FIRST QUARTER FINANCIAL REPORT

For the three months ended
March 31, 2015

SaskPower
Powering the future®

STRATEGIC DIRECTION

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

Our mission
Reliable, affordable, sustainable power

Our values
Safety, dedication and respect

Our core strategies and key priorities

People
- Customer experience
- Workforce excellence
- Stakeholder relations

Financial
- Process efficiency and cost management

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

FINANCIAL AND OPERATING HIGHLIGHTS

Financial Indicators

(in millions)	Three months ended March 31 2015	2014	Change
Revenue	**$ 583**	$ 558	$ 25
Expense	**523**	512	11
Income before unrealized market value adjustments	**60**	46	14
Net income	**45**	105	(60)
Capital expenditures	**247**	284	(37)

	March 31 2015	December 31 2014	Change
Long-term debt	**$ 4,602**	$ 4,355	$ 247
Short-term advances	**916**	890	26
Finance lease obligations	**1,136**	1,138	(2)

	2015	2014	Change
Return on equity[1]	**11.1%**	8.2%	2.9%
Per cent debt ratio[2]	**74.0%**	69.7%	4.3%

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

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

Operating Statistics

(GWh) [1]	Three months ended March 31 2015	2014	Change
Saskatchewan electricity sales	**5,740**	5,546	194
Exports	**24**	27	(3)
Total electricity sales	**5,764**	5,573	191
Gross electricity supplied	**6,418**	6,305	113
Line losses	**(654)**	(732)	78
Net electricity supplied	**5,764**	5,573	191
Electricity trading purchases	**32**	68	(36)
Line losses	**-**	-	-
Electricity trading sales	**32**	68	(36)
Generating capacity (net MW)[2]	**4,181**	4,281	(100)
Peak load (net MW)[2]	**3,628**	3,451	177
Customers	**514,518**	504,312	10,206

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) highlights the primary factors that have an impact on the financial results and operations of Saskatchewan Power Corporation (SaskPower; the Corporation). It should be read in conjunction with the SaskPower unaudited condensed consolidated financial statements and supporting notes for the three months ended March 31, 2015. These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*. The SaskPower Audit & Finance Committee of the Board of Directors has approved the condensed consolidated financial statements.

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

Financial Results

	Three months ended March 31		
(in millions)	**2015**	2014	Change
Revenue			
Saskatchewan electricity sales	**$ 558**	$ 530	$ 28
Exports	**1**	3	(2)
Net sales (costs) from electricity trading	**-**	(1)	1
Share of profit from equity accounted investees	**1**	1	-
Other revenue	**23**	25	(2)
	$ 583	$ 558	$ 25
Expense			
Fuel and purchased power	**$ 166**	$ 173	$ (7)
Operating, maintenance and administration	**156**	155	1
Depreciation and amortization	**105**	93	12
Finance charges	**79**	75	4
Taxes	**16**	13	3
Other losses	**1**	3	(2)
	$ 523	$ 512	$ 11
Income before the following	**$ 60**	$ 46	$ 14
Unrealized market value adjustments	**(15)**	59	(74)
Net income	**$ 45**	$ 105	$ (60)
Return on equity[1]	**11.1%**	8.2%	2.9%

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

Highlights and summary of results

SaskPower's consolidated income before unrealized market value adjustments was $60 million in the first quarter of 2015 compared to $46 million in the first quarter of 2014. The $14 million increase was due to higher Saskatchewan electricity revenues offset by an increase in capital-related expenses. The return on equity was 11.1%, up 2.9 percentage points from the previous period.

Total revenue was up $25 million in the first quarter of 2015, compared to the first quarter of 2014. The improvement in revenue was attributable to a $28 million increase in Saskatchewan electricity sales due to the 3.0% system-wide average interim rate increase that became effective January 1, 2015 and higher sales volumes. Exports and electricity trading decreased $1 million as a result of lower sales volumes and profit margins in Alberta.

Total expense increased $11 million in the first quarter of 2015, compared to the first quarter of 2014. Fuel and purchased power costs decreased $7 million largely as a result of higher coal and hydro generation, which replaced more expensive natural gas generation. Lower natural gas prices also contributed to the decrease in fuel and purchased power costs. Operating, maintenance and administration (OM&A) expense was up $1 million due to higher data communication and information system maintenance and development costs offset by a decrease in overhaul activity at our generation facilities. Depreciation expense increased $12 million compared to the same period in 2014 as a result of significant investments in the Corporation's property, plant and equipment. Finance charges increased $4 million due to an increase in finance lease expense and additional interest expense incurred as a result of higher debt levels required to finance SaskPower's capital expenditures.

SaskPower reported $15 million of unrealized market value net losses in the first quarter of 2015, compared to $59 million in net gains in the first quarter of 2014. The unrealized market value adjustments represent the change in the market value of the Corporation's outstanding natural gas hedges; natural gas inventory; electricity trading contracts; and debt retirement funds at period-end.

Outlook

SaskPower's income before unrealized market value adjustments is expected to be $93 million in 2015, resulting in a return on equity of 4.2%.

Revenues of $2,257 million are expected to increase $100 million as a result of the system-wide average rate increase of 3.0% that became effective January 1, 2015, and a 405 GWh or 2.0% increase in electricity sales volumes.

The increase in revenue, however, is expected to be partially offset by a $50 million increase in expenses in 2015. The primary driver is a $90 million increase in capital-related expenses, including depreciation, finance charges, taxes and other losses. SaskPower invested $1.279 billion in capital in 2014, and an additional $1.2 billion is expected to be invested in 2015.

Fuel and purchased power costs are expected to decrease $31 million as a result of lower natural gas prices. OM&A expense is expected to decrease $9 million due to a reduction in controllable spending and through vacancy management.

Capital expenditures in 2015 are forecast to be approximately $1.2 billion. This includes $655 million in costs to improve and expand the Corporation's transmission and distribution infrastructure, including the new I1K transmission line and connecting new customers to SaskPower's grid; $130 million on the expansion of Queen Elizabeth Power Station; and $140 million to maintain and refurbish the existing generation fleet.

Revenue

Saskatchewan electricity sales

	Three months ended March 31		
(in millions)	**2015**	2014	Change
Saskatchewan electricity sales	**$ 558**	$ 530	$ 28

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

Saskatchewan electricity sales for the first quarter of 2015 were $558 million, up $28 million from the first quarter of 2014. The increase was due to the system-wide average rate increase of 3.0% that became effective January 1, 2015 and a rise in sales volumes. Electricity sales volumes to Saskatchewan customers for the first three months of 2015 were 5,740 GWh, up 194 GWh or 3% from the same period in 2014. The Corporation experienced growth in demand from the oilfield and large industrial customer classes.

Exports

	Three months ended March 31		
(in millions)	**2015**	2014	Change
Exports	**$ 1**	$ 3	$ (2)

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

Exports were $1 million in the first quarter of 2015, down $2 million from the first quarter of 2014. Exports were down due to lower Alberta Power Pool prices that left SaskPower with fewer opportunities to sell into Alberta. This was coupled with an extended outage on the Saskatchewan/Alberta interconnection as a result of ongoing maintenance. Export sales volumes decreased 3 GWh or 11% during the first three months of 2015, compared to the first three months of 2014.

Net sales (costs) from electricity trading

	Three months ended March 31		
(in millions)	**2015**	2014	Change
Electricity trading revenue	**$ 2**	$ 4	$ (2)
Electricity trading costs	**(2)**	(5)	3
Net sales (costs) from electricity trading	**$ -**	$ (1)	$ 1

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

Net sales from electricity trading were $nil in the first quarter of 2015 compared to a loss of $1 million in the same period in 2014. SaskPower's low trading earnings are the result of decreased Power Pool prices in Alberta, which prevent the Corporation from making profitable trades into that market.

Share of profit from equity accounted investees

	Three months ended March 31		
(in millions)	**2015**	2014	Change
Share of profit from equity accounted investees	**$ 1**	$ 1	$ -

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

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

Other revenue

	Three months ended March 31		
(in millions)	**2015**	2014	Change
Other revenue	**$ 23**	$ 25	$ (2)

Other revenue includes various non-electricity products and services. Other revenue was $23 million in the first quarter of 2015, down $2 million from the first quarter of 2014. The $2 million decrease was due to lower customer contributions partially offset by CO_2 sales. Customer contributions are funds received from certain customers for the costs of service extensions. These contributions are recognized immediately in profit or loss when the related property, plant and equipment is available for use.

Expense

Fuel and purchased power

	Three months ended March 31		
(in millions)	**2015**	2014	Change
Fuel and purchased power	**$ 166**	$ 173	$ (7)

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, as well as electricity imported from markets outside Saskatchewan. This electricity is used to serve the Corporation's Saskatchewan customers, with surplus electricity being sold to markets outside the province when favourable conditions exist.

SaskPower's fuel cost management strategy focuses on the economic dispatch of the generating units that bring the lowest incremental cost units on stream first. In general, this means maximizing hydro and coal generation, which have a low incremental cost per unit of generation. Hydro generation is dependent upon water levels and river flow at SaskPower's hydro facilities and coal generation is a product of the availability of our coal plants. Wind generation, the lowest incremental cost source of electricity, cannot be dispatched on a planned basis as it is dependent upon wind conditions.

Fuel and purchased power costs were $166 million in the first quarter of 2015, down $7 million from the first quarter of 2014. The $7 million decrease is a result of a favourable mix and price variance, partially offset by an unfavourable volume variance.

The fuel mix is the relative proportion that each fuel source contributes to our total fuel supply. The more energy that is generated from lower incremental cost units such as hydro, coal and wind, the more favourable the impact on fuel and purchased power costs. During the first quarter of 2015, the Corporation's coal and hydro generation accounted for 62% of total generation compared to 58% from the same period in 2014. The increased coal and hydro generation replaced some of the more expensive natural gas generation in the prior period. This favourable change in the fuel mix resulted in an estimated $9 million decrease in fuel and purchased power costs.

The average price of fuel decreased as a result of lower natural gas prices. The lower fuel prices resulted in an overall decrease of $1 million in fuel and purchased power costs.

Total generation and purchased power was 6,418 GWh in the first three months of 2015, an increase of 113 GWh or 2% compared to the same period in 2014. The higher demand resulted in an estimated $3 million increase in fuel and purchased power costs.

Operating, maintenance and administration (OM&A)

	Three months ended March 31		
(in millions)	**2015**	2014	Change
OM&A	**$ 156**	$ 155	$ 1

OM&A expense was $156 million in the first quarter of 2015, up $1 million from the first quarter of 2014. The rise in operating costs was largely due to higher data communication and increased information system maintenance and development costs offset by a decrease in overhaul activity at our generation facilities.

Depreciation and amortization

	Three months ended March 31		
(in millions)	**2015**	2014	Change
Depreciation and amortization	**$ 105**	$ 93	$ 12

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

Depreciation expense was $105 million in the first quarter of 2015, up $12 million from the first quarter of 2014. The increase in depreciation expense was primarily attributable to an increase in property, plant and equipment as a result of ongoing capital expenditures. In addition, following the completion of an internal depreciation study in 2014, the estimated useful lives of certain asset components were changed. The changes in estimates were applied prospectively effective January 1, 2015, and resulted in approximately a $2 million increase to depreciation expense in the first quarter of 2015.

Finance charges

	Three months ended March 31		
(in millions)	**2015**	2014	Change
Finance charges	**$ 79**	$ 75	$ 4

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

Finance charges were $79 million in the first quarter of 2015, up $4 million from the first quarter of 2014. The increase in finance charges was attributable to an additional $7 million in interest on finance leases as well as interest expense incurred as a result of higher debt levels required to finance SaskPower's capital expenditures. In addition, interest related to employee benefit plans increased $1 million, and interest capitalized decreased by $8 million. These amounts were offset by a $12 million increase in debt retirement fund earnings compared to the prior year.

Taxes

(in millions)	Three months ended March 31 2015	2014	Change
Taxes	**$ 16**	$ 13	$ 3

Taxes represent the payment of corporation capital tax to the Province of Saskatchewan and grants-in-lieu of taxes paid to 13 cities in Saskatchewan. Taxes were $16 million in the first quarter of 2015, up $3 million compared to the first quarter of 2014 due to higher corporate capital tax as a result of growth in the Corporation's capital tax base.

Other losses

(in millions)	Three months ended March 31 2015	2014	Change
Other losses	**$ 1**	$ 3	$ (2)

Other losses include the net losses on asset disposals and retirements, foreign exchange and environmental remediation activities. Other losses were $1 million in the first quarter of 2015, down $2 million compared to the first quarter of 2014. This decrease is mainly attributable to foreign exchange gains of $2 million incurred in the first three months of 2015, compared to nil in the same period in 2014.

Unrealized market value adjustments

(in millions)	Three months ended March 31 2015	2014	Change
Natural gas contracts gains (losses)	**$ (16)**	$ 39	$ (55)
Natural gas inventory revaluation	**-**	(1)	1
Electricity contracts gains (losses)	**(5)**	10	(15)
Debt retirement funds gains (losses)	**6**	11	(5)
Unrealized market value adjustments	**$ (15)**	$ 59	$ (74)

Unrealized market value adjustments represent the change in the market value of the Corporation's outstanding natural gas hedges; natural gas inventory; electricity trading contracts; and debt retirement funds at period-end. These non-cash transactions resulted in a net market value loss for the first quarter of 2015 of $15 million compared to a net gain of $59 million in the first quarter of 2014.

SaskPower had outstanding natural gas hedges of approximately 85 million notional gigajoules (GJs) to cap the price of natural gas on a portion of the Corporation's anticipated natural gas needs for the remainder of 2015 through 2024. The market value of these outstanding natural gas hedges declined $16 million in the first quarter of 2015 compared to a $39 million gain in the prior year. The losses are the result of a decline in the forward price of natural gas and the settlement of natural gas hedge contracts. Market value adjustments on natural gas hedges are subject to significant volatility based on movements in the forward price of natural gas.

Unrealized market value losses related to SaskPower's outstanding electricity derivative contracts were $5 million, a $15 million decrease from the prior year gains of $10 million as a result of the decline in Alberta Power Pool prices.

The Corporation also recorded $6 million in market value gains related to its debt retirement funds, which represents a $5 million decrease compared to the same period in 2014.

Financial Condition

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

Financial Condition	
(in millions)	**Increase / (Decrease)**
Cash and cash equivalents (bank indebtedness) Refer to Consolidated Statement of Cash Flows.	**$ 26**
Accounts receivable and unbilled revenue Margin deposits on natural gas derivatives, and timing of receipts.	**45**
Inventory Decrease in natural gas inventory offset by increase in maintenance supplies.	**(3)**
Prepaid expenses Increase in prepaid employee benefits.	**5**
Property, plant and equipment Capital additions, offset by depreciation, disposals, and retirements.	**132**
Intangible assets Amortization expense less capitalization of new software costs.	**(2)**
Debt retirement funds Instalments, earnings, and market value gains.	**34**
Investments accounted for using equity method MRM equity investment income.	**1**
Other assets	**-**
Accounts payable and accrued liabilities Timing of payments.	**(59)**
Accrued interest Timing of interest payments.	**(11)**
Risk management liabilities (net of risk management assets) Losses on natural gas hedges and a decrease in fair value of bond forward agreements.	**34**
Short-term advances Increase in short-term advances to finance SaskPower's capital expenditures.	**26**
Long-term debt (including current portion) New borrowings offset by repayments.	**247**
Finance lease obligations (including current portion) Lease principal repayments.	**(2)**
Employee benefits Actuarial losses on the defined benefit pension plan.	**18**
Provisions Accretion expense.	**1**
Equity 2015 comprehensive income.	**(16)**

Liquidity and Capital Resources

Cash flow highlights

(in millions)	March 31 2015	December 31 2014	Change
Cash and cash equivalents (bank indebtedness)	**$ 24**	$ (2)	$ 26

The Corporation's cash position increased $26 million from December 31, 2014. The $26 million increase was the result of $33 million provided by operating activities and $229 million provided by financing activities, offset by $236 million used in investing activities.

a) Operating activities

	Three months ended March 31		
(in millions)	**2015**	2014	Change
Cash provided by operating activities	**$ 33**	$ 86	$ (53)

Cash provided by operating activities was $33 million in the first quarter of 2015, down $53 million from the first quarter of 2014. The decrease was primarily the result of decline in non-cash working capital.

b) Investing activities

	Three months ended March 31		
(in millions)	**2015**	2014	Change
Generation	**$ 94**	$ 126	$ (32)
Transmission and distribution	**140**	132	8
Other	**13**	26	(13)
Total capital expenditures	**$ 247**	$ 284	$ (37)
Less: Interest capitalized	**(11)**	(19)	8
Net costs of removal of assets	**-**	1	(1)
Distribution from equity accounted investees	**-**	(2)	2
Cash used in investing activities	**$ 236**	$ 264	$ (28)

In order to ensure a safe, reliable, and sustainable supply of electricity for its customers, SaskPower invested $247 million in the first quarter of 2015 on various capital projects. The Corporation invested $50 million to connect customers to the SaskPower electric system; $28 million on the I1K transmission line; $75 million on increasing capacity and sustaining transmission and distribution infrastructure; $71 million on the repowering of the Queen Elizabeth Power Station; and $9 million on Information Technology projects.

c) Financing activities

(in millions)	Three months ended March 31 2015	2014	Change
Net proceeds (repayment) of short-term advances	**$ 26**	$ (106)	$ 132
Proceeds from long-term debt	**248**	298	(50)
Repayments of long-term debt	**(1)**	(1)	-
Debt retirement fund instalments	**(13)**	(10)	(3)
Principal repayment of finance lease obligations	**(2)**	(2)	-
Increase in finance lease obligations	**-**	1	(1)
Realized losses on cash flow hedges	**(29)**	-	(29)
Cash provided by financing activities	**$ 229**	$ 180	$ 49

In the first quarter of 2015, $229 million of cash was provided by financing activities, up $49 million compared to the first quarter of 2014. The cash was used to finance the Corporation's capital program.

Capital management

(in millions)	March 31 2015	December 31 2014	Change
Long-term debt	**$ 4,602**	$ 4,355	$ 247
Short-term advances	**916**	890	26
Finance lease obligations	**1,136**	1,138	(2)
Total debt	**6,654**	6,383	271
Debt retirement funds	**491**	457	34
Cash and cash equivalents (bank indebtedness)	**24**	(2)	26
Total net debt	**$ 6,139**	$ 5,928	$ 211
Retained earnings	**1,566**	1,521	45
Accumulated other comprehensive loss	**(64)**	(3)	(61)
Equity advances	**660**	660	-
Total capital	**$ 8,301**	$ 8,106	$ 195
Per cent debt ratio[1]	**74.0%**	73.1%	0.9%

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

SaskPower's total debt position (including finance lease obligations) was $6,654 million at March 31, 2015, up $271 million from December 31, 2014. The increase in total debt was the result of:

- On February 5, 2015, the Corporation borrowed $200 million of long-term debt at a premium of $48 million. The debt issue has a coupon rate of 3.90%, an effective interest rate of 2.73% and matures on June 2, 2045.
- This increase in debt was offset by the repayment of $1 million in non-recourse debt; and $2 million principal repayment of the Corporation's finance lease obligations.

The Corporation's per cent debt ratio has increased slightly from 73.1% at the end of 2014 to 74.0% as at March 31, 2015.

Debt retirement fund instalments

	Three months ended March 31		
(in millions)	**2015**	2014	Change
Debt retirement fund instalments	**$ 13**	$ 10	$ 3

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

During the first quarter of 2015, the Corporation made $13 million in contributions to the debt retirement funds on outstanding debt issues as required by the terms of the advances from the Government of Saskatchewan's General Revenue Fund. SaskPower also earned $15 million (included with finance charges and classified as non-cash operating activities), on the debt retirement funds for the period.

Dividends

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

Contractual obligations

The Corporation has the following significant long-term contractual obligations as at March 31, 2015, which will impact cash flows in 2015 and beyond:

(in millions)	**1 year**	**1 - 5 years**	**More than 5 years**
Long-term debt (including principal and interest)	$ 240	$ 1,152	$ 7,701
Debt retirement fund instalments	42	170	774
Future minimum lease payments	168	710	2,445

SaskPower's financing requirements for the next 12 months will include $240 million in principal and interest payments, $42 million of debt retirement fund instalments, and $168 million in minimum lease payments under existing power purchase agreements. Included in the future minimum lease payments above, is the availability payments related to the power purchase agreements which have been classified as finance leases. SaskPower evaluates the need for additional borrowings throughout the year.

Condensed Consolidated Statement of Income

(in millions)	(Unaudited) Three months ended March 31 2015	2014
Revenue		
Saskatchewan electricity sales	**$ 558**	$ 530
Exports	**1**	3
Net sales (costs) from electricity trading	**-**	(1)
Share of profit from equity accounted investees	**1**	1
Other revenue	**23**	25
	583	558
Expense		
Fuel and purchased power	**166**	173
Operating, maintenance and administration	**156**	155
Depreciation and amortization	**105**	93
Finance charges	**79**	75
Taxes	**16**	13
Other losses	**1**	3
	523	512
Income before the following	**60**	46
Unrealized market value adjustments	**(15)**	59
Net income	**$ 45**	$ 105

See accompanying notes

Condensed Consolidated Statement of Comprehensive (Loss) Income

	(Unaudited) Three months ended March 31	
(in millions)	**2015**	2014
Net income	**$ 45**	$ 105
Other comprehensive loss		
Items that may be reclassified subsequently to net income:		
Derivatives designated as cash flow hedges:		
Change in fair value during the year	**(13)**	-
Net realized losses during the year	**(29)**	-
Items that will not be reclassified to net income:		
Defined benefit pension plans:		
Net actuarial losses	**(19)**	(20)
	(61)	(20)
Total comprehensive (loss) income	**$ (16)**	$ 85

See accompanying notes

Condensed Consolidated Statement of Financial Position

(in millions) As at	(Unaudited) March 31 2015	(Audited *) December 31 2014
Assets		
Current assets		
Cash and cash equivalents	**$ 24**	$ -
Accounts receivable and unbilled revenue	**360**	315
Inventory	**215**	218
Prepaid expenses	**16**	11
Risk management assets (Note 6)	**3**	7
	618	551
Property, plant and equipment (Note 3)	**8,680**	8,548
Intangible assets	**71**	73
Debt retirement funds	**491**	457
Investments accounted for using equity method	**41**	40
Other assets	**5**	5
Total assets	**$ 9,906**	$ 9,674
Liabilities and equity		
Current liabilities		
Bank indebtedness	**$ -**	$ 2
Accounts payable and accrued liabilities	**473**	532
Accrued interest	**46**	57
Risk management liabilites (Note 6)	**126**	96
Short-term advances	**916**	890
Current portion of long-term debt (Note 4)	**5**	5
Current portion of finance lease obligations (Note 5)	**9**	8
	1,575	1,590
Long-term debt (Note 4)	**4,597**	4,350
Finance lease obligations (Note 5)	**1,127**	1,130
Employee benefits	**251**	233
Provisions	**194**	193
Total liabilities	**7,744**	7,496
Equity		
Retained earnings	**1,566**	1,521
Accumulated other comprehensive loss	**(64)**	(3)
Equity advances	**660**	660
Total equity	**2,162**	2,178
Total liabilities and equity	**$ 9,906**	$ 9,674

See accompanying notes

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

Condensed Consolidated Statement of Changes in Equity

		Accumulated other comprehensive income (loss)			
(in millions)	Retained earnings	Net gains (losses) on derivatives designated as cash flow hedges	Net actuarial gains (losses) on defined benefit pension plans	Equity advances	**(Unaudited) Total**
Equity					
Balance, January 1, 2014	$ 1,461	$ 47	$ 55	$ 660	**$ 2,223**
Net income	105	-	-	-	**105**
Other comprehensive loss	-	-	(20)	-	**(20)**
Balance, March 31, 2014	**$ 1,566**	**$ 47**	**$ 35**	**$ 660**	**$ 2,308**
Net loss	(45)	-	-	-	**(45)**
Other comprehensive loss	-	(32)	(53)	-	**(85)**
Balance, December 31, 2014	**$ 1,521**	**$ 15**	**$ (18)**	**$ 660**	**$ 2,178**
Net income	45	-	-	-	**45**
Other comprehensive loss	-	(42)	(19)	-	**(61)**
Balance, March 31, 2015	**$ 1,566**	**$ (27)**	**$ (37)**	**$ 660**	**$ 2,162**

See accompanying notes

Condensed Consolidated Statement of Cash Flows

(in millions)	(Unaudited) Three months ended March 31 2015	2014
Operating activities		
Net income	**$ 45**	$ 105
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation and amortization	**105**	93
Finance charges	**79**	75
Other losses	**1**	3
Unrealized market value adjustments	**15**	(59)
Employee benefits	**(3)**	(3)
Share of profit from equity accounted investees	**(1)**	(1)
Environmental expenditures	**-**	(2)
	241	211
Net change in non-working capital	**(96)**	(17)
Interest paid	**(112)**	(108)
Cash provided by operating activities	**33**	86
Investing activities		
Property, plant and equipment additions	**(231)**	(263)
Intangible asset additions	**(5)**	(2)
Net cost of removal of assets	**-**	(1)
Distributions from equity accounted investees	**-**	2
Cash used in investing activities	**(236)**	(264)
Decrease in cash before financing activities	**(203)**	(178)
Financing activities		
Proceeds (repayments) of short-term advances	**26**	(106)
Proceeds from long-term debt	**248**	298
Repayments of long-term debt	**(1)**	(1)
Debt retirement fund instalments	**(13)**	(10)
Principal repayment of finance lease obligations	**(2)**	(2)
Net increase in finance lease obligations	**-**	1
Realized losses on derivatives designated as cash flow hedges	**(29)**	-
Cash provided by financing activities	**229**	180
Increase in cash	**26**	2
Bank indebtedness, beginning of period	**(2)**	(2)
Cash and cash equivalents, end of period	**$ 24**	$ -

See accompanying notes

Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Description of business

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

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

2. Basis of preparation

(a) Statement of compliance

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

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

The condensed consolidated financial statements were authorized for issue by the Audit & Finance Committee of the Board of Directors on May 14, 2015.

(b) Interim measurement

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

(c) Basis of measurement

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

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

(d) Functional and presentation currency

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

(e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market at the measurement date under current market conditions (exit price). SaskPower's own credit risk and the credit risk of the counterparty have been taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. The Corporation has classified the fair value of its financial instruments as level 1, 2, or 3 (Note 6) as defined below:

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

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

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

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

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

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

(f) Use of estimates and judgments

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

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

Significant areas requiring the use of management estimates are:

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

Following the completion of an internal depreciation study, the estimated useful lives of certain assets were changed. The change in estimate was applied prospectively, effective January 1, 2015, and is expected to result in a $7 million increase to depreciation expense in 2015.

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

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

(g) New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended March 31, 2015, and have not been applied in preparing these consolidated financial statements. In particular, the Corporation is currently reviewing IFRS 15, *Revenue from Contracts with Customers* effective January 1, 2017, and IFRS 9, *Financial Instruments* effective January 1, 2018, to determine the potential impact, if any. SaskPower does not have any plans to early adopt the new standards.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

3. Property, plant and equipment

(in millions)	Generation	Leased assets	Transmission	Distribution	Other	Construction in progress	**Total**
Cost or deemed cost							
Balance, January 1, 2014	$ 4,334	$ 1,233	$ 1,146	$ 3,074	$ 620	$ 1,665	**$ 12,072**
Additions	3	-	9	51	8	284	**355**
Disposals and/or retirements	-	-	-	(4)	(6)	-	**(10)**
Transfers	-	-	-	-	-	(73)	**(73)**
Balance, March 31, 2014	**$ 4,337**	**$ 1,233**	**$ 1,155**	**$ 3,121**	**$ 622**	**$ 1,876**	**$ 12,344**
Additions	1,353	-	165	213	124	995	**$ 2,850**
Disposals and/or retirements	(81)	-	(4)	(15)	(24)	-	**(124)**
Impairment losses	-	-	-	(19)	-	-	**(19)**
Transfers	-	-	-	-	-	(1,818)	**(1,818)**
Balance, December 31, 2014	**$ 5,609**	**$ 1,233**	**$ 1,316**	**$ 3,300**	**$ 722**	**$ 1,053**	**$ 13,233**
Additions	28	-	39	53	17	247	**384**
Disposals and/or retirements	(3)	-	(1)	(3)	(13)	-	**(20)**
Transfers	-	-	-	-	-	(142)	**(142)**
Balance, March 31, 2015	**$ 5,634**	**$ 1,233**	**$ 1,354**	**$ 3,350**	**$ 726**	**$ 1,158**	**$ 13,455**
Accumulated depreciation							
Balance, January 1, 2014	$ 2,219	$ 223	$ 464	$ 1,266	$ 259	$ -	**$ 4,431**
Depreciation expense	33	14	7	23	10	-	**87**
Disposals and/or retirements	-	-	-	(3)	(6)	-	**(9)**
Transfers	-	-	-	-	-	-	**-**
Balance, March 31, 2014	**$ 2,252**	**$ 237**	**$ 471**	**$ 1,286**	**$ 263**	**$ -**	**$ 4,509**
Depreciation expense	110	42	21	73	30	-	**$ 276**
Disposals and/or retirements	(75)	-	(3)	(12)	(8)	-	**(98)**
Impairment losses	-	-	-	(2)	-	-	**(2)**
Transfers	-	-	-	-	-	-	**-**
Balance, December 31, 2014	**$ 2,287**	**$ 279**	**$ 489**	**$ 1,345**	**$ 285**	**$ -**	**$ 4,685**
Depreciation expense	42	14	8	24	10	-	**98**
Disposals and/or retirements	(2)	-	(1)	(2)	(3)	-	**(8)**
Transfers	-	-	-	-	-	-	**-**
Balance, March 31, 2015	**$ 2,327**	**$ 293**	**$ 496**	**$ 1,367**	**$ 292**	**$ -**	**$ 4,775**
Net book value							
Balance, March 31, 2014	**$ 2,085**	**$ 996**	**$ 684**	**$ 1,835**	**$ 359**	**$ 1,876**	**$ 7,835**
Balance, December 31, 2014	**$ 3,322**	**$ 954**	**$ 827**	**$ 1,955**	**$ 437**	**$ 1,053**	**$ 8,548**
Balance, March 31, 2015	**$ 3,307**	**$ 940**	**$ 858**	**$ 1,983**	**$ 434**	**$ 1,158**	**$ 8,680**

In the first three months of 2015, interest costs totaling $11 million (2014 – $19 million) were capitalized at the weighted average cost of borrowings rate of 4.70% (2014 – 5.00%).

The Corporation is forecasting to spend $1.2 billion on capital projects in 2015.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

4. Long-term debt

(in millions)		
Balance, January 1, 2014	$	3,568
Long-term debt issues		298
Long-term debt repayments		(1)
Amortization of debt premiums net of discounts		-
Balance, March 31, 2014	**$**	**3,865**
Long-term debt issues		494
Long-term debt repayments		(3)
Amortization of debt premiums net of discounts		(1)
Balance, December 31, 2014	**$**	**4,355**
Long-term debt issues		248
Long-term debt repayments		(1)
Amortization of debt premiums net of discounts		-
	$	4,602
Less: current portion of long-term debt		(5)
Balance, March 31, 2015	**$**	**4,597**

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

- On February 5, 2015, the Corporation borrowed $200 million of long-term debt at a premium of $48 million. The debt issue has a coupon rate of 3.90%, an effective interest rate of 2.73% and matures on June 2, 2045. As part of the borrowing, $129 million of bond forward agreements were also settled.

Included in the long-term debt balance at March 31, 2015, is $57 million of non-recourse debt related to SaskPower's joint venture interest in the Cory Cogeneration Station. The debt has effective interest rates ranging from 7.87% to 7.88% and is repayable quarterly maturing between December 31, 2025 and June 30, 2026.

5. Finance lease obligations

(in millions)		**March 31 2015**		December 31 2014
Total future minimum lease payments	**$**	**3,323**	$	3,367
Less: future finance charges on finance leases		**(2,187)**		(2,229)
Present value of finance lease obligations	**$**	**1,136**	$	1,138
Less: current portion of finance lease obligations		**(9)**		(8)
	$	**1,127**	$	1,130

Notes to the Condensed Consolidated Financial Statements (Unaudited)

6. Financial instruments

			March 31 2015		December 31 2014	
(in millions)			**Asset (liability)**		Asset (liability)	
Financial instruments	**Classification[4]**	**Level[5]**	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets						
Cash and cash equivalents	FVTPL[1]	1	**$ 24**	**$ 24**	$ -	$ -
Accounts receivable and unbilled revenue	L&R[2]	N/A	**360**	**360**	315	315
Debt retirement funds	FVTPL[1]	2	**491**	**491**	457	457
Other assets - investment	FVTPL[1]	3	**2**	**2**	2	2
Financial liabilities						
Bank indebtedness	FVTPL[1]	1	**$ -**	**$ -**	$ (2)	$ (2)
Accounts payable and accrued liabilities	OL[3]	N/A	**(473)**	**(473)**	(532)	(532)
Accrued interest	OL[3]	N/A	**(46)**	**(46)**	(57)	(57)
Short-term advances	OL[3]	N/A	**(916)**	**(916)**	(890)	(890)
Long-term debt	OL[3]	2	**(4,602)**	**(6,033)**	(4,355)	(5,470)
Finance lease obligations	OL[3]	3	**(1,136)**	**(1,303)**	(1,138)	(1,274)

(in millions)	**Classification[4]**	**Level[5]**	**March 31 2015 Asset**	**Liability**	December 31 2014 Asset	Liability
Natural gas contracts						
Fixed price swap instruments	FVTPL[1]	2	**$ -**	**$ (91)**	$ -	$ (77)
Forward agreements	FVTPL[1]	2	**1**	**-**	3	-
Electricity contracts						
Contracts for differences	FVTPL[1]	2	**-**	**-**	-	-
Forward agreements	FVTPL[1]	2	**2**	**(3)**	4	-
Interest rate risk management						
Bond forward agreements	FVTPL[1]	2	**-**	**(32)**	-	(19)
			$ 3	**$ (126)**	$ 7	$ (96)

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

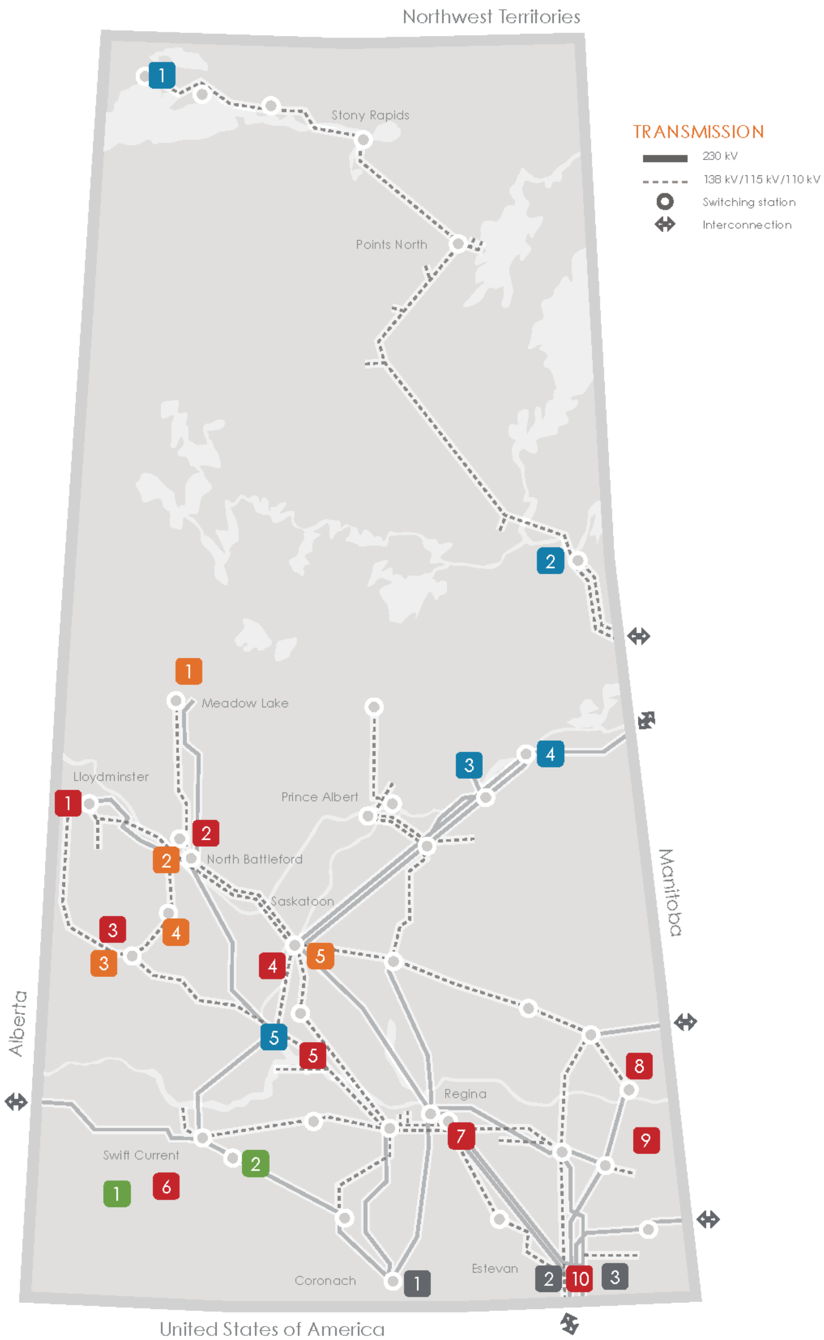
Level 1 – Quoted prices in active markets for identical assets or liabilities.

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

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

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

SaskPower System Map



At December 31, 2014

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

At December 31, 2014

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

Saskatchewan Power Corporation

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