SECOND QUARTER FINANCIAL REPORT

For the six months ended
June 30, 2015

SaskPower
Powering the future®

STRATEGIC DIRECTION

Our vision
A world-leading power company through innovation, performance and service

Our mission
Reliable, affordable, sustainable power

Our values
Safety, dedication and respect

Our core strategies and key priorities

People
- Customer experience
- Workforce excellence
- Stakeholder relations

Financial
- Process efficiency and cost management

Stewardship
- Infrastructure management, renewal and growth
- Supply mix diversification
- Environmental stewardship
- Technology enablement

FINANCIAL AND OPERATING HIGHLIGHTS

Financial Indicators

	Three months ended June 30			Six months ended June 30		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Revenue	**$ 553**	$ 520	$ 33	**$ 1,136**	$ 1,078	$ 58
Expense	**529**	538	(9)	**1,052**	1,050	2
Income (loss) before unrealized market value adjustments	**24**	(18)	42	**84**	28	56
Net income (loss)	**6**	(24)	30	**51**	81	(30)
Capital expenditures	**251**	332	(81)	**498**	616	(118)

	June 30	December 31	
	2015	2014	Change
Long-term debt	**$ 4,784**	$ 4,355	$ 429
Short-term advances	**838**	890	(52)
Finance lease obligations	**1,136**	1,138	(2)

	2015	2014	Change
Return on equity (operating)[1]	**7.6%**	2.5%	5.1%
Return on equity[2]	**4.6%**	7.2%	-2.6%
Per cent debt ratio[3]	**73.6%**	70.7%	2.9%

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

Operating Statistics

	Three months ended June 30			Six months ended June 30		
(GWh) [1]	**2015**	2014	Change	**2015**	2014	Change
Saskatchewan electricity sales	**5,181**	5,156	25	**10,921**	10,702	219
Exports	**25**	42	(17)	**49**	69	(20)
Total electricity sales	**5,206**	5,198	8	**10,970**	10,771	199
Gross electricity supplied	**5,553**	5,486	67	**11,971**	11,791	180
Line losses	**(347)**	(288)	(59)	**(1,001)**	(1,020)	19
Net electricity supplied	**5,206**	5,198	8	**10,970**	10,771	199
Electricity trading purchases	**24**	49	(25)	**56**	117	(61)
Line losses	**-**	(1)	1	**-**	(1)	1
Electricity trading sales	**24**	48	(24)	**56**	116	(60)
Generating capacity (net MW)[2]	**4,181**	4,281	(100)	**4,181**	4,281	(100)
Peak load (net MW)[2]	**3,170**	3,020	150	**3,628**	3,451	177
Customers	**517,124**	507,037	10,087	**517,124**	507,037	10,087

1. One gigawatt hour (GWh) is equivalent to the energy consumed by 125 typical houses in one year.
2. Megawatt (MW) is a unit of bulk power; 1,000 kilowatts. The unit generally used to describe the output of a commercial generator.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) highlights the primary factors that have an impact on the financial results and operations of Saskatchewan Power Corporation (SaskPower; the Corporation). It should be read in conjunction with the SaskPower unaudited condensed consolidated financial statements and supporting notes for the six months ended June 30, 2015. These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*. The SaskPower Audit & Finance Committee of the Board of Directors has approved the condensed consolidated financial statements.

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

Financial results

	Three months ended June 30			Six months ended June 30		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Revenue						
Saskatchewan electricity sales	**$ 509**	$ 497	$ 12	**$ 1,067**	$ 1,027	$ 40
Exports	**6**	3	3	**7**	6	1
Net sales (costs) from electricity trading	**-**	(1)	1	**-**	(2)	2
Share of profit from equity accounted investees	**-**	-	-	**1**	1	-
Other revenue	**38**	21	17	**61**	46	15
	553	520	33	**1,136**	1,078	58
Expense						
Fuel and purchased power	**143**	142	1	**309**	315	(6)
Operating, maintenance and administration	**166**	168	(2)	**322**	323	(1)
Depreciation and amortization	**111**	95	16	**216**	188	28
Finance charges	**89**	76	13	**168**	151	17
Taxes	**16**	17	(1)	**32**	30	2
Other losses	**4**	40	(36)	**5**	43	(38)
	529	538	(9)	**1,052**	1,050	2
Income (loss) before the following	**$ 24**	$ (18)	$ 42	**$ 84**	$ 28	$ 56
Unrealized market value adjustments	**(18)**	(6)	(12)	**(33)**	53	(86)
Net income (loss)	**$ 6**	$ (24)	$ 30	**$ 51**	$ 81	$ (30)
Return on equity (operating)[1]				**7.6%**	2.5%	5.1%
Return on equity[2]				**4.6%**	7.2%	-2.6%

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

Highlights and summary of results

Second Quarter

SaskPower had consolidated income before unrealized market value adjustments of $24 million in the second quarter of 2015 compared to consolidated losses of $18 million in the second quarter of 2014. The $42 million increase was due to higher revenue coupled with a reduction in expenses.

Total revenue was up $33 million in the second quarter of 2015, compared to the second quarter of 2014. The improvement in revenue was attributable to a $12 million increase in Saskatchewan electricity sales due to the 3.0% system-wide average rate increase that became effective January 1, 2015, and higher sales volumes. Exports and electricity trading increased by $4 million due to an increase in sales prices in Alberta. In addition, other revenue increased $17 million primarily as a result of higher customer contributions, as well as carbon dioxide (CO_2) sales, and fees for the use of the Shand Carbon Capture Test Facility.

Total expense decreased $9 million in the second quarter of 2015, compared to the second quarter of 2014. The largest change was other losses which decreased $36 million due to the impairment loss recognized on all AMI meters in the second quarter of 2014. Operating, maintenance and administration (OM&A) expense was down $2 million due to a decrease in overhaul activity at our generation facilities as compared to the second quarter of 2014. These decreases were partially offset by depreciation expense which was up $16 million compared to the same period in 2014 as a result of significant investments in the Corporation's property, plant and equipment. Fuel and purchased power costs increased $1 million largely as a result of an unfavourable change in the fuel mix as a result of lower hydro generation being replaced by more expensive natural gas generation. The increased fuel costs were almost completely offset by a decline in natural gas prices. In addition, finance charges increased $13 million compared to the same period in 2014 due to an increase in additional interest incurred as a result of higher debt levels required to finance SaskPower's capital expenditures and lower interest capitalized.

SaskPower reported $18 million of unrealized market value net losses in the second quarter of 2015, compared to $6 million in the second quarter of 2014. The unrealized market value adjustments represent the change in the market value of the Corporation's outstanding natural gas hedges; natural gas inventory; electricity trading contracts; and debt retirement funds at period-end.

Year-to-Date

SaskPower's consolidated income before unrealized market value adjustments was $84 million in the first six months of 2015 compared to $28 million in the first six months of 2014. The $56 million increase was due to higher revenue slightly offset by an increase in expenses. The return on equity was 7.6%, up more than 5 percentage points from the previous period.

Total revenue was up $58 million in the first half of 2015, compared to the first half of 2014. The improvement in revenue was attributable to a $40 million increase in Saskatchewan electricity sales due to the 3.0% system-wide average rate increase that became effective January 1, 2015 and higher sales volumes. In addition, other revenue increased $15 million primarily as a result of higher customer contributions, as well as carbon dioxide (CO_2) sales, and fees for the use of the Shand Carbon Capture Test Facility.

Total expense increased $2 million in the first six months of 2015, compared to the first six months of 2014. Depreciation expense was up $28 million compared to the same period in 2014 as a result of significant investments in the Corporation's property, plant and equipment. Finance charges increased $17 million due to additional interest expense incurred as a result of higher debt levels required to finance SaskPower's capital expenditures and lower interest capitalized. Lastly, taxes were up $2 million as a result of an increase in the Corporation's capital tax base. These increases were partially offset by other losses which decreased $38 million largely due to the impairment loss recognized in the second quarter of 2014 as a result of a decision to replace all AMI meters with legacy meters. In addition, fuel and purchased power costs decreased $6 million largely as a result of lower natural gas prices. Finally, OM&A expense was down $1 million due to a decrease in overhaul activity at our generation facilities as compared to the first six months of 2014.

SaskPower reported $33 million of unrealized market value net losses in the first six months of 2015, compared to $53 million in net gains in the first six months of 2014. The unrealized market value adjustments represent the change in the market value of the Corporation's outstanding natural gas hedges; natural gas inventory; electricity trading contracts; and debt retirement funds at period-end.

Outlook

SaskPower's income before unrealized market value adjustments is expected to be $122 million in 2015, resulting in a return on equity of 5.5%.

Revenues of $2.302 billion are expected to increase $145 million due to the system-wide average rate increase of 3.0% that became effective January 1, 2015, and a 554 GWh or 2.6% increase in electricity sales volumes.

The increase in revenue, however, is expected to be partially offset by a $66 million increase in expenses in 2015. The primary driver is an $89 million increase in capital-related expenses, including depreciation, finance charges, taxes and other losses. SaskPower invested $1.279 billion in capital in 2014, and an additional $1.125 billion is expected to be invested in 2015.

Fuel and purchased power costs are expected to decrease $23 million as a result of lower natural gas prices. OM&A expense is expected to remain consistent with the prior year.

Capital expenditures in 2015 are forecast to be approximately $1.125 billion. This includes $710 million in costs to improve and expand the Corporation's transmission and distribution infrastructure, including the new I1K transmission line and connecting new customers to SaskPower's grid; $167 million on the expansion of Queen Elizabeth Power Station; and $142 million to maintain and refurbish the existing generation fleet.

Revenue

Saskatchewan electricity sales

	Three months ended June 30			Six months ended June 30		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Saskatchewan electricity sales	**$ 509**	$ 497	$ 12	**$ 1,067**	$ 1,027	$ 40

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

Saskatchewan electricity sales for the second quarter of 2015 were $509 million, up $12 million from the second quarter of 2014. The increase was due to the system-wide average rate increase of 3.0% that became effective January 1, 2015, and a rise in sales volumes. Electricity sales volumes to Saskatchewan customers in the second quarter of 2015 were 5,181 GWh, up 25 GWh or 0.5% from the second quarter of 2014.

Saskatchewan electricity sales for the six months ending June 30, 2015, were $1,067 million, up $40 million from the first six months of 2014. Electricity sales volumes to Saskatchewan customers for the first six months of 2015 were 10,921 GWh, up 219 GWh or 2% from the same period in 2014. The Corporation experienced growth in demand from power and oilfield customer classes.

Exports

	Three months ended June 30			Six months ended June 30		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Exports	**$ 6**	$ 3	$ 3	**$ 7**	$ 6	$ 1

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

Exports were $6 million in the second quarter of 2015, up $3 million from the second quarter of 2014 and $7 million in the first half of 2015, up $1 million from the first half of 2014. Exports were up due to an increase in sales prices in Alberta, offset by a decrease in sales volumes. Export sales volumes decreased 20 GWh or 29% during the first six months of 2015, compared to the first six months of 2014.

Net sales (costs) from electricity trading

	Three months ended June 30			Six months ended June 30		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Electricity trading revenue	**$ 2**	$ 2	$ -	**$ 4**	$ 6	$ (2)
Electricity trading costs	**(2)**	(3)	1	**(4)**	(8)	4
Net sales (costs) from electricity trading	**$ -**	$ (1)	$ 1	**$ -**	$ (2)	$ 2

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

Net sales from electricity trading were $nil in the second quarter of 2015 compared to a loss of $1 million in the same period in 2014, and $nil in the first half of 2015 compared to a loss of $2 million in the first half of 2014. SaskPower's low trading earnings are the result of limited economic trading opportunities in Alberta.

Share of profit from equity accounted investees

	Three months ended June 30			Six months ended June 30		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Share of profit from equity accounted investees	**$ -**	$ -	$ -	**$ 1**	$ 1	$ -

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

SaskPower's share of profit from its investment in the MRM Cogeneration Station was $1 million for the first six months of 2015, consistent with the prior year.

Other revenue

	Three months ended June 30			Six months ended June 30		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Other revenue	**$ 38**	$ 21	$ 17	**$ 61**	$ 46	$ 15

Other revenue includes various non-electricity products and services. Other revenue was $38 million in the second quarter of 2015 compared to $21 million in the second quarter of 2014 and $61 million in the first half of 2015 compared to $46 million in the first half of 2014. The $15 million increase was primarily due to higher customer contributions, which were up $12 million. Customer contributions are funds received from certain customers for the costs of service extensions. These contributions are recognized immediately in profit or loss when the related property, plant and equipment is available for use.

In addition, sales of carbon dioxide (CO_2) and fees for the use of the Shand Carbon Capture Test Facility contributed $4 million of additional revenue in the first six months of 2015.

Expense

Fuel and purchased power

	Three months ended June 30			Six months ended June 30		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Fuel and purchased power	**$ 143**	$ 142	$ 1	**$ 309**	$ 315	$ (6)

SaskPower's fuel and purchased power costs include the fuel charges associated with the electricity generated from SaskPower-owned facilities and through power purchase agreements, as well as electricity imported from markets outside Saskatchewan. This electricity is used to serve the Corporation's Saskatchewan customers, with surplus electricity being 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. In general, this means maximizing hydro and coal generation, which have a low incremental cost per unit of generation. Hydro generation is dependent upon water levels and river flow at SaskPower's hydro facilities and coal generation is a product of the availability of our coal plants. Wind generation, the lowest incremental cost source of electricity, cannot be dispatched on a planned basis as it is dependent upon wind conditions.

Fuel and purchased power costs were $143 million in the second quarter of 2015, up $1 million from the second quarter of 2014 and $309 million in the first half of 2015, down $6 million from the first half of 2014. The $6 million decrease is the result of a favourable price variance offset by an unfavourable volume and fuel mix variance.

The average price of fuel decreased as a result of lower natural gas prices, with average prices decreasing approximately $0.69 per gigajoule. The lower fuel prices resulted in a $14 million decrease in fuel and purchased power costs.

Total generation and purchased power was 11,971 GWh in the first six months of 2015, an increase of 180 GWh or 1.5% compared to the same period in 2014. The higher demand resulted in an estimated $5 million increase in fuel and purchased power costs.

The fuel mix is the relative proportion that each fuel source contributes to our total fuel supply. The more energy that is generated from lower incremental cost units such as hydro, coal and wind, the more favourable the impact on fuel and purchased power costs. During the first six months of 2015, the Corporation's hydro generation accounted for 17% of total generation, down 4% compared to the first six months of 2014. The decreased hydro generation was replaced with more expensive natural gas. The unfavourable change in the fuel mix resulted in an estimated $3 million increase in fuel and purchased power costs.

Operating, maintenance and administration (OM&A)

	Three months ended June 30			Six months ended June 30		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
OM&A	**$ 166**	$ 168	$ (2)	**$ 322**	$ 323	$ (1)

OM&A expense was $166 million in the second quarter of 2015, down $2 million from the second quarter of 2014 and $322 million in the first six months of 2015, down $1 million from the first six months of 2014. The slight decline in operating costs was due to a decrease in overhaul activity at our generation facilities.

Depreciation and amortization

	Three months ended June 30			Six months ended June 30		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Depreciation and amortization	**$ 111**	$ 95	$ 16	**$ 216**	$ 188	$ 28

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

Depreciation expense was $111 million in the second quarter of 2015, up $16 million from the second quarter of 2014 and $216 million in the first half of 2015, up $28 million from the first half of 2014. The rise in depreciation expense was primarily attributable to an increase in property, plant and equipment as a result of ongoing capital expenditures. As well, following the completion of an internal depreciation study in 2014, the estimated useful lives of certain asset components were changed. The changes in estimates were applied prospectively effective January 1, 2015, and resulted in approximately a $3.5 million increase to depreciation expense in the first six months of 2015.

Finance charges

	Three months ended June 30			Six months ended June 30		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Finance charges	**$ 89**	$ 76	$ 13	**$ 168**	$ 151	$ 17

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

Finance charges were $89 million in the second quarter of 2015 compared to $76 million in the second quarter of 2014 and $168 million in the first six months of 2015 compared to $151 million in the first six months of 2014. The $17 million increase in finance charges was attributable to an additional $11 million in interest expense incurred as a result of higher debt levels required to finance SaskPower's capital expenditures, as well as an $18 million decrease in interest capitalized. These amounts were offset by a $12 million increase in debt retirement fund earnings compared to the prior year.

Taxes

(in millions)	Three months ended June 30 2015	2014	Change	Six months ended June 30 2015	2014	Change
Taxes	**$ 16**	$ 17	$ (1)	**$ 32**	$ 30	$ 2

Taxes represent the payment of corporation capital tax to the Province of Saskatchewan and grants-in-lieu of taxes paid to 13 cities in Saskatchewan. Taxes were $32 million in the first six months of 2015, up $2 million from the first six months of 2014 due to higher corporate capital tax as a result of growth in the Corporation's capital tax base.

Other losses

(in millions)	Three months ended June 30 2015	2014	Change	Six months ended June 30 2015	2014	Change
Other losses	**$ 4**	$ 40	$ (36)	**$ 5**	$ 43	$ (38)

Other losses include asset impairment losses; net losses on asset disposals and retirements; inventory adjustments; foreign exchange; and environmental remediation activities. Other losses were $5 million in the first half of 2015, down $38 million compared to the first half of 2014. The decrease in losses was largely due to the $38 million impairment loss recognized in 2014 as a result of the decision to replace the Corporation's AMI meters with legacy meters.

Unrealized market value adjustments

(in millions)	Three months ended June 30 2015	2014	Change	Six months ended June 30 2015	2014	Change
Natural gas contracts gains (losses)	**$ (1)**	$ (9)	$ 8	**$ (17)**	$ 30	$ (47)
Natural gas inventory revaluation	**-**	1	(1)	**-**	-	-
Electricity contracts gains (losses)	**2**	(7)	9	**(3)**	3	(6)
Debt retirement funds gains (losses)	**(19)**	9	(28)	**(13)**	20	(33)
Unrealized market value adjustments	**$ (18)**	$ (6)	$ (12)	**$ (33)**	$ 53	$ (86)

Unrealized market value adjustments represent the change in the market value of the Corporation's outstanding natural gas hedges; natural gas inventory; electricity trading contracts; and debt retirement funds at period-end. These non-cash transactions resulted in a net market value loss for the first six months of 2015 of $33 million compared to a net gain of $53 million in the first six months of 2014.

SaskPower had outstanding natural gas hedges of approximately 111 million notional gigajoules (GJs) to cap the price of natural gas on a portion of the Corporation's anticipated natural gas needs for the remainder of 2015 through 2025. The unrealized market value losses on these outstanding natural gas hedges and forward natural gas contracts were $17 million. The losses are the result of a decline in the forward price of natural gas and the settlement of natural gas hedge contracts. Market value adjustments on natural gas hedges are subject to significant volatility based on movements in the forward price of natural gas.

Unrealized market value losses related to SaskPower's outstanding electricity derivative contracts were $3 million, a $6 million decrease from the prior year as a result of physical settlements of fixed price forward agreements during the first half of 2015.

The Corporation also recorded $13 million in market value losses related to its debt retirement funds, which represents a $33 million decrease compared to the same period in 2014. The decline in the value of the debt retirement funds is primarily due to an increase in long-term interest rates which negatively impacts the value of the bonds in the debt retirement fund portfolio.

Financial Condition

The following chart outlines changes in the condensed consolidated statement of financial position from December 31, 2014, to June 30, 2015:

Financial Condition	
(in millions)	Increase / (Decrease)
Cash and cash equivalents (bank indebtedness) Refer to Consolidated Statement of Cash Flows.	**$ 5**
Accounts receivable and unbilled revenue Margin deposits on natural gas derivatives, and timing of receipts.	**30**
Inventory Increase in maintenance supplies offset by decrease in natural gas inventory.	**3**
Prepaid expenses Increase in prepaid employee benefits.	**4**
Property, plant and equipment Capital additions, offset by depreciation, disposals, and retirements.	**273**
Intangible assets Amortization expense less capitalization of new software costs.	**(4)**
Debt retirement funds Instalments and earnings offset by market value losses.	**39**
Investments accounted for using equity method MRM equity investment income.	**1**
Other assets Amortization of long-term coal supply agreements.	**(1)**
Accounts payable and accrued liabilities Timing of payments.	**(65)**
Accrued interest Timing of interest payments.	**1**
Risk management liabilities (net of risk management assets) Increase in fair value of bond forward agreements offset by losses on natural gas hedges.	**(9)**
Short-term advances Repayment of short-term advances.	**(52)**
Long-term debt (including current portion) New borrowings offset by repayments.	**429**
Finance lease obligations (including current portion) Lease principal repayments.	**(2)**
Employee benefits Actuarial gains on the defined benefit pension plan.	**(20)**
Provisions Decommissioning provision established for Shand Carbon Capture Test Facility.	**3**
Equity 2015 comprehensive income.	**65**

Liquidity and Capital Resources

Cash flow highlights

(in millions)	June 30 2015	December 31 2014	Change
Cash and cash equivalents (bank indebtedness)	**$ 3**	$ (2)	$ 5

The Corporation's cash position increased $5 million from December 31, 2014. The $5 million increase was the result of $174 million provided by operating activities and $309 million provided by financing activities, offset by $478 million used in investing activities.

a) Operating activities

	Three months ended June 30			Six months ended June 30		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Cash provided by operating activities	**$ 141**	$ 141	$ -	**$ 174**	$ 227	$ (53)

Cash provided by operating activities was $174 million in the first half of 2015, down $53 million from the first half of 2014. The decrease was primarily the result of a decline in non-cash working capital.

b) Investing activities

	Three months ended June 30			Six months ended June 30		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Generation	**$ 78**	$ 148	$ (70)	**$ 172**	$ 274	$ (102)
Transmission & Distribution	**160**	159	1	**300**	291	9
Other	**13**	25	(12)	**26**	51	(25)
Total capital expenditures	**$ 251**	$ 332	$ (81)	**$ 498**	$ 616	$ (118)
Less: Interest capitalized	**(9)**	(19)	10	**(20)**	(38)	18
Net costs of removal of assets	**-**	1	(1)	**-**	2	(2)
Distributions from equity accounted investees	**-**	-	-	**-**	(2)	2
Cash used in investing activities	**$ 242**	$ 314	$ (72)	**$ 478**	$ 578	$ (100)

In order to ensure a safe, reliable, and sustainable supply of electricity for its customers, SaskPower invested $498 million in the first six months of 2015 on various capital projects. This includes $91 million to connect customers to the SaskPower electric system; $67 million on the I1K transmission line; $105 million on increasing capacity and sustaining transmission and distribution infrastructure; $129 million on the repowering of the Queen Elizabeth Power Station; and $17 million on Information Technology projects.

c) Financing activities

(in millions)	Three months ended June 30 2015	2014	Change	Six months ended June 30 2015	2014	Change
Net repayment of short-term advances	**$ (78)**	$ (85)	$ 7	**$ (52)**	$ (191)	$ 139
Proceeds from long-term debt	**184**	276	(92)	**432**	574	(142)
Repayments of long-term debt	**(1)**	(1)	-	**(2)**	(2)	-
Debt retirement fund instalments	**(18)**	(14)	(4)	**(31)**	(24)	(7)
Principal repayment of finance lease obligations	**(2)**	(1)	(1)	**(4)**	(3)	(1)
Increase in finance lease obligations	**2**	2	-	**2**	3	(1)
Realized losses on cash flow hedges	**(7)**	-	(7)	**(36)**	-	(36)
Cash provided by financing activities	**$ 80**	$ 177	$ (97)	**$ 309**	$ 357	$ (48)

In the first six months of 2015, $309 million of cash was used in financing activities, down $48 million compared to the first six months of 2014. The cash was used to finance the Corporation's capital program.

Capital management

(in millions)	June 30 2015	December 31 2014	Change
Long-term debt	**$ 4,784**	$ 4,355	$ 429
Short-term advances	**838**	890	(52)
Finance lease obligations	**1,136**	1,138	(2)
Total debt	**6,758**	6,383	375
Debt retirement funds	**496**	457	39
Cash and cash equivalents (bank indebtedness)	**3**	(2)	5
Total net debt	**$ 6,259**	$ 5,928	$ 331
Retained earnings	**1,572**	1,521	51
Accumulated other comprehensive income (loss)	**11**	(3)	14
Equity advances	**660**	660	-
Total capital	**$ 8,502**	$ 8,106	$ 396
Per cent debt ratio[1]	**73.6%**	73.1%	0.5%

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

SaskPower's total debt position (including finance lease obligations) was $6,758 million at June 30, 2015, up $375 million from December 31, 2014. The increase in total debt was the result of:

- On February 5, 2015, the Corporation borrowed $200 million of long-term debt at a premium of $48 million. The debt issue has a coupon rate of 3.90%, an effective interest rate of 2.73%, and matures on June 2, 2045.
- On May 26, 2015, the Corporation borrowed $200 million of long-term debt at a discount of $16 million. The debt issue has a coupon rate of 2.75%, an effective interest rate of 3.15%, and matures on December 2, 2046.
- This increase in long-term debt was offset by the repayment of $52 million of short-term advances. In addition, there were $2 million in repayments of non-recourse debt; a $2 million decrease in the Corporation's finance lease obligations; and $1 million of amortization of debt premiums.

The Corporation's per cent debt ratio has increased slightly from 73.1% at the end of 2014 to 73.6% as at June 30, 2015.

Debt retirement fund instalments

(in millions)	Six months ended June 30 2015	2014	Change
Debt retirement fund instalments	**$ 31**	$ 24	$ 7

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 first six months of 2015, the Corporation made $31 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. SaskPower also earned $21 million (included with finance charges and classified as non-cash operating activities), on the debt retirement funds for the period.

Dividends

Historically, SaskPower has paid dividends to Crown Investments Corporation (CIC) of Saskatchewan based on the CIC Dividend Policy. CIC has determined that SaskPower will not be required to pay dividends in 2015 due to the significant investments in property, plant and equipment of the Corporation.

Contractual obligations

The Corporation has the following significant long-term contractual obligations as at June 30, 2015, which will impact cash flows in 2015 and beyond:

(in millions)	**1 year**	**1 - 5 years**	**More than 5 years**
Long-term debt (including principal and interest)	$ 245	$ 1,173	$ 7,999
Debt retirement fund instalments	43	178	810
Future minimum lease payments	169	713	2,400

SaskPower's financing requirements for the next 12 months will include $245 million in principal and interest payments, $43 million of debt retirement fund instalments, and $169 million in minimum lease payments under existing power purchase agreements. Included in the future minimum lease payments above, is the availability payments related to the power purchase agreements (PPAs) which have been classified as finance leases. SaskPower evaluates the need for additional borrowings throughout the year.

Condensed Consolidated Statement of Income (Loss)

(in millions)	(Unaudited) Three months ended June 30 2015	2014	(Unaudited) Six months ended June 30 2015	2014
Revenue				
Saskatchewan electricity sales	**$ 509**	$ 497	**$ 1,067**	$ 1,027
Exports	**6**	3	**7**	6
Net sales (costs) from electricity trading	**-**	(1)	**-**	(2)
Share of profit from equity accounted investees	**-**	-	**1**	1
Other revenue	**38**	21	**61**	46
	553	520	**1,136**	1,078
Expense				
Fuel and purchased power	**143**	142	**309**	315
Operating, maintenance and administration	**166**	168	**322**	323
Depreciation and amortization	**111**	95	**216**	188
Finance charges	**89**	76	**168**	151
Taxes	**16**	17	**32**	30
Other losses	**4**	40	**5**	43
	529	538	**1,052**	1,050
Income (loss) before the following	**24**	(18)	**84**	28
Unrealized market value adjustments	**(18)**	(6)	**(33)**	53
Net income (loss)	**$ 6**	$ (24)	**$ 51**	$ 81

See accompanying notes

Condensed Consolidated Statement of Comprehensive Income (Loss)

	(Unaudited) Three months ended June 30		(Unaudited) Six months ended June 30	
(in millions)	**2015**	**2014**	**2015**	**2014**
Net income (loss)	**$ 6**	$ (24)	**$ 51**	$ 81
Other comprehensive loss				
Items that may be reclassified subsequently to net income:				
Derivatives designated as cash flow hedges:				
Change in fair value during the year	**42**	(6)	**29**	(6)
Realized losses during the year	**(7)**	-	**(36)**	-
Reclassification to income	**-**	(1)	**-**	(1)
Items that will not be reclassified to net income:				
Defined benefit pension plans:				
Net actuarial gains (losses)	**40**	(10)	**21**	(30)
	75	(17)	**14**	(37)
Total comprehensive income (loss)	**$ 81**	$ (41)	**$ 65**	$ 44

See accompanying notes

Condensed Consolidated Statement of Financial Position

(in millions) As at	(Unaudited) June 30 2015	(Audited *) December 31 2014
Assets		
Current assets		
Cash and cash equivalents	$ 3	$ -
Accounts receivable and unbilled revenue	345	315
Inventory	221	218
Prepaid expenses	15	11
Risk management assets (Note 6)	23	7
	607	551
Property, plant and equipment (Note 3)	8,821	8,548
Intangible assets	69	73
Debt retirement funds	496	457
Investments accounted for using equity method	41	40
Other assets	4	5
Total assets	$ 10,038	$ 9,674
Liabilities and equity		
Current liabilities		
Bank indebtedness	$ -	$ 2
Accounts payable and accrued liabilities	467	532
Accrued interest	58	57
Risk management liabilites (Note 6)	103	96
Short-term advances	838	890
Current portion of long-term debt (Note 4)	5	5
Current portion of finance lease obligations (Note 5)	9	8
	1,480	1,590
Long-term debt (Note 4)	4,779	4,350
Finance lease obligations (Note 5)	1,127	1,130
Employee benefits	213	233
Provisions	196	193
Total liabilities	7,795	7,496
Equity		
Retained earnings	1,572	1,521
Accumulated other comprehensive income (loss)	11	(3)
Equity advances	660	660
Total equity	2,243	2,178
Total liabilities and equity	$ 10,038	$ 9,674

See accompanying notes

*As presented in the audited December 31, 2014, consolidated statement of financial position.

Condensed Consolidated Statement of Changes in Equity

(in millions)	Retained earnings	Accumulated other comprehensive income (loss): Net gains (losses) on derivatives designated as cash flow hedges	Accumulated other comprehensive income (loss): Net actuarial gains (losses) on defined benefit pension plans	Equity advances	(Unaudited) Total
Equity					
Balance, January 1, 2014	$ 1,461	$ 47	$ 55	$ 660	**$ 2,223**
Net income	81	-	-	-	**81**
Other comprehensive loss	-	(7)	(30)	-	**(37)**
Balance, June 30, 2014	**$ 1,542**	**$ 40**	**$ 25**	**$ 660**	**$ 2,267**
Net loss	(21)	-	-	-	**(21)**
Other comprehensive loss	-	(25)	(43)	-	**(68)**
Balance, December 31, 2014	**$ 1,521**	**$ 15**	**$ (18)**	**$ 660**	**$ 2,178**
Net income	51	-	-	-	**51**
Other comprehensive income (loss)	-	(7)	21	-	**14**
Balance, June 30, 2015	**$ 1,572**	**$ 8**	**$ 3**	**$ 660**	**$ 2,243**

See accompanying notes

Condensed Consolidated Statement of Cash Flows

(in millions)	(Unaudited) Three months ended June 30 2015	2014	(Unaudited) Six months ended June 30 2015	2014
Operating activities				
Net income (loss)	**$ 6**	$ (24)	**$ 51**	$ 81
Adjustments to reconcile net income to cash provided by operating activities				
Depreciation and amortization	**111**	95	**216**	188
Finance charges	**89**	76	**168**	151
Losses on asset disposals and retirements	**4**	2	**5**	5
Asset impairment losses	**-**	38	**-**	38
Unrealized market value adjustments	**18**	6	**33**	(53)
Employee benefits	**(1)**	-	**(4)**	(3)
Share of profit from equity accounted investees	**-**	-	**(1)**	(1)
Allowance for obsolescence	**1**	(1)	**1**	(1)
Environmental expenditures	**(2)**	-	**(2)**	(2)
	226	192	**467**	403
Net change in non-cash working capital	**4**	30	**(92)**	13
Interest paid	**(89)**	(81)	**(201)**	(189)
Cash provided by operating activities	**141**	141	**174**	227
Investing activities				
Property, plant and equipment additions	**(238)**	(309)	**(469)**	(572)
Intangible assets additions	**(4)**	(4)	**(9)**	(6)
Net costs of removal of assets	**-**	(1)	**-**	(2)
Distributions from equity accounted investees	**-**	-	**-**	2
Cash used in investing activities	**(242)**	(314)	**(478)**	(578)
Decrease in cash before financing activities	**(101)**	(173)	**(304)**	(351)
Financing activities				
Net repayment of short-term advances	**(78)**	(85)	**(52)**	(191)
Proceeds from long-term debt	**184**	276	**432**	574
Repayments of long-term debt	**(1)**	(1)	**(2)**	(2)
Debt retirement fund instalments	**(18)**	(14)	**(31)**	(24)
Principal repayment of finance lease obligations	**(2)**	(1)	**(4)**	(3)
Increase in finance lease obligations	**2**	2	**2**	3
Realized losses on derivatives designated as cash flow hedges	**(7)**	-	**(36)**	-
Cash provided by financing activities	**80**	177	**309**	357
(Decrease) increase in cash	**(21)**	4	**5**	6
Cash and cash equivalents (bank indebtedness), beginning of period	**24**	-	**(2)**	(2)
Cash and cash equivalents, end of period	**$ 3**	$ 4	**$ 3**	$ 4

See accompanying notes

Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Description of business

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

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

2. Basis of preparation

(a) Statement of compliance

These unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting.* These condensed consolidated financial statements do not include all of the disclosures included in the Corporation's annual consolidated financial statements. Accordingly, these condensed consolidated financial statements should be read in conjunction with the Corporation's most recent annual consolidated financial statements.

The accounting policies used in the preparation of these condensed consolidated financial statements conform with those used in the Corporation's most recent annual consolidated financial statements.

The condensed consolidated financial statements were authorized for issue by the Audit & Finance Committee of the Board of Directors on August 6, 2015.

(b) Interim measurement

SaskPower's Saskatchewan electric sales to residential and commercial customers are seasonal, with the first and fourth quarters being the strongest periods, reflecting colder weather and fewer daylight hours.

(c) Basis of measurement

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

- Inventory at lower of cost and net realizable value.
- Financial instruments that are accounted for at fair value through profit or loss.
- Provisions.
- Employee benefit plan's accrued benefit obligations.

(d) Functional and presentation currency

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

(e) Fair value measurement

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 under current market conditions (exit price). 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 6) as defined below:

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

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

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

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

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

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

(f) Use of estimates and judgments

The preparation of the condensed 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 are:

- Electricity deliveries not yet billed at period-end and allowance for doubtful accounts.
- Net realizable value and allowance for inventory obsolescence.
- Underlying estimates of useful lives and related depreciation and accumulated depreciation.
- Carrying amounts of decommissioning and environmental remediation provisions and underlying estimates of future cash flows.
- Fair value of financial instruments.
- Carrying amounts of employee benefits and underlying actuarial assumptions.

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 January 1, 2015, and is expected to result in a $7 million increase to depreciation expense in 2015.

Areas of judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated financial statements include:

- Identification of arrangements which contain a lease.
- Revenue recognition of customer contributions.
- Short-term employee incentives accrued.

(g) New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended June 30, 2015, and have not been applied in preparing these consolidated financial statements. In particular, the Corporation is currently reviewing IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments,* both expected to be effective January 1, 2018, to determine the potential impact, if any. SaskPower does not have any plans to early adopt the new standards.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

3. Property, plant and equipment

(in millions)	Generation	Leased assets	Transmission	Distribution	Other	Construction in progress	**Total**
Cost or deemed cost							
Balance, January 1, 2014	$ 4,334	$ 1,233	$ 1,146	$ 3,074	$ 620	$ 1,665	**$ 12,072**
Additions	536	-	33	117	24	616	**1,326**
Disposals and/or retirements	-	-	(1)	(8)	(9)	-	**(18)**
Impairment losses	-	-	-	(40)	-	-	**(40)**
Transfers	-	-	-	-	-	(716)	**(716)**
Balance, June 30, 2014	**$ 4,870**	**$ 1,233**	**$ 1,178**	**$ 3,143**	**$ 635**	**$ 1,565**	**$ 12,624**
Additions	820	-	141	147	108	663	**1,879**
Disposals and/or retirements	(81)	-	(3)	(11)	(21)	-	**(116)**
Impairment losses	-	-	-	21	-	-	**21**
Transfers	-	-	-	-	-	(1,175)	**(1,175)**
Balance, December 31, 2014	**$ 5,609**	**$ 1,233**	**$ 1,316**	**$ 3,300**	**$ 722**	**$ 1,053**	**$ 13,233**
Additions	299	-	271	107	40	498	**1,215**
Disposals and/or retirements	(6)	-	(3)	(7)	(20)	-	**(36)**
Transfers	-	-	-	-	-	(724)	**(724)**
Balance, June 30, 2015	**$ 5,902**	**$ 1,233**	**$ 1,584**	**$ 3,400**	**$ 742**	**$ 827**	**$ 13,688**
Accumulated depreciation							
Balance, January 1, 2014	$ 2,219	$ 223	$ 464	$ 1,266	$ 259	$ -	**$ 4,431**
Depreciation expense	67	28	14	47	19	-	**175**
Disposals and/or retirements	-	-	(1)	(6)	(8)	-	**(15)**
Impairment losses	-	-	-	(2)	-	-	**(2)**
Transfers	-	-	-	-	-	-	**-**
Balance, June 30, 2014	**$ 2,286**	**$ 251**	**$ 477**	**$ 1,305**	**$ 270**	**$ -**	**$ 4,589**
Depreciation expense	76	28	14	49	21	-	**188**
Disposals and/or retirements	(75)	-	(2)	(9)	(6)	-	**(92)**
Impairment losses	-	-	-	-	-	-	**-**
Transfers	-	-	-	-	-	-	**-**
Balance, December 31, 2014	**$ 2,287**	**$ 279**	**$ 489**	**$ 1,345**	**$ 285**	**$ -**	**$ 4,685**
Depreciation expense	88	29	16	49	21	-	**203**
Disposals and/or retirements	(6)	-	(1)	(5)	(9)	-	**(21)**
Transfers	-	-	-	-	-	-	**-**
Balance, June 30, 2015	**$ 2,369**	**$ 308**	**$ 504**	**$ 1,389**	**$ 297**	**$ -**	**$ 4,867**
Net book value							
Balance, January 1, 2014	**$ 2,115**	**$ 1,010**	**$ 682**	**$ 1,808**	**$ 361**	**$ 1,665**	**$ 7,641**
Balance, June 30, 2014	**$ 2,584**	**$ 982**	**$ 701**	**$ 1,838**	**$ 365**	**$ 1,565**	**$ 8,035**
Balance, December 31, 2014	**$ 3,322**	**$ 954**	**$ 827**	**$ 1,955**	**$ 437**	**$ 1,053**	**$ 8,548**
Balance, June 30, 2015	**$ 3,533**	**$ 925**	**$ 1,080**	**$ 2,011**	**$ 445**	**$ 827**	**$ 8,821**

In the first six months of 2015, interest costs totaling $20 million (2014 – $38 million) were capitalized at the weighted average cost of borrowings rate of 4.70% (2014 – 5.00%)

The Corporation is forecasting to spend $1.125 billion on capital projects in 2015.

4. Long-term debt

(in millions)		
Balance, January 1, 2014	$	3,568
Long-term debt issues		574
Long-term debt repayments		(2)
Amortization of debt premiums net of discounts		-
Balance, June 30, 2014	**$**	**4,140**
Long-term debt issues		218
Long-term debt repayments		(2)
Amortization of debt premiums net of discounts		(1)
Balance, December 31, 2014	**$**	**4,355**
Long-term debt issues		432
Long-term debt repayments		(2)
Amortization of debt premiums net of discounts		(1)
	$	4,784
Less: current portion of long-term debt		(5)
Balance, June 30, 2015	**$**	**4,779**

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

- On February 5, 2015, the Corporation borrowed $200 million of long-term debt at a premium of $48 million. The debt issue has a coupon rate of 3.90%, an effective interest rate of 2.73%, and matures on June 2, 2045.
- On May 26, 2015, the Corporation borrowed $200 million of long-term debt at a discount of $16 million. The debt issue has a coupon rate of 2.75%, an effective interest rate of 3.15%, and matures on December 2, 2046.
- As at June 30, 2015, the Corporation has $198 million of bond forward agreements outstanding to hedge the interest rate risk on anticipated future borrowings. SaskPower has chosen to designate these contracts as cash flow hedges. As such, the effective portion of the changes in fair value related to these derivative financial instruments have been recognized in other comprehensive income, with the fair value being recognized as risk management assets on the consolidated statement of financial position.

Included in the long-term debt balance at June 30, 2015, is $56 million of non-recourse debt related to SaskPower's joint venture interest in the Cory Cogeneration Station. The debt has effective interest rates ranging from 7.87% to 7.88% and is repayable quarterly maturing between December 31, 2025 and June 30, 2026.

5. Finance lease obligations

(in millions)		**June 30 2015**		December 31 2014
Total future minimum lease payments	**$**	**3,282**	$	3,367
Less: future finance charges on finance leases		**(2,146)**		(2,229)
Present value of finance lease obligations	**$**	**1,136**	$	1,138
Less: current portion of finance lease obligations		**(9)**		(8)
	$	**1,127**	$	1,130

Notes to the Condensed Consolidated Financial Statements (Unaudited)

6. Financial instruments

			June 30 2015		December 31 2014	
(in millions)			**Asset (liability)**		Asset (liability)	
Financial instruments	**Classification**[4]	**Level**[5]	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets						
Cash and cash equivalents	FVTPL[1]	1	**$ 3**	**$ 3**	$ -	$ -
Accounts receivable and unbilled revenue	L&R[2]	N/A	**345**	**345**	315	315
Debt retirement funds	FVTPL[1]	2	**496**	**496**	457	457
Other assets - investment	FVTPL[1]	3	**2**	**2**	2	2
Financial liabilities						
Bank indebtedness	FVTPL[1]	1	**$ -**	**$ -**	$ (2)	$ (2)
Accounts payable and accrued liabilities	OL[3]	N/A	**(467)**	**(467)**	(532)	(532)
Accrued interest	OL[3]	N/A	**(58)**	**(58)**	(57)	(57)
Short-term advances	OL[3]	N/A	**(838)**	**(838)**	(890)	(890)
Long-term debt	OL[3]	2	**(4,784)**	**(5,884)**	(4,355)	(5,470)
Finance lease obligations	OL[3]	3	**(1,136)**	**(1,272)**	(1,138)	(1,274)

(in millions)	**Classification**[4]	**Level**[5]	**June 30 2015 Asset**	**June 30 2015 Liability**	December 31 2014 Asset	December 31 2014 Liability
Natural gas contracts						
Fixed price swap instruments	FVTPL[1]	2	**$ 1**	**$ (93)**	$ -	$ (77)
Forward agreements	FVTPL[1]	2	**1**	**-**	3	-
Electricity contracts						
Contracts for differences	FVTPL[1]	2	**-**	**(2)**	-	-
Forward agreements	FVTPL[1]	2	**6**	**(3)**	4	-
Interest rate risk management						
Bond forward agreements	FVTPL[1]	2	**15**	**(5)**	-	(19)
			$ 23	**$ (103)**	$ 7	$ (96)

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

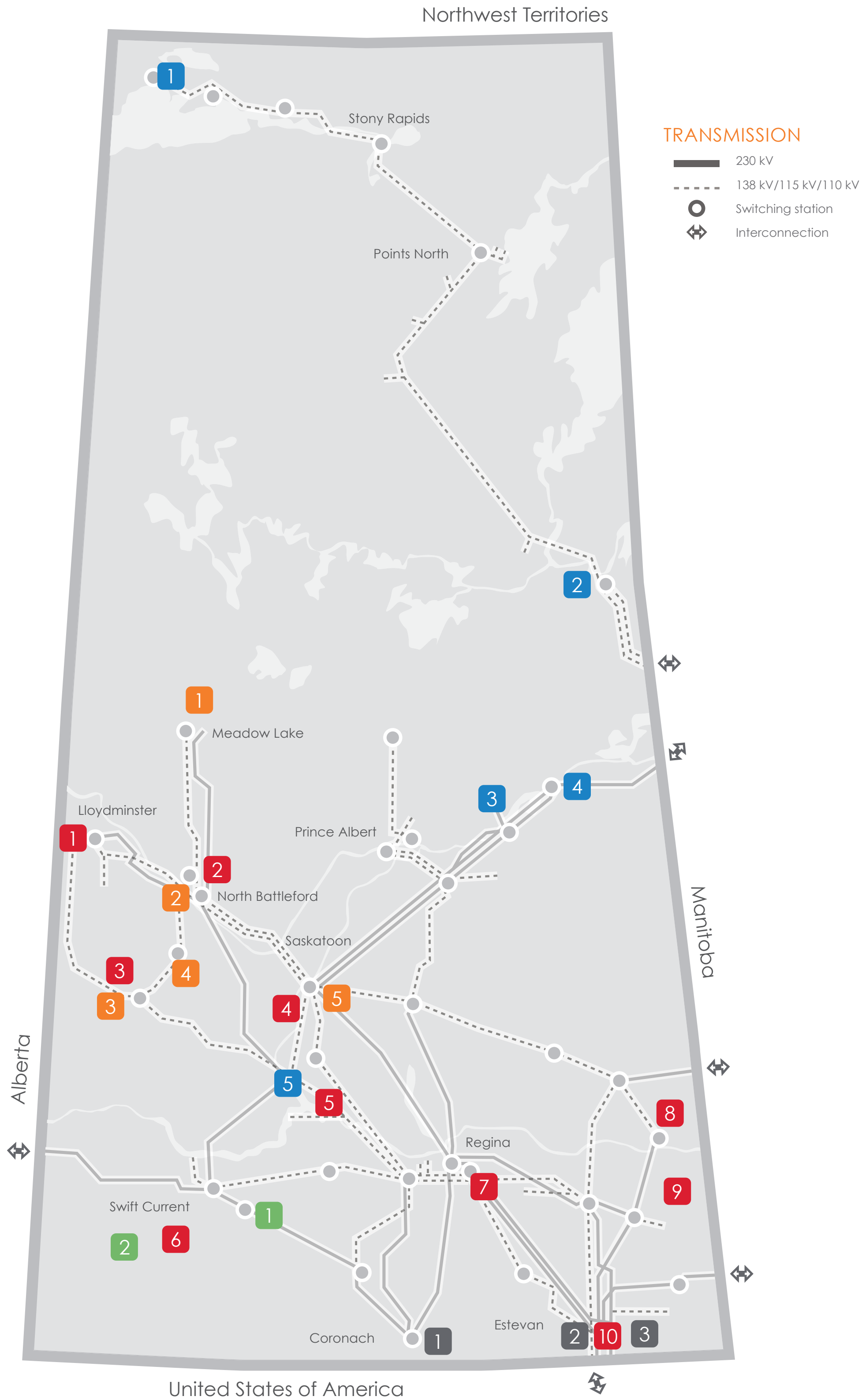
   Level 1 – Quoted prices in active markets for identical assets or liabilities.

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

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

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

SaskPower System Map



7	3	5	2	10
Hydro Facilities	Coal Facilities	Natural Gas Facilities	Wind Facilities	Independent Power Producer Facilities

At December 31, 2014

	Facility	Net Capacity (MW)	Fuel
1.	Athabasca Hydroelectric System		Hydro
	• Wellington	5	
	• Waterloo	8	
	• Charlot River	10	
2.	Island Falls Hydroelectric Station	111	Hydro
3.	Nipawin Hydroelectric Station	255	Hyrdo
4.	E.B. Campbell Hydroelectric Station	289	Hydro
5.	Coteau Creek Hydroelectric Station	186	Hydro
1.	Poplar River Power Station	582	Coal
2.	Boundary Dam Power Station	672	Coal
3.	Shand Power Station	276	Coal
1.	Meadow Lake Power Station	44	Natural Gas
2.	Yellowhead Power Station	138	Natural Gas
3.	Ermine Power Station	92	Natural Gas
4.	Landis Power Station	79	Natural Gas
5.	Queen Elizabeth Power Station	430	Natural Gas
1.	Centennial Wind Power Facility	150	Wind
2.	Cypress Wind Power Facility	11	Wind
1.	Meridian Cogeneration Station	210	Natural Gas
2.	North Battleford Generating Station	260	Natural Gas
3.	NRGreen Kerrobert Heat Recovery Facility	5	Waste Heat (Gas)
4.	Cory Cogeneration Station	228	Natural Gas
5.	NRGreen Loreburn Heat Recovery Facility	5	Waste Heat (Gas)
6.	SunBridge Wind Power Facility	11	Wind
7.	NRGreen Estlin Heat Recovery Facility	5	Waste Heat (Gas)
8.	Spy Hill Generating Station	86	Natural Gas
9.	Red Lily Wind Energy Facility	26	Wind
10.	NRGreen Alameda Heat Recovery Facility	5	Waste Heat (Gas)
	Small Independent Power Producers	2	Various
Total		4,181	

Saskatchewan Power Corporation

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SaskPower
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