ANNUAL REPORT

SaskPower
Powering our future®

2019-20

ON THE COVER

In 2019-20, we moved further along the path to reduce greenhouse gas emissions 40% below 2005 levels by 2030 and create a cleaner energy future for Saskatchewan. The newly commissioned 353-MW Chinook Power Station brings more low-emission baseload natural gas generation online that can support higher levels of intermittent renewables, such as wind and solar. Additionally, the recently completed 200-kilometre 230/138-kilovolt Pasqua to Swift Current Transmission Line will support new wind power development while the ongoing refurbishment of the 289-MW E.B. Campbell Hydroelectric Station will result in this renewable power source being part of Saskatchewan's electricity system for another 50 years.

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 almost 3,200 permanent full-time employees. We manage over $12 billion in generation, transmission, distribution and other assets. Our company operates seven natural gas stations, three coal-fired power stations, seven hydroelectric stations, and two wind facilities. Combined, they generate 4,121 megawatts (MW) of electricity.

SaskPower also buys power from various independent power producers (IPPs), including the North Battleford Generating Station, Meridian Cogeneration Station, Spy Hill Generating Station, Red Lily Wind Energy Facility, SunBridge Wind Power Facility, Western Lily Wind Energy Facility, Morse Wind Energy Facility and NRGreen Kerrobert, Loreburn, Estlin and Alameda Heat Recovery Facilities. Our company's total available generation capacity is 4,893 MW.

We are responsible for serving over 540,000 customer accounts within Saskatchewan's geographic area of approximately 652,000 square kilometres (km). About three customer accounts are supplied per circuit km. We maintain over 157,000 km of power lines, 56 high voltage switching stations and 197 distribution substations. Our company also has interties at the Manitoba, Alberta and North Dakota borders.

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SaskPower's 2019-20 Annual Report reflects the fiscal period April 1, 2019, through March 31, 2020.

OUR STRATEGIC CONTEXT

OUR VISION

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

OUR MISSION

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

OUR VALUES

Safety, openness, collaboration and accountability.

CORPORATE PILLARS

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SUSTAINABLE INFRASTRUCTURE & RELIABILITY *[p 24]*

PERFORMANCE HIGHLIGHTS

FINANCIAL INDICATORS

(in millions)	**2019-20**	2018-19	Change
Revenue	**$ 2,771**	$ 2,725	$ 46
Expense	**2,566**	2,528	38
Net income	**205**	197	8
Capital expenditures	**696**	833	(137)
Net cash from operating activities	**866**	671	195
Return on equity	**7.8%**	7.9%	(0.1%)

	March 31 2020	March 31 2019	Change
Total net debt	**$ 7,179**	$ 7,347	$ (168)
Per cent debt ratio	**72.6%**	74.1%	(1.5%)

$205M
NET INCOME

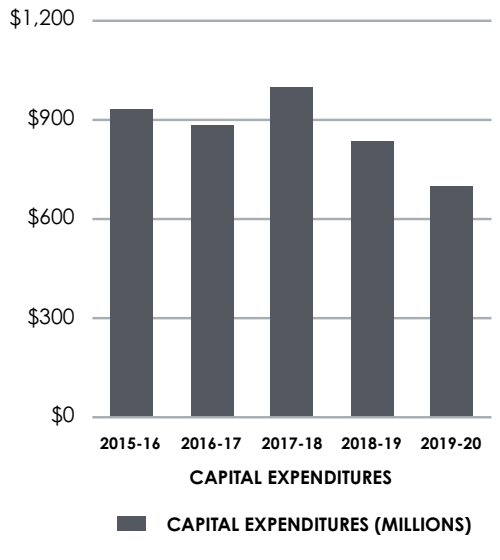
7.8%
RETURN ON EQUITY

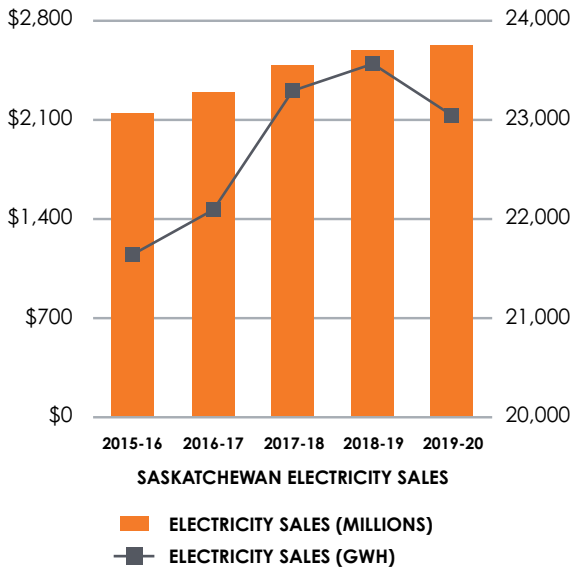
OPERATING HIGHLIGHTS

	2019-20	2018-19	Change
Saskatchewan electricity sales (millions)	**$ 2,626**	$ 2,583	$ 43
Saskatchewan electricity sales (GWh)[1]	**23,072**	23,559	(487)
Fuel and purchased power (millions)	**$ 737**	$ 710	$ 27
Gross electricity supplied (GWh)[1]	**25,033**	25,777	(744)

$696M
CAPITAL SPENDING

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





GENERATING AND OPERATING STATISTICS

Generation assets

Source	Facilities	Net capacity	Per cent
Gas	10	2,172	45%
Coal	3	1,530	31%
Hydro	7	889	18%
Wind	6	241	5%
Other	Various	61	1%
Total available generating capacity (MW)		**4,893**	**100%**

Transmission and distribution assets

Transmission lines (> 66 kV)	14,356	circuit km
Distribution lines (< 34.5 kV)	142,773	circuit km
Distribution poles	1,193,807	
High voltage switching stations	56	
Distribution substations	197	
Pole, pad-mounted and step transformers	186,088	

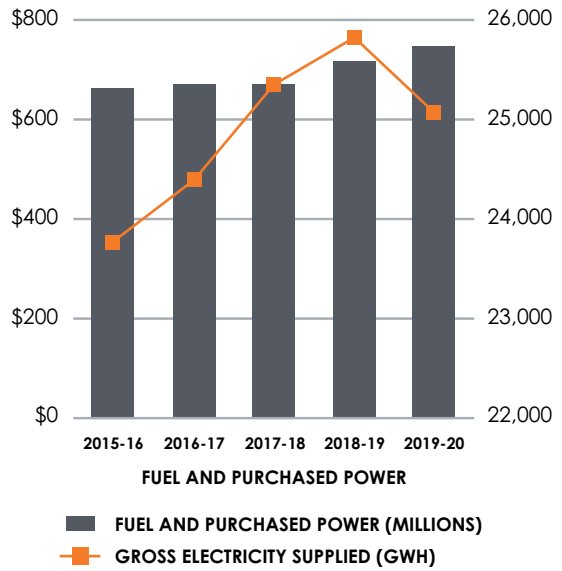
Revenue statistics

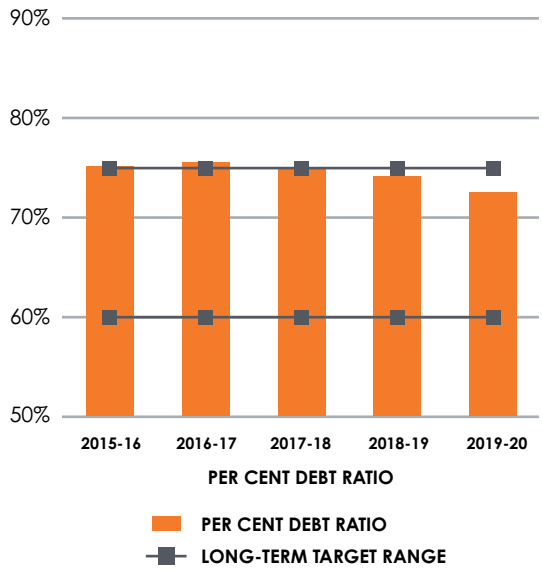
Customer accounts	540,727	
Service area	652,000	km^2
Summer peak load	3,437	MW
Annual peak load	3,722	MW

2.1%
DECREASE IN SALES VOLUMES

72.6%
PER CENT DEBT RATIO

3,722 MW
ANNUAL PEAK LOAD





2019-20 YEAR AT A GLANCE

- **COMMISSIONED** the new 353-megawatt (MW) natural gas-fired Chinook Power Station near Swift Current on time and under budget.
- **ANNOUNCED** a Request for Proposal (RFP) phase of the new 350-MW natural gas-fired Great Plains Power Station, to be located in Moose Jaw and operational in 2024.
- **OPENED** a new competitive solicitation for up to 300 MW of wind-generated power to be developed and operational by the end of 2023.
- **ANNOUNCED** the RFP phase for the next 10-MW utility-scale solar project, building on the first competition that will see a 10-MW facility commissioned near Swift Current.
- **ENTERED** into a 25-year power purchase agreement with Meadow Lake Tribal Council for up to 8 MW of biomass-generated electricity from a facility adjacent to the Norsask Sawmill located near Meadow Lake.
- **SIGNED** a 20-MW utility-scale solar Opportunity Agreement with First Nations Power Authority to secure the development of First Nations-led projects estimated to be worth $85 million over 20 years.
- **CONTINUED** work on a $248-million project to extend the life of the 289-MW E.B. Campbell Hydroelectric Station near Nipawin.
- **PURCHASED** ATCO Power Canada Ltd.'s 50% ownership interest in the 246-MW Cory Cogeneration Station located at Nutrien's Cory Potash Mine near Saskatoon.
- **SOLD** our 30% ownership interest in the 172-MW MRM Cogeneration Station — located north of Fort McMurray, Alberta — to Heartland Generation Ltd. for $39 million.
- **COMPLETED** construction of the 230/138-kilovolt Pasqua to Swift Current Transmission Line, a $185-million project that stretches 200 kilometres (km) and plays a key role in moving electricity from the new Chinook Power Station while supporting future wind generation development.
- **INVESTED** approximately $16 million to replace 17 km of aging urban underground electricity cable while installing approximately 80 km of new duct work.
- **LAUNCHED** the Energy Assistance Pilot Program to provide information and tools to income-qualified customers to help them lower their utility bills.
- **APPROVED** 23 new customer projects bringing 34 MW of solar and carbon-neutral flare gas projects to the grid as part of our Power Generation Partner Program.
- **CONTINUED** the evaluation of nuclear small modular reactors (SMRs) while the Governments of Saskatchewan, Ontario and New Brunswick signed a Memorandum of Understanding to collaborate in the development and deployment of SMRs in Canada.
- **ACHIEVED** the Canadian Electricity Association Sustainable Electricity Company Designation, recognizing SaskPower's commitment and work surrounding social responsibility and sustainable development.
- **RECEIVED** the Edison Electric Institute Emergency Assistance Award for helping Manitoba with response efforts after a historic storm hit that province in October.
- **RECEIVED** the Government of Saskatchewan 2019 Premier's Award for Excellence in the Public Service for creating new opportunities for Indigenous businesses and communities.
- **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.
- **INVESTED** almost $1.7 million in educational and community programming throughout Saskatchewan.
- **DIRECTED** $3 million to post-secondary education, focusing on student development and research that aligns with SaskPower's workforce and operational priorities and goals.

LETTER OF TRANSMITTAL

Regina
July 2020

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

Sir:

I have the honour to submit herewith the Annual Report of the Saskatchewan Power Corporation for the year ended March 31, 2020.

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

Respectfully submitted,

Honourable Dustin Duncan
Minister Responsible for Saskatchewan Power Corporation

A MESSAGE TO OUR STAKEHOLDERS

In the 90-year history of SaskPower, there has likely never been a more singularly disruptive event than the arrival of the COVID-19 pandemic in Saskatchewan during March 2020. Within a matter of days, our wide-ranging business-as-usual activities had been narrowed down to two essential priorities: ensuring we could continue to deliver a reliable and secure source of electricity to the province while also taking all possible steps to protect the health and safety of our employees, customers and communities.

Through ongoing engagement with Saskatchewan's public health agencies and working closely with our electric utility peers across North America, our company quickly responded to a rapidly changing situation. We want to recognize everyone at SaskPower — in front-line call and customer centres, in generating facilities, in the field, or providing vital support behind the scenes — for how they have stepped up in these challenging times. What makes these efforts even more impressive is that much of the work has been delivered with a high of approximately 2,300 staff working from or being dispatched from home through redeployment.

With the arrival of the pandemic, implementing meaningful support for our customers was among our first actions. Within a week of the announcement of Saskatchewan's first presumptive positive case of COVID-19, our company joined other Government of Saskatchewan Crown utilities in announcing that interest would be waived on outstanding bills for six months. Customers will have one year after the six-month period to pay any outstanding balances with equal monthly instalments, with no additional interest charged.

Meanwhile, initiatives we had already implemented to improve our online service experience have been crucial in keeping our customers connected during the pandemic. These include a Live Chat customer contact channel on our website, improvements to our call centre phone system, and an online portal that allows for the submission of meter readings at any time.

Planning for a wide range of risks and scenarios is a vital part of our daily work. Still, the magnitude of COVID-19's impact has required an unprecedented response. As we move into the months ahead, our company will require a great deal of agility as we look to play our part in Saskatchewan's economic recovery while balancing the needs of our customers, communities, partners, suppliers, and employees.

CUSTOMER EXPERIENCE & STAKEHOLDER RELATIONS

SaskPower's responsibility to our customers includes developing and delivering on a roadmap for our province's transition to a cleaner energy future — a task that has been reshaping the way we deliver value, convenience and choice to customers.

The updated Net Metering Program that we introduced in late 2018 incentivized customers to generate up to 100 kilowatts of power, typically via solar generation, to decrease monthly power bills and earn credits for any excess power generated. However, we reached the program's 16-megawatt (MW) cap two years earlier than expected.

To ensure the program's long-term sustainability, we implemented changes in late 2019 to reduce the incentive and ensure a more equitable cost allocation between program participants and the rest of our customers.

Aside from renewable self-generation support, during the year SaskPower continued offering customers a suite of Demand Side Management (DSM) energy efficiency and conservation programs. In 2019-20, we introduced the Energy Assistance Pilot Program, providing income-qualified residential customers with a free home assessment followed by assistance and tools to improve household energy efficiency that could save as much as $230 per year.

Customers — including the industrial entities that are so critical to Saskatchewan's economy — are increasingly wanting to be included in dialogue about our province's energy future. More than ever, we are committed to exchanging information with stakeholders and communities at the early stages of our planned activities. Over the past year, we passed an important milestone in this dialogue with the publication of a SaskPower Corporate Responsibility & Sustainability Report. At the same time, we continued to expand our efforts to regularly engage with Saskatchewan's Indigenous and Métis communities and incorporate traditional knowledge into these conversations.

WORKFORCE EXCELLENCE

In times of uncertainty, a skilled and dedicated workforce is critical. We value the contributions of all employees, including the many represented by International Brotherhood of Electrical Workers Local 2067 and Unifor Local 649. During the year, we were able to come together with our unions to reach Collective Bargaining Agreements that will provide workforce stability through 2022.

We continue to take steps to ensure our workforce better reflects the communities that we serve. In 2019-20 — for the 12th year in a row — SaskPower was again named one of Canada's Best Diversity Employers. Meanwhile, we are building the capacity of our future corporate leaders through expanded internal training and development programs.

Nothing is more important than the safety of our workforce and customers. We have continued to partner with our contractors to elevate safety performance and achieve our collective goal of zero injuries. When it comes to public safety, we are focusing on prevention to address incidents. Educational initiatives continue to expand, especially concerning safe work around overhead and underground power lines.

EFFICIENCY, QUALITY & COST MANAGEMENT

Despite the arrival of the COVID-19 pandemic late in our fiscal year, our overall 2019-20 financial results were positive. We achieved a net income of $205 million and our return on equity of 7.8% was close to our long-term target of 8.5%. As well, our per cent debt ratio improved to 72.6% and remains within our long-term target of 60% to 75%.

Ongoing rate competitiveness remains a central goal, and we moved through a second fiscal year without pursuing a rate increase. During 2019-20, our company continued to uncover new efficiency gains through cost management and deferred capital spending. Prior to the pandemic, more than $72 million in savings were found in the 2020-21 budget, which represent a critical starting point in what will be an ongoing effort to mitigate the financial impact of the pandemic without compromising our services.

The full financial impact of COVID-19 on SaskPower's operations — and Saskatchewan's economy — is not something we can yet accurately determine. We are anticipating an overall decline in the demand for electricity, which will have a negative impact on our revenue. At the same time, we must also prepare to manage the ongoing economic challenge of the federal carbon tax. In 2020, it increased from $20 to $30 per tonne of carbon dioxide (CO_2) emissions above the established thresholds from our coal- and natural gas-fired power stations and has led to cost increases for all customers.

We remain confident that our current financial position — coupled with an ongoing commitment to strategic cost reduction and continuous improvement — will not impact our ongoing ability to deliver an essential service or compromise our support for a deep roster of provincial suppliers who provide critical goods and services to the company.

SUSTAINABLE INFRASTRUCTURE & RELIABILITY

Our investment in Saskatchewan's electricity system continued throughout 2019-20, reflecting the realities associated with federal carbon emission regulations. In the medium-term, we plan on adding utility-scale natural gas, wind, solar and biomass generation as we remain on track to reach our goal of reducing CO_2 emissions 40% below 2005 levels by 2030.

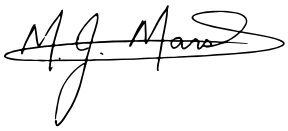
To maintain reliable service as we bring more intermittent renewable generation onto the system, we commissioned the new 353-MW Chinook Power Station near Swift Current during the year. It is capable of relatively fast ramping and baseload operation. Plans for construction of a similarly sized natural gas facility in Moose Jaw remain on track for an in-service date of 2024.

Our commitment to significantly reduce CO_2 emissions has led us to actively explore new technologies, such as nuclear small modular reactors (SMRs). During the year, a Memorandum of Understanding was signed by the Governments of Saskatchewan, Ontario and New Brunswick to collaborate in supporting the development and deployment of nuclear power from SMRs in Canada. Simultaneously, we are investigating the role that regional grids and utility-scale battery storage could play in our cleaner power generation future.

To accommodate the growth in low- or no-emission generation solutions, we also must dedicate significant efforts into the renewal and growth of our transmission and distribution infrastructure. Smart meters will be a key element of a modernized grid. To date, we have installed approximately 17,000 commercial and industrial customer smart meters. In 2019-20, almost 2,000 residential and small business customers responded to our call for volunteers who wanted early installation of smart meters as part of ongoing testing.

Overall, our solid fiscal performance over the past 12 months — combined with a continuing focus on flexible planning, continuous improvement and innovation — positions us well to continue delivering on customer expectations while also responding to the COVID-19 pandemic and associated economic uncertainty. Through the ongoing efforts of our employees, contractors, partners, stakeholders, customers, and Board Members, we will continue to execute on our leadership role in the design and implementation of a cleaner energy future for Saskatchewan.

Chief Darcy Bear
Chair, Board of Directors



Mike Marsh
President and CEO

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 29, 2020

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, 2020. It should be read in conjunction with the audited financial statements and accompanying notes. The financial information discussed herein has been prepared in accordance with International Financial Reporting Standards (IFRS).

This management's discussion and analysis (MD&A) contains forward-looking statements based on the Corporation's estimates and assumptions concerning future results and events. Due to the risks and uncertainties inherent in any forecasted outlook, the actual results of the Corporation could differ materially from those anticipated. These risks and uncertainties include the COVID-19 pandemic; natural gas prices; coal and hydro availability; weather; economic conditions; number of customers; regulatory changes; and market conditions in other jurisdictions.

Due to the economic uncertainty resulting from the COVID-19 pandemic, forward-looking information has not been reported as it is no longer an accurate representation of expectations for 2020-21. SaskPower is monitoring developments and will revise its budget, performance targets and corporate plans as circumstances dictate.

CONTENTS OF MD&A

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 540,000 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 almost 3,200 permanent full-time employees. Nearly one-half of our workforce is comprised of members of the International Brotherhood of Electrical Workers Local 2067. Approximately 14% of workers belong to Unifor Local 649, with out-of-scope staff accounting for the balance.

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

652,000 SQUARE KILOMETRES OF SERVICE AREA

MANDATE

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

The Act grants SaskPower the exclusive franchise within the province of Saskatchewan (except for the City of Saskatoon and the City of Swift Current) to supply, transmit and distribute electricity, as well as to provide retail services to customers. The reseller class of customer is restricted to two cities that retained their municipal franchises — the City of 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 Saskatchewan Power Corporation. The Minister functions as a link between SaskPower and provincial cabinet, as well as the Saskatchewan Legislative Assembly.

OUR CAPABILITY TO DELIVER RESULTS

As a vertically integrated and Crown-owned electrical utility, SaskPower serves the province of Saskatchewan through an extensive system of generation, transmission and distribution assets. SaskPower's mission is to ensure reliable, sustainable and cost-effective power for our customers and the communities we serve. Our company is in the midst of a multi-year transition to a cleaner energy future. As we chart this new direction, we will rely on a proud 90-year legacy of innovation and customer service to inform our path.

SUPPLY AND NETWORK

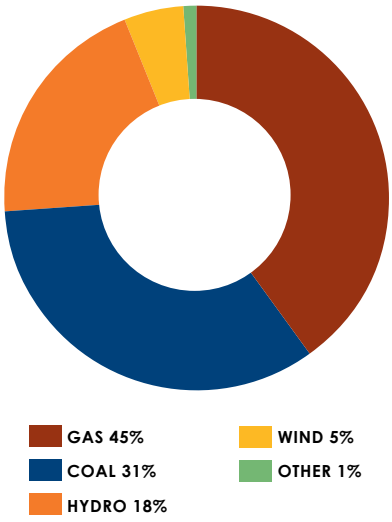
SaskPower's available generating capacity is 4,893 megawatts (MW), which includes 4,121 MW of company-owned generation. With the addition of the newly commissioned 353-MW natural gas-fired Chinook Power Station in 2019-20, SaskPower's thermal generation facilities include seven natural gas-fired stations and three coal-fired stations. Non-thermal facilities include seven hydroelectric stations and two wind power facilities.

SaskPower contracts 711 MW of generation capacity through power purchase agreements (PPAs) with large independent power producers (IPPs) using natural gas, hydro, and wind generation. SaskPower also has 61 MW of capacity contracted with small IPPs using technologies that include wind, solar, waste heat, flare gas, and landfill gas.

To ensure electricity is available when needed, SaskPower builds its generation fleet to exceed forecasted peak demand. Enough generating capacity must be available to supply electricity when units are down due to planned maintenance or unexpected outages. We must also account for the fact that some renewable generation capacity, such as wind or solar, is intermittent and only produces power when the wind is blowing, or the sun is shining. In response to all these considerations, SaskPower maintains an average operating reserve of 332 MW.

In 2019-20, Saskatchewan electricity sales volumes did not increase compared to the previous year; this is the first time that annual sales have not risen since 2009. Our company reached a peak demand of 3,722 MW, which makes this the second year in a row since 2010 that SaskPower did not mark a new peak demand record.

2019-20 AVAILABLE GENERATING CAPACITY
4,893 MW



NorthPoint Energy Solutions Inc. is a SaskPower subsidiary that manages our company's electricity imports and exports. We import supply if power can be acquired at a price lower than our marginal cost of generating electricity internally. We will also generate surplus electricity for export if it can be sold to neighbouring jurisdictions at a profit.

SaskPower moves electricity to and from other jurisdictions through established transmission interconnections with Alberta, Manitoba and North Dakota. Under normal system conditions, the capacity of these interconnections is as follows: 250 MW from Manitoba, 147 MW from Alberta and 150 MW from North Dakota.

SaskPower has used Demand Side Management (DSM) activities for over a decade to help offset energy growth and defer the construction of new generating facilities, reducing capacity requirements by 156 MW. Today, customers have an increasing range of options for adopting energy efficiency technologies. SaskPower continues to encourage energy efficiency, conservation and load management activities. Information is increasingly being targeted to specific customer groups, with a focus on providing energy management tools and advice in a more cost-effective way.

Relying on a vast network of transmission and distribution systems, SaskPower transports electricity from generating stations to customers across our service area of approximately 652,000 square kilometres (km). The transmission system efficiently moves large volumes of electricity (66,000 volts and above) to load centres — cities, towns or large industrial and commercial customers — through the use of 14,356 circuit km of lines and

MEGAWATTS OF CONTRACTED SMALL INDEPENDENT POWER PRODUCER ELECTRICITY THAT USES WIND, SOLAR, WASTE HEAT, FLARE GAS AND LANDFILL GAS TECHNOLOGIES **61**

2,300 APPROXIMATE NUMBER OF EMPLOYEES WORKING REMOTELY DURING THE INITIAL PHASE OF THE COVID-19 PANDEMIC

56 high voltage switching stations. The distribution system (less than 34,500 volts) steps down the voltage so it can be safely delivered to residential, farm, commercial and oilfield customers. SaskPower's distribution system includes 142,773 circuit km of lines and 186,088 transformers.

SaskPower's Grid Control Centre manages the safe and reliable operation of the power grid along with the Supervisory Control and Data Acquisition (SCADA) system that enables remote operation and control of our facilities. The large geographic size of the province, the locations of various sources of generation, and a dispersed and relatively small population all pose significant challenges to operating our transmission and distribution systems.

In 2019-20, SaskPower's capital spending totalled $696 million. This includes $374 million dedicated to the sustainment of infrastructure. Notable infrastructure renewal spending through the year included $36 million for ongoing life extension work at the 289-MW E.B. Campbell Hydroelectric Station and $24 million on the multi-year distribution system Rural Rebuild and Improvement Program.

Additionally, $97 million was allocated to growth-related projects, including $22 million for the completion of the Chinook Power Station and $29 million to complete the construction of a 138-kilovolt (kV) 88 km transmission line from Spruce Lake to Paradise Hill. Meanwhile, another $156 million was invested to connect customers to the grid.

OUTLOOK

Our immediate focus in 2020-21 will remain on ensuring that the COVID-19 pandemic does not interrupt the provision of reliable and safe service for our customers. A high degree of agility will be required throughout the year as we continue to monitor the reach and impacts of the pandemic and adjust our responses as necessary.

In this unprecedented time, ensuring the safety of our employees and customers remains our top priority. In March 2020, our company triggered the implementation of our corporate-wide continuity planning response and incident command structure. Ongoing pandemic-focused communication ensures employees and the public are kept up-to-date on our response efforts.

Operational practices are being monitored and adjusted as needed in order to ensure the health and safety of all employees — including those on the front lines who interact directly with customers; those who work on teams in our generating facilities; and those who work on transmission and distribution crews. At the same time, we are managing the unprecedented redeployment of approximately 2,300 employees to work remotely.

To lessen the pandemic's financial impact on our customers, in March 2020 SaskPower joined other Crown utilities in announcing that it is waiving interest on outstanding bills for six months to help residents and businesses deal with the economic impacts of COVID-19.

Customers will have a year after the six-month period to pay off any outstanding balance with equal monthly instalments. No additional interest will be charged. In total, this provides customers with 18 months to recover from the impact of the pandemic on their finances.

Financially, the scope of the pandemic's long-term impact on our company remains difficult to forecast. In the short-term, SaskPower's flexibility to absorb some of the impact of COVID-19 has been enhanced by our ongoing strategic cost reduction efforts in the areas of operating, maintenance and administration, fuel and purchased power, and capital-related expenses.

A key element of our continuity planning includes monitoring and preparing for interruptions in our supply chain. SaskPower relies on a wide range of provincial and global vendors for critical goods and services. Our company has plans in place to ensure disruptions caused by the pandemic do not impact our ability to obtain fuel for generation facilities as well as materials and supplies needed to maintain infrastructure.

While pandemic mitigation efforts will require much of our attention over the coming months, we will continue to advance our long-term corporate strategy. Despite the extraordinary events of early 2020, SaskPower's long-term corporate strategy remains fundamentally sound.

In addition to a core objective of delivering improved value to customers, our strategy focuses on a number of areas that include: a significant reduction in greenhouse gas emissions; a modernized electricity system; improved system reliability; expanded stakeholder engagement; strengthened Indigenous relations; a strong financial foundation; heightened employee engagement; increased workforce performance and diversity; and top safety performance.

Ensuring our company delivers programs and services to customers that offer value, convenience, and choice remains a top priority. We are continuing efforts to improve the experience we offer by adding more functionality to our Live Chat online customer contact channel. Meanwhile, enhancements to online self-serve tools and improvements to our Integrated Voice Response system will make it easier to do business with us.

Over 60,000 individuals have signed up for our Design Lab initiative. This is a forum through which we solicit feedback on potential design enhancements to customer initiatives such as the online portal and bills. This type of ongoing collaboration with customers is essential as we strive to meet their evolving expectations.

In February, a pilot project was launched in our Customer Care Centre. A team dedicated to small and medium businesses is using an account management model to deliver enhanced value to these customers. In the upcoming year, an energy advisory service will be added to support commercial customers in better managing their energy use.

At the same time, we are working to maintain our strong industrial customer experience survey scores. We are continuing dialogue with industrial customers on a range of issues, including potential cogeneration partnerships and renewable generation service options.

All SaskPower customers will be impacted by the changes our company must undertake in order to significantly reduce carbon dioxide (CO_2) emissions. In June 2019, the finalization of an Equivalency Agreement (EA) between the Government of Saskatchewan and Government of Canada was an important milestone in our ongoing efforts to transition to a cleaner generation future in a sustainable way.

The agreement provides flexibility in complying with the federal government's regulations requiring the elimination of all conventional coal generation by 2030, at points dependent on the age of individual units. Under the EA, CO_2 emissions are now measured on a system-wide basis rather than generation unit by generation unit. As a result, SaskPower is able to operate Boundary Dam Power Station Units #4 and #5 beyond 2019 and manage their retirement dates in a way that minimizes cost and potential system reliability impacts.

Incorporating more natural gas-fired generation into Saskatchewan's electricity system is an important component of our long-term resource plan as we strive to achieve our corporate goal of reducing CO_2 emissions by 40% from 2005 levels by 2030. Natural gas facilities deliver two important benefits: they provide a reliable and affordable source of baseload generation that produces less than half the CO_2 emissions of an average conventional coal plant and offer important backup for the increasing amount of intermittent renewable generation we are adding to our fleet.

In 2019-20, a project to construct SaskPower's next natural gas-fired power station at Moose Jaw entered the Request for Proposals phase. Scheduled to come online in 2024, the 350-MW Great Plains Power Station has entered the permitting phase with the Government of Saskatchewan Ministry of Environment after obtaining approval from the Impact Assessment Agency of Canada.

Implementation of the federal carbon tax in January 2019 resulted in a negative impact on the cost of operating coal and natural gas generation facilities. On January 1, 2020, the federal carbon tax increased from $20 to $30 per tonne of CO_2 emitted above established thresholds. It will increase again to $40 per tonne in 2021.

Meanwhile, in June 2019 the federal government introduced final regulations for natural gas plants that commence operation after 2020. These facilities will have to pay the carbon price on a higher portion of CO_2 emissions each year until 2030, when the carbon tax will apply to all emissions.

When it comes to renewable electricity generation, progress continues on Saskatchewan's first utility-scale solar project — the 10-MW Highfield Solar Project being built by Saturn Power. Additionally, our company has signed an Opportunity Agreement with the First Nations Power Authority that sets out conditions for 20 MW of new utility-scale solar generation projects, and our company is also in the closing stages of signing a PPA for 10 MW of solar power with another proponent.

Carbon-neutral biomass generation is also set for development in our province. In 2019-20, SaskPower signed a 25-year PPA with Meadow Lake Tribal Council. It will see the development of an 8-MW biomass facility that will generate power using sawmill residuals. Nine Saskatchewan First Nations will receive direct benefits through this project.

Wind generation will continue to anchor our renewable portfolio. Potentia Renewables is constructing the 200-MW Golden South Wind Energy Facility, located near Assiniboia. Meanwhile, Algonquin Power's 175-MW Blue Hill Wind Energy Facility and Capstone Infrastructure's 10-MW Wind Energy Facility are also preparing for construction. During the year, SaskPower announced the RFP stage for a competitive solicitation to secure up to 300 MW of additional wind generation for commissioning by the end of 2023.

The upcoming year will see preparations continue for the delivery of an additional 215 MW of renewable electricity capacity purchased from Manitoba Hydro beginning in 2022. SaskPower currently has a 100 MW import agreement that starts in June 2020 and will run until 2040 along with another 25 MW agreement that will end in 2022.

Our exploration into the feasibility of nuclear small modular reactors — a potential zero-emission baseload supply

CAPACITY OF THE NEW GOLDEN SOUTH WIND ENERGY FACILITY **200 MW**

200 KM

LENGTH OF THE NEW DOUBLE CIRCUIT 230/138-KV PASQUA TO SWIFT CURRENT TRANSMISSION LINE

option smaller than traditional reactors — will continue through a Memorandum of Understanding (MOU) signed between the Governments of Saskatchewan, Ontario and New Brunswick. The MOU is only the first step into a full-scale investigation into whether or not nuclear generation will be part of Saskatchewan's future.

In concert with efforts to transform our generation fleet, SaskPower is making significant investments to renew and grow our existing transmission infrastructure to improve reliability, accommodate new generation facilities, and better manage the integration of more renewables into our system. The completion of the 200-km double circuit 230/138-kV Pasqua to Swift Current Transmission Line in 2019-20 is a critical infrastructure upgrade that allows us to more efficiently transport power generated at the new Chinook Power Station while also supporting growth in wind power generation in the southwest corner of the province.

Grid modernization efforts planned for 2020-21 include SaskPower's measured implementation approach to Advanced Metering Infrastructure (AMI). Smart meters will provide information on energy use, outages and power quality issues that can improve the information available to customers and how our company operates the grid.

By the end of 2019-20, approximately 17,000 commercial and industrial customer smart meters had been installed. As well, almost 2,000 residential and small business customers expressed interest due to our call in early 2020 for volunteers who wanted early installation of an AMI meter. Wider installation of residential AMI meters will begin after additional meter testing and customer pilots have been completed.

In anticipation of eventual wider AMI meter installation, the deployment of smart switches and metering at distribution substations across the province remains a priority as part of SaskPower's substation automation initiative. We will also continue work on the Advanced Distribution Management System (ADMS) Program, which promises improved visibility into outages and system performance for our Grid Control Centre staff.

OUR ENTERPRISE-WIDE STRATEGIC CONTEXT

SaskPower's strategic direction includes our company's vision, mission, and values statements, as well as our corporate pillars, strategic priorities and key initiatives. Our vision reminds us of the ideals we are pursuing and what we want to achieve in years to come. Our mission tells us why our business exists and defines its unique purpose. Meanwhile, our values are the fundamental principles that guide and govern our behaviour.

Our planning, execution and performance measurement activities are built around four corporate pillars. They are our company's foundation for success, and are the key result areas that ultimately form the basis of individual goal-setting. Each pillar plays a prominent role in SaskPower's Business Plan, Performance Management 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 2020-2030*.

CORPORATE PILLARS & STRATEGIC PRIORITIES

1 CUSTOMER EXPERIENCE & STAKEHOLDER RELATIONS

STRATEGIC PRIORITY: Deliver improved value for our customers

2 WORKFORCE EXCELLENCE

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

3 EFFICIENCY, QUALITY & COST MANAGEMENT

STRATEGIC PRIORITY: Ensure our financial health in a transitioning industry

4 SUSTAINABLE INFRASTRUCTURE & RELIABILITY

STRATEGIC PRIORITY: Build a cleaner, reliable, modernized electricity system

PERFORMANCE MEASURES	FURTHER INFORMATION
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DSM peak demand/energy savings [retired in 2020-21]	Page 18
Call centre wait time [new for 2020-21]	Page 18
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OUR PERFORMANCE MEASURES AND TARGETS

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

The targets and results associated with each of SaskPower's corporate pillars are contained within this section. Forward-looking Corporate Balanced Scorecard targets are currently under review as SaskPower assesses the impact of the COVID-19 pandemic.

SASKPOWER CORPORATE BALANCED SCORECARD

	Corporate pillars & performance measures	2018-19 actual	2019-20 target	2019-20 actual	2019-20 performance
	CUSTOMER EXPERIENCE & STAKEHOLDER RELATIONS				
M1.	Customer Experience Index (%) (residential/small & medium business/key & major account)	69/71/80	69/71/80	**69/68/79**	🟢/🟡/🟡
M2.	New Connect Construction Index (%)	77.4	78.0	**79.6**	🟢
M3.	DSM peak demand/energy savings (MW/GWh) **[RETIRED IN 2020-21]**	11.4/54.7	6.0/45.0	**6.7/46.0**	🟢/🟢
M3.	Call centre wait time (minutes) **[NEW FOR 2020-21]**	•	•	•	•
	WORKFORCE EXCELLENCE				
M4.	Employee engagement (%)	64	66	**59**	🟡
M5.	Workforce diversity (%)	41.8[1]	42.0	**40.9**	🟡
M6.	Health & Safety Index (%)	93.2	90.0	**92.3**	🟢
	EFFICIENCY, QUALITY & COST MANAGEMENT				
M7.	Return on equity (%)	7.9	9.5	**7.8**	🟡
M8.	Per cent debt ratio (%)	74.1	73.6	**72.6**	🟢
M9.	OM&A/customer account vs Saskatchewan Consumer Price Index[2] (% growth)	3.1	1.4	**0.4**	🔵
M10.	Capital Cost Performance Index/Capital Schedule Performance Index[3] (%)	84/43	70/70	**87/74**	🔵/🟢
M11.	Indigenous procurement (%)	8.6[1]	8.5	**8.6**	🟢
M12.	Competitive rates (thermal utilities) (%)	101	≤100	**91**	🟢
	SUSTAINABLE INFRASTRUCTURE & RELIABILITY				
M13.	Equivalent Availability Factor (%)	86.0	>85.0	**84.1**	🟡
M14.	SAIDI/SAIFI (distribution) (hours/outages)	7.0/2.5	5.9/2.4	**5.9/2.3**	🟢/🟢
M15.	SAIDI/SAIFI (transmission) (minutes/outages)	464/5.0	140/3.1	**146/3.2**	🟡/🟡
M16.	Renewable generation portfolio (%)	25.6	24.0	**24.3**	🟢
M17.	CO_2 emissions (% change from 2005 levels)	•	12.0	**11.7**	🟢

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

- Denotes that actuals or targets are not available for that time period.

1. Prior period results have been restated.
2. The approved methodology for 2019-20 is based on a five-year average to normalize the year-to-year swings in OM&A related to the maintenance schedules for generation units. In 2018-19, annual growth was used in the methodology.
3. Name change: This measure was formerly the "Capital Earned Value Management Portfolio (Cost Performance Index/Schedule Performance Index)."

CORPORATE PILLAR 1

CUSTOMER EXPERIENCE & STAKEHOLDER RELATIONS

Strategic priority

DELIVER IMPROVED VALUE FOR OUR CUSTOMERS

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

M1. CUSTOMER EXPERIENCE INDEX (%) ●/●/●
(RESIDENTIAL/SMALL & MEDIUM BUSINESS/KEY & MAJOR ACCOUNT)

2018-19 actual	2019-20 target	2019-20 actual
69/71/80	69/71/80	69/68/79

SaskPower conducts annual customer experience research for all three of our customer segments: residential, small & medium business, and key & major account. The Customer Experience Index measures our customers' perceptions of their interactions and relationship with SaskPower, and our ability to provide them with positive experiences. Affordable rates, reliability and communication are the predominant expectations of SaskPower's service delivery for all three customer segments.

- Residential customers – The residential customer experience score achieved the target of 69%. Residential customers generally have favourable perceptions of SaskPower based on their experience with our company. Our residential customers prioritize convenient customer service, quick problem resolution, and support of their energy efficiency efforts. Meanwhile, 2019 marked the 12th consecutive year that SaskPower achieved a general satisfaction score above the national average in the Canadian Electricity Association's annual customer survey of residential electric utility customers across Canada.
- Small & medium business customers – The small & medium business customer experience score of 68% is below the 71% target for 2019-20. In this segment, customers expressed a strong desire for convenient and high-quality customer service; reliable power service and programs; and products and tools that provide them control over their power use.
- Key & major account customers – Our company continues to perform well at delivering high quality customer service for this segment. The key & major account customer experience score of 79% fell just short of the target of 80%, and remains strong year-over-year. SaskPower continues to meet expectations by focusing on customer service delivery and quick communication regarding service issues. Customers in this segment place importance on having input into our company's future plans, as well as renewable energy solutions and power generation programs that can help them to save money and achieve their sustainability targets.

M2. NEW CONNECT CONSTRUCTION INDEX (%)

2018-19 actual	2019-20 target	2019-20 actual
77.4	78.0	79.6

The New Connect Construction Index measures the percentage of new connect delivery orders that SaskPower completes before the later of the need date provided by the customer or the relevant targeted cycle-time for the new connect order type. SaskPower's New Connect Construction Index performance for 2019-20 was 79.6%. Beginning in May, our company experienced a significant drop in customer activity that continued into the fall and resulted in nearly 15% fewer customer connect orders during the year. This enabled resources that were no longer needed for new connect construction to be redeployed to other areas of SaskPower to work on maintenance and capital construction projects.

The first and second waves of a new schedule adherence project were implemented in spring. Fewer resources — combined with the time needed to familiarize staff with the new scheduling system — resulted in performance declining through the first half of the year. Once fully implemented, the new scheduling system is expected to provide more flexibility for SaskPower to better accommodate customer delays while still meeting the need date.

In the fall, our company made a concerted effort to improve the balance between the repair of damage caused by significant storms, the delivery of distribution asset management programs to sustain our company's infrastructure, and the timely completion of new connect orders. Together with a number of technological initiatives to further streamline the new connect process, these efforts steadily improved our performance throughout the remainder of the year.

M3. DSM PEAK DEMAND/ENERGY SAVINGS (MW/GWH)
[RETIRED IN 2020-21]

2018-19 actual	2019-20 target	2019-20 actual
11.4/54.7	6.0/45.0	6.7/46.0

The DSM (Demand Side Management) peak demand metric measures the reduction in peak electricity demand in megawatts (MW) while the DSM energy savings metric measures the volume of energy saved in gigawatt hours (GWh) resulting from the various DSM programs delivered by SaskPower. These reductions are achieved through energy efficiency and conservation measures as well as system improvement programs.

In 2019-20, SaskPower's portfolio of DSM programs reduced peak demand by 6.7 MW and achieved energy savings of 46.0 GWh, with both results being better than target. These results were primarily achieved through the Commercial Lighting Rebate Program and the Industrial Energy Optimization Program (IEOP), as well as the Internal Energy Management Program (IEMP). The IEOP, which was offered to our largest industrial and manufacturing customers, provided customized technical and financial support to those interested in improving the efficiency of their process operations. Energy management and capital projects completed this year, such as compressor upgrades and improvements to variable fan drives, reduced peak demand by 2.5 MW and achieved energy savings of 20.0 GWh.

New in 2019-20, the IEMP identifies energy-saving opportunities within our company. The program assists in the implementation of energy management projects on SaskPower's buildings and transmission, distribution, and non-critical power station assets and also reports on reductions achieved in energy demand and carbon dioxide (CO_2) emissions. In 2019-20, the rural rebuild and streetlight LED upgrade projects reported a combined peak demand reduction of 2.0 MW and total energy savings of 10.8 GWh.

Since its initial launch, our portfolio of DSM programs has saved enough electricity to power nearly 65,000 homes for a year, while the associated reduction in carbon emissions is equivalent to taking over 104,000 cars off the road or planting 41 million new trees.

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

2018-19 actual	2019-20 target	2019-20 actual
•	•	•

Call centre wait time measures the average time that callers to SaskPower's Primary Care Centre remain on hold after they have selected the applicable option on the Intelligent Voice Response system. The objective is to monitor and reduce the time that customers wait in the queue before their calls are answered by a customer service representative.

- Denotes that actuals or targets are not available for that time period.

CORPORATE PILLAR 2

WORKFORCE EXCELLENCE

Strategic priority

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

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

M4. EMPLOYEE ENGAGEMENT (%)

2018-19 actual	2019-20 target	2019-20 actual
64	66	59

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

For 2019-20, a shorter employee engagement pulse survey was conducted that recorded a response rate of 72%. SaskPower's overall engagement score was 59%, indicating that 59% of respondents either agree or strongly agree with the following six statements: I am proud to tell others I work for SaskPower; I am optimistic about the future of SaskPower; SaskPower inspires me to do my best work; I would recommend SaskPower to a friend as a great place to work; my job provides me a sense of personal accomplishment; and I can see a clear link between my work and SaskPower's long-term objectives.

This result fell short of the 2019-20 target of 66% and has dropped five percentage points from our company's 2018-19 result of 64%. One of the main drivers of this decrease was a decline in optimism largely arising from the uncertain environment of the utility industry.

M5. WORKFORCE DIVERSITY (%)

2018-19 actual	2019-20 target	2019-20 actual
41.8[1]	42.0	40.9

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

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

SaskPower's 2019-20 result of 40.9% decreased from the previous year and is below our target of 42.0%. While SaskPower is committed to employing a diverse workforce, our performance on this measure was significantly impacted by competing efforts to reduce expenditures throughout the year. Spending on external hiring was substantially reduced and greater scrutiny has been used when filling vacancies, which has limited the ability to bring in new diversity employees.

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

	SHRC 2019 targets	SaskPower actuals
Indigenous people	14.0	5.8
Persons with disabilities	22.0	12.6
Visible minorities	11.0	9.7
Women in under-represented positions	47.0	12.8

1. Prior period results have been restated.

M6. HEALTH & SAFETY INDEX (%)

2018-19 actual	2019-20 target	2019-20 actual
93.2	90.0	92.3

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

Leading indicators measure proactive activities that identify hazards, and assess, eliminate, minimize and control risks. They evaluate the effectiveness of safety programs and contribute to the prevention of incidents before they occur. The leading indicators include the completion of safety objectives; health and safety training; safety incident corrective/preventative actions (which is new for 2019-20 as a replacement for the previously included corrective/preventative actions indicator); and work observations.

Lagging indicators record safety performance related to the occurrence of safety incidents and include rates for lost-time injury frequency; lost-time injury severity; recordable injury frequency; and all injury frequency (which is new for 2019-20 as a replacement for the previously included recordable licensed fleet motor vehicle incident frequency indicator).

SaskPower's 2019-20 Health & Safety Index result of 92.3% surpassed our overall target of 90.0%. Our company performed well on the four individual leading indicators, which had results that ranged from 95.2% to 99.4%. For each of the three leading indicators consistent with the 2018-19 index — completion of safety objectives; health and safety training; and work observations — performance improved by nine to 11 percentage points from the prior year.

On two of the lagging indicators — lost-time injury frequency and lost-time injury severity — SaskPower achieved individual results of 100%. The recordable injury frequency result dropped to 79.2% this year, as the number of recordable injuries experienced in 2019-20 increased in comparison to 2018-19. Lastly, the new all injury frequency indicator — which measures a number of injuries and illnesses that includes both lost-time and recordable injuries — reported a result of 66.3%.

CORPORATE PILLAR 3

EFFICIENCY, QUALITY & COST MANAGEMENT

Strategic priority
ENSURE OUR FINANCIAL HEALTH IN A TRANSITIONING INDUSTRY

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

M7. RETURN ON EQUITY (%)

2018-19 actual	2019-20 target	2019-20 actual
7.9	9.5	7.8

Return on equity (ROE) is a measure of income expressed as a percentage of average equity.

In 2019-20, our company fell short of our target ROE of 9.5% and recorded a result of 7.8%. For the first time since 2009, SaskPower experienced a decline in Saskatchewan electricity sales volumes, which had a significant impact on the ROE performance for the year. Net income results are explained in further detail in the financial results section of the MD&A.

M8. PER CENT DEBT RATIO (%)

2018-19 actual	2019-20 target	2019-20 actual
74.1	73.6	72.6

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

Our company's per cent debt ratio of 72.6% at March 31, 2020, was one percentage point better than our target of 73.6%. Total net debt decreased primarily due to a reduction in lease liabilities, resulting from SaskPower's purchase of the remaining 50% interest in the Cory Cogeneration Station from ATCO Power Canada Ltd. and higher than expected earnings and market returns on debt retirements funds. In addition, decreased capital spending throughout the year and the receipt of proceeds from the sale of SaskPower's 30% interest in the MRM Cogeneration Station reduced the amount of borrowings required at year end.

M9. OM&A/CUSTOMER ACCOUNT VS. SASKATCHEWAN CONSUMER PRICE INDEX[1] (CPI) (% GROWTH)

2018-19 actual	2019-20 target	2019-20 actual
3.1	1.4	0.4

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

In 2019-20, SaskPower's five-year average annual growth in OM&A expenses per customer account was 0.4%. This was significantly lower than the maximum target threshold and five-year average annual growth in the CPI of 1.4% over the same period. Our company's ongoing strategic cost reduction and workforce efficiency efforts resulted in a 2019-20 OM&A expense of $705 million, a decrease of $3 million below our 2018-19 OM&A expense of $708 million. Meanwhile, our number of customer accounts increased by more than 3,000.

1. *The approved methodology for 2019-20 is based on a five-year average to normalize the year-to-year swings in OM&A related to the maintenance schedules for generation units. In 2018-19, annual growth was used.*

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

2018-19 actual	2019-20 target	2019-20 actual
84/43	70/70	87/74

The Capital Cost Performance and Capital Schedule Performance Indices are used to evaluate our company's ability to manage large capital projects within approved budgets and schedules. These measures are applied to power production and transmission capital projects that have a minimum total approved spending of $5 million and an in-service date during or after the current fiscal year. In 2019-20, SaskPower had 39 projects which met these criteria — 26 power production projects and 13 transmission projects.

The Capital Cost Performance Index identifies the percentage of these projects for which SaskPower has been successful at managing costs so that actual expenditures are equal to or less than the budgeted cash flow at a point in time. As at March 31, 2020, our Capital Cost Performance Index result of 87% exceeded our target of 70% as our company has been able to prudently manage spending on 34 of the 39 capital projects.

The Capital Schedule Performance Index identifies the percentage of these projects for which SaskPower has been able to keep on schedule by measuring actual progress completed against the progress scheduled to be completed at a point in time. As at March 31, 2020, our company's Capital Schedule Performance Index result of 74% surpassed our target of 70%. SaskPower's Capital Project Management Office developed and established project management standards and tools to align and support capital project delivery across our company. This has led to improvements in the management, measurement and reporting of capital projects. In addition, increased emphasis on enhanced capital reporting and the timeliness of submissions through our capital governance process has improved our company's responsiveness in our management of capital projects.

M11. INDIGENOUS PROCUREMENT (%)

2018-19 actual	2019-20 target	2019-20 actual
8.6[1]	8.5	8.6

Our company is committed to promoting and pursuing viable business development opportunities through long-term relationships with Indigenous people, 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 procurement.

Of the purchase orders SaskPower issued to Saskatchewan vendors in 2019-20, Indigenous procurement accounted for 8.6% or over $47 million. This included services such as civil construction, vegetation management, wood pole remediation, and environmental monitoring. This year, SaskPower made further progress securing Indigenous-sourced software testing, paper manufacturing and printing, and environmental services.

1. *Prior period results have been restated.*

M12. COMPETITIVE RATES (THERMAL UTILITIES) (%)

2018-19 actual	2019-20 target	2019-20 actual
101	≤100	91

Our company has a target of ensuring SaskPower's system average rates are less than or equal to the system average rates for customers served by utilities primarily dependent on thermal generation (using coal, natural gas, nuclear or oil). On a yearly basis, using annual Hydro-Québec survey results, our company compares our rates against other thermal utilities within Canada.

In comparison to the average rates of eight other Canadian thermal utilities as at April 1, 2019, across seven customer classes, SaskPower's rates were an average of 9% lower. This is an improvement of 10 percentage points from our 2018-19 result of 101%.

While SaskPower has not pursued a rate increase since March 2018, rates have increased in every other thermal jurisdiction.

SaskPower's rates were lower than the average rate of Canadian thermal utilities in six of the seven summarized customer classes. Our rates remained above the average for the residential customer class. However, in the small business, medium power, and large power customer categories, SaskPower's rates ranked second or third lowest in four of the six summarized customer classes.

CORPORATE PILLAR 4

SUSTAINABLE INFRASTRUCTURE & RELIABILITY

Strategic priority
BUILD A CLEANER, RELIABLE, MODERNIZED ELECTRICITY SYSTEM

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

M13. EQUIVALENT AVAILABILITY FACTOR (%)

2018-19 actual	2019-20 target	2019-20 actual
86.0	>85.0	84.1

Equivalent Availability Factor (EAF) represents the percentage of time that a generating unit is capable of producing electricity, adjusted for any temporary reductions in generating capability due to equipment failures, maintenance or other causes. In addition to determining the EAF for each SaskPower-owned generation unit, our company also measures an overall weighted EAF for all of SaskPower's generation assets. While higher EAF percentages are more favourable, targets are set giving consideration to prudent equipment maintenance and capital requirements.

SaskPower's overall weighted EAF performance for 2019-20 of 84.1% fell short of the annual minimum target of 85.0%. A number of complications experienced at our company's natural gas-fired generation stations were the primary cause of our decreased performance. The weighted EAF for SaskPower-owned gas-fired generation was 77.0%, 5.3% below the planned availability for these assets.

Our coal-fired generation stations had a weighted EAF of 83.8%, which was slightly better than the planned availability for these assets. SaskPower's hydroelectric and wind generation stations also had weighted EAF performance that was slightly better than the planned availability for each generation type.

M14. SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI) (DISTRIBUTION) (HOURS)

2018-19 actual	2019-20 target	2019-20 actual
7.0	5.9	5.9

The distribution SAIDI allows us to track our company's performance restoring service in response to outages. It is a measure of the service interruption length in hours that an average customer experiences in a 12-month period. The distribution SAIDI results are influenced by a number of factors, including adverse weather during restoration; equipment condition; extent of outage; travel time to the trouble point; and line staff availability, familiarity with facilities and level of experience.

SaskPower's distribution SAIDI performance for 2019-20 achieved the target of 5.9 hours. Major Event Days, which are defined as events that exceed reasonable design and/or operational limits as set out by the Institute of Electrical and Electronics Engineers, are excluded from the measurement. The leading causes of distribution outage duration included planned outages (21%); foreign interference, largely due to vegetation and wildlife (17%); adverse weather, of which over half of the instances were due to lightning (16%); and faulty equipment (16%).

M14. SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX (SAIFI) (DISTRIBUTION) (OUTAGES)

2018-19 actual	2019-20 target	2019-20 actual
2.5	2.4	2.3

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

SaskPower's distribution SAIFI performance of 2.3 outages improved year-over-year and was better than the target of 2.4 outages. Major Event Days are excluded from the measurement. Planned outages were responsible for the most distribution outages experienced across the province in 2019-20 (19%). Other significant causes of distribution outages included foreign interference, led by wildlife contacts (16%); faulty equipment (15%); adverse weather (12%); and system failure (10%).

M15. SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI) (TRANSMISSION) (MINUTES)

2018-19 actual	2019-20 target	2019-20 actual
464	140	146

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

SaskPower's transmission SAIDI performance of 146 minutes was just over the annual target of 140 minutes. Major Event Days are excluded from the measurement. The main causes of transmission outage duration for 2019-20 were defective equipment (31%); adverse weather (24%); foreign interference (18%); adverse environment (16%); and human error (5%).

SaskPower is currently investigating the application of a technology that can provide improved fault location capability through solar-powered remote sensors and communication devices. The ability to more accurately pinpoint line faults can help identify the cause of outages and locate associated damage to equipment that may become a risk to future performance. Our company is also examining methods to reduce outages caused by human error — such as improved work practices and enhanced training, better operational awareness, and equipment — as well as systems specifically designed to avoid these types of failures.

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

2018-19 actual	2019-20 target	2019-20 actual
5.0	3.1	3.2

The transmission SAIFI represents the average number of forced interruptions experienced at a bulk electric service delivery point in one year. Forced interruptions — which can be either momentary or sustained — include outages due to weather conditions, defective equipment, and system conditions such as overload. In 2019-20, SaskPower's transmission SAIFI result of 3.2 outages was slightly worse than the target of 3.1 outages. Major Event Days are excluded from the measurement.

The leading cause of transmission outages was adverse weather, which accounted for 43% of interruptions. A cycle of ideal weather conditions conducive to frost, combined with contamination of line insulators, have caused more than 100 delivery point outages over the past two years. To reduce these outages, SaskPower has begun replacing high-risk line insulators with newer insulator technology that performs better in contaminated environments in conjunction with insulator washing. Other factors which caused a substantial number of outages included defective equipment (12%); adverse environment, largely due to industrial contamination and fire (9%); human error (8%); system configuration (7%) and foreign interference, primarily due to tree and animal contacts (6%).

M16. RENEWABLE GENERATION PORTFOLIO (%)

2018-19 actual	2019-20 target	2019-20 actual
25.6	24.0	24.3

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 generation, and includes wind, solar, waste heat, flare gas and landfill gas, as well as long-term firm capacity agreements for imports generated from renewable fuel sources.

SaskPower's total renewable generation capacity as at March 31, 2020, was 1,191 MW, or 24.3% of our company's total available generating capacity of 4,893 MW. This percentage has decreased by 1.3% from the prior year due to the addition of the natural gas-fired Chinook Power Station, which was commissioned in November 2019.

The commissioning of Chinook Power Station and any future natural gas plant additions provides a lower-emitting source of baseload generation that is required as we transition away from conventional coal generation by the end of the decade. Natural gas generation facilities are critical in supporting a significant increase of intermittent, renewable generation capacity in our fleet.

M17. CO_2 EMISSIONS (% CHANGE FROM 2005 LEVELS)[1]

2018-19 actual	2019-20 target	2019-20 actual
•	12.0	11.7

The CO_2 emissions measure compares SaskPower's annual CO_2 emissions level to our 2005 CO_2 emissions level. It tracks our company's progress on our commitment to reduce our CO_2 emissions by 40% from 2005 levels by 2030. The measure includes CO_2 emissions from electricity generated by our company or supplied to the grid. This includes SaskPower-owned generation, purchases from IPPs, and imports from other jurisdictions. Targets and results are expressed as a percentage of SaskPower's 2005 CO_2 emissions level.

The CO_2 emitted to produce the energy supplied to SaskPower's customers from January through December 2019 was 11.7% above our 2005 emissions level, which was better than the target of 12.0%. While our CO_2 emissions peaked in 2019 with the addition of the natural gas-fired Chinook Power Station, the capacity that the new facility added to our fleet was necessary to continue Saskatchewan's transition to a cleaner energy future. The Chinook Power Station will enable our company to continue to meet the energy demands of our province as SaskPower prepares to retire the oldest of our conventional coal-fired generation units. The new station will also serve as the reliable backup required as our company increases the integration of intermittent wind and solar generation in our fleet. We expect CO_2 emissions to decline at increasing levels throughout the decade as more renewable power generation is brought online and conventional coal units are retired.

- Denotes that actuals or targets are not available for that time period.

1. *Results are reported on a calendar-year basis in alignment with regulatory reporting.*

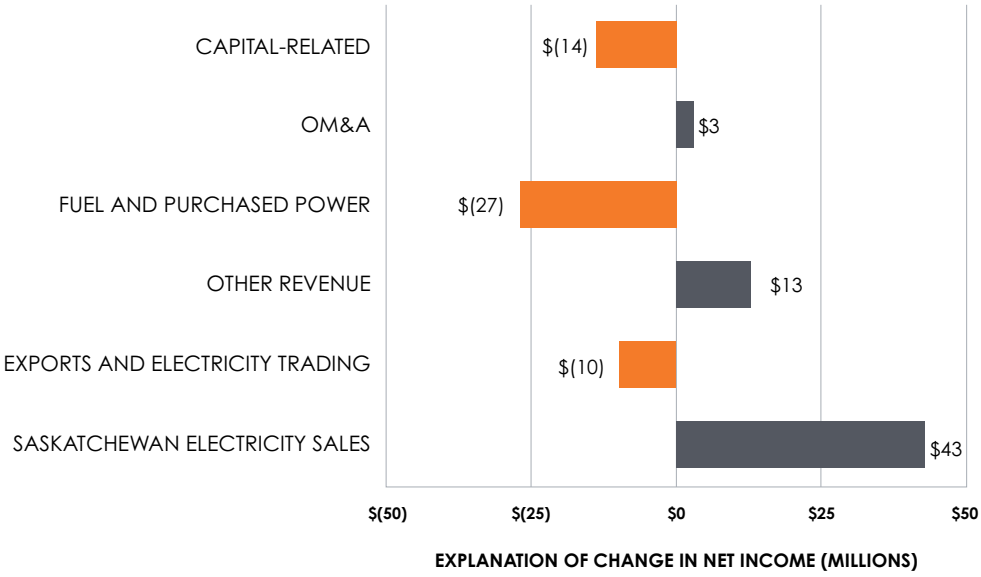
2019-20
FINANCIAL RESULTS

(in millions)	2019-20	2018-19	Change
Revenue			
Saskatchewan electricity sales	**$ 2,626**	$ 2,583	$ 43
Exports and electricity trading	**20**	30	(10)
Other revenue	**125**	112	13
Total revenue	**2,771**	2,725	46
Expense			
Fuel and purchased power	**737**	710	27
Operating, maintenance and administration	**705**	708	(3)
Depreciation and amortization	**572**	553	19
Finance charges	**431**	416	15
Taxes	**77**	74	3
Other expenses	**44**	67	(23)
Total expense	**2,566**	2,528	38
Net income	**$ 205**	$ 197	$ 8
Return on equity[1]	**7.8%**	7.9%	(0.1%)

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

$8M

INCREASE IN NET INCOME



EXPLANATION OF CHANGE IN NET INCOME (MILLIONS)

HIGHLIGHTS AND SUMMARY OF RESULTS

SaskPower reported a consolidated net income of $205 million in 2019-20 compared to $197 million in 2018-19. The $8 million increase was primarily due to increased Saskatchewan electricity sales being offset by higher fuel costs and capital-related expenses. The return on equity was 7.8%, slightly lower than the previous year.

Total revenue was $2,771 million, up $46 million from 2018-19. The improvement in revenue was attributable to a $43 million increase in Saskatchewan electricity sales due to the implementation of the federal carbon charge rate rider effective April 1, 2019, partially offset by lower sales volumes. Electricity sales volumes to Saskatchewan customers were 23,072 gigawatt hours (GWh), down 487 GWh or 2.1% compared to the prior year. Other revenue increased $13 million as a result of higher customer contributions. In contrast, export sales and net profits from electricity trading decreased $10 million as a result of limited opportunities to sell into Alberta.

Total expense was $2,566 million, up $38 million from 2018-19. This was mainly attributable to a $27 million increase in fuel and purchased power costs as a result of the implementation of the federal carbon charge, offset by increased use of lower-cost fuel sources as well as reduced demand. Capital-related expenses — depreciation, finance charges, taxes and other expenses — increased $14 million in 2019-20 as a result of SaskPower's capital program. Depreciation expense was up $19 million as a result of additional investments in the Corporation's property, plant and equipment. Finance charges increased $15 million compared to 2018-19 due to additional interest on long-term debt as well as lower interest capitalized. Taxes also increased $3 million due to higher corporate capital tax. These increases were offset by a $23 million decrease in other expenses as a result of an adjustment made to the environmental remediation provision in 2018-19 based on estimated settlement costs for past activities. OM&A expense also decreased $3 million due to lower materials and contract services costs related to transmission and distribution infrastructure as a result of less storm activity during the year.

REVENUE

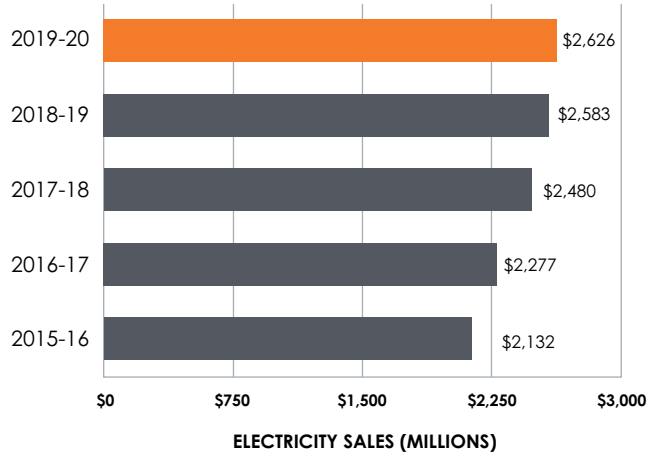
Saskatchewan electricity sales

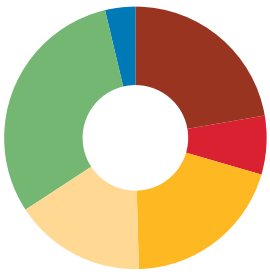
(in millions)	2019-20	2018-19	Change
Residential	**$ 559**	$ 576	$ (17)
Farm	**185**	188	(3)
Commercial	**508**	519	(11)
Oilfield	**435**	416	19
Power	**759**	784	(25)
Reseller	**97**	100	(3)
Federal carbon charge	**83**	-	83
Saskatchewan electricity sales	**$ 2,626**	$ 2,583	$ 43

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

Saskatchewan electricity sales were $2,626 million in 2019-20, up $43 million from 2018-19. The increase was due to the implementation of the federal carbon charge rate rider effective April 1, 2019. The revenue associated with the federal carbon charge rate rider is being set aside and will be used to fund the federal carbon tax payments. The increase in federal carbon charge was partially offset by lower sales volumes. Electricity sales volumes to Saskatchewan customers were 23,072 GWh, down 487 GWh or 2.1% compared to the prior year.

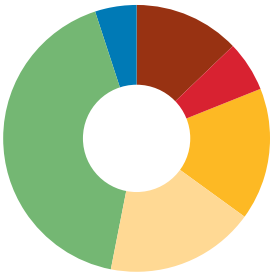
The largest declines in electricity sales occurred in the power, residential, and commercial customer classes. Consumption in the power customer class declined 380 GWh from the prior year as a result of reduced activity in the potash, pulp, pipeline and steel sectors. Residential sales were down 125 GWh due to moderate weather conditions during the year and general improvements in household energy efficiency. Finally, commercial sales were down 114 GWh due to general declines in economic conditions.





SASKATCHEWAN ELECTRICITY SALES - $2,626 MILLION

RESIDENTIAL 22% FARM 7%
COMMERCIAL 20% OILFIELD 17%
POWER 30% RESELLER 4%



SASKATCHEWAN ELECTRICITY SALES - 23,072 GWH

RESIDENTIAL 13% FARM 6%
COMMERCIAL 16% OILFIELD 18%
POWER 42% RESELLER 5%

Exports and electricity trading

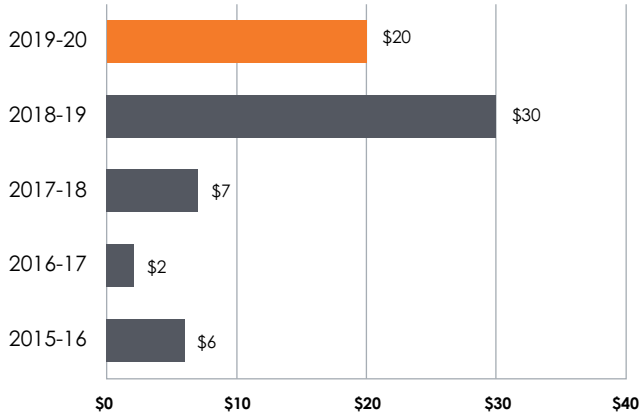
(in millions)	**2019-20**	2018-19	Change
Exports	**$ 20**	$ 30	$ (10)
Electricity trading revenue	**14**	12	2
Electricity trading costs	**(14)**	(12)	(2)
Exports and electricity trading	**$ 20**	$ 30	$ (10)

Exports represent the sale of SaskPower's available generation to neighbouring Alberta, Southwest Power Pool and Midcontinent Independent System Operator markets. Export pricing is not subject to the rate review process. Export sales are dependent on the availability of SaskPower generation, market conditions in other jurisdictions, and transmission availability.

Electricity trading activities include the purchase and resale of electricity and other derivatives in regions outside Saskatchewan. Electricity trading revenue is reported on a net basis upon delivery of electricity to customers and receipt of electricity purchased from external parties.

Exports and electricity trading were $20 million in 2019-20, down $10 million from 2018-19. Exports were down 168 GWh due to decreased opportunities to sell into Alberta as a result of a Saskatchewan-Alberta tie-line outage from June through to August. This was partially offset by an $8 increase in the average export sales price from $71/megawatt hour (MWh) in 2018-19 to $79/MWh in 2019-20.

Improved trading opportunities provided for the increased electricity trading revenues. However, net trading profits continue to be negatively impacted by the fixed transmission position the Corporation has in British Columbia, resulting in no changes in net margins from electricity trading year-over-year.



EXPORTS AND ELECTRICITY TRADING (MILLIONS)

Other revenue

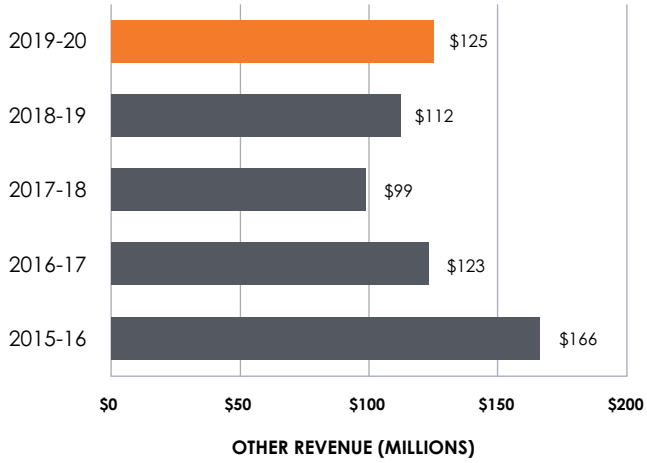
(in millions)	**2019-20**	2018-19	Change
Customer contributions	**$ 59**	$ 53	$ 6
Gas and electrical inspections	**18**	17	1
CO_2 sales	**10**	8	2
Fly ash sales	**10**	7	3
Joint use charge	**5**	5	-
Custom work	**4**	5	(1)
Miscellaneous revenue	**20**	14	6
Share of (loss) profit from equity accounted investees	**(1)**	3	(4)
Other revenue	**$ 125**	$ 112	$ 13

Other revenue includes various non-electricity products and services. Customer contributions are funds received from certain customers towards the cost of service connections. These contributions are recognized immediately in profit or loss as other revenue when the related property, plant and equipment is available for its intended use and the Corporation's performance obligations are complete.

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

Other revenue increased $13 million to $125 million in 2019-20. The increase was mainly attributable to higher revenue from customer contributions, miscellaneous revenue, fly ash sales, and CO_2 sales, offset by SaskPower's share of loss from its investment in MRM.

SaskPower's share of loss from its investment in MRM was $1 million in 2019-20, down $4 million from $3 million of income recorded in the prior year. The Corporation sold its 30% ownership interest in the MRM Cogeneration Station effective December 31, 2019.



EXPENSE

Fuel and purchased power

(in millions)	2019-20	2018-19	Change
Coal	**$ 329**	$ 296	$ 33
Gas	**308**	307	1
Wind	**32**	23	9
Imports	**28**	44	(16)
Hydro	**23**	21	2
Other	**17**	19	(2)
Fuel and purchased power	**$ 737**	$ 710	$ 27

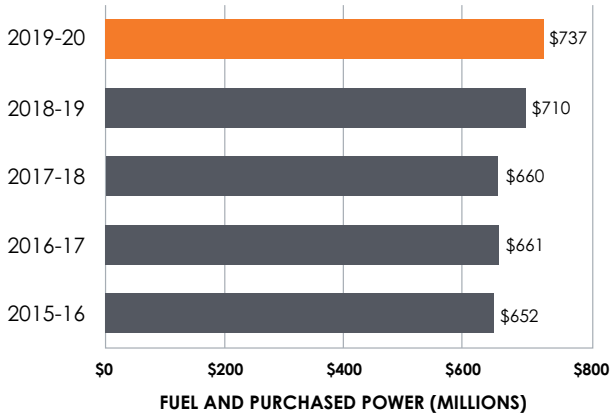
SaskPower's fuel and purchased power costs include the fuel charges associated with the electricity generated from SaskPower-owned facilities, costs associated with power purchase agreements (PPAs), as well as electricity imported from markets outside Saskatchewan. This electricity is used to serve our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

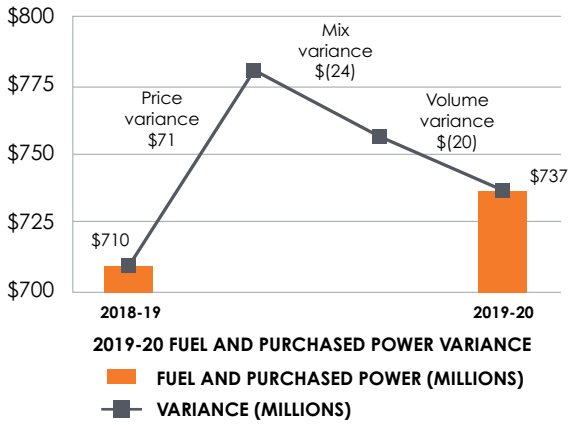
Fuel and purchased power costs were $737 million in 2019-20, up $27 million from 2018-19. The $27 million increase is a result of an unfavourable price variance offset by favourable fuel mix and volume variances.

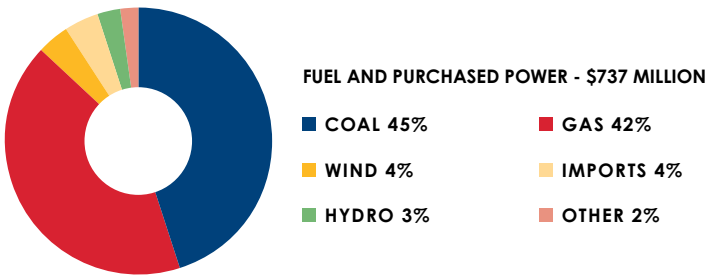
The average price of fuel increased as a result of all fuel sources experiencing higher prices. In particular, import costs increased approximately $10/MWh to $99/MWh. The higher fuel prices resulted in an increase of approximately $71 million in fuel and purchased power costs, which includes $53 million related to the federal carbon charge.

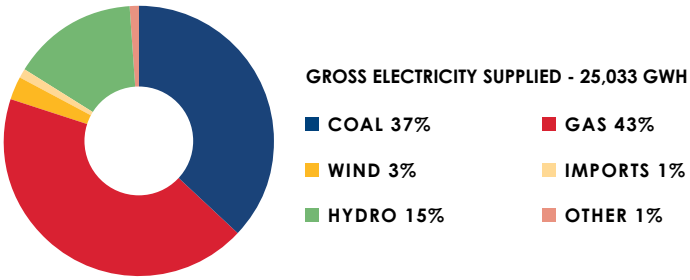
The fuel mix is the relative proportion that each fuel source contributes to our total fuel supply. The more energy that is generated from lower incremental cost units such as coal and hydro, the more favourable the impact on fuel and purchased power costs. During 2019-20, the Corporation's hydro generation accounted for 15% of total generation, up more than 1% compared to 2018-19. This favourable change in the fuel mix resulted in an estimated $24 million decrease in fuel and purchased power costs.

Finally, lower generation volumes partially offset the increased cost of fuel. Total generation and purchased power was 25,033 GWh in 2019-20, a decrease of 744 GWh or 2.9% compared to 2018-19. The lower volume of generation resulted in an estimated $20 million decrease in fuel and purchased power costs.









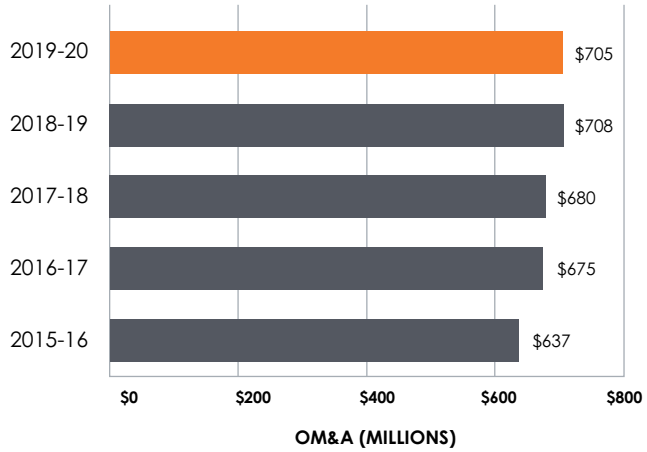
Operating, maintenance and administration (OM&A)

(in millions)	**2019-20**	2018-19	Change
Operating, maintenance and administration	**$ 705**	$ 708	$ (3)

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

OM&A expense was $705 million in 2019-20, down $3 million from 2018-19. This decrease was mainly due to reduced contract services and material supplies related to transmission and distribution infrastructure as a result of less storm activity compared to the 2018-19 year. This was partially offset by additional overhaul activity at our generation facilities.

In addition, due to the adoption of the new accounting standard for leases, expenses that were previously recognized in OM&A are now captured in finance charges and depreciation of right-of-use leased assets.



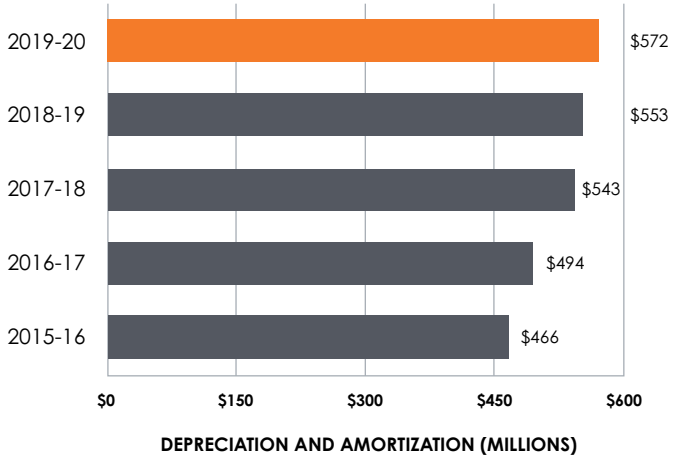
Depreciation and amortization

(in millions)	**2019-20**	2018-19	Change
Depreciation and amortization	**$ 572**	$ 553	$ 19

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

Depreciation and amortization expense was $572 million in 2019-20, up $19 million from 2018-19. The increase was partially attributable to ongoing capital expenditures. As well, following the completion of an internal depreciation study in 2018-19, the estimated useful lives of certain asset components were changed. The changes in estimates were applied prospectively effective April 1, 2019.

In addition, due to the adoption of the new accounting standard for leases, SaskPower recognized an additional $4 million in depreciation related to right-of-use land and building assets in 2019-20.



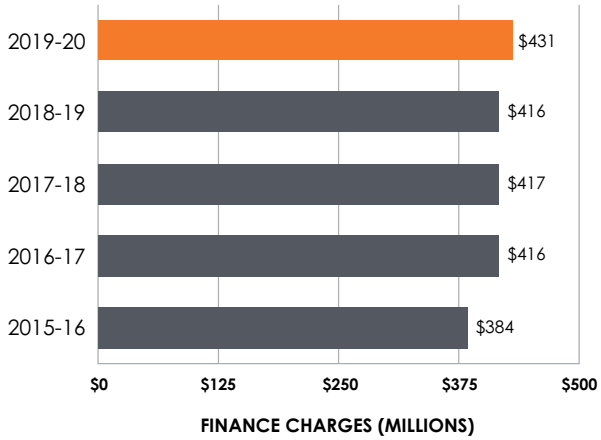
Finance charges

(in millions)	2019-20	2018-19	Change
Finance charges	**$ 431**	$ 416	$ 15

Finance charges include the net of interest on long-term and short-term debt; interest on lease liabilities; interest on employee benefit plans; interest on provisions; interest capitalized; amortization of debt premiums net of discounts; debt retirement fund earnings; and interest income.

Finance charges were $431 million in 2019-20, up $15 million from 2018-19. The increase in finance charges was mainly attributable to $9 million incurred upon the repayment of non-recourse debt associated with the Cory Cogeneration Station and higher interest due to additional long-term borrowings required to finance SaskPower's capital expenditures. Interest capitalized also decreased $11 million as a result of a reduction in the construction in progress balance that was carried throughout the year. Higher interest on employee benefits of $4 million also contributed to the overall increase in finance charges.

These increases in finance charges were partially offset by higher debt retirement fund earnings of $6 million.



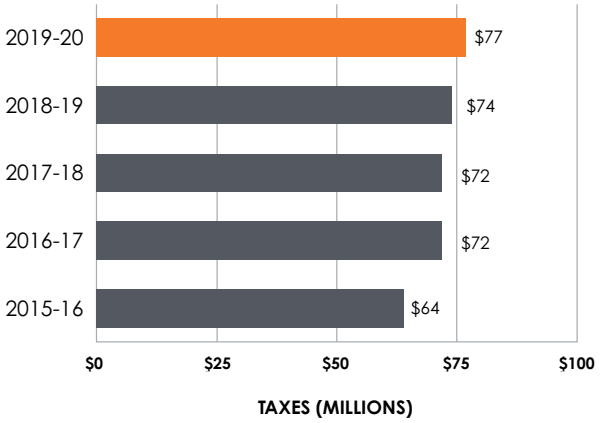
Taxes

(in millions)	2019-20	2018-19	Change
Taxes	**$ 77**	$ 74	$ 3

Taxes represent the payment of corporate capital tax to the Province of Saskatchewan and grants-in-lieu of taxes.

Taxes were $77 million in 2019-20, up $3 million from the prior year. This was the result of higher corporate capital tax due to an increase in paid-up capital as well as increased grants-in-lieu of taxes.

Federal carbon charges are included in fuel and purchased power costs. More detail concerning these taxes can be found on page 35.

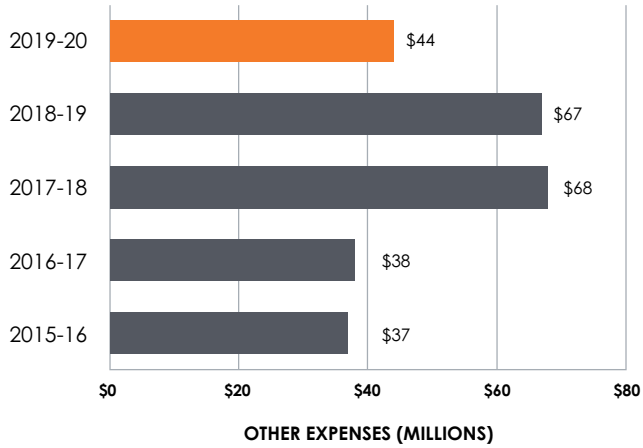


Other expenses

(in millions)	2019-20	2018-19	Change
Other expenses	**$ 44**	$ 67	$ (23)

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

Other expenses were $44 million in 2019-20, compared to $67 million in 2018-19. The $23 million decrease is mainly attributable to a $30 million adjustment that was made to SaskPower's environmental remediation provision in 2018-19 based on estimated settlement costs for past activities. This was partially offset by higher losses on asset disposals and retirements in 2019-20.



Federal Carbon Tax Variance Account (FCTVA)

(in millions)	Federal carbon charge collected	Federal carbon charge expense	Other recoveries (expense)	Over (under) collected
January 1 to March 31, 2019	$ -	$ (19)	$ -	$ (19)
April 1 to December 31, 2019	49	(40)	(3)	6
Total 2019 calendar year	**$ 49**	**$ (59)**	**$ (3)**	**$ (13)**
January 1 to March 31, 2020	34	(28)	1	7
Total 2020 calendar year	**$ 34**	**$ (28)**	**$ 1**	**$ 7**
Cumulative balance	**$ 83**	**$ (87)**	**$ (2)**	**$ (6)**

Effective January 1, 2019, the Government of Canada introduced a federal carbon tax that was applied to SaskPower's fossil fuel emissions, including those from coal- and natural gas-fired generating stations. The federal carbon tax was set at $20/tonne effective January 1, 2019, and increased to $30/tonne effective January 1, 2020, for emissions above established thresholds. SaskPower began recovering the expense associated with the federal carbon tax from its customers through a rate rider effective April 1, 2019. The rate rider is adjusted on January 1 of each year to reflect any changes in the estimated carbon tax for the calendar year. The revenue associated with the federal carbon charge rate rider is being set aside and will be used to fund the federal carbon tax payments. The federal carbon tax payment for the 2019 calendar year is due in 2021.

SaskPower accumulates differences between the federal carbon charge revenue collected from customers and the federal carbon tax owing to the federal government in a Federal Carbon Tax Variance Account (FCTVA). The balance in the FCTVA, which is not included in SaskPower's financial statements, is either recovered from or refunded to customers as part of future federal carbon charge rates. The other recoveries (expense) relates to interest earned on the monies in the account; federal carbon charges associated with exported generation; and federal carbon charges on natural gas purchased for the Chinook Power Station prior to it becoming a registered facility. As at March 31, 2020, the FCTVA has a shortage of $6 million owing from customers.

2019-20 QUARTERLY RESULTS

The following chart outlines SaskPower's quarterly results for the year ended March 31, 2020:

(in millions)	Q1	Q2	Q3	Q4	Total
Revenue					
Saskatchewan electricity sales	$ 644	$ 626	$ 656	$ 700	**$ 2,626**
Exports and electricity trading	7	1	3	9	**20**
Other revenue	34	30	25	36	**125**
Total revenue	**685**	**657**	**684**	**745**	**2,771**
Expense					
Fuel and purchased power	168	159	194	216	**737**
Operating, maintenance and administration	180	165	174	186	**705**
Depreciation and amortization	139	139	146	148	**572**
Finance charges	104	105	116	106	**431**
Taxes	20	21	19	17	**77**
Other expenses	6	10	9	19	**44**
Total expense	**617**	**599**	**658**	**692**	**2,566**
Net income	**$ 68**	**$ 58**	**$ 26**	**$ 53**	**$ 205**

Fourth quarter year-over-year variance explanation

	Three months ended March 31			
(in millions)	**2019-20**	2018-19	Change	Variance explanation
Revenue	**$ 745**	$ 714	$ 31	Increased Saskatchewan electricity sales due to implementation of federal carbon charge partially offset by reduced demand, as well as higher customer contributions.
Expense	**692**	673	19	Higher depreciation due to SaskPower's capital program as well as higher operating expenses due to the increased bad debt provision for the impact of COVID-19 on collectability.
Net income	**$ 53**	$ 41	$ 12	

FINANCIAL CONDITION

The following table outlines changes in the consolidated statement of financial position from April 1, 2019, to March 31, 2020:

(in millions)	Change ($)	Change (%)	
Cash and cash equivalents	**$ 226**	**2,260%**	SaskPower increased the level of cash on hand to mitigate liquidity risk resulting from COVID-19 impacts to credit markets.
Accounts receivable and unbilled revenue	**(49)**	**(10%)**	Decrease in margin deposits on natural gas derivatives and timing of receipts offset by outstanding insurance claims.
Inventory	**(4)**	**(2%)**	Increase in allowance for obsolescence and decrease in maintenance supplies offset by decrease in market valuation adjustment.
Prepaid expenses	**(1)**	**(4%)**	Recognition of prepaid expenses.
Property, plant and equipment	**(478)**	**(5%)**	Reclassification of leased assets to right-of-use assets under IFRS 16.
Right-of-use assets	**615**	**-**	Reclassification and additions of leased assets under IFRS 16.
Intangible assets	**12**	**21%**	Capitalization of new software costs offset by amortization expense.
Debt retirement funds	**100**	**13%**	Instalments, earnings, and market value gains.
Investments accounted for using equity method	**(39)**	**(100%)**	Sale of 30% of ownership interest in MRM Cogeneration Station.
Other assets	**7**	**700%**	Increased long-term maintenance service costs.
Accounts payable and accrued liabilities	**74**	**18%**	2019 and 2020 federal carbon tax payable and timing of accruals and payments.
Accrued interest	**1**	**2%**	Additional long-term debt.
Deferred revenue	**(7)**	**(24%)**	Recognition of customer contribution revenue.
Dividend payable	**(15)**	**(75%)**	Timing of payments.
Risk management liabilities (net of risk management assets)	**(53)**	**(40%)**	Settlement of natural gas hedges and increase in forward natural gas prices.
Short-term advances	**(50)**	**(5%)**	Repayment of short-term advances as a result of long-term borrowings.
Long-term debt (including current portion)	**305**	**5%**	New borrowings from General Revenue Fund offset by repayment of non-recourse debt.
Lease liabilities (including current portion)	**(97)**	**(9%)**	Derecognition of PPA lease liability due to purchase of the Cory Cogeneration Station and principal repayments offset by additional lease liabilities under IFRS 16.
Employee benefits	**(4)**	**(2%)**	Actuarial gains and benefit payments offset by interest expense and current service costs.
Provisions	**28**	**10%**	Increased decommissioning provisions resulting from the new Chinook Power Station and purchase of Cory Cogeneration Station offset by changes in assumptions and expenditures.
Equity	**207**	**8%**	2019-20 comprehensive income less equity advances repayment and dividends.

LIQUIDITY AND CAPITAL RESOURCES

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

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

a) Sources of financing

Types of financing	Authorized amount	Outstanding as at March 31, 2020
Credit facility	$51.0 million	–
Temporary loans (including credit facility)	$2.0 billion	**$0.9 billion**
Total borrowings (including temporary loans)	$10.0 billion	**$7.3 billion**

b) Credit ratings

	2019-20			2018-19		
	Short-term obligations	**Long-term obligations**	**Trend**	Short-term obligations	Long-term obligations	Trend
DBRS Morningstar[4]	**R-1 (high)**[1,3]	**AA**[2,3]	**Under review**	R-1 (high)[1]	AA[2]	Stable

1. As per DBRS Morningstar Rating Policies, **R-1 (high)** denotes the highest credit quality. The capacity for payment of short-term financial obligations as they fall due is exceptionally high. Unlikely to be adversely affected by future events.
2. As per DBRS Morningstar Rating Policies, **AA** denotes superior credit quality. The capacity for payment of financial obligations is considered high. Credit quality differs from AAA only to a small degree. Unlikely to be significantly vulnerable to future events.
3. Similar to other jurisdictions in Canada, DBRS Morningstar has reviewed credit ratings as a result of COVID-19. Effective March 19, 2020, DBRS Morningstar has placed Saskatchewan's and SaskPower's long-term obligations rating of AA and its short-term obligations rating of R-1 (high) **under review** with negative implications. The rating actions stem from the deteriorating global economic conditions and the sharp decline in global oil prices caused by COVID-19. If sustained, DBRS Morningstar believes that these factors will have a material impact on the provincial economy.
4. On July 2, 2019, Morningstar, Inc., the parent of Morningstar Credit Ratings, LLC (MCR), completed its acquisition of DBRS, Inc. (DBRS). Since the completion of the acquisition, DBRS and MCR are in the process of integrating their credit rating services under the brand name DBRS Morningstar.

c) Coronavirus (COVID-19) impact assessment

The COVID-19 pandemic has caused material disruption to businesses and has resulted in an economic slowdown. The Corporation has assessed and continues to monitor the impact of COVID-19 on its operations. The magnitude and duration of COVID-19 is uncertain and, if it causes significant disruption for an extended period of time, the impacts to the Corporation will increase. Potential impacts include loss of revenue, supply chain disruption, challenges associated with a remote or unavailable workforce, and potential asset impairment.

On March 18, 2020, SaskPower announced that it would provide financial relief to customers by waiving late payment charges and suspending collection activities for six months.

As at March 31, 2020, SaskPower had $236 million in cash and cash equivalents. The Corporation increased the level of cash on hand to mitigate the liquidity risk resulting from COVID-19 impacts to credit markets.

CASH FLOW HIGHLIGHTS

a) Operating activities

(in millions)	2019-20	2018-19	Change
Cash provided by operating activities	**$ 866**	$ 671	$ 195

Cash provided by operating activities was $866 million for the year ended March 31, 2020, up $195 million from the prior year. The increase was primarily the result of a change in non-cash working capital.

b) Investing activities

(in millions)	2019-20	2018-19	Change
Generation	**$ 136**	$ 124	$ 12
Transmission	**60**	64	(4)
Distribution	**100**	99	1
Other	**78**	55	23
Sustainment	**374**	342	32
Generation	**25**	83	(58)
Transmission	**60**	159	(99)
Distribution	**12**	27	(15)
Customer connects	**156**	174	(18)
Growth and compliance	**253**	443	(190)
Strategic and other	**69**	48	21
Total capital expenditures	**696**	833	(137)
Less: Interest capitalized	**(25)**	(36)	11
Proceeds from sale and disposal of assets	**(3)**	(3)	-
Costs of removal of assets	**11**	8	3
Net distributions from equity accounted investees	**-**	(4)	4
Proceeds from sale of equity accounted investments	**(39)**	-	(39)
Cash used in investing activities	**$ 640**	$ 798	$ (158)

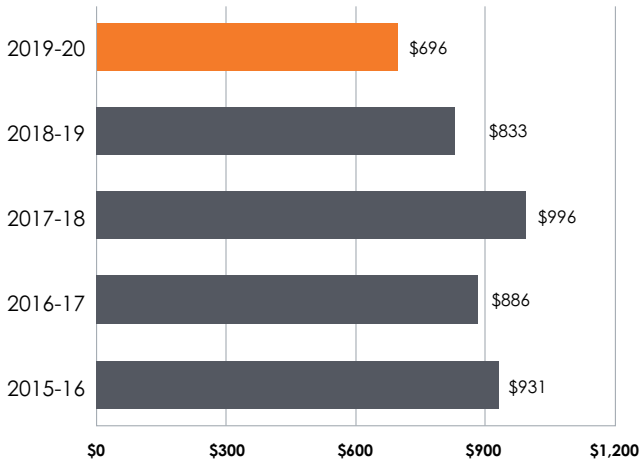
In order to ensure a reliable, sustainable and cost-effective supply of electricity for its customers, SaskPower spent $696 million on various capital projects during 2019-20, compared to $833 million in 2018-19.

The company invested $374 million on sustainment activities, including:

- $136 million on generation assets and $160 million on transmission and distribution assets; and
- $78 million for other sustainment expenditures, including $44 million on building renovations; $19 million on technology and security assets; and $12 million on vehicles and equipment.

SaskPower spent $253 million on growth and compliance investments, including:

- $25 million on generation assets, including $22 million on the new Chinook Power Station which was commissioned during the year;
- $72 million on increasing grid capacity; and
- $156 million to connect customers to the SaskPower electric system.



CAPITAL EXPENDITURES (MILLIONS)

CAPITAL EXPENDITURES - $696 MILLION

SUSTAINMENT 54%

GROWTH AND COMPLIANCE 36%

STRATEGIC AND OTHER 10%

c) Financing activities

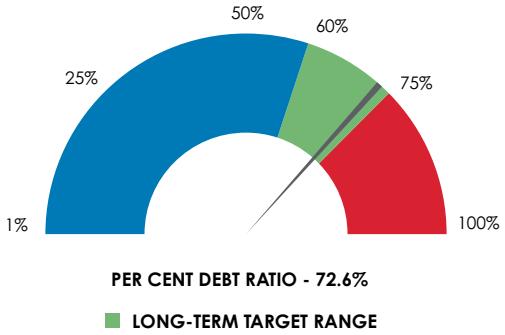
(in millions)	**2019-20**	2018-19	Change
Net repayments of short-term advances	**$ (50)**	$ (145)	$ 95
Proceeds from long-term debt	**344**	389	(45)
Repayments of long-term debt	**(88)**	(5)	(83)
Debt retirement fund instalments	**(60)**	(56)	(4)
Principal repayment of lease liabilities	**(24)**	(19)	(5)
Net decrease in liabilities	**(54)**	-	(54)
Equity advances repayment	**(33)**	(34)	1
Dividends paid	**(35)**	-	(35)
Cash provided by financing activities	**$ -**	$ 130	$ (130)

For the year ended March 31, 2020, cash provided by financing activities was nil, compared to $130 million in the prior period.

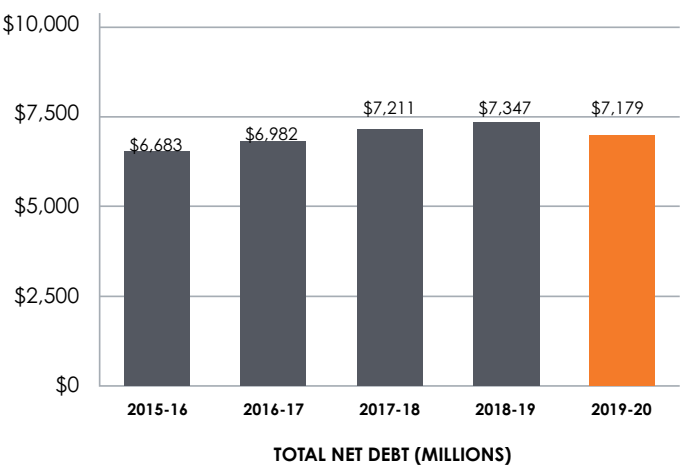
Capital management

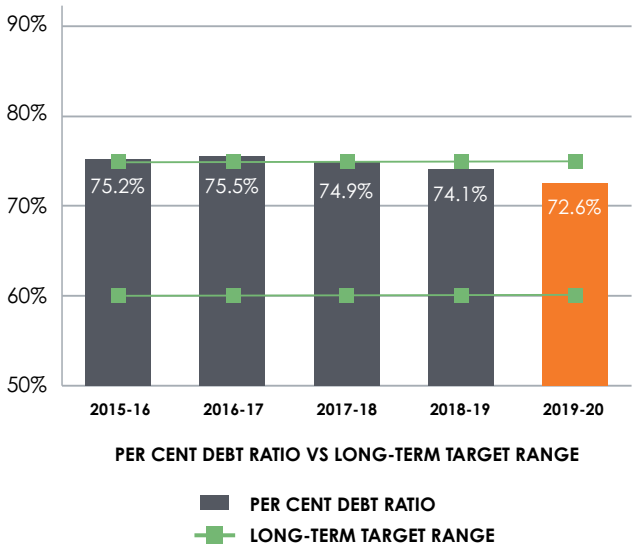
(in millions)	**March 31 2020**	March 31 2019	Change
Long-term debt	**$ 6,309**	$ 6,004	$ 305
Short-term advances	**946**	996	(50)
Lease liabilities	**1,008**	1,105	(97)
Total debt	**8,263**	8,105	158
Debt retirement funds	**848**	748	100
Cash and cash equivalents	**236**	10	226
Total net debt[1]	**$ 7,179**	$ 7,347	$ (168)
Retained earnings	**2,123**	1,938	185
Equity advances	**593**	626	(33)
Total capital	**$ 9,895**	$ 9,911	$ (16)
Per cent debt ratio[2]	**72.6%**	74.1%	(1.5%)

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 = (debt)/(debt + equity), where debt = (long-term debt + short-term advances + lease liabilities – debt retirement funds – cash and cash equivalents) and equity = (retained earnings + equity advances).



Total net debt position





SaskPower's total debt position (including lease liabilities) was $8.3 billion at March 31, 2020, up $0.2 billion from the prior year. The increase was the result of the following:

- On April 2, 2019, the Corporation borrowed $150 million of long-term debt at a premium of $9 million. The debt issue has a coupon rate of 3.10%, an effective interest rate of 2.81%, and matures on June 2, 2050.
- On June 14, 2019, the Corporation borrowed $175 million of long-term debt at a premium of $10 million. The debt issue has a coupon rate of 3.05%, an effective interest rate of 2.34%, and matures on December 2, 2028.
- The Corporation adopted IFRS 16, *Leases*, effective April 1, 2019, and recognized $21 million in additional lease liabilities with a weighted average interest rate of 2.50%.
- Effective July 11, 2019, SaskPower, through its subsidiary SaskPower International, purchased the remaining 50% ownership interest in the Cory Cogeneration Station Joint Venture and the remaining 50% ownership interest in the Cory Cogeneration Funding Corporation, of which it was already part-owner with ATCO Power Canada Ltd. As a result, the consolidated entity assumed an additional $37 million of non-recourse debt at a premium of $5 million and derecognized the net lease liability of $96 million related to the power purchase agreement (PPA). Subsequently, on November 7, 2019, the Corporation repaid the outstanding balance of non-recourse debt in full.
- The increase in long-term debt was offset by the net repayment of $50 million in short-term advances; $2 million in amortization of debt premiums; and $24 million principal repayment of the Corporation's lease liabilities. In addition, lease liabilities increased $2 million related to the North Battleford Generating Station PPA capacity increase amendment.

The Corporation's per cent debt ratio was at 72.6% at March 31, 2020, down 1.5% from March 31, 2019.

Subsequently, on April 1, 2020, the Corporation borrowed $150 million of floating rate debt maturing April 1, 2023. The coupon rate for the floating rate debt is the 3-month Canadian Dealer Offer Rate plus a margin of 48 basis points. In addition, on April 8, 2020, the Corporation borrowed $200 million of long-term debt at a premium of $11 million. The debt issue had a coupon rate of 3.20%, an effective interest rate of 1.79%, and matures on June 3, 2024.

Debt retirement funds

(in millions)	**2019-20**	2018-19
Balance, April 1	**$ 748**	$ 658
Debt retirement fund instalments	**60**	56
Debt retirement fund earnings	**23**	17
Debt retirement fund market value gains	**17**	17
Balance, March 31	**$ 848**	$ 748

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, 2020, 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 earned $23 million (included with finance charges and classified as non-cash operating activities) and recognized $17 million in market value gains through other comprehensive income on the debt retirement funds in 2019-20.

DIVIDENDS AND EQUITY ADVANCES REPAYMENT

SaskPower pays dividends to CIC based on the CIC Dividend Policy. For the 2019-20 and 2018-19 fiscal years, CIC determined that the Corporation would be required to pay a 10% dividend based on net income. In 2019-20, SaskPower made $35 million in dividend payments with $15 million relating to 2019-20 earnings and $20 million relating to 2018-19 earnings. The remaining $5 million in dividends related to 2019-20 will be paid in June 2020.

During the 2019-20 fiscal year, SaskPower repaid $33 million (2018-19 – $34 million) of equity advances to CIC.

CONTRACTUAL OBLIGATIONS

SaskPower has the following significant long-term contractual obligations as at March 31, 2020, which will impact cash flows in the following year and beyond:

(in millions)	**1 year**	**2 - 5 years**	**More than 5 years**
Long-term debt (including principal and interest)	$ 418	$ 1,477	$ 9,481
Power purchase agreements (PPAs)[1]	358	1,836	5,924
Debt retirement fund instalments	63	234	1,025
Outstanding purchase orders	1,313	824	480
Coal purchase contracts	177	872	238
Natural gas purchase contracts	138	296	61
Transmission purchase contracts	5	2	-

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

CAPITAL INVESTMENTS

SUSTAINMENT INVESTMENTS

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

E.B. CAMPBELL HYDROELECTRIC STATION LIFE EXTENSION

IN-SERVICE:
2025-26
TOTAL COST (MILLIONS):
$248

SaskPower is life-extending Units #1 through #6 at E.B. Campbell Hydroelectric Station. Located on the Saskatchewan River near Nipawin, the first six units at E.B. Campbell were commissioned in 1963-64, with an additional two units commissioned in 1966. E.B. Campbell has a net capacity of 289 MW.

WOLVERINE TO BANKEND TRANSMISSION LINE REBUILD

IN-SERVICE:
2020-21
TOTAL COST (MILLIONS):
$13

Phase two of this project is required to maintain acceptable reliability of the existing 138-kV line from Wolverine to Bankend. This project includes replacing 400 existing structures and the installation of two new shield wires.

DISTRIBUTION WOOD POLE REMEDIATION PROGRAM

IN-SERVICE:
ONGOING PROGRAM
TOTAL COST (MILLIONS):
$14 (ANNUALLY)

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

RURAL REBUILD AND IMPROVEMENT PROGRAM

IN-SERVICE:
ONGOING PROGRAM
TOTAL COST (MILLIONS):
$19 (ANNUALLY)

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

GROWTH AND COMPLIANCE INVESTMENTS

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

GREAT PLAINS POWER STATION

IN-SERVICE:
2024-25
TOTAL COST (MILLIONS):
TBD

Construction of a 350-MW natural gas-fired combined-cycle generating station in Moose Jaw is scheduled to break ground in early 2021. This new power station will provide enough power for a city the size of Saskatoon and support renewable generation and conventional coal retirements.

BLUE HILL WIND ENERGY FACILITY INTERCONNECTION

IN-SERVICE:
2021-22
TOTAL COST (MILLIONS):
$26

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

QUEEN ELIZABETH SWITCHING STATION TRANSFORMER REPLACEMENT

IN-SERVICE:
2020-21
TOTAL COST (MILLIONS):
$33

This project includes three new 230/138-kV transformers and associated facilities at the Queen Elizabeth Switching Station. This project is required to replace aging infrastructure and will facilitate more reliable generation delivery for the area.

DISTRIBUTION CUSTOMER CONNECTS

IN-SERVICE:
ONGOING PROGRAM
TOTAL COST (MILLIONS):
$100-$125 (ANNUALLY)

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

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 33 to the consolidated financial statements.

ANALYSIS OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

Consolidated statement of financial position *(in millions)*	**As at March 31 2020**	As at March 31 2019
Unbilled revenue receivable	**$ 79**	$ 79
Allowance for doubtful accounts	**14**	10
Allowance for obsolescence	**17**	13
Debt retirement funds	**848**	748
Decommissioning provisions	**244**	215
Environmental remediation liabilities	**67**	68
Net risk management liabilities	**79**	132
Defined benefit pension plan deficit	**164**	170

Consolidated statement of income *(in millions)*	**2019-20**	2018-19
Depreciation and amortization expense	**$ 572**	$ 553

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, 2020, total Saskatchewan electricity sales of $2,626 million included $79 million of estimated unbilled revenue.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

ALLOWANCE FOR OBSOLESCENCE

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

DEBT RETIREMENT FUNDS

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

PROVISIONS

Decommissioning

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

Environmental remediation

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

NET RISK MANAGEMENT LIABILITIES

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

DEFINED BENEFIT PENSION PLAN DEFICIT

SaskPower provides post-retirement benefits to employees, including those from a defined benefit pension plan (the Plan). An independent actuary calculates the funded status of the Plan at September 30 every three years based on assumptions regarding discount rates, inflation rates, future pension indexing and life expectancy. The funded status is extrapolated on a quarterly basis for the current discount rate. The entire deficit or surplus for the defined benefit pension plan is recognized on the statement of financial position.

DEPRECIATION AND AMORTIZATION

Property, plant and equipment represent 79% of total assets recognized on SaskPower's statement of financial position as at March 31, 2020. 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 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 $31 million increase to depreciation expense annually.

Following the completion of an internal depreciation study, the estimated useful lives of certain assets were changed. The change in estimate was applied prospectively, effective April 1, 2019. The impact of the change in estimated useful lives was an approximate $13 million increase to depreciation expense for the year ended March 31, 2020.

RECENT AND FUTURE ACCOUNTING POLICY CHANGES

The Corporation adopted the following new International Financial Reporting Standards (IFRS) effective April 1, 2019:

IFRS 16, *Leases*

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

Changes have been made to the Corporation's accounting system and processes and controls have been implemented to enable the application of IFRS 16 for the 2019-20 fiscal year. The total impact upon adoption was a $21 million increase to right-of-use assets and lease liabilities recognized on the consolidated statement of financial position as at April 1, 2019.

Refer to Note 4 in the consolidated financial statements for further information pertaining to the transitional impact of adopting this new standard for the 2019-20 fiscal year.

The following amendments to existing standards have been issued, however, are not yet effective for the year ended March 31, 2020, and have not been applied in preparing the consolidated financial statements.

Amendments to the *Conceptual Framework for Financial Reporting*

The International Accounting Standards Board issued the revised *Conceptual Framework for Financial Reporting (Conceptual Framework)*, a comprehensive set of concepts for financial reporting, in March 2018. The amendments are effective for annual periods beginning on or after January 1, 2020, for preparers who develop an accounting policy based on the *Conceptual Framework*.

The *Conceptual Framework* sets out: the objective of financial reporting; the qualitative characteristics of useful financial information; a description of the reporting entity and its boundary; definitions of an asset, a liability, equity, income and expenses; criteria for including assets and liabilities in financial statements (recognition) and guidance on when to remove (derecognition); and measurement bases and guidance on when to use them. SaskPower is currently reviewing the standard to determine the potential impact, if any.

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

The International Accounting Standards Board issued *Definition of Material* (Amendments to IAS 1 and IAS 8) in October 2018. The amendments refine the definition of material in IAS 1, *Presentation of Financial Statements* and align the definitions used across IFRS Standards and other publications. The amendments are effective for annual periods beginning on or after January 1, 2020, and are required to be applied prospectively.

The amended definition of material states: information is material if omitting, misstating, or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. SaskPower is currently reviewing the amended standards to determine the potential impact, if any.

Refer to Note 2(e) in the consolidated financial statements for further information pertaining to the new standards and interpretations not yet adopted for the 2019-20 fiscal year.

RISK MANAGEMENT

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

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

ERM GOVERNANCE

Risk management is the responsibility of all employees and is an integral part of our culture. SaskPower's Board of Directors has overall responsibility for stewardship of the Corporation and the President and CEO has ultimate accountability for risk management, with support from Executive Members. Executive Members manage key business risks, including new and emerging risks and opportunities.

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; 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, load conditions and to support integrated resource planning. 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 changing regulations resulting in the phase-out of conventional coal generation, increasing emissions performance requirements for natural gas generation and the implementation of a price on carbon that is increasing gradually to 2022. Current federal regulations require the phase-out of conventional coal-fired generation by 2030. The federal government has also enacted new emissions performance standards for new natural gas generation. In addition, the Corporation is also subject to extensive provincial and municipal environmental regulations. Failure to comply with these regulations could result in fines or other penalties.

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

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

2. FINANCIAL SUSTAINABILITY

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

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

3. INFRASTRUCTURE AND RELIABILITY

Significant capital spending is required to maintain system reliability, reduce risk of equipment failures, renew aging infrastructure and accommodate growing demand for electricity. SaskPower's electricity supply infrastructure can be affected by age, insufficient capital investment, significant technological change, innovation, and growing customer demand and expectations. A large portion of SaskPower's critical generation, transmission and distribution assets are near or at the end of their expected service life and vulnerable to extreme weather events. Aging assets are increasingly expensive to maintain and operate and may be less efficient than newer technologies.

Significant financial and other resources are required to monitor and properly sustain the existing asset base. Performance, reliability, and maximized uptime of existing generation, transmission and distribution facilities are fundamental to ensuring a safe, continuous and adequate supply of electricity. Information technology system requirements are evolving to manage the power system more efficiently and maintain acceptable security standards.

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

4. STAKEHOLDER EXPECTATIONS

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

The First Nations Power Authority has agreed to partner with us to facilitate Indigenous engagement related to plans for a sustainable power system in Saskatchewan. Engagement effectiveness is measured through a stakeholder trust metric.

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 security 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 and prevent inappropriate sharing of sensitive and confidential information. SaskPower employees are equipped with various security awareness techniques and training to understand emerging phishing risks.

6. SAFETY OF EMPLOYEES & PUBLIC

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

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

7. PROJECT DELIVERY

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

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

8. INDUSTRY DISRUPTION

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

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

9. WORKFORCE MANAGEMENT

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

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

10. SECURITY AND OPTIMIZATION OF ENERGY SUPPLY

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

Increasing the percentage of renewables in the supply mix — along with changing regulations resulting in the phase-out of conventional coal-fired generation — impacts system operability and has the potential to increase costs to integrate and maintain a secure system. The natural gas market continues to evolve with increased use of natural gas infrastructure in Alberta and Saskatchewan impacting supply and demand.

SaskPower manages fuel supply risks through strategies that include long-term natural gas transmission contracts with renewable rights to secure transportation services of natural gas as well as long-term coal contracts to address price, quality and security of supply. SaskPower's natural gas hedging program addresses security of natural gas supply, market access and price management. 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, 2020

CONTENTS

REPORT OF MANAGEMENT

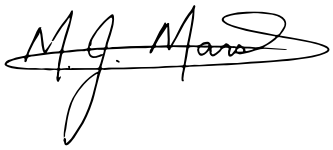
The consolidated financial statements of Saskatchewan Power Corporation (SaskPower; the Corporation) are the responsibility of management and have been prepared in accordance with International Financial Reporting Standards. The preparation of financial statements necessarily involves the use of estimates based on management's best judgment, particularly when transactions affecting the current period cannot be finalized with certainty until future periods. In management's opinion, the consolidated financial statements have been properly prepared within the framework of selected accounting policies summarized in the consolidated financial statements and incorporate, within reasonable limits of materiality, information available up to May 29, 2020. The financial information presented in the Management's Discussion & Analysis (MD&A) and elsewhere in this report is consistent with that in the consolidated financial statements.

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

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

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

On behalf of management,



Mike Marsh
President and Chief Executive Officer
May 29, 2020

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

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

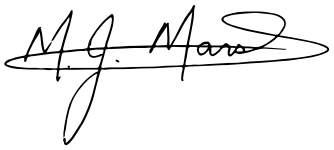
(a) That we have reviewed the consolidated financial statements included in the Annual Report of Saskatchewan Power Corporation. Based on our knowledge, having exercised reasonable diligence, the consolidated financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as at March 31, 2020.

(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, 2020, were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

On behalf of management,



Mike Marsh
President and Chief Executive Officer
May 29, 2020

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

INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan:

Opinion

We have audited the consolidated financial statements of Saskatchewan Power Corporation (the Corporation), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2020, 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.

Chartered Professional Accountants
May 29, 2020
Regina, Saskatchewan

CONSOLIDATED STATEMENT OF INCOME

(in millions)

For the year ended March 31	Notes	2019-20	2018-19
Revenue			
Saskatchewan electricity sales	5	**$ 2,626**	$ 2,583
Exports and electricity trading	6	**20**	30
Other revenue	7	**125**	112
Total revenue		**2,771**	2,725
Expense			
Fuel and purchased power	8	**737**	710
Operating, maintenance and administration	9	**705**	708
Depreciation and amortization	10	**572**	553
Finance charges	11	**431**	416
Taxes	12	**77**	74
Other expenses	13	**44**	67
Total expense		**2,566**	2,528
Net income		**$ 205**	$ 197

See accompanying notes

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions)

For the year ended March 31	Notes	2019-20	2018-19
Net income		**$ 205**	$ 197
Other comprehensive income (loss)			
Items that may be reclassified subsequently to net income:			
Derivatives designated as cash flow hedges:			
Change in fair value during the period		**27**	4
Realized losses during the period		**(41)**	(44)
Reclassification to income		**41**	45
Debt instruments designated as FVOCI:			
Change in fair value during the period	18	**17**	17
Items that will not be reclassified to net income:			
Defined benefit pension plans:			
Net actuarial gains (losses)	34	**11**	(3)
		55	19
Total comprehensive income		**$ 260**	$ 216

See accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions)

As at March 31	Notes	2020	2019
Assets			
Current assets			
Cash and cash equivalents		**$ 236**	$ 10
Accounts receivable and unbilled revenue		**456**	505
Inventory	14	**227**	231
Prepaid expenses		**24**	25
Risk management assets	27	**7**	5
		950	776
Property, plant and equipment	15	**9,712**	10,190
Right-of-use assets	16	**615**	-
Intangible assets	17	**70**	58
Debt retirement funds	18	**848**	748
Investments accounted for using equity method	19	**-**	39
Other assets		**8**	1
Total assets		**$ 12,203**	$ 11,812
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 494**	$ 420
Accrued interest		**65**	64
Deferred revenue	20	**22**	29
Dividend payable		**5**	20
Risk management liabilities	27	**86**	137
Short-term advances	21	**946**	996
Current portion of long-term debt	22	**129**	5
Current portion of lease liabilities	23	**28**	24
		1,775	1,695
Long-term debt	22	**6,180**	5,999
Lease liabilities	23	**980**	1,081
Employee benefits	34	**210**	214
Provisions	24	**311**	283
Total liabilities		**9,456**	9,272
Equity			
Retained earnings		**2,123**	1,938
Accumulated other comprehensive income (loss)	25	**31**	(24)
Equity advances	26	**593**	626
Total equity		**2,747**	2,540
Total liabilities and equity		**$ 12,203**	$ 11,812

See accompanying notes

On behalf of the Board,

Chief Darcy Bear
Chair

Marvin Romanow
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions)	Retained earnings	Accumulated other comprehensive income (loss): Net gains (losses) on derivatives designated as cash flow hedges	Net gains (losses) on debt instruments designated as FVOCI	Net actuarial gains (losses) on defined benefit pension plans	Equity advances	**Total**
Equity						
Balance, April 1, 2018	$ 1,761	$ (56)	$ (10)	$ 23	$ 660	**$ 2,378**
Net income	197	-	-	-	-	**197**
Other comprehensive income (loss)	-	5	17	(3)	-	**19**
Dividends	(20)	-	-	-	-	**(20)**
Equity advances repayment	-	-	-	-	(34)	**(34)**
Balance, March 31, 2019	**$ 1,938**	**$ (51)**	**$ 7**	**$ 20**	**$ 626**	**$ 2,540**
Net income	205	-	-	-	-	**205**
Other comprehensive income	-	27	17	11	-	**55**
Dividends	(20)	-	-	-	-	**(20)**
Equity advances repayment	-	-	-	-	(33)	**(33)**
Balance, March 31, 2020	**$ 2,123**	**$ (24)**	**$ 24**	**$ 31**	**$ 593**	**$ 2,747**

See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions)

For the year ended March 31	Notes	2019-20	2018-19
Operating activities			
Net income		**$ 205**	$ 197
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation and amortization	10	**572**	553
Finance charges	11	**431**	416
Net losses on asset disposals and retirements	13	**31**	24
Gain on sale of equity accounted investments	13	**(1)**	-
Unrealized market value adjustments		**3**	-
Natural gas inventory market revaluation		**(2)**	1
Reclassification of natural gas hedges transitional market value losses		**(29)**	(25)
Employee benefits current service cost	34	**6**	7
Employee benefits paid	34	**(9)**	(12)
Share of loss (profit) from equity accounted investees	19	**1**	(3)
Allowance for obsolescence	14	**4**	1
Environmental provisions		**7**	36
Environmental expenditures	24	**(9)**	(11)
		1,210	1,184
Net change in non-cash working capital	31	**112**	(61)
Interest paid		**(456)**	(452)
Cash provided by operating activities		**866**	671
Investing activities			
Property, plant and equipment additions		**(637)**	(779)
Intangible assets additions	17	**(34)**	(18)
Proceeds from sale and disposal of assets		**3**	3
Costs of removal of assets		**(11)**	(8)
Net distributions from equity accounted investees	19	**-**	4
Proceeds from sale of equity accounted investments	19	**39**	-
Cash used in investing activities		**(640)**	(798)
Increase (decrease) in cash before financing activities		**226**	(127)
Financing activities			
Net repayments of short-term advances		**(50)**	(145)
Proceeds from long-term debt	22	**344**	389
Repayments of long-term debt		**(88)**	(5)
Debt retirement fund instalments	18	**(60)**	(56)
Principal repayment of lease liabilities		**(24)**	(19)
Net decrease in liabilities		**(54)**	-
Equity advances repayment	26	**(33)**	(34)
Dividends paid		**(35)**	-
Cash provided by financing activities		**-**	130
Increase in cash		**226**	3
Cash and cash equivalents, beginning of year		**10**	7
Cash and cash equivalents, end of year		**$ 236**	$ 10

See accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

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

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

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements were authorized for issue by the Board of Directors on May 29, 2020.

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

(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 [Note 3(h)].

(ii) Customer contributions

Customer contributions are funds received from certain customers towards the costs of service extensions. In determining when to recognize revenue related to customer contributions, management is required to make judgments in regard to when the related property, plant and equipment is available for use and performance obligations are complete [Notes: 3(h) and 7].

(iii) Receivables

Management's best estimate is required to determine the amount of receivables that will be uncollectible in a given period. The allowance for doubtful accounts for electricity sales is based on a percentage of accounts outstanding [Notes: 3(l)(v) and 28].

(iv) Inventory

Estimation and judgment are used to determine the appropriate measure of net realizable value as well as the allowance for inventory obsolescence. Management's best estimate is required to determine the amount of inventories to be written off in a given period [Notes: 3(b) and 14].

(v) Property, plant and equipment and intangible assets

Estimation and judgment are involved in determining the useful lives, related depreciation and amortization and accumulated depreciation and amortization of property, plant and equipment and intangible assets. Estimated useful lives are determined based upon manufacturer's guidance on asset life, SaskPower's past experience with similar assets, industry averages, as well as expectations about future events that could impact the life of the asset. Estimated useful lives are reviewed annually to ensure their reasonableness [Notes: 3(c), 3(d), 3(e), 10, 15 and 17].

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

(vi) Leases

In assessing the carrying amounts of right-of-use assets and lease liabilities and underlying estimates of future cash flows, management must use judgment in identifying which arrangements contain a lease as well as the lease term for contracts including renewal options for which SaskPower is the lessee [Notes: 3(k), 16 and 23].

(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 24].

(viii) Financial instruments

Determining the fair value of financial instruments and derivatives can require significant estimation regarding components such as future price, volatility, and liquidity. Fair values can fluctuate significantly depending on current market conditions. These estimates of fair value may not accurately reflect the amounts that could be realized or settled [Notes: 3(l) and 27].

(ix) Employee benefits

Employee benefit plan expense and obligations are calculated by an independent actuary based on underlying actuarial assumptions, including discount rates, inflation, 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(m) and 34].

(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, 2020, have not been applied in preparing these consolidated financial statements. In particular, the Corporation is reviewing the following:

- Amendments to the *Conceptual Framework for Financial Reporting*
- Amendments to IAS 1, *Presentation of Financial Statements*
- Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

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

Separate audited financial statements are prepared annually for its wholly owned subsidiary: NorthPoint Energy Solutions Inc. (NorthPoint). NorthPoint actively trades electricity in markets outside of Saskatchewan. SaskPower International Inc. is also a wholly owned subsidiary, however, it has no current active operations. As a result, separate audited financial statements are not prepared for SaskPower International.

(ii) Associates

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

Associates are accounted for using the equity method (equity accounted for investees) and are recognized initially at cost. The consolidated financial statements include the Corporation's share of the total comprehensive income from the date that significant influence or joint control commences until the date that significant influence or joint control ceases (Note 19).

The Corporation has classified the following investment as an associate:

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

The Corporation sold its 30% ownership interest in the MRM Cogeneration Station with an effective date of December 31, 2019. As at March 31, 2020, the Corporation no longer holds this investment.

(iii) Joint operations

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

The Corporation has classified the following arrangements as joint operations:

- 50% ownership interest in an unincorporated joint venture with ATCO Power Canada Ltd. The joint venture owns and operates a 246-MW natural gas-fired cogeneration plant (Cory Cogeneration Station) near Saskatoon, Saskatchewan. The electricity generated by the facility is sold to SaskPower under the terms of a 25-year power purchase agreement (PPA).
- 50% ownership interest in Cory Cogeneration Funding Corporation (CCFC). CCFC is a special purpose company established by the Corporation and ATCO Power Canada Ltd. (the Owners) to borrow long-term, non-recourse debt to finance the Cory Cogeneration Station. CCFC acts as agents for the Owners by receiving revenues, disbursing costs (including debt service) and distributing proceeds to the Owners.

- 50% ownership interest in BHP Billiton SaskPower Carbon Capture and Storage (CCS) Knowledge Centre Inc. This not-for-profit corporation was established on February 26, 2016, to advance the understanding and use of CCS as a means of managing greenhouse gas emissions and to further research projects related thereto as agreed upon by its members from time to time.

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

Effective July 11, 2019, the Corporation, through its subsidiary SaskPower International, purchased the remaining 50% ownership interest in the Cory Cogeneration Station Joint Venture and the remaining 50% ownership interest in CCFC, of which it was already part-owner with ATCO Power Canada Ltd. Upon purchase, the joint venture was dissolved and the PPA was terminated. Subsequently, CCFC was amalgamated with SaskPower International effective November 14, 2019.

(b) Inventory

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

In establishing the appropriate provision for inventory obsolescence, management estimates the likelihood that inventory on hand will become obsolete due to changes in technology. Maintenance materials and supplies are charged to inventory when purchased and expensed or capitalized when used. Natural gas, coal and other fuel inventory are charged to inventory when purchased and expensed as consumed or sold (Note 14).

(c) Property, plant and equipment

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

Costs are capitalized provided there is reasonable certainty they will provide benefits into the future. Significant renewals and enhancements to existing assets are capitalized only if the useful life of the asset is increased; physical output, service capacity or quality is improved above original design standards; or operating costs are reduced by a substantial and quantifiable amount that can be reliably measured. The costs of day-to-day servicing of property, plant and equipment are expensed as incurred (Note 15).

When property, plant and equipment are disposed of or retired, the related costs less accumulated depreciation are derecognized. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds less costs of removal and the carrying amount of the asset. The gain or loss on asset disposals and retirements is recognized in profit or loss as other expenses (Note 13).

Assets held under right-of-use leases are initially recognized at the lower of their fair value at the inception of the lease or the present value of the minimum lease payments (Note 16). The corresponding liability is recorded as a lease liability (Note 23).

(d) Depreciation

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

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

Following the completion of an external depreciation study, the estimated useful lives of certain assets were changed. The change in estimate was applied prospectively, effective April 1, 2019, and resulted in an approximate $13 million increase to depreciation expense for the year ended March 31, 2020.

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

Asset class	Estimated useful lives (years)
Generation	5 – 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 $31 million increase to depreciation expense annually.

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

(e) Intangible assets

The Corporation's only identifiable intangible asset is software. Software is recorded at cost less accumulated amortization and accumulated impairment losses. Software costs include the cost of externally purchased software packages and for internally developed programs, related external and direct labour costs. Maintenance of existing software programs is expensed as incurred (Note 17).

Amortization is calculated on a straight-line basis over five years — the estimated useful life of the Corporation's software programs. The estimated useful life of intangible assets is reviewed annually and any changes are applied prospectively (Note 10).

(f) Impairment of assets

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

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

(g) Provisions

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

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

(i) Decommissioning

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

The fair value of the estimated decommissioning costs is recorded as a provision with an offsetting amount capitalized and included as part of property, plant and equipment. The provisions are increased periodically for the passage of time by calculating interest expense. The offsetting capitalized asset retirement costs are depreciated over the estimated useful life of the related asset. The calculations of fair value are based on detailed studies that take into account various assumptions regarding the anticipated future cash flows including the method and timing of decommissioning and estimates of future inflation rates. Decommissioning provisions are periodically reviewed and any changes in the estimated timing and amount of future cash flows, as well as changes in the discount rate, are recognized as an increase or decrease in the carrying amount of the obligation and the related asset. If the asset value is fully depreciated the changes are recognized in profit or loss as other expenses (Notes: 13 and 24).

(ii) Environmental remediation

A provision for environmental remediation is accrued when the occurrence of an environmental expenditure, related to present or past activities of the Corporation, is considered probable and the costs of remedial activities can be reasonably estimated. The fair value of the estimated costs for investigations and remediation at identified sites is recorded as a provision in profit or loss as other expenses. These provisions are based on management's best estimate considering current environmental laws and regulations and are recorded at fair value. The Corporation reviews its estimates of future environmental expenditures on an ongoing basis. Changes in the estimated timing and amount of future cash flows are recognized in profit or loss as other expenses (Notes: 13 and 24).

(h) Revenue recognition

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

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

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

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

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

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

(i) Saskatchewan electricity sales

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

Saskatchewan electricity sales are calculated based on the customer's usage of electricity during the period at the applicable published rates for each customer class. Electricity rates in Saskatchewan are subject to review by the Saskatchewan Rate Review Panel with final approval by provincial cabinet. Saskatchewan electricity sales include an estimate of electricity deliveries not yet billed at period-end. The estimated unbilled revenue is based on several factors, including estimated consumption by customer, applicable customer rates and the number of days between the last billing date and the end of the period (Note 5).

(ii) Exports and electricity trading

Export sales are recognized upon delivery to the customer and include an estimate of electricity deliveries not yet billed at period end. Electricity trading revenues are reported on a net basis upon delivery of electricity to customers and receipt of electricity purchased from external parties. Electricity trading contracts are recorded at fair value (Notes: 6 and 27).

(iii) Customer contributions

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

(iv) Other

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

(i) Finance charges

Finance expense is comprised of interest expense on short-term and long-term borrowings, finance costs related to leased assets, interest on employee benefit plans, and interest on provisions. Interest expense is recognized in profit or loss, using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. All other borrowing costs are recognized as a finance expense as the costs accrue (Note 11).

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

(j) Foreign currency translation

Monetary assets and liabilities denominated in a foreign currency are translated to Canadian dollars using the rate of exchange in effect at the reporting date. Revenues and expenses are translated at the rate prevailing at the transaction date. Foreign currency translation gains and losses are included in other expenses in the period in which they arise (Note 13).

(k) 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 PPAs, relating to the Cory Cogeneration Station, Meridian Cogeneration Station, Spy Hill Generating Station and the North Battleford Generating Station gas-fired facilities which, in management's judgment give SaskPower the exclusive right to use specific production assets, meet the definition of a lease.

Right-of-use assets are initially measured at an amount equal to the lease liability and are adjusted for any payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated over the related lease term. The Corporation has applied judgment to determine the lease term for contracts that

include renewal options. The assessment of whether the Corporation is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized (Notes: 10 and 16).

The corresponding lease liability is measured at the present value of the lease payments that are not paid at commencement and are discounted using the Corporation's incremental borrowing rate or the rate implicit in the lease. Each lease payment is allocated between the liability and interest so as to achieve a constant rate on the finance balance outstanding. The interest component is included in finance expense. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the Corporation's estimate or assessment of whether it will exercise an extension, termination, or purchase option. A corresponding adjustment is made to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero (Notes: 11 and 23).

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.

(l) 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 27).

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.

Transactions 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 retirements funds as debt instruments designated as FVOCI as the following conditions are met:

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

Derivative financial instruments that are held-for-trading, including natural gas and electricity contracts, are recognized as a financial asset or a financial liability on the trade date. All derivative financial instruments are classified as FVTPL and recorded at fair value on the consolidated statement of financial position as risk management assets and liabilities. If there is a difference between the fair value at initial recognition and the transaction price, the day one gain is deferred and amortized into profit or loss over the term of the contract. Subsequent changes in the fair value of these derivative financial instruments, with the exception of the effective portion of derivatives designated as cash flow hedges, are recognized in profit or loss. Refer to Note 3(l)(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 27). 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, 2020, 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 27) as defined below:

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

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

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

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

Level 3 – Fair values are determined based on inputs for the asset or liability that are not based on observable market data. As at March 31, 2020, 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 28).

(m) Employee benefits

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

(i) Defined contribution pension plan

A defined contribution pension plan is a post-employment benefit under which SaskPower pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized in operating, maintenance and administration (OM&A) expense in the period during which services are rendered by employees (Note 34).

(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 34).

(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 34).

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

IFRS 16, *Leases*

Effective April 1, 2019, SaskPower adopted the new accounting standard for leases, IFRS 16, which provides principles for the recognition, measurement, presentation and disclosure of leases. The standard removed the distinction between operating and finance leases and introduced a single, on-balance sheet accounting model requiring lessees to recognize right-of-use assets and lease liabilities. Previously, at contract inception, SaskPower determined whether an arrangement was or contained a lease under IAS 17, *Leases* (IAS 17), or International Financial Reporting Interpretations Committee Interpretation 4, *Determining whether an arrangement contains a lease* (IFRIC 4).

The Corporation elected to adopt IFRS 16 using the modified retrospective approach on transition. Comparative information has not been restated and continues to be reported under IAS 17. There was no impact to opening retained earnings upon adoption. In adopting IFRS 16, the Corporation elected to apply the following practical expedients permitted by the standard:

- Electing to grandfather the assessment of which transactions are leases by applying the standard to contracts previously identified as leases and not reassessing contracts not previously identified as containing a lease under IAS 17 and IFRIC 4;
- Exemption to not recognize right-of-use assets and lease liabilities for short-term leases that have a remaining lease term of less than 12 months as at April 1, 2019, and for low-value leases;
- Measuring the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application;
- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment);
- Using hindsight to determine the lease term where the contract contains options to extend or terminate the lease; and
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Adoption of IFRS 16 did not result in any material impact to net earnings for the year ended March 31, 2020.

Upon adoption of IFRS 16, the Corporation changed its accounting policy for leases, which is outlined below.

Impact of the new definition of a lease

The Corporation now assesses whether a contract is or contains a lease based on the new definition of a lease. The change in the definition mainly relates to the concept of control. Under IFRS 16, 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 applied the definition of a lease and related guidance under IFRS 16 to all existing lease contracts as at April 1, 2019.

Impact on lessor accounting

The accounting policies applicable to the Corporation as a lessor under IFRS 16 remain largely unchanged from those under IAS 17.

Impact on lessee accounting

IFRS 16 changes how SaskPower accounts for leases previously classified as operating leases under IAS 17 and IFRIC 4. For contracts meeting the definition of a lease under IFRS 16, but not meeting the exemption for short-term or low-value leases, the Corporation:

- Recognizes right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the remaining lease payments discounted at the Corporation's incremental borrowing rate or the rate implicit in the lease;
- Recognizes depreciation on the right-of-use assets and interest expense on the lease liabilities in the consolidated statement of income; and
- Recognizes principal repayments on lease liabilities as financing activities and interest payments on lease liabilities as operating activities in the consolidated statement of cash flows.

For short-term and low-value leases, the Corporation recognizes the lease payments as an operating expense. Variable lease payments that do not depend on an index or a 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. Short-term, low-value and variable lease payments were determined to be immaterial for the year ended March 31, 2020.

For new leases beginning on or after April 1, 2019, a right-of-use asset and lease liability are recognized at the lease commencement date. The right-of-use asset is initially measured at an amount equal to the lease liability and is adjusted for any payments made at or before the commencement date, less any lease incentives received. The lease liability is initially 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.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It 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.

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.

Power purchase agreements (PPAs)

SaskPower is party to a number of PPAs. Certain take-or-pay PPAs relating to the Cory Cogeneration Station, 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 were classified as finance leases under IAS 17 and IFRIC 4. For these leases, the carrying amount of the right-of-use assets and lease liabilities at April 1, 2019, were recognized at the carrying amount of the leased assets and finance lease liabilities under IAS 17 immediately before adoption. Any new PPAs entered into after April 1, 2019, have been assessed under the new IFRS 16 standard.

Impact on transition

SaskPower presents right-of-use assets and lease liabilities as separate line items on the consolidated statement of financial position. The impact on initial application of IFRS 16 on April 1, 2019, is shown below:

Consolidated statement of financial position

(in millions)	Notes	March 31 2019	IFRS 16 adjustment	April 1 2019
Property, plant and equipment (cost)	15	$ 16,650	$ (1,243)	**$ 15,407**
Property, plant and equipment (accumulated depreciation)	15	(6,460)	519	**(5,941)**
Right-of-use assets (cost)	16	-	1,264	**1,264**
Right-of-use assets (accumulated depreciation)	16	-	(519)	**(519)**
Current portion of lease liabilities	23	(24)	(4)	**(28)**
Lease liabilities	23	(1,081)	(17)	**(1,098)**

During the year ended March 31, 2020, SaskPower recognized $155 million of interest costs on these lease liabilities.

Upon adoption of IFRS 16, SaskPower recognized additional right-of-use assets and lease liabilities. As at March 31, 2019, SaskPower's commitment to future lease payments, which is now included in the initial amount of lease liabilities, was $15 million. SaskPower has recognized $21 million of lease liabilities on the initial application of IFRS 16 on April 1, 2019, at a weighted average discount rate of 2.50%.

(in millions)	
Operating lease commitment, March 31, 2019	$ 15
Present value impact	(2)
Extension and termination options reasonably certain to be exercised	8
Lease liabilities on adoption of IFRS 16	$ 21
Lease liabilities recognized as at March 31, 2019	1,105
Lease liabilities recognized as at April 1, 2019	**$ 1,126**

5. SASKATCHEWAN ELECTRICITY SALES

(in millions)	**2019-20**	2018-19
Residential	**$ 571**	$ 576
Farm	**190**	188
Commercial	**521**	519
Oilfield	**451**	416
Power	**792**	784
Reseller	**101**	100
	$ 2,626	$ 2,583

6. EXPORTS AND ELECTRICITY TRADING

(in millions)	**2019-20**	2018-19
Exports	**$ 20**	$ 30
Electricity trading revenue	**14**	12
Electricity trading costs	**(14)**	(12)
	$ 20	$ 30

7. OTHER REVENUE

(in millions)	Notes	**2019-20**	2018-19
Customer contributions		**$ 59**	$ 53
Gas and electrical inspections		**18**	17
CO_2 sales		**10**	8
Fly ash sales		**10**	7
Joint use charge		**5**	5
Custom work		**4**	5
Miscellaneous revenue		**20**	14
Share of (loss) profit from equity accounted investees	19	**(1)**	3
		$ 125	$ 112

8. FUEL AND PURCHASED POWER

(in millions)	2019-20	2018-19
Coal	**$ 329**	$ 296
Gas	**308**	307
Wind	**32**	23
Imports	**28**	44
Hydro	**23**	21
Other	**17**	19
	$ 737	$ 710

Gas costs include the fuel charges associated with the electricity generated from SaskPower-owned gas-fired facilities as well as gas-fired PPA facilities. Gas and coal costs include federal carbon charges for 2019-20 of $72 million (2018-19 – $19 million). Imports represent electricity purchased from suppliers that produce power outside Saskatchewan. Wind and other includes the cost of electricity obtained through wind PPA facilities, green option partners, small independent power producers, and the cost of demand response programs.

9. OPERATING, MAINTENANCE AND ADMINISTRATION

(in millions)	Notes	2019-20	2018-19
Salaries and benefits		**$ 333**	$ 328
Employee long-term benefits	34	**30**	29
External services		**228**	241
Materials and supplies		**39**	43
Other		**75**	67
		$ 705	$ 708

10. DEPRECIATION AND AMORTIZATION

(in millions)	Notes	2019-20	2018-19
Depreciation of property, plant and equipment	15	**$ 494**	$ 530
Depreciation of right-of-use assets	16	**56**	-
Amortization of intangible assets	17	**22**	23
		$ 572	$ 553

11. FINANCE CHARGES

(in millions)	Notes	2019-20	2018-19
Finance expense			
Interest on long-term debt		**$ 299**	$ 277
Interest on lease liabilities		**155**	165
Interest on short-term advances		**13**	17
Net interest on employee benefit plans	34	**10**	6
Interest on provisions	24	**5**	6
Other interest and charges		**1**	1
		483	472
Less: interest capitalized		**(25)**	(36)
amortization of debt premiums net of discounts	22	**(2)**	(1)
amortization of bond forward agreements net losses		**-**	1
		456	436
Finance income			
Debt retirement fund earnings	18	**(23)**	(17)
Interest income		**(2)**	(3)
		(25)	(20)
		$ 431	$ 416

12. TAXES

(in millions)	2019-20	2018-19
Saskatchewan corporate capital tax	**$ 48**	$ 46
Grants-in-lieu of taxes	**29**	28
	$ 77	$ 74

13. OTHER EXPENSES

(in millions)	Notes	2019-20	2018-19
Net losses on asset disposals and retirements		**$ 31**	$ 24
Gain on sale of equity accounted investments	19	**(1)**	-
Environmental provisions[1]	24	**2**	36
Other environmental costs		**4**	4
Inventory variance adjustments		**7**	3
Foreign exchange net losses		**1**	-
		$ 44	$ 67

1. Prior year environmental provisions include a $30 million adjustment based on estimated settlement costs for past activities.

14. INVENTORY

(in millions)	**March 31 2020**	March 31 2019
Maintenance materials and supplies	**$ 226**	$ 228
Allowance for obsolescence	**(17)**	(13)
	209	215
Coal	**11**	10
Natural gas	**10**	10
Other fuel	**1**	2
	231	237
Natural gas market revaluation	**(4)**	(6)
	$ 227	$ 231

(in millions)	**2019-20**	2018-19
Inventory consumed during the period:		
Maintenance materials and supplies	**$ 198**	$ 214
Coal	**177**	183
Natural gas	**164**	174
Other fuel	**1**	2
	$ 540	$ 573

(in millions)	**Allowance for obsolescence**
Balance, April 1, 2018	$ 12
Provision for obsolete inventory	2
Inventory disposals and/or write-downs	(1)
Balance, March 31, 2019	**$ 13**
Provision for obsolete inventory	9
Inventory disposals and/or write-downs	(5)
Balance, March 31, 2020	**$ 17**

15. PROPERTY, PLANT AND EQUIPMENT

(in millions)	Generation	Leased assets	Transmission	Distribution	Other	Construction in progress	Total
Cost or deemed cost							
Balance, April 1, 2018	$ 6,681	$ 1,233	$ 2,258	$ 3,999	$ 865	$ 853	**$ 15,889**
Additions	134	10	203	263	59	833	**1,502**
Disposals and/or retirements	(28)	-	(11)	(30)	(14)	-	**(83)**
Transfers	-	-	-	-	-	(658)	**(658)**
Balance, March 31, 2019	**$ 6,787**	**$ 1,243**	**$ 2,450**	**$ 4,232**	**$ 910**	**$ 1,028**	**$ 16,650**
IFRS 16 adjustment (Note 4)	-	(1,243)	-	-	-	-	**(1,243)**
Cory Cogeneration Station[1]	76	-	-	-	-	-	**76**
Additions	743	-	361	269	64	696	**2,133**
Disposals and/or retirements	(19)	-	(14)	(37)	(14)	-	**(84)**
Transfers	-	-	-	-	-	(1,446)	**(1,446)**
Balance, March 31, 2020	**$ 7,587**	**$ -**	**$ 2,797**	**$ 4,464**	**$ 960**	**$ 278**	**$ 16,086**
Accumulated depreciation							
Balance, April 1, 2018	$ 2,907	$ 462	$ 624	$ 1,622	$ 379	$ -	**$ 5,994**
Depreciation expense	252	57	55	117	49	-	**530**
Disposals and/or retirements	(21)	-	(6)	(25)	(12)	-	**(64)**
Transfers	-	-	-	-	-	-	**-**
Balance, March 31, 2019	**$ 3,138**	**$ 519**	**$ 673**	**$ 1,714**	**$ 416**	**$ -**	**$ 6,460**
IFRS 16 adjustment (Note 4)	-	(519)	-	-	-	-	**(519)**
Depreciation expense	256	-	64	122	52	-	**494**
Disposals and/or retirements	(11)	-	(9)	(30)	(11)	-	**(61)**
Transfers	-	-	-	-	-	-	**-**
Balance, March 31, 2020	**$ 3,383**	**$ -**	**$ 728**	**$ 1,806**	**$ 457**	**$ -**	**$ 6,374**
Net book value							
Balance, April 1, 2018	**$ 3,774**	**$ 771**	**$ 1,634**	**$ 2,377**	**$ 486**	**$ 853**	**$ 9,895**
Balance, March 31, 2019	**$ 3,649**	**$ 724**	**$ 1,777**	**$ 2,518**	**$ 494**	**$ 1,028**	**$ 10,190**
Balance, March 31, 2020	**$ 4,204**	**$ -**	**$ 2,069**	**$ 2,658**	**$ 503**	**$ 278**	**$ 9,712**

1. Effective July 11, 2019, SaskPower, through its subsidiary SaskPower International, purchased the remaining 50% ownership interest in the Cory Cogeneration Station Joint Venture, of which it was already part-owner with ATCO Power Canada Ltd. The joint venture owned and operated a 246-MW natural gas-fired cogeneration station near Saskatoon, Saskatchewan. Upon purchase, the joint venture was dissolved and the PPA was terminated.

   SaskPower accounted for the PPA as a lease given its exclusive right to use the Cory Cogeneration Station Joint Venture assets (Cory Cogeneration Station). The right-of-use asset (net book value - $76 million) relating to the Cory Cogeneration Station has been reclassified to property, plant and equipment as SaskPower now owns these assets directly. The related PPA lease liability has also been derecognized.

For the year ended March 31, 2020, $25 million (2018-19 – $36 million) of interest costs were capitalized at the weighted average cost of borrowings rate of 4.30% (2018-19 – 4.20%).

16. RIGHT-OF-USE ASSETS

(in millions)	Power purchase agreements[1]	Buildings	Land	Total
Cost				
Balance, March 31, 2019	$ -	$ -	$ -	**$ -**
IFRS 16 adjustment (Note 4)	1,243	14	7	**1,264**
Cory Cogeneration Station (Note 15)	(228)	-	-	**(228)**
Additions	2	-	-	**2**
Disposals and/or retirements	-	-	-	**-**
Balance, March 31, 2020	**$ 1,017**	**$ 14**	**$ 7**	**$ 1,038**
Accumulated depreciation				
Balance, March 31, 2019	$ -	$ -	$ -	**$ -**
IFRS 16 adjustment (Note 4)	519	-	-	**519**
Cory Cogeneration Station (Note 15)	(152)	-	-	**(152)**
Depreciation expense	52	3	1	**56**
Disposals and/or retirements	-	-	-	**-**
Balance, March 31, 2020	**$ 419**	**$ 3**	**$ 1**	**$ 423**
Net book value				
Balance, April 1, 2019	**$ 724**	**$ 14**	**$ 7**	**$ 745**
Balance, March 31, 2020	**$ 598**	**$ 11**	**$ 6**	**$ 615**

1. The net book value of the PPA right-of-use assets was previously included in property, plant and equipment.

17. INTANGIBLE ASSETS

(in millions)	Software
Cost	
Balance, April 1, 2018	$ 296
Additions	18
Disposals and/or retirements	(11)
Transfers	-
Balance, March 31, 2019	**$ 303**
Additions	34
Disposals and/or retirements	-
Transfers	-
Balance, March 31, 2020	**$ 337**
Accumulated amortization	
Balance, April 1, 2018	$ 233
Amortization expense	23
Disposals and/or retirements	(11)
Transfers	-
Balance, March 31, 2019	**$ 245**
Amortization expense	22
Disposals and/or retirements	-
Transfers	-
Balance, March 31, 2020	**$ 267**
Net book value	
Balance, April 1, 2018	**$ 63**
Balance, March 31, 2019	**$ 58**
Balance, March 31, 2020	**$ 70**

18. DEBT RETIREMENT FUNDS

(in millions)	
Balance, April 1, 2018	$ 658
Debt retirement fund instalments	56
Debt retirement fund earnings	17
Debt retirement fund market value gains	17
Balance, March 31, 2019	**$ 748**
Debt retirement fund instalments	60
Debt retirement fund earnings	23
Debt retirement fund market value gains	17
Balance, March 31, 2020	**$ 848**

Under conditions attached to certain advances from the Government of Saskatchewan's General Revenue Fund, the Corporation is required to pay annually into debt retirement funds administered by the Government of Saskatchewan Ministry of Finance, amounts at least equal to 1% of certain debt outstanding. As at March 31, 2020, scheduled debt retirement fund instalments for the next five years are as follows:

(in millions)	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Debt retirement fund instalments	$ 63	$ 61	$ 59	$ 57	$ 57

19. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

(in millions)	**MRM**
Balance, April 1, 2018	$ 40
Profit (loss)	3
Distributions	(4)
Balance, March 31, 2019	**$ 39**
Profit (loss)	(1)
Contributions	4
Distributions	(4)
Proceeds from sale of equity accounted investments	(39)
Gain on sale of equity accounted investments	1
Balance, March 31, 2020	**$ -**

MRM Cogeneration Station (MRM)

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

The Corporation sold its 30% ownership interest in the MRM Cogeneration Station with an effective date of December 31, 2019. As at March 31, 2020, the Corporation no longer holds this investment.

The Corporation's interest in MRM is summarized below:

(in millions)	**March 31 2020**	March 31 2019
Statement of financial position		
Current assets	**$ -**	$ 28
Non-current assets	**-**	152
Current liabilities	**-**	(19)
Non-current liabilities	**-**	(30)
Net assets	**$ -**	$ 131
SaskPower's 30% investment share	**$ -**	$ 39

(in millions)	**2019-20**	2018-19
Statement of income		
Revenue	**$ 49**	$ 86
Expense	**(53)**	(76)
Profit (loss)	**$ (4)**	$ 10
SaskPower's 30% investment share	**$ (1)**	$ 3

20. DEFERRED REVENUE

(in millions)	
Balance, April 1, 2018	$ 32
Additions	18
Recognized in revenue	(21)
Balance, March 31, 2019	**$ 29**
Additions	16
Recognized in revenue	(23)
Balance, March 31, 2020	**$ 22**

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

21. SHORT-TERM ADVANCES

(in millions)	**March 31 2020**	March 31 2019
Short-term advances	**$ 946**	$ 996

The short-term advances are due to the Government of Saskatchewan's General Revenue Fund. As at March 31, 2020, the advances have interest rates ranging from 0.750% to 1.751% and mature between April 2, 2020, and March 29, 2021. As at March 31, 2019, the advances had interest rates ranging from 1.643% to 1.991% and matured between April 2 and August 1, 2019.

22. LONG-TERM DEBT

(in millions)

Balance, April 1, 2018	$	5,621
Long-term debt issues		389
Long-term debt repayments		(5)
Amortization of debt premiums net of discounts		(1)
Balance, March 31, 2019	**$**	**6,004**
Assumption of Cory Cogeneration Station non-recourse debt		42
Long-term debt issues		344
Long-term debt repayments		(79)
Amortization of debt premiums net of discounts		(2)
	$	6,309
Less: current portion of long-term debt		(129)
Balance, March 31, 2020	**$**	**6,180**

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

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
December 20, 1990	December 15, 2020	11.23	9.97	$ 129	$ -	$ 129
February 4, 1992	February 4, 2022	9.27	9.60	240	1	241
July 21, 1992	July 15, 2022	10.06	8.94	256	-	256
May 30, 1995	May 30, 2025	8.82	8.75	100	-	100
August 8, 2001	September 5, 2031	6.49	6.40	200	(1)	199
January 15, 2003	September 5, 2031	5.91	6.40	100	4	104
May 12, 2003	September 5, 2033	5.90	5.80	100	(1)	99
January 14, 2004	September 5, 2033	5.68	5.80	200	2	202
October 5, 2004	September 5, 2035	5.50	5.60	200	2	202
February 15, 2005	March 5, 2037	5.09	5.00	150	(2)	148
May 6, 2005	March 5, 2037	5.07	5.00	150	(1)	149
February 24, 2006	March 5, 2037	4.71	5.00	100	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	3	253
December 19, 2008	June 1, 2040	4.71	4.71	100	-	100
September 8, 2010	June 1, 2040	4.27	4.75	200	13	213
November 15, 2012	February 3, 2042	3.22	3.40	200	6	206
February 28, 2013	February 3, 2042	3.54	3.40	200	(4)	196
October 9, 2013	June 2, 2045	3.97	3.90	400	(5)	395
January 17, 2014	June 2, 2045	3.95	3.90	200	(2)	198
October 9, 2014	June 2, 2045	3.43	3.90	200	16	216
February 13, 2015	June 2, 2045	2.73	3.90	200	43	243
June 2, 2015	December 2, 2046	3.15	2.75	200	(14)	186
October 26, 2015	December 2, 2046	3.43	2.75	200	(24)	176
January 28, 2016	December 2, 2046	3.34	2.75	200	(21)	179
July 19, 2016	December 2, 2046	2.85	2.75	150	(3)	147
October 20, 2016	December 2, 2046	3.00	2.75	200	(9)	191
January 24, 2017	June 2, 2048	3.35	3.30	200	(2)	198
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	18	168
August 15, 2018	June 2, 2050	3.18	3.10	200	(3)	197
September 19, 2018	June 2, 2058	3.13	2.95	200	(8)	192
April 2, 2019	June 2, 2050	2.81	3.10	150	9	159
June 14, 2019	December 2, 2028	2.34	3.05	175	10	185
				$ 6,275	**$ 34**	**$ 6,309**

Subsequently, on April 1, 2020, the Corporation borrowed $150 million of floating rate debt maturing April 1, 2023. The coupon rate for the floating rate debt is the 3-month Canadian Dealer Offer Rate plus a margin of 48 basis points. In addition, on April 8, 2020, the Corporation borrowed $200 million of long-term debt at a premium of $11 million. The debt issue has a coupon rate of 3.20%, an effective interest rate of 1.79%, and matures on June 3, 2024.

As at March 31, 2020, scheduled principal debt retirement requirements for the next five years are as follows:

(in millions)	2020-21	2021-22	2022-23	2023-24	2024-25
Long-term debt payments	$ 129	$ 240	$ 256	$ -	$ -

Under conditions attached to certain advances from the Government of Saskatchewan's General Revenue Fund, the Corporation is required to pay annually into debt retirement funds administered by the Government of Saskatchewan Ministry of Finance, amounts at least equal to 1% of certain debt outstanding (Note 18).

23. LEASE LIABILITIES

(in millions)	**March 31 2020**	March 31 2019
Total future minimum lease payments	**$ 2,350**	$ 2,654
Less: future finance charges on leases	**(1,342)**	(1,549)
Present value of lease liabilities	**$ 1,008**	$ 1,105
Less: current portion of lease liabilities	**(28)**	(24)
	$ 980	$ 1,081

The above lease liabilities include PPAs relating to the Cory Cogeneration Station, Meridian Cogeneration Station, Spy Hill Generating Station and the North Battleford Generating Station gas-fired facilities as well as land and building leases. On July 11, 2019, upon purchase of the Cory Cogeneration Station assets, the net lease liability of $96 million relating to the Cory Cogeneration Station PPA was derecognized (Notes 15 and 16).

The weighted average discount rate applied to land and building leases previously classified as operating leases is 2.54% based on the Corporation's incremental borrowing rate, while the weighted average discount rate applied to the PPA leases previously classified as finance leases is 14.93% based on the rate implicit in these agreements.

As at March 31, 2020, 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	$ 175	$ 723	$ 1,452
Present value of lease liabilities	28	187	793

24. PROVISIONS

(in millions)	Decommissioning	Environmental remediation	Total
Balance, April 1, 2018	$ 193	$ 40	**$ 233**
Charged to income:			
New obligations	5	30	**35**
Change in assumptions	1	-	**1**
Interest	6	-	**6**
Capitalized to property, plant and equipment:			
New obligations	6	-	**6**
Change in assumptions	13	-	**13**
Settled during the period	(9)	(2)	**(11)**
Balance, March 31, 2019	**$ 215**	**$ 68**	**$ 283**
Charged to income:			
New obligations	1	-	**1**
Change in assumptions	1	-	**1**
Interest	5	-	**5**
Capitalized to property, plant and equipment:			
New obligations	51	-	**51**
Change in assumptions	(21)	-	**(21)**
Settled during the period	(8)	(1)	**(9)**
Balance, March 31, 2020	**$ 244**	**$ 67**	**$ 311**

Assumptions

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

	March 31 2020	March 31 2019
Discount rate, end of period	**1.54 - 2.84%**	1.95 - 2.76%
Long-term inflation rate	**2.00%**	2.00%
Undiscounted cash flows (in millions)	**$ 444**	$ 394

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 2020-21 and 2068-69. 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, 2020, is as follows:

	Decommissioning provisions	
(in millions)	0.5% increase	0.5% decrease
Discount rate	$ (22)	$ 26
Inflation rate	28	(24)

25. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

(in millions)	**March 31 2020**	March 31 2019
Realized gains (losses) on derivatives designated as cash flow hedges	**$ (11)**	$ (11)
Unrealized gains (losses) on derivatives designated as cash flow hedges	**(13)**	(40)
Unrealized gains (losses) on debt instruments designated as FVOCI	**24**	7
Actuarial gains (losses) on defined benefit pension plans	**31**	20
	$ 31	$ (24)

26. EQUITY ADVANCES

The Corporation does not have share capital. However, the Corporation has received advances from CIC to form its equity capitalization. The advances reflect an equity investment in the Corporation by CIC. During the 2019-20 fiscal year, the Corporation repaid $33 million (2018-19 – $34 million) to CIC.

27. FINANCIAL INSTRUMENTS

(in millions)			**March 31, 2020**		March 31, 2019	
			Asset (liability)		Asset (liability)	
	Classification	**Level[4]**	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets						
Cash and cash equivalents	FVTPL[1]	1	**$ 236**	**$ 236**	$ 10	$ 10
Accounts receivable and unbilled revenue	AC[2]	N/A	**456**	**456**	505	505
Debt retirement funds	FVOCI - debt instrument[3]	2	**848**	**848**	748	748
Other assets — long-term receivables	AC[2]	N/A	**1**	**1**	1	1
Financial liabilities						
Accounts payable and accrued liabilities	AC[2]	N/A	**$ (494)**	**$ (494)**	$ (420)	$ (420)
Accrued interest	AC[2]	N/A	**(65)**	**(65)**	(64)	(64)
Dividend payable	AC[2]	N/A	**(5)**	**(5)**	(20)	(20)
Short-term advances	AC[2]	N/A	**(946)**	**(946)**	(996)	(996)
Long-term debt	AC[2]	2	**(6,309)**	**(7,395)**	(6,004)	(7,159)

1. FVTPL – measured mandatorily at fair value through profit or loss.
2. AC – amortized cost.
3. FVOCI – fair value through other comprehensive income (loss).
4. Fair values are determined using a fair value hierarchy as follows:

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

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

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

   Not applicable (N/A) – Financial instruments are carried at values which approximate fair value. This includes accounts receivable and unbilled revenue; other assets – long-term receivables; accounts payable and accrued liabilities; accrued interest; dividend payable; and short-term advances.

Risk management assets and liabilities

(in millions)	Classification	Level[2]	March 31, 2020 Asset	March 31, 2020 (Liability)	March 31, 2019 Asset	March 31, 2019 (Liability)
Natural gas contracts						
Fixed price swap instruments used for hedging[3,4]	FVTPL[1]	2	**$ 4**	**$ (84)**	$ 1	$ (137)
Fixed price swap instruments	FVTPL[1]	2	**-**	**(2)**	-	-
Electricity contracts						
Forward agreements[5]	FVTPL[1]	2	**3**	**-**	4	-
			$ 7	**$ (86)**	$ 5	$ (137)

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

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

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

   Level 3 – Inputs for the asset or liability that are not based on observable market data.
3. The terms and conditions of certain financial and physical derivative contracts require SaskPower to provide collateral when the fair value of the obligation pursuant to these contracts is in excess of exposure limits granted. As at March 31, 2020, the Corporation has posted $83 million in collateral for which a portion relates to these financial derivative contracts. The collateral is recognized as margin deposits on derivative contracts and included with accounts receivable on the statement of financial position.
4. These natural gas fixed price swap instruments have been designated as cash flow hedges. As such, the effective portion of the changes in fair value related to the derivative financial instruments are recognized in other comprehensive income (loss).
5. The fair value of this forward electricity contract was determined using a valuation technique using inputs based on pricing information from external market providers and other variables. The valuation technique used calculated a day one gain (difference between the transaction price and the fair value). Given the complexity and nature of this agreement, management concluded that the transaction price is not the best evidence of fair value. As a result, this day one gain has been deferred and recognized as deferred revenue on the statement of financial position. The day one gain will be amortized into income over the term of the contract.

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, 2020, the Corporation held the following instruments to hedge exposures to changes in natural gas price risk:

	1 year	2 - 5 years	More than 5 years
Natural gas hedges			
Net exposure - gain (loss) (millions)	$ (23)	$ (52)	$ (5)
Total outstanding gigajoules (GJ) (millions)	14	40	8
Weighted average hedged price per GJ	$ 3.43	$ 3.46	$ 3.00
Weighted average forward market price per GJ	$ 1.87	$ 2.13	$ 2.26

28. 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, 2020, the Corporation had entered into financial and physical natural gas contracts to price manage approximately 44% of its budgeted natural gas exposures for 2020-21, 43% for 2021-22, 39% for 2022-23, 33% for 2023-24, 29% for 2024-25, 22% for 2025-26, 13% for 2026-27, 4% for 2027-28, and 1% for 2028-29.

Based on the Corporation's March 31, 2020, 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 $59 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, 2020.

Electricity trading contracts

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

VaR has certain inherent limitations. The use of historical information in the estimate assumes that price movements in the past will be indicative of future market risk. As such, it may be only meaningful under normal market conditions. Extreme market events are not addressed by this risk measure. In addition, the use of a 10-day measurement period implies that positions can be unwound or hedged within that period. However, this may not be possible if the market becomes illiquid. SaskPower recognizes the limitations of VaR and actively uses other controls, including restrictions on authorized instruments, volumetric and term limits, stress-testing of individual portfolios and of the total proprietary trading portfolio and management review. As at March 31, 2020, 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, 2020, SaskPower had $946 million in short-term advances. If interest rates were to increase by 100 basis points, this would result in approximately a $10 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, 2020, SaskPower had $848 million in debt retirement funds. The fair value of the debt retirement funds is driven largely by interest rates. The estimated impact of a 1% yield curve shift, assuming no change in the amount of debt retirement funds, would be a $65 million decrease in the market value of the debt retirement funds.

(c) Foreign exchange rates

The Corporation faces exposure to the United States/Canadian dollar exchange rate primarily through the sale of electricity to customers in the United States and from the purchase of goods and services that are payable in United States dollars. The Corporation may utilize financial instruments to manage this risk. As at March 31, 2020, 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, 2020, is limited to the fair value of the financial assets recognized.

(in millions)	**March 31 2020**	March 31 2019
Financial assets		
Cash and cash equivalents	**$ 236**	$ 10
Accounts receivable and unbilled revenue	**456**	505
Risk management assets	**7**	5
Debt retirement funds	**848**	748
Other assets — long-term receivables	**1**	1
	$ 1,548	$ 1,269

(a) As at March 31, 2020, SaskPower had $236 million in cash and cash equivalents. The Corporation increased the level of cash on hand to mitigate the liquidity risk resulting from COVID-19 impacts to credit markets.

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

The following table provides information about the exposure to credit risk and ECLs for trade, unbilled and other receivables from individual customers as at March 31, 2020:

(in millions)	**Gross carrying amount**	**Weighted-average loss rate**	**Loss allowance**
Current	$ 360	0.2%	$ 5
30 to 59 days	7	5.0%	-
60 to 89 days	2	10.0%	-
90 to 179 days	3	20.0%	1
180 to 364 days	6	30.0%	2
365 days and greater	8	75.0%-100.0%	6
	$ 386		$ 14
Margin deposits on derivative contracts	83	0.0%	-
Miscellaneous and other receivables	1	0.0%	-
	$ 470		**$ 14**

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. Historically, the Corporation has not written off a significant portion of its accounts receivable balances.

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

(in millions)	**Allowance for doubtful accounts**
Balance April 1, 2018	$ 13
Amounts written off	(6)
Net remeasurement of loss allowance	3
Balance, March 31, 2019	**$ 10**
Amounts written off	(6)
Net remeasurement of loss allowance	10
Balance, March 31, 2020	**$ 14**

An increase to the loss allowance for the current category, as a provision for the impact of COVID-19 on collectability, resulted in the $4 million increase to the allowance for doubtful accounts.

(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, 2020, 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, 2020, 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 at March 31, 2020:

		Contractual cash flows					
(in millions)	**Carrying amount**	**Contractual cash flows**	**0 - 6 months**	**7 - 12 months**	**2 years**	**3 - 5 years**	**More than 5 years**
Financial liabilities							
Accounts payable and accrued liabilities	$ 494	$ 494	$ 494	$ -	$ -	$ -	$ -
Accrued interest	65	65	65	-	-	-	-
Dividend payable	5	5	5	-	-	-	-
Risk management liabilities[1]	86	86	86	-	-	-	-
Short-term advances	946	946	946	-	-	-	-
Long-term debt	6,309	11,312	81	273	277	1,200	9,481
	$ 7,905	**$ 12,908**	**$ 1,677**	**$ 273**	**$ 277**	**$ 1,200**	**$ 9,481**

1. The terms and conditions of certain financial derivative contracts require SaskPower to provide collateral when the fair value of the obligation pursuant to these contracts is in excess of credit limits granted. As at March 31, 2020, the Corporation had $83 million in collateral posted for which a portion relates to these financial derivative contracts.

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

Coronavirus (COVID-19) impact assessment

The COVID-19 pandemic has caused material disruption to businesses and has resulted in an economic slowdown. The Corporation has assessed and continues to monitor the impact of COVID-19 on its operations. The magnitude and duration of COVID-19 is uncertain and, if it causes significant disruption for an extended period of time, the impacts to the Corporation will increase. Potential impacts include loss of revenue, supply chain disruption, challenges associated with a remote or unavailable workforce and potential asset impairment.

On March 18, 2020, SaskPower announced that it would provide financial relief to customers by waiving late payment charges and suspending collection activities for six months. Similar to other jurisdictions in Canada, DBRS Morningstar has reviewed credit ratings as a result of COVID-19. Effective March 19, 2020, DBRS Morningstar has placed Saskatchewan's and SaskPower's long-term obligations rating of AA and its short-term obligations rating of R-1 (high) under review with negative implications. The rating actions stem from the deteriorating global economic conditions and the sharp decline in global oil prices caused by the outbreak of COVID-19. If sustained, DBRS Morningstar believes that these factors will have a material impact on the provincial economy.

29. CAPITAL MANAGEMENT

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

The Corporation's capital structure consists of long-term debt, short-term advances, lease liabilities, retained earnings and equity advances, net of debt retirement funds and cash and cash equivalents.

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

(in millions)	**March 31 2020**	March 31 2019
Long-term debt	**$ 6,309**	$ 6,004
Short-term advances	**946**	996
Lease liabilities	**1,008**	1,105
Total debt	**8,263**	8,105
Debt retirement funds	**848**	748
Cash and cash equivalents	**236**	10
Total net debt	**$ 7,179**	$ 7,347
Retained earnings	**2,123**	1,938
Equity advances	**593**	626
Total capital	**$ 9,895**	$ 9,911
Per cent debt ratio	**72.6%**	74.1%

30. COMMITMENTS AND CONTINGENCIES

(in millions)	2020-21	2021-22	2022-23	2023-24	2024-25	Thereafter
Outstanding purchase orders	$ 1,313	$ 344	$ 188	$ 162	$ 130	$ 480
Power purchase agreements (PPAs)[1]	358	423	458	473	482	5,924
Coal purchase contracts	177	227	225	231	189	238
Natural gas purchase contracts[2]	138	113	76	60	47	61
Transmission purchase contracts	5	2	-	-	-	-
Letters of credit	5	-	-	-	-	-

1. The amounts reflected include all PPAs including those agreements determined to contain a lease, operating agreements and long-term import agreements.
2. Includes transportation and storage contracts as well as fixed price forward contracts of $484 million which apply for the own-use scope exemption.

The commitments listed above have maturity dates ranging from fiscal 2020-21 to 2047-48.

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

31. NET CHANGE IN NON-CASH WORKING CAPITAL

(in millions)	2019-20	2018-19
Accounts receivable and unbilled revenue	**$ 49**	$ 35
Inventory	**2**	(19)
Prepaid expenses	**1**	(4)
Other assets	**(7)**	7
Accounts payable and accrued liabilities	**74**	(114)
Deferred revenue	**(7)**	34
	$ 112	$ (61)

32. RECONCILIATION OF MOVEMENTS OF ASSETS (LIABILITIES) TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

(in millions)	Debt retirement funds	Short-term advances	Long-term debt	Lease liabilities	Equity advances	Total
Balance, April 1, 2018	**$ 658**	**$ (1,141)**	**$ (5,621)**	**$ (1,114)**	**$ (660)**	**$ (7,878)**
Changes from financing cash flows:						
Repayments of short-term advances	-	145	-	-	-	**145**
Proceeds from long-term debt	-	-	(389)	-	-	**(389)**
Repayments of long-term debt	-	-	5	-	-	**5**
Debt retirement fund instalments	56	-	-	-	-	**56**
Principal repayment of lease liabilities	-	-	-	19	-	**19**
Equity advances repayment	-	-	-	-	34	**34**
Total changes from financing cash flows	56	145	(384)	19	34	**(130)**
Changes in fair value	17	-	-	-	-	**17**
Other changes:						
Capitalized borrowing costs	-	-	36	-	-	**36**
Interest income (expense)	17	(17)	(277)	(165)	-	**(442)**
Interest paid	-	16	273	165	-	**454**
Non-cash transactions	-	1	(31)	(10)	-	**(40)**
Total other changes	34	-	1	(10)	-	**25**
Balance, March 31, 2019	**$ 748**	**$ (996)**	**$ (6,004)**	**$ (1,105)**	**$ (626)**	**$ (7,983)**
Changes from financing cash flows:						
Repayments of short-term advances	-	50	-	-	-	**50**
Proceeds from long-term debt	-	-	(344)	-	-	**(344)**
Repayments of long-term debt	-	-	88	-	-	**88**
Debt retirement fund instalments	60	-	-	-	-	**60**
Principal repayment of lease liabilities	-	-	-	24	-	**24**
Net (increase) decrease in lease liabilities	-	-	(42)	96	-	**54**
Equity advances repayment	-	-	-	-	33	**33**
Total changes from financing cash flows	60	50	(298)	120	33	**(35)**
Changes in fair value	17	-	-	-	-	**17**
Other changes:						
Capitalized borrowing costs	-	-	25	-	-	**25**
Interest income (expense)	23	(13)	(299)	(155)	-	**(444)**
Interest paid	-	12	290	155	-	**457**
Non-cash transactions	-	1	(23)	(23)	-	**(45)**
Total other changes	40	-	(7)	(23)	-	**10**
Balance, March 31, 2020	**$ 848**	**$ (946)**	**$ (6,309)**	**$ (1,008)**	**$ (593)**	**$ (8,008)**

33. RELATED PARTY TRANSACTIONS

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

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

Key management personnel compensation

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

(in millions)	**2019-20**	2018-19
Salaries and short-term employee benefits	**$ 4**	$ 4
Post-employment benefits	**-**	-
Termination benefits	**-**	-
Other long-term benefits	**-**	-
	$ 4	$ 4

34. EMPLOYEE BENEFITS

(in millions)	**Defined benefit pension plan**	**Other benefit plans**	**Total**
Balance, April 1, 2018	$ 162	$ 48	**$ 210**
Current service cost	-	7	**7**
Net interest expense	5	1	**6**
SaskPower funding contribution	-	-	**-**
SaskPower benefits paid	-	(12)	**(12)**
Net actuarial losses	3	-	**3**
Balance, March 31, 2019	**$ 170**	**$ 44**	**$ 214**
Current service cost	-	6	**6**
Net interest expense	5	5	**10**
SaskPower funding contribution	-	-	**-**
SaskPower benefits paid	-	(9)	**(9)**
Net actuarial gains	(11)	-	**(11)**
Balance, March 31, 2020	**$ 164**	**$ 46**	**$ 210**

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, 2017, and the results were extrapolated to March 31, 2020.

The effective date of the most recent actuarial valuation for funding purposes was December 31, 2017. 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, 2020.

(a) Status of the Plan

The actuarial valuation measured at September 30, 2017, and extrapolated to March 31, 2020, showed that the Plan had an actuarial deficit of $164 million (2018-19 – $170 million). The calculation of the pension plan deficit is as follows:

(in millions)	**March 31 2020**	March 31 2019
Plan assets		
Fair value, beginning of period	**$ 720**	$ 740
Actual return on plan assets	**(13)**	41
Employer funding contributions	**-**	-
Employee funding contributions	**-**	-
Benefits paid	**(62)**	(61)
Fair value, end of period	**$ 645**	$ 720
Accrued benefit obligation		
Balance, beginning of period	**$ 890**	$ 902
Current service cost	**-**	-
Interest cost	**27**	30
Benefits paid	**(62)**	(61)
Actuarial (gains) losses on accrued benefit obligation	**(46)**	19
Balance, end of period	**$ 809**	$ 890
Plan deficit	**$ (164)**	$ (170)

(b) Assumptions

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

	March 31 2020	March 31 2019
Discount rate, beginning of period	**3.20%**	3.40%
Discount rate, end of period	**3.70%**	3.20%
Long-term inflation rate	**2.00%**	2.00%
Assumptions for benefit increases (% of CPI)	**70.00%**	70.00%
Plan duration (years)	**10.70**	10.70

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

Sensitivity of assumptions

Sensitivity of the defined benefit pension plan to changes in the discount rate, inflation rate, future indexing and life expectancy on the accrued benefit obligation as at March 31, 2020, is as follows:

	Accrued benefit obligation	
(in millions)	1% increase	1% decrease
Discount rate	$ (84)	$ 100
Inflation rate	(31)	33
Future indexing	93	(80)
Life expectancy (each member one year older/younger)	(29)	30

(c) Benefit plan asset allocation

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

	March 31 2020	March 31 2019
Equity securities	**50.5%**	47.5%
Debt securities	**40.3%**	34.5%
Real estate and infrastructure	**9.2%**	17.5%
Short-term securities	**0.0%**	0.5%
	100.0%	100.0%

(d) Benefit payments

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

(in millions)	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Expected benefit payments	$ 60	$ 59	$ 58	$ 57	$ 56

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 2020	March 31 2019
Discount rate	**2.80 - 2.90%**	2.90 - 3.60%
Long-term rate of compensation increases	**2.00%**	2.00%
Long-term inflation rate	**2.00%**	2.00%
Remaining service life (years)	**7.29**	6.98
Plan duration (years)	**4.60 - 5.50**	3.40 - 5.50

Cumulative actuarial losses (gains)

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

(in millions)	**March 31 2020**	March 31 2019
Balance, beginning of period	**$ (20)**	$ (23)
Actuarial losses (gains) on plan assets:		
Experience adjustments	**35**	(16)
Actuarial losses (gains) on accrued benefit obligations:		
Experience adjustments	**-**	-
Changes in actuarial assumptions (future indexing)	**(1)**	2
Changes in actuarial assumptions (discount rate)	**(45)**	17
Balance, end of period	**$ (31)**	$ (20)

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)	**2019-20**	2018-19
Employee benefit plan expense	**$ 24**	$ 22

CORPORATE GOVERNANCE

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

COMPANY STRUCTURE

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

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

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

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

GOVERNING OUR COMPANY

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

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

Director	Board meetings attended[1]
Chief Darcy Bear, Chairperson	7
Bryan Leverick, Vice-Chairperson	8
Terry Bergan	9
Bevra Fee	10
Jim Hopson	8
Karri Howlett	10
Cherilyn Jolly-Nagel	9
Phil Klein	10
Fred Matheson	10
Rob Nicolay	10
Marvin Romanow	9
Tammy Van Lambalgen	10

1. There were a total of 10 meetings held in 2019-20.

Information in this section covers the year ended March 31, 2020. Visit saskpower.com for a full description of SaskPower's corporate governance practices, including Board and Director terms of reference; Canadian Securities Administrators (CSA) Governance Guidelines and SaskPower's scorecard; and Board and Executive Member biographies.

LEADERSHIP BY COMMITTEE

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

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

Audit & Finance Committee

Four meetings

Chair: Marvin Romanow

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

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

During the fiscal year ending March 31, 2020, the committee reviewed the annual and interim financial statements; regular risk reports; the 2020-21 Business Plan and Performance Management Plan; as well as the Deloitte and Provincial Auditor 2018-19 audit summaries. The committee also reviewed and provided oversight related to the progress of strategic initiatives, such as the deployment of advanced metering infrastructure for commercial and industrial customers. These meters will enable enhanced data visibility as well as control and automation for SaskPower and our customers.

In addition, the committee reviewed and recommended to the Board several investments to grow and maintain SaskPower's electricity system. These included the award of five-year contracts for vegetation management services across the province. Vegetation management is essential to mitigating wildfire risk and supporting system reliability. These contracts will primarily use local workers, including Indigenous labour. The committee also approved a request for proposals from qualified proponents to provide skilled labour to perform maintenance work at SaskPower's coal-fired power stations.

Meanwhile, the committee reviewed and assessed the company's key risks, as well as management's plans to mitigate them. These included an assessment of cyber security, a review of plans to mitigate wildfire risk, and consideration of the adequacy of generation capacity to meet expected load. The committee also reviews key system reliability and financial metrics on an annual basis.

The company has a number of programs and strategies in place that are designed to assist in managing specific risks. These programs and strategies are reviewed by the committee on a regular basis. In 2019-20, the committee reviewed SaskPower's Natural Gas Price Management Program, Debt Management Strategy, and Market Risk Management Strategy to ensure that they continue to meet the needs of the company. In addition, the committee monitored the implementation of the federal carbon charge and assessed its impact on the company.

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

Safety, Environment & Corporate Responsibility Committee

Four meetings

Chair: Karri Howlett

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

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

In 2019-20, the committee reviewed the company's safety performance and compliance with environmental legislative, regulatory and corporate standards. This included a review of correspondence from regulators and the results of internal and external audits of SaskPower's environmental and safety management systems, as well as regular discussions with the Director, Internal Audit, on environmental and regulatory matters.

To improve compliance with regulatory requirements, the committee approved a policy for obtaining regulatory permits, authorizations and licenses. This new policy assigns roles and responsibilities for acquiring, renewing and complying with all regulatory permits, authorizations and licenses that are required for the company's operations. Management also initiated a project to enter and track permits, authorizations and licenses in a single module to enhance monitoring and reporting. The committee receives quarterly updates on the progress of this initiative.

On a quarterly basis, the committee reviewed the company's environmental performance and continued to monitor regulatory developments for greenhouse gases and other air pollutants. The committee also received updates on environmental litigation across Canada and considered the potential impacts on the company and its Officers and Directors.

In addition, the committee reviewed management's plans to mitigate the risk of polychlorinated biphenyls contamination arising from distribution equipment. It also reviewed a plan to mitigate the spread of clubroot, a soil-borne crop disease, when working on electrical transmission and distribution facilities located on agricultural land.

Given its emphasis on public and employee safety, the committee continued to receive regular updates from management on farm electrical 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 reviews the condition of the company's dam and dyke facilities based on criteria established by the Canadian Dam Association.

Governance & Human Resources Committee

Five meetings

Chair: Tammy Van Lambalgen

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

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

In 2019-20, the committee provided oversight of management's response to the labour disruption involving the company's Unifor employees in the fall of 2019 and approved a new collective bargaining agreement with Unifor Local 649 that brought an end to the disruption. This was followed by approval of a new collective bargaining agreement with the International Brotherhood of Electrical Workers Saskatchewan Local 2067.

The committee also monitored the progress of the transfer of SaskPower Gas & Electrical Inspections to the Technical Safety Authority of Saskatchewan (TSASK). This move is part of a government initiative to consolidate several inspection and licensing functions within a single regulatory body.

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

The committee reviewed and recommended that the Board approve changes to the company's Code of Conduct to reflect increased rigour regarding conflicts of interest, specifically relating to the acceptance of gifts, honoraria and gratuities by employees. In addition, management presented the committee with a summary of the company's employee benefit plans for 2018-19. Finally, the committee reviewed the performance of the President and CEO for 2019-20, established performance objectives for the President and CEO for 2020-21, and considered salary holdback measures and performance for Executive and out-of-scope staff.

ASSESSING OUR GOVERNANCE PERFORMANCE

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

Our company's practices are substantially consistent with CSA standards. A scorecard of SaskPower's performance against the CSA Corporate Governance Guidelines can be viewed on saskpower.com.

BOARD MEMBER COMPENSATION AND BIOGRAPHIES

Under the authority of *The Crown Corporations Act, 1993*, SaskPower's shareholder, CIC, directs the compensation received by Directors. In addition to reimbursement for reasonable expenses incurred while performing their duties (including related travel, meal and accommodation costs), Directors receive an annual retainer and meeting fees for service:

- The Board Chair receives an annual retainer of $40,000.
- Board Members receive an annual retainer of $25,000.
- The Audit & Finance Committee Chair receives an annual retainer of $3,500.
- Other Committee Chairs receive an annual retainer of $2,500.
- Committee members receive a $750 daily meeting fee.

Visit saskpower.com for Board Member biographies.

EXECUTIVE MEMBER COMPENSATION AND BIOGRAPHIES

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, 2020, were:

- President and CEO: $349,904 to $437,379.
- Vice-President: $241,308 to $301,634.

Visit saskpower.com for Executive Member biographies.

FIVE-YEAR FINANCIAL SUMMARY

(in millions)	**March 31 2019-20**	March 31 2018-19	March 31 2017-18	March 31 2016-17	March 31 2015-16
Consolidated statement of income					
Revenue					
Saskatchewan electricity sales	**$ 2,626**	$ 2,583	$ 2,480	$ 2,277	$ 2,132
Exports and electricity trading	**20**	30	7	2	6
Other revenue	**125**	112	99	123	166
	2,771	2,725	2,586	2,402	2,304
Expense					
Fuel and purchased power	**737**	710	660	661	652
Operating, maintenance and administration	**705**	708	680	675	637
Depreciation and amortization	**572**	553	543	494	466
Finance charges	**431**	416	417	416	384
Taxes	**77**	74	72	72	64
Other expenses	**44**	67	68	38	37
Unrealized market value adjustments	**-**	-	-	(10)	83
	2,566	2,528	2,440	2,346	2,323
Net income (loss)	**$ 205**	$ 197	$ 146	$ 56	$ (19)
Consolidated statement of financial position					
Assets					
Current assets	**$ 950**	$ 776	$ 792	$ 712	$ 665
Property, plant and equipment	**9,712**	10,190	9,895	9,518	9,140
Right-of-use assets	**615**	-	-	-	-
Intangible assets	**70**	58	63	48	54
Debt retirement funds	**848**	748	658	590	533
Investments accounted for using equity method	**-**	39	40	38	38
Other assets	**8**	1	8	2	4
Total assets	**$ 12,203**	$ 11,812	$ 11,456	$ 10,908	$ 10,434
Liabilities and equity					
Current liabilities	**$ 1,775**	$ 1,695	$ 1,923	$ 1,647	$ 1,676
Long-term debt	**6,180**	5,999	5,616	5,454	5,025
Lease liabilities	**980**	1,081	1,096	1,112	1,122
Employee benefits	**210**	214	210	237	264
Provisions	**311**	283	233	217	201
Equity	**2,747**	2,540	2,378	2,241	2,146
Total liabilities and equity	**$ 12,203**	$ 11,812	$ 11,456	$ 10,908	$ 10,434
Consolidated statement of cash flows					
Cash provided by operating activities	**$ 866**	$ 671	$ 708	$ 564	$ 376
Cash used in investing activities	**(640)**	(798)	(964)	(862)	(904)
Cash provided by financing activities	**-**	130	250	283	532
Increase (decrease) in cash position	**$ 226**	$ 3	$ (6)	$ (15)	$ 4
Financial indicators					
Dividends	**$ 20**	$ 20	$ -	$ -	$ -
Capital expenditures	**$ 696**	$ 833	$ 996	$ 886	$ 931
Return on equity	**7.8%**	7.9%	6.2%	2.5%	(0.9%)
Per cent debt ratio	**72.6%**	74.1%	74.9%	75.5%	75.2%

In prior periods, the Corporation presented unrealized market value adjustments as a separate line item below revenue and expenses. A review of the classification of these unrealized market value adjustments given the adoption of IFRS 9, *Financial Instruments*, indicated that these items would be more appropriately presented with the related line item in profit and loss in the current year. The 2019-20, 2018-19 and 2017-18 information disclosed reflect this change.

FIVE-YEAR REVENUE STATISTICS

	March 31 2019-20	March 31 2018-19	March 31 2017-18	March 31 2016-17	March 31 2015-16
Number of Saskatchewan customer accounts					
Residential	**399,394**	396,536	392,314	388,006	381,857
Farm	**57,978**	58,322	58,492	58,775	59,156
Commercial	**63,757**	63,216	62,375	61,918	61,351
Oilfield	**19,466**	19,513	19,412	19,234	19,258
Power	**130**	125	124	124	121
Reseller	**2**	2	2	2	2
Total number of Saskatchewan customer accounts	**540,727**	537,714	532,719	528,059	521,745
Electricity sales (in millions)					
Residential	**$ 571**	$ 576	$ 549	$ 514	$ 485
Farm	**190**	188	180	158	157
Commercial	**521**	519	501	472	447
Oilfield	**451**	416	395	357	330
Power	**792**	784	758	681	624
Reseller	**101**	100	97	95	89
Saskatchewan electricity sales	**2,626**	2,583	2,480	2,277	2,132
Exports	**20**	30	10	5	8
Total electricity sales	**$ 2,646**	$ 2,613	$ 2,490	$ 2,282	$ 2,140
Electricity sales (GWh)					
Residential	**3,091**	3,216	3,162	3,068	3,067
Farm	**1,330**	1,353	1,328	1,189	1,255
Commercial	**3,748**	3,862	3,862	3,777	3,768
Oilfield	**4,163**	3,962	3,877	3,621	3,453
Power	**9,584**	9,964	9,845	9,207	8,876
Reseller	**1,156**	1,202	1,208	1,218	1,223
Saskatchewan electricity sales	**23,072**	23,559	23,282	22,080	21,642
Exports	**254**	422	304	176	89
Total electricity sales	**23,326**	23,981	23,586	22,256	21,731
Average electricity sales price ($/MWh)					
Residential	**$ 185**	$ 179	$ 174	$ 168	$ 158
Farm	**143**	139	136	133	125
Commercial	**139**	134	130	125	119
Oilfield	**108**	105	102	99	96
Power	**83**	79	77	74	70
Reseller	**87**	83	80	78	73
Exports	**79**	71	33	28	90
Total weighted average electricity sales price	**$ 113**	$ 109	$ 106	$ 103	$ 98
Average annual usage per residential customer (kWh)	**7,739**	8,110	8,060	7,907	8,032
System-wide average rate increases	**0.0%**	0.0%	3.5% (Mar 1)	5.0% (July 1) 3.5% (Jan 1)	2.0% (Sept 1)

FIVE-YEAR GENERATING AND OPERATING STATISTICS

	March 31 2019-20	March 31 2018-19	March 31 2017-18	March 31 2016-17	March 31 2015-16
Net electricity supplied (GWh)					
Gas	**10,767**	10,603	9,144	8,729	8,379
Coal	**9,182**	10,286	10,864	10,759	10,967
Hydro	**3,859**	3,591	3,873	3,525	3,213
Wind	**815**	659	765	740	682
Imports	**278**	490	515	478	375
Other	**132**	148	156	143	140
Gross electricity supplied	**25,033**	25,777	25,317	24,374	23,756
Line losses	**(1,707)**	(1,796)	(1,731)	(2,118)	(2,025)
Net electricity supplied	**23,326**	23,981	23,586	22,256	21,731
Available generating capacity (net MW)					
Gas	**2,172**	1,839	1,824	1,824	1,771
Coal	**1,530**	1,530	1,530	1,530	1,530
Hydro	**889**	889	889	889	889
Wind	**241**	241	221	221	221
Other	**61**	32	29	27	26
Total available generating capacity	**4,893**	4,531	4,493	4,491	4,437
Peak loads (net MW)					
Annual peak load	**3,722**	3,723	3,792	3,747	3,640
Minimum load	**2,147**	1,442	2,057	1,970	2,033
Summer peak load	**3,437**	3,524	3,470	3,270	3,331
Lines in service (circuit km)					
Transmission lines	**14,356**	14,332	14,140	14,384	13,964
Distribution lines	**142,773**	142,415	143,422	144,339	143,020
Total lines in service	**157,129**	156,747	157,562	158,723	156,984
Number of permanent full-time employees	**3,178**	3,167	3,144	3,178	3,143

GLOSSARY

Advanced Metering Infrastructure (AMI)
An integrated system of smart meters, communication networks, and data management systems that enables two-way communication between utilities and customers.

Biomass
Energy resources derived from organic matter. These include wood, agricultural waste and other living-cell material that can be burned to produce heat energy.

Capacity
The greatest load that can be supplied by a generating unit, power station or an entire provincial grid system.

Carbon capture and storage (CCS)
Technology that reduces greenhouse gas emissions by capturing carbon dioxide, typically at fossil-fueled power plants, and storing it in geological reservoirs deep underground.

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

Climate change
Climate change refers to any change in climate over time, whether due to natural variability or as a result of human activity.

Cogeneration
The simultaneous generation of electricity and useful heat or steam. The heat could be put in use in an industrial process or to heat a facility or community. The electricity could be used by the owner or sold.

Demand
The rate at which electric energy is delivered at a given instant or averaged over a period of time. It is measured in kilowatts, megawatts, etc.

Distribution
Process of moving electric energy at lower voltages from major substations to customers.

Fly ash
The fine powder by-product resulting from the combustion of pulverized coal used in SaskPower's coal-fired generating stations.

Gigawatt (GW)
A unit of bulk power; one billion watts or one million kilowatts.

Gigawatt hour (GWh)
A unit of bulk energy; 1,000,000 kilowatt hours.

Independent power producer (IPP)
An unregulated entity that owns power plants and generates electricity in the competitive wholesale market.

International Financial Reporting Standards (IFRS)
Guidelines and rules set by the International Accounting Standards Board that companies follow when compiling financial statements. IFRS replaced the previous Canadian Generally Accepted Accounting principles as the acceptable set of accounting standards for publicly accountable enterprises in Canada.

Kilowatt hour (kWh)
A unit of bulk energy; 1,000 watt hours. The measurement is generally used for billing residential customers.

Load
The amount of electric power or energy consumed by a particular customer or group of customers.

Megawatt (MW)
A unit of bulk power; 1,000 kilowatts. The unit generally used to describe the output of a commercial generator.

Megawatt hour (MWh)
A unit of bulk energy; 1,000 kilowatt hours.

North American Electric Reliability Corporation (NERC)
Formed in 1968, its mission is to ensure that the bulk electric system in North America is reliable, adequate and secure.

Net metering
The offsetting of electricity consumption by a customer against the same customer's production of electricity, typically from a small-scale renewable energy source such as wind or solar.

Open Access Transmission Tariff (OATT)
The SaskPower OATT allows eligible users to access our transmission system to transport electricity to wholesale customers within Saskatchewan or across the province to other jurisdictions. The OATT also ensures SaskPower can access the transmission systems of other utilities.

Peak load demand or peak energy demand
The maximum amount of electric power or energy consumed by a particular customer or group of customers at a precise time.

Polychlorinated biphenyls (PCBs)
A group of organic compounds that were once used as cooling and insulating fluids in various types of electrical equipment, including transformers and capacitors.

Power purchase agreement (PPA)
A contract between electricity producers in which one party sells energy and/or generating capacity to another, who generally serves end-use retail customers. For example, instead of building a new power plant an electric company can choose to enter into a PPA.

Smart meter
An electronic device that records consumption of electric energy in intervals of an hour or less and communicates that information at least daily back to the utility for monitoring and billing.

Switching station
A facility containing transformers, regulators, switches and protective equipment for changing transmission voltages between transmission lines.

Transmission
Process of moving electric power in bulk at higher voltages from the source of supply to distribution centres.

SASKPOWER SYSTEM MAP

TOTAL AVAILABLE GENERATING CAPACITY - **4,893 MEGAWATTS (MW)**

HYDRO TOTAL CAPACITY - 889 MW

- H1 Athabasca Hydroelectric System
  - H1A Wellington - 5 MW
  - H1B Waterloo - 8 MW
  - H1C Charlot River - 10 MW
- H2 Island Falls Hydroelectric Station - 111 MW
- H3 Manitoba Hydro Northern Power Purchase Agreement - 25 MW
- H4 Nipawin Hydroelectric Station - 255 MW
- H5 E.B. Campbell Hydroelectric Station - 289 MW
- H6 Coteau Creek Hydroelectric Station - 186 MW

NATURAL GAS TOTAL CAPACITY - 2,172 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 - 246 MW
- NG8 Queen Elizabeth Power Station - 623 MW
- NG9 Spy Hill Generating Station* - 89 MW
- NG10 Chinook Power Station - 353 MW

WIND TOTAL CAPACITY - 241 MW

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

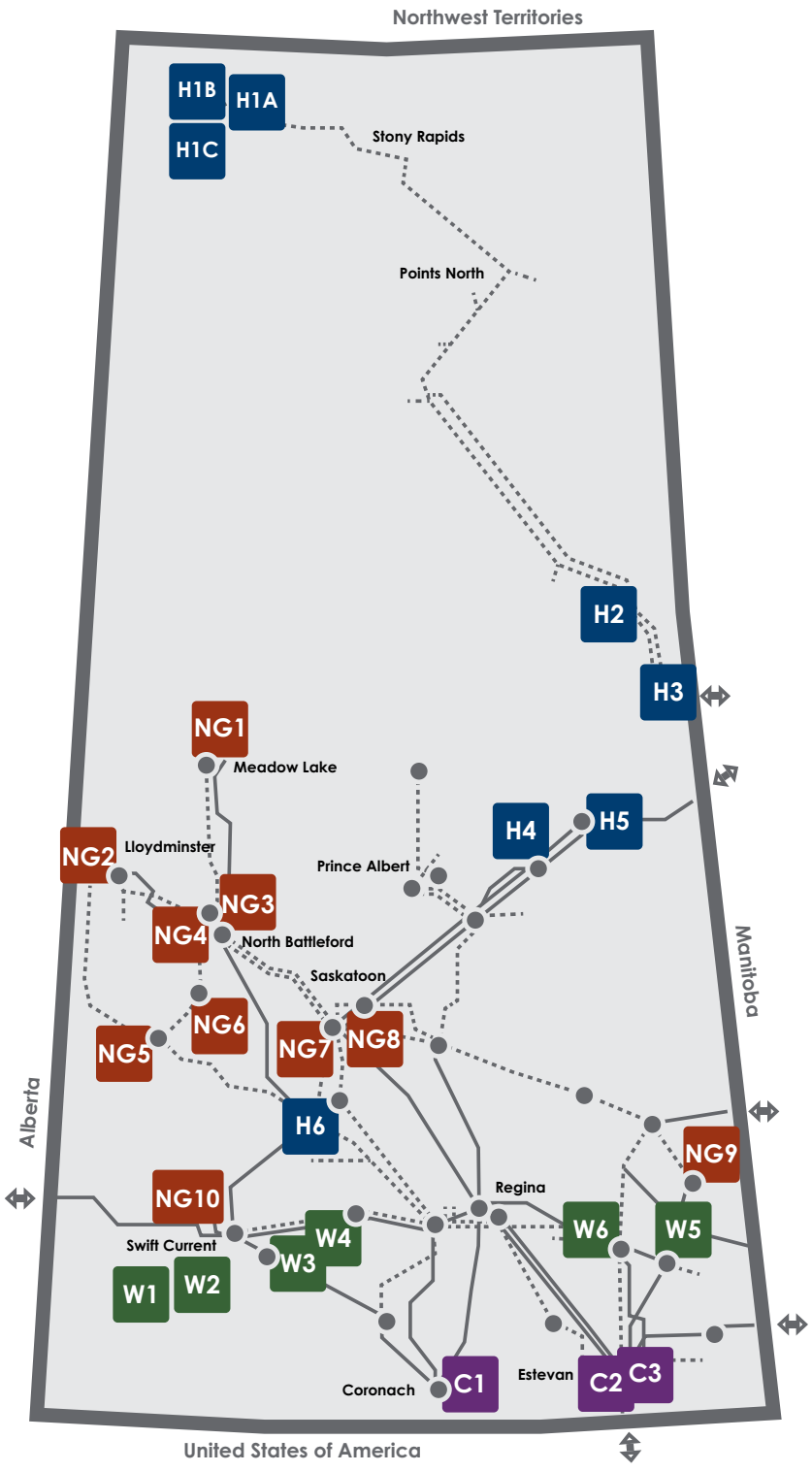
COAL TOTAL CAPACITY - 1,530 MW

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

SMALL INDEPENDENT POWER PRODUCERS TOTAL CAPACITY - 61 MW (NOT SHOWN ON MAP)

TRANSMISSION

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



** Large Independent Power Producer*

SaskPower
Powering our future®

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