

# ANNUAL REPORT



## ON THE COVER: INVESTING IN SASKATCHEWAN'S ENERGY TRANSITION

SaskPower is preparing for a net-zero greenhouse gas (GHG) future. The 377-MW natural gas-fired Great Plains Power Station is currently under construction in Moose Jaw. Natural gas-fired generation will play a foundational role in ensuring system reliability and supporting an estimated build-out of up to 3,000 megawatts (MW) of zero-emitting intermittent wind and solar generation in Saskatchewan by 2035. In the decades ahead, SaskPower will continue to

make significant investments in new generation, grid modernization, regional transmission interconnections, and the sustainment of our province's electricity system. Meanwhile, we will continue to pursue the development of innovative solutions that will contribute to a clean energy future for our customers and communities, such as nuclear small modular reactors, battery energy storage systems, and carbon capture and storage.



GREAT PLAINS POWER STATION

## CORPORATE PROFILE

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

SaskPower's team is made up of nearly 3,100 permanent full-time employees. We manage almost \$13 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 3,968 MW of electricity. SaskPower also buys power from various independent power producers. Our company's total available generation capacity is 5,437 MW.

We are responsible for serving over 550,000 customer accounts within Saskatchewan's geographic area of approximately 652,000 square kilometres. About three customer accounts are served per circuit kilometre. We maintain over 160,000 circuit kilometres of power lines, 59 high voltage switching stations and 200 distribution substations.

Our company also has transmission interties at the Manitoba, Alberta and North Dakota borders.

# CONTENTS

02	PERFORMANCE HIGHLIGHTS
06	2022-23 YEAR AT A GLANCE
07	LETTER OF TRANSMITTAL
08	A MESSAGE TO OUR STAKEHOLDERS
10	MANAGEMENT'S DISCUSSION AND ANALYSIS
57	CONSOLIDATED FINANCIAL STATEMENTS AND NOTES
104	CORPORATE GOVERNANCE
116	FIVE-YEAR FINANCIAL SUMMARY
117	FIVE-YEAR REVENUE STATISTICS
118	FIVE-YEAR GENERATING AND OPERATING STATISTICS
119	GREENHOUSE GAS (GHG) EMISSIONS
120	GLOSSARY
121	SASKPOWER SYSTEM MAP

SaskPower's 2022-23 Annual Report reflects the fiscal period April 1, 2022, through March 31, 2023.

## 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 STRATEGIC PRIORITIES

DELIVER IMPROVED VALUE FOR OUR CUSTOMERS AND STAKEHOLDERS

[p 19]

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

[p 22]

ENSURE OUR FINANCIAL HEALTH IN A TRANSITIONING INDUSTRY

[p 25]

BUILD A CLEANER, RELIABLE AND MODERNIZED ELECTRICITY SYSTEM

[P 28]

# PERFORMANCE HIGHLIGHTS

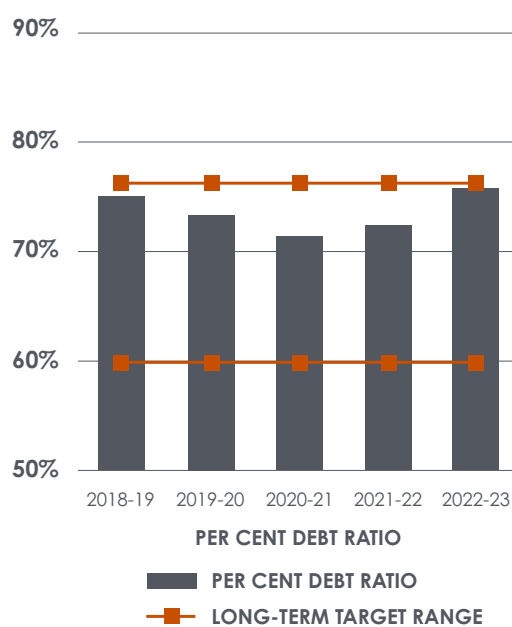
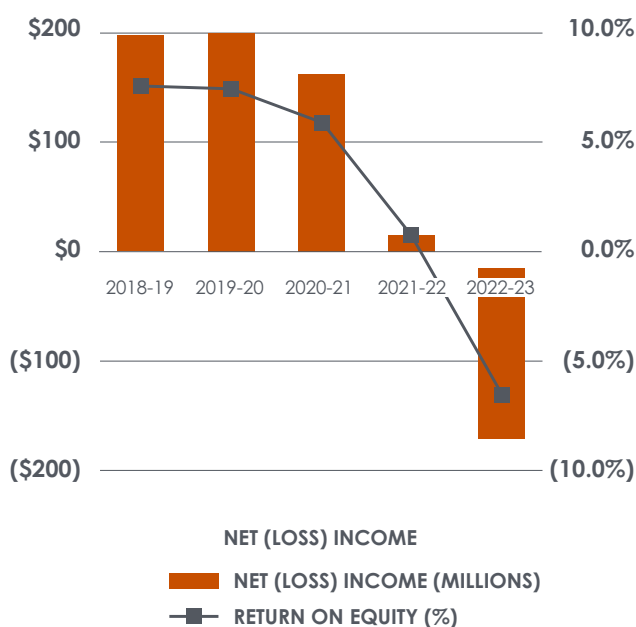
## FINANCIAL INDICATORS

(in millions)	2022-23	2021-22	Change
Revenue	\$ 3,067	\$ 2,885	\$ 182
Expense	3,239	2,874	365
Net (loss) income	(172)	11	(183)
Capital expenditures	1,047	922	125
Net cash from operating activities	445	738	(293)
Return on equity <sup>1</sup>	(6.3%)	0.4%	(6.7%)
	March 31 2023	March 31 2022	Change
Long-term debt	\$ 7,068	\$ 6,495	\$ 573
Short-term advances	790	599	191
Lease liabilities	903	949	(46)
Total debt	\$ 8,761	\$ 8,043	\$ 718
Debt retirement funds	717	738	(21)
Cash and cash equivalents	192	32	160
Total net debt	\$ 7,852	\$ 7,273	\$ 579
Retained earnings	2,071	2,243	(172)
Equity advances	593	593	-
Total capital	\$ 10,516	\$ 10,109	\$ 407
Per cent debt ratio <sup>2</sup>	74.7%	71.9%	2.8%

**\$172M**  
NET LOSS

**74.7%**  
PER CENT DEBT RATIO

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



## REVENUE HIGHLIGHTS

<i>(in millions)</i>	2022-23	2021-22	Change
<b>Saskatchewan electricity sales</b>			
Residential	\$ 606	\$ 595	\$ 11
Farm	185	178	7
Commercial	528	504	24
Oilfield	440	416	24
Power	815	777	38
Reseller	99	98	1
	<b>\$ 2,673</b>	<b>\$ 2,568</b>	<b>\$ 105</b>
Federal carbon charge collected	171	145	26
	<b>\$ 2,844</b>	<b>\$ 2,713</b>	<b>\$ 131</b>

**2.2%**

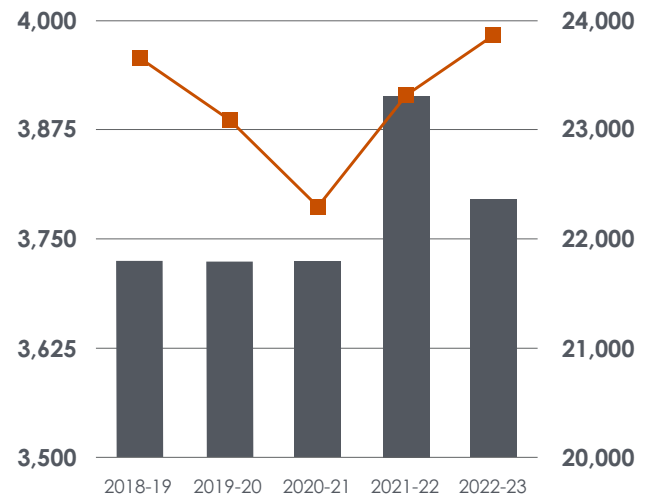
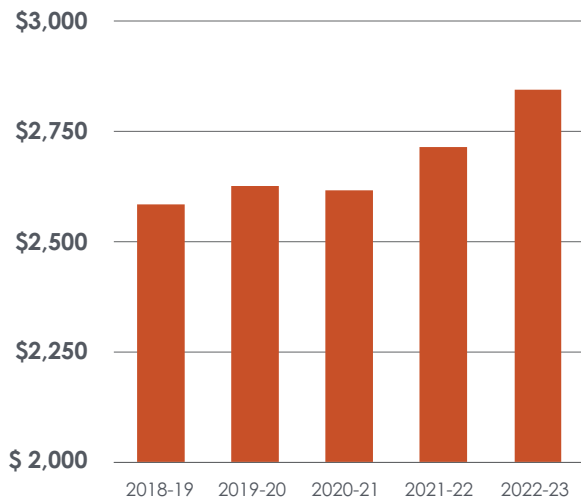
INCREASE IN  
SALES VOLUMES

**553,849**

CUSTOMER ACCOUNTS

<i>(in GWh)</i>	2022-23	2021-22	Change
<b>Electricity sales volumes</b>			
Residential	3,294	3,331	(37)
Farm	1,288	1,285	3
Commercial	3,776	3,690	86
Oilfield	4,211	4,013	198
Power	10,087	9,821	266
Reseller	1,162	1,160	2
	<b>23,818</b>	<b>23,300</b>	<b>518</b>

	2022-23	Record
Summer peak load (net megawatts (MW))	<b>3,597</b>	3,597
Annual peak load (net MW)	<b>3,800</b>	3,910



ANNUAL PEAK LOAD AND DEMAND

■ ANNUAL PEAK LOAD (NET MW)

—■ ELECTRICITY SALES (GWH)

## FUEL HIGHLIGHTS AND GENERATING CAPACITY

<i>(in millions)</i>	2022-23	2021-22	Change
<b>Fuel and purchased power</b>			
Gas	\$ 449	\$ 397	\$ 52
Coal	318	280	38
Imports	163	81	82
Wind	93	63	30
Hydro	20	18	2
Solar	5	1	4
Other	25	16	9
	<b>\$ 1,073</b>	<b>\$ 856</b>	<b>\$ 217</b>
Federal carbon charge	210	177	33
	<b>\$ 1,283</b>	<b>\$ 1,033</b>	<b>\$ 250</b>

<i>(in GWh)</i>	2022-23	2021-22	Change
<b>Gross electricity supplied</b>			
Gas	10,575	10,766	(191)
Coal	8,424	9,479	(1,055)
Imports	1,806	752	1,054
Wind	2,177	1,661	516
Hydro	3,244	2,850	394
Solar	55	14	41
Other	145	124	21
	<b>26,426</b>	<b>25,646</b>	<b>780</b>

<i>(in net MW)</i>	2022-23	2021-22	Change
<b>Available generating capacity</b>			
Fossil fuel generation capacity	3,549	3,549	-
Renewable generation capacity	1,888	1,697	191
	<b>5,437</b>	<b>5,246</b>	<b>191</b>

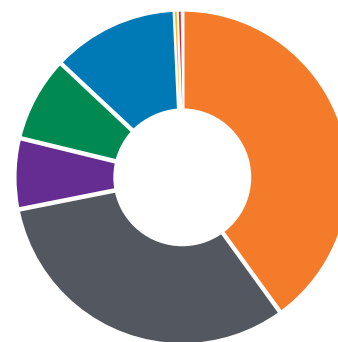
**5,437 MW**  
AVAILABLE GENERATING CAPACITY

**35%**  
RENEWABLE GENERATION CAPACITY



**2022-23 AVAILABLE GENERATING CAPACITY**  
5,437 NET MW

■ GAS 40%    ■ COAL 25%  
■ HYDRO 21%    ■ WIND 11%  
■ SOLAR 2%    ■ OTHER 1%



**2022-23 GROSS ELECTRICITY SUPPLIED**  
26,426 GWH

■ GAS 40%    ■ COAL 32%  
■ IMPORTS 7%    ■ WIND 8%  
■ HYDRO 12%    ■ SOLAR <1%  
■ OTHER 1%

## TRANSMISSION AND DISTRIBUTION HIGHLIGHTS

### Transmission and distribution assets

Service area (square kilometres (km))	652,000
Transmission lines <sup>1</sup> (circuit km)	14,915
Distribution lines <sup>1</sup> (circuit km)	145,792
Distribution poles	1,218,074
High voltage switching stations	59
Distribution substations	200
Pole, pad-mounted and step transformers	189,157

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

# 160,707 CIRCUIT KM

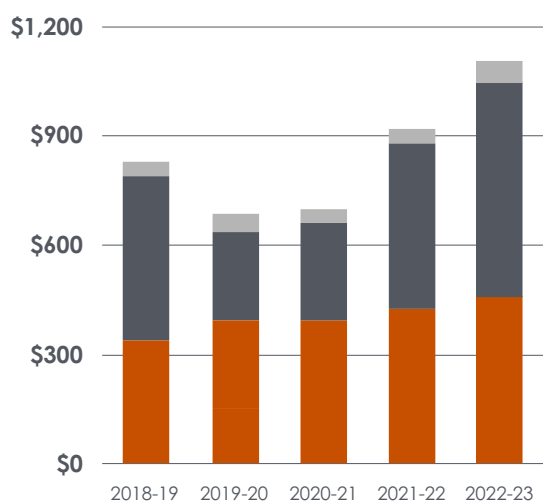
TRANSMISSION AND  
DISTRIBUTION LINES

## CAPITAL HIGHLIGHTS

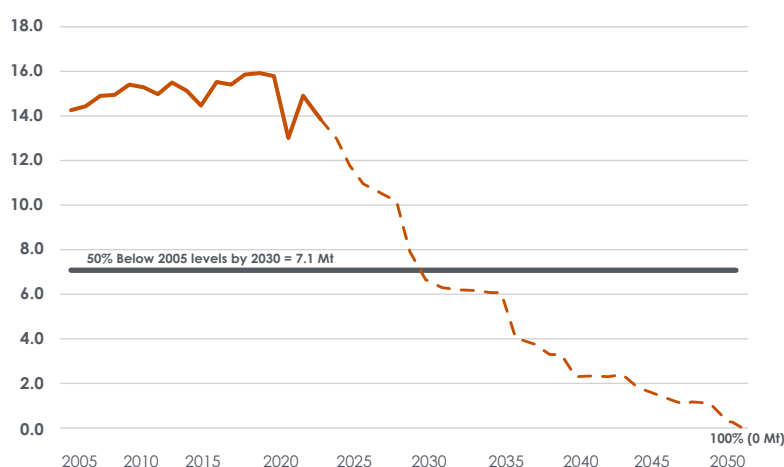
(in millions)	2018-19	2019-20	2020-21	2021-22	2022-23
Sustainment	\$ 342	\$ 374	\$ 366	\$ 385	\$ 411
Growth, compliance and resiliency	443	253	286	490	544
Strategic and other	48	69	41	47	92
<b>Total capital expenditures</b>	<b>\$ 833</b>	<b>\$ 696</b>	<b>\$ 693</b>	<b>\$ 922</b>	<b>\$ 1,047</b>

# \$1.05B

CAPITAL EXPENDITURES



STRATEGIC AND OTHER  
 GROWTH, COMPLIANCE AND RESILIENCY  
 SUSTAINMENT



GREENHOUSE GAS (GHG) EMISSIONS (MILLION TONNES (Mt) OF CO<sub>2</sub>e)

ANNUAL GHG EMISSIONS  
 ANNUAL GHG EMISSIONS (FORECAST)  
 2030 GHG EMISSIONS TARGET

# 2022-23 YEAR AT A GLANCE

- ⚡ **EXPANDED** our company's solar energy capacity by 20 MW with the addition of the 10-MW Pesâkâstêw Solar Energy Facility and the 10-MW Awasis Solar Energy Facility.
- ⚡ **RECEIVED** approval from the provincial government to add 400 MW of wind energy and 300 MW of solar energy to SaskPower's generation capacity by 2027. The primary location for this clean energy will be in south-central Saskatchewan.
- ⚡ **COMMENCED** our 190-MW import agreement with Manitoba Hydro in June 2022 that provides reliable renewable hydroelectricity.
- ⚡ **PASSED** the 75% completion point on construction of the new 377-MW natural gas-fired Great Plains Power Station in Moose Jaw, which will support our growing intermittent renewable generation portfolio.
- ⚡ **SELECTED** the GE Hitachi BWRX-300 for potential deployment as Saskatchewan's first nuclear small modular reactor technology.
- ⚡ **ANNOUNCED** the Aspen Power Station, a 377-MW natural gas facility to be located in the Lanigan area that will support future renewable generation planned across east-central Saskatchewan.
- ⚡ **REACHED** a milestone of five million tonnes of carbon dioxide captured since start-up of the Boundary Dam Power Station Integrated Carbon Capture and Storage Facility.
- ⚡ **INVESTED** \$24 million during the past year in the Ermine and Yellowhead Power Station expansions, which will add a 46-MW natural gas-fired simple cycle generation unit to each power station. This will help support our growing intermittent renewable generation portfolio.
- ⚡ **REDESIGNED** our customer bill to present the information in a cleaner, straight-forward and more intuitive format.
- ⚡ **APPROVED** a new Demand Side Management Plan that will expand the current suite of available energy efficiency and conservation programs, offering more options to residential and business customers to help them save on their power bills.
- ⚡ **ANNOUNCED** our first microgrid pilot project, to be located in the northern community of Descherm Lake, where we will test solutions that offer promise in delivering more reliable service to remote communities.
- ⚡ **CONTRIBUTED** over \$2 million in educational and community initiatives across the province through our Corporate Contributions Program.
- ⚡ **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.



# LETTER OF TRANSMITTAL



Regina, Saskatchewan  
July 2023

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

May it please Your Honour:

I have the honour to submit herewith the Annual Report of the Saskatchewan Power Corporation for the fiscal year ending March 31, 2023, 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,

A handwritten signature in black ink that reads "Don Morgan". The signature is written in a cursive, flowing style.

**Honourable Don Morgan, K.C.**  
Minister Responsible for SaskPower

# A MESSAGE TO OUR STAKEHOLDERS

In Saskatchewan, our day-to-day existence is closely connected with the surrounding environment. During the past year, the full force of nature was on display when our province was hit on seven different occasions by powerful snowstorms, thunderstorms, and a tornado that left thousands of customers — primarily in the southeastern and southwestern parts of the province — without electrical service. We are proud of how our provincial workforce quickly pulled together to safely restore service.

In Saskatchewan, our electricity system is on track to achieve net-zero greenhouse gas (GHG) emissions by 2050 or earlier. This timeline allows for a reliable, sustainable and affordable pathway, one which takes into consideration the needed development of the net-zero GHG emissions baseload technologies required by Saskatchewan to transition its power system in combination with major additions of intermittent renewable sources, such as wind and solar generation.

In the meantime, over the past 12 months we continued to engage the public on the future of power in Saskatchewan. Simultaneously, we made important headway in moving toward our goal of reducing GHG emissions by 50% from 2005 levels when we received approval from the provincial government to add the largest-ever tranche of intermittent renewable power in SaskPower's history: 700 megawatts (MW) by 2027. The primary location for this clean energy generation — which will include 400 MW of wind power and 300 MW of solar generation — will be in south-central Saskatchewan.

In 2022-23, more immediate progress in our energy transformation came about as we celebrated the addition of 20 MW of solar power. This included the 10-MW Pesâkâstêw Solar Energy Facility — the first utility-scale solar facility led by First Nations to be connected to Saskatchewan's power grid — and the 10-MW Awasis Solar Energy Facility. Meanwhile, ongoing collaboration with Indigenous rights holders has resulted in us working with Meadow Lake Tribal Council to secure power from a new 8-MW biomass facility, which came online in October 2022. Hydroelectricity is another important source of reliable renewable power for SaskPower. In June 2022, our 190-MW import agreement with Manitoba Hydro took effect.

To ensure reliable service to customers is not compromised as we grow our renewable energy portfolio, we continued with the strategy of constructing natural gas generation facilities to serve as a reliable backstop when wind and solar generation is not available. With almost 700 construction workers onsite at Great Plains Power Station in Moose Jaw, this 377-MW natural gas facility passed the 75% completion point in 2022-23 and remains on schedule to be operational in 2024. Meanwhile, planning is underway for a 2024 start to construction at the Aspen Power Station, a 377-MW natural gas facility in the Lanigan area.

The ongoing effort to transform our provincial power system and deliver a low-carbon future for Saskatchewan resulted in SaskPower reaching a significant milestone during the past year, as we reduced GHG emissions below 2005 levels for the first time ever under normal operating conditions. This was despite a growth of 33% in generated electricity over the same period. The only other time

we registered a drop below 2005 GHG levels was in 2020, when the COVID-19 pandemic led to reductions in power use across the province.

## DELIVER IMPROVED VALUE FOR OUR CUSTOMERS AND STAKEHOLDERS

SaskPower continues to focus on innovative programs and self-serve tools that make it easier to work with us, while offering customers more options to reduce electricity costs and environmental impacts.

Designed specifically for customers in the province's most remote areas that rely on electricity for heat, the Northern First Nations Home Retrofit Program was launched in 2022-23 and provides free home energy efficiency upgrades and education so these residents can reduce their energy consumption. For all SaskPower customers, a redesigned power bill was introduced and provides information in a more intuitive format that makes it easier to understand and manage power use.

Responding to larger customers wanting to add more clean power to their operations, we have launched the Renewable Subscription Service (RSS) and the Renewable Partnership Offering (RPO). The RSS offers commercial and industrial customers the chance to buy renewable energy certificates from our renewable power facilities to support their own internal carbon reduction targets. Meanwhile, larger customers can partner with us in the development of a 100-MW solar facility that will be constructed as part of our new RPO and count up to 25% of their annual consumption as solar power.

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

Complementing our work on new programs that will drive the ongoing energy transition, we are stepping up efforts to ensure our workforce is ready to lead SaskPower through the challenges facing us. Even while we were again recognized for being one of Canada's Best Diversity Employers and one of Canada's Top Employers for Young People, we unveiled a comprehensive Indigenous Recruitment & Retention Strategy and Action Plan that emphasizes the importance of working with Indigenous communities.

At the same time, our longstanding commitment to build a more inclusive workforce led us to forge new and enhance existing partnerships with post-secondary institutions as we strive to improve gender diversity in our skilled trade, engineering, science-based, and management professions.

To support SaskPower employees at our coal generation plants who will be most impacted by the energy transition, our Coal Workforce



Transition Project Team has continued working on initiatives to help address the ongoing workforce challenges. A key focus will be on short-term recruitment and retention at our three coal-fired facilities in the time leading up to their planned closures.

Tragically, in November 2022, a workplace incident occurred which claimed the life of a SaskPower employee. Our thoughts remain with the employee's family, friends, and colleagues. The health and safety of our company's people will always be our number one priority, and we will continue to work to enhance our performance.

### **ENSURE OUR FINANCIAL HEALTH IN A TRANSITIONING INDUSTRY**

As our province moved beyond the adverse financial impacts of the COVID-19 pandemic, new challenges emerged. Increased fuel and purchased power costs and operating, maintenance and administration expenses resulted in continued financial uncertainty. As a result, SaskPower recorded a consolidated net loss of \$172 million. Our company's balance sheet and per cent debt ratio of 74.7% remain strong, in large part due to financial flexibility built up over the past five years. In order to help solidify our company's financial position, we proceeded with the implementation of a 4% rate increase effective September 1, 2022, and a 4% increase effective April 1, 2023. These were our first system-wide average rate increases since March 2018.

### **BUILD A CLEANER, RELIABLE AND MODERNIZED ELECTRICITY SYSTEM**

Natural gas generation will remain an important source of electricity that supports the ongoing expansion of intermittent renewables. We continue to seek sustainable baseload power options to anchor the provincial system that are reliable, cost-effective, and available for our region.

Nuclear small modular reactors (SMRs) hold significant promise in delivering on these carbon-free baseload generation requirements. During the past year, we made significant progress in assessing the viability of SMRs in Saskatchewan by selecting the GE Hitachi BWRX-300 as our technology of choice. We also announced that the Estevan and Elbow areas would be the focus of further study as potential sites for an SMR.

Meanwhile, SaskPower's carbon capture and storage (CCS) facility at Boundary Dam Unit 3 capped off a strong 2022 by achieving a milestone of five million tonnes of carbon dioxide (CO<sub>2</sub>) captured since start-up. This year was the strongest for the CCS facility, as it

captured almost 860,000 tonnes of CO<sub>2</sub>. Essential work continued during the past year to renew and expand generation capacity. This included projects to add a simple cycle gas turbine at both the Ermine and Yellowhead Power Stations, as well as ongoing work to extend the operating lives of the E.B. Campbell and Coteau Creek Hydroelectric Stations.

Increasing our ability to import and export power from neighbouring jurisdictions is another important option as we navigate the energy transition. In 2022, we signed a 20-year agreement with the Southwest Power Pool to expand transmission line capacity between Saskatchewan and the United States from 150 MW to 650 MW in the latter half of the decade.

Pushing beyond traditional approaches as we chart a sustainable future for SaskPower, during the year the northern community of Deschambe Lake was chosen as the site for our first microgrid pilot project, where we will test solutions that offer promise in improving reliability for customers in a northern remote area, while simultaneously reducing GHG emissions. Reflective of this and other projects that demonstrate our company's ongoing commitment to innovation and environmental stewardship, SaskPower was honoured to receive Electricity Canada's Sustainable Electricity Award in 2022.

### **POWERING FORWARD**

The challenges facing SaskPower in the wholesale transformation of our electricity system are not insignificant. There are many factors to consider and evaluate; not all of them are within our control. We are proud of our progress to date as we tackle this once-in-a-generation opportunity, while remaining mindful that there is much more work ahead of us. As we proceed, maintaining ongoing and transparent dialogue with our employees, customers and stakeholders will be foundational, as we jointly determine the best options for Saskatchewan residents, businesses, and industry on the road to a low-carbon future.

**Chief Darcy Bear**  
Chair, Board of Directors

**Rupen Pandya**  
President and CEO

# MANAGEMENT'S DISCUSSION AND ANALYSIS

May 29, 2023

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, 2023. It should be read in conjunction with the audited financial statements and accompanying notes. The financial information discussed herein has been prepared in accordance with International Financial Reporting Standards (IFRS).

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

## CONTENTS

- 11 Our business
- 12 Our capacity to deliver results
- 16 Our enterprise-wide strategic context
- 18 Our performance measures and targets
- 32 2022-23 financial results
- 38 2022-23 quarterly results
- 39 Financial condition
- 40 Liquidity and capital resources
- 44 Capital investments
- 48 Outlook
- 49 Related party transactions
- 49 Analysis of critical accounting policies and estimates
- 51 Recent and future accounting policy changes
- 52 Risk management

# 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 550,000 customer accounts. Our company prides itself on maintaining one of the largest service areas in Canada — a geographic region of approximately 652,000 square kilometres.

SaskPower is a vertically integrated utility with nearly 3,100 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 nearly \$13 billion in assets, relying on generation sources that use a wide range of fuels including 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.

**553,849** CUSTOMER ACCOUNTS

## MANDATE

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

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

customers. The reseller class of customers 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

As a Crown-owned electric utility, SaskPower fulfills its mission of ensuring reliable, sustainable, and cost-effective power for customers and communities across Saskatchewan through a vertically integrated system of generation, transmission, and distribution assets. SaskPower is on a path to an energy future that will deliver a 50% reduction in greenhouse gas (GHG) emissions by 2030, when compared to 2005 levels. In the meantime, our company continues to plan for a net-zero GHG future.

## SUPPLY AND NETWORK

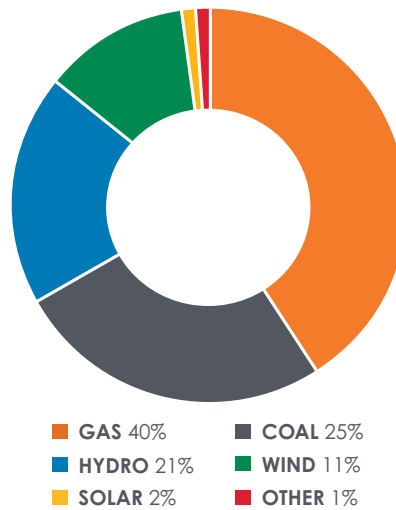
SaskPower has a total available generating capacity of 5,437 megawatts (MW), which includes 3,968 MW of power production facilities owned and operated by the company. Seven natural gas-fired stations and three coal-fired stations comprise our thermal generation fleet, with seven hydroelectric stations and two wind power facilities delivering renewable electricity. Power purchase agreements (PPAs) are used by SaskPower to secure 1,380 MW of natural gas, hydro, wind, and solar generation via contracts with large independent power producers (IPPs). Customer-generated solar capacity contributes another 53 MW of power, while customer-generated wind capacity contributes 2 MW of power. Contracts with small IPPs that deploy waste heat recovery, biomass, landfill gas, flare gas, and wind generation technologies provide the company with another 34 MW of capacity.

An operating reserve of 332 MW is maintained to provide uninterrupted service during planned system maintenance or emergency repairs; this reserve also ensures back-up power is available when renewable generation facilities are unable to produce electricity.

Reflecting the ongoing recovery underway throughout the provincial economy, Saskatchewan electricity sales grew by 2.2% during the previous 12 months, from 23,300 gigawatt hours (GWh) to 23,818 GWh.

NorthPoint Energy Solutions Inc. is SaskPower's subsidiary responsible for managing electricity imports and exports.

**2022-23 AVAILABLE GENERATING CAPACITY:  
SYSTEM TOTAL  
5,437 NET MW**



Surplus power is produced for export where it can be sold at a profit; power is imported when it can be acquired at a price less than our marginal cost of in-province generation. Imports and exports rely on interconnections with Alberta, Manitoba, and North Dakota.

Within the province, SaskPower provides power across a 652,000-square kilometre service area through a network of transmission and distribution assets that move electricity from generating stations

to customers. Our transmission system relies on 14,915 circuit kilometre of lines and 59 high voltage switching stations to efficiently ship large volumes of electricity 66 kilovolts (kV) and above to cities, towns or large industrial or commercial customers. The distribution system (less than 34.5 kV) deploys 145,792 circuit kilometre of lines and 189,157 transformers to safely step-down power voltage before service reaches residential, farm, commercial and oilfield customers.

With a customer density among the smallest of any utility in Canada and generation facilities spread across the province, the safe and efficient operation of our transmission and distribution systems requires ongoing diligence. Day-to-day operation of the provincial electricity system is monitored by SaskPower's Grid Control Centre, which uses a Supervisory Control and Data Acquisition (SCADA) system for remote operation and control of facilities.

In 2022-23, SaskPower's capital spending reached over \$1 billion. Investments in the sustainment of existing infrastructure accounted for \$411 million of that amount. We spent \$128 million to address customer growth while also bolstering system resiliency and ensuring regulatory compliance. Spending on new generation was \$233 million, which included \$208 million for ongoing construction at

SASKATCHEWAN ELECTRICITY SALES VOLUMES

**23,818 GWH**

# 1,800

## APPLICATIONS RECEIVED FOR OUR CUSTOMER ENERGY ASSISTANCE PROGRAM

the 377-MW natural gas-fired Great Plains Power Station, and \$24 million on the expansion of the Ermine and Yellowhead natural gas generating facilities. Costs associated with connecting new customers to our provincial grid during the past year amounted to \$183 million. Of the \$92 million spent on strategic and other investments, \$73 million contributed to the continued construction of a new Logistics Warehouse Complex near Regina.

### OUTLOOK

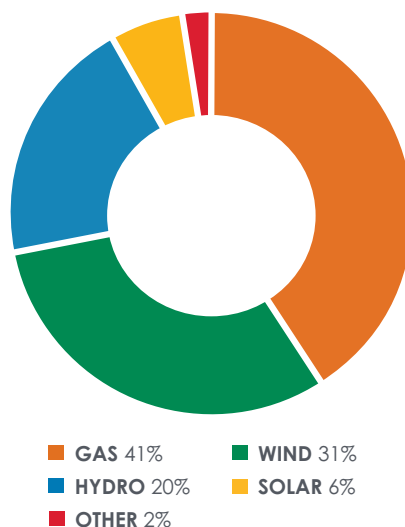
SaskPower is on the pathway to deploying a range of low and non-emitting generation options to power our province's low-carbon economy for decades to come. Transformational change requires not only new technologies and innovative planning but also relies on continued partnerships. This includes close working relationships with our customers, stakeholders, and Indigenous rights holders as we build an electricity system that reflects the values of Saskatchewan residents, creates jobs, and drives sustainable long-term economic growth.

### CUSTOMER EXPERIENCE

As we pursue a new energy vision, responding to the changing expectations of our customers is an essential part of our focus. No longer is it enough to provide safe, reliable, and affordable power to earn customer loyalty. Across all segments, customers are seeking innovative solutions to better manage their own power service. During the year, SaskPower completed its multi-year digital self-service project to enhance our customers' ability to connect and do business with us — when and where they want. Customers are now able to use online self-service options to conduct almost every transaction or inquiry for which they would have otherwise had to contact a SaskPower representative. Digital tools now allow customers to enable high bill and peak

notifications, as well as the ability to download data from multiple accounts and to update customer account information.

**2022-23 AVAILABLE GENERATING CAPACITY:  
IPPs & CUSTOMER-GENERATED TOTAL**  
1,469 NET MW



Incorporating direct feedback provided by customers, SaskPower redesigned our power bill in the last year so that it is easier to find information on the billing due date, payment owing, and electricity used. The revamped design ensures a seamless and consistent experience across virtual and paper billing options. Data analytics added as part of the new bill design provide customers an easy-to-read snapshot of their power use trends, as well as how those trends are impacted by factors such as weather.

Supporting residents and businesses interested in electric vehicles (EVs) is another area where SaskPower is responding to a growing desire among customers to decarbonize. In addition to participating in EV public events and providing educational resources and outreach, we are readying the provincial grid for EV growth.

In 2022-23, SaskPower selected 20 projects from a total of 41 applications to receive funding through SaskPower's

Electric Vehicle Infrastructure Program, with five of those projects having signed contribution agreements as of March 2023.

To identify additional opportunities for service improvements, SaskPower relies on annual customer experience surveys targeted specifically at the residential, small and medium business, and large industrial segments. Across all categories, affordable rates, reliability, and communication consistently emerged through 2022-23 surveys as the top expectations customers have of SaskPower.

Residential customers, along with small and medium businesses, share a common interest in wanting additional support in reducing electricity costs. Our company has approved a new Demand Side Management Plan that will expand the current suite of available energy efficiency and conservation programs. Increased collaboration with SaskEnergy will also be explored for opportunities to deliver additional customer savings.

When it comes to existing energy efficiency programming, 2022-23 saw a continued strong response to our customer Energy Assistance Program, with over 1,800 applications received and more than 700 home upgrades completed. During the year, SaskPower also launched the Northern First Nations Home Retrofit Program in partnership with the federal government's Low Carbon Economy Fund. With electricity being the primary source of heat in northern homes, this program aims to reduce customer bills by improving access to a wider range of energy efficient techniques and technologies.

Those eligible for the Northern First Nations Home Retrofit Program receive a free home consultation and efficiency retrofits. With a goal of 264 program participants, we have already signed agreements with four Lac La Ronge Indian Band communities, as well as the

Fond du Lac, Buffalo River, Cumberland House, Canoe Lake and Waterhen Lake First Nations. The program is expected to run until March 2024.

Interest among customers in generating their own power remains high and is driving steady growth in our Net Metering Program. Over the last 15 years, more than 3,100 program participants have added 42 MW of renewable generation to the provincial grid; this includes almost 12 MW produced by over 800 customers since November 2019, when the program's pricing was last revised.

With industrial customers looking to invest in climate solutions, two new programs are underway to support their transition to a cleaner energy future. The Renewable Subscription Service will allow participating customers to pay a premium on their bill and effectively count up to 100% of their power consumption as having come from renewable generation sources. Meanwhile, larger customers can partner with us in the development of a new 100-MW solar facility and count up to 25% of their annual consumption as solar power.

Industrial customers seeking detailed information about their energy use, as well as ideas for efficiency improvements in day-to-day operations, are taking advantage of the Power Support Service, which delivered 18 energy diagnostic reports in 2022-23. At the same time, work is ongoing with customers already enrolled in the Power Generation Partner Program as their clean generation projects are connected to our provincial grid. By the end of 2022-23, a total of 12 solar projects and one flare gas project have gone into service.

### RATES AND REGULATIONS

As we advance the goal of creating a reliable, low-carbon energy system for Saskatchewan, ensuring rate stability for all

customers remains a primary consideration. With the federal carbon tax rate increasing from \$50 to \$65/tonne of carbon dioxide equivalent (CO<sub>2</sub>e) as of January 1, 2023, SaskPower was required to increase the carbon tax rate rider on customer bills by a system-wide average of 3.0% to comply with this federal regulatory framework.



Looking ahead, the Government of Canada's approval of the Saskatchewan Output-Based Performance Standards Program will offer the province more flexibility in managing the fiscal impact of national climate change policy in our jurisdiction. Subject to approval and retroactive to January 1, 2023, this provincial program will replace the carbon tax imposed in Saskatchewan by the Government of Canada.

Even as the provincial economy continued its post-pandemic recovery throughout 2022-23, SaskPower reported a consolidated net loss of \$172 million. A number of factors contributed to this result, including increased fuel and purchased power costs and operating, maintenance and administration expenses.

In spite of this loss, our balance sheet and per cent debt ratio of 74.7% remain strong, in large part due to financial flexibility built up over the past five years. In order to support SaskPower's long-term financial stability, our company implemented a 4.0% system-wide average rate increase effective September 1, 2022, and a 4.0% system-wide average rate increase effective April 1, 2023. Prior to these changes, our last system-wide average rate change had occurred in 2018.

### ENERGY TRANSITION

As SaskPower plans for a net-zero GHG emissions future while focusing on the need to balance the transition with reliability and affordability for our customers, we require a staged approach in reaching our long-term targets. Based on progress to date, we remain on track for a 50% reduction in GHG emissions by 2030, when compared to 2005 levels. At the same time, new Clean Electricity Regulations from the federal government are proposed to come into effect in 2023 and are expected to require a net-zero GHG electricity system by 2035. Because of a host of technological, logistical and financial challenges, our company has been planning to a longer time horizon of a net-zero GHG electricity system by 2050.

As we move towards achieving a net-zero GHG emissions target, SaskPower's growing renewable portfolio anchors our power transformation. Reflecting our commitment to ensure Indigenous participation in the province's energy transition, during the year SaskPower began purchasing solar generation from two new 10-MW facilities.

The Pesâkâstêw Solar Energy Facility is located near Weyburn and was jointly developed by the George Gordon First Nation, Star Blanket Cree Nation and Natural Forces, while the Awasis Solar Energy Facility is located near Regina and

RENEWABLE GENERATION ADDED THROUGH THE NET METERING PROGRAM SINCE INCEPTION

**42 MW**



# 29 MW

## OF NEW SOLAR GENERATION CAPACITY ADDED

was jointly developed by Cowessess First Nation and Elemental Energy. In addition, we began purchasing electricity from Meadow Lake Tribal Council's new 8-MW biomass facility, which came online in October 2022.

To support SaskPower's planned GHG emission reductions, the provincial government approved a plan during the year that will see us add another 400 MW of wind power and 300 MW of solar generation in south-central Saskatchewan by 2027. Selecting this area of the province not only takes advantage of its strong solar and wind resources, but it will also allow us to leverage existing transmission infrastructure as conventional coal-generation is phased out.

As SaskPower advances towards a lower-emitting and sustainable future, we achieved an important milestone in announcing the GE Hitachi BWRX-300 as our technology of choice, should we choose to proceed with the deployment of nuclear small modular reactors (SMRs). During 2022-23, we selected Elbow and Estevan as the regions that meet the technical requirements to host the first potential SMR, and which will now be the focus of additional study. Dialogue with local First Nations and Métis peoples continues as part of our extensive SMR public engagement effort. A decision on site selection will be made in 2024; however, the decision on whether to proceed with Saskatchewan's first SMR will not be made prior to 2029.

While SMRs offer promise, no one supply option will meet all of Saskatchewan's clean energy needs in the decades to come. SaskPower continues its evaluation of a full range of solutions to ensure their potential suitability and viability within our unique geographical and population constraints. A 190-MW import agreement with Manitoba Hydro that came into effect in

June 2022 provides additional access to carbon-free hydroelectric generation.

At the same time, a 20-year agreement signed between SaskPower and the Southwest Power Pool in August 2022 will allow us to expand transmission line capacity between Saskatchewan and the United States. This expanded capacity will allow us to import and export additional electricity depending on the needs of our system. Work is also proceeding on the construction of a 20-MW battery energy storage system located in northeast Regina that offers an important opportunity to balance our electricity system and better understand the role of energy storage in the electricity transition.

Until sustainable, large-scale zero-GHG emissions baseload generation, and long-duration energy storage options are commercially available, SaskPower will rely on lower-emitting natural gas generation as a reliable and quick-starting backup for our growing fleet of intermittent renewable facilities. During 2023, the 377-MW Great Plains Power Station being built near Moose Jaw passed the 75% completion point with almost 700 workers on site creating important economic benefits for the local economy. Meanwhile, construction is set to start in 2024 on another natural gas facility — the 377-MW Aspen Power Station near Lanigan — that will offer additional support for our intermittent renewable generation fleet.

Existing natural gas facilities at the Ermine and Yellowhead Power Stations are being expanded with the addition of a 46-MW simple cycle gas turbine at each station, providing cost-effective backup power to support older generation assets and growing renewable facilities. During the year, work continued on a multi-year renewal project at both the E.B. Campbell and Coteau Creek Hydroelectric Stations to

extend the operating lives of these zero-emission generating facilities. The work is expected to be completed in 2025-26.

The increased availability of smaller, reliable, and cleaner generation sources offers unique opportunities to explore alternate delivery models that address unique customer service challenges. To evaluate the feasibility of a microgrid that can be deployed for remote communities in the province which are costly to serve and use GHG-intensive generation, we will start construction on a microgrid pilot project in the community of Descherm Lake in 2023. This platform has the potential for improving reliability for customers in a northern remote area, while simultaneously reducing GHG emissions.

# OUR ENTERPRISE-WIDE STRATEGIC CONTEXT

SaskPower’s strategic direction includes our company’s vision, mission, and values statements, as well as our corporate 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 strategic priorities. They are our company’s foundation for success, and are the key result areas that ultimately form the basis of individual goal-setting. Each priority plays a prominent role in SaskPower’s Business Plan, Performance Management Plan and Corporate Balanced Scorecard, which are updated annually. Input is provided by our employees, Executive, and Board of Directors.

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 an outlook that forms 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 for the Next Decade of Growth 2020-2030*.

CORPORATE STRATEGIC PRIORITIES	
1	DELIVER IMPROVED VALUE FOR OUR CUSTOMERS AND STAKEHOLDERS
2	DEVELOP OUR WORKFORCE TO MEET THE NEEDS OF THE UTILITY OF THE FUTURE
3	ENSURE OUR FINANCIAL HEALTH IN A TRANSITIONING INDUSTRY
4	BUILD A CLEANER, RELIABLE AND 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.



## PERFORMANCE MEASURES

## FURTHER INFORMATION

Customer Experience Index (residential/small & medium business/key & major account) Competitive rates (thermal utilities) Progressive Aboriginal Relations Certification New Connect Construction Index Call Centre average wait time	Page 19 Page 20 Page 20 Page 21 Page 21
Employee engagement Workforce diversity Health & Safety Index	Page 22 Page 23 Page 24
Return on equity Per cent debt ratio OM&A per customer account vs. Saskatchewan Consumer Price Index Capital Cost Performance Index/Capital Schedule Performance Index Indigenous procurement Crown collaboration	Page 25 Page 25 Page 26 Page 26 Page 27 Page 27
Equivalent Availability Factor Distribution SAIDI/SAIFI Transmission SAIDI/SAIFI Renewable generation portfolio Greenhouse gas (GHG) emissions	Page 28 Page 29 Page 30 Page 30 Page 31

# OUR PERFORMANCE MEASURES AND TARGETS

SaskPower's operational and financial performance is driven by our four strategic priorities, which serve as a basis for achieving our mission and vision.

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 strategic priorities are contained within this section.

SASKPOWER CORPORATE BALANCED SCORECARD				
	2021-22 actual	2022-23 target	2022-23 actual	2022-23 performance
<b>DELIVER IMPROVED VALUE FOR OUR CUSTOMERS AND STAKEHOLDERS</b>				
Customer Experience Index (%) (residential/small & medium business/key & major account)	69/73/77	70/73/80	68/71/77	●/●/●
Competitive rates (thermal utilities) (%)	90.3	≤ 100.0	85.9	●
Progressive Aboriginal Relations Certification [NEW FOR 2023-24]	●	●	●	○
New Connect Construction Index (%)	84.8	≥ 80.0	84.1	●
Call Centre average wait time (minutes:seconds) [RETIRING IN 2023-24]	11:30	6:00	8:55	●
<b>DEVELOP OUR WORKFORCE TO MEET THE NEEDS OF THE UTILITY OF THE FUTURE</b>				
Employee engagement (%)	●	67	69	●
Workforce diversity (%)	40.8	42.3	39.8	●
Health & Safety Index (%)	99.3	100.0	0.0	●
<b>ENSURE OUR FINANCIAL HEALTH IN A TRANSITIONING INDUSTRY</b>				
Return on equity (%)	0.4	1.8	(6.3)	●
Per cent debt ratio (%)	71.9	73.8	74.7	●
OM&A per customer account vs Saskatchewan Consumer Price Index (% growth)	0.2	3.2	2.4	●
Capital Cost Performance Index (%)/Capital Schedule Performance Index (%)	87/84	80/80	80/75	●/●
Indigenous procurement (%)	12.1	10.0	15.5	●
Crown collaboration (%)	97.8 <sup>1</sup>	100.0	120.0	●
<b>BUILD A CLEANER, RELIABLE AND MODERNIZED ELECTRICITY SYSTEM</b>				
Equivalent Availability Factor (%)	83.1	≥ 85.0	82.0	●
Distribution SAIDI/SAIFI (hours/outages)	5.8/3.6	5.9/2.7	5.3/3.7	●/●
Transmission SAIDI/SAIFI (minutes/outages)	126/2.2	135/3.0	140/2.3	●/●
Renewable generation portfolio (%)	32.3	35.0	34.7	●
Greenhouse gas (GHG) emissions <sup>2</sup> (% change from 2005 levels)	5.1	(18.0)	(3.1)	●
● ≥ 20% better than target   ● on target   ● did not meet target by < 20%   ● did not meet target by ≥ 20%   ○ no target set for 2022-23				
• Denotes that actual results or targets are not available for that time period. 1. This measure began being reported as a percentage in 2022-23. 2021-22 results have been restated to reflect this change in measurement units. 2. This measure is reported on a calendar-year basis.				

# STRATEGIC PRIORITY 1

## 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. WE WILL HELP CUSTOMERS MANAGE THEIR ELECTRICITY CONSUMPTION AND PROVIDE VALUE AS A TRUSTED ADVISOR.

### CUSTOMER EXPERIENCE INDEX (RESIDENTIAL/SMALL & MEDIUM BUSINESS/KEY & MAJOR ACCOUNT) ●/●/●

The Customer Experience Index measures customer perceptions on how well SaskPower delivers the experiences that are most likely to create and sustain loyalty. It allows our company to identify specific operational areas, practices and brand equity attributes that impact customer experience the most. SaskPower conducts annual customer experience research for all three of our customer segments: residential customers; small & medium business customers; and key & major account customers. The research uses a framework that measures quality-based (effectiveness, ease, and emotion) and loyalty-based (retention, enrichment, and advocacy) drivers to identify and prioritize areas for improvement that our customers value most.

**Residential customers** comprise the largest portion of SaskPower's customer base.

**Small & medium business customers** include non-residential customers with annual electrical consumption less than five gigawatt-hours (GWh), i.e. 5,000,000 kilowatt-hours, across all accounts.

**Key & major account customers** include major account customers with annual electrical consumption between five and 20 GWh and key account customers with annual electrical consumption equal to 20 GWh or more.

(%)	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Long-term
Target	71/71/80	<b>70/73/80</b>	69/72/78	70/73/79	71/73/79	71/73/79	72/74/80
Actual	69/73/77	<b>68/71/77</b>					

SaskPower's **residential customer** score for 2022-23 of 68% fell short of our target by two percentage points. While this score decreased slightly relative to the 2021-22 survey, customers continued to report positive perceptions related to the ease and effectiveness of doing business with SaskPower. Feedback indicated that they are feeling financial pressures and are looking to SaskPower to help them manage their electricity use and lower costs.

Our company's **small & medium business customer** score of 71% fell short of both our 2022-23 target and previous score by two percentage points. High-quality service, reliable power, and low rates are priorities for small & medium business customers. Much like our residential customers, this segment reported positive perceptions related to the ease and effectiveness of doing business with SaskPower. Our small & medium business customers also reported feeling financial pressures and are looking to SaskPower to help them manage their electricity use and lower costs. Overall satisfaction and the sentiment of feeling valued as a customer have held year-over-year.

Our **key & major account customer** score of 77% remained unchanged from our 2021-22 result but fell short of our target by three percentage points. This customer segment reported positive perceptions related to the ease and effectiveness of doing business with SaskPower and an increase in positive emotion ratings. Key & major account customers value the relationship they have with SaskPower — it's important for our company to communicate its plans for the future and provide customers the opportunity to have input into decisions that affect them. They are looking for support in their efforts to attain their Environmental, Social, and Governance (ESG) goals. Customer comments focused on the need for SaskPower to work collaboratively with these customers to help them manage rising costs through energy management, conservation, and innovation.

## COMPETITIVE RATES (THERMAL UTILITIES)

Our company aims to ensure SaskPower's system average rates are less than or equal to the system average rates for customers served by Canadian utilities primarily dependent on thermal generation (i.e. using coal, natural gas, nuclear or oil). SaskPower uses the results released annually by Hydro-Québec in its national survey, *Comparison of Electricity Prices in Major North American Cities* (reports annual rate data in effect on April 1), to compare our rates against other thermal utilities within Canada. Canadian thermal utility cities include: Regina, SK; Calgary, AB; Edmonton, AB; Toronto, ON; Ottawa, ON; Halifax, NS; Charlottetown, PEI; and Moncton, NB.

The ratio of SaskPower's average monthly net bills (before municipal surcharges and taxes) to the average of the monthly net bills for other Canadian thermal utilities is calculated based on the seven consumption levels selected for analysis by Hydro-Québec. The categories are comprised of one residential consumption level, one small power consumption level, three medium power consumption levels, and two large power consumption levels. The average of these ratios, reported as a percentage, is used for assessment.

(%)	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Long-term
Target	≤100.0	≤ 100.0	≤100.0	≤100.0	≤100.0	≤100.0	≤100.0
Actual	90.3	85.9					

As at April 1, 2022, SaskPower's rates were, on average, 14.1% lower than the average rates of seven other Canadian thermal utilities across seven customer classes, an improvement of more than four percentage points compared to the prior year. Note that the one-year 10% rebate effective from December 2020 through November 2021 is not reflected in SaskPower's 2021-22 results.

SaskPower's rates were lower than or equal to the thermal averages in all seven customer categories, with our rates continuing to rank the lowest in the large power class and largest medium power class. In addition, SaskPower's rate for the residential class — the only class where our rate was not lower than the thermal average — is now equal to the thermal average, completely closing the previous gap of \$10 per month in 2021-22.

## PROGRESSIVE ABORIGINAL RELATIONS CERTIFICATION [NEW FOR 2023-24]

The Canadian Council for Aboriginal Business (CCAB) Progressive Aboriginal Relations (PAR) certification program confirms corporate excellence in Indigenous relations. Gold status recognizes businesses that demonstrate well-integrated, mature business processes in leadership action, employment, business development, and community relationships. The PAR certification program is renewed every three years.

SaskPower's PAR certification at the Gold status level was achieved in 2017 and renewed by the CCAB in 2020. Our company remains committed to cultivating strong, mutually beneficial relationships with Indigenous peoples, communities and businesses.

(status level)	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Long-term
Target	•	•	Gold	•	•	Gold	Gold
Actual	•	•					

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



## NEW CONNECT CONSTRUCTION INDEX

The New Connect Construction Index measures the percentage of new connect orders that SaskPower completes before the later of the customer's specified need date and the associated cycle-time target for the type of order.

**Prepaid** notifications have a targeted cycle time of 10 days from the time a request is made for the service (i.e. SaskPower/SaskEnergy/SaskTel Joint Service initiatives).

**Non-complex** service orders have a targeted cycle time of 45 days from customer quote acceptance (i.e. any order that is not categorized as complex).

**Complex** service orders have a targeted cycle time of 90 days from customer quote acceptance (i.e. permits; service extension length greater than 800 meters; main distribution in residential and commercial subdivisions; transmission line alterations; large load sizes; etc.).

(%)	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Long-term
Target	≥ 80.0	≥ <b>80.0</b>	≥ 80.0	≥ 80.0	≥ 80.0	≥ 80.0	≥ 80.0
Actual	84.8	<b>84.1</b>					

Our company's New Connect Construction Index performance for 2022-23 of 84.1% surpassed our minimum target of 80.0%. SaskPower experienced a 3.0% decrease in the total volume of new connect services completed during the year, with reductions in both prepaid and complex service order volumes. Balancing increasing customer expectations with the allocation of resources to system maintenance and capital sustainment continues to be an important consideration for this metric.

## CALL CENTRE AVERAGE WAIT TIME [RETIRING IN 2023-24]

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.

(minutes:seconds)	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Long-term
Target	4:00	<b>6:00</b>	•	•	•	•	•
Actual	11:30	<b>8:55</b>					

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

SaskPower's Call Centre average wait time for 2022-23 of eight minutes and 55 seconds did not achieve our annual target of six minutes; nonetheless, it did improve by more than two and a half minutes year-over-year. An above-target average wait time was driven by higher than expected call volumes related to move requests and collections, combined with lower staffing levels at the beginning of the year. Meanwhile, a delay in the integration of new Customer Service Representatives into our Primary Care Centre during the fourth quarter placed additional constraints on Call Centre resources training for the transition to a new system.



## STRATEGIC PRIORITY 2

### 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.

#### EMPLOYEE ENGAGEMENT

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 that employees have for their job, organization, manager, and coworkers that, in turn, influences them to apply additional discretionary effort to their work. This biennial metric identifies the percentage of employees that have a favourable level of engagement.

(%)	2020-21 <sup>1</sup>	2022-23	2023-24	2024-25	2025-26	2026-27	Long-term
Target	60	67	•	Previous + 1	•	Previous + 1	Previous + 1
Actual	67	69					

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

1. Employee engagement is a biennial measure, therefore no target or result was reported for 2021-22.

SaskPower conducted its biennial employee engagement survey in September 2022 and received an overall engagement score of 69%. This score represents an improvement of two percentage points over both our target and our previous result in 2020-21. Our scores improved in all of the six areas of organizational engagement relative to the previous survey.

Notable improvements in overall dimension scores were reported for performance feedback (8%), professional growth (6%), and information and communication (6%), while a new dimension on mental health rated 7% above the large organization benchmark.



## WORKFORCE DIVERSITY



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

- Self-identify 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 47% representation.

(%)	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Long-term
Target	42.0	42.3	42.5	42.8	43.0	43.3	44.0
Actual	40.8	39.8					

SaskPower's 2022-23 result of 39.8% fell short of the target of 42.3% and decreased one percentage point from 2021-22. During the year, our company implemented a new confidential self-declaration process to enable the collection of additional diversity and inclusion data points. SaskPower remains committed to employing a diverse workforce and continues to focus on strategies to increase representation in all equity groups through a variety of programs and initiatives such as the Women Mentoring Circle Program, the Indigenous Recruitment and Retention Strategy, improving corporate accessibility, and workforce awareness and education.



## HEALTH & SAFETY INDEX

The Health & Safety Index measures SaskPower's performance in meeting its targeted safety objectives across six separate measures and is made up of a combination of leading and lagging indicators which are equally weighted to calculate the final result.

**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:

1. **Safety training**, which measures the percentage of completed versus scheduled mandatory safety training;
2. **Safety incident corrective/preventative actions**, which report the percentage of completed incident actions versus the number of incident actions due; and
3. **Work observations**, which report the percentage of completed work observations versus scheduled work observations.

**Lagging indicators** record safety performance related to the occurrence of safety incidents per 100 workers, and include rates for:

1. **Lost-time Injury Frequency Rate**, which refers to the occurrence of workplace incidents resulting in an employee's inability to work the next full work day;
2. **Lost-time Injury Severity Rate**, which measures the calendar days lost due to lost-time injuries; and
3. **All Injury Frequency Rate**, which refers to the number of injuries occurring, with injury defined as any occupational injury/illness resulting in a fatality, lost-time injury, medical treatment injury, injured no lost-time or restricted work.

(%)	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Long-term
Target	92.0	100.0	•	•	•	•	•
Actual	99.3	0.0					

- The Health & Safety Index will be retired for 2023-24 and replaced by individual measures for Lost-Time Injury Frequency and Lost-Time Injury Severity.

In November 2022, a workplace incident occurred which claimed the life of a SaskPower employee. Due to the incident, our company has assigned a result of 0% for the 2022-23 Health & Safety Index.

The following table provides current and prior year results, as well as current year targets, for each of the individual indicators.

	2021-22 actuals	2022-23 actuals	2022-23 targets
<b>LEADING INDICATORS</b>			
Safety training (%)	99.1	98.8	98.0
Safety incident corrective/preventative actions (%)	99.8	99.4	98.0
Work observations (%)	97.1	94.6	98.0
<b>LAGGING INDICATORS*</b>			
Lost-time Injury Frequency Rate (number of lost-time injuries)	0.4	0.8	0.5
Lost-time Injury Severity Rate (number of days lost)	6.5	20.0	13.0
All Injury Frequency Rate (number of injuries)	4.6	5.5	5.1
<b>HEALTH &amp; SAFETY INDEX (%)</b>	99.3	0.0	100.0

\*Lagging indicator results are per 100 workers.

## STRATEGIC PRIORITY 3

### ENSURE OUR FINANCIAL HEALTH IN A TRANSITIONING INDUSTRY

THE ABILITY TO PRESERVE OUR FINANCIAL STRENGTH IN THE FACE OF THE ENERGY TRANSITION IS CRITICAL. CONTINUED INVESTMENT IN INFRASTRUCTURE WILL BE NEEDED TO MAINTAIN OR IMPROVE CURRENT LEVELS OF RELIABILITY AND ALSO TO MEET THE CUSTOMER 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.

#### RETURN ON EQUITY

Return on equity (ROE) measures SaskPower's financial performance, and is calculated as net income (loss) expressed as a percentage of average equity.

(%)	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Long-term
Target	0.6	1.8	0.8	0.9	1.3	3.6	8.5
Actual	0.4	(6.3)					

SaskPower's recorded ROE of -6.3% for the year ended March 31, 2023, fell short of the 1.8% target. Higher natural gas, coal, and import prices, as well as greater load requirements, significantly raised SaskPower's 2022-23 fuel and purchased power costs. This increase in fuel costs — combined with higher operating costs from overhaul activity and emergency maintenance; increased finance charges due to lower sinking fund earnings and additional borrowings; and settlement costs — led to higher than expected expenses for the year. Higher export revenue and Saskatchewan electricity sales partially offset these costs.

Net income (loss) results are explained in further detail in the financial results section of the Management's Discussion and Analysis.

#### PER CENT DEBT RATIO

The per cent debt ratio provides a measure of SaskPower's debt expressed as a percentage of the company's total corporate financing structure, comprised of the total investment by creditors (debt) and the total investment of owners (equity). The extent to which a company is leveraged is directly correlated to the proportion of its capital structure that is comprised of debt. A highly leveraged company is considered to have less financial flexibility and more risk than a less leveraged company.

As SaskPower continues to modernize and expand its infrastructure, debt levels will increase in order to finance our capital program.

(%)	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Long-term
Target	73.5	73.8	75.4	76.5	77.2	77.5	60.0 - 75.0
Actual	71.9	74.7					

Our company's per cent debt ratio of 74.7% at March 31, 2023, was 0.9 percentage points over our target of 73.8%. Decreased performance was driven by the additional debt issuances required to fund capital expenditures paired with the reduction in closing equity due to SaskPower's net loss of \$172 million for the year.

## OM&A PER CUSTOMER ACCOUNT VS. SASKATCHEWAN CONSUMER PRICE INDEX

The operating, maintenance and administration (OM&A) per customer account versus the Saskatchewan Consumer Price Index (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.

(% growth)	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Long-term
Target	2.8	<b>3.2</b>	< SK CPI increase	< SK CPI increase	< SK CPI increase	< SK CPI increase	< SK CPI increase
Actual	0.2	<b>2.4</b>					

In 2022-23, SaskPower's five-year average annual growth in OM&A expense per customer account was 2.4%, falling below the ceiling target and five-year average annual growth in the SK CPI of 3.2% over the same period. OM&A expense increased by approximately \$81 million in 2022-23, driven by emergency maintenance to repair distribution infrastructure damaged by severe weather; additional overhauls on our generating facilities; and higher feasibility study costs on Small Modular Reactors. Despite OM&A costs exceeding budget for 2022-23, the average growth rate of SaskPower's OM&A expense per customer account has remained well below provincial inflation rates.

## CAPITAL COST PERFORMANCE INDEX/CAPITAL SCHEDULE PERFORMANCE INDEX

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. These measures track the performance of capital projects with a minimum approved project budget of \$5 million. Each project included in this measure is weighted by its assessed project tier, which takes into account factors such as project size, complexity and risk.

**Capital Cost Performance Index (CPI)** reports the percentage of projects for which actual expenditures have been managed within the project's budgeted cash flow at a point in time.

**Capital Schedule Performance Index (SPI)** 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.

(%)	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Long-term
Target	75/75	<b>80/80</b>	80/80	80/80	80/80	80/80	80/80
Actual	87/84	<b>80/75</b>					

SaskPower's **CPI** performance as at March 31, 2023, of 80% was equal to our annual target. Of the 43 large capital projects SaskPower invested in during 2022-23, 33 were successfully managed within or below budget as at year-end.

Our company's **SPI** result of 75% fell below our target of 80%, with 31 of the 43 large capital projects managed on or ahead of schedule as at March 31, 2023.

## INDIGENOUS PROCUREMENT

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.

(%)	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Long-term
Target	8.5	10.0	10.0	11.0	12.0	13.0	15.0
Actual	12.1	15.5					

Well beyond the target of 10.0% in 2022-23, SaskPower's Indigenous procurement accounted for 15.5% — over \$94 million — of the purchase orders issued to Saskatchewan suppliers. Although Saskatchewan-sourced procurement decreased by more than 20%, or \$170 million, from 2021-22, Indigenous procurement dollars remained stable year-over-year.

Vegetation management and wood pole remediation continue to comprise a significant portion of Indigenous contracts. Meanwhile, logistics, properties and shared services, and distribution and transmission construction projects have also contributed to Indigenous spend.

## CROWN COLLABORATION

The Crown collaboration measure is an index that tracks the Crown sector performance on three weighted components: combined cost savings for Crown corporations and participating Treasury Board Crowns, agencies, and ministries achieved through joint initiatives and collaboration efforts (50%); the number of new red tape reductions and/or customer service enhancements implemented (25%); and private sector investment secured by the Investment Attraction Working Group (25%).

(%)	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Long-term
Target	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Actual	97.8 <sup>1</sup>	120.0					

1. This measure began being reported as a percentage in 2022-23. 2021-22 results have been restated to reflect this change in measurement units.

Crown collaboration performance exceeded target with a score of 120% for the year ended March 31, 2023. SaskPower participated in a number of significant collaboration initiatives during the year, which included natural gas optimization activities; continued work on joint infrastructure installation with SaskTel; and the consolidation of line locating efforts with SaskEnergy and SaskTel.



# STRATEGIC PRIORITY 4

## BUILD A CLEANER, RELIABLE AND MODERNIZED ELECTRICITY SYSTEM

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

### EQUIVALENT AVAILABILITY FACTOR

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.

(%)	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Long-term
Target	≥ 85.0	≥ 85.0	≥ 85.0	≥ 85.0	≥ 85.0	≥ 85.0	≥ 85.0
Actual	83.1	82.0					

SaskPower's overall weighted EAF performance of 82.0% in 2022-23 fell short of the annual minimum target of 85.0%.

Natural gas-fired generation had the lowest availability in 2022-23. The Queen Elizabeth Power Station experienced various generator failures and outages related to rotor and bolt issues impacting Units 10-16, while the Chinook Power Station had unexpected shutdowns caused by a cooler leak on Unit 1 and end bearing replacements on Unit 2. Coal-fired generation also contributed to our below-target EAF performance, primarily due to turbine damage which forced Poplar River Power Station Unit 2 offline for 42 days.

Meanwhile, hydro and wind generation were on target for the year.

## DISTRIBUTION SAIDI/SAIFI



SaskPower measures the reliability of its distribution system using two industry-standard measures: System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI). While the results for these measures reflect both planned and forced outages, Major Event Days (MEDs) — which are defined as events that exceed reasonable infrastructure design and/or operational limits, as set out by the Institute of Electrical and Electronics Engineers — are excluded.

**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.

**Distribution SAIFI** reports the number of outages 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).

(hours/outages)	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Long-term
Target	5.9/2.4	<b>5.9/2.7</b>	5.9/2.9	5.9/2.9	5.4/2.7	5.4/2.5	3.8/1.8
Actual	5.8/3.6	<b>5.3/3.7</b>					

For 2022-23, SaskPower's **distribution SAIDI** performance of 5.3 hours outperformed both our annual target and the prior year result. The leading causes of distribution outage duration included the loss of transmission supply (29%), faulty equipment (12%) and planned outages (14%).

Our company's **distribution SAIFI** result of 3.7 outages per customer was more than 35% over the target of 2.7 outages. Loss of transmission supply was responsible for the majority of distribution outages experienced (50%), followed by defective equipment (10%) and planned outages (10%).

There were six MEDs experienced by our distribution infrastructure during 2022-23, which have been excluded from distribution SAIDI and SAIFI results:

- April 5, 2022: Wind gusts up to 100 kilometres per hour (km/hr) and heavy, wet snow damaged over 200 power poles and knocked out service to approximately 6,500 customers in the southwest corner of the province.
- April 23 & 24, 2022: High winds and heavy precipitation caused significant damage to infrastructure in the southeast corner of the province and left approximately 24,000 customers without power.
- July 15 & 16, 2022: Powerful thunderstorms (heavy rain, hail and 130 km/hr wind gusts) swept across the province causing extensive structural damage in the southeast part of Saskatchewan.
- October 23, 2022: An early winter storm with high winds caused over 117,000 customer outage hours in the southeast part of the province. Moose Jaw and surrounding areas were the most impacted.

SaskPower's ongoing grid modernization efforts continue to improve outage reporting accuracy. As a result, our Distribution Control Office is recording a greater number of distribution outages caused by the loss of transmission supply. Transmission outages are relatively short in duration and have a small impact on distribution SAIDI performance, whereas these outages typically drive up distribution SAIFI results because of the large number of customers served by transmission lines.



## TRANSMISSION SAIDI/SAIFI



SaskPower also monitors the reliability of its transmission system using SAIDI and SAIFI measures, excluding Major Event Days (MEDs).

**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 experienced at a bulk electric service delivery point over a 12-month period. Transmission SAIDI is most influenced by factors such as adverse weather and defective equipment.

**Transmission SAIFI** reports the average number of forced interruptions experienced at a bulk electric service delivery point over a 12-month period. The leading causes of forced interruption frequency are weather conditions, defective equipment, human element, and foreign interference such as wildlife contacts.

(minutes/outages)	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Long-term
Target	140/3.1	<b>135/3.0</b>	135/3.0	135/3.0	135/3.0	130/2.9	120/2.8
Actual	126/2.2	<b>140/2.3</b>					

SaskPower's **transmission SAIDI** performance of 140 minutes per bulk electric service delivery point was slightly above our target of 135 minutes. The primary causes of transmission outage duration this year were adverse weather (48%); defective equipment (31%); and human element (12%).

Our company's **transmission SAIFI** result of 2.3 outages outperformed our target of 3.0 outages. The largest number of transmission interruptions continued to occur due to adverse weather (52%), led primarily by lightning strikes. Other leading causes of interruptions included defective equipment (11%), human element (9%), and foreign interference (4%).

There were four MEDs experienced by our transmission infrastructure during 2022-23, which have been excluded from transmission SAIDI and SAIFI results:

- April 23, 2022: High winds and heavy precipitation in the southeast corner of the province caused outages at the Auburnton Switching Station and on eight transmission lines. This event would have added nearly 72 minutes to our transmission SAIDI result.
- June 19, 2022: Heavy winds due to a summer storm in southeast Saskatchewan resulted in several downed structures on the Peebles to Handsworth Transmission Line.
- July 15, 2022: A spraying aircraft struck the Peebles to Odessa Transmission Line. Repairs to fix a broken conductor were completed the following day.
- October 23, 2022: A winter storm (heavy, wet snow and wind) in the southeast corner of the province caused outages on three transmission lines.

## RENEWABLE GENERATION PORTFOLIO



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, biomass, flare gas and landfill gas, as well as long-term firm capacity agreements for imports generated from renewable fuel sources.

(%)	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Long-term
Target	33.1	<b>35.0</b>	35.8	37.6	36.8	37.8	up to 50.0
Actual	32.3	<b>34.7</b>					

SaskPower's total renewable generation capacity as at March 31, 2023, was 1,888 megawatts (MW), or 34.7%, of our company's total available generating capacity of 5,437 MW. Renewable capacity increased 191 MW during the year, led by the net addition of a 165 MW power purchase agreement (PPA) with Manitoba Hydro for hydroelectricity and three new IPPs commissioned during the year — the Pesâkâstêw and Awasis Solar Energy Facilities (10 MW each) and Meadow Lake Tribal Council BioEnergy Centre (8 MW). These were partially offset by the expiry of the Sunbridge Wind Energy Facility. Other renewable additions included 9 MW of generation capacity from a combination of our Power Generation Partner Program (PGPP) and Net Metering Program.

Despite these increases to our company's generation portfolio, our performance fell just shy of our target of 35.0% due to the deferral or cancellation of several PGPP projects related to supply chain issues, unfavourable market conditions and/or funding delays.



## GREENHOUSE GAS (GHG) EMISSIONS



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 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 percentage change from SaskPower's 2005 GHG emissions level.

(% change from 2005 levels)	2021	2022	2023	2024	2025	2026	Long-term
Target	(8.0)	<b>(18.0)</b>	(8.0)	(18.0)	(23.0)	(26.0)	(50.0)
Actual	5.1	<b>(3.1)</b>					

Our company's annual GHG emissions decreased to 13.8 million tonnes of CO<sub>2</sub>e (carbon dioxide equivalent) in the 2022 calendar year — 3.1% below our 2005 GHG emissions level benchmark. The year-over-year drop in emissions of 8.2 percentage points was primarily due to reductions in coal GHG emissions, with Boundary Dam Unit 4 taken offline in December 2021 and placed on standby to provide additional power only when needed, as well as higher levels of CO<sub>2</sub> captured at the Carbon Capture and Storage facility. SaskPower also continues to expand our electricity supply from non-emitting generation sources.

Despite a reduction from overall 2021 GHG emissions, SaskPower's performance was 14.9 percentage points over the 2022 target of 18.0% below our 2005 GHG emissions level. Generation from GHG-emitting baseload sources (natural gas and coal) was necessary to meet an additional 635 GWh in demand, as well as to offset the shortfall in non-emitting hydroelectric generation available to SaskPower driven by low water levels in 2022.



# 2022-23 FINANCIAL RESULTS

AT A GLANCE		
Revenue	\$	3,067M
Net loss	\$	(172M)
Return on equity <sup>1</sup>		(6.3%)
Saskatchewan electricity sales		23,818 GWh
Gross electricity supplied		26,426 GWh
Property, plant and equipment	\$	10,621M
Capital expenditures	\$	1,047M
Total net debt	\$	7,852M
Per cent debt ratio		74.7%
Customer accounts		553,849
Annual peak load (net MW)		3,800 MW

(in millions)	2022-23	2021-22	Change
<b>Revenue</b>			
Saskatchewan electricity sales	\$ 2,844	\$ 2,713	\$ 131
Exports and electricity trading	139	77	62
Other revenue	84	95	(11)
<b>Total revenue</b>	<b>3,067</b>	2,885	182
<b>Expense</b>			
Fuel and purchased power	1,283	1,033	250
Operating, maintenance and administration	792	711	81
Depreciation and amortization	597	612	(15)
Finance charges	406	401	5
Taxes	86	81	5
Other expenses	75	36	39
<b>Total expense</b>	<b>3,239</b>	2,874	365
<b>Net (loss) income</b>	<b>\$ (172)</b>	\$ 11	\$ (183)
<b>Return on equity<sup>1</sup></b>	<b>(6.3%)</b>	0.4%	(6.7%)

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

## HIGHLIGHTS AND SUMMARY OF RESULTS

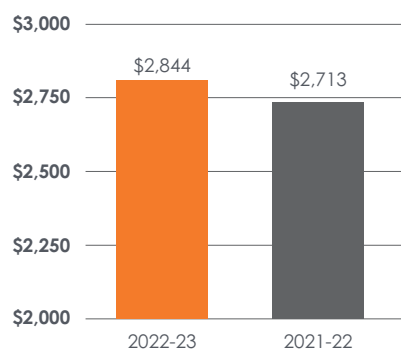
SaskPower reported a consolidated net loss of \$172 million in 2022-23, compared to a consolidated net income of \$11 million in 2021-22. The \$183 million decrease was primarily due to a \$365 million increase in expense, offset by a \$182 million increase in revenue. The return on equity was negative 6.3%, down almost seven percentage points from the previous year.

Total revenue was \$3,067 million, compared to \$2,885 million in 2021-22. The \$182 million increase in revenue was mainly due to higher Saskatchewan electricity sales of \$131 million due to increased demand and the 4.0% system average rate increase which became effective September 1, 2022. Electricity sales volumes to Saskatchewan customers were 23,818 gigawatt hours (GWh), up 518 GWh or 2.2% compared to the prior year. Exports and electricity trading sales also increased \$62 million as a result of increased sales volumes to Alberta and the Southwest Power Pool at higher average sales prices. These improvements in revenue were offset by an \$11 million decrease in other revenue largely due to lower customer contributions.

Total expense was \$3,239 million, up \$365 million from 2021-22. The increase in total expense was mainly attributable to a \$250 million increase in fuel and purchased power costs as a result of higher natural gas and coal prices; a greater proportion of generation from renewable fuel sources; and increased generation volumes to meet higher demand. Operating, maintenance and administration (OM&A) expense increased \$81 million due to increased overhaul maintenance activity at our generating facilities; emergency maintenance on our distribution infrastructure due to storm activity; increased spending on cyber security and technology cloud-based initiatives; and higher nuclear small modular reactor (SMR) feasibility study costs. Capital-related expenses — depreciation, finance charges, taxes and other — increased \$34 million. This was primarily due to a cash settlement amount owing in relation to a contractual dispute; adjustments to decommissioning provisions; and higher interest on short-term borrowings and lease liabilities. These increases were partially offset by lower depreciation expense as a result of Unit 4 at Boundary Dam Power Station being fully depreciated and the gain on sale of the City of Swift Current franchise rights.

## SASKATCHEWAN ELECTRICITY SALES

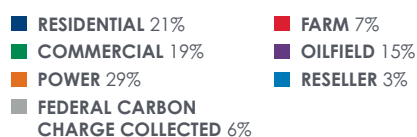
Saskatchewan electricity sales represent the sale of electricity to all customer classes within the province. These sales are subject to the effects of general economic conditions, number of customers, weather, and electricity rates. Included in Saskatchewan electricity sales is the federal carbon charge which is being recovered by SaskPower from its customers through a rate rider. The revenue associated with the federal carbon charge is set aside and used to fund the federal carbon tax payments.



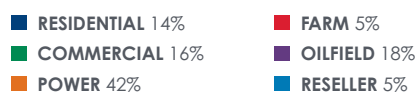
SASKATCHEWAN ELECTRICITY SALES (MILLIONS)



SASKATCHEWAN ELECTRICITY SALES - \$2,844 MILLION



ELECTRICITY SALES VOLUMES - 23,818 GWH



(in millions)	2022-23	2021-22	Change
Residential	\$ 606	\$ 595	\$ 11
Farm	185	178	7
Commercial	528	504	24
Oilfield	440	416	24
Power	815	777	38
Reseller	99	98	1
	<b>2,673</b>	2,568	105
Federal carbon charge collected	171	145	26
<b>Saskatchewan electricity sales</b>	<b>\$ 2,844</b>	\$ 2,713	\$ 131

(in GWh)	2022-23	2021-22	Change
Residential	3,294	3,331	(37)
Farm	1,288	1,285	3
Commercial	3,776	3,690	86
Oilfield	4,211	4,013	198
Power	10,087	9,821	266
Reseller	1,162	1,160	2
<b>Electricity sales volumes</b>	<b>23,818</b>	23,300	518

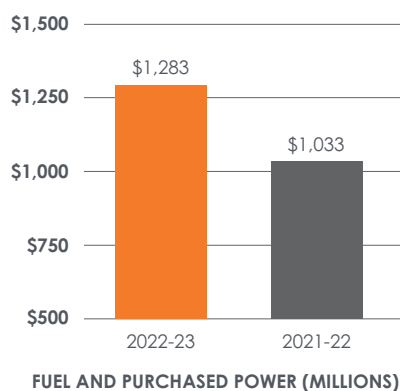
Saskatchewan electricity sales, excluding the federal carbon charge collected, were \$2,673 million in 2022-23, up \$105 million from 2021-22. The \$105 million increase was due to higher sales volumes combined with the 4.0% system average rate increase which became effective September 1, 2022. Electricity sales volumes to Saskatchewan customers were 23,818 GWh, up 518 GWh or 2.2% compared to the prior year. The largest increases in electricity sales occurred in the power and oilfield customer classes. Consumption in the power customer class increased 266 GWh from the prior year due to increased activity in the pipeline, pulp mill and mining sectors, partially offset by reduced activity in the potash sector. Oilfield sales were up 198 GWh due to improved economic conditions.

The federal carbon charge collected increased \$26 million compared to 2021-22 mainly due to the 3.0% rate rider increase effective January 1, 2023, and higher sales volumes.

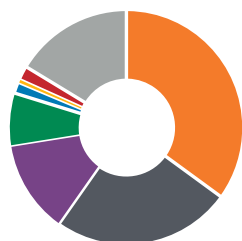
## FUEL AND PURCHASED POWER

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 being sold to markets outside the province when favourable conditions exist.

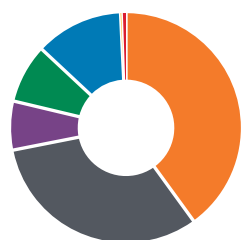
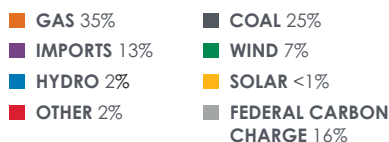
SaskPower's fuel cost management strategy focuses on the economic dispatch of the generating units that bring the lowest incremental cost units online first. Included in the incremental cost is the federal price of carbon on generation that exceeds the allowable emission thresholds.



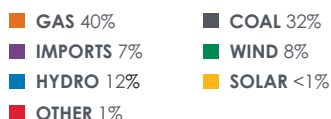
(in millions)	2022-23	2021-22	Change
Gas	\$ 449	\$ 397	\$ 52
Coal	318	280	38
Imports	163	81	82
Wind	93	63	30
Hydro	20	18	2
Solar	5	1	4
Other	25	16	9
	1,073	856	217
Federal carbon charge	210	177	33
<b>Fuel and purchased power</b>	<b>\$ 1,283</b>	<b>\$ 1,033</b>	<b>\$ 250</b>



FUEL AND PURCHASED POWER - \$1,283 MILLION



GROSS ELECTRICITY SUPPLIED - 26,426 GWH



(in GWh)	2022-23	2021-22	Change
Gas	10,575	10,766	(191)
Coal	8,424	9,479	(1,055)
Imports	1,806	752	1,054
Wind	2,177	1,661	516
Hydro	3,244	2,850	394
Solar	55	14	41
Other	145	124	21
<b>Gross electricity supplied</b>	<b>26,426</b>	<b>25,646</b>	<b>780</b>

Fuel and purchased power costs, excluding the federal carbon charge, were \$1,073 million in 2022-23, up \$217 million from 2021-22. The \$217 million increase is a result of unfavourable price, fuel mix, and volume variances. The average price of fuel increased due to higher natural gas and coal prices. The higher fuel prices resulted in an overall increase of approximately \$91 million.

The fuel mix is the relative proportion that each fuel source contributes to our total fuel supply. The more energy generated from the lower incremental cost sources the more favourable the impact on fuel and purchased power costs. During the year, the Corporation used more zero-GHG emission generation supply sources in place of coal and gas. The use of additional renewable generation and imports reduces coal and gas generation which mitigates the federal carbon charge; offsets capital investment in new generation; and helps the Corporation meet our long-term GHG emission goals. This resulted in an estimated \$100 million increase in fuel and purchased power costs.

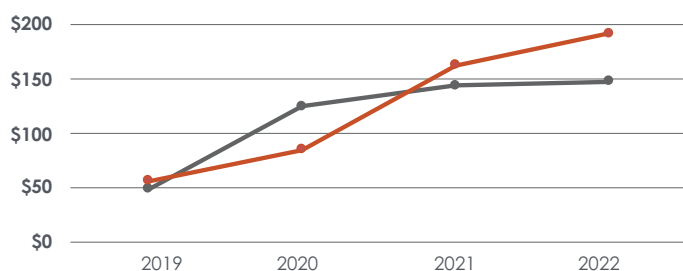
Total generation and purchased power totaled 26,426 GWh, an increase of 780 GWh or 3.0% compared to 2021-22. Higher customer demand resulted in an estimated \$26 million increase in fuel and purchased power costs.

Federal carbon charges increased \$33 million as a result of the federal carbon tax rate increasing to \$65/tonne of CO<sub>2</sub>e, partially offset by lower coal and natural gas generation.

## 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) relate to interest earned on the monies in the account; federal carbon charge associated with exported generation; and federal carbon charges on natural gas purchased for the Chinook Power Station prior to it becoming a registered facility.

<i>(in millions)</i>	Rate rider increase	\$/tonne CO <sub>2</sub> e	Federal carbon charge receipts/receivables	Federal carbon charge payments/payables	Other recoveries (expense)	Over (under) collected
Total 2019 calendar year	2.7%	\$ 20	\$ 49	\$ (56)	\$ (3)	\$ (10)
Total 2020 calendar year	2.4%	30	125	(85)	3	43
Total 2021 calendar year	0.6%	40	144	(163)	7	(12)
Total 2022 calendar year	0.0%	50	148	(192)	11	(33)
Total 2023 calendar year (three months)	3.0%	65	61	(69)	8	-
<b>Cumulative balance</b>			<b>\$ 527</b>	<b>\$ (565)</b>	<b>\$ 26</b>	<b>\$ (12)</b>



FEDERAL CARBON TAX VARIANCE ACCOUNT (MILLIONS)

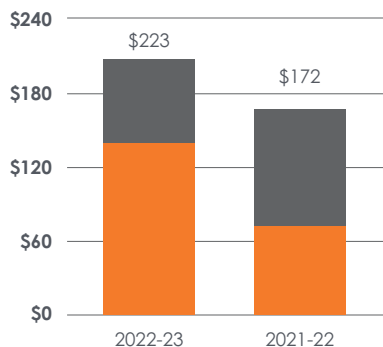
—●— FEDERAL CARBON CHARGE COLLECTED  
—●— FEDERAL CARBON CHARGE PAID/PAYABLE

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. 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 typically 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 is used to fund the federal carbon tax payments.

The federal carbon tax payment for the 2021 calendar year was paid in December 2022. Amounts are payable to Environment and Climate Change Canada (ECCC) as well as certain independent power producers (IPPs). The 3.0% increase in the carbon charge rate rider effective January 1, 2023, was required to recover the balance in the FCTVA and as a result of the federal carbon tax increasing to \$65/tonne of CO<sub>2</sub>e. Subject to approval, the Saskatchewan Output-Based Performance Standards (OBPS) Program will replace the Federal OBPS Program retroactive to January 1, 2023.

## 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.



REVENUE FROM OTHER SOURCES (MILLIONS)

■ EXPORTS AND ELECTRICITY TRADING  
■ OTHER REVENUE

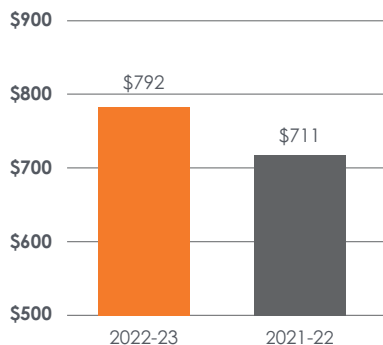
(in millions)	2022-23	2021-22	Change
Exports and electricity trading	\$ 139	\$ 77	\$ 62
Other revenue	84	95	(11)
<b>Revenue from other sources</b>	<b>\$ 223</b>	<b>\$ 172</b>	<b>\$ 51</b>

Exports and electricity trading were \$139 million in 2022-23, up \$62 million from 2021-22 due to higher prices and increased volumes. The average export sales price was \$149 per megawatt hour (MWh), up \$38 per MWh compared to 2021-22. Export sales volumes — primarily to Alberta and the Southwest Power Pool — were 932 GWh, up 237 GWh from the volumes sold in 2021-22.

Other revenue was \$84 million in 2022-23, down \$11 million from 2021-22. The decrease was mainly attributable to lower customer contributions. In addition, carbon dioxide (CO<sub>2</sub>) sales were impacted by an unfavourable ruling from an arbitral panel in relation to a contractual dispute comprised of \$19 million owing relating to fiscal 2023 included in other revenue and \$26 million related to fiscal 2019 to 2022 recorded in other expenses for a total impact to income of \$45 million.

## OPERATING, MAINTENANCE AND ADMINISTRATION (OM&A)

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



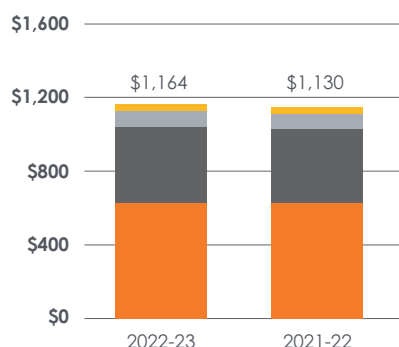
OM&A (MILLIONS)

(in millions)	2022-23	2021-22	Change
<b>OM&amp;A</b>	<b>\$ 792</b>	<b>\$ 711</b>	<b>\$ 81</b>

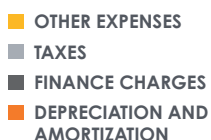
OM&A expense was \$792 million in 2022-23, up \$81 million from 2021-22. This increase was mainly due to increased maintenance costs related to the timing of overhauls at the Corporation's generation facilities; emergency maintenance on our distribution infrastructure due to storm activity; increased spending on cyber security and technology cloud-based initiatives; and feasibility study costs related to nuclear SMRs.

## CAPITAL-RELATED EXPENSES

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



CAPITAL-RELATED EXPENSES (MILLIONS)



(in millions)	2022-23	2021-22	Change
Depreciation and amortization	\$ 597	\$ 612	\$ (15)
Finance charges	406	401	5
Taxes	86	81	5
Other expenses	75	36	39
<b>Capital-related expenses</b>	<b>\$ 1,164</b>	<b>\$ 1,130</b>	<b>\$ 34</b>

Depreciation and amortization expense was \$597 million in 2022-23, down \$15 million from 2021-22. The decrease is primarily due to Unit 4 at Boundary Dam Power Station being fully depreciated, partially offset by new capital additions.

Finance charges were \$406 million in 2022-23, up \$5 million from 2021-22. The increase in finance charges was mainly attributable to higher interest on short-term borrowings and lease liabilities combined with lower debt retirement fund earnings and realized market value losses on redemptions. These increases were partially offset by lower interest on long-term debt and higher interest capitalized.

Taxes were \$86 million in 2022-23, up \$5 million from the prior year. This increase was the result of higher corporate capital tax due to an increase in the paid-up capital base, as well as higher grants-in-lieu of taxes due to increased Saskatchewan electricity sales.

Other expenses were \$75 million in 2022-23, compared to \$36 million in 2021-22. The \$39 million increase was mainly attributable to an unfavourable ruling from an arbitral panel in relation to a contractual dispute comprised of a \$26 million cash settlement amount owing relating to fiscal 2019 to 2022. In addition, \$23 million was added to the Corporation's decommissioning provision estimates for additional costs to remediate identified sites. These increases were partially offset by the gain on the sale of the City of Swift Current franchise rights.

# 2022-23 QUARTERLY RESULTS

(in millions)	Q1	Q2	Q3	Q4	Total
<b>Revenue</b>					
Saskatchewan electricity sales	\$ 658	\$ 679	\$ 738	\$ 769	\$ 2,844
Exports and electricity trading	18	40	37	44	139
Other revenue	24	26	25	9	84
<b>Total revenue</b>	<b>700</b>	<b>745</b>	<b>800</b>	<b>822</b>	<b>3,067</b>
<b>Expense</b>					
Fuel and purchased power	286	300	336	361	1,283
Operating, maintenance and administration	219	183	198	192	792
Depreciation and amortization	149	148	150	150	597
Finance charges	104	104	96	102	406
Taxes	20	21	22	23	86
Other expenses (income)	9	(1)	15	52	75
<b>Total expense</b>	<b>787</b>	<b>755</b>	<b>817</b>	<b>880</b>	<b>3,239</b>
<b>Net loss</b>	<b>\$ (87)</b>	<b>\$ (10)</b>	<b>\$ (17)</b>	<b>\$ (58)</b>	<b>\$ (172)</b>

## Fourth quarter year-over-year variance explanation

(in millions)	Three months ended March 31			
	2022-23	2021-22	Change	
Revenue	\$ 822	\$ 752	\$ 70	Increased Saskatchewan electricity sales due to increased demand; higher export opportunities at higher sale prices; partially offset by lower CO <sub>2</sub> sales.
Expense	880	763	117	Higher fuel and purchased power costs as a result of a greater proportion of generation from renewable sources and increased coal prices. As well, other expenses increased due to an unfavourable ruling from an arbitral panel in relation to a contractual dispute, as well as adjustments to decommissioning provisions for additional costs to remediate identified sites.
<b>Net loss</b>	<b>\$ (58)</b>	<b>\$ (11)</b>	<b>\$ (47)</b>	



# FINANCIAL CONDITION

The following table outlines changes in the consolidated statement of financial position from April 1, 2022, to March 31, 2023:

<i>(in millions)</i>	<b>Change (\$)</b>	<b>Change (%)</b>	
Cash and cash equivalents	\$ 160	500%	Refer to Statement of Cash Flows.
Accounts receivable and unbilled revenue	54	15%	Higher electricity trade receivables and timing of receipts.
Inventory	27	9%	Increase in maintenance supplies, partially offset by decreased natural gas inventory.
Prepaid expenses	11	37%	Timing of expenses.
Risk management assets (net of risk management liabilities)	(30)	(125%)	Settlement of natural gas hedges and decreased forward natural gas prices.
Property, plant and equipment	488	5%	Additions offset by depreciation expense and asset disposals and retirements.
Right-of-use assets	(53)	(10%)	Depreciation and termination of right-of-use assets.
Intangible assets	(5)	(6%)	Amortization expense offset by capitalization of new software costs.
Debt retirement funds	(21)	(3%)	Redemptions and market value losses offset by instalments and earnings.
Other assets	5	45%	Increase in long-term maintenance service costs.
Accounts payable and accrued liabilities	77	11%	Timing of accruals and payments and higher federal carbon tax payable.
Accrued interest	12	20%	Additional issuances of long-term debt.
Deferred revenue	22	100%	Increased customer contributions.
Dividend payable	(3)	(100%)	Payment of 2021-22 dividend.
Short-term advances	191	32%	Increased short-term advances to repay long-term debt and finance capital expenditures.
Long-term debt (including current portion)	573	9%	Additional issuances of long-term debt, partially offset by repayments and amortization of debt premiums net of discounts.
Lease liabilities (including current portion)	(46)	(5%)	Principal repayments of lease liabilities and terminations.
Employee benefits	(8)	(6%)	Actuarial gains on the defined benefit pension plan and benefit payments, offset by interest expense and current service costs.
Provisions	36	12%	Increased decommissioning costs for generating facilities and accretion expense partially offset by higher discount rates.
Equity	(218)	(7%)	2022-23 comprehensive loss.

# 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 credit facility provided by a financial institution.

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

Sources of financing	Authorized amount	Outstanding as at March 31, 2023
Credit facility	\$ 50.0 million	\$ -
Temporary loans (including credit facility)	2.0 billion	0.8 billion
Total borrowings (including temporary loans)	10.0 billion	7.9 billion

## CREDIT RATINGS - PROVINCE OF SASKATCHEWAN

	2022-23			2021-22		
	Short-term obligations	Long-term obligations	Trend	Short-term obligations	Long-term obligations	Trend
DBRS Morningstar	R-1 (middle) <sup>1</sup>	AA (low) <sup>2</sup>	Stable	R-1 (middle) <sup>1</sup>	AA (low) <sup>2</sup>	Stable

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.

## CASH FLOW HIGHLIGHTS

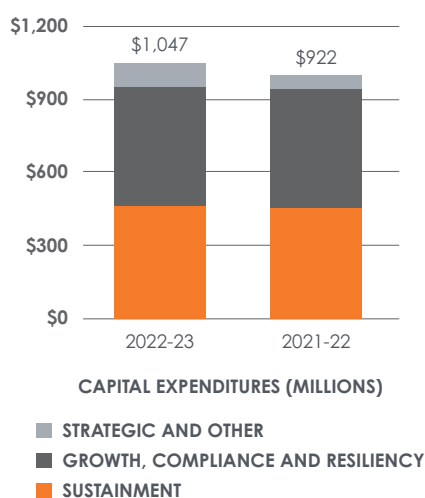
SaskPower's cash flows from operating, investing and financing activities are summarized in the following table:

(in millions)	2022-23	2021-22	Change
Cash and cash equivalents, beginning of year	\$ 32	\$ 98	\$ (66)
Cash provided by operating activities	445	738	(293)
Cash used in investing activities	(1,017)	(912)	(105)
Cash provided by financing activities	732	108	624
<b>Cash and cash equivalents, end of year</b>	<b>\$ 192</b>	<b>\$ 32</b>	<b>\$ 160</b>

SaskPower's cash position at March 31, 2023, was \$192 million, up \$160 million from the prior year. SaskPower typically manages its cash position in the \$15 to \$100 million range with the actual cash balance fluctuating throughout the year based on the timing of cash inflows and outflows. SaskPower carried a higher cash balance at March 31, 2023, for the repayment of a \$150 million floating rate note on April 3, 2023.

## CAPITAL EXPENDITURES

(in millions)	2022-23	2021-22	Change
Generation	\$ 98	\$ 113	\$ (15)
Transmission	75	81	(6)
Distribution	137	105	32
Other	101	86	15
<b>Sustainment</b>	<b>\$ 411</b>	<b>\$ 385</b>	<b>\$ 26</b>
Generation	233	294	(61)
Transmission	113	39	74
Distribution	15	15	-
Customer connects	183	142	41
<b>Growth, compliance and resiliency</b>	<b>\$ 544</b>	<b>\$ 490</b>	<b>\$ 54</b>
<b>Strategic and other</b>	<b>\$ 92</b>	<b>\$ 47</b>	<b>\$ 45</b>
<b>Total capital expenditures</b>	<b>\$ 1,047</b>	<b>\$ 922</b>	<b>\$ 125</b>



In order to ensure a reliable, sustainable and cost-effective supply of electricity for its customers, SaskPower spent \$1.05 billion on various capital projects during 2022-23, compared to \$922 million in 2021-22.

The company invested \$411 million on sustainment activities, including:

- \$98 million on generation assets and \$212 million on transmission and distribution assets; and
- \$101 million for other sustainment expenditures, including \$60 million on building renovations; \$24 million on technology and security assets; and \$15 million on vehicles and equipment.

SaskPower also spent \$544 million on growth, compliance and resiliency investments, including:

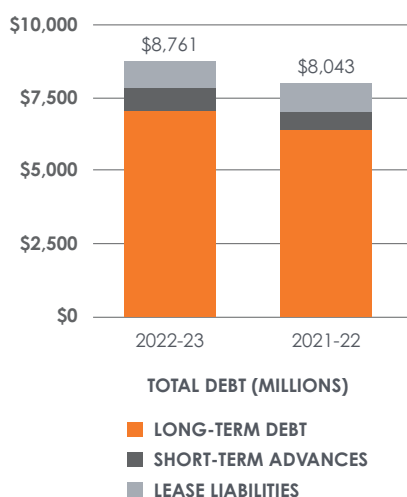
- \$233 million on generation assets, including \$208 million on the new Great Plains Power Station;
- \$128 million on increasing grid capacity; and
- \$183 million to connect customers to the SaskPower electricity system.

## CAPITAL MANAGEMENT

(in millions)	March 31, 2023	March 31, 2022	Change
Long-term debt	\$ 7,068	\$ 6,495	\$ 573
Short-term advances	790	599	191
Lease liabilities	903	949	(46)
<b>Total debt</b>	<b>\$ 8,761</b>	<b>\$ 8,043</b>	<b>\$ 718</b>
Debt retirement funds	717	738	(21)
Cash and cash equivalents	192	32	160
<b>Total net debt<sup>1</sup></b>	<b>\$ 7,852</b>	<b>\$ 7,273</b>	<b>\$ 579</b>
Retained earnings	2,071	2,243	(172)
Equity advances	593	593	-
<b>Total capital</b>	<b>\$ 10,516</b>	<b>\$ 10,109</b>	<b>\$ 407</b>
<b>Per cent debt ratio<sup>2</sup></b>	<b>74.7%</b>	<b>71.9%</b>	<b>2.8%</b>

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 \$8,761 million at March 31, 2023, up \$718 million from the prior year.

- SaskPower borrowed \$833 million of long-term debt as follows:

(in millions)

Date of issue	Date of maturity	Effective interest rate (%)	Coupon rate (%)	Par value	Premium (discount)	Outstanding amount
May 12, 2022	Dec 2, 2052	4.09	2.80	\$ 180	\$ (40)	\$ 140
Jun 23, 2022	Dec 2, 2052	4.29	2.80	300	(76)	224
Nov 4, 2022	Jun 2, 2031	4.18	4.18	350	-	350
Jan 18, 2023	Jun 2, 2062	3.85	3.80	120	(1)	119
				<b>\$ 950</b>	<b>\$ (117)</b>	<b>\$ 833</b>

- On July 15, 2022, the Corporation repaid \$256 million of long-term debt. The debt had a coupon rate of 8.94%, and an effective interest rate of 10.06%.
- The Corporation borrowed an additional \$191 million in short-term advances.
- The principal repayment of \$45 million of the Corporation's lease liabilities; \$1 million non-cash change in lease liabilities related to the termination of a building lease; and \$4 million in amortization of debt premiums net of discounts.

The Corporation's per cent debt ratio has increased from 71.9% as at March 31, 2022, to 74.7% as at March 31, 2023.

## Debt retirement funds

(in millions)	2022-23	2021-22
Balance, April 1	\$ 738	\$ 865
Debt retirement fund instalments	60	62
Debt retirement fund redemptions	(72)	(163)
Debt retirement fund earnings	8	15
Debt retirement fund realized market value losses	(7)	(1)
Debt retirement fund unrealized market value losses	(10)	(40)
<b>Balance, March 31</b>	<b>\$ 717</b>	<b>\$ 738</b>

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, 2023, SaskPower made \$60 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. The Corporation also redeemed \$72 million of debt retirement funds upon repayment of \$256 million of long-term debt which matured on July 15, 2022. Associated with the redemption of debt retirement funds, SaskPower realized \$7 million in market value losses which were recognized in finance charges. In addition, the Corporation earned \$8 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, \$10 million in unrealized market value losses were recognized through other comprehensive income in 2022-23.

## DIVIDENDS

SaskPower pays dividends to CIC based on the CIC Dividend Policy. During 2022-23, SaskPower paid \$3 million in dividends to CIC related to 2021-22. CIC determined that the Corporation will be required to pay a 30% dividend based on 2022-23 net income. However, given that SaskPower incurred a net loss in 2022-23, no dividend has been declared.

## CONTRACTUAL OBLIGATIONS

SaskPower has the following significant long-term contractual obligations as at March 31, 2023, which will impact cash flows in the following year and beyond:

(in millions)	1 year		2-5 years		More than 5 years	
Planned capital expenditures	\$	1,151	\$	5,045	\$	7,909
Power purchase agreements (PPAs) <sup>1</sup>		603		2,569		9,913
Long-term debt (including principal and interest)		425		1,445		10,311
Debt retirement fund instalments		67		266		1,027
Coal purchase contracts		210		451		62
Natural gas purchase contracts		128		132		4
Natural gas transportation and storage contracts		65		83		28

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.



### E.B. CAMPBELL HYDROELECTRIC STATION LIFE EXTENSION

**TOTAL COST:** \$300 MILLION

**IN-SERVICE:** 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 Hydroelectric Station has a net capacity of 289 MW.



### COTEAU CREEK HYDROELECTRIC STATION LIFE EXTENSION

**TOTAL COST:** \$64 MILLION

**IN-SERVICE:** 2025-26

This project is expected to extend the life of the Coteau Creek Hydroelectric Station 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.



### RURAL REBUILD AND IMPROVEMENT PROGRAM

**TOTAL COST:** \$30 - \$50 MILLION (ANNUALLY)    **IN-SERVICE:** ONGOING PROGRAM

The Rural Rebuild and Improvement Program is focused on the strategic replacement of Saskatchewan's 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.



### DEFECTIVE APPARATUS PROGRAM

**TOTAL COST:** \$10 - \$15 MILLION (ANNUALLY)    **IN-SERVICE:** ONGOING PROGRAM

The scope of this annual program is to replace failed or defective apparatus structures, such as transformers, to restore service to customers in a timely fashion.



### 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-kilovolt (kV) area within the City of Regina. The work includes the replacement of aging overhead and underground distribution facilities with new duct banks; cable vaults; cables; conductors; and smart grid and Supervisory Control and Data Acquisition (SCADA) devices.

## GROWTH, COMPLIANCE AND RESILIENCY INVESTMENTS

Growth, compliance and resiliency 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 is underway on a 377-MW natural gas-fired combined cycle generating station. The Great Plains Power Station will be located in Moose Jaw and is expected to be in service in 2024. This new power station will provide generation to replace retiring conventional coal plants and support the integration of renewable generation on the power grid.



### ERMINE AND YELLOWHEAD POWER STATIONS EXPANSION

**TOTAL COST:** \$379 MILLION

**IN-SERVICE:** 2025-26

This expansion project will add a 46-MW natural gas-fired simple cycle generation unit to each of the facilities at the Ermine and Yellowhead Power Stations. Construction is expected to begin in 2022-23 and will provide an additional 92 MW of power.



### PASQUA TO ROWATT TRANSMISSION LINE AND SWITCHING STATION

**TOTAL COST:** \$109 MILLION

**IN-SERVICE:** 2023-24

These projects include construction of a new switching station located south of Regina in Rowatt and the building of a new 230-kV transmission line from Moose Jaw to Rowatt. The building of this transmission infrastructure will support interconnection of renewable generation and the new Great Plains Power Station. It will also facilitate full generation dispatch from the southwest area of the province.



### BATTERY ENERGY STORAGE SYSTEM (BESS)

**TOTAL COST:** \$33 MILLION

**IN-SERVICE:** 2023-24

SaskPower has undertaken a project to install a 20 MW/20 MWh BESS at the Fleet Street substation located in Regina. This BESS will be used to provide back-up power to help balance the power system when demand spikes for short periods of time.

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
Great Plains Power Station	377	Natural gas	SaskPower	2024-25
Bekevar Wind Energy Facility	200	Wind	IPP	2024-25
Kopahawakenum Flare Gas to Power Facility	15	Flare Gas	IPP	2024-25
Foxtail Grove Solar Energy Facility	10	Solar	IPP	2024-25
Prairie Green Renewable Energy Gas Facility	47	Natural gas	IPP	2025-26
DEEP Geothermal Energy Facility	5	Geothermal	IPP	2026-27
Aspen Power Station	377	Natural gas	SaskPower	2027-28

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



### SASKATOON MAINTENANCE CENTRE REFURBISHMENT

**TOTAL COST:** \$63 MILLION

**IN-SERVICE:** 2027-28

The Saskatoon Maintenance Centre, purchased by SaskPower in 2003, was originally built in 1980 as a fibre optics plant. The building has a size of approximately 210,000 square feet and is the Corporation's second largest facility in the province. The facility requires upgrades to its mechanical and electrical components, mitigation of accessibility issues, and roof modifications to meet building code requirements.





# OUTLOOK

## 2023-24 BUDGET VS. 2022-23 ACTUAL RESULTS

The following chart outlines the 2023-24 budget as compared to SaskPower's 2022-23 actual results. These earnings expectations are subject to a number of variables, including: natural gas prices; coal and hydro availability; weather; economic conditions; number of customers; supply chain; and market conditions in other jurisdictions.

<i>(in millions)</i>	Budget 2023-24	Actual 2022-23	Change
<b>Revenue</b>			
Saskatchewan electricity sales	\$ 3,125	\$ 2,844	\$ 281
Exports and electricity trading	64	139	(75)
Other revenue	97	84	13
<b>Total revenue</b>	<b>3,286</b>	<b>3,067</b>	<b>219</b>
<b>Expense</b>			
Fuel and purchased power	1,318	1,283	35
Operating, maintenance and administration	796	792	4
Depreciation and amortization	612	597	15
Finance charges	406	406	-
Taxes	88	86	2
Other expenses	43	75	(32)
<b>Total expense</b>	<b>3,263</b>	<b>3,239</b>	<b>24</b>
<b>Net income (loss)</b>	<b>\$ 23</b>	<b>\$ (172)</b>	<b>\$ 195</b>
<b>Return on equity<sup>1</sup></b>	<b>0.8%</b>	<b>(6.3%)</b>	<b>7.1%</b>

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

SaskPower's net income is expected to be \$23 million in 2023-24, resulting in a return on equity of 0.8%.

Revenues are expected to increase \$219 million, primarily due to a \$281 million increase in Saskatchewan electricity sales as a result of a system average rate increase of 4.0% effective April 1, 2023, combined with a 1.8% projected increase in demand. These increases are expected to be partially offset by reduced exports and electricity trading activities.

The increase in revenue is expected to be partially offset by a \$24 million increase to expenses. Fuel and purchased power costs are expected to increase \$35 million largely due to a greater proportion of generation being sourced from renewable fuel sources; and higher generation volumes to meet increased customer demand, partially offset by decreased import and wind prices. Depreciation and amortization expense is also expected to increase as a result of additional capital expenditures. SaskPower invested \$1,047 million in capital in 2022-23, and an additional \$1,151 million is expected to be invested in 2023-24.

## 2023-24 CAPITAL EXPENDITURES

<i>(in millions)</i>	Budget 2023-24	Actual 2022-23	Change
Capital expenditures	\$ 1,151	\$ 1,047	\$ 104

SaskPower expects to continue to make substantial investments in its infrastructure over the next 10 years. Capital expenditures in 2023-24 are budgeted to be approximately \$1,151 million. This includes approximately \$517 million on sustainment activities; \$505 million in growth, compliance, and resiliency activities of which \$230 million relates to the construction of new generation assets and \$174 million to connect customers to the SaskPower electric system; and \$129 million on strategic and other investments.

## 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 31 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

<i>(in millions)</i>	March 31, 2023	March 31, 2022
Unbilled revenue receivable	\$ 81	\$ 78
Allowance for doubtful accounts	20	17
Allowance for obsolescence	19	16
Net risk management assets (liabilities)	(6)	24
Debt retirement funds	717	738
Decommissioning provisions	275	240
Environmental remediation liabilities	66	65
Defined benefit pension plan deficit	81	86

### Consolidated statement of (loss) income

<i>(in millions)</i>	2022-23	2021-22
Depreciation and amortization expense	\$ 597	\$ 612

### 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, 2023, total Saskatchewan electricity sales of \$2,844 million included \$81 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 and regulations.

## NET RISK MANAGEMENT ASSETS (LIABILITIES)

Net risk management assets (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 quoted market prices obtained from counterparties.

## 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.

## 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 at 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 82% of total assets recognized on SaskPower's statement of financial position as at March 31, 2023. 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 performed typically every five years, with annual reviews for reasonableness. Judgment has been used to determine the estimated useful lives and related accelerated depreciation for coal-fired generation 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.

## RECENT AND FUTURE ACCOUNTING POLICY CHANGES

The following amendments to existing International Financial Reporting Standards (IFRS) have been issued, however, are not yet effective for the year ended March 31, 2023, 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 International Accounting Standards (IAS) 1, *Presentation of Financial Statements*, classification of liabilities as current or non-current and *Making Materiality Judgements*, clarification on the definition of material in making decisions about accounting policy disclosures.
- Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, definition of accounting estimates.

# 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. Through the program, SaskPower's Board of Directors and Executive Members continue to identify and respond to developing and potential new risks. 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

Our company is challenged by regulatory requirements regarding emissions; changes to carbon tax pricing; early engagement with Indigenous and non-Indigenous communities; the need for new electricity supply; financial constraints; economic disruptors; evolving technologies; growing capital requirements; and the speed at which stakeholder and customers' expectations are changing. SaskPower annually identifies 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.

SaskPower's risk portfolio evolves over time, with significant shifts to focus on key emerging issues and priority initiatives. Our company regularly undertakes routine and non-routine projects as well as strategic initiatives to meet evolving regulatory requirements, customer demands, and load conditions. These projects and initiatives involve significant investment and require strategic risk management to support investment decision making.

## 1. ENVIRONMENTAL REGULATION

Our industry is challenged by 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 \$50/tonne of CO<sub>2</sub>e in 2022 to \$170/tonne of CO<sub>2</sub>e by 2030. Current federal regulations require the phase-out of conventional coal-fired generation by 2030. The federal government has also enacted emissions performance standards for new natural gas generation. In addition, the Corporation is subject to extensive provincial and municipal environmental regulations. Failure to comply with these regulations could result in fines or other penalties.

SaskPower is currently working on a supply plan that would increase generating capacity from renewable sources such as wind and solar; reduce SaskPower's greenhouse gas (GHG) emissions; and integrate emerging technologies (geothermal, biomass, flare gas, landfill gas, and battery storage). SaskPower has also implemented a Power Generation Partner Program to increase generation from renewable resources owned and operated by independent third parties. The Corporation is also moving forward in the development of a Climate Change Adaptation Plan which aligns with Electricity Canada's Climate Change Adaptation Planning Framework. SaskPower continues to prepare for future federal Clean Electricity Regulations and is working in conjunction with the provincial and federal governments to develop a plan for compliance with anticipated net-zero GHG requirements.

## 2. FINANCIAL SUSTAINABILITY

SaskPower's financial flexibility and capability are 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; natural gas hedging; 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 reliable and 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 maintaining 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 AND INDIGENOUS ENGAGEMENT

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.

SaskPower continues to facilitate engagement with customers, stakeholders and Indigenous rights holders 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 maintained, supported, protected and secured while enabling appropriate access and ensuring reliability, confidentiality, integrity and availability of associated systems and information. Demand for security capabilities will increase as threats evolve at an exponentially rapid rate.

SaskPower has established physical and cyber security controls to defend our servers, networks and data from attack, damage, or unauthorized use. Identity and access management controls restrict unauthorized access of data and malicious manipulation of data by external or internal actors. Data loss prevention techniques have been deployed to identify, monitor and prevent inappropriate sharing of sensitive and confidential information. System vulnerabilities are managed by hardening servers and encrypting mobile assets. SaskPower employees are equipped with various security awareness techniques and training to understand emerging phishing risks.



## 6. SAFETY OF EMPLOYEES AND CONTRACTORS

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. Partnerships are continuing 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 AND SUPPLY CHAIN

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. The Corporation 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 the company. All of these projects are competing for human resources as well as financial, operating, and capital resources.

Delay or quality of material may result in not delivering projects on schedule or within budget, therefore increasing 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; managing project risks through cross-functional risk committees; as well as comprehensive monitoring and reporting of project dependencies and outage scheduling.

## 8. INDUSTRY DISRUPTION

The Corporation is challenged by evolving disruptive forces which are significantly influenced by technology and innovation, as well as regulations. 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, and public expectations. 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.

The Corporation has strategies to define the path forward, including a distribution transformation 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 have been developed. Meanwhile, to support electric vehicle adoption in the province and to better understand this technology, the Corporation added electric vehicles to its own corporate fleet.

## 9. WORKFORCE MANAGEMENT

Over the next decade, the energy transition will change SaskPower's workforce by creating new critical employee segments that do not currently exist. The Corporation'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. The Corporation 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 the Corporation'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 intermittent renewables in the supply mix impacts system operability and has the potential to increase costs to integrate and maintain a reliable 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 study of small modular reactors using nuclear as a source fuel; as well as inter-tie capabilities with other provinces and states. Development of a diversified and flexible fuel portfolio includes strategies for renewables and low-emitting sources.

# CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

For the year ended March 31, 2023

## CONTENTS

58	Report of Management
59	Management's Report on Internal Control over Financial Reporting
60	Independent Auditor's Report

## CONSOLIDATED STATEMENTS OF

62	(Loss) income
63	Comprehensive (loss) income
64	Financial position
65	Changes in equity
66	Cash flows

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

67	1	Description of business
67	2	Basis of preparation
69	3	Significant accounting policies

## NOTES TO THE CONSOLIDATED STATEMENT OF (LOSS) INCOME

79	4	Saskatchewan electricity sales
79	5	Exports and electricity trading
79	6	Other revenue
80	7	Fuel and purchased power
80	8	Operating, maintenance and administration
80	9	Depreciation and amortization
81	10	Finance charges
81	11	Taxes
81	12	Other expenses

## NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

82	13	Inventory
83	14	Property, plant and equipment
84	15	Right-of-use assets
85	16	Intangible assets
86	17	Debt retirement funds
86	18	Deferred revenue
87	19	Short-term advances
87	20	Long-term debt
89	21	Lease liabilities
90	22	Provisions
91	23	Accumulated other comprehensive income
91	24	Equity advances

## OTHER RELATED NOTES

91	25	Financial instruments
93	26	Financial risk management
97	27	Capital management
98	28	Commitments and contingencies
98	29	Net change in non-cash working capital
99	30	Reconciliation of movements of assets (liabilities) to cash flows arising from financing activities
100	31	Related party transactions
100	32	Employee benefits

# 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 29, 2023. 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,



**Rupen Pandya**

President and Chief Executive Officer

May 29, 2023



**Troy King**

Executive Vice-President, Chief Strategy,

Technology and Financial Officer

# MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

I, Rupen Pandya, President and Chief Executive Officer of Saskatchewan Power Corporation, and I, Troy King, Executive Vice-President, Chief Strategy, Technology and 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, 2023.
- (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, 2023, 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,



**Rupen Pandya**

President and Chief Executive Officer  
May 29, 2023



**Troy King**

Executive Vice-President, Chief Strategy,  
Technology and 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, 2023, and the consolidated statements of (loss) income, comprehensive (loss) 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, 2023, 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. 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 29, 2023

Regina, Saskatchewan

# CONSOLIDATED STATEMENT OF (LOSS) INCOME

(in millions)

For the year ended March 31	Notes	2022-23	2021-22
<b>Revenue</b>			
Saskatchewan electricity sales	4	\$ 2,844	\$ 2,713
Exports and electricity trading	5	139	77
Other revenue	6	84	95
<b>Total revenue</b>		<b>3,067</b>	2,885
<b>Expense</b>			
Fuel and purchased power	7	1,283	1,033
Operating, maintenance and administration	8	792	711
Depreciation and amortization	9	597	612
Finance charges	10	406	401
Taxes	11	86	81
Other expenses	12	75	36
<b>Total expenses</b>		<b>3,239</b>	2,874
<b>Net (loss) income</b>		<b>\$ (172)</b>	\$ 11

See accompanying notes



# CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS) INCOME

(in millions)

For the year ended March 31	Notes	2022-23	2021-22
<b>Net (loss) income</b>		\$ (172)	\$ 11
<b>Other comprehensive (loss) income</b>			
Items that may be reclassified subsequently to net income:			
Derivatives designated as cash flow hedges:			
Natural gas hedges:			
Change in fair value during the period		(45)	57
Realized gains during the period		16	4
Reclassification to income		(16)	(4)
Bond forward hedges:			
Reclassification to income	10	1	1
Debt instruments designated as fair value through other comprehensive income (FVOCI):			
Change in fair value during the period	17	(10)	(40)
Realized losses during the period	17	(7)	(1)
Reclassification to income	10	7	1
Items that will not be reclassified to net income:			
Defined benefit pension plans:			
Net actuarial gains	32	8	81
		(46)	99
<b>Total comprehensive (loss) income</b>		\$ (218)	\$ 110

See accompanying notes

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions)

As at March 31	Notes	2023	2022
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 192	\$ 32
Accounts receivable and unbilled revenue		416	362
Inventory	13	320	293
Prepaid expenses		41	30
Risk management assets	25	20	37
		<b>989</b>	<b>754</b>
<b>Property, plant and equipment</b>	14	<b>10,621</b>	<b>10,133</b>
<b>Right-of-use assets</b>	15	<b>463</b>	<b>516</b>
<b>Intangible assets</b>	16	<b>72</b>	<b>77</b>
<b>Debt retirement funds</b>	17	<b>717</b>	<b>738</b>
<b>Other assets</b>		<b>16</b>	<b>11</b>
<b>Total assets</b>		<b>\$ 12,878</b>	<b>\$ 12,229</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 769	\$ 692
Accrued interest		72	60
Deferred revenue	18	44	22
Dividend payable		-	3
Risk management liabilities	25	26	13
Short-term advances	19	790	599
Current portion of long-term debt	20	150	256
Current portion of lease liabilities	21	54	45
		<b>1,905</b>	<b>1,690</b>
<b>Long-term debt</b>	20	<b>6,918</b>	<b>6,239</b>
<b>Lease liabilities</b>	21	<b>849</b>	<b>904</b>
<b>Employee benefits</b>	32	<b>123</b>	<b>131</b>
<b>Provisions</b>	22	<b>341</b>	<b>305</b>
<b>Total liabilities</b>		<b>10,136</b>	<b>9,269</b>
<b>Equity</b>			
Retained earnings		2,071	2,243
Accumulated other comprehensive income	23	78	124
Equity advances	24	593	593
<b>Total equity</b>		<b>2,742</b>	<b>2,960</b>
<b>Total liabilities and equity</b>		<b>\$ 12,878</b>	<b>\$ 12,229</b>

See accompanying notes

On behalf of the Board,



**Chief Darcy Bear**  
Chair



**Bryan Leverick**  
Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(in millions)</i>	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		
<b>Equity</b>						
Balance, April 1, 2021	\$ 2,235	\$ (12)	\$ (2)	\$ 39	\$ 593	\$ 2,853
Net income	11	-	-	-	-	11
Other comprehensive income (loss)	-	58	(40)	81	-	99
Dividends	(3)	-	-	-	-	(3)
<b>Balance, March 31, 2022</b>	<b>\$ 2,243</b>	<b>\$ 46</b>	<b>\$ (42)</b>	<b>\$ 120</b>	<b>\$ 593</b>	<b>\$ 2,960</b>
Net loss	(172)	-	-	-	-	(172)
Other comprehensive (loss) income	-	(44)	(10)	8	-	(46)
Dividends	-	-	-	-	-	-
<b>Balance, March 31, 2023</b>	<b>\$ 2,071</b>	<b>\$ 2</b>	<b>\$ (52)</b>	<b>\$ 128</b>	<b>\$ 593</b>	<b>\$ 2,742</b>

See accompanying notes

# CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions)

For the year ended March 31	Notes	2022-23	2021-22
<b>Operating activities</b>			
<b>Net (loss) income</b>		\$ (172)	\$ 11
<b>Adjustments to reconcile net income to cash provided by operating activities</b>			
Depreciation and amortization	9	597	612
Finance charges	10	406	401
Net losses on asset disposals and retirements	12	25	26
Unrealized market value adjustments		(2)	-
Reclassification of natural gas hedges transitional market value losses		(13)	(17)
Allowance for obsolescence		3	1
Natural gas inventory market revaluation		3	(3)
Net employee benefits paid		(4)	(4)
Environmental expenditures net of provisions		22	(10)
<b>Net change in non-cash working capital</b>	29	865	1,017
<b>Interest paid</b>		(416)	(425)
<b>Cash provided by operating activities</b>		445	738
<b>Investing activities</b>			
Property, plant and equipment additions		(996)	(876)
Intangible assets additions	16	(21)	(36)
Proceeds from sale and disposal of assets		16	8
Costs of removal of assets		(16)	(8)
<b>Cash used in investing activities</b>		(1,017)	(912)
<b>Decrease in cash before financing activities</b>		(572)	(174)
<b>Financing activities</b>			
Net proceeds from short-term advances		191	300
Proceeds from long-term debt	20	833	-
Repayments of long-term debt	20	(256)	(240)
Debt retirement fund instalments	17	(60)	(62)
Debt retirement fund redemptions	17	72	163
Principal repayment of lease liabilities		(45)	(36)
Dividends paid		(3)	(17)
<b>Cash provided by financing activities</b>		732	108
<b>Increase (decrease) in cash</b>		160	(66)
<b>Cash and cash equivalents, beginning of year</b>		32	98
<b>Cash and cash equivalents, end of year</b>		\$ 192	\$ 32

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 29, 2023.

### (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 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 4).

**(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 6).

**(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 represents the expected credit losses on trade receivables which is based on a percentage of accounts outstanding (Notes: 3(m)(v) and 26).

**(iv) Inventory**

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

**(v) Property, plant and equipment and intangible assets**

Estimation and judgment are involved in determining the useful lives, related depreciation and amortization and accumulated depreciation and amortization of property, plant and equipment and intangible assets. Estimated useful lives are determined based upon manufacturer's guidance on asset life, SaskPower's past experience with similar assets, industry averages, as well as expectations about future events that could impact the life of the asset. Estimated useful lives are reviewed annually to ensure their reasonableness (Notes: 3(c), 3(d), 3(e), 9, 14 and 16).

Judgment has been used to determine the estimated useful lives and related accelerated depreciation for coal-fired generation 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), 15 and 21).

**(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 22).

**(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 25).

**(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 32).

**(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, 2023, have not been applied in preparing these consolidated financial statements. In particular, the Corporation is reviewing the following amended standards and interpretations:

- Amendments to IAS 1, *Presentation of Financial Statements*
- Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*

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.

**(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 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 December 31, 2026.

**(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 Alberta natural gas market price. 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 and regulations. Maintenance materials and supplies are charged to inventory when purchased and expensed or capitalized when used. Natural gas, coal and other fuel inventory are charged to inventory when purchased and expensed as consumed or sold (Note 13).

**(c) Property, plant and equipment**

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

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

When property, plant and equipment are disposed of or retired, the related 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 12).

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 15). The corresponding liability is recorded as a lease liability (Note 21).

**(d) Depreciation**

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

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



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

Asset class	Estimated useful lives (years)
Generation	3-110
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 9).

**(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. Software development costs are capitalized when it is probable that the expected future economic benefits attributable to the asset will flow to the Corporation and the cost can be measured reliably (Note 16). Certain implementation costs relating to cloud computing arrangements and maintenance of existing software programs that do not meet the capitalization criteria are expensed as incurred in operating, maintenance and administration (OM&A) expense.

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 9).

**(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.

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.

As at March 31, 2023, the Corporation determined that there were no impairment losses or reversal of impairment losses to be recognized related to its long-lived assets.

**(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: 12 and 22).

**(ii) Environmental remediation**

A provision for environmental remediation is accrued when the occurrence of an environmental expenditure, related to present or past activities of the Corporation, is considered probable and the costs of remedial activities can be reasonably estimated. The fair value of the estimated costs for investigations and remediation at identified sites is recorded as a provision in profit or loss as other expenses. These provisions are based on management's best estimate considering current environmental laws and regulations and are recorded at fair value. The Corporation reviews its estimates of future environmental expenditures on an ongoing basis. Changes in the estimated timing and amount of future cash flows are recognized in profit or loss as other expenses (Notes: 12 and 22).

**(h) Revenue recognition**

The majority of the Corporation's revenue from contracts with customers is 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 4).

**(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 revenue is 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 (Note 5).

**(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 6).

**(iv) Other**

Other revenue includes fly ash and carbon dioxide (CO<sub>2</sub>) sales which are recorded upon delivery of the related good or service (Note 6).

**(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 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 10).

Finance income is comprised of earnings on debt retirement funds and interest. Finance income is recognized in profit or loss as earned (Note 10).

**(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. Revenue 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.

**(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: 9 and 15).

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: 10 and 21).

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 25).

All financial instruments are measured at fair value on initial recognition and recorded on the consolidated statement of financial position. Financial assets and liabilities are offset and the net amount 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 costs 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 retirement 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 25). 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, 2023, the Corporation does not have any outstanding contracts or financial instruments with embedded derivatives that are required to be valued separately.

**(iv) Fair value**

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

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

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

Natural gas and electricity contract fair values are determined using independent pricing information from external market providers. 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. As at March 31, 2023, 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 26).

**(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 32).

**(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 32).

**(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 32).



#### NOTE 4 SASKATCHEWAN ELECTRICITY SALES

<i>(in millions)</i>	2022-23	2021-22
Residential	\$ 606	\$ 595
Farm	185	178
Commercial	528	504
Oilfield	440	416
Power	815	777
Reseller	99	98
Federal carbon charge collected	171	145
	<b>\$ 2,844</b>	<b>\$ 2,713</b>

#### NOTE 5 EXPORTS AND ELECTRICITY TRADING

<i>(in millions)</i>	2022-23	2021-22
Exports	\$ 139	\$ 77
Electricity trading	-	-
	<b>\$ 139</b>	<b>\$ 77</b>

#### NOTE 6 OTHER REVENUE

<i>(in millions)</i>	2022-23	2021-22
Customer contributions	\$ 46	\$ 62
Fly ash sales	11	11
Late payment charges	8	7
Joint use charge	4	6
Custom work	4	3
CO <sub>2</sub> sales (shortfall)	2	(4)
Miscellaneous revenue	9	10
	<b>\$ 84</b>	<b>\$ 95</b>

## NOTE 7 FUEL AND PURCHASED POWER

<i>(in millions)</i>	2022-23	2021-22
Gas	\$ 449	\$ 397
Coal	318	280
Imports	163	81
Wind	93	63
Hydro	20	18
Solar	5	1
Other	25	16
Federal carbon charge	210	177
	<b>\$ 1,283</b>	<b>\$ 1,033</b>

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, solar and other includes the cost of electricity obtained through PPA facilities, small independent power producers, and the cost of demand response programs.

## NOTE 8 OPERATING, MAINTENANCE AND ADMINISTRATION

<i>(in millions)</i>	Notes	2022-23	2021-22
Salaries and benefits		\$ 365	\$ 346
Employee long-term benefits	32	31	30
External services		265	234
Materials and supplies		49	37
Other		82	64
		<b>\$ 792</b>	<b>\$ 711</b>

## NOTE 9 DEPRECIATION AND AMORTIZATION

<i>(in millions)</i>	Notes	2022-23	2021-22
Depreciation of property, plant and equipment	14	\$ 519	\$ 533
Depreciation of right-of-use assets	15	52	52
Amortization of intangible assets	16	26	27
		<b>\$ 597</b>	<b>\$ 612</b>

## NOTE 10 FINANCE CHARGES

<i>(in millions)</i>	Notes	2022-23	2021-22
<b>Finance expense</b>			
Interest on long-term debt		\$ 270	\$ 284
Interest on lease liabilities		141	136
Interest on short-term advances		20	1
Net interest on employee benefit plans	32	4	8
Interest on provisions	22	8	7
Other interest and charges		1	1
		<b>444</b>	<b>437</b>
Less: interest capitalized		<b>(30)</b>	<b>(16)</b>
amortization of debt premiums net of discounts	20	<b>(4)</b>	<b>(6)</b>
amortization of bond forward agreements net losses		<b>1</b>	<b>1</b>
		<b>411</b>	<b>416</b>
<b>Finance income</b>			
Debt retirement fund earnings	17	<b>(8)</b>	<b>(15)</b>
Debt retirement fund realized market value losses	17	<b>7</b>	<b>1</b>
Interest income		<b>(4)</b>	<b>(1)</b>
		<b>(5)</b>	<b>(15)</b>
		<b>\$ 406</b>	<b>\$ 401</b>

## NOTE 11 TAXES

<i>(in millions)</i>	2022-23	2021-22
Saskatchewan corporate capital tax	\$ 54	\$ 51
Grants-in-lieu of taxes	31	30
Miscellaneous tax expense	1	-
	<b>\$ 86</b>	<b>\$ 81</b>

## NOTE 12 OTHER EXPENSES

<i>(in millions)</i>	Notes	2022-23	2021-22
Net losses on asset disposals and retirements		\$ 25	\$ 26
Settlement claims <sup>1</sup>		16	-
Decommissioning and environmental remediation provisions	22	23	(2)
Other environmental costs		5	5
Inventory variance adjustments		6	7
		<b>\$ 75</b>	<b>\$ 36</b>

1. In March 2023, the Corporation received an unfavourable ruling from an arbitral panel in relation to a contractual dispute comprised of a \$26 million cash settlement amount owing relating to fiscal 2019 to 2022. The payment owing is recognized in the settlement claims amount shown above, offset by other insurance claims. The settlement has resulted in the recognition of an onerous contract provision for the unavoidable costs of fulfilling the contract.

## NOTE 13 INVENTORY

<i>(in millions)</i>	March 31, 2023	March 31, 2022
Maintenance materials and supplies	\$ 319	\$ 284
Allowance for obsolescence	(19)	(16)
	300	268
Natural gas	9	13
Coal	12	10
Other fuel	2	2
	323	293
Natural gas market revaluation	(3)	-
	\$ 320	\$ 293

<i>(in millions)</i>	2022-23	2021-22
Inventory consumed during the period:		
Maintenance material and supplies	\$ 264	\$ 249
Natural gas	276	246
Coal	208	196
Other fuel	4	2
	\$ 752	\$ 693

<i>(in millions)</i>	Allowance for obsolescence
Balance, April 1, 2021	\$ 15
Provision for obsolete inventory	7
Inventory disposals and/or write-downs	(6)
<b>Balance, March 31, 2022</b>	\$ 16
Provision for obsolete inventory	5
Inventory disposals and/or write-downs	(2)
<b>Balance, March 31, 2023</b>	\$ 19

## NOTE 14 PROPERTY, PLANT AND EQUIPMENT

<i>(in millions)</i>	Generation	Transmission	Distribution	Other	Construction in progress	Total
<b>Cost or deemed cost</b>						
Balance, April 1, 2021	\$ 7,659	\$ 2,871	\$ 4,682	\$ 1,030	\$ 386	\$ 16,628
Additions	149	125	255	93	922	1,544
Disposals and/or retirements	(24)	(5)	(43)	(21)	-	(93)
Transfers/adjustments	(15)	-	-	(1)	(652)	(668)
<b>Balance, March 31, 2022</b>	<b>\$ 7,769</b>	<b>\$ 2,991</b>	<b>\$ 4,894</b>	<b>\$ 1,101</b>	<b>\$ 656</b>	<b>\$ 17,411</b>
Additions	99	99	301	66	1,047	1,612
Disposals and/or retirements	(30)	(6)	(69)	(18)	-	(123)
Transfers/adjustments	5	-	-	1	(586)	(580)
<b>Balance, March 31, 2023</b>	<b>\$ 7,843</b>	<b>\$ 3,084</b>	<b>\$ 5,126</b>	<b>\$ 1,150</b>	<b>\$ 1,117</b>	<b>\$ 18,320</b>

<b>Accumulated depreciation</b>						
Balance, April 1, 2021	\$ 3,623	\$ 794	\$ 1,901	\$ 494	\$ -	\$ 6,812
Depreciation expense	277	70	134	52	-	533
Disposals and/or retirements	(17)	(2)	(37)	(11)	-	(67)
Transfers/adjustments	-	-	-	-	-	-
<b>Balance, March 31, 2022</b>	<b>\$ 3,883</b>	<b>\$ 862</b>	<b>\$ 1,998</b>	<b>\$ 535</b>	<b>\$ -</b>	<b>\$ 7,278</b>
Depreciation expense	256	73	138	52	-	519
Disposals and/or retirements	(22)	(4)	(59)	(13)	-	(98)
Transfers/adjustments	-	-	-	-	-	-
<b>Balance, March 31, 2023</b>	<b>\$ 4,117</b>	<b>\$ 931</b>	<b>\$ 2,077</b>	<b>\$ 574</b>	<b>\$ -</b>	<b>\$ 7,699</b>

<b>Net book value</b>						
<b>Balance, April 1, 2021</b>	<b>\$ 4,036</b>	<b>\$ 2,077</b>	<b>\$ 2,781</b>	<b>\$ 536</b>	<b>\$ 386</b>	<b>\$ 9,816</b>
<b>Balance, March 31, 2022</b>	<b>\$ 3,886</b>	<b>\$ 2,129</b>	<b>\$ 2,896</b>	<b>\$ 566</b>	<b>\$ 656</b>	<b>\$ 10,133</b>
<b>Balance, March 31, 2023</b>	<b>\$ 3,726</b>	<b>\$ 2,153</b>	<b>\$ 3,049</b>	<b>\$ 576</b>	<b>\$ 1,117</b>	<b>\$ 10,621</b>

For the year ended March 31, 2023, \$30 million (2021-22 – \$16 million) of interest costs were capitalized at the weighted average cost of borrowings rate of 3.90% (2021-22 – 4.00%).

## NOTE 15 RIGHT-OF-USE ASSETS

<i>(in millions)</i>	Power purchase agreements	Buildings	Land	Total
<b>Cost</b>				
Balance, April 1, 2021	\$ 1,017	\$ 15	\$ 7	\$ 1,039
Additions	-	3	-	3
Terminations and/or modifications	-	(2)	-	(2)
<b>Balance, March 31, 2022</b>	<b>\$ 1,017</b>	<b>\$ 16</b>	<b>\$ 7</b>	<b>\$ 1,040</b>
Additions	-	-	-	-
Terminations and/or modifications	-	(4)	-	(4)
<b>Balance, March 31, 2023</b>	<b>\$ 1,017</b>	<b>\$ 12</b>	<b>\$ 7</b>	<b>\$ 1,036</b>
<b>Accumulated depreciation</b>				
Balance, April 1, 2021	\$ 467	\$ 6	\$ 1	\$ 474
Depreciation expense	48	3	1	52
Terminations and/or modifications	-	(2)	-	(2)
<b>Balance, March 31, 2022</b>	<b>\$ 515</b>	<b>\$ 7</b>	<b>\$ 2</b>	<b>\$ 524</b>
Depreciation expense	48	3	1	52
Terminations and/or modifications	-	(3)	-	(3)
<b>Balance, March 31, 2023</b>	<b>\$ 563</b>	<b>\$ 7</b>	<b>\$ 3</b>	<b>\$ 573</b>
<b>Net book value</b>				
Balance, April 1, 2021	\$ 550	\$ 9	\$ 6	\$ 565
<b>Balance, March 31, 2022</b>	<b>\$ 502</b>	<b>\$ 9</b>	<b>\$ 5</b>	<b>\$ 516</b>
<b>Balance, March 31, 2023</b>	<b>\$ 454</b>	<b>\$ 5</b>	<b>\$ 4</b>	<b>\$ 463</b>

## NOTE 16 INTANGIBLE ASSETS

(in millions)	Software
<b>Cost</b>	
Balance, April 1, 2021	\$ 358
Additions	36
Disposals and/or retirements	-
Transfers	-
<b>Balance, March 31, 2022</b>	<b>\$ 394</b>
Additions	21
Disposals and/or retirements	(3)
Transfers	-
<b>Balance, March 31, 2023</b>	<b>\$ 412</b>
<b>Accumulated amortization</b>	
Balance, April 1, 2021	\$ 290
Amortization expense	27
Disposals and/or retirements	-
Transfers	-
<b>Balance, March 31, 2022</b>	<b>\$ 317</b>
Amortization expense	26
Disposals and/or retirements	(3)
Transfers	-
<b>Balance, March 31, 2023</b>	<b>\$ 340</b>
<b>Net book value</b>	
<b>Balance, April 1, 2021</b>	<b>\$ 68</b>
<b>Balance, March 31, 2022</b>	<b>\$ 77</b>
<b>Balance, March 31, 2023</b>	<b>\$ 72</b>

## NOTE 17 DEBT RETIREMENT FUNDS

<i>(in millions)</i>	
Balance, April 1, 2021	\$ 865
Debt retirement fund instalments	62
Debt retirement fund redemptions	(163)
Debt retirement fund earnings	15
Debt retirement fund realized market value losses	(1)
Debt retirement fund unrealized market value losses	(40)
<b>Balance, March 31, 2022</b>	<b>\$ 738</b>
Debt retirement fund instalments	60
Debt retirement fund redemptions	(72)
Debt retirement fund earnings	8
Debt retirement fund realized market value losses	(7)
Debt retirement fund unrealized market value losses	(10)
<b>Balance, March 31, 2023</b>	<b>\$ 717</b>

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 the face value of certain debt outstanding. As at March 31, 2023, scheduled debt retirement fund instalments for the next five years are as follows:

<i>(in millions)</i>	2023-24	2024-25	2025-26	2026-27	2027-28
Debt retirement fund instalments	\$ 67	\$ 67	\$ 67	\$ 66	\$ 66

## NOTE 18 DEFERRED REVENUE

<i>(in millions)</i>	
Balance, April 1, 2021	\$ 22
Additions	12
Recognized in revenue	(12)
<b>Balance, March 31, 2022</b>	<b>\$ 22</b>
Additions	32
Recognized in revenue	(10)
<b>Balance, March 31, 2023</b>	<b>\$ 44</b>

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 19 SHORT-TERM ADVANCES

<i>(in millions)</i>	<b>March 31, 2023</b>	March 31, 2022
Short-term advances	<b>\$ 790</b>	\$ 599

The short-term advances are due to the Government of Saskatchewan's General Revenue Fund. As at March 31, 2023, the advances have interest rates ranging from 4.361% to 4.620% and mature between April 4, 2023, and July 11, 2023. As at March 31, 2022, the advances had interest rates ranging from 0.145% to 0.849% and matured between April 5, 2022, and July 26, 2022.

## NOTE 20 LONG-TERM DEBT

<i>(in millions)</i>	
Balance, April 1, 2021	\$ 6,741
Long-term debt issues	-
Long-term debt repayments	(240)
Amortization of debt premiums net of discounts	(6)
<b>Balance, March 31, 2022</b>	<b>\$ 6,495</b>
Long-term debt issues	833
Long-term debt repayments	(256)
Amortization of debt premiums net of discounts	(4)
	<b>\$ 7,068</b>
Less: current portion of long-term debt	(150)
<b>Balance, March 31, 2023</b>	<b>\$ 6,918</b>

As at March 31, 2023, scheduled principal debt retirement requirements for the next five years are as follows:

<i>(in millions)</i>	2023-24	2024-25	2025-26	2026-27	2027-28
Long-term debt repayments	\$ 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 the face value of certain debt outstanding (Note 17).

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
April 1, 2020	April 1, 2023	Floating	CDOR <sup>1</sup>	\$ 150	\$ -	\$ 150
April 8, 2020	June 3, 2024	1.79	3.20	200	3	203
May 30, 1995	May 30, 2025	8.82	8.75	100	-	100
July 27, 2020	September 2, 2025	0.93	0.80	100	-	100
June 14, 2019	December 2, 2028	2.34	3.05	175	7	182
June 25, 2020	June 2, 2030	1.53	2.20	100	5	105
November 4, 2022	June 2, 2031	4.18	4.18	350	-	350
August 8, 2001	September 5, 2031	6.49	6.40	200	(1)	199
January 15, 2003	September 5, 2031	5.91	6.40	100	3	103
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	11	211
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	14	214
February 13, 2015	June 2, 2045	2.73	3.90	200	39	239
June 2, 2015	December 2, 2046	3.15	2.75	200	(13)	187
October 26, 2015	December 2, 2046	3.43	2.75	200	(22)	178
January 28, 2016	December 2, 2046	3.34	2.75	200	(19)	181
July 19, 2016	December 2, 2046	2.85	2.75	150	(3)	147
October 20, 2016	December 2, 2046	3.00	2.75	200	(8)	192
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	8	158
May 12, 2022	December 2, 2052	4.09	2.80	180	(40)	140
June 23, 2022	December 2, 2052	4.29	2.80	300	(75)	225
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
January 18, 2023	June 2, 2062	3.85	3.80	120	(1)	119
				<b>\$ 7,150</b>	<b>\$ (82)</b>	<b>\$ 7,068</b>

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 21 LEASE LIABILITIES

(in millions)	March 31, 2023	March 31, 2022
Total future minimum lease payments	\$ 1,817	\$ 2,001
Less: future finance charges on leases	(914)	(1,052)
Present value of lease liabilities	903	949
Less: current portion of lease liabilities	(54)	(45)
	<b>\$ 849</b>	<b>\$ 904</b>

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 15.02% (2021-22 – 14.98%) based on the rate implicit in these agreements, while the weighted average discount rate applied to land and building leases is 2.64% (2021-22 – 2.31%) based on the Corporation's incremental borrowing rate.

As at March 31, 2023, 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	\$ 186	\$ 657	\$ 974
Present value of lease liabilities	54	204	645

## NOTE 22 PROVISIONS

<i>(in millions)</i>	Decommissioning	Environmental remediation	Total
Balance, April 1, 2021	\$ 257	\$ 67	\$ 324
Charged to income:			
New obligations	2	-	2
Change in assumptions	(4)	-	(4)
Interest	7	-	7
Capitalized to property, plant and equipment:			
New obligations	1	-	1
Change in assumptions	(17)	-	(17)
Settled during the period	(6)	(2)	(8)
<b>Balance, March 31, 2022</b>	<b>\$ 240</b>	<b>\$ 65</b>	<b>\$ 305</b>
Charged to income:			
New obligations	27	1	28
Change in assumptions	(5)	-	(5)
Interest	8	-	8
Capitalized to property, plant and equipment:			
New obligations	41	-	41
Change in assumptions	(35)	-	(35)
Settled during the period	(1)	-	(1)
<b>Balance, March 31, 2023</b>	<b>\$ 275</b>	<b>\$ 66</b>	<b>\$ 341</b>

### Assumptions

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

	March 31, 2023	March 31, 2022
Discount rate, end of period	3.36 - 4.14%	2.72 - 3.28%
Long-term inflation rate	2.00%	2.00%
Undiscounted cash flows (in millions)	\$ 523	\$ 434

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 2023-24 and 2052-53. No funds have been set aside by the Corporation to settle the decommissioning provisions.

### Sensitivity of assumptions

Sensitivity of provisions to changes in the discount rate and inflation rate on the recorded liability as at March 31, 2023, is as follows:

<i>(in millions)</i>	Decommissioning provisions	
	0.5% increase	0.5% decrease
Discount rate	\$ (19)	\$ 21
Inflation rate	26	(24)

## NOTE 23 ACCUMULATED OTHER COMPREHENSIVE INCOME

<i>(in millions)</i>	March 31, 2023	March 31, 2022
Realized losses on derivatives designated as cash flow hedges	\$ (9)	\$ (10)
Unrealized gains on derivatives designated as cash flow hedges	11	56
Unrealized losses on debt instruments designated as FVOCI	(52)	(42)
Actuarial gains on defined benefit pension plans	128	120
	<b>\$ 78</b>	<b>\$ 124</b>

## NOTE 24 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.

## NOTE 25 FINANCIAL INSTRUMENTS

<i>(in millions)</i>	Classification	Level <sup>4</sup>	March 31, 2023		March 31, 2022	
			Asset (liability)		Asset (liability)	
			Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>						
Cash and cash equivalents	FVTPL <sup>1</sup>	1	\$ 192	\$ 192	\$ 32	\$ 32
Accounts receivable and unbilled revenue	AC <sup>2</sup>	N/A	416	416	362	362
Debt retirement funds	FVOCI - debt instrument <sup>3</sup>	2	717	717	738	738
Other assets - long-term receivables	AC <sup>2</sup>	N/A	-	-	1	1
<b>Financial liabilities</b>						
Accounts payable and accrued liabilities	AC <sup>2</sup>	N/A	\$ (769)	\$ (769)	\$ (692)	\$ (692)
Accrued interest	AC <sup>2</sup>	N/A	(72)	(72)	(60)	(60)
Dividend payable	AC <sup>2</sup>	N/A	-	-	(3)	(3)
Short-term advances	AC <sup>2</sup>	N/A	(790)	(790)	(599)	(599)
Long-term debt	AC <sup>2</sup>	2	(7,068)	(6,867)	(6,495)	(6,892)

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 <sup>2</sup>	March 31, 2023		March 31, 2022	
			Asset	(Liability)	Asset	(Liability)
<b>Natural gas contracts</b>						
Fixed price swap instruments used for hedging <sup>3</sup>	FVTPL <sup>1</sup>	2	\$ 18	\$ (25)	\$ 37	\$ (12)
Fixed price swap instruments	FVTPL <sup>1</sup>	2	2	(1)	-	(1)
			\$ 20	\$ (26)	\$ 37	\$ (13)

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. 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).

## 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, 2023, 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
<b>Natural gas hedges</b>			
Total outstanding gigajoules (GJ) (millions)	14	19	-
Net exposure - gain (loss) (millions)	\$ (16)	\$ 9	\$ -
Weighted average hedged price per GJ	\$ 3.90	\$ 3.26	\$ -
Weighted average forward market price per GJ	\$ 2.76	\$ 3.79	\$ -

## NOTE 26 FINANCIAL RISK MANAGEMENT

### Market risk

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

#### (a) Commodity prices

##### Natural gas contracts

The Corporation is exposed to natural gas price risk through natural gas purchased for its natural gas-fired power plants and through certain PPAs that have a cost component based on the market price of natural gas. As at March 31, 2023, the Corporation had entered into financial and physical natural gas contracts to price manage approximately 50% of its budgeted natural gas exposures for 2023-24, 46% for 2024-25, 30% for 2025-26, 15% for 2026-27, 4% for 2027-28, and 2% for 2028-29.

Based on the Corporation's March 31, 2023, 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 \$31 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, 2023.

##### 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, 2023, 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, 2023, SaskPower had \$790 million in short-term advances. If interest rates were to increase by 100 basis points, this would result in approximately a \$8 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, 2023, SaskPower had \$717 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 \$60 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, 2023, 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, 2023, is limited to the fair value of the financial assets recognized.

<i>(in millions)</i>	March 31, 2023	March 31, 2022
<b>Financial assets</b>		
Cash and cash equivalents	\$ 192	\$ 32
Accounts receivable and unbilled revenue	416	362
Risk management assets	20	37
Debt retirement funds	717	738
Other assets – long-term receivables	-	1
	<b>\$ 1,345</b>	<b>\$ 1,170</b>



- (a) As at March 31, 2023, SaskPower had \$192 million in cash and cash equivalents. These funds are held at a large Canadian bank with a strong credit rating and, as such, the credit risk associated with cash and cash equivalents is considered low.
- (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, 2023:

<i>(in millions)</i>	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 368	0.3%	\$ 1
30 to 59 days	9	5.0%	-
60 to 89 days	4	10.0%	-
90 to 179 days	6	20.0%	1
180 to 364 days	8	30.0%	2
365 days and greater	21	75.0% - 100.0%	16
	\$ 416		\$ 20
Miscellaneous and other receivables	20	0.0%	-
	<b>\$ 436</b>		<b>\$ 20</b>

Loss rates are based on actual credit loss past experience 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.

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

<i>(in millions)</i>	Allowance for doubtful accounts
Balance, April 1, 2021	\$ 17
Amounts written off	(1)
Net remeasurement of loss allowance	1
<b>Balance, March 31, 2022</b>	<b>\$ 17</b>
Amounts written off	(3)
Net remeasurement of loss allowance	6
<b>Balance, March 31, 2023</b>	<b>\$ 20</b>

- (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, 2023, 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, 2023, 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, 2023:

<i>(in millions)</i>	Carrying amount	Contractual cash flows	Contractual cash flows					
			0-6 months	7-12 months	2 years	3-5 years	More than 5 years	
<b>Financial liabilities</b>								
Accounts payable and accrued liabilities	\$ 769	\$ 769	\$ 769	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued interest	72	72	72	-	-	-	-	-
Risk management liabilities	26	26	26	-	-	-	-	-
Short-term advances	790	790	790	-	-	-	-	-
Long-term debt (principal and interest)	7,068	12,113	221	136	470	975	10,311	
	<b>\$ 8,725</b>	<b>\$ 13,770</b>	<b>\$ 1,878</b>	<b>\$ 136</b>	<b>\$ 470</b>	<b>\$ 975</b>	<b>\$ 10,311</b>	

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

## NOTE 27 CAPITAL MANAGEMENT

The Corporation's objective when managing capital is to ensure adequate capital to support the operations and growth strategies of the Corporation. SaskPower raises most of its capital through internal operating activities and through funds obtained by borrowing from the Government of Saskatchewan Ministry of Finance. This type of borrowing allows the Corporation to take advantage of the Government of Saskatchewan's strong credit rating. *The Power Corporation Act* provides SaskPower with the authority to have outstanding borrowings of up to \$10 billion, which includes \$2 billion that may be borrowed by way of temporary loans. Temporary loans include short-term borrowings through the Government of Saskatchewan as well as borrowings made under the \$50 million credit facility provided by a financial institution.

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:

<b>(in millions)</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Long-term debt	\$ 7,068	\$ 6,495
Short-term advances	790	599
Lease liabilities	903	949
<b>Total debt</b>	<b>8,761</b>	<b>8,043</b>
Debt retirement funds	717	738
Cash and cash equivalents	192	32
<b>Total net debt</b>	<b>\$ 7,852</b>	<b>\$ 7,273</b>
Retained earnings	2,071	2,243
Equity advances	593	593
<b>Total capital</b>	<b>\$ 10,516</b>	<b>\$ 10,109</b>
<b>Per cent debt ratio</b>	<b>74.7%</b>	<b>71.9%</b>

## NOTE 28 COMMITMENTS AND CONTINGENCIES

<i>(in millions)</i>	2023-24	2024-25	2025-26	2026-27	2027-28	Thereafter
Planned capital expenditures	\$ 1,151	\$ 1,316	\$ 1,313	\$ 1,303	\$ 1,113	\$ 7,909
Power purchase agreements (PPAs) <sup>1</sup>	603	660	625	638	646	9,913
Coal purchase contracts	210	215	77	79	80	62
Natural gas purchase contracts <sup>2</sup>	128	67	38	18	9	4
Natural gas transportation and storage contracts	65	36	19	14	14	28
Letters of credit	12	-	-	-	-	-

1. The amounts reflected include all PPAs including those agreements determined to contain a lease, operating agreements and long-term import agreements.

2. Includes fixed price forward contracts of \$249 million which apply for the own-use scope exemption.

The commitments listed above have maturity dates ranging from fiscal 2023-24 to 2052-53.

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

## NOTE 29 NET CHANGE IN NON-CASH WORKING CAPITAL

<i>(in millions)</i>	2022-23	2021-22
Accounts receivable and unbilled revenue	\$ (54)	\$ 71
Inventory	(33)	(40)
Prepaid expenses	(11)	(7)
Other assets	(5)	(3)
Accounts payable and accrued liabilities	77	125
Deferred revenue	22	-
	\$ (4)	\$ 146

**NOTE 30 RECONCILIATION OF MOVEMENTS OF ASSETS (LIABILITIES) TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES**

<i>(in millions)</i>	Debt retirement funds	Short-term advances	Long-term debt	Lease liabilities	Total
<b>Balance as at April 1, 2021</b>	\$ 865	\$ (299)	\$ (6,741)	\$ (982)	\$ (7,157)
Changes from financing cash flows:					
Proceeds from short-term advances	-	(300)	-	-	(300)
Proceeds from long-term debt	-	-	-	-	-
Repayments of long-term debt	-	-	240	-	240
Debt retirement fund instalments	62	-	-	-	62
Debt retirement fund redemptions	(163)	-	-	-	(163)
Principal repayment of lease liabilities	-	-	-	36	36
<b>Total changes from financing cash flows</b>	(101)	(300)	240	36	(125)
Changes in fair value	(40)	-	-	-	(40)
Other changes:					
Capitalized borrowing costs	-	-	16	-	16
Interest income (expense)	14	(1)	(284)	(136)	(407)
Interest paid	-	1	288	136	425
Non-cash transactions	-	-	(14)	(3)	(17)
<b>Total other changes</b>	(26)	-	6	(3)	(23)
<b>Balance as at March 31, 2022</b>	\$ 738	\$ (599)	\$ (6,495)	\$ (949)	\$ (7,305)
Changes from financing cash flows:					
Proceeds from short-term advances	-	(191)	-	-	(191)
Proceeds from long-term debt	-	-	(833)	-	(833)
Repayments of long-term debt	-	-	256	-	256
Debt retirement fund instalments	60	-	-	-	60
Debt retirement fund redemptions	(72)	-	-	-	(72)
Principal repayment of lease liabilities	-	-	-	45	45
<b>Total changes from financing cash flows</b>	(12)	(191)	(577)	45	(735)
Changes in fair value	(10)	-	-	-	(10)
Other changes:					
Capitalized borrowing costs	-	-	30	-	30
Interest income (expense)	1	(20)	(270)	(141)	(430)
Interest paid	-	15	263	141	419
Non-cash transactions	-	5	(19)	1	(13)
<b>Total other changes</b>	(9)	-	4	1	(4)
<b>Balance as at March 31, 2023</b>	\$ 717	\$ (790)	\$ (7,068)	\$ (903)	\$ (8,044)

## NOTE 31 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:

<i>(in millions)</i>	2022-23	2021-22
Salaries and short-term employee benefits	\$ 4	\$ 4
Post-employment benefits	-	-
Termination benefits	-	-
Other long-term benefits	-	-
	<b>\$ 4</b>	<b>\$ 4</b>

## NOTE 32 EMPLOYEE BENEFITS

<i>(in millions)</i>	Defined benefit pension plan	Other benefit plans	Total
Balance, April 1, 2021	\$ 162	\$ 46	\$ 208
Current service cost	-	5	5
Net interest expense	5	3	8
SaskPower funding contribution	-	-	-
SaskPower benefits paid	-	(9)	(9)
Net actuarial gains	(81)	-	(81)
<b>Balance, March 31, 2022</b>	<b>\$ 86</b>	<b>\$ 45</b>	<b>\$ 131</b>
Current service cost	-	4	4
Net interest expense	3	1	4
SaskPower funding contribution	-	-	-
SaskPower benefits paid	-	(8)	(8)
Net actuarial gains	(8)	-	(8)
<b>Balance, March 31, 2023</b>	<b>\$ 81</b>	<b>\$ 42</b>	<b>\$ 123</b>

### Defined benefit pension plan

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

The Plan provides benefits based on the average of the highest five years' annual pensionable earnings and years of service. Pensions are increased annually at a rate equal to 70% of the increase in the Saskatchewan Consumer Price Index (CPI). The measurement date of the latest actuarial valuation used to determine the Plan assets and obligations was September 30, 2022, and the results were extrapolated to March 31, 2023.

The effective date of the most recent actuarial valuation for funding purposes was December 31, 2022. 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, 2023.

**(a) Status of the Plan**

The actuarial valuation measured at September 30, 2022, and extrapolated to March 31, 2023, showed that the Plan had an actuarial deficit of \$81 million (2021-22 – \$86 million). The calculation of the pension plan deficit is as follows:

<i>(in millions)</i>	March 31, 2023	March 31, 2022
<b>Plan assets</b>		
Fair value, beginning of period	\$ 640	\$ 661
Actual return on plan assets	27	38
Employer funding contributions	-	-
Employee funding contributions	-	-
Benefits paid	(58)	(59)
<b>Fair value, end of period</b>	<b>\$ 609</b>	<b>\$ 640</b>
<b>Accrued benefit obligations</b>		
Balance, beginning of period	\$ 726	\$ 823
Current service cost	-	-
Interest cost	27	25
Benefits paid	(58)	(59)
Actuarial gains on accrued benefit obligation	(5)	(63)
<b>Balance, end of period</b>	<b>\$ 690</b>	<b>\$ 726</b>
<b>Plan deficit</b>	<b>\$ (81)</b>	<b>\$ (86)</b>

**(b) Assumptions**

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

	March 31, 2023	March 31, 2022
Discount rate, beginning of period	3.90%	3.05%
Discount rate, end of period	4.80%	3.90%
Long-term inflation rate	2.00%	2.00%
Assumptions for benefit increases (% of CPI)	70.00%	70.00%
Plan duration (years)	8.90	10.60

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, 2023, is as follows:

<i>(in millions)</i>	Accrued benefit obligation	
	1% increase	1% decrease
Discount rate	\$ (57)	\$ 68
Inflation rate	(21)	22
Future indexing	63	(54)
Life expectancy (each member one year older/younger)	(21)	22

**(c) Benefit plan asset allocation**

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

	March 31, 2023	March 31, 2022
Equity securities	51.6%	53.9%
Debt securities	24.0%	30.2%
Real estate and infrastructure	24.4%	15.9%
	100.0%	100.0%

**(d) Benefit payments**

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

<i>(in millions)</i>	2023-24	2024-25	2025-26	2026-27	2027-28
Expected benefit payments	\$ 56	\$ 55	\$ 54	\$ 53	\$ 52



### 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, 2023	March 31, 2022
Discount rate	4.75 - 5.05%	2.65 - 3.75%
Long-term rate of compensation increases	2.00%	2.00%
Long-term inflation rate	2.00%	2.00%
Remaining service life (years)	7.34	8.50
Plan duration (years)	4.10 - 5.10	5.30 - 5.70

### 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, 2023	March 31, 2022
Balance, beginning of period	\$ (120)	\$ (39)
Actuarial losses (gains) on plan assets:		
Experience adjustments	(3)	(18)
Actuarial losses (gains) on accrued benefit obligations:		
Experience adjustments	2	-
Changes in actuarial assumptions (future indexing)	11	3
Changes in actuarial assumptions (discount rate)	(34)	(66)
Changes in actuarial assumptions (inflation rate)	16	-
<b>Balance, end of period</b>	<b>\$ (128)</b>	<b>\$ (120)</b>

### 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)	2022-23	2021-22
Employee benefit plan expense	\$ 27	\$ 25

# 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 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 the 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 <sup>1</sup>
Chief Darcy Bear	3
Bryan Leverick	7
Terry Bergan	6
Amber Biemans <sup>2</sup>	6
Bevra Fee	7
Shawn Grice	7
Jim Hopson	5
Cherilyn Jolly-Nagel	7
Fred Matheson	7
Robert Nicolay	7
Jeff Richards	8
The Honourable Vaughn Solomon Schofield	5
Tammy Van Lambalgen	8
Stephanie Yong <sup>2</sup>	5

1. There were a total of 8 meetings held in 2022-23

2. Appointed May 31, 2022.

Information in this section covers the year ended March 31, 2023. Visit [saskpower.com](http://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.

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.

As many organizations have increased their reliance on information and operational technology, concerns with cyber security risk have risen over the last number of years. Threats to SaskPower's information and operational technology include malware, targeted attacks and data breaches. SaskPower has undertaken several initiatives to mitigate cyber security risk, including: increasing corporate network and data protection; extending systems monitoring; and improving incident response. SaskPower's Audit & Finance Committee and Board of Directors receive a quarterly update from management on the company's cyber security program.

## LEADERSHIP BY COMMITTEE

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

### Audit & Finance Committee

#### Five meetings

**Chair:** Bryan Leverick

**Members:** Terry Bergan, Shawn Grice, Cherilyn Jolly-Nagel, Tammy Van Lambalgen, 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 2022-23 fiscal year, the committee reviewed the annual and interim financial statements; risk management reports; the 2023-24 Business Plan; as well as the Deloitte and Provincial Auditor 2021-22 audit summaries. The committee also provided oversight of strategic initiatives such as SaskPower's Distribution Transformation Program, which includes the deployment of smart meters across the province. Smart technologies, including smart meters, are a critical component in modernizing our company's grid. In the future, smart technologies will make outages immediately visible and aid in power restoration efforts. Smart meters will provide customers with access to their energy consumption data, as well as timely billings based on energy consumption.

The committee reviewed and recommended to the Board several capital investments to grow and maintain SaskPower's electricity system and facilitate the company's transition to a low-carbon future. These included 400 megawatts (MW) of new wind generation and 300 MW of new solar generation to be added in south-central Saskatchewan by 2027 as well as the addition of gas turbines totalling an additional 92 MW with 46-MW at the Ermine Power Station, located near Kerrobert, and 46-MW at the Yellowhead Power Station, located near North Battleford. The committee also reviewed SaskPower's plans to expand transmission line capacity between Saskatchewan and the Southwest Power Pool in the United States to enable the import and export of up to 650 MW of electricity.

The committee also received regular updates from management on the planning and engagement work being undertaken for the potential development and construction of nuclear small modular reactors in Saskatchewan. This includes the identification and evaluation of two study areas near the Estevan and Elbow regions to determine a potential host site, the initiation of formal consultation with Indigenous rights holders, and engagement with the public in the selected areas.

The committee also continued to monitor SaskPower's 10-year generation supply plan, as well as the company's progress on major construction projects such as the Great Plains Power Station near Moose Jaw, the E.B. Campbell Hydroelectric Station life extension and the Coteau Creek Hydroelectric Station life extension.

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:** Bevra Fee

**Members:** Amber Biemans (appointed August 12, 2022), Jim Hopson, Fred Matheson, The Honourable Vaughn Solomon Schofield, 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 2022-23, 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 focused on 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 stations. 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.

With oversight from the committee, SaskPower is working to enhance transparency and accountability with internal and external audiences concerning corporate responsibility and sustainability issues, activities and goals. SaskPower publicly released its 2021-22 Corporate Responsibility & Sustainability Report, which provides stakeholders with an overview of the company's environmental, social, governance and financial performance while discussing the challenges ahead.

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 partnerships with Indigenous communities.

Management continued to provide the committee with regular updates 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**

### **Six meetings**

**Chair: Tammy Van Lambalgen**

**Members: Jim Hopson, Robert Nicolay, Jeff Richards, Stephanie Yong (appointed August 12, 2022), 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.

During the year, management presented the committee with a new Privacy Policy for SaskPower to reflect a more mature privacy culture in Saskatchewan and ensure consistency with updated privacy legislation. The updated policy clearly identifies the roles and responsibilities of our personnel in ensuring the confidentiality of our customers' and employees' personal information, including the need for privacy impact assessments for new and changing business process initiatives.

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 engagement and collaboration initiatives as well as regular reporting from the Director, Internal Audit, on matters relating to governance and human resources.

The committee monitored SaskPower's community investment activities, which support community initiatives and educational programs that are aligned with SaskPower's strategic priorities, and reviewed the status of the company's employee benefit plans. Finally, the committee reviewed the performance of the President & Chief Executive Officer (CEO) for 2022-23 and established the CEO's mandate and performance objectives for 2023-24.

# BOARD OF DIRECTORS

As at March 31, 2023



## 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 Queen Elizabeth II 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 and most recently awarded the Queen Elizabeth II Platinum Jubilee Medal.

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. Starting with Alliance Energy Ltd. in 1974, he retired as the company's president in 2022 after nearly 50 years of service.

Mr. Leverick has a Business Administration Certificate from the University of Saskatchewan. He holds a Chartered Director designation (C.Dir.) 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.

## Board and Volunteer Positions

- Member, Board of Directors, Ducks Unlimited Canada
- 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 more than 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



**Amber Biemans, K.C.**  
Member  
Humboldt

Amber Biemans joined the SaskPower Board of Directors in 2022.

Raised on an active cattle and grain farm near Bruno, Saskatchewan, Ms. Biemans is a partner at Behiel, Will & Biemans, where she practices in the areas of real estate, estate planning and administration, and corporate law. She received the King's Counsel designation in 2019.

Ms. Biemans attended the University of Saskatchewan, where she obtained a Bachelor of Arts in Psychology and a Bachelor of Laws. She went on to complete her articles at a firm in Weyburn, Saskatchewan.

In her free time, Ms. Biemans enjoys performing Latin dancing, walking, biking and cross-country skiing.

#### Board and Volunteer Positions

- Member, Board of Directors, Carlton Trail Ski Club
- Past member, Board of Directors, SaskWater
- Past member, Board of Directors, Humboldt & District Chamber of Commerce
- Past member, Board of Directors, Humboldt Co-Operative Preschool



**Bevra Fee**  
Member  
Spiritwood

Bevra Fee joined the SaskPower Board of Directors in 2018. She is an independent business consultant and is one of the owners of Spiritwood Golf Course & RV Park.

While currently involved in community economic development, Ms. Fee previously worked in the agriculture industry for 10 years and in the education system for 10 years.

She holds a certificate in Business Administration from the University of Saskatchewan, a 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, Mt. Kilimanjaro and to Everest Base Camp. She is a travel enthusiast and enjoys touring on her Harley Davidson motorcycle.

#### Board and Volunteer Positions

- Councillor, Rural Municipality of Spiritwood No. 496
- President and co-owner, Spiritwood Golf Course & RV Park
- Treasurer, Spiritwood Lions Club
- Past member, Board of Directors, Saskatchewan Opportunities Corporation
- Past Vice-Chair, Board of Directors, Saskatchewan Pork Development



**Shawn Grice**  
Member  
Regina

Shawn Grice joined the SaskPower Board of Directors in 2022.

Mr. Grice is currently the President of rSolutions, a privately-held information security and data analytics firm based in Regina, Saskatchewan, servicing clients across Canada and the United States.

Mr. Grice started his career in public practice with KPMG Peat Marwick Thorne and then spent several years working for the Government of Saskatchewan in a variety of roles, with over two decades of experience as an executive in the Crown sector. He also owns and operates a mixed farming operation with his family in southwest Saskatchewan.

Mr. Grice has a Bachelor of Commerce degree (with Great Distinction) from the University of Saskatchewan and is a Chartered Professional Accountant (CPA). He has completed CPA Canada's In-Depth Tax Program and also holds a Chartered Director designation (C.Dir.) from McMaster University and the Conference Board of Canada.

#### Board and Volunteer Positions

- Board Member, Canadian Bus Association
- Past Board Member, Audit & Finance Committee Chair, Regina Downtown Business Improvement District



**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.

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.

In 2005, after a 30-year career in education as a teacher, principal and Director of Education, 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.

In 2014, the CFL awarded Mr. Hopson the Hugh Campbell Distinguished Leadership Award, and in 2015 he received the Lifetime Achievement Award from the University of Regina Alumni Association. He was inducted into the Saskatchewan Roughriders Plaza of Honour in 2018 and the Canadian Football Hall of Fame in 2019. In 2022, Mr. Hopson was inducted into the Mike Ditka Gridiron Greats Hall of Fame and the Regina Sports Hall of Fame.

#### Board and Volunteer Positions

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



**Cherilyn Jolly-Nagel**  
Member  
Mossbank

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

Raised on a farm near Mossbank, Saskatchewan, Ms. Jolly-Nagel is a farmer, speaker, director and advocate for global agricultural policy initiatives. She 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 of the Western Canadian Wheat Growers Association, 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](http://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.

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
- Member, Board of Directors, Mossbank and District Museum
- Coach, Moose Jaw Biathlon Club
- 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



**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 family 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 and received the Queen Elizabeth II Platinum Jubilee Medal in 2022.



Mr. Matheson is a graduate of the University of Saskatchewan and holds an 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, K.C.**  
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



**Jeff Richards**  
Member  
Weyburn

Jeff Richards joined the SaskPower Board of Directors in 2021. Born and raised in southeast Saskatchewan, Mr. Richards has a diverse background in business, government and leadership. After more than a decade as a small business owner, he has spent the last fifteen years in senior leadership roles across a number of sectors.

Currently he is the Executive Director of the Weyburn Wor-Kin Shop.

Jeff holds the Institute of Corporate Directors Designation (ICD.D), as well as the Credit Union Director Achievement (CUDA) certification.

As a dedicated community builder, Mr. Richards devotes his time to organizations that are working to build stronger and better communities. He has worked with business groups in Canada and the United States.

#### Board and Volunteer Positions

- Councillor, City of Weyburn
- Board Chair, Weyburn Credit Union
- Director, Weyburn Board of Police Commissioners
- Past Director, SaskWater
- Past Chair, Governance & Corporate Responsibility Committee, SaskWater
- Past Chair, Weyburn District Regional Planning Commission
- Past President, Weyburn & District United Way
- Past Director, Estevan Chamber of Commerce
- Past Director, Weyburn Chamber of Commerce



**The Honourable Vaughn Solomon Schofield**  
Member  
Regina Beach

The Honourable Vaughn Solomon Schofield joined the SaskPower Board of Directors in 2021. She has had a successful career in business and has provided leadership to international, national and provincial organizations.

Mrs. Solomon Schofield was born and raised in Regina, Saskatchewan and was educated at the University of Saskatchewan (Regina Campus) and the Rae-Vogue School in Chicago. She served as Saskatchewan's 21<sup>st</sup> Lieutenant Governor from 2012 to 2018, as well as the Chancellor of the Saskatchewan Order of Merit. Prior to her appointment as Lieutenant Governor, she was President and CEO of Western Group of Companies, a business real estate organization holding interests throughout Western Canada. Mrs. Solomon Schofield received the Saskatchewan Volunteer Medal in 2009, the Commemorative Medal for the Centennial of Saskatchewan in 2005, and the Queen Elizabeth II Diamond Jubilee Medal in 2012. She is a strong supporter of the Canadian Forces and was awarded the prestigious Canadian Forces Medallion for Distinguished Service in 2009.

In the 1980s, Mrs. Solomon Schofield was Chair of the Board for Crime Watch, a 200,000-member crime prevention organization. She travelled throughout North and South

America to establish Crime Watch groups. Fluent in English and Spanish, Mrs. Solomon Schofield worked with the government of Guayaquil, Ecuador, to establish their Crime Watch group and acted as an interpreter. She also hosted a Crime Prevention television talk show for four years in Fort Lauderdale, Florida, and was twice voted Florida's Crime Prevention Woman of the Year. She has served on numerous municipal, provincial and federal boards.

She and her late husband Gordon Schofield have two children and four grandchildren.

#### Board and Volunteer Positions

- Chair, Saskatchewan Police Commission
- Provincial Chair, Canadian Forces Liaison Council
- Honorary Colonel, 10 Field Artillery Regiment
- Fellow, National Geographic Society



**Tammy Van Lambalgen**  
Member  
Saskatoon

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

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

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

She received a Bachelor of Arts in 1990 and a Bachelor of Laws from the University of Saskatchewan in 1993 and is a graduate of the Directors Education Program at the Rotman School of Management and holds an Institute of Corporate Directors Designation (ICD.D). She is also a recipient of the Queen Elizabeth II Platinum Jubilee Medal.

#### 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



**Stephanie Yong**  
Member  
Saskatoon

Stephanie Yong joined the SaskPower Board of Directors in 2022.

Ms. Yong is the Co-Founder of Sohkiwin Solutions, a strategy firm focused on bridging the gap between Indigenous and non-Indigenous organizations. She also has a consultancy practice, Stephanie Yong Consulting, which focuses on using the tools of human-centred design thinking to help generate ideas, solve strategic problems and apply them to community and social impact projects. Ms. Yong also shared these tools while serving as a lecturer at the University of Saskatchewan's Edwards School of Business.

Ms. Yong has a Bachelor of Arts in Political Studies and a Master of Business Administration from the University of Saskatchewan. She holds an Institute of Corporate Directors Designation (ICD.D).

In 2018, she was selected as a recipient of CBC Saskatchewan's Future 40 award. In 2022, Ms. Yong was the recipient of the Queen Elizabeth II Platinum Jubilee Medal for her contributions to the community.

#### Board and Volunteer Positions

- Vice Chair and Audit and Finance Committee Chair, Board of Directors, Saskatchewan Opportunities Corporation
- Chair and Governance Committee Chair, Board of Directors, Saskatoon Public Schools Foundation
- Member, Board of Directors, Creative Saskatchewan
- Past Chair, Saskatoon Public Schools Foundation

## 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, 2023



**Rupen Pandya**  
President and  
Chief Executive Officer

Rupen Pandya became the President and Chief Executive Officer of SaskPower in 2022.

Before joining SaskPower, Rupen was the Deputy Minister of Finance and Secretary to Treasury Board for the Government of Saskatchewan.

He has 25 years of public service experience in Saskatchewan, including previous positions as the President and Chief Executive Officer of SaskBuilds Corporation, and Assistant Deputy Minister roles with the Ministry of the Economy and the Ministry of Advanced Education, Employment and Immigration.

He holds Bachelor and Master of Arts degrees from the University of Regina.

## Board and Volunteer Positions

- Member, Board of Directors, Electricity Canada
- Member, Small Modular Reactor Leadership Table, Natural Resources Canada
- Member, Board of Directors, Western Energy Institute
- Member, Leaders Council, University of Regina
- Past member, Board of Directors, Credit Union Deposit Guarantee Corporation
- Past member, Board of Directors, Saskatchewan Apprenticeship and Trade Certification Commission
- Past member, Board of Directors, Physician Recruitment Agency of Saskatchewan
- Past member, Board of Directors, Canadian Council for Public-Private Partnerships
- Past trustee, Public Employees Pension Plan
- Past trustee, Municipal Employees Pension Plan
- Past trustee, Saskatchewan Student Aid Fund



**Rhea Brown**  
Executive Vice-President, Customer  
Experience and Procurement

Rhea Brown became Executive Vice-President, Customer Experience and Procurement, in 2023. Her background is in customer service and supply chain with a focus on building relationships and partnerships.

Rhea has been with SaskPower since 2008, starting in Customer Service as a Key Account Manager, then transitioning to the Director of Key Accounts and Customer Relations in 2012 before taking on the Director of Procurement and Contracts Management role in 2019.

Before joining SaskPower, she worked for a sales and marketing company in Toronto and Vancouver, where she had a decade-long career in customer development.

She holds a Bachelor of Commerce from the University of Saskatchewan and is currently completing an Executive Master of Business Administration at the Kenneth Levene Graduate School of Business at the University of Regina.

## Board and Volunteer Positions

- Member, Board of Directors, Regina Immigrant Women's Centre
- Member, Power Corporation Superannuation Plan Board



**Tim Eckel**  
Vice-President, Energy Transition  
& Asset Management

Tim Eckel became Vice-President, Energy Transition & Asset Management, in 2023, after previously serving as Vice-President, Asset Management, Planning and Sustainability since 2017. He has over 39 years of experience in numerous areas within 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 professional engineer and member of the Association of Professional Engineers and Geoscientists of Saskatchewan. Tim recently received the Institute of Corporate Directors Designation (ICD.D).

## Board and Volunteer Positions

- Member, Saskatchewan Electric Reliability Authority
- Member, Generation Council, Electricity Canada (formerly Canadian Electricity Association)
- Member, Senior Leaders Advisory Committee, Centre of Excellence Advanced Technological Innovation



### **Kory Hayko**

Executive Vice-President,  
Chief Operating Officer

Kory Hayko was named Executive Vice-President and Chief Operating Officer in 2023. He 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 30 years at SaskPower, Kory has served in numerous roles, including Director of Energy Management and Trading, and Director of Gas Management.

He 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.

Kory 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
- Member, Industry Advisory Board, University of Regina Faculty of Engineering



### **Troy King**

Executive Vice-President, Chief Strategy,  
Technology & Financial Officer

Troy King became Executive Vice-President and Chief Strategy, Technology & Financial Officer, in 2023. He previously held the position of Vice-President, Finance and Business Performance, and Chief Financial Officer starting in 2017. Troy has worked at SaskPower since 1996 in many leadership roles including Director of Corporate Planning and Controller.

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

## Board and Volunteer Positions

- Chair, Power Corporation Superannuation Plan Board
- Member, Board of Directors, Hospitals of Regina Foundation



### **Howard Matthews**

Vice-President,  
Generation

Howard Matthews was named Vice-President, Generation, in 2023. He was appointed Vice-President, Power Production, in 2015, after serving as acting Vice-President in 2014.

Howard 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, Howard was a computer programmer and 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, both 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



### **Shawn Schmidt**

Vice-President,  
Transmission & Distribution

Shawn Schmidt became Vice-President, Transmission & Distribution, in 2023. He had served as Vice-President, Distribution and Customer Services since 2018.

Shawn has spent 35 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. Shawn 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

- Chair, Distribution Council, Electricity Canada (formerly Canadian Electricity Association)
- Member, Transmission Council, Electricity Canada
- Member, Executive Operations Board Committee, Western Energy Institute
- SaskPower representative, Transmission Distribution Maintenance Management Association
- Member, Saskatchewan Electric Reliability Authority



**Rachelle Verret Morphy, K.C.**  
Executive Vice-President, Legal & Corporate Services and General Counsel

Acting Executive Vice-President, People, Safety and Indigenous & Corporate Relations

Rachelle Verret Morphy was named Executive Vice-President, Legal & Corporate Services and General Counsel, as well as Acting Executive Vice-President, People, Safety and Indigenous & Corporate Relations, in 2023. She became Vice-President, Corporate and Regulatory Affairs and General Counsel in 2017, and in 2021 also took on the role of Acting Vice-President, Human Resources and Safety.

Rachelle joined the company as Assistant General Counsel in the Law Department in 2005, and became the Vice-President of Law, Land and Regulatory Affairs, in 2011.

Before joining SaskPower, Rachelle worked for a federally-regulated financial institution, a law firm and 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, Rachelle 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 Plan Board
- Chair, Saskatchewan Electric Reliability Authority

## 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, 2023, were:

- President and CEO: \$371,321 to \$464,151.
- Vice-President: \$256,077 to \$320,096.

## FIVE-YEAR FINANCIAL SUMMARY

<i>(In millions)</i>	2022-23	2021-22	2020-21	2019-20	2018-19
<b>Consolidated Statement of (Loss) Income</b>					
<b>Revenue</b>					
Saskatchewan electricity sales	\$ 2,844	\$ 2,713	\$ 2,615	\$ 2,626	\$ 2,583
Exports and electricity trading	139	77	53	20	30
Other revenue	84	95	103	125	112
	<b>3,067</b>	<b>2,885</b>	<b>2,771</b>	<b>2,771</b>	<b>2,725</b>
<b>Expense</b>					
Fuel and purchased power	1,283	1,033	807	737	710
Operating, maintenance and administration	792	711	700	705	708
Depreciation and amortization	597	612	595	572	553
Finance charges	406	401	426	431	416
Taxes	86	81	79	77	74
Other expenses	75	36	4	44	67
	<b>3,239</b>	<b>2,874</b>	<b>2,611</b>	<b>2,566</b>	<b>2,528</b>
<b>Net (loss) income</b>	<b>\$ (172)</b>	<b>\$ 11</b>	<b>\$ 160</b>	<b>\$ 205</b>	<b>\$ 197</b>
<b>Consolidated Statement of Financial Position</b>					
<b>Assets</b>					
Current assets	\$ 989	\$ 754	\$ 811	\$ 950	\$ 776
Property, plant and equipment	10,621	10,133	9,816	9,712	10,190
Right-of-use assets	463	516	565	615	-
Intangible assets	72	77	68	70	58
Debt retirement funds	717	738	865	848	748
Investments accounted for using equity method	-	-	-	-	39
Other assets	16	11	8	8	1
<b>Total assets</b>	<b>\$ 12,878</b>	<b>\$ 12,229</b>	<b>\$ 12,133</b>	<b>\$ 12,203</b>	<b>\$ 11,812</b>
<b>Liabilities and equity</b>					
Current liabilities	\$ 1,905	\$ 1,690	\$ 1,301	\$ 1,775	\$ 1,695
Long-term debt	6,918	6,239	6,501	6,180	5,999
Lease liabilities	849	904	946	980	1,081
Employee benefits	123	131	208	210	214
Provisions	341	305	324	311	283
Equity	2,742	2,960	2,853	2,747	2,540
<b>Total liabilities and equity</b>	<b>\$ 12,878</b>	<b>\$ 12,229</b>	<b>\$ 12,133</b>	<b>\$ 12,203</b>	<b>\$ 11,812</b>
<b>Consolidated Statement of Cash Flows</b>					
Cash provided by operating activities	\$ 445	\$ 738	\$ 814	\$ 866	\$ 671
Cash used in investing activities	(1,017)	(912)	(658)	(640)	(798)
Cash provided by (used in) financing activities	732	108	(294)	-	130
<b>Increase (decrease) in cash position</b>	<b>\$ 160</b>	<b>\$ (66)</b>	<b>\$ (138)</b>	<b>\$ 226</b>	<b>\$ 3</b>
<b>Financial Indicators</b>					
Dividends	\$ -	\$ 3	\$ 48	\$ 20	\$ 20
Capital expenditures	\$ 1,047	\$ 922	\$ 693	\$ 696	\$ 833
Return on equity	(6.3%)	0.4%	5.8%	7.8%	7.9%
Per cent debt ratio	74.7%	71.9%	71.4%	72.6%	74.1%

## FIVE-YEAR REVENUE STATISTICS

	2022-23	2021-22	2020-21	2019-20	2018-19
<b>Number of Saskatchewan customer accounts</b>					
Residential	411,629	407,995	403,782	399,394	396,536
Farm	57,760	57,949	58,035	57,978	58,322
Commercial	65,051	64,764	64,272	63,757	63,216
Oilfield	19,281	19,103	18,960	19,466	19,513
Power	126	127	128	130	125
Reseller	2	2	2	2	2
<b>Total number of Saskatchewan customer accounts</b>	<b>553,849</b>	549,940	545,179	540,727	537,714
<b>Electricity sales (in millions)</b>					
Residential	\$ 606	\$ 595	\$ 579	\$ 559	\$ 576
Farm	185	178	188	185	188
Commercial	528	504	487	508	519
Oilfield	440	416	390	435	416
Power	815	777	748	759	784
Reseller	99	98	94	97	100
	2,673	2,568	2,486	2,543	2,583
Federal carbon charge collected	171	145	129	83	-
<b>Saskatchewan electricity sales</b>	<b>2,844</b>	2,713	2,615	2,626	2,583
<b>Exports</b>	<b>139</b>	77	54	20	30
<b>Total electricity sales</b>	<b>\$ 2,983</b>	\$ 2,790	\$ 2,669	\$ 2,646	\$ 2,613
<b>Electricity sales (GWh)</b>					
Residential	3,294	3,331	3,224	3,091	3,216
Farm	1,288	1,285	1,348	1,330	1,353
Commercial	3,776	3,690	3,540	3,748	3,862
Oilfield	4,211	4,013	3,727	4,163	3,962
Power	10,087	9,821	9,409	9,584	9,964
Reseller	1,162	1,160	1,129	1,156	1,202
<b>Saskatchewan electricity sales</b>	<b>23,818</b>	23,300	22,377	23,072	23,559
<b>Exports</b>	<b>932</b>	695	526	254	422
<b>Total electricity sales</b>	<b>24,750</b>	23,995	22,903	23,326	23,981
<b>Average electricity sales price (\$/MWh)</b>					
Residential	\$ 184	\$ 179	\$ 180	\$ 181	\$ 179
Farm	144	139	139	139	139
Commercial	140	137	138	136	134
Oilfield	104	104	105	104	105
Power	81	79	79	79	79
Reseller	85	84	83	84	83
Exports	149	111	103	79	71
<b>Total weighted average electricity sales price</b>	<b>\$ 114</b>	\$ 110	\$ 111	\$ 110	\$ 109
<b>Average annual usage per residential customer (kWh)</b>	<b>8,002</b>	8,164	7,985	7,739	8,110
<b>System-wide average rate increases</b>	<b>4.0%</b>	0.0%	0.0%	0.0%	0.0%
	(Sep 1)				
<b>Federal carbon charge rate rider increases</b>	<b>3.0%</b>	0.0%	0.6%	2.7%	N/A
	(Jan 1)		(Jan 1)	(Apr 1)	
				2.4%	
				(Jan 1)	

## FIVE-YEAR GENERATING AND OPERATING STATISTICS

	2022-23	2021-22	2020-21	2019-20	2018-19
<b>Net electricity supplied (GWh)</b>					
Gas	10,575	10,766	10,551	10,767	10,603
Coal	8,424	9,479	8,146	9,182	10,286
Hydro	3,244	2,850	4,277	3,859	3,591
Wind	2,177	1,661	913	815	659
Imports	1,806	752	629	278	490
Solar	55	14	1	-	-
Other <sup>1</sup>	145	124	117	132	148
<b>Gross electricity supplied</b>	<b>26,426</b>	25,646	24,634	25,033	25,777
<b>Line losses</b>	<b>(1,676)</b>	(1,651)	(1,731)	(1,707)	(1,796)
<b>Net electricity supplied</b>	<b>24,750</b>	23,995	22,903	23,326	23,981
<b>Available generating capacity (net MW)</b>					
Gas	2,160	2,160	2,160	2,172	1,839
Coal	1,389	1,389	1,530	1,530	1,530
Hydro <sup>2</sup>	1,154	989	989	889	889
Wind	617	626	241	241	241
Solar <sup>3</sup>	83	54	39	34	4
Other	34	28	28	27	28
<b>Total available generating capacity</b>	<b>5,437</b>	5,246	4,987	4,893	4,531
<b>Peak loads (net MW)</b>					
Annual peak load	3,800	3,910	3,722	3,722	3,723
Minimum load	2,032	2,106	1,918	2,147	1,442
Summer peak load	3,597	3,547	3,481	3,437	3,524
<b>Lines in service (circuit km)</b>					
Transmission lines	14,915	14,673	14,600	14,356	14,332
Distribution lines	145,792	142,713	142,972	142,773	142,415
<b>Total lines in service</b>	<b>160,707</b>	157,386	157,572	157,129	156,747
<b>Number of permanent full-time employees</b>	<b>3,096</b>	3,057	3,036	3,178	3,167

1. Includes small independent power producers (IPP) with generation sourced from flare gas, waste heat recovery, landfill gas and biomass. Prior to 2021-22 the amounts reported included generation sourced from small customer-generated solar facilities.

2. Includes import power purchase agreements with Manitoba Hydro.

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



## GREENHOUSE GAS (GHG) EMISSIONS

	GHG emissions <sup>1</sup> (million tonnes of carbon dioxide equivalent (CO <sub>2</sub> e))	Carbon intensity: supply <sup>2</sup> (tonnes of CO <sub>2</sub> e/GWh)	Carbon intensity: consumption <sup>2</sup> (tonnes of CO <sub>2</sub> e/GWh)
2005	14.2	712	778
2018	16.1	623	676
2019	15.9	627	686
2020	12.8	518	570
2021	14.9	583	637
2022	13.8	525	561

1. Includes GHG emissions from SaskPower-owned facilities and large independent power producers. SaskPower is targeting a 50% reduction of GHG emissions from 2005 levels by 2030 while scenario planning for a net-zero GHG future. Our company is also targeting up to a 50% renewable generation capacity by 2030, and in alignment with federal regulations will retire all conventional coal generation before 2030. Until 2030, GHG emissions and intensity will be subject to fluctuation depending on load growth and the fuel mix required to ensure reliability.
2. Supply intensity provides the amount of CO<sub>2</sub>e emissions produced per gigawatt hour (GWh) of electricity supplied to the system. Consumption intensity considers line losses and Renewable Energy Certificate (REC) sales in the calculation and therefore represents an appropriate intensity number for the end consumer.

## 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.

### **Baseload power**

The minimum amount of electricity needed to be supplied to the grid at all times to meet steady and often essential levels of demand. Electricity utilities seek to have access to constantly operating and highly reliable generation sources to meet their baseload needs. Coal and hydro generation are excellent sources of baseload power generation.

### **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<sub>2</sub>)**

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

### **CO<sub>2</sub> equivalent (CO<sub>2</sub>e)**

Unit of measure for greenhouse gases that includes CO<sub>2</sub> emissions as well as the CO<sub>2</sub> equivalents (CO<sub>2</sub>e) for methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) emissions.

### **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.

### **Decarbonization**

Reducing the use of fossil fuels to decrease carbon dioxide emissions.

### **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; one million 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.

### **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.

### **Nuclear small modular reactors (SMRs)**

Nuclear fission reactors that are smaller than conventional nuclear reactors. In areas lacking sufficient lines of transmission and grid capacity, SMRs can be installed into an existing grid or remotely off-grid, providing low-carbon power for industry and consumers.

### **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.

### **Renewable generation**

Electricity generated from sources that can be used continuously without being depleted and are generally free of greenhouse gas emissions.

### **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 AS AT MARCH 31, 2023: 5,437 MEGAWATTS (MW)

## HYDRO TOTAL CAPACITY - 864 MW

- H1** Athabasca Hydroelectric System - 23 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

## IMPORT POWER PURCHASE AGREEMENTS - 290 MW

- I1** Manitoba Hydro - 290 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 - 617 MW

- W1** Riverhurst Wind Energy Facility\* - 10 MW
- W2** Western Lily Wind Energy Facility\* - 20 MW
- W3** Morse Wind Energy Facility\* - 23 MW
- W4** Blue Hill Wind Energy Facility\* - 175 MW
- W5** Red Lily Wind Energy Facility\* - 26 MW
- W6** Centennial Wind Power Facility - 150 MW
- W7** Cypress Wind Power Facility - 11 MW
- W8** Golden South Wind Energy Facility\* - 200 MW

Customer-generated wind capacity - 2 MW  
(NOT SHOWN ON MAP)

## SOLAR TOTAL CAPACITY - 83 MW

- S1** Highfield Solar Energy Facility\* - 10 MW
- S2** Pesâkâstêw Solar Energy Facility\* - 10 MW
- S3** Awasis Solar Energy Facility\* - 10 MW

Customer-generated solar capacity - 53 MW  
(NOT SHOWN ON MAP)

## COAL TOTAL CAPACITY - 1,389 MW

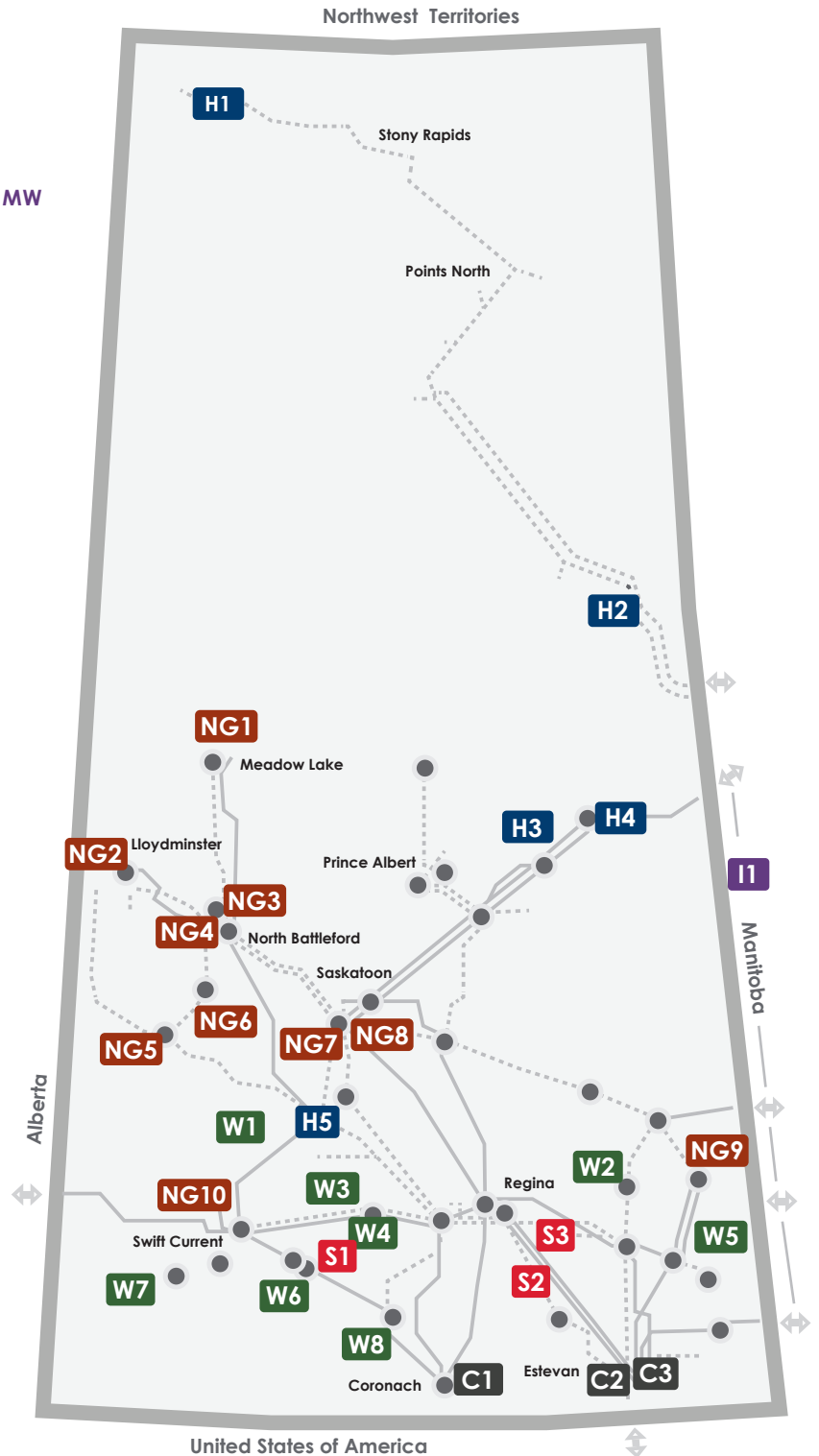
- C1** Poplar River Power Station - 582 MW
- C2** Boundary Dam Power Station - 531 MW
- C3** Shand Power Station - 276 MW

## SMALL INDEPENDENT POWER PRODUCERS TOTAL CAPACITY - 34 MW (NOT SHOWN ON MAP)

(Includes flare gas, waste heat recovery, landfill gas and biomass)

### TRANSMISSION

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



\* Large independent power producer

Progressive  
Aboriginal  
RELATIONS 

Canadian Council for  
Aboriginal Business 

 **SaskPower**  
Powering our future<sup>®</sup>

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