019-20 year. Export sales and net profits from electricity trading increased $33 million as a result of additional opportunities to sell into the Southwest Power Pool and Alberta in February 2021. This improvement in revenue was offset by a $22 million decrease in other revenue as a result of reduced customer contributions, as well as an $11 million decrease in Saskatchewan electricity sales due to lower sales volumes. Electricity sales volumes to Saskatchewan customers were 22,377 gigawatt hours (GWh), down 695 GWh or 3.0% compared to the prior year.

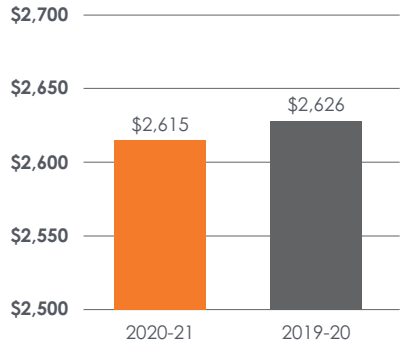
Total expense was $2,611 million, up $45 million from 2019-20. Expenses, not including the arbitral award, increased $83 million. This was mainly attributable to a $70 million increase in fuel and purchased power costs as a result of higher fuel prices in addition to increased federal carbon charges, offset by reduced demand. Capital-related expenses — depreciation, finance charges, taxes and other — increased $18 million in 2020-21 as a result of SaskPower's capital program. Operating, maintenance and administration expense decreased $5 million due to reduced operating and maintenance costs related to the Corporation's power purchase agreements; the timing of overhauls at generation facilities; and reduced travel and training expenses and customer programs due to the COVID-19 pandemic.

SASKATCHEWAN ELECTRICITY SALES

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. Included in Saskatchewan electricity sales is the federal carbon charge, which is being recovered by SaskPower from its customers through a rate rider. The rate rider is adjusted on January 1 of each year to reflect any changes in the estimated federal carbon tax for the calendar year. The revenue associated with the federal carbon charge is set aside and used to fund the federal carbon tax payments.

SaskPower has not had a general rate increase since March 1, 2018. However, during that period SaskPower has implemented a rate rider to recover the federal carbon tax. The federal carbon charge rate rider resulted in general increases of 2.7% effective April 1, 2019, 2.4% effective January 1, 2020, and 0.6% effective January 1, 2021.

On December 1, 2020, the Government of Saskatchewan's Economic Recovery Rebate Program took effect. This is a one-year program that provides all SaskPower customers with a 10% rebate on the cost of electricity – the basic monthly charge, energy consumption charge and demand charge. The program is fully funded by the Province of Saskatchewan and has no impact on SaskPower's financial results.



SASKATCHEWAN ELECTRICITY SALES (MILLIONS)

(in millions)	2020-21	2019-20	Change
Residential	$ 579	$ 559	$ 20
Farm	188	185	3
Commercial	487	508	(21)
Oilfield	390	435	(45)
Power	748	759	(11)
Reseller	94	97	(3)
Federal carbon charge	129	83	46
Saskatchewan electricity sales	$ 2,615	$ 2,626	$ (11)

SASKATCHEWAN ELECTRICITY SALES - $2,615 MILLION

- **RESIDENTIAL** 23%
- **FARM** 7%
- **COMMERCIAL** 19%
- **OILFIELD** 16%
- **POWER** 31%
- **RESELLER** 4%

ELECTRICITY SALES VOLUMES - 22,377 GWH

- **RESIDENTIAL** 14%
- **FARM** 6%
- **COMMERCIAL** 16%
- **OILFIELD** 17%
- **POWER** 42%
- **RESELLER** 5%

(GWh)	2020-21	2019-20	Change
Residential	3,224	3,091	133
Farm	1,348	1,330	18
Commercial	3,540	3,748	(208)
Oilfield	3,727	4,163	(436)
Power	9,409	9,584	(175)
Reseller	1,129	1,156	(27)
Electricity sales volumes	22,377	23,072	(695)

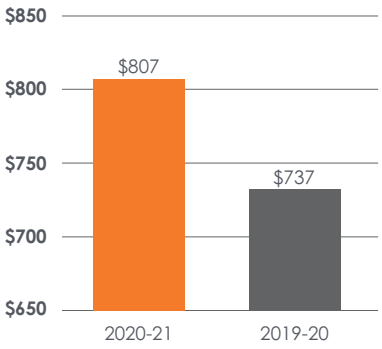
Saskatchewan electricity sales were $2,615 million in 2020-21, down $11 million from 2019-20. The decrease was due to lower sales volumes offset by an increase in the federal carbon charge rate rider. The revenue associated with the federal carbon charge rate rider is being set aside and will be used to fund the federal carbon tax payments.

Electricity sales volumes to Saskatchewan customers were 22,377 GWh, down 695 GWh or 3.0% compared to the prior year. The largest declines in electricity sales occurred in the oilfield, commercial and power customer classes. Oilfield and commercial sales were down 644 GWh due to the economic impact of COVID-19 and volatility in global oil prices. Consumption in the power customer class declined 175 GWh from the prior year as a result of operational slowdowns and reduced production in all major sectors except potash. These reductions were offset by higher residential and farm consumption.

FUEL AND PURCHASED POWER

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 sold to markets outside the province when favourable conditions exist.

SaskPower's fuel cost management strategy focuses on the economic dispatch of the generating units that bring the lowest incremental cost units on stream first. Included in the incremental cost is the federal price of carbon on generation that exceeds the allowable emission thresholds.



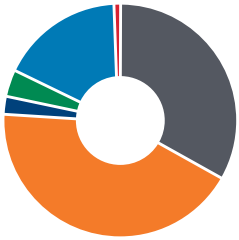
FUEL AND PURCHASED POWER (MILLIONS)

(in millions)	2020-21	2019-20	Change
Coal	$ 345	$ 329	$ 16
Gas	320	308	12
Imports	65	28	37
Wind	36	32	4
Hydro	26	23	3
Other	15	17	(2)
Fuel and purchased power	**$ 807**	$ 737	$ 70

(GWh)	2020-21	2019-20	Change
Coal	8,146	9,182	(1,036)
Gas	10,551	10,767	(216)
Imports	629	278	351
Wind	913	815	98
Hydro	4,277	3,859	418
Other	118	132	(14)
Gross electricity supplied	**24,634**	25,033	(399)

FUEL AND PURCHASED POWER - $807 MILLION

COAL 43% **GAS** 40%
IMPORTS 8% **WIND** 4%
HYDRO 3% **OTHER** 2%



GROSS ELECTRICITY SUPPLIED - 24,634 GWH

COAL 33% **GAS** 43%
IMPORTS 2% **WIND** 4%
HYDRO 17% **OTHER** 1%

Fuel and purchased power costs were $807 million in 2020-21, up $70 million from 2019-20. The $70 million increase is a result of unfavourable price and fuel mix variances offset by a favourable volume variance.

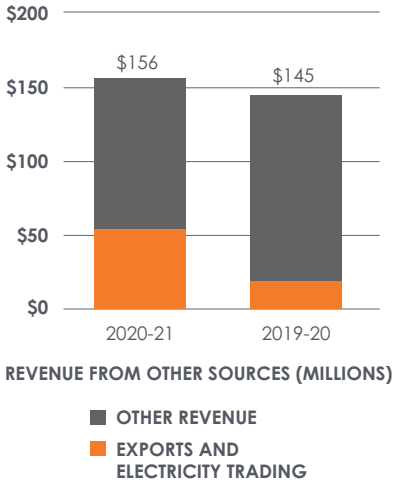
The average price of fuel increased as a result of all fuel sources experiencing higher prices. In particular, import costs increased approximately $4/megawatt hour (MWh) to $103/MWh. The higher fuel prices resulted in an increase of approximately $73 million in fuel and purchased power costs, which includes $24 million related to the federal carbon charge.

The fuel mix is the relative proportion that each fuel source contributes to our total fuel supply. During 2020-21, the Corporation's increased reliance on imports resulted in an unfavourable change in the fuel mix and an estimated $8 million increase in fuel and purchased power costs. The costs related to long-term import contracts are unique from other fuel sources as they provide both energy and capacity value to the Corporation.

Finally, lower generation volumes partially offset the increased cost of fuel. Total generation and purchased power was 24,634 GWh in 2020-21, a decrease of 399 GWh or 1.6% compared to 2019-20. The lower generation volumes resulted in an estimated $11 million decrease in fuel and purchased power costs.

REVENUE FROM OTHER SOURCES

Revenue from other sources includes exports, which represent the sale of SaskPower's available generation to neighbouring markets; electricity trading activities, which include the purchase and resale of electricity and other derivatives in regions outside Saskatchewan; and other revenue.



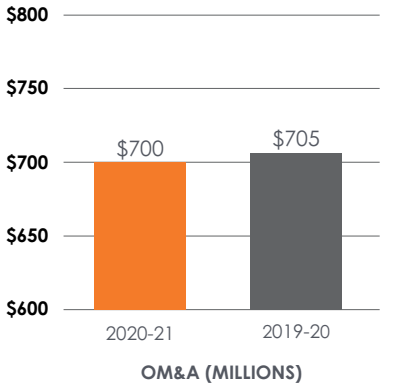
(in millions)	2020-21	2019-20	Change
Exports and electricity trading	$ 53	$ 20	$ 33
Other revenue	103	125	(22)
Revenue from other sources	$ 156	$ 145	$ 11

Exports and electricity trading were $53 million in 2020-21, up $33 million from 2019-20. Exports were up 272 GWh due to increased opportunities to sell into the Southwest Power Pool and Alberta, coupled with a $24 increase in the average export sales price from $79/MWh in 2019-20 to $103/MWh in 2020-21. The increase in export volumes and prices was largely driven by extraordinary sales in February 2021 as a result of winter storms that had widespread impacts on electricity markets across North America.

Other revenue decreased $22 million to $103 million in 2020-21. The decrease was mainly attributable to lower revenue from customer contributions; late payment charges; gas and electrical inspections; and fly ash sales; partially offset by carbon dioxide (CO_2) sales.

OPERATING, MAINTENANCE & ADMINISTRATION (OM&A)

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

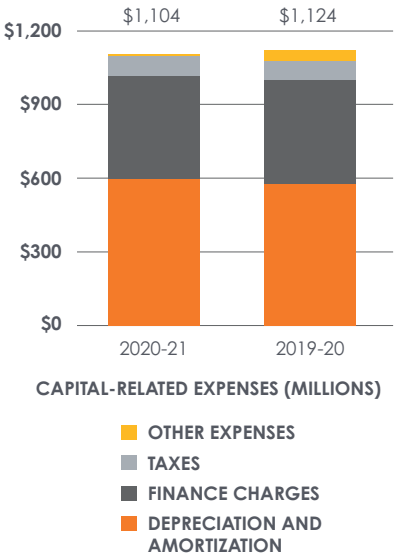


(in millions)	2020-21	2019-20	Change
OM&A	$ 700	$ 705	$ (5)

OM&A expense was $700 million in 2020-21, down $5 million from 2019-20. This decrease was mainly due to reduced operating and maintenance costs related to the Corporation's PPAs; the timing of overhauls at generation facilities; and reduced travel and training expenses as well as customer programs due to the COVID-19 pandemic. These reductions were partially offset by increased spending on technology and security initiatives, and vegetation management.

CAPITAL-RELATED EXPENSES

Capital-related expenses include depreciation and amortization, finance charges, taxes, and other expenses.



(in millions)	2020-21	2019-20	Change
Depreciation and amortization	**$ 595**	$ 572	$ 23
Finance charges	**426**	431	(5)
Taxes	**79**	77	2
Other expenses	**4**	44	(40)
Capital-related expenses	**$ 1,104**	$ 1,124	$ (20)

Depreciation and amortization expense was $595 million in 2020-21, up $23 million from 2019-20. The increase was partially attributable to ongoing capital expenditures. As well, following the completion of an internal depreciation study in 2019-20, the estimated useful lives of certain asset components were changed. The changes in estimates were applied prospectively effective April 1, 2020.

Finance charges were $426 million in 2020-21, down $5 million from 2019-20. The decrease in finance charges was mainly attributable to lower interest on borrowings as a result of a reduction in outstanding debt balances and lease liabilities. These decreases in finance charges were partially offset by $15 million in lower interest capitalized, which was down due to a reduction in the construction in progress balance that was carried throughout the year.

Taxes were $79 million in 2020-21, up $2 million from the prior year. This was the result of higher corporate capital tax due to an increase in paid-up capital as well as increased miscellaneous tax expense.

Other expenses were $4 million in 2020-21, compared to $44 million in 2019-20. The $40 million decrease is the result of an arbitral award in relation to a contractual dispute partially recognized in income. In 2020-21, the Corporation received a favourable ruling from an arbitral panel in relation to a contractual dispute comprised of a $56 million cash award as well as $14 million in forgiven payables. The portion of the award allocated to property, plant and equipment was $32 million. The remaining $38 million awarded was recorded in profit or loss as other expenses.

FEDERAL CARBON TAX VARIANCE ACCOUNT

SaskPower accumulates differences between the federal carbon charge revenue collected from customers and the federal carbon tax owing to the federal government in a Federal Carbon Tax Variance Account (FCTVA). The balance in the FCTVA, which is not included in SaskPower's financial statements, is either recovered from or refunded to customers as part of future federal carbon charge rates. The other recoveries (expense) relates to interest earned on the monies in the account; federal carbon tax associated with exported generation; and federal carbon charges on natural gas purchased for the Chinook Power Station prior to it becoming a registered facility.

(in millions)	Rate rider increase	Federal carbon charge collected	Federal carbon charge expense	Other recoveries (expense)	**Over (under) collected**
Total 2019 calendar year	2.7%	$ 49	$ (56)	$ (3)	**$ (10)**
Total 2020 calendar year	2.4%	125	(85)	3	**43**
Total 2021 calendar year (three months)	0.6%	38	(38)	1	**1**
Cumulative balance		**$ 212**	**$ (179)**	**$ 1**	**$ 34**

Effective January 1, 2019, the Government of Canada introduced a federal carbon tax that was applied to SaskPower's fossil fuel emissions, including those from coal- and natural gas-fired generating stations. The federal carbon tax increased from $30/tonne effective January 1, 2020, to $40/tonne effective January 1, 2021, for emissions above established thresholds. SaskPower began recovering the expense associated with the federal carbon tax from its customers through a rate rider effective April 1, 2019. The rate rider is adjusted on January 1 of each year to reflect any changes in the estimated carbon tax for the upcoming calendar year. The revenue associated with the federal carbon charge rate rider is being set aside and will be used to fund the federal carbon tax payments. The federal carbon taxes for the 2019 calendar year were paid in April 2021. The federal carbon tax payment for the 2020 calendar year is due December 15, 2021. Amounts are payable to Environment and Climate Change Canada (ECCC) as well as certain independent power producers (IPPs). As at March 31, 2021, the FCTVA has an overage of $34 million owing to customers. The balance in the FCTVA will be refunded to customers as part of future federal carbon charge rates.

2020-21 QUARTERLY RESULTS

The following table outlines the quarterly results of SaskPower for the year ended March 31, 2021:

(in millions)	Q1	Q2	Q3	Q4	Total
Revenue					
Saskatchewan electricity sales	$ 608	$ 633	$ 678	$ 696	**$ 2,615**
Exports and electricity trading	3	7	3	40	**53**
Other revenue	22	23	31	27	**103**
Total revenue	**633**	**663**	**712**	**763**	**2,771**
Expense					
Fuel and purchased power	176	197	197	237	**807**
Operating, maintenance and administration	157	182	186	175	**700**
Depreciation and amortization	146	147	151	151	**595**
Finance charges	107	106	107	106	**426**
Taxes	20	21	21	17	**79**
Other expenses	5	13	(26)	12	**4**
Total expense	**611**	**666**	**636**	**698**	**2,611**
Net income (loss)	**$ 22**	**$ (3)**	**$ 76**	**$ 65**	**$ 160**

Fourth quarter year-over-year variance explanation

	Three months ended March 31			
(in millions)	**2020-21**	2019-20	Change	
Revenue	**$ 763**	$ 745	$ 18	Increased export opportunities offset by lower Saskatchewan electricity sales due to reduced demand, as well as lower customer contributions.
Expense	**698**	692	6	Higher fuel and purchased power costs as a result of an increase to the federal carbon tax effective January 1, 2021, as well as higher depreciation due to SaskPower's capital program offset by reduced operating expenses.
Net income	**$ 65**	$ 53	$ 12	

FINANCIAL CONDITION

The following table outlines changes in the consolidated statement of financial position from April 1, 2020, to March 31, 2021:

(in millions)	Change ($)	Change (%)	
Cash and cash equivalents	$ (138)	(58%)	Refer to Statement of Cash Flows.
Accounts receivable and unbilled revenue	(23)	(5%)	Decrease in margin deposits on natural gas derivatives and receipt of outstanding insurance claims offset by higher electricity trade receivable balances and timing of receipts.
Inventory	24	11%	Increase in maintenance supplies.
Prepaid expenses	(1)	(4%)	Recognition of prepaid expenses.
Property, plant and equipment	104	1%	Additions offset by arbitral award, depreciation expense and asset disposals and retirements.
Right-of-use assets	(50)	(8%)	Depreciation of right-of-use assets offset by net additions.
Intangible assets	(2)	(3%)	Amortization expense offset by capitalization of new software costs.
Debt retirement funds	17	2%	Instalments and earnings offset by redemptions and market value losses.
Other assets	-	0%	
Accounts payable and accrued liabilities	73	15%	Federal carbon tax payable offset by timing of accruals and payments.
Accrued interest	(1)	(2%)	Lower outstanding debt balances.
Deferred revenue	-	0%	
Dividend payable	12	240%	Increased dividend rate.
Risk management liabilities (net of risk management assets)	(29)	(37%)	Settlement of natural gas hedges and electricity derivatives and change in fair value of natural gas contracts.
Short-term advances	(647)	(68%)	Repayment of short-term advances as a result of increased use of long-term borrowings and a lower cash balance.
Long-term debt (including current portion)	432	7%	New borrowings used to replace short-term advances.
Lease liabilities (including current portion)	(26)	(3%)	Principal repayments offset by net increase in lease liabilities.
Employee benefits	(2)	(1%)	Actuarial gains and benefit payments offset by interest expense and current service costs.
Provisions	13	4%	Increased decommissioning provisions related to Regina properties and accretion expense offset by changes in assumptions and expenditures.
Equity	106	4%	2020-21 comprehensive income less dividends.

LIQUIDITY AND CAPITAL RESOURCES

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 liquidity risk by maintaining sufficient liquid financial resources to fund our financial position and meet our commitments and obligations in a cost-effective manner.

SOURCES OF FINANCING

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 $50 million of credit facilities available at financial institutions.

The other major source of financing utilized by our company is the outstanding $593 million in equity advances that were provided by CIC.

Sources of financing	Authorized amount	Outstanding as at March 31, 2021
Credit facility	$ 50.0 million	**$ -**
Temporary loans (including credit facility)	2.0 billion	**0.3 billion**
Total borrowings (including temporary loans)	10.0 billion	**7.0 billion**

CREDIT RATINGS - PROVINCE OF SASKATCHEWAN

	2020-21			2019-20		
	Short-term obligations	**Long-term obligations**	**Trend**	Short-term obligations	Long-term obligations	Trend
DBRS Morningstar	**R-1 (middle)[1, 3]**	**AA (low)[2, 3]**	**Stable**	R-1 (high)[1]	AA[2]	Under review

1. As per DBRS Morningstar Rating Policies, R-1 (middle) denotes superior credit quality. The capacity for payment of short-term financial obligations as they fall due is very high. Differs from R-1 (high) by a relatively modest degree. Unlikely to be significantly vulnerable to future events.
2. As per DBRS Morningstar 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.
3. Effective June 18, 2020, DBRS Morningstar downgraded Saskatchewan's and SaskPower's long-term obligations rating to AA (low) and its short-term obligations rating of R-1 (middle). The rating actions stem from the deteriorating global economic conditions and the sharp decline in global oil prices caused by the outbreak of the Coronavirus Disease (COVID-19). All trends are Stable. These rating actions resolve the previous Under Review with Negative Implications status.

CORONAVIRUS (COVID-19) IMPACT ASSESSMENT AND RELIEF MEASURES

The extent of the future impact of COVID-19 on the Corporation's operating cash flow will depend on future developments, including the duration and severity of the pandemic, timing and effectiveness of vaccinations, further potential government actions and future economic activity. SaskPower currently expects to continue to have adequate liquidity given its cash position, credit facilities, and access to capital, but will continue to monitor the impact of COVID-19 on future cash flows.

The ongoing economic impact of the pandemic may affect customers' ability to pay. As a result, on March 18, 2020, SaskPower announced that it would provide financial relief to customers by waiving late payment charges and suspending collection activities for six months. Upon expiry on September 18, 2020, customers were eligible to apply for a 12-month deferral program. The deferral program allows for the repayment of outstanding customer receivable balances over a maximum of 12 equal monthly instalments. As at March 31, 2021, over 8,400 customers were enrolled in this program.

As a result of this relief program, the Corporation has experienced an increase in the aging of customer receivables and the balance in electricity trade receivables has increased $37 million from the prior year. As a result, SaskPower has increased its allowance for doubtful accounts provision by $3 million to $17 million as at March 31, 2021. The full impact of potential credit losses due to customer non-payment is not known at this time. SaskPower continues to monitor customer accounts and work with customers on payment arrangements.

CASH FLOW HIGHLIGHTS

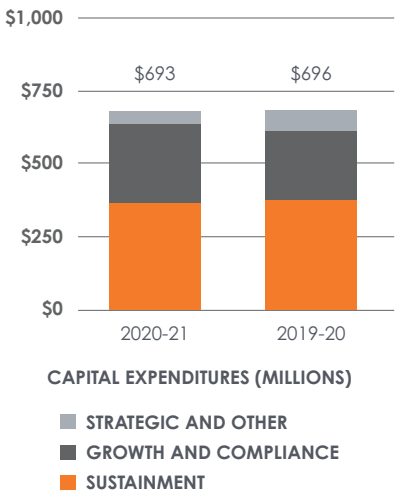
SaskPower's cash flows from operating, investing and financing activities are summarized in the following table:

(in millions)	2020-21	2019-20	Change
Cash and cash equivalents, beginning of year	$ 236	$ 10	$ 226
Cash provided by operating activities	814	866	(52)
Cash used in investing activities	(658)	(640)	(18)
Cash used in financing activities	(294)	-	(294)
Cash and cash equivalents, end of year	$ 98	$ 236	$ (138)

SaskPower's cash position as at March 31, 2021, was $98 million, down $138 million from the prior year. The Corporation chose to reduce the amount of cash held as the cash flow uncertainty from COVID-19 fell later in the year.

CAPITAL EXPENDITURES

(in millions)	2020-21	2019-20	Change
Generation	$ 125	$ 136	$ (11)
Transmission	42	60	(18)
Distribution	99	100	(1)
Other	100	78	22
Sustainment	$ 366	$ 374	$ (8)
Generation	100	25	75
Transmission	35	60	(25)
Distribution	14	12	2
Customer connects	137	156	(19)
Growth and compliance	$ 286	$ 253	$ 33
Strategic and other	$ 41	$ 69	$ (28)
Total capital expenditures	$ 693	$ 696	$ (3)



In order to ensure a reliable, sustainable and cost-effective supply of electricity for its customers, SaskPower spent $693 million on various capital projects during 2020-21, compared to $696 million in 2019-20.

The company invested $366 million on sustainment activities, including:

- $125 million on generation assets and $141 million on transmission and distribution assets; and
- $100 million for other sustainment expenditures, including $61 million on building renovations; $22 million on technology and security assets; and $12 million on vehicles and equipment.

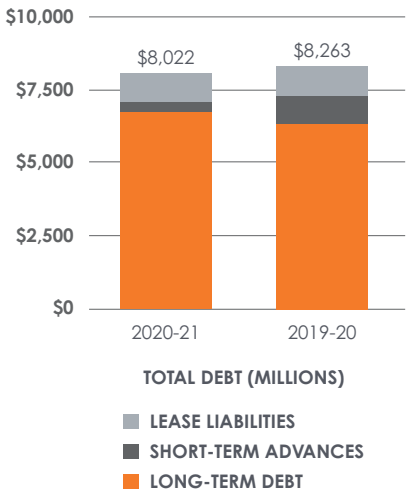
SaskPower spent $286 million on growth and compliance investments, including:

- $100 million on generation assets, including $97 million on the new Great Plains Power Station;
- $49 million on increasing grid capacity; and
- $137 million to connect customers to the SaskPower electric system.

CAPITAL MANAGEMENT

(in millions)	March 31, 2021	March 31, 2020	Change
Long-term debt	$ 6,741	$ 6,309	$ 432
Short-term advances	299	946	(647)
Lease liabilities	982	1,008	(26)
Total debt	$ 8,022	$ 8,263	$ (241)
Debt retirement funds	865	848	17
Cash and cash equivalents	98	236	(138)
Total net debt[1]	$ 7,059	$ 7,179	$ (120)
Retained earnings	2,235	2,123	112
Equity advances	593	593	-
Total capital	$ 9,887	$ 9,895	$ (8)
Per cent debt ratio[2]	71.4%	72.6%	(1.2%)

1. Total net debt is a non-GAAP financial measure and calculated by deducting debt retirement funds and cash and cash equivalents from total debt.
2. Per cent debt ratio = total net debt / total capital.



Total debt position

SaskPower's total debt position (including lease liabilities) was $8 billion at March 31, 2021, down $0.2 billion from the prior year. The decrease was the result of the following:

- On April 1, 2020, the Corporation borrowed $150 million of floating rate debt maturing April 1, 2023. The coupon rate for the floating rate debt is the 3-month Canadian Dealer Offer Rate plus a margin of 48 basis points.
- On April 8, 2020, the Corporation borrowed $200 million of long-term debt at a premium of $11 million. The debt issue has a coupon rate of 3.20%, an effective interest rate of 1.79%, and matures on June 3, 2024.
- On June 25, 2020, the Corporation borrowed $100 million of long-term debt at a premium of $6 million. The debt issue has a coupon rate of 2.20%, an effective interest rate of 1.53%, and matures on June 2, 2030.
- On July 27, 2020, the Corporation borrowed $100 million of long-term debt at a discount of $1 million. The debt issue has a coupon rate of 0.80%, an effective interest rate of 0.93%, and matures on September 2, 2025.
- On December 15, 2020, the Corporation repaid $129 million of long-term debt. The debt had an effective interest rate of 11.23%.
- The net increase in long-term debt was offset by the net repayment of $647 million in short-term advances; a net $26 million reduction of the Corporation's lease liabilities; and $5 million in amortization of debt premiums.

The Corporation's per cent debt ratio was 71.4% at March 31, 2021, down 1.2% from March 31, 2020.

Debt retirement funds

(in millions)	2020-21	2019-20
Balance, April 1	$ 848	$ 748
Debt retirement fund instalments	62	60
Debt retirement fund redemptions	(42)	-
Debt retirement fund earnings	21	23
Debt retirement fund realized market value gains	2	-
Debt retirement fund unrealized market value (losses) gains	(26)	17
Balance, March 31	**$ 865**	$ 848

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 year ended March 31, 2021, SaskPower redeemed $42 million of debt retirement funds upon repayment of $129 million of long-term debt which matured on December 15, 2020. Associated with the redemption of debt retirement funds, SaskPower realized $2 million in market value gains which were recognized in finance charges. SaskPower also made $62 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 $21 million (included with finance charges and classified as non-cash operating activities) on the debt retirement funds for the year. The debt retirement funds are classified as fair value through other comprehensive income. As a result, $26 million in unrealized market value losses were recognized through other comprehensive income in 2020-21.

DIVIDENDS AND EQUITY ADVANCES REPAYMENT

SaskPower pays dividends to CIC based on the CIC Dividend Policy. During 2020-21, SaskPower paid $5 million in dividends to CIC related to the 2019-20 year. CIC has determined that the Corporation would be required to pay a 30% dividend based on 2020-21 net income. The dividend was to be paid in quarterly instalments during 2020-21. For the year ended March 31, 2021, a dividend of $48 million has been declared. To date, $31 million in dividends have been paid related to the fiscal 2020-21 year. The remaining $17 million in dividends will be paid in June 2021.

During the 2020-21 fiscal year, SaskPower repaid nil (2019-20 – $33 million) equity advances to CIC.

CONTRACTUAL OBLIGATIONS

SaskPower has the following significant long-term contractual obligations as at March 31, 2021, which will impact cash flows in the following year and beyond:

(in millions)	1 year	2-5 years	More than 5 years
Power purchase agreements (PPAs)[1]	$ 427	$ 2,298	$ 9,264
Long-term debt (including principal and interest)	526	1,764	9,265
Planned capital expenditures	938	3,274	4,753
Debt retirement fund instalments	62	233	973
Coal purchase contracts	180	712	193
Natural gas purchase contracts	121	214	31
Transmission purchase contracts	3	-	-

1. The long-term contractual obligations related to PPAs include lease liabilities, operating agreements and long-term import agreements.

CAPITAL INVESTMENTS

SUSTAINMENT INVESTMENTS

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.

E.B. CAMPBELL HYDROELECTRIC STATION LIFE EXTENSION

TOTAL COST $300 MILLION **COMPLETE** 2025-26

SaskPower is life-extending Units #1 through #6 at E.B. Campbell Hydroelectric Station to ensure clean, renewable power can be provided to the Saskatchewan electrical grid for the coming decades. Located on the Saskatchewan River near Nipawin, the first six units were commissioned in 1963-64, with an additional two units commissioned in 1966. E.B. Campbell has a net capacity of 289 megawatts (MW).

COTEAU CREEK HYDROELECTRIC STATION LIFE EXTENSION

TOTAL COST $59 MILLION **COMPLETE** 2025-26

SaskPower is replacing equipment as well as repairing generators and refurbishing water passage equipment as part of the life extension of the Coteau Creek Hydroelectric Station. This project is expected to extend the life of the assets by 50 years. Located on the South Saskatchewan River near Elbow, there are three units at this station with a net capacity of 186 MW. Coteau Creek Hydroelectric Station was commissioned in 1969.

PEEBLES TO CREELMAN 72-KV TRANSMISSION LINE REBUILD

TOTAL COST $13 MILLION **IN-SERVICE** 2021-22

The PE8 line is a radial 72-kilovolt (kV) transmission line approximately 55 kilometres long that runs from Peebles to Handsworth and Creelman. The portion from Peebles to Handsworth was built in 1950 and the remainder to Creelman was built in 1978. This project involves a complete new build and salvage of the older section of the line.

URBAN CORE INFRASTRUCTURE IMPROVEMENTS PROGRAM

TOTAL COST $9-10 MILLION (ANNUALLY) **IN-SERVICE** ONGOING PROGRAM

The objective of the Urban Core Infrastructure Improvements Program is to redevelop and modernize the 70-year-old electrical distribution system within the central business district and surrounding 4-kV area within the City of Regina. The work will include the replacement of aging overhead and underground distribution facilities with new duct banks, cable vaults, cables, conductors, smart grid and Supervisory Control and Data Acquisition (SCADA) devices, as well as the conversion of 4-kV overhead and upgraded feeder protection. Refurbishment of facilities will also be performed where life extension is warranted.

RURAL REBUILD AND IMPROVEMENT PROGRAM

TOTAL COST $25-26 MILLION (ANNUALLY) **IN-SERVICE** ONGOING PROGRAM

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.

GROWTH AND COMPLIANCE INVESTMENTS

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

GREAT PLAINS POWER STATION

TOTAL COST $825 MILLION **IN-SERVICE** 2024-25

Construction of this 350-MW natural gas-fired combined cycle generating station began in 2020. It will provide enough power for a city the size of Saskatoon and will support the integration of renewable generation and conventional coal retirements. The Great Plains Power Station will be located in Moose Jaw.

QUEEN ELIZABETH SWITCHING STATION TRANSFORMER REPLACEMENT

TOTAL COST $42 MILLION **IN-SERVICE** 2021-22

Queen Elizabeth Switching Station is a major transmission switching station in the SaskPower system with significant generation and load connected to it. This project replaces three aging 230/138-kV transformers with identical 300-megavolt ampere transformers, thereby increasing capacity, facilitating more reliable generation delivery for the area, and addressing operational issues.

BLUE HILL WIND ENERGY FACILITY INTERCONNECTION

TOTAL COST $26 MILLION **IN-SERVICE** 2021-22

This project is required to provide interconnection service to the Blue Hill Wind Energy Facility, a new 175-MW project located near Herbert. SaskPower has entered into a 25-year agreement to purchase the wind power generated from this facility.

DISTRIBUTION CUSTOMER CONNECTS

TOTAL COST $100-125 MILLION (ANNUALLY) **IN-SERVICE** ONGOING PROGRAM

This program connects new electrical services to the SaskPower grid, as well as provides upgrades to existing customer services.

A detailed list of the Corporation's future generation projects greater than 5 MW is listed below:

FUTURE GENERATION PROJECTS

Project name	Net capacity (MW)	Fuel source	Ownership	Estimated commissioning date
Golden South Wind Energy Facility	200	Wind	IPP	2021-22
Riverhurst Wind Energy Facility	10	Wind	IPP	2021-22
Highfield Solar Energy Facility	10	Solar	IPP	2021-22
Blue Hill Wind Energy Facility	175	Wind	IPP	2021-22
MLTC Bioenergy Centre	8	Biomass	IPP	2021-22
Awasis Solar Energy Facility	10	Solar	IPP	2021-22
Pesâkâstêw Solar Energy Facility	10	Solar	IPP	2021-22
Manitoba Hydro Import Agreement	215	Hydro	Manitoba Hydro	2022-23
Foxtail Grove Solar Energy Facility	10	Solar	IPP	2022-23
Prairie Green Renewable Energy Facility	40	Natural Gas	IPP	2023-24
Great Plains Power Station	350	Natural Gas	SaskPower	2024-25
DEEP Geothermal Energy Facility	TBD	Geothermal	IPP	TBD

STRATEGIC AND OTHER INVESTMENTS

Strategic and other investments include upgrades and improvements to technology and security; supply chain; and strategic and non-discretionary projects.

LOGISTICS WAREHOUSE COMPLEX

TOTAL COST $220 MILLION **IN-SERVICE** 2026-27

The new Logistic Warehouse Complex will result in a new 97-acre facility consolidating SaskPower operations currently at the Regina Service Centre, Federal Pioneer Building, Regina Maintenance Centre, Lumsden Field Office, Broder Street warehouse, and White City Pole Yard at one site. The new complex will replace current SaskPower building assets which are at the end of their effective lifecycle and facilitate multiple operational efficiencies.

HEAD OFFICE REFURBISHMENT

TOTAL COST $124 MILLION **IN-SERVICE** 2023-24

SaskPower's Head Office building is approaching 60 years of age and is well beyond its useful life. Several third-party reviews conducted over the last 10 years have highlighted failing infrastructure issues and critical risks, including the presence of asbestos and potential failures of heating, ventilation, plumbing and electrical systems. The Head Office Refurbishment is a strategic investment that aligns with SaskPower's continued growth and future sustainability. It will also provide a significant opportunity for increased employment and economic activity for the construction industry in the province.

JUNO PROGRAM

TOTAL COST $26 MILLION **IN-SERVICE** 2023-24

As current SAP Software Solutions (SAP) are nearing end of life, SaskPower is modernizing its entire SAP footprint to ensure it continues to deliver value for customers and meets changing expectations. The overall program is being coordinated in a manner to reduce operational risk, minimize business disruption and add new business capabilities where needed.

OUTLOOK

2021-22 BUDGET VS. 2020-21 ACTUAL RESULTS

The following chart outlines the 2021-22 budget as compared to SaskPower's 2020-21 actual results. These earnings expectations are subject to a number of variables including: the COVID-19 pandemic; natural gas prices; coal and hydro availability; weather; economic conditions; number of customers; and market conditions in other jurisdictions.

(in millions)	Budget 2021-22	Actual 2020-21	Change
Revenue			
Saskatchewan electricity sales	**$ 2,673**	$ 2,615	$ 58
Exports and electricity trading	**21**	53	(32)
Other revenue	**89**	103	(14)
Total revenue	**2,783**	2,771	12
Expense			
Fuel and purchased power	**915**	807	108
Operating, maintenance and administration	**705**	700	5
Depreciation and amortization	**618**	595	23
Finance charges	**407**	426	(19)
Taxes	**81**	79	2
Other expenses	**40**	4	36
Total expense	**2,766**	2,611	155
Net income	**$ 17**	$ 160	$ (143)
Return on equity[1]	**0.6%**	5.8%	(5.2%)

1. Return on equity = (net income)/(average equity), where equity = (retained earnings + equity advances).

SaskPower's net income is expected to be $17 million in 2021-22, resulting in a return on equity of 0.6%.

Expenses are expected to increase $155 million, primarily due to a $108 million increase in fuel and purchased power as a result of higher federal carbon charges and increased renewable generation. Depreciation expense is also expected to increase as a result of additional capital expenditures. SaskPower invested $693 million in capital in 2020-21, and an additional $938 million is expected to be invested in 2021-22.

The increase in expenses is expected to be partially offset by a $12 million increase in revenue. Saskatchewan electricity sales are expected to be $2,673 million in 2021-22, an increase of $58 million over 2020-21 mainly as a result of a 2.1% increase in expected sales volumes. This is expected to be partially offset by reduced exports and electricity trading and other revenue.

2021-22 CAPITAL EXPENDITURES

	Budget 2021-22	Actual 2020-21	Change
Capital expenditures	**$ 938**	$ 693	$ 245
Power Grid Renewal Grant	**50**	-	50
	$ 988	$ 693	$ 295

SaskPower expects to continue to make substantial investments in its infrastructure over the next 10 years. Capital expenditures in 2021-22 are budgeted to be approximately $938 million. In addition, SaskPower will invest a further $50 million in funding from the Power Grid Renewal Grant provided through SaskBuilds Corporation to support incremental transmission and distribution sustainment capital projects.

RELATED PARTY TRANSACTIONS

SaskPower 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 32 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.

Consolidated statement of financial position

(in millions)	March 31, 2021	March 31, 2020
Unbilled revenue receivable	$ 78	$ 79
Allowance for doubtful accounts	17	14
Allowance for obsolescence	15	17
Debt retirement funds	865	848
Decommissioning provisions	257	244
Environmental remediation liabilities	67	67
Net risk management liabilities	50	79
Defined benefit pension plan deficit	162	164

Consolidated statement of income

(in millions)	2020-21	2019-20
Depreciation and amortization expense	$ 595	$ 572

UNBILLED REVENUE RECEIVABLE

Electricity 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, 2021, total Saskatchewan electricity sales of $2,615 million included $78 million of estimated unbilled revenue.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

An allowance for doubtful accounts is calculated for both energy and non-energy sales. Loss rates are based on historical credit losses and are adjusted to reflect differences between current and historical economic conditions and the Corporation's view of economic conditions over the expected lives of the receivables. The allowance for doubtful accounts is reviewed monthly based on an estimate of outstanding amounts that are considered uncollectible. Historically, SaskPower has not written off a significant portion of its accounts receivable balances.

ALLOWANCE FOR OBSOLESCENCE

An allowance for obsolescence is calculated for generation, transmission and distribution inventory. In establishing the appropriate provision for inventory obsolescence, management estimates the likelihood that inventory on hand will become obsolete due to changes in technology.

DEBT RETIREMENT FUNDS

Debt retirement funds are monies set aside to retire outstanding debt upon maturity. The debt retirement funds are recorded at fair value on the balance sheet. The fair value adjustment is based upon closing period-end prices received from the Government of Saskatchewan Ministry of Finance.

PROVISIONS

Decommissioning

A decommissioning provision is a legal or constructive obligation associated with the retirement of a long-lived 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.

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.

NET RISK MANAGEMENT LIABILITIES

Net risk management liabilities reflect the fair value of the derivative financial instruments on the balance sheet. Derivative financial instruments include natural gas and electricity forward contracts. The fair values are determined based upon both internal pricing models that use market data and quoted market prices obtained from counterparties.

DEFINED BENEFIT PENSION PLAN DEFICIT

SaskPower provides post-retirement benefits to employees, including those from a defined benefit pension plan (the Plan). An independent actuary calculates the funded status of the Plan every three years based on assumptions regarding discount rates, inflation rates, future pension indexing and life expectancy. The funded status is extrapolated on a quarterly basis for the current discount rate. The entire deficit or surplus for the defined benefit pension plan is recognized on the statement of financial position.

DEPRECIATION AND AMORTIZATION

Property, plant and equipment represent 81% of total assets recognized on SaskPower's statement of financial position as at March 31, 2021. 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. The estimated useful lives of the components are based on formal depreciation studies that are typically performed every five years, with annual reviews for reasonableness. Judgment has been used to determine the estimated useful lives and related accelerated depreciation for coal facility assets based on federal regulations to phase out conventional coal-fired generation in Canada by 2030.

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 $33 million increase to depreciation expense annually.

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, 2020. The impact of the change in estimated useful lives was an approximate $10 million increase to depreciation expense for the year ended March 31, 2021.

RECENT AND FUTURE ACCOUNTING POLICY CHANGES

Refer to Note 4 in the consolidated financial statements for information pertaining to the impact of adopting the amendments effective for the 2020-21 fiscal year.

The following amendments to existing International Financial Reporting Standards (IFRS) have been issued, however, are not yet effective for the year ended March 31, 2021, and have not been applied in preparing the consolidated financial statements. The Corporation is currently reviewing the amended standards and interpretations disclosed in Note 2(e) to determine the potential impact, if any, on its consolidated financial statements:

- Amendments to IFRS 3, *Business Combinations*, reference to the Conceptual Framework.
- Amendments to IFRS 9, *Financial Instruments*, Annual Improvements to IFRS Standards 2018-2020.
- Amendments to IFRS 10, *Consolidated Financial Statements*, sale or contribution of assets between an investor and its associate or joint venture.
- Amendments to International Accounting Standards (IAS) 1, *Presentation of Financial Statements*, classification of liabilities as current or non-current.
- Amendments to IAS 28, *Investments in Associates and Joint Ventures*, sale or contribution of assets between an investor and its associate or joint venture.
- Amendments to IAS 16, *Property, Plant and Equipment*, proceeds before intended use.
- Amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, onerous contracts.

RISK MANAGEMENT

SaskPower operates in a complex and dynamic business environment where significant pressures, uncertainties and changes are occurring in the industry. As part of the strategic planning process, major challenges to our business have been identified which introduce a variety of risks and uncertainties that could impact the achievement of our business objectives. In addition to strategic risk, functional risks are identified, managed and to the extent possible mitigated through the Enterprise Risk Management (ERM) Program. These functional risks include: financial performance, operational performance, safety, environmental performance, compliance and reputation. SaskPower's risk management responses are implemented in various ways, including through governance practices, policies, procedures, processes and technologies. The ERM Program promotes a consistent and standard approach to risk identification, assessment, and management throughout the organization.

The pandemic continues to impact SaskPower's business functions, financial condition, cash flows and results from operations. SaskPower has been resilient in managing the impacts of COVID-19 and will continue to adapt as the situation evolves. SaskPower's risk management responses to COVID-19 are focused on the health and safety of our workforce and customers while ensuring business continuity. The controls put in place include, but are not limited to, restricting physical site access; restricting travel; following social distancing guidelines; sustaining adequate cash flows; adjusting demand forecasts; and minimizing supply chain interruptions. Through the ERM Program, SaskPower's Board of Directors and Executive members continue to identify and respond to developing and potential new risks related to COVID-19. In this uncertain environment, corporate risk management efforts are aligned to allow SaskPower to continue to deliver reliable and safe power in Saskatchewan.

ERM GOVERNANCE

Risk management is the responsibility of all employees and is an integral part of our culture. SaskPower's Board of Directors has overall responsibility for stewardship of the Corporation and the President and CEO has ultimate accountability for risk management, with support from Executive Members. Executive Members manage key business risks, including new and emerging risks and opportunities. The Audit & Finance Committee of the Board is responsible for overseeing the ERM framework, risk management policies, authorities, and accountabilities of shared risk management throughout SaskPower.

SaskPower's business divisions are responsible for managing day-to-day risks within their areas of responsibility. Project risks are the responsibility of project managers, with corresponding accountability to project boards and respective Executive members.

TOP CORPORATE RISKS

SaskPower meets annually with its Board of Directors to identify top corporate risks that could impact our company's corporate strategies and priorities; influence financial and operating results; and affect achievement of our business objectives. It is management's responsibility to develop and implement strategies to mitigate those risks to levels that are deemed acceptable by the Board of Directors.

1. ENVIRONMENTAL REGULATION

Our industry is challenged by changing regulations resulting in the phase-out of conventional coal generation, increasing emissions performance requirements for natural gas generation and the implementation of a price on carbon that is gradually increasing from its current $40 per tonne of carbon dioxide emissions above the established thresholds to an expected $170 per tonne by 2030. Current federal regulations require the phase-out of conventional coal-fired generation by 2030. The federal government has also enacted new emissions performance standards for new natural gas generation. In addition, the Corporation is also subject to extensive provincial and municipal environmental regulations. Failure to comply with these regulations could result in fines or other penalties.

SaskPower has formed a supply plan that would increase generating capacity from renewable sources such as wind and solar; reduce SaskPower's greenhouse gas emissions; and integrate emerging technologies (geothermal, biomass, flare gas, and landfill gas). In 2019, an agreement on the equivalency of federal and Saskatchewan regulations for the control of greenhouse gas emissions from electricity production was approved. This Equivalency Agreement between the province and the federal government provides SaskPower with increased flexibility to meet emissions-related regulations.

SaskPower is currently operating the E.B. Campbell Hydroelectric Station without a federal authorization from Fisheries and Oceans Canada. Management is actively working with the federal government through the authorization process to secure a new authorization.

2. FINANCIAL SUSTAINABILITY

SaskPower's financial flexibility and capability is challenged by current economic conditions, growing capital requirements, increasing debt, and pressures to maintain competitive rates. SaskPower has a high fixed-cost structure driven by the capital-intensive nature of the electric utility business. SaskPower's business model needs to be agile enough to adapt to industry changes including emissions regulations, rising costs, capital expenditures and customer self-generation. Key financial drivers include revenues which are impacted by load growth, provincial economic conditions, customer mix and approved rate increases. The cost of fuel is driven by load growth, fuel mix and the market price of fuel. Depreciation and finance charges are impacted by capital expenditures and the cost of borrowing.

SaskPower minimizes the impact of current financial constraints by effectively implementing business optimization initiatives; using scenario-based budgeting and forecasting for business planning; prioritizing capital spending; engaging in cost-effective financing; diversifying the fuel mix; developing a rate management strategy; monitoring counterparty credit risk; validating load forecast assumptions; maintaining rate competitiveness; and identifying the most cost-effective supply options.

3. INFRASTRUCTURE AND RELIABILITY

Significant capital spending is required to maintain system reliability, reduce risk of equipment failures, renew aging infrastructure and accommodate growing demand for electricity. SaskPower's electricity supply infrastructure can be affected by age, insufficient capital investment, significant technological change, innovation, 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 life and vulnerable to extreme weather events. 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. 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 system requirements are evolving to manage the power system more efficiently and maintain acceptable security standards.

Long-term system planning; grid modernization; redundant and resilient systems; standby critical inventory; the implementation of a risk-based asset performance management strategy; prioritization and allocation of capital spending; and established business continuity and emergency plans allow SaskPower to address a variety of adverse events. Reciprocal transmission agreements with neighbouring utilities provide assistance in major outage situations.

4. STAKEHOLDER EXPECTATIONS

SaskPower interacts with a variety of stakeholders within the scope of its operations, including Indigenous communities, customers, business partners, employees, shareholders, governments, regulatory bodies and contractors. Stakeholder expectations are changing, with greater transparency, involvement and stewardship expected. Positive stakeholder engagement through effective communication of SaskPower's needs and strategic direction helps our company achieve its objectives and deal with adversity or significant change when it impacts the organization and its stakeholders.

The First Nations Power Authority has agreed to partner with us to facilitate Indigenous engagement related to plans for a sustainable power system in Saskatchewan. Engagement effectiveness is measured through a stakeholder trust metric. Strategic decision making at SaskPower incorporates the impact of its actions on many stakeholders, including employees, customers, regulators, and Canadians as a whole.

5. SECURITY

SaskPower business operations rely on information and operational technologies which need to be supported, protected and secured such that the confidentiality, integrity and availability of these associated systems and information are maintained. SaskPower has established numerous physical and cyber security controls to protect our staff, assets and information from attack, damage or unauthorized use. SaskPower continues to compare these controls to industry best practices and is compliant with all North American Electric Reliability Corporation Critical Information Protection (NERC-CIP) security standards. Recognizing the increase in cyber crime and associated threats, SaskPower continues to invest towards improving its security posture and overall control maturity.

6. SAFETY OF EMPLOYEES AND PUBLIC

SaskPower operations can inherently impact the safety of employees, contractors, customers, and the general public. There are considerable hazards and risks associated with working on high voltage equipment, on equipment operated at a high temperature or pressure, at heights, with chemicals, and around large machines. SaskPower interacts with customers, contractors and the public to inform them of potential safety issues.

SaskPower mitigation strategies include the integration of leadership competencies to foster and reinforce safe work practices. The Standard Protection Code and Standard Operating Procedures have been embedded in SaskPower's safety culture and operations. Contractors and employees are provided with safety orientations and learning opportunities for compliance with legislation and corporate safety requirements. Safety goals and the Corporate Balanced Scorecard Health & Safety Index are also incorporated into our company's performance management process. Risk-based asset maintenance programs at SaskPower include equipment inspection, replacement, and maintenance. The asset maintenance program is designed to reduce the risk of public injuries or fatalities. New partnerships have been built with the Government of Saskatchewan Ministry of Agriculture and other public and private organizations to raise awareness of public safety that will reduce farming and construction-related incidents.

7. PROJECT DELIVERY

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

Not delivering projects on time, on schedule, or within budget or scope can impact customers/suppliers and increase costs for the Corporation. SaskPower mitigation strategies include standardizing project delivery tools and governance methods; implementing vendor prequalification and provision for long-term goods and service contracts; tracking earned value metrics for each project; measurement of planned versus actual benefits realized; managing of project risks through cross-functional risk committees; as well as comprehensive monitoring and reporting of project dependencies and outage scheduling.

8. INDUSTRY DISRUPTION

SaskPower is challenged by evolving disruptive forces which are significantly influenced by technology and innovation. Developments in technology are changing the role of the customer and the economics of the industry. The utility industry is maturing and is in the midst of a major infrastructure investment cycle. The bulk of SaskPower infrastructure is either coming to the end of its useful life or reaching planned retirement and needs to be renewed or replaced. At the same time, our supply mix needs to become cleaner as driven by new emissions regulations, performance standards, the federal/provincial Equivalency Agreement, public expectations, and the falling cost of renewables. The traditional electricity grid is evolving into a system in which automation, electric vehicles, remote control, visibility, and customer participation are expected. Customers will become more integrated in the Corporation's network through customer-owned generation and energy management products and by providing input on long-term decision making and the transition to a low-carbon economy.

SaskPower has strategies to define the path forward, including an Integrated Resource Plan, grid modernization strategy and long-term strategic workforce plan. A cross-functional team works with various stakeholders to address disruption resulting from distributed and self-generation technologies. SaskPower continues to explore new opportunities for cogeneration with large industrial customers. To modernize interaction with customers, digital self-serve options are also in development. Meanwhile, SaskPower is supporting electric vehicle adoption in the province and to better understand this technology, SaskPower has added electric vehicles to its own corporate fleet. As well, information on electric vehicles is now available on SaskPower's website to promote customer awareness.

9. WORKFORCE MANAGEMENT

Over the next few years, a significant number of core SaskPower employees will be impacted by a changing work environment. This includes the phase-out of conventional coal generation and increasing use of technology and automation, contributing to a period of challenging transition within the workforce. This will change SaskPower's workforce by creating new critical employee segments that do not currently exist. SaskPower's continued success will be tied to its ability to train, attract and retain sufficiently qualified staff to meet these new business environment needs.

SaskPower's long-term strategic workforce plan will focus on succession planning, skillset gap analysis, retention strategies, targeted recruitment for in-demand occupations and continuous improvement training. SaskPower is continuing to build partnerships with educational institutions and support apprenticeship programs to support our workforce transition.

10. SECURITY AND OPTIMIZATION OF ENERGY SUPPLY

Having secure, cost efficient and optimized fuel available when required for generation is essential to SaskPower's ability to meet electricity demand. 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 are coal, natural gas, and hydro. These fuel sources form the basis for SaskPower's diversified supply portfolio. Changes in emissions regulations and carbon tax burden will introduce a shift in the supply mix, including the presence of 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 mix — 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. The natural gas market continues to evolve with increased use of natural gas infrastructure in Alberta and Saskatchewan impacting supply and demand.

SaskPower manages fuel supply risks through strategies that include long-term natural gas transmission contracts with renewable rights to secure transportation services of natural gas; long-term coal contracts to address price, quality and security of supply; feasibility studies of small modular reactors using nuclear power as a source fuel; as well as inter-tie capabilities with other provinces and states. SaskPower's natural gas hedging program addresses security of natural gas supply and market access. Development of a diversified and flexible fuel portfolio includes strategies for renewables and low-emitting sources.

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

CONTENTS

REPORT OF MANAGEMENT

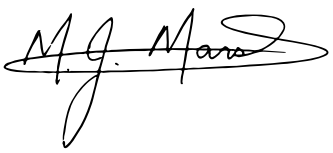
The consolidated financial statements of Saskatchewan Power Corporation (SaskPower; the Corporation) are the responsibility of management and have been prepared in accordance with International Financial Reporting Standards. The preparation of financial statements necessarily involves the use of estimates 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 26, 2021. 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 26, 2021

Troy King
Vice-President, Finance and Business Performance,
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, Vice-President, Finance and Business Performance, 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 at March 31, 2021.

(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 at March 31, 2021, 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 26, 2021

Troy King
Vice-President, Finance and Business Performance,
and Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan:

Opinion

We have audited the consolidated financial statements of Saskatchewan Power Corporation (the Corporation), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. As of the date of this report, we have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Deloitte LLP

Chartered Professional Accountants
May 26, 2021
Regina, Saskatchewan

CONSOLIDATED STATEMENT OF INCOME

(in millions)

For the year ended March 31	Notes	2020-21	2019-20
Revenue			
Saskatchewan electricity sales	5	**$ 2,615**	$ 2,626
Exports and electricity trading	6	**53**	20
Other revenue	7	**103**	125
Total revenue		**2,771**	2,771
Expense			
Fuel and purchased power	8	**807**	737
Operating, maintenance and administration	9	**700**	705
Depreciation and amortization	10	**595**	572
Finance charges	11	**426**	431
Taxes	12	**79**	77
Other expenses	13	**4**	44
Total expenses		**2,611**	2,566
Net income		**$ 160**	$ 205

See accompanying notes

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions)

For the year ended March 31	Notes	2020-21	2019-20
Net income		**$ 160**	$ 205
Other comprehensive (loss) income			
Items that may be reclassified subsequently to net income:			
Derivatives designated as cash flow hedges:			
Natural gas hedges:		**12**	27
Change in fair value during the period		**(16)**	(41)
Realized losses during the period		**16**	41
Reclassification to income			
Debt instruments designated as FVOCI:			
Change in fair value during the period	18	**(26)**	17
Realized gains during the period	18	**2**	-
Reclassification to income	11	**(2)**	-
Items that will not be reclassified to net income:			
Defined benefit pension plans:			
Net actuarial gains	33	**8**	11
		(6)	55
Total comprehensive income		**$ 154**	$ 260

See accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions)

As at March 31	Notes	2021	2020
Assets			
Current assets			
Cash and cash equivalents		$ 98	$ 236
Accounts receivable and unbilled revenue		433	456
Inventory	14	251	227
Prepaid expenses		23	24
Risk management assets	26	6	7
		811	950
Property, plant and equipment	15	9,816	9,712
Right-of-use assets	16	565	615
Intangible assets	17	68	70
Debt retirement funds	18	865	848
Other assets		8	8
Total assets		$ 12,133	$ 12,203
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		$ 567	$ 494
Accrued interest		64	65
Deferred revenue	19	22	22
Dividend payable		17	5
Risk management liabilities	26	56	86
Short-term advances	20	299	946
Current portion of long-term debt	21	240	129
Current portion of lease liabilities	22	36	28
		1,301	1,775
Long-term debt	21	6,501	6,180
Lease liabilities	22	946	980
Employee benefits	33	208	210
Provisions	23	324	311
Total liabilities		9,280	9,456
Equity			
Retained earnings		2,235	2,123
Accumulated other comprehensive income	24	25	31
Equity advances	25	593	593
Total equity		2,853	2,747
Total liabilities and equity		$ 12,133	$ 12,203

See accompanying notes

On behalf of the Board,

Chief Darcy Bear
Chair

Marvin Romanow
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions)	Retained earnings	Accumulated other comprehensive income (loss)			Equity advances	Total
		Net gains (losses) on derivatives designated as cash flow hedges	Net gains (losses) on debt instruments designated as FVOCI	Net actuarial gains (losses) on defined benefit pension plans		
Equity						
Balance, April 1, 2019	$ 1,938	$ (51)	$ 7	$ 20	$ 626	**$ 2,540**
Net income	205	-	-	-	-	**205**
Other comprehensive income	-	27	17	11	-	**55**
Dividends	(20)	-	-	-	-	**(20)**
Equity advances repayment	-	-	-	-	(33)	**(33)**
Balance, March 31, 2020	**$ 2,123**	**$ (24)**	**$ 24**	**$ 31**	**$ 593**	**$ 2,747**
Net income	160	-	-	-	-	**160**
Other comprehensive income (loss)	-	12	(26)	8	-	**(6)**
Dividends	(48)	-	-	-	-	**(48)**
Balance, March 31, 2021	**$ 2,235**	**$ (12)**	**$ (2)**	**$ 39**	**$ 593**	**$ 2,853**

See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions)

For the year ended March 31	Notes	2020-21	2019-20
Operating activities			
Net income		**$ 160**	$ 205
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation and amortization	10	**595**	572
Finance charges	11	**426**	431
Net losses on asset disposals and retirements	13	**32**	31
Unrealized market value adjustments		**(2)**	3
Reclassification of natural gas hedges transitional market value losses		**(19)**	(29)
Net employee benefits paid		**(4)**	(3)
Natural gas inventory market revaluation		**(1)**	(2)
Allowance for obsolescence		**(2)**	4
Environmental expenditures net of provisions		**(5)**	(2)
		1,180	1,210
Net change in non-cash working capital	30	**83**	112
Interest paid		**(449)**	(456)
Cash provided by operating activities		**814**	866
Investing activities			
Property, plant and equipment additions		**(660)**	(637)
Arbitral award	15	**32**	-
Intangible assets additions	17	**(23)**	(34)
Proceeds from sale and disposal of assets		**2**	3
Costs of removal of assets		**(9)**	(11)
Proceeds from sale of equity accounted investments		**-**	39
Cash used in investing activities		**(658)**	(640)
Increase in cash before financing activities		**156**	226
Financing activities			
Net repayments of short-term advances		**(647)**	(50)
Proceeds from long-term debt	21	**566**	344
Repayments of long-term debt	21	**(129)**	(88)
Debt retirement fund instalments	18	**(62)**	(60)
Debt retirement fund redemptions	18	**42**	-
Principal repayment of lease liabilities		**(28)**	(24)
Net decrease in liabilities		**-**	(54)
Dividends paid		**(36)**	(35)
Equity advances repayment	25	**-**	(33)
Cash used in financing activities		**(294)**	-
(Decrease) increase in cash		**(138)**	226
Cash and cash equivalents, beginning of year		**236**	10
Cash and cash equivalents, end of year		**$ 98**	$ 236

See accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 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.

NOTE 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 26, 2021.

(b) 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:

- Inventory at lower of cost and net realizable value defined in Note 3(b).
- Provisions at discounted expected future cash flows defined in Note 3(g).
- Financial instruments that are accounted for according to the financial instrument categories defined in Note 3(m).
- Employee benefit plans recognized at the fair value of plan assets less the present value of the accrued benefit obligations defined in Note 3(n).

(c) 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.

(d) Use of estimates and judgments

The COVID-19 pandemic has resulted in an economic slowdown. The duration and impact of the COVID-19 pandemic are unknown at this time. Estimates to the extent which the COVID-19 pandemic may, directly or indirectly, impact the Corporation's operations, financial results and conditions in future periods are also subject to uncertainty.

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) Saskatchewan 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 [Notes: 3(h)(i) and 5].

(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 regard to when the related property, plant and equipment is available for use and performance obligations are complete [Notes: 3(h)(iii) and 7].

(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 [Notes: 3(m)(v) and 27].

(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 14].

(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), 10, 15 and 17].

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

(vi) Leases

In assessing the carrying amounts of right-of-use assets and lease liabilities and underlying estimates of future cash flows, management must use judgment in identifying which arrangements contain a lease as well as the lease term for contracts including renewal options for which SaskPower is the lessee [Notes: 3(l), 16 and 22].

(vii) 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 23].

(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(m) and 26].

(ix) Employee benefits

Employee benefit plan 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 plan expense or obligation [Notes: 3(n) and 33].

(e) New standards and interpretations not yet adopted

New standards and amendments to standards and interpretations which are not yet effective for the year ended March 31, 2021, have not been applied in preparing these consolidated financial statements. In particular, the Corporation is reviewing the following amended standards and interpretations:

- Amendments to IFRS 3, *Business Combinations*
- Amendments to IFRS 9, *Financial Instruments*
- Amendments to IFRS 10, *Consolidated Financial Statements*
- Amendments to IAS 1, *Presentation of Financial Statements*
- Amendments to IAS 28, *Investments in Associates and Joint Ventures*
- Amendments to IAS 16, *Property, Plant and Equipment*
- Amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*

These amendments are not expected to have a significant impact, if any, on the consolidated financial statements in the following fiscal year.

NOTE 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., previously a wholly owned subsidiary, was dissolved under *The Business Corporations Act (Saskatchewan)* effective January 15, 2021.

(ii) 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 arrangement as a joint operation:

- 50% ownership interest in the BHP 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 operations are fully funded by BHP Canada Inc. as per the sponsorship funding agreement which has been extended to March 31, 2022.

(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 dealer average 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 14).

(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 15).

When property, plant and equipment are disposed of or retired, the related costs less accumulated depreciation are derecognized. 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 13).

Assets held under right-of-use 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 (Note 16). The corresponding liability is recorded as a lease liability (Note 22).

(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 external depreciation study, the estimated useful lives of certain assets were changed. The change in estimate was applied prospectively, effective April 1, 2020, and resulted in an approximate $10 million increase to depreciation expense for the year ended March 31, 2021.
The estimated useful lives of the major classes of property, plant and equipment are:

Asset class	Estimated useful lives (years)
Generation	4-110
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 $33 million increase to depreciation expense annually.

Assets held under right-of-use leases are depreciated over their expected useful economic lives on the same basis as for owned assets, or where shorter, the lease term (Note 10).

(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 17).

Amortization is calculated on a straight-line basis over five to ten 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 10).

(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, wind generation facilities and other properties typically 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 rates. 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: 13 and 23).

(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: 13 and 23).

(h) Revenue recognition

The majority of the Corporation's revenues from contracts with customers are derived from the generation, transmission, distribution, purchase and sale of electricity and related products and services under *The Power Corporation Act*. The Corporation evaluates whether the contracts it enters into meet the definition of a contract with a customer at the inception of the contract and on an ongoing basis if there is an indication of significant changes in facts and circumstances. Revenue is measured based on the transaction price specified in a contract with a customer. Revenue is also recognized when control over a promised good or service is transferred to the customer and the Corporation is entitled to consideration as a result of completion of the performance obligation.

A contract liability (deferred revenue) is recorded when the Corporation receives consideration before the performance obligations have been satisfied. A contract asset is recorded when the Corporation has rights to consideration for the completion of a performance obligation when that right is conditional on something other than the passage of time. The Corporation recognizes unconditional rights to consideration separately as a receivable. Contract assets and receivables are evaluated at each reporting period to determine whether there is any objective evidence that they are impaired.

Significant judgment may be required to identify the number of distinct performance obligations within a contract and the allocation of the transaction price to multiple performance obligations in a contract, and to determine when performance obligations have been satisfied.

The Corporation has applied the following practical expedients under IFRS 15:

- The Corporation recognized revenue from contracts where the right to consideration from a customer corresponded directly with the value to the customer of the Corporation's performance completed to date in the amount to which the Corporation had the right to invoice;
- The Corporation did not adjust the promised amount of consideration for the effects of a significant financing component if the Corporation expected, at the contract inception, that the period between when the Corporation transfers the good or service to the customer and when the customer pays for the service will be one year or less; and
- The Corporation did not disclose information about remaining performance obligations that had original expected durations of one year or less.

The Corporation's main sources of revenue and method applied to the recognition of this revenue in these consolidated financial statements are as follows:

(i) Saskatchewan electricity sales

Electricity sales contracts are deemed to have a single performance obligation as the promise to transfer individual goods or services is not separately identifiable from other obligations in the contracts and therefore not distinct. These performance obligations are considered to be satisfied over time as electricity is delivered because of the continuous transfer of control to the customer. The method of revenue recognition for the electricity is an output method, which is based on the volume delivered to the customer.

Saskatchewan electricity sales are calculated based on the customer's usage of electricity during the period at the applicable published rates for each customer class. Electricity rates in Saskatchewan are subject to review by the Saskatchewan Rate Review Panel with final approval by provincial cabinet. Saskatchewan electricity sales 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 (Note 5).

(ii) Exports and electricity trading

Export sales are recognized upon delivery to the customer and include an estimate of electricity deliveries not yet billed at period end. Electricity trading revenues are reported on a net basis upon delivery of electricity to customers and receipt of electricity purchased from external parties. Electricity trading contracts are recorded at fair value (Notes: 6 and 26).

(iii) Customer contributions

Customer contributions are funds received from certain customers toward the costs of service extensions. Customer contribution contracts are deemed to have a single performance obligation. These performance obligations are satisfied at a point in time and recognized in profit or loss as other revenue when the related property, plant and equipment is available for its intended use. The transaction price is the estimated construction charge for connecting the customer to the network (Note 7).

(iv) Other

Other revenue includes gas and electrical inspections, fly ash and carbon dioxide (CO_2) sales which are recorded upon delivery of the related good or service (Note 7).

(i) Government grants

Government grants are recognized when there is reasonable assurance that they will be received and the Corporation will comply with the conditions associated with the grant. Grants that compensate the Corporation for expenses incurred are recognized in profit or loss as an offset against operating, maintenance and administration (OM&A) expense in the same period in which the expenses are recognized. Grants that compensate the Corporation for the cost of an asset are netted against the capitalized asset costs and recognized in profit or loss over the estimated useful life of the asset.

(j) Finance charges

Finance expense is comprised of interest expense on short-term and long-term borrowings, finance costs related to right-of-use assets, interest on employee benefit plans, and interest on provisions. 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 11).

Finance income is comprised of earnings on debt retirement funds and interest. Finance income is recognized in profit or loss as earned (Note 11).

(k) 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 13).

(l) Leases

A contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation has assessed its arrangements to determine whether they contain a lease. Certain take-or-pay power purchase agreements (PPAs) relating to the Meridian Cogeneration Station, Spy Hill Generating Station and the North Battleford Generating Station gas-fired facilities which, in management's judgment, give SaskPower the exclusive right to use specific production assets, meet the definition of a lease.

Right-of-use assets are initially measured at an amount equal to the lease liability and are adjusted for any payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated over the related lease term. The Corporation has applied judgment to determine the lease term for contracts that include renewal options. The assessment of whether the Corporation is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized (Notes: 10 and 16).

The corresponding lease liability is measured at the present value of the lease payments that are not paid at commencement and are discounted using the Corporation's incremental borrowing rate or the rate implicit in the lease. 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. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the Corporation's estimate or assessment of whether it will exercise an extension, termination, or purchase option. A corresponding adjustment is made to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero (Notes: 11 and 22).

Payments for short-term and low-value leases are recognized as an operating expense. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset and are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

(m) Financial instruments

(i) Classification and measurement

SaskPower classifies its financial instruments into one of the following categories: amortized cost (AC); fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL) (Note 26).

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 is 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 liabilities (other than financial assets and liabilities at FVOCI or FVTPL) are added to or deducted from the fair value of the financial assets or liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial instruments classified as FVOCI or FVTPL are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

Financial assets and liabilities classified as amortized cost are subsequently measured at amortized cost using the effective interest method less any impairment. Financial instruments classified as FVOCI are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income (loss). Financial instruments classified as FVTPL are subsequently measured at fair value with changes in fair value recognized in profit or loss. Any interest income, foreign exchange gains and losses, impairment or gains or losses on derecognition are recognized in the consolidated statement of income. On derecognition, gains and losses accumulated in other comprehensive income (loss) are reclassified to the consolidated statement of income.

SaskPower classifies its debt retirements funds as debt instruments designated as FVOCI as the following conditions are met:

- The debt retirement funds are administered by the Government of Saskatchewan Ministry of Finance whose business model objective is to both hold underlying investments to collect contractual cash flows and to sell; and
- The contractual terms of the debt retirement funds give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Derivative financial instruments that are held-for-trading, 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 FVTPL and recorded at fair value on the consolidated statement of financial position as risk management assets and liabilities. If there is a difference between the fair value at initial recognition and the transaction price, the day one gain is deferred and amortized into profit or loss over the term of the contract. Subsequent changes in the fair value of these derivative financial instruments, with the exception of the effective portion of derivatives designated as cash flow hedges, are recognized in profit or loss. Refer to Note 3(m)(ii) for derivatives designated as hedging instruments.

Certain commodity contracts for the physical purchase of natural gas and electricity qualify as own-use contracts. SaskPower entered into these contracts for the purpose of physical receipt of the natural gas or electricity in accordance with its own expected usage requirements for the generation of electricity and servicing of Saskatchewan customers. 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.

The terms and conditions of certain financial and non-financial 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 contracts and are included with accounts receivable on the statement of financial position.

(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 forecasted 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 forward contracts to hedge exposures to anticipated changes in commodity prices on forecasted natural gas purchases related to the Corporation's PPAs. In the past, the Corporation entered into bond forward agreements to hedge exposures to anticipated changes in interest rates on forecasted issuances of debt (Note 26). The Corporation chooses to designate these contracts as cash flow hedges. The Corporation assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method. The Corporation applies a hedge ratio of 1:1. As such, the effective portion of the changes in fair value related to the derivative financial instruments are recognized in other comprehensive income (loss), 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 natural gas forward agreements are settled, the resulting gain or loss recorded in accumulated other comprehensive income (loss) is recognized in fuel and purchased power immediately. The bond forward agreements expired upon the issuance of debt, therefore, the resulting gain or loss recorded in accumulated other comprehensive income (loss) is being amortized to finance charges over the term of the debt.

(iii) Embedded derivatives

As at March 31, 2021, 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 26) 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 and other variables.

Level 3 Fair values are determined based on inputs for the asset or liability that are not based on observable market data. As at March 31, 2021, the Corporation does not have any financial instruments classified as level 3.

(v) Impairment of financial assets

The Corporation recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost and debt instruments designated as FVOCI. The Corporation measures loss allowances for trade receivables at an amount equal to lifetime ECL. Debt instruments and other receivables that are determined to have low credit risk at the reporting date are measured at 12-month ECL. The Corporation considers a debt instrument to have low credit risk when its credit risk rating is A or higher (investment grade).

When determining whether the credit risk of a financial asset has increased, the Corporation performs a quantitative and qualitative analysis based on the Corporation's historical experience and forward-looking information. The Corporation assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Corporation considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Corporation in full without recourse by the Corporation to actions such as realizing security, or the financial asset is 90 days or more past due.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt instruments at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income (loss). The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery (Note 27).

(n) 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 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 OM&A expense in the period during which services are rendered by employees (Note 33).

(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 (loss) in the period in which they arise (Note 33).

(iii) Other benefit plans

The Corporation provides a supplementary superannuation plan for certain management employees who elect to forgo 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 33).

NOTE 4 APPLICATION OF REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) Amendments to the *Conceptual Framework for Financial Reporting*

Effective April 1, 2020, SaskPower prospectively adopted the amendments to the *Conceptual Framework for Financial Reporting (Conceptual Framework)*. The amendments provide revisions to the *Conceptual Framework*, a comprehensive set of concepts for financial reporting. There was no impact to the consolidated financial statements upon adoption of the amendments to the framework.

(b) Amendments to IAS 1, *Presentation of Financial Statements* and amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*

Effective April 1, 2020, SaskPower prospectively adopted the amendments to IAS 1, *Presentation of Financial Statements* and amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments refine the definition of material in IAS 1, *Presentation of Financial Statements* and align the definitions used across IFRS standards and other publications. There was no impact to the consolidated financial statements upon adoption of the amendments to the standards.

NOTE 5 SASKATCHEWAN ELECTRICITY SALES

(in millions)	2020-21	2019-20
Residential	$ 579	$ 559
Farm	188	185
Commercial	487	508
Oilfield	390	435
Power	748	759
Reseller	94	97
Federal carbon charge	129	83
	$ 2,615	$ 2,626

NOTE 6 EXPORTS AND ELECTRICITY TRADING

(in millions)	2020-21	2019-20
Exports	$ 54	$ 20
Electricity trading revenue	5	14
Electricity trading costs	(7)	(14)
Fair value change	1	-
	$ 53	$ 20

NOTE 7 OTHER REVENUE

(in millions)	2020-21	2019-20
Customer contributions	$ 48	$ 59
CO_2 sales	16	10
Gas and electrical inspections[1]	13	18
Fly ash sales	8	10
Joint use charge	5	5
Custom work	3	4
Miscellaneous revenue	10	19
	$ 103	$ 125

1. Provincial cabinet approved the transfer of the Corporation's Gas and Electrical Inspection (GEIS) Division to the Technical Safety Authority of Saskatchewan (TSASK) effective January 31, 2021. The related net book value of the GEIS assets were written down to reflect the lower of the carrying amount and fair value less costs to sell (Note 15).

NOTE 8 FUEL AND PURCHASED POWER

(in millions)	2020-21	2019-20
Coal	$ 345	$ 329
Gas	320	308
Imports	65	28
Wind	36	32
Hydro	26	23
Other	15	17
	$ 807	$ 737

Coal and gas costs include federal carbon charges owing to the federal government. Gas costs include the fuel charges associated with the electricity generated from SaskPower-owned gas-fired facilities as well as gas-fired PPA facilities. Imports represent electricity purchased from suppliers that produce power outside Saskatchewan. Wind and other include the cost of electricity obtained through wind PPA facilities, small independent power producers, and the cost of demand response programs.

NOTE 9 OPERATING, MAINTENANCE AND ADMINISTRATION

(in millions)	Notes	2020-21	2019-20
Salaries and benefits		$ 346	$ 333
Employee long-term benefits	33	28	30
External services		216	228
Materials and supplies		47	39
Other		63	75
		$ 700	$ 705

NOTE 10 DEPRECIATION AND AMORTIZATION

(in millions)	Notes	2020-21	2019-20
Depreciation of property, plant and equipment	15	$ 519	$ 494
Depreciation of right-of-use assets	16	52	56
Amortization of intangible assets	17	24	22
		$ 595	$ 572

NOTE 11 FINANCE CHARGES

(in millions)	Notes	2020-21	2019-20
Finance expense			
Interest on long-term debt		**$ 296**	$ 299
Interest on lease liabilities		**149**	155
Interest on short-term advances		**4**	13
Net interest on employee benefit plans	33	**10**	10
Interest on provisions	23	**6**	5
Other interest and charges		**1**	1
		466	483
Less: interest capitalized		**(10)**	(25)
amortization of debt premiums net of discounts	21	**(5)**	(2)
		451	456
Finance income			
Debt retirement fund earnings	18	**(21)**	(23)
Debt retirement fund realized market value gains	18	**(2)**	-
Interest income		**(2)**	(2)
		(25)	(25)
		$ 426	$ 431

NOTE 12 TAXES

(in millions)	2020-21	2019-20
Saskatchewan corporate capital tax	**$ 49**	$ 48
Grants-in-lieu of taxes	**29**	29
Miscellaneous tax expense	**1**	-
	$ 79	$ 77

NOTE 13 OTHER EXPENSES

(in millions)	Notes	2020-21	2019-20
Net losses on asset disposals and retirements		**$ 32**	$ 31
Settlement claims[1]		**(37)**	-
Environmental provisions	23	**-**	2
Other environmental costs		**6**	4
Inventory variance adjustments		**3**	7
		$ 4	$ 44

1. During 2020-21, the Corporation received a favourable ruling from an arbitral panel in relation to a contractual dispute comprised of a $56 million cash award as well as $14 million in forgiven payables. The portion of the award allocated to property, plant and equipment was $32 million (Note 15). The remaining $38 million awarded was recorded in the settlement claims amount shown above offsetting other claims.

NOTE 14 INVENTORY

(in millions)	March 31, 2021	March 31, 2020
Maintenance materials and supplies	$ 246	$ 226
Allowance for obsolescence	(15)	(17)
	231	209
Coal	12	11
Natural gas	10	10
Other fuel	1	1
	254	231
Natural gas market revaluation	(3)	(4)
	$ 251	$ 227

(in millions)	2020-21	2019-20
Inventory consumed during the period:		
Maintenance material and supplies	$ 182	$ 198
Natural gas	181	164
Coal	171	177
Other fuel	2	1
	$ 536	$ 540

(in millions)	Allowance for obsolescence
Balance, April 1, 2019	$ 13
Provision for obsolete inventory	9
Inventory disposals and/or write-downs	(5)
Balance, March 31, 2020	$ 17
Provision for obsolete inventory	2
Inventory disposals and/or write-downs	(4)
Balance, March 31, 2021	$ 15

NOTE 15 PROPERTY, PLANT AND EQUIPMENT

(in millions)	Generation	Transmission	Distribution	Other	Construction in progress	Total
Cost or deemed cost						
Balance, April 1, 2019	$ 6,787	$ 2,450	$ 4,232	$ 910	$ 1,028	**$ 15,407**
Cory Cogeneration Station[1]	76	-	-	-	-	**76**
Additions	743	361	269	64	696	**2,133**
Disposals and/or retirements	(19)	(14)	(37)	(14)	-	**(84)**
Transfers	-	-	-	-	(1,446)	**(1,446)**
Balance, March 31, 2020	**$ 7,587**	**$ 2,797**	**$ 4,464**	**$ 960**	**$ 278**	**$ 16,086**
Additions	144	78	259	93	693	**1,267**
TSASK[2]	-	-	-	(6)	-	**(6)**
Arbitral award[3]	(32)	-	-	-	-	**(32)**
Disposals and/or retirements	(37)	(4)	(41)	(17)	-	**(99)**
Transfers	(3)	-	-	-	(585)	**(588)**
Balance, March 31, 2021	**$ 7,659**	**$ 2,871**	**$ 4,682**	**$ 1,030**	**$ 386**	**$ 16,628**
Accumulated depreciation						
Balance, April 1, 2019	$ 3,138	$ 673	$ 1,714	$ 416	$ -	**$ 5,941**
Depreciation expense	256	64	122	52	-	**494**
Disposals and/or retirements	(11)	(9)	(30)	(11)	-	**(61)**
Transfers	-	-	-	-	-	**-**
Balance, March 31, 2020	**$ 3,383**	**$ 728**	**$ 1,806**	**$ 457**	**$ -**	**$ 6,374**
Depreciation expense	269	68	128	54	-	**519**
TSASK[2]	-	-	-	(3)	-	**(3)**
Disposals and/or retirements	(29)	(2)	(33)	(14)	-	**(78)**
Transfers	-	-	-	-	-	**-**
Balance, March 31, 2021	**$ 3,623**	**$ 794**	**$ 1,901**	**$ 494**	**$ -**	**$ 6,812**
Net book value						
Balance, April 1, 2019	**$ 3,649**	**$ 1,777**	**$ 2,518**	**$ 494**	**$ 1,028**	**$ 9,466**
Balance, March 31, 2020	**$ 4,204**	**$ 2,069**	**$ 2,658**	**$ 503**	**$ 278**	**$ 9,712**
Balance, March 31, 2021	**$ 4,036**	**$ 2,077**	**$ 2,781**	**$ 536**	**$ 386**	**$ 9,816**

1. Effective July 11, 2019, SaskPower, through its subsidiary SaskPower International, purchased the remaining 50% ownership interest in the Cory Cogeneration Station Joint Venture, of which it was already part-owner with ATCO Power Canada Ltd. The joint venture owned and operated a 234-MW natural gas-fired cogeneration station near Saskatoon, Saskatchewan. Upon purchase, the joint venture was dissolved, the PPA was terminated, and the related right-of-use asset (net book value - $76 million) was reclassified to property, plant and equipment.
2. Provincial cabinet approved the transfer of the Corporation's Gas and Electrical Inspections (GEIS) Division to the Technical Safety Authority of Saskatchewan (TSASK) effective January 31, 2021. The related net book value of the GEIS assets were written down to reflect the lower of the carrying amount and fair value less costs to sell.
3. During 2020-21, the Corporation received a favourable ruling from an arbitral panel in relation to a contractual dispute comprised of a $56 million cash award as well as $14 million in forgiven payables. The portion of the award allocated to property, plant and equipment was $32 million. The remaining $38 million awarded was recorded in profit or loss and included in other expenses.

For the year ended March 31, 2021, $10 million (2019-20 – $25 million) of interest costs were capitalized at the weighted average cost of borrowings rate of 4.30% (2019-20 – 4.30%).

NOTE 16 RIGHT-OF-USE ASSETS

(in millions)	Power purchase agreements	Buildings	Land	Total
Cost				
Balance, April 1, 2019	$ 1,243	$ 14	$ 7	**$ 1,264**
Cory Cogeneration Station (Note 15)	(228)	-	-	**(228)**
Additions	2	-	-	**2**
Terminations and/or modifications	-	-	-	**-**
Balance, March 31, 2020	**$ 1,017**	**$ 14**	**$ 7**	**$ 1,038**
Additions	-	2	-	**2**
Terminations and/or modifications	-	(1)	-	**(1)**
Balance, March 31, 2021	**$ 1,017**	**$ 15**	**$ 7**	**$ 1,039**
Accumulated depreciation				
Balance, April 1, 2019	$ 519	$ -	$ -	**$ 519**
Cory Cogeneration Station (Note 15)	(152)	-	-	**(152)**
Depreciation expense	52	3	1	**56**
Terminations and/or modifications	-	-	-	**-**
Balance, March 31, 2020	**$ 419**	**$ 3**	**$ 1**	**$ 423**
Depreciation expense	48	4	-	**52**
Terminations and/or modifications	-	(1)	-	**(1)**
Balance, March 31, 2021	**$ 467**	**$ 6**	**$ 1**	**$ 474**
Net book value				
Balance, April 1, 2019	**$ 724**	**$ 14**	**$ 7**	**$ 745**
Balance, March 31, 2020	**$ 598**	**$ 11**	**$ 6**	**$ 615**
Balance, March 31, 2021	**$ 550**	**$ 9**	**$ 6**	**$ 565**

NOTE 17 INTANGIBLE ASSETS

(in millions)	Software
Cost	
Balance, April 1, 2019	$ 303
Additions	34
Disposals and/or retirements	-
Transfers	-
Balance, March 31, 2020	$ 337
Additions	23
Disposals and/or retirements	(2)
Transfers	-
Balance, March 31, 2021	$ 358

Accumulated amortization	
Balance, April 1, 2019	$ 245
Amortization expense	22
Disposals and/or retirements	-
Transfers	-
Balance, March 31, 2020	$ 267
Amortization expense	24
Disposals and/or retirements	(1)
Transfers	-
Balance, March 31, 2021	$ 290

Net book value	
Balance, April 1, 2019	$ 58
Balance, March 31, 2020	$ 70
Balance, March 31, 2021	$ 68

NOTE 18 DEBT RETIREMENT FUNDS

(in millions)	
Balance, April 1, 2019	$ 748
Debt retirement fund instalments	60
Debt retirement fund earnings	23
Debt retirement fund unrealized market value gains	17
Balance, March 31, 2020	**$ 848**
Debt retirement fund instalments	62
Debt retirement fund redemptions	(42)
Debt retirement fund earnings	21
Debt retirement fund realized market value gains	2
Debt retirement fund unrealized market value losses	(26)
Balance, March 31, 2021	**$ 865**

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, 2021, scheduled debt retirement fund instalments for the next five years are as follows:

(in millions)	2021-22	2022-23	2023-24	2024-25	2025-26
Debt retirement fund instalments	$ 62	$ 60	$ 58	$ 58	$ 57

NOTE 19 DEFERRED REVENUE

(in millions)	
Balance, April 1, 2019	$ 29
Additions	16
Recognized in revenue	(23)
Balance, March 31, 2020	**$ 22**
Additions	15
Recognized in revenue	(15)
Balance, March 31, 2021	**$ 22**

Deferred revenue primarily relates to advance consideration received for customer contribution contracts. The related customer contribution revenue is recognized when the property, plant and equipment is available for its intended use.

NOTE 20 SHORT-TERM ADVANCES

(in millions)	March 31, 2021	March 31, 2020
Short-term advances	$ 299	$ 946

The short-term advances are due to the Government of Saskatchewan's General Revenue Fund. As at March 31, 2021, the advances have interest rates ranging from 0.151% to 0.435% and mature between May 5, 2021, and November 25, 2021. As at March 31, 2020, the advances had interest rates ranging from 0.750% to 1.751% and matured between April 2, 2020, and March 29, 2021.

NOTE 21 LONG-TERM DEBT

(in millions)	
Balance, April 1, 2019	$ 6,004
Assumption of Cory Cogeneration Station non-recourse debt[1]	42
Long-term debt issues	344
Long-term debt repayments	(79)
Amortization of debt premiums net of discounts	(2)
Balance, March 31, 2020	$ 6,309
Long-term debt issues	566
Long-term debt repayments	(129)
Amortization of debt premiums net of discounts	(5)
	$ 6,741
Less: current portion of long-term debt	(240)
Balance, March 31, 2021	$ 6,501

1. Upon purchase of the remaining 50% ownership interest in the Cory Cogeneration Funding Corporation on July 11, 2019, SaskPower, through its subsidiary SaskPower International, assumed an additional $37 million of non-recourse debt at a premium of $5 million. On November 7, 2019, the Corporation repaid the outstanding balance of non-recourse debt in full.

As at March 31, 2021, scheduled principal debt retirement requirements for the next five years are as follows:

(in millions)	2021-22	2022-23	2023-24	2024-25	2025-26
Long-term debt repayments	$ 240	$ 256	$ 150	$ 200	$ 200

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 18).

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
February 4, 1992	February 4, 2022	9.27	9.60	$ 240	$ 1	$ 241
July 21, 1992	July 15, 2022	10.06	8.94	256	-	256
April 1, 2020	April 1, 2023	Floating	CDOR[1]	150	-	150
April 8, 2020	June 3, 2024	1.79	3.20	200	9	209
May 30, 1995	May 30, 2025	8.82	8.75	100	-	100
July 27, 2020	September 2, 2025	0.93	0.80	100	(1)	99
June 14, 2019	December 2, 2028	2.34	3.05	175	9	184
June 25, 2020	June 2, 2030	1.53	2.20	100	6	106
August 8, 2001	September 5, 2031	6.49	6.40	200	(1)	199
January 15, 2003	September 5, 2031	5.91	6.40	100	4	104
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	(1)	149
May 6, 2005	March 5, 2037	5.07	5.00	150	(1)	149
February 24, 2006	March 5, 2037	4.71	5.00	100	3	103
March 6, 2007	June 1, 2040	4.49	4.75	100	3	103
April 2, 2008	June 1, 2040	4.67	4.75	250	2	252
December 19, 2008	June 1, 2040	4.71	4.71	100	-	100
September 8, 2010	June 1, 2040	4.27	4.75	200	12	212
November 15, 2012	February 3, 2042	3.22	3.40	200	5	205
February 28, 2013	February 3, 2042	3.54	3.40	200	(4)	196
October 9, 2013	June 2, 2045	3.97	3.90	400	(4)	396
January 17, 2014	June 2, 2045	3.95	3.90	200	(1)	199
October 9, 2014	June 2, 2045	3.43	3.90	200	15	215
February 13, 2015	June 2, 2045	2.73	3.90	200	41	241
June 2, 2015	December 2, 2046	3.15	2.75	200	(14)	186
October 26, 2015	December 2, 2046	3.43	2.75	200	(23)	177
January 28, 2016	December 2, 2046	3.34	2.75	200	(20)	180
July 19, 2016	December 2, 2046	2.85	2.75	150	(3)	147
October 20, 2016	December 2, 2046	3.00	2.75	200	(9)	191
January 24, 2017	June 2, 2048	3.35	3.30	200	(2)	198
August 15, 2018	June 2, 2050	3.18	3.10	200	(3)	197
April 2, 2019	June 2, 2050	2.81	3.10	150	9	159
March 13, 2014	March 5, 2054	3.76	3.75	100	-	100
May 12, 2014	March 5, 2054	3.71	3.75	175	1	176
August 29, 2017	March 5, 2054	3.19	3.75	150	17	167
September 19, 2018	June 2, 2058	3.13	2.95	200	(8)	192
				$ 6,696	**$ 45**	**$ 6,741**

1. The coupon rate for this floating rate note is the three-month Canadian Dealer Offer Rate (CDOR) plus a margin of 48 basis points.

NOTE 22 LEASE LIABILITIES

(in millions)	March 31, 2021	March 31, 2020
Total future minimum lease payments	**$ 2,177**	$ 2,350
Less: future finance charges on leases	**(1,195)**	(1,342)
Present value of lease liabilities	**982**	1,008
Less: current portion of lease liabilities	**(36)**	(28)
	$ 946	$ 980

The above lease liabilities include PPAs relating to the Meridian Cogeneration Station, Spy Hill Generating Station and the North Battleford Generating Station gas-fired facilities as well as land and building leases. The weighted average discount rate applied to the PPA leases is 14.95% (2019-20 – 14.93%) based on the rate implicit in these agreements, while the weighted average discount rate applied to land and building leases is 2.46% (2019-20 – 2.54%) based on the Corporation's incremental borrowing rate.

As at March 31, 2021, scheduled future minimum lease payments and the present value of lease liabilities are as follows:

(in millions)	1 year	2-5 years	More than 5 years
Future minimum lease payments	$ 179	$ 703	$ 1,295
Present value of lease liabilities	36	192	754

NOTE 23 PROVISIONS

(in millions)	Decommissioning	Environmental remediation	Total
Balance, April 1, 2019	$ 215	$ 68	**$ 283**
Charged to income:			
New obligations	1	-	**1**
Change in assumptions	1	-	**1**
Interest	5	-	**5**
Capitalized to property, plant and equipment:			
New obligations	51	-	**51**
Change in assumptions	(21)	-	**(21)**
Settled during the period	(8)	(1)	**(9)**
Balance, March 31, 2020	**$ 244**	**$ 67**	**$ 311**
Charged to income:			
New obligations	1	-	**1**
Change in assumptions	(1)	-	**(1)**
Interest	6	-	**6**
Capitalized to property, plant and equipment:			
New obligations	12	-	**12**
Change in assumptions	-	-	**-**
Settled during the period	(5)	-	**(5)**
Balance, March 31, 2021	**$ 257**	**$ 67**	**$ 324**

Assumptions

The significant assumptions adopted in measuring the Corporation's provisions are:

	March 31, 2021	March 31, 2020
Discount rate, end of period	**1.11 - 2.87%**	1.54 - 2.84%
Long-term inflation rate	**2.00%**	2.00%
Undiscounted cash flows (in millions)	**$ 454**	$ 444

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 fiscal 2021-22 and 2068-69. No funds have been set aside by the Corporation to settle the decommissioning provisions.

Sensitivity to assumptions

Sensitivity of provisions to changes in the discount rate and inflation rate on the recorded liability as at March 31, 2021, is as follows:

	Decommissioning provisions	
(in millions)	0.5% increase	0.5% decrease
Discount rate	$ (24)	$ 27
Inflation rate	29	(25)

NOTE 24 ACCUMULATED OTHER COMPREHENSIVE INCOME

(in millions)	March 31, 2021	March 31, 2020
Realized gains (losses) on derivatives designated as cash flow hedges	$ (11)	$ (11)
Unrealized gains (losses) on derivatives designated as cash flow hedges	(1)	(13)
Unrealized gains (losses) on debt instruments designated as FVOCI	(2)	24
Actuarial gains (losses) on defined benefit pension plans	39	31
	$ 25	$ 31

NOTE 25 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. During the 2020-21 fiscal year, the Corporation repaid nil (2019-20 – $33 million) to CIC.

NOTE 26 FINANCIAL INSTRUMENTS

			March 31, 2021 Asset (liability)		March 31, 2020 Asset (liability)	
(in millions)	Classification	Level[4]	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Cash and cash equivalents	FVTPL[1]	1	$ 98	$ 98	$ 236	$ 236
Accounts receivable and unbilled revenue	AC[2]	N/A	433	433	456	456
Debt retirement funds	FVOCI - debt instrument[3]	2	865	865	848	848
Other assets - long-term receivables	AC[2]	N/A	1	1	1	1
Financial liabilities						
Accounts payable and accrued liabilities	AC[2]	N/A	$ (567)	$ (567)	$ (494)	$ (494)
Accrued interest	AC[2]	N/A	(64)	(64)	(65)	(65)
Dividend payable	AC[2]	N/A	(17)	(17)	(5)	(5)
Short-term advances	AC[2]	N/A	(299)	(299)	(946)	(946)
Long-term debt	AC[2]	2	(6,741)	(7,676)	(6,309)	(7,395)

1. FVTPL – measured mandatorily at fair value through profit or loss.
2. AC – amortized cost.
3. FVOCI – fair value through other comprehensive income (loss).
4. 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 are carried at values which approximate fair value. This includes accounts receivable and unbilled revenue; other assets – long-term receivables; accounts payable and accrued liabilities; accrued interest; dividend payable; and short-term advances.

Risk management assets and liabilities

(in millions)	Classification	Level[2]	March 31, 2021 Asset	March 31, 2021 (Liability)	March 31, 2020 Asset	March 31, 2020 (Liability)
Natural gas contracts						
Fixed price swap instruments used for hedging[3 & 4]	FVTPL[1]	2	$ 6	$ (55)	$ 4	$ (84)
Fixed price swap instruments	FVTPL[1]	2	-	(1)	-	(2)
Electricity contracts						
Forward agreements[5]	FVTPL[1]	2	-	-	3	-
			$ 6	$ (56)	$ 7	$ (86)

1. FVTPL – measured mandatorily at 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 financial and physical derivative 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, 2021, the Corporation has posted $38 million in collateral for which a portion relates to these financial derivative contracts. The collateral is recognized as margin deposits on derivative contracts and is included with accounts receivable on the statement of financial position.
4. These natural gas fixed price swap instruments 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).
5. The fair value of this forward electricity contract was determined using a valuation technique using inputs based on pricing information from external market providers and other variables. The valuation technique used calculated a day one gain (difference between the transaction price and the fair value). Given the complexity and nature of this agreement, management concluded that the transaction price was not the best evidence of fair value. As a result, this day one gain was deferred and recognized as deferred revenue on the statement of financial position. The day one gain was amortized into income over the term of the contract, which expired December 31, 2020.

Cash flow hedges

Commodity price risk

The Corporation uses fixed price swap instruments to hedge exposures to anticipated changes in commodity prices on forecasted purchases of natural gas for the production of electricity through certain PPAs that have a cost component based on the market price of natural gas. As at March 31, 2021, the Corporation held the following instruments to hedge exposures to changes in natural gas price risk:

	1 year	2-5 years	More than 5 years
Natural gas hedges			
Net exposure - gain (loss) (millions)	$ (11)	$ (37)	$ (1)
Total outstanding gigajoules (GJ) (millions)	13	33	2
Weighted average hedged price per GJ	$ 3.45	$ 3.41	$ 2.62
Weighted average forward market price per GJ	$ 2.57	$ 2.26	$ 2.37

NOTE 27 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, 2021, the Corporation had entered into financial and physical natural gas contracts to price manage approximately 49% of its budgeted natural gas exposures for 2021-22, 41% for 2022-23, 38% for 2023-24, 34% for 2024-25, 24% for 2025-26, 13% for 2026-27, 5% for 2027-28, and 2% for 2028-29.

Based on the Corporation's March 31, 2021, closing positions on its financial natural gas hedges, a one dollar per GJ increase in the price of natural gas would have resulted in a $46 million improvement in the unrealized market value adjustments recognized in other comprehensive income (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, 2021.

Electricity 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, 2021, 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 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 limiting the amount of short-term borrowings to no more than 15% of its debt equivalent obligations.

As at March 31, 2021, SaskPower had $299 million in short-term advances. If interest rates were to increase by 100 basis points, this would result in approximately a $3 million increase in finance charges related to this short-term 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 other comprehensive income and, therefore, recognized the change in the market value in other comprehensive income (loss) for the period. At March 31, 2021, SaskPower had $865 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 $65 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 and 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, 2021, 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, 2021, is limited to the fair value of the financial assets recognized.

(in millions)	March 31, 2021	March 31, 2020
Financial assets		
Cash and cash equivalents	**$ 98**	$ 236
Accounts receivable and unbilled revenue	**433**	456
Risk management assets	**6**	7
Debt retirement funds	**865**	848
Other assets – long-term receivables	**1**	1
	$ 1,403	$ 1,548

(a) As at March 31, 2021, SaskPower had $98 million in cash and cash equivalents. The Corporation continues to maintain a higher level of cash on hand to mitigate the liquidity risk resulting from COVID-19 impacts to credit markets.

(b) Accounts receivable and unbilled revenue is diversified among many types of customer classes, such as residential, farm and commercial customers throughout Saskatchewan. Other receivables are considered low risk given past collection history. The Corporation uses an allowance matrix to measure the expected credit losses (ECLs) of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and ECLs for trade, unbilled and other receivables from individual customers as at March 31, 2021:

(in millions)	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 332	0.2%	$ 1
30 to 59 days	6	5.0%	-
60 to 89 days	4	10.0%	-
90 to 179 days	13	20.0%	2
180 to 364 days	44	30.0%	5
365 days and greater	12	75.0% - 100.0%	9
	$ 411		$ 17
Margin deposits on derivative contracts	38	0.0%	-
Miscellaneous and other receivables	1	0.0%	-
	$ 450		**$ 17**

Loss rates are based on actual credit loss past experience and are adjusted to reflect differences between current and historical economic conditions as well as the Corporation's view of economic conditions over the expected lives of the receivables. Amidst the current economic conditions resulting from the COVID-19 pandemic, SaskPower has implemented additional measures to monitor its counterparties for changes in their ability to meet obligations. The allowance for doubtful accounts is reviewed monthly based on an estimate of outstanding amounts that are considered uncollectible.

The movement in the allowance for doubtful accounts in respect of trade, unbilled and other receivables during the year was as follows:

(in millions)	Allowance for doubtful accounts
Balance, April 1, 2019	$ 10
Amounts written off	(6)
Net remeasurement of loss allowance	10
Balance, March 31, 2020	**$ 14**
Amounts written off	(4)
Net remeasurement of loss allowance	7
Balance, March 31, 2021	**$ 17**

(c) 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.

(d) Debt retirement funds are on deposit with the Government of Saskatchewan's General Revenue Fund and invested as the Ministry of Finance may determine. At March 31, 2021, the Ministry has invested these funds primarily in provincial government and federal government bonds with highly graded credit ratings and varying maturities. These maturities 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, 2021, is considered low.

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 as at March 31, 2021:

		Contractual cash flows					
(in millions)	Carrying amount	Contractual cash flows	0-6 months	7-12 months	2 years	3-5 years	More than 5 years
Financial liabilities							
Accounts payable and accrued liabilities	$ 567	$ 567	$ 567	$ -	$ -	$ -	$ -
Accrued interest	64	64	64	-	-	-	-
Dividend payable	17	17	17	-	-	-	-
Risk management liabilities[1]	56	56	56	-	-	-	-
Short-term advances	299	299	299	-	-	-	-
Long-term debt	6,741	11,492	80	383	508	1,256	9,265
	$ 7,744	**$ 12,495**	**$ 1,083**	**$ 383**	**$ 508**	**$ 1,256**	**$ 9,265**

1. The terms and conditions of certain financial derivative 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, 2021, the Corporation had $38 million in collateral posted for which a portion relates to these financial derivative contracts.

Management believes its ability to generate and acquire funds will be adequate to support these financial liabilities, despite the COVID-19 pandemic.

COVID-19 relief measures

SaskPower is committed to continue to deliver and support its customers during this crisis. On March 18, 2020, SaskPower announced that it would provide financial relief to customers by waiving late payment charges and suspending collection activities for six months. Upon expiry on September 18, 2020, customers were eligible to apply for a 12-month deferral program. The deferral program allows for the repayment of outstanding customer receivable balances over a maximum of 12 equal monthly instalments. As at March 31, 2021, over 8,400 customers were enrolled in this program.

To support the province's economic recovery from COVID-19, the Government of Saskatchewan's Economic Recovery Rebate Program was implemented effective December 1, 2020. This is a one-year program that provides all SaskPower customers with a 10% rebate on the cost of electricity – the basic monthly charge, energy consumption charge and demand charge. The program is fully funded by the Province of Saskatchewan and has no impact on SaskPower's financial results.

NOTE 28 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 $50 million of credit facilities available at financial institutions.

The Corporation's capital structure consists of long-term debt, short-term advances, lease liabilities, retained earnings 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, 2021	March 31, 2020
Long-term debt	**$ 6,741**	$ 6,309
Short-term advances	**299**	946
Lease liabilities	**982**	1,008
Total debt	**8,022**	8,263
Debt retirement funds	**865**	848
Cash and cash equivalents	**98**	236
Total net debt	**$ 7,059**	$ 7,179
Retained earnings	**2,235**	2,123
Equity advances	**593**	593
Total capital	**$ 9,887**	$ 9,895
Per cent debt ratio	**71.4%**	72.6%

NOTE 29 COMMITMENTS AND CONTINGENCIES

(in millions)	2021-22	2022-23	2023-24	2024-25	2025-26	Thereafter
Capital expenditures	$ 938	$ 975	$ 844	$ 708	$ 747	$ 4,753
Power purchase agreements (PPAs)[1]	427	560	594	607	537	9,264
Coal purchase contracts	180	224	231	190	67	193
Natural gas purchase contracts[2]	121	77	61	47	29	31
Letters of credit	8	-	-	-	-	-
Transmission purchase contracts	3	-	-	-	-	-

1. The amounts reflected include all PPAs including those agreements determined to contain a lease, operating agreements and long-term import agreements.
2. Includes transportation and storage contracts as well as fixed price forward contracts of $358 million which apply for the own-use scope exemption.

The commitments listed above have maturity dates ranging from fiscal 2021-22 to 2047-48.

SaskPower has various other legal matters pending which, in the opinion of management, will not have a material effect on SaskPower's consolidated financial position or results of operations.

NOTE 30 NET CHANGE IN NON-CASH WORKING CAPITAL

(in millions)	**2020-21**	2019-20
Accounts receivable and unbilled revenue	**$ 23**	$ 49
Inventory	**(18)**	2
Prepaid expenses	**1**	1
Other assets	**-**	(7)
Accounts payable and accrued liabilities	**73**	74
Deferred revenue	**4**	(7)
	$ 83	$ 112

NOTE 31 RECONCILIATION OF MOVEMENTS OF ASSETS (LIABILITIES) TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

(in millions)	Debt retirement funds	Short-term advances	Long-term debt	Lease liabilities	Equity advances	Total
Balance, April 1, 2019	**$ 748**	**$ (996)**	**$ (6,004)**	**$ (1,105)**	**$ (626)**	**$ (7,983)**
Changes from financing cash flows:						
Repayments of short-term advances	-	50	-	-	-	**50**
Proceeds from long-term debt	-	-	(344)	-	-	**(344)**
Repayments of long-term debt	-	-	88	-	-	**88**
Debt retirement fund instalments	60	-	-	-	-	**60**
Principal repayment of lease liabilities	-	-	-	24	-	**24**
Net (increase) decrease in liabilities	-	-	(42)	96	-	**54**
Equity advances repayment	-	-	-	-	33	**33**
Total changes from financing cash flows	60	50	(298)	120	33	**(35)**
Changes in fair value	17	-	-	-	-	**17**
Other changes:						
Capitalized borrowing costs	-	-	25	-	-	**25**
Interest income (expense)	23	(13)	(299)	(155)	-	**(444)**
Interest paid	-	12	290	155	-	**457**
Non-cash transactions	-	1	(23)	(23)	-	**(45)**
Total other changes	40	-	(7)	(23)	-	**10**
Balance, March 31, 2020	**$ 848**	**$ (946)**	**$ (6,309)**	**$ (1,008)**	**$ (593)**	**$ (8,008)**
Changes from financing cash flows:						
Repayments of short-term advances	-	647	-	-	-	**647**
Proceeds from long-term debt	-	-	(566)	-	-	**(566)**
Repayments of long-term debt	-	-	129	-	-	**129**
Debt retirement fund instalments	62	-	-	-	-	**62**
Debt retirement fund redemptions	(42)	-	-	-	-	**(42)**
Principal repayment of lease liabilities	-	-	-	28	-	**28**
Total changes from financing cash flows	20	647	(437)	28	-	**258**
Changes in fair value	(26)	-	-	-	-	**(26)**
Other changes:						
Capitalized borrowing costs	-	-	10	-	-	**10**
Interest income (expense)	23	(4)	(296)	(149)	-	**(426)**
Interest paid	-	4	297	149	-	**450**
Non-cash transactions	-	-	(6)	(2)	-	**(8)**
Total other changes	(3)	-	5	(2)	-	**-**
Balance, March 31, 2021	**$ 865**	**$ (299)**	**$ (6,741)**	**$ (982)**	**$ (593)**	**$ (7,750)**

NOTE 32 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)	2020-21	2019-20
Salaries and short-term employee benefits	$ 4	$ 4
Post-employment benefits	-	-
Termination benefits	-	-
Other long-term benefits	-	-
	$ 4	$ 4

NOTE 33 EMPLOYEE BENEFITS

(in millions)	Defined benefit pension plan	Other benefit plans	Total
Balance, April 1, 2019	$ 170	$ 44	$ 214
Current service cost	-	6	6
Net interest expense	5	5	10
SaskPower funding contribution	-	-	-
SaskPower benefits paid	-	(9)	(9)
Net actuarial gains	(11)	-	(11)
Balance, March 31, 2020	**$ 164**	**$ 46**	**$ 210**
Current service cost	-	3	3
Net interest expense	6	4	10
SaskPower funding contribution	-	-	-
SaskPower benefits paid	-	(7)	(7)
Net actuarial gains	(8)	-	(8)
Balance, March 31, 2021	**$ 162**	**$ 46**	**$ 208**

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 December 31, 2019, and the results were extrapolated to March 31, 2021.

The effective date of the most recent actuarial valuation for funding purposes was December 31, 2019. 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, 2021.

(a) Status of the Plan

The actuarial valuation measured at December 31, 2019, and extrapolated to March 31, 2021, showed that the Plan had an actuarial deficit of $162 million (2019-20 – $164 million). The calculation of the pension plan deficit is as follows:

(in millions)	March 31, 2021	March 31, 2020
Plan assets		
Fair value, beginning of period	**$ 645**	$ 720
Actual return on plan assets	**76**	(13)
Employer funding contributions	**-**	-
Employee funding contributions	**-**	-
Benefits paid	**(60)**	(62)
Fair value, end of period	**$ 661**	$ 645
Accrued benefit obligations		
Balance, beginning of period	**$ 809**	$ 890
Current service cost	**-**	-
Interest cost	**29**	27
Benefits paid	**(60)**	(62)
Actuarial losses (gains) on accrued benefit obligation	**45**	(46)
Balance, end of period	**$ 823**	$ 809
Plan deficit	**$ (162)**	$ (164)

(b) Assumptions

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

	March 31, 2021	March 31, 2020
Discount rate, beginning of period	**3.70%**	3.20%
Discount rate, end of period	**3.05%**	3.70%
Long-term inflation rate	**2.00%**	2.00%
Assumptions for benefit increases (% of CPI)	**70.00%**	70.00%
Plan duration (years)	**10.60**	10.70

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, 2021, is as follows:

	Accrued benefit obligation	
(in millions)	1% increase	1% decrease
Discount rate	$ (84)	$ 100
Inflation rate	(30)	32
Future indexing	93	(80)
Life expectancy (each member one year older/younger)	(28)	29

(c) Benefit plan asset allocation

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

	March 31, 2021	March 31, 2020
Equity securities	**52.4%**	50.5%
Debt securities	**36.9%**	40.3%
Real estate and infrastructure	**10.7%**	9.2%
Short-term securities	**0.0%**	0.0%
	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)	2021-22	2022-23	2023-24	2024-25	2025-26
Expected benefit payments	$ 59	$ 58	$ 57	$ 56	$ 55

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, 2021	March 31, 2020
Discount rate	**2.10 - 2.40%**	2.80 - 2.90%
Long-term rate of compensation increases	**2.00%**	2.00%
Long-term inflation rate	**2.00%**	2.00%
Remaining service life (years)	**8.27**	7.29
Plan duration (years)	**5.30 - 5.80**	4.60 - 5.50

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, 2021	March 31, 2020
Balance, beginning of period	**$ (31)**	$ (20)
Actuarial losses (gains) on plan assets:		
Experience adjustments	**(53)**	35
Actuarial losses (gains) on accrued benefit obligations:		
Experience adjustments	**(2)**	-
Changes in actuarial assumptions (future indexing)	**(7)**	(1)
Changes in actuarial assumptions (discount rate)	**54**	(45)
Balance, end of period	**$ (39)**	$ (31)

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 benefit plan expense for the defined contribution pension plan recorded in OM&A expense is as follows:

(in millions)	2020-21	2019-20
Employee benefit plan expense	**$ 25**	$ 24

NOTE 34 SUBSEQUENT EVENTS

On April 13, 2021, the Government of Saskatchewan approved $50 million in grant funding to be provided to SaskPower through SaskBuilds Corporation. The Power Grid Renewal Grant will be used to support incremental transmission and distribution sustainment capital projects.

CORPORATE GOVERNANCE

Accountability is a principal component of SaskPower's corporate values and is essential to our relationship with our customers, stakeholders and shareholder. In order to ensure the continued 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 guide the direction of SaskPower. In practice, directives are normally issued 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 SaskPower. 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 SaskPower 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 actively identifies 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 three years.

Director	Board meetings attended[1]
Chief Darcy Bear	9
Bryan Leverick	16
Terry Bergan	15
Bevra Fee	16
Jim Hopson	14
Karri Howlett	16
Cherilyn Jolly-Nagel	16
Phil Klein	16
Fred Matheson	14
Robert Nicolay	16
Marvin Romanow	15
Tammy Van Lambalgen	16

1. There were a total of 16 meetings held in 2020-21 (12 of the 16 meetings were Board Conference Call meetings).

Information in this section covers the year ended March 31, 2021. Visit saskpower.com for a full description of SaskPower's corporate governance practices, including Board and Director terms of reference, Canadian Securities Administrators (CSA) Governance Guidelines, and SaskPower's Corporate Balanced Scorecard.

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 designating specific areas of responsibility:

Audit & Finance Committee

Four meetings

Chair: Marvin Romanow

Members: Terry Bergan, Phil Klein, Bryan Leverick, Cherilyn Jolly-Nagel, and Chief Darcy Bear (ex officio)

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 SaskPower's risk management reporting and directly interacts with the internal and external auditors, as well as the Provincial Auditor of Saskatchewan. 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.

In the 2020-21 fiscal year, the committee reviewed the annual and interim financial statements; risk management reports; the 2021-22 Business Plan; as well as the Deloitte and Provincial Auditor 2019-20 audit summaries. The committee also provided oversight of strategic initiatives such as SaskPower's Grid Modernization Program, including approval to launch a residential smart meter pilot. The pilot will enable residential customers to volunteer for a smart meter. These meters will enable enhanced data visibility for SaskPower and our customers, as well as improved control and automation.

The committee reviewed and recommended to the Board several capital investments to grow and maintain SaskPower's electricity system. These included the initiation of a competitive procurement process to award multiple contracts for regional power line construction services totalling an estimated value of $300 million over five years. These contracts cover day-to-day salvage and maintenance of SaskPower's distribution lines, as well as smaller construction projects. The committee also approved the award of contracts covering larger distribution construction projects at an estimated total value of $150 million over five years. These contracts primarily utilize local workers, including Indigenous labour.

Meanwhile, the committee approved an investment of $59 million to extend the life of the Coteau Creek Hydroelectric Station, which has a generating capacity of 186 MW and has been in operation for 52 years. SaskPower is also proceeding with the development of a utility-scale battery energy storage system for an estimated value of $26 million at its Fleet Street Switching Station in Regina. The 20-MW project will receive $13 million in federal funding through the Investing in Canada Infrastructure Program.

The committee continued to monitor SaskPower's ten-year generation supply plan, including developments in nuclear small modular reactor technology, as well as the company's progress on major construction projects such as the Great Plains Power Station in Moose Jaw and the E.B. Campbell Hydroelectric Station life extension project.

Our company has a number of programs and strategies in place that are designed to assist in managing specific risks. These programs and strategies are reviewed by the committee on a regular basis. In the 2020-21 fiscal year, the committee reviewed SaskPower's cyber security program, natural gas strategy and wildfire mitigation strategy.

Finally, the committee approved the annual work plan for the Internal Audit Department and monitored irregularities. It also held regular *in camera* discussions with the Director, Internal Audit.

Safety, Environment & Corporate Responsibility Committee

Four meetings

Chair: Karri Howlett

Members: Bevra Fee, Jim Hopson, Fred Matheson, and Chief Darcy Bear (ex officio)

The Safety, Environment & Corporate Responsibility Committee is charged with ensuring that our company proactively addresses safety, health and environmental issues, is in compliance with regulatory and statutory requirements, and strengthens its performance in corporate responsibility. 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 2020-21, the committee reviewed the company's safety performance and compliance with environmental legislative, regulatory and corporate standards. This included a review of correspondence from regulators and the results of internal and external audits of SaskPower's environmental and safety management systems, as well as regular discussions with the Director, Internal Audit, on environmental and regulatory matters.

To ensure effective oversight over regulatory compliance, the committee received quarterly reports on the status of regulatory authorizations for the company's hydroelectric and thermal generation facilities. The committee also reviewed, on a quarterly basis, the company's environmental performance and continued to monitor regulatory developments for greenhouse gas emissions and other air pollutants. In addition, the committee received updates on recent environmental litigation across Canada and considered the potential impacts on the company and its Officers and Directors.

The committee approved revisions to SaskPower's Health, Safety and Environment Policy and received a report that benchmarked the company's environment strategy against the environment strategies of other Canadian electric utilities. On the topic of sustainability, the committee reviewed and approved the company's 2019-20 Corporate Responsibility & Sustainability Report, received a presentation on environment, social and governance (ESG) factors and what they mean for SaskPower, and reviewed a report on the company's efforts to embed sustainability in our supply chain.

Meanwhile, the committee received quarterly reports from management on SaskPower's Indigenous relations activities in the following areas: leadership actions, business development, employment and training, and community partnerships with Indigenous communities.

Management presented a report on the company's investigation into a safety incident that occurred in Weyburn on October 8, 2020, which tragically resulted in the deaths of two SaskPower employees. The committee also continued to receive regular updates from management on electrical farm safety, the company's health and safety performance, and its Strategic Plan for Health and Safety. Finally, the committee considered the annual assessment of SaskPower's Dam Safety Program, which evaluates the condition of the company's dam and dyke facilities based on criteria established by the Canadian Dam Association.

Governance & Human Resources Committee

Four meetings

Chair: Tammy Van Lambalgen

Members: Jim Hopson, Bryan Leverick, Robert Nicolay, and Chief Darcy Bear (ex officio)

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 every three years, 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 2020-21, management presented the committee with a new Leadership Model and Professional Development Framework for SaskPower. This model will support the continued growth and development of leaders and employees in the workplace in order to meet the opportunities and challenges of the future. The committee also received an update on SaskPower's Diversity and Inclusion Strategy, which promotes leadership diversity and recognition of SaskPower as an inclusive employer.

The committee continued to monitor the progress of the transfer of the SaskPower Gas & Electrical Inspections division to the Technical Safety Authority of Saskatchewan (TSASK). This move, which was completed on January 31, 2021, was part of a government initiative to consolidate several inspection and licensing functions within a single regulatory body.

The committee received reports on the company's activities in several areas. These included: a report from SaskPower Human Resources on workforce trends and human resources programming and initiatives; a report on the activities of the Saskatchewan Electric Reliability Authority (a committee within SaskPower that is charged with the authority to adopt and enforce electricity reliability standards in Saskatchewan under *The Power Corporation Act*); and an update on succession plan management. The committee also received updates on the company's progress regarding various Indigenous initiatives as well as regular reporting from the Director, Internal Audit, on matters relating to governance and human resources.

Meanwhile, the committee approved the dissolution of SaskPower International Inc., a wholly owned subsidiary of SaskPower incorporated under *The Business Corporation Act* (Saskatchewan) that no longer held any assets. The committee also approved the adoption of a policy for naming new generation assets.

The committee reviewed and recommended that the Board approve changes to the company's Community Partnerships & Investment Policy to ensure consistency with the Code of Conduct. In addition, the committee reviewed and considered potential changes to SaskPower's Drug and Alcohol Standard. Finally, the committee reviewed the performance of the President & Chief Executive Officer (CEO) for 2020-21 and established the President & CEO's mandate and performance objectives for 2021-22.

BOARD OF DIRECTORS

As at March 31, 2021

Chief Darcy Bear
Chair
Whitecap Dakota First Nation

Chief Bear joined the SaskPower Board of Directors in 2016 as Chair. He is also serving a ninth consecutive term as Chief of the Whitecap Dakota First Nation.

He has a Business Administration Certificate and Honorary Doctor of Laws Degree from the University of Saskatchewan.

Chief Bear was awarded the Commemorative Medal for the Centennial of Saskatchewan in 2005 and the Saskatchewan Order of Merit in 2011. He was the recipient of the Diamond Jubilee Medal in 2012, Canadian Council for Aboriginal Business Lifetime Achievement Award in 2016, and Saskatchewan Junior Achievement Business Hall of Fame Award in 2017. He was appointed to the Order of Canada in the fall of 2020.

Chief Bear was key in developing a self-governing Land Code, which created a business-friendly environment on Whitecap lands, with a land tenure system, commercial infrastructure and a real-property tax law. To date there has been approximately $160 million in capital investment in the community and an unemployment rate reduction from 70 per cent to 5 per cent.

Bryan Leverick
Vice-Chair
Saskatoon

Bryan Leverick joined the SaskPower Board of Directors in 2008. He is the president of Alliance Energy Ltd. and has been with the company since 1974.

Mr. Leverick has a Business Administration Certificate from the University of Saskatchewan. He holds a Chartered Director designation from McMaster University and is a journeyman electrician with a Gold Seal in project management from the Canadian Construction Association.

In 2003, the Saskatchewan Construction Association awarded Mr. Leverick the Distinguished Service Award. It also awarded him the Person of the Year Award in 2006. He is an avid supporter of the Ronald McDonald House and the Farm in the Dell, a non-profit that provides residential and vocational opportunities for adults with developmental disabilities in a rural, farm-like setting.

Board and Volunteer Positions

- Member, Board of Directors, Ducks Unlimited Canada
- Member, Board of Directors, Saskatoon Club
- Past Chair, Board of Directors, Royal University Hospital Foundation
- Past Chair, Board of Directors, Canadian Electrical Contractors Association
- Past President, Saskatchewan Construction Association
- Past President, Saskatchewan Bid Depository
- Past President, Saskatoon Construction Association
- Past President, Electrical Contractors Association
- Past Chair, Board of Directors, Saskatoon Regional Economic Development Authority
- Past Chair, Board of Directors, Saskatoon City Hospital Foundation

Terry Bergan
Member
Saskatoon

Terry Bergan joined the SaskPower Board of Directors in 2018.

Before his retirement, Mr. Bergan served as President and CEO of International Road Dynamics (IRD). IRD is a world leader in highway traffic management products and systems.

IRD was founded by his father, and Mr. Bergan served for over 30 years at the family-run company in various roles. He built a successful leadership team that contributed to the company's success.

Since 1980, IRD's cumulative sales have exceeded $1 billion in over 37 countries. Under Mr. Bergan's leadership, IRD developed over 30 patents.

Mr. Bergan graduated from the Faculty of Engineering at the University of Saskatchewan in 1979.

Board and Volunteer Positions

- Member, Saskatchewan Centre of Excellence for Transportation and Infrastructure

- Member, Transportation Association of Canada
- Member, Canadian Society for Civil Engineering
- Member, Engineering Institute of Canada
- Member, Saskatoon Chamber of Commerce
- Member, North Saskatoon Business Association
- Member, Institute of Corporate Directors

Bevra Fee
Member
Spiritwood

Bevra Fee joined the SaskPower Board of Directors in 2018. She is one of the founding members and current Managing Director of the Northern Lakes Economic Development Corporation.

Prior to economic development, Ms. Fee worked in the agriculture industry for 10 years.

She holds a certificate in Business Administration from the University of Saskatchewan, Professional Director Certification from the Johnson Shoyama Graduate School of Public Policy and an Institute of Corporate Directors Designation (ICD.D) from the Rotman School of Management.

Ms. Fee loves adventure and has summited Mt. Whitney and Mt. Kilimanjaro. She also completed the Everest Base Camp trek in 2018. She is a travel enthusiast and enjoys touring on her Harley.

Board and Volunteer Positions

- Councillor, Rural Municipality #496
- President and co-owner, Spiritwood Golf Course
- Treasurer, Spiritwood Lions Club
- Past member, Board of Directors, Saskatchewan Opportunities Corporation
- Past Vice-Chair, Board of Directors, Saskatchewan Pork Development

Jim Hopson
Member
Regina

Jim Hopson joined the SaskPower Board of Directors in 2015.

Football has always been 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 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 the first full-time President and CEO, retiring in March 2015. Mr. Hopson helped secure and plan the new Mosaic Stadium that opened in 2017. He was inducted into the Saskatchewan Roughriders Plaza of Honour in 2019 and the Canadian Football Hall of Fame in 2019.

Mr. Hopson began his professional career as a teacher in Ceylon, Saskatchewan. He retired as the Director of Education for the Qu'Appelle Valley School Division in 2004.

He has a Bachelor of Education (With Distinction) from the University of Regina and a Master of Education from the University of Oregon.

Mr. Hopson was named to the Globe and Mail's Power 50 list of Canadian sports figures. He was awarded 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. He received the Hugh Campbell Distinguished Leadership Award in 2014 and the Lifetime Achievement Award from the University of Regina Alumni Association in 2015.

Board and Volunteer Positions

- Director, Canadian Football League Alumni Association
- Chair, U of S Huskies Athletics Board
- Member, Board of Directors, Regina Exhibition Association Limited

Karri Howlett
Member
Saskatoon

Karri Howlett joined the SaskPower Board of Directors in 2013. She is currently President of Karri Howlett Consulting Inc.

Ms. Howlett has more than 18 years of experience in corporate strategy, mergers and acquisitions. She also has experience with financial due diligence and risk analysis. Her knowledge is based on positions with various financial institutions. She was also formerly the President of RESPEC Consulting Inc.

She holds a Bachelor of Commerce (Honours) in Finance from the University of Saskatchewan and has earned the Chartered Financial Analyst and Chartered Director designations. 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.

Board and Volunteer Positions

- Member, Board of Directors, NexGen Energy
- Member, Board of Directors, Saskatchewan Trade and Export Partnership
- Past member, Board of Directors, Varsity View Community Association
- Past member, Board of Directors, Skate Saskatoon
- Past member, Board of Directors, Chartered Financial Analyst Society of Saskatchewan

Cherilyn Jolly-Nagel
Member
Mossbank

Cherilyn Jolly-Nagel joined the SaskPower Board of Directors in 2017.

Raised on a farm near Mossbank, SK, Cherilyn is a farmer, speaker, director and advocate for global agricultural policy initiatives. Ms. Jolly-Nagel represents the province's agriculture industry around the world and serves as an International Director for the Global Farmer Network. In 2021 she was recognized as one of the Top 50 Most Influential People in Canadian Agriculture.

She holds a Hospitality and Tourism Marketing Diploma from Medicine Hat College and an Agriculture Business Diploma from Olds College. Cherilyn holds an Institute of Corporate Directors Designation (ICD.D). Elected as the first female President for the Western Canadian Wheat Growers, Ms. Jolly-Nagel challenged government policies that affected the business of agriculture and is a leader on important issues that impact farmers. Her fresh thinking led her to partner with the team at www.Utensil.ca, to launch a unique online training program designed to support those who want to strengthen their business relationships with farmers.

Ms. Jolly-Nagel was Mossbank's first Economic Development Officer. In 2011, she was named one of Saskatchewan's Most Influential Women by SaskBusiness Magazine. She was chosen by the Mattel toy company to take part in an online mentorship program through the launch of a Farmer Barbie.

She also volunteers her time as a coach for the Moose Jaw Biathlon Club and as a board member for the Mossbank and District Museum. Along with her family, Ms. Jolly-Nagel owns and operates a grain farm near Mossbank.

Board and Volunteer Positions

- Member, Board of Directors, Western Canadian Wheat Growers Association
- Past President, Board of Directors, Western Canadian Wheat Growers Association
- Past Chair, Board of Directors, Saskatchewan Agri-Value Initiative
- Past member, Board of Directors, Saskatchewan Transportation Company

Phil Klein
Member
Candle Lake

Phil Klein joined the SaskPower Board of Directors in 2016. He retired from RBC Royal Bank in March 2017, having held the position of Vice-President, Commercial Financial Services in Saskatoon, Saskatchewan. Mr. Klein spent 42 years in the financial services industry holding many senior roles.

Mr. Klein graduated from the Directors Education Program at the Rotman School of Management. He also holds an Institute of Corporate Directors Designation (ICD.D). Mr. Klein attended Western University and the University of Regina.

He was a recipient of the Saskatchewan Centennial Medal for his lifelong commitment to volunteerism.

Board and Volunteer Positions

- Past Chair, Board of Directors, Care and Share Saskatoon Inc.
- Past National Vice-President, Canadian Progress Club

Fred Matheson
Member
Prince Albert

Fred Matheson joined the SaskPower Board of Directors in 2018. He is the owner of Ted Matheson Men's Wear, a third-generation business in Prince Albert. Mr. Matheson served as a Prince Albert City Councillor from 2006 to 2009.

Mr. Matheson was a recipient of the Commemorative Medal for the Centennial of Saskatchewan in 2005. He was named Prince Albert Chamber of Commerce Business Leader of the Year in 2013 and won the Saskatchewan ABEX Community Cornerstone Award in 2014. He was recognized as a Lifetime Member of the Prince Albert Chamber of Commerce in 2017.

Mr. Matheson is a graduate of the University of Saskatchewan and holds and Institute of Corporate Directors Designation

(ICD.D). He and his wife, Colette, have two children.

Board and Volunteer Positions

- Past President, Kinsmen Club of Prince Albert
- Past Deputy Governor, Kinsmen Club of Saskatchewan
- Past Chair, Board of Directors, Prince Albert Downtown Business Association
- Past Chair, Board of Directors, Prince Albert Police Commission
- Past Chair, Board of Directors, Mont St. Joseph Home

Robert Nicolay
Member
Estevan

Robert Nicolay joined the SaskPower Board of Directors in 2018.

He is currently a partner at the law firm Bridges and Company LLP in Estevan, Saskatchewan. From 2007 to 2012, he worked as the Chief of Staff at the Ministry of Corrections, Public Safety and Policing.

Mr. Nicolay is a graduate of the University of Saskatchewan, College of Law. He is also a graduate of the Directors Education Program at the Rotman School of Management and holds an Institute of Corporate Directors Designation (ICD.D).

Board and Volunteer Positions

- Member, Rotary Club of Estevan
- Past member and Administrative Director, Saskatchewan Young Professionals and Entrepreneurs
- Past member, Saskatoon Club

Marvin Romanow
Member
Calgary

Marvin Romanow joined the SaskPower Board of Directors in October 2016. He is a Corporate Director and Executive in Residence at the University of Saskatchewan. He was previously the President and Chief Executive Officer of Nexen Inc.

Mr. Romanow holds an MBA and a Bachelor of Engineering (Great Distinction) from the University of Saskatchewan. He is a graduate of the Program for Management Development at Harvard Graduate School and completed the Advanced Management Programme with the INSEAD Business School. He also holds the Institute of Corporate Directors Designation (ICD.D).

Board and Volunteer Positions

- Chair, Board of Directors, Freehold Royalties Ltd.
- Member, Board of Directors, Duke University School of Environment, Durham, North Carolina
- Member, Board of Directors, Arnie Charbonneau Cancer Institute

Tammy Van Lambalgen
Member
Saskatoon

Tammy Van Lambalgen joined the SaskPower Board of Directors in 2013. She currently serves as Chair of the Governance and Human Resources Committee.

She is the Vice-President, Chief Corporate Officer at Orano Canada Inc., overseeing human resources, legal, corporate social responsibility and organizational excellence.

Starting her career in Calgary, Ms. Van Lambalgen worked as a lawyer for Shell Canada. In 2003, she returned to Saskatoon to join Orano.

She received a Bachelor of Arts in 1990 and a Bachelor of Laws from the University of Saskatchewan in 1993.

Board and Volunteer Positions

- Member, Board of Directors, Orano Canada
- Member, Board of Directors, Saskatoon Airport Authority
- Member and Past Chair, Board of Directors, Saskatchewan Mining Association
- Past Chair, Board of Directors, Nutrien Wonderhub
- Past member, Board of Directors, Greater Saskatoon Chamber of Commerce

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 daily meeting fee of $750 for a full day and $375 for a half day (less than four hours).

EXECUTIVE TEAM

As at March 31, 2021

Mike Marsh
President and Chief Executive Officer

Mike Marsh became 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 has held several management positions in engineering, maintenance, business planning and corporate planning. He joined the SaskPower Executive table as Vice-President of Transmission and Distribution in 2007. 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.

Mr. Marsh received the 2016 Electricity Industry Leader of the Year Award from Electricity Human Resources Canada. In January 2018, he was named the University of Saskatchewan College of Engineering's 42nd C.J. Mackenzie Distinguished Lecturer and was an inductee to the Alumni Wall of Distinction, College of Engineering.

Board and Volunteer Positions

- Chair, Board of Directors, Canadian Electricity Association (CEA)
- Member, Board of Directors, Canadian Nuclear Association
- Member, Board of Directors, Shock Trauma Air Rescue Service (STARS)
- Past Chair, Transmission Council, CEA
- Past member, Distribution Council, CEA
- Past member, Occupational Health and Safety, CEA
- Past President, Canadian Progress Club, Regina Centre Chapter

Tim Eckel
Vice-President, Asset Management, Planning and Sustainability

Tim Eckel became Vice-President, Asset Management, Planning and Sustainability, in 2017 and previously served as Vice-President, Transmission Services, since 2015. He has over 30 years of experience in various areas at SaskPower, including Distribution, Transmission and Customer Services.

He 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 member of the Association of Professional Engineers and Geoscientists of Saskatchewan.

Board and Volunteer Positions

- Member, Generation Council and Emerging Issues Committee, Canadian Electricity Association
- Member, Senior Leaders Advisory Committee, Centre of Excellence Advanced Technological Innovation
- Member, Board of Directors, Saskatchewan Science Centre

Shawn Schmidt
Vice-President, Distribution and Customer Services

Shawn Schmidt became Vice-President, Distribution and Customer Services, in 2018.

Mr. Schmidt has spent 15 years in the utility, mining and consulting industries. He joined SaskPower in 2001 in Customer Services Key Accounts. He then became Engineering Supervisor, followed by Regional Manager in Distribution Operations. Mr. Schmidt also served as Director, Transmission Operations and Maintenance for eight years.

He has a Bachelor of Science in Electrical Engineering from the University of Saskatchewan. In 2018, he co-authored a paper for the Institute of Electrical and Electronics Engineers: *Flashover Performance of Live-Line Tools in High Voltage Environments*. He is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan.

Board and Volunteer Positions

- Member, Customer Council, Canadian Electricity Association (CEA)
- Member, Distribution Council, CEA
- Member, Executive Operations Board Committee, Western Energy Institute
- SaskPower representative, Transmission Distribution Maintenance Management Association

Kory Hayko
Vice-President,
Transmission and Industrial Services

Kory Hayko became Vice-President, Transmission and Industrial Services, in 2017 and previously served as Vice-President, Commercial and Industrial Operations, Fuel and Cross-Crown Collaboration, and acting Vice-President, Customer Services. He has also been President and Chief Executive Officer of NorthPoint Energy Solutions, a SaskPower subsidiary, since July 2014.

In his more than 25 years at SaskPower, Mr. Hayko has served in numerous roles, including Director of Energy Management and Trading, and Director of Gas Management.

Mr. Hayko holds a Bachelor of Applied Science in Industrial Systems Engineering and a Master of Applied Science in Energy Systems, both from the University of Regina. He is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan.

Board and Volunteer Positions

- Vice-Chair, Board of Directors, International Carbon Capture and Storage Knowledge Centre
- Vice-Chair, Transmission Council, Canadian Electricity Association
- Member, Industry Advisory Board, University of Regina Faculty of Engineering

Troy King
Vice-President, Finance and Business Performance and Chief Financial Officer

Troy King became Vice-President, Finance and Business Performance and Chief Financial Officer in 2017.

Mr. King has worked at SaskPower since 1996 in many leadership roles. Before his current role, he was the Director of Corporate Planning and Controller. He is also Chief Financial Officer of NorthPoint Energy Solutions, a SaskPower subsidiary.

He holds a Business Administration degree from the University of Regina and is a Chartered Professional Accountant (CPA, CMA).

Board and Volunteer Positions

- Member, Power Corporation Superannuation Board

Kathy McCrum
Vice-President,
Human Resources and Safety

Kathy McCrum joined SaskPower in 2017 as Vice-President, Human Resources and Safety.

She previously held senior leadership positions in human resources (HR) at the Co-op Refinery Complex and Kramer Ltd. (Finning) in Regina. Ms. McCrum also held senior positions in both HR and Operations during her 11 years at Canadian Pacific Railway in Calgary.

Ms. McCrum has a Bachelor of Business Administration from the University of Regina and has received her Chartered Professional in Human Relations designation. She has completed the Team Effectiveness Coaching and Professional and Personal Coach Certification from Concordia University.

Board and Volunteer Positions

- Member, Board of Directors, Regina Exhibition Association Limited (REAL)
- Chair, Human Resources Committee, REAL
- Member, Human Resources Committee, Canadian Electricity Association
- Board Member, Chartered Professionals in Human Resources Saskatchewan

Howard Matthews
Vice-President,
Power Production

Howard Matthews was appointed Vice-President, Power Production, in 2015, after serving as acting Vice-President in 2014. Mr. Matthews also served as President and Chief Executive Officer of SaskPower International, a SaskPower subsidiary, from 2015 until its dissolution in 2021.

Over his career he has held many roles at SaskPower, starting as an electrical engineer in 1989. He also served as Director at the Poplar River Power Station in Coronach, Saskatchewan.

Before SaskPower, Mr. Matthews was a computer programmer. He has worked for the Saskatchewan Research Council, Northern Telecom, and the Saskatchewan Mining and Development Corporation. He has also worked as a field engineer for Husky Injection in Toronto.

He holds Bachelor of Commerce and Bachelor of Electrical Engineering degrees from the University of Saskatchewan.

He is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan.

Board and Volunteer Positions

- Member, Board of Directors, International Carbon Capture and Storage Knowledge Centre

Grant Ring
Vice-President,
Supply Chain

Grant Ring became Vice-President, Supply Chain, in June 2015.

At SaskPower, he previously held the positions of Vice-President, Business Development; acting Vice-President and Chief Financial Officer; and President and Chief Executive Officer of NorthPoint Energy Solutions, a SaskPower subsidiary.

Prior to joining the Executive in 2007, Mr. Ring spent 11 years at the company in accounting, finance and business planning. Before SaskPower, he held accounting positions in construction materials and electrical manufacturing.

Mr. Ring has a Master of Business Administration from Queen's University. He holds a Chartered Professional Accountant (CPA) designation and is a Fellow of the Society of Management Accountants. He holds a Certificate in Executive Coaching and the Institute of Corporate Directors Designation (ICD.D). Mr. Ring also holds the Supply Chain Management Professional (SCMP) designation from Supply Chain Canada.

Board and Volunteer Positions

- Chair, Power Corporation Superannuation Plan
- Member, Board of Directors, Buffalo Pound Water Treatment Corporation
- Past Chair, Financial Executives International Canada
- Past Vice-Chair, Public Employees Pension Plan

Brad Strom
Vice-President,
Technology and Security

Brad Strom joined SaskPower in 2015. He is Vice-President, Technology and Security, and Chief Information Officer.

Mr. Strom worked at Farm Credit Canada (FCC) as Vice-President, Development and Operations. At FCC, he looked after all information technology and enterprise security functions.

He has worked around the world, including in Brazil, Argentina and the United Kingdom. His experience is in healthcare, insurance, banking and government. Past companies included SHL Systemhouse, IBM and PwC Canada.

He has a Bachelor of Science in Computer Systems Engineering from Carleton University.

Board and Volunteer Positions

- Chair, Board of Directors, Caring Place
- Member, Technical Committee, Canadian Electricity Association

Rachelle Verret Morphy
Vice-President, Corporate and Regulatory Affairs and General Counsel

Rachelle Verret Morphy became Vice-President, Corporate and Regulatory Affairs and General Counsel, in 2017. Joining the company as Assistant General Counsel in the Law Department in 2005, she served as Vice-President, Law, Land and Regulatory Affairs, from 2011.

Before joining SaskPower, Ms. Verret Morphy worked for a federally regulated financial institution and at a law firm. She has also worked for a professional accounting firm.

She has a Bachelor of Laws from the University of Saskatchewan and a Bachelor of Commerce (Honours) from the University of Ottawa. As well, Ms. Verret Morphy holds an Institute of Corporate Directors Designation (ICD.D) and a Chartered Professional Accountant (CPA) designation.

Board and Volunteer Positions

- Vice-Chair, Power Corporation Superannuation Board
- Chair, Saskatchewan Electric Reliability Authority
- Vice-Chair, Board of Directors, 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 at March 31, 2021, were:

- President and CEO: $356,901 to $446,127.
- Vice-President: $246,133 to $307,667.

FIVE-YEAR FINANCIAL SUMMARY

(in millions)	2020-21	2019-20	2018-19	2017-18	2016-17
Consolidated Statement of Income					
Revenue					
Saskatchewan electricity sales	**$ 2,615**	$ 2,626	$ 2,583	$ 2,480	$ 2,277
Exports and electricity trading	**53**	20	30	7	2
Other revenue	**103**	125	112	99	123
	2,771	2,771	2,725	2,586	2,402
Expense					
Fuel and purchased power	**807**	737	710	660	661
Operating, maintenance and administration	**700**	705	708	680	675
Depreciation and amortization	**595**	572	553	543	494
Finance charges	**426**	431	416	417	416
Taxes	**79**	77	74	72	72
Other expenses	**4**	44	67	68	38
Unrealized market value adjustments[1]	**-**	-	-	-	(10)
	2,611	2,566	2,528	2,440	2,346
Net income	**$ 160**	$ 205	$ 197	$ 146	$ 56
Consolidated Statement of Financial Position					
Assets					
Current assets	**$ 811**	$ 950	$ 776	$ 792	$ 712
Property, plant and equipment	**9,816**	9,712	10,190	9,895	9,518
Right-of-use assets	**565**	615	-	-	-
Intangible assets	**68**	70	58	63	48
Debt retirement funds	**865**	848	748	658	590
Investments accounted for using equity method	**-**	-	39	40	38
Other assets	**8**	8	1	8	2
Total assets	**$ 12,133**	$ 12,203	$ 11,812	$ 11,456	$ 10,908
Liabilities and equity					
Current liabilities	**$ 1,301**	$ 1,775	$ 1,695	$ 1,923	$ 1,647
Long-term debt	**6,501**	6,180	5,999	5,616	5,454
Lease liabilities	**946**	980	1,081	1,096	1,112
Employee benefits	**208**	210	214	210	237
Provisions	**324**	311	283	233	217
Equity	**2,853**	2,747	2,540	2,378	2,241
Total liabilities and equity	**$ 12,133**	$ 12,203	$ 11,812	$ 11,456	$ 10,908
Consolidated Statement of Cash Flows					
Cash provided by operating activities	**$ 814**	$ 866	$ 671	$ 708	$ 564
Cash used in investing activities	**(658)**	(640)	(798)	(964)	(862)
Cash (used in) provided by financing activities	**(294)**	-	130	250	283
(Decrease) increase in cash position	**$ (138)**	$ 226	$ 3	$ (6)	$ (15)
Financial Indicators					
Dividends	**$ 48**	$ 20	$ 20	$ -	$ -
Capital expenditures	**$ 693**	$ 696	$ 833	$ 996	$ 886
Return on equity	**5.8%**	7.8%	7.9%	6.2%	2.5%
Per cent debt ratio	**71.4%**	72.6%	74.1%	74.9%	75.5%

1. In 2016-17, the Corporation presented unrealized market value adjustments as a separate line item below revenue and expenses. A review of the classification of these unrealized market value adjustments as part of the adoption of IFRS 9, *Financial Instruments*, indicated that these items would be more appropriately presented with the related line item in profit and loss starting in 2017-18.

FIVE-YEAR REVENUE STATISTICS

	2020-21	2019-20	2018-19	2017-18	2016-17
Number of Saskatchewan customer accounts					
Residential	**403,782**	399,394	396,536	392,314	388,006
Farm	**58,035**	57,978	58,322	58,492	58,775
Commercial	**64,272**	63,757	63,216	62,375	61,918
Oilfield	**18,960**	19,466	19,513	19,412	19,234
Power	**128**	130	125	124	124
Reseller	**2**	2	2	2	2
Total number of Saskatchewan customer accounts	**545,179**	540,727	537,714	532,719	528,059
Electricity sales (in millions)					
Residential	**$ 579**	$ 559	$ 576	$ 549	$ 514
Farm	**188**	185	188	180	158
Commercial	**487**	508	519	501	472
Oilfield	**390**	435	416	395	357
Power	**748**	759	784	758	681
Reseller	**94**	97	100	97	95
Federal carbon charge	**129**	83	-	-	-
Saskatchewan electricity sales	**2,615**	2,626	2,583	2,480	2,277
Exports	**54**	20	30	10	5
Total electricity sales	**$ 2,669**	$ 2,646	$ 2,613	$ 2,490	$ 2,282
Electricity sales (GWh)					
Residential	**3,224**	3,091	3,216	3,162	3,068
Farm	**1,348**	1,330	1,353	1,328	1,189
Commercial	**3,540**	3,748	3,862	3,862	3,777
Oilfield	**3,727**	4,163	3,962	3,877	3,621
Power	**9,409**	9,584	9,964	9,845	9,207
Reseller	**1,129**	1,156	1,202	1,208	1,218
Saskatchewan electricity sales	**22,377**	23,072	23,559	23,282	22,080
Exports	**526**	254	422	304	176
Total electricity sales	**22,903**	23,326	23,981	23,586	22,256
Average electricity sales price ($/MWh)					
Residential	**$ 186**	$ 185	$ 179	$ 174	$ 168
Farm	**146**	143	139	136	133
Commercial	**143**	139	134	130	125
Oilfield	**110**	108	105	102	99
Power	**85**	83	79	77	74
Reseller	**89**	87	83	80	78
Exports	**103**	79	71	33	28
Total weighted average electricity sales price	**$ 117**	$ 113	$ 109	$ 106	$ 103
Average annual usage per residential customer (kWh)	**7,985**	7,739	8,110	8,060	7,907
System-wide average rate increases	**0.0%**	0.0%	0.0%	3.5% (Mar 1)	5.0% (July 1) 3.5% (Jan 1)
Federal carbon charge rate rider increases	**0.6% (Jan 1)**	2.7% (Apr 1) 2.4% (Jan 1)	N/A	N/A	N/A

FIVE-YEAR GENERATING AND OPERATING STATISTICS

	2020-21	2019-20	2018-19	2017-18	2016-17
Net electricity supplied (GWh)					
Gas	**10,551**	10,767	10,603	9,144	8,729
Coal	**8,146**	9,182	10,286	10,864	10,759
Hydro	**4,277**	3,859	3,591	3,873	3,525
Wind	**913**	815	659	765	740
Imports	**629**	278	490	515	478
Other	**118**	132	148	156	143
Gross electricity supplied	**24,634**	25,033	25,777	25,317	24,374
Line losses	**(1,731)**	(1,707)	(1,796)	(1,731)	(2,118)
Net electricity supplied	**22,903**	23,326	23,981	23,586	22,256
Available generating capacity (net MW)					
Gas	**2,160**	2,172	1,839	1,824	1,824
Coal	**1,530**	1,530	1,530	1,530	1,530
Hydro	**989**	889	889	889	889
Wind	**241**	241	241	221	221
Solar[1]	**39**	34	4	2	1
Other	**28**	27	28	27	26
Total available generating capacity	**4,987**	4,893	4,531	4,493	4,491
Peak loads (net MW)					
Annual peak load	**3,722**	3,722	3,723	3,792	3,747
Minimum load	**1,918**	2,147	1,442	2,057	1,970
Summer peak load	**3,481**	3,437	3,524	3,470	3,270
Lines in service (circuit km)					
Transmission lines	**14,600**	14,356	14,332	14,140	14,384
Distribution lines	**142,972**	142,773	142,415	143,422	144,339
Total lines in service	**157,572**	157,129	156,747	157,562	158,723
Number of permanent full-time employees	**3,036**	3,178	3,167	3,144	3,178

1. Capacity from the Corporation's net metering program prior to 2019-20 is not reported.

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 that 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-fueled power plants, and storing it in geological reservoirs deep underground.

Carbon dioxide (CO_2)
One of the primary greenhouse gases causing climate change. Carbon dioxide is produced in fossil fuel-based electricity generation.

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 SaskPower's 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.

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.

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.

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.

SASKPOWER SYSTEM MAP

TOTAL AVAILABLE GENERATING CAPACITY - **4,987 MEGAWATTS (MW)**

HYDRO TOTAL CAPACITY - 864 MW

- H1 Athabasca Hydroelectric System
  - H1A Wellington Hydroelectric Station - 5 MW
  - H1B Waterloo Hydroelectric Station - 8 MW
  - H1C Charlot River Hydroelectric Station - 10 MW
- H2 Island Falls Hydroelectric Station - 111 MW
- H3 Nipawin Hydroelectric Station - 255 MW
- H4 E.B. Campbell Hydroelectric Station - 289 MW
- H5 Coteau Creek Hydroelectric Station - 186 MW

NATURAL GAS TOTAL CAPACITY - 2,160 MW

- NG1 Meadow Lake Power Station - 41 MW
- NG2 Meridian Cogeneration Station* - 228 MW
- NG3 North Battleford Generating Station* - 289 MW
- NG4 Yellowhead Power Station - 135 MW
- NG5 Ermine Power Station - 90 MW
- NG6 Landis Power Station - 78 MW
- NG7 Cory Cogeneration Station - 234 MW
- NG8 Queen Elizabeth Power Station - 623 MW
- NG9 Spy Hill Generating Station* - 89 MW
- NG10 Chinook Power Station - 353 MW

WIND TOTAL CAPACITY - 241 MW

- W1 Cypress Wind Power Facility - 11 MW
- W2 SunBridge Wind Power Facility* - 11 MW
- W3 Centennial Wind Power Facility - 150 MW
- W4 Morse Wind Energy Facility* - 23 MW
- W5 Red Lily Wind Energy Facility* - 26 MW
- W6 Western Lily Wind Energy Facility* - 20 MW

COAL TOTAL CAPACITY - 1,530 MW

- C1 Poplar River Power Station - 582 MW
- C2 Boundary Dam Power Station - 672 MW
- C3 Shand Power Station - 276 MW

SOLAR TOTAL CAPACITY - 39 MW

Customer-generated solar capacity - 39 MW
(NOT SHOWN ON MAP)

IMPORT POWER PURCHASE AGREEMENTS - 125 MW

- I1 Manitoba Hydro - 25 MW
- I2 Manitoba Hydro - 100 MW

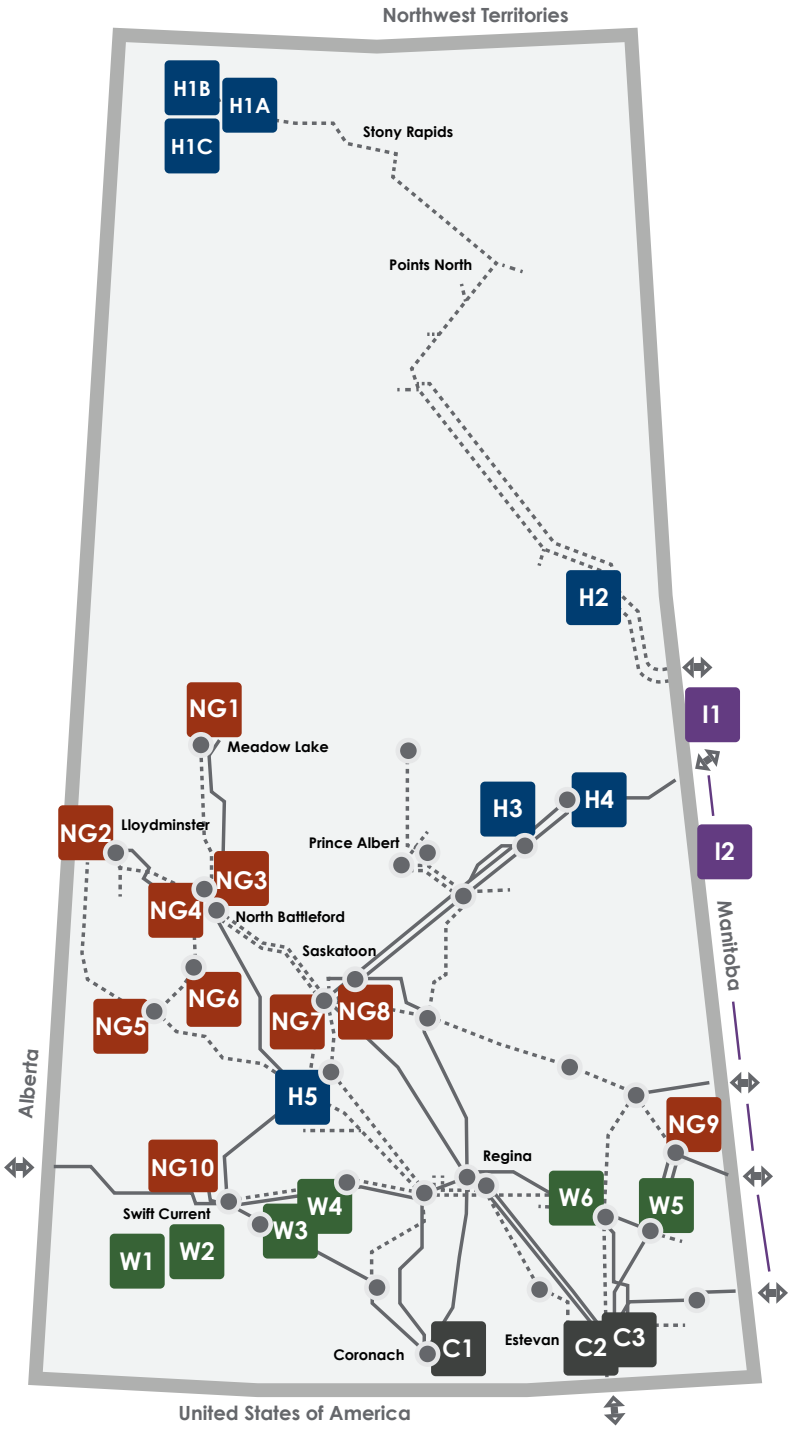
SMALL INDEPENDENT POWER PRODUCERS TOTAL CAPACITY - 28 MW (NOT SHOWN ON MAP)

(Includes flare gas, waste heat recovery, landfill gas, wind)

TRANSMISSION

- 230 kilovolt (kV)
- 138 kV/115 kV/110 kV
- Switching station
- Interconnection

** Large independent power producer*



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