SECOND QUARTER FINANCIAL REPORT

For the six months ended

September 30, 2020

SaskPower
Powering our future®

2020-21

STRATEGIC DIRECTION

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.

Our corporate pillars and strategic priorities

- Customer experience and stakeholder relations
  STRATEGIC PRIORITY: Deliver improved value for our customers
- Workforce excellence
  STRATEGIC PRIORITY: Develop our workforce to meet the needs of the utility of the future
- Efficiency, quality and cost management
  STRATEGIC PRIORITY: Ensure our financial health in a transitioning industry
- Sustainable infrastructure and reliability
  STRATEGIC PRIORITY: Build a cleaner, reliable, modernized electricity system

FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL INDICATORS

(in millions)	Three months ended September 30			Six months ended September 30		
	2020-21	2019-20	Change	**2020-21**	2019-20	Change
Revenue	**$ 663**	$ 657	$ 6	**$ 1,296**	$ 1,342	$ (46)
Expense	**666**	599	67	**1,277**	1,216	61
Net (loss) income	**(3)**	58	(61)	**19**	126	(107)
Capital expenditures	**176**	217	(41)	**301**	359	(58)
Net cash from operating activities	**221**	270	(49)	**303**	428	(125)
Return on equity[1]				**1.4%**	9.4%	-8.0%

	Sep 30 2020	Mar 31 2020	Change
Total net debt[2]	**$ 7,141**	$ 7,179	$ (38)
Per cent debt ratio[3]	**72.4%**	72.6%	-0.2%

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

OPERATING STATISTICS

(GWh)[1]	Three months ended September 30			Six months ended September 30		
	2020-21	2019-20	Change	**2020-21**	2019-20	Change
Saskatchewan electricity sales	**5,422**	5,526	(104)	**10,551**	11,227	(676)
Exports	**200**	60	140	**326**	115	211
Total electricity sales	**5,622**	5,586	36	**10,877**	11,342	(465)
Gross electricity supplied	**5,983**	5,934	49	**11,489**	11,871	(382)
Line losses	**(361)**	(348)	(13)	**(612)**	(529)	(83)
Net electricity supplied	**5,622**	5,586	36	**10,877**	11,342	(465)

	Sep 30 2020	Mar 31 2020	Change
Available generating capacity (net MW)[2]	**4,993**	4,893	100
Customer accounts	**542,463**	540,727	1,736

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) highlights the primary factors that have an impact on the financial results and operations of Saskatchewan Power Corporation (SaskPower; the Corporation). It should be read in conjunction with the SaskPower unaudited condensed consolidated financial statements and supporting notes for the six months ended September 30, 2020. 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 the COVID-19 pandemic; natural gas prices; coal and hydro availability; weather; economic conditions; number of customers; regulations; and market conditions in other jurisdictions.

FINANCIAL RESULTS

	Three months ended September 30			Six months ended September 30		
(in millions)	**2020-21**	2019-20	Change	**2020-21**	2019-20	Change
Revenue						
Saskatchewan electricity sales	**$ 633**	$ 626	$ 7	**$ 1,241**	$ 1,270	$ (29)
Exports and electricity trading	**7**	1	6	**10**	8	2
Other revenue	**23**	30	(7)	**45**	64	(19)
Total revenue	**$ 663**	$ 657	$ 6	**$ 1,296**	$ 1,342	$ (46)
Expense						
Fuel and purchased power	**$ 197**	$ 159	$ 38	**$ 373**	$ 327	$ 46
Operating, maintenance and administration	**182**	165	17	**339**	345	(6)
Depreciation and amortization	**147**	139	8	**293**	278	15
Finance charges	**106**	105	1	**213**	209	4
Taxes	**21**	21	-	**41**	41	-
Other expenses	**13**	10	3	**18**	16	2
Total expense	**$ 666**	$ 599	$ 67	**$ 1,277**	$ 1,216	$ 61
Net (loss) income	**$ (3)**	$ 58	$ (61)	**$ 19**	$ 126	$ (107)
Return on equity[1]				**1.4%**	9.4%	-8.0%

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

Highlights and summary of results

Second Quarter

SaskPower reported a consolidated net loss of $3 million in the second quarter of 2020-21 compared to consolidated net income of $58 million in the same period in 2019-20. The $61 million decrease was primarily due to a $67 million increase in expenses slightly offset by a $6 million increase in revenue.

The $67 million increase in total expense was mainly attributable to fuel and purchased power costs which increased $38 million primarily due to higher natural gas prices and federal carbon charges. Operating, maintenance and administration (OM&A) expense increased $17 million as a result of increased maintenance at the Corporation's generating facilities due to the timing of overhaul activities. Capital-related expenses – such as depreciation, finance charges, taxes and other expenses – increased $12 million during the quarter as a result of additional investments in the Corporation's capital program.

The $6 million increase in total revenue was mainly attributable to higher Saskatchewan electricity sales of $7 million primarily due to an increase in the federal carbon charge rate rider offset by lower demand. Exports and electricity trading profits were up $6 million as a result of increased opportunities to sell into Alberta in the second quarter. These increases were partially offset by a $7 million decrease in other revenue due to reduced customer contributions and late payment charges during the period.

Year-to-Date

SaskPower reported consolidated net income of $19 million in the first half of 2019-20 compared to $126 million in the same period in 2019-20. The $107 million decrease was primarily due to a $61 million increase in expense as well as a $46 million reduction in revenue. The return on equity was 1.4%, down eight percentage points from the previous period.

The $61 million increase in total expense was mainly attributable to higher fuel and purchased power costs of $46 million which increased largely as a result of higher fuel prices. Other capital-related expenses – such as depreciation, finance charges, taxes, and other expenses – increased $21 million due to additional investments in the Corporation's capital program. These additional expenses were partially offset by OM&A expense which decreased $6 million primarily due to reduced operating and maintenance costs related to the Corporation's power purchase agreements.

The $46 million decrease in total revenue was mainly attributable to lower Saskatchewan electricity sales of $29 million primarily due to a 6% decrease in demand compared to the same period in the prior year. This was partially offset by an increase in the federal carbon charge rate rider. Other revenue also decreased $19 million due to lower customer contributions during the period. These decreases were partially offset by a $2 million increase in exports and electricity trading profits as a result of increased opportunities to sell into Alberta.

Outlook

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.

Revenue

Saskatchewan electricity sales	Three months ended September 30			Six months ended September 30		
(in millions)	**2020-21**	2019-20	Change	**2020-21**	2019-20	Change
Residential	**$ 138**	$ 130	$ 8	**$ 272**	$ 265	$ 7
Farm	**47**	44	3	**92**	88	4
Commercial	**119**	123	(4)	**234**	245	(11)
Oilfield	**89**	100	(11)	**178**	209	(31)
Power	**184**	187	(3)	**359**	381	(22)
Reseller	**26**	26	-	**47**	49	(2)
Federal carbon charge	**30**	16	14	**59**	33	26
Saskatchewan electricity sales	**$ 633**	$ 626	$ 7	**$ 1,241**	$ 1,270	$ (29)

Saskatchewan electricity sales represent the sale of electricity to all customer classes within the province. These sales are subject to the effects of general economic conditions, number of customers, weather, and electricity rates. Included in Saskatchewan electricity sales is the federal carbon charge which is being recovered by SaskPower from its customers through a rate rider. The rate rider is adjusted on January 1 of each year to reflect any changes in the estimated carbon tax for the calendar year. The revenue associated with the federal carbon charge is set aside and used to fund the federal carbon tax payments.

Saskatchewan electricity sales for the first half of 2020-21 were $1,241 million, down $29 million from the same period in 2019-20. The decrease was primarily due to reduced demand attributed to the COVID-19 pandemic. Electricity sales volumes to Saskatchewan customers for the first half of 2020-21 were 10,551 GWh, down 676 GWh or 6.0% from the same period in 2019-20. Demand decreased in all customer classes except residential and farm customers.

Q2 YTD ELECTRICITY SALES (IN MILLIONS)

The largest declines in electricity sales occurred in the power, oilfield and commercial customer classes. Consumption in the power customer class declined 345 GWh from the same period in the prior year as a result of operational slowdowns and reduced production in the pipeline, steel, and refinery industries. Oilfield and commercial sales were also down 393 GWh due to economic conditions, including the volatility of global oil prices. These reductions were offset by higher residential and farm consumption.

The decline in sales revenue was partially offset by an increase in the federal carbon charge rate rider. The rate rider was increased 2.4% effective January 1, 2020. This was to account for a $10 per tonne increase in the federal carbon tax and a decrease in the allowable CO_2 emission threshold for coal generation.

Exports and electricity trading

(in millions)	Three months ended September 30 2020-21	2019-20	Change	Six months ended September 30 2020-21	2019-20	Change
Exports and electricity trading	**$ 7**	$ 1	$ 6	**$ 10**	$ 8	$ 2

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 and transmission, as well as market conditions in other jurisdictions.

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 $10 million in the first half of 2020-21, up $2 million from the same period in 2019-20. Exports were up $3 million due to increased sales volumes into Alberta partially offset by lower prices per megawatt hour (MWh). Export sales volumes were 326 GWh, up 211 GWh from the volumes sold in the first half of 2019-20. The average export sales price decreased $40 per MWh compared to the same period in the prior year.

Net profits from electricity trading were down $1 million compared to the same period in 2019-20, due to lower trading prices in Alberta.

Other revenue

(in millions)	Three months ended September 30 2020-21	2019-20	Change	Six months ended September 30 2020-21	2019-20	Change
Other revenue	**$ 23**	$ 30	$ (7)	**$ 45**	$ 64	$ (19)

Other revenue includes various non-electricity products and services, including fly ash and carbon dioxide (CO_2) sales, which are recorded upon delivery of the related good or service. Also included in other revenue are customer contributions which 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.

Other revenue was $45 million in the first half of 2020-21, down $19 million compared to the same period in 2019-20. This decrease was mainly due to lower customer contributions, which decreased $16 million from the same period in the prior year. In addition, late payment charges, fly ash sales and electrical and gas permits were down $5 million. This decrease was partially offset by a $2 million increase in CO_2 sales.

Expense

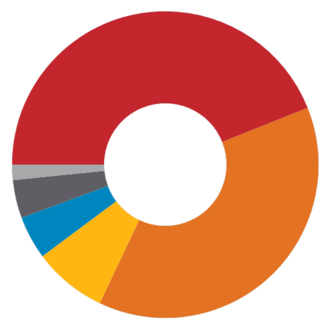
Fuel and purchased power

(in millions)	Three months ended September 30 2020-21	2019-20	Change	Six months ended September 30 2020-21	2019-20	Change
Coal	**$ 82**	$ 76	$ 6	**$ 164**	$ 153	$ 11
Gas	**78**	58	20	**142**	125	17
Imports	**19**	7	12	**29**	14	15
Wind	**8**	7	1	**17**	15	2
Hydro	**7**	6	1	**15**	11	4
Other	**3**	5	(2)	**6**	9	(3)
Fuel and purchased power	**$ 197**	$ 159	$ 38	**$ 373**	$ 327	$ 46

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

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

Fuel and purchased power costs were $373 million in the first half of 2020-21, up $46 million from the same period in 2019-20. The $46 million increase resulted from an unfavourable price variance offset by favourable fuel mix and volume variances.



Q2 YTD FUEL & PURCHASED POWER (IN MILLIONS)

The average price of fuel increased due to higher natural gas prices as well as contracted coal and import prices. The higher fuel prices resulted in an overall increase of approximately $65 million in fuel and purchased power costs, which includes $19 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 generated from lower incremental cost units such as hydro, the more favourable the impact on fuel and purchased power costs. During the first half of 2020-21, the Corporation's hydro generation accounted for 22% of total generation compared to 16% for the same period in 2019-20. The increased lower cost hydro generation replaced more expensive generation sources. This favourable change in the fuel mix resulted in an estimated $10 million decrease in fuel and purchased power costs.

Total generation and purchased power was 11,489 GWh in the first half of 2020-21, a decrease of 382 GWh or 3.2% compared to the same period in 2019-20. The lower demand resulted in an estimated $9 million decrease in fuel and purchased power costs.

(in millions)	Fuel and purchased power
Six months ended September 30, 2019	$ 327
Price variance	65
Fuel mix variance	(10)
Volume variance	(9)
Six months ended September 30, 2020	**$ 373**

Operating, maintenance and administration (OM&A)

(in millions)	Three months ended September 30 2020-21	2019-20	Change	Six months ended September 30 2020-21	2019-20	Change
OM&A	**$ 182**	$ 165	$ 17	**$ 339**	$ 345	$ (6)

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

OM&A expense was $339 million in the first half of 2020-21, down $6 million from the same period in 2019-20. The decrease in OM&A was primarily due to reduced operating and maintenance costs related to the Corporation's power purchase agreements.

Depreciation and amortization

(in millions)	Three months ended September 30 2020-21	2019-20	Change	Six months ended September 30 2020-21	2019-20	Change
Depreciation and amortization	**$ 147**	$ 139	$ 8	**$ 293**	$ 278	$ 15

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

Depreciation and amortization expense was $293 million in the first half of 2020-21, up $15 million from the same period in 2019-20. 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 2019-20, the estimated useful lives of certain asset components were changed. The changes in estimates were applied prospectively effective April 1, 2020.

Finance charges

(in millions)	Three months ended September 30 2020-21	2019-20	Change	Six months ended September 30 2020-21	2019-20	Change
Finance charges	**$ 106**	$ 105	$ 1	**$ 213**	$ 209	$ 4

> 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 $213 million in the first half of 2020-21, up $4 million compared to the same period in 2019-20. The increase is mainly attributable to lower interest capitalized of $13 million. However, this increase was partially offset by a $6 million decrease in interest on lease liabilities and net borrowings as well as higher debt retirement fund earnings of $3 million.

Taxes

(in millions)	Three months ended September 30 2020-21	2019-20	Change	Six months ended September 30 2020-21	2019-20	Change
Taxes	**$ 21**	$ 21	$ -	**$ 41**	$ 41	$ -

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

Taxes were $41 million in the first half of 2020-21, consistent with the same period in 2019-20.

Other expenses

(in millions)	Three months ended September 30 2020-21	2019-20	Change	Six months ended September 30 2020-21	2019-20	Change
Other expenses	**$ 13**	$ 10	$ 3	**$ 18**	$ 16	$ 2

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

Other expenses were $18 million in the first half of 2020-21, up $2 million compared to the same period in 2019-20. The increase is a result of additional environmental expenditures as well as the write-down of gas and electrical inspection assets that will be transferred to the Technical Safety Authority of Saskatchewan.

Federal Carbon Tax Variance Account (FCTVA)

(in millions)	Federal carbon charge collected	Federal carbon charge expense	Other recoveries (expense)	Over (under) collected
Total 2019 calendar year	**$ 49**	**$ (59)**	**$ (3)**	**$ (13)**
January 1 to March 31, 2020	34	(28)	1	7
April 1 to September 30, 2020	59	(48)	1	12
Total 2020 calendar year	**$ 93**	**$ (76)**	**$ 2**	**$ 19**
Cumulative balance	**$ 142**	**$ (135)**	**$ (1)**	**$ 6**

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 the federal carbon charge rate rider. 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 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 September 30, 2020, the FCTVA has a balance of $6 million owing to customers.

Financial Condition

The following table outlines changes in the condensed consolidated statement of financial position from March 31, 2020, to September 30, 2020:

Financial Condition *(in millions)*	Change ($)	Change (%)	
Cash and cash equivalents	**$ (82)**	**-35%**	Refer to Consolidated Statement of Cash Flows.
Accounts receivable and unbilled revenue	**(14)**	**-3%**	Decrease in margin deposits on natural gas derivatives and receipt of an insurance claim partially offset by increase in trade receivables due to waiver of late payment charges and suspension of collections.
Inventory	**23**	**10%**	Increase in maintenance supplies.
Prepaid expenses	**-**	**0%**	
Property, plant and equipment	**27**	**0%**	Additions offset by depreciation expense and asset disposals and retirements.
Right-of-use assets	**(26)**	**-4%**	Depreciation of right-of-use assets.
Intangible assets	**(4)**	**-6%**	Amortization expense offset by capitalization of new software costs.
Debt retirement funds	**77**	**9%**	Instalments, earnings, and market value gains.
Other assets	**-**	**0%**	
Accounts payable and accrued liabilities	**4**	**1%**	Timing of accruals and payments.
Accrued interest	**3**	**5%**	New long-term borrowings.
Deferred revenue	**3**	**14%**	Increased customer down payments.
Dividend payable	**(1)**	**-20%**	Timing of payments.
Risk management liabilities (net of risk management assets)	**(29)**	**-37%**	Change in fair value of natural gas hedges and settlement of natural gas and electricity derivatives.
Short-term advances	**(598)**	**-63%**	Repayment of short-term advances as a result of long-term borrowings.
Long-term debt (including current portion)	**564**	**9%**	New borrowings offset by amortization of debt premiums net of discounts.
Lease liabilities (including current portion)	**(9)**	**-1%**	Principal repayments of lease liabilities.
Employee benefits	**59**	**28%**	Actuarial losses on the defined benefit pension plan and interest expense.
Provisions	**2**	**1%**	Interest and additional decommissioning provision offset by expenditures incurred.
Equity	**3**	**0%**	2020-21 comprehensive income less dividends.

Liquidity and Capital Resources

Cash flow highlights

(in millions)	Sep 30 2020	Mar 31 2020	Change
Cash and cash equivalents	**$ 154**	$ 236	$ (82)

As at September 30, 2020, SaskPower had $154 million in cash and cash equivalents. The Corporation's cash position decreased $82 million from March 31, 2020. The $82 million decrease was the result of $298 million used in investing activities and $87 million used in financing activities offset by $303 million provided by operating activities.

a) Operating activities

	Three months ended September 30			Six months ended September 30		
(in millions)	**2020-21**	2019-20	Change	**2020-21**	2019-20	Change
Cash provided by operating activities	**$ 221**	$ 270	$ (49)	**$ 303**	$ 428	$ (125)

Cash provided by operating activities was $303 million in the first half of 2020-21, down $125 million from the same period in 2019-20. The change was primarily the result of a decrease in net income.

b) Investing activities

	Three months ended September 30			Six months ended September 30		
(in millions)	**2020-21**	2019-20	Change	**2020-21**	2019-20	Change
Generation	**$ 38**	$ 37	$ 1	**$ 68**	$ 62	$ 6
Transmission	**12**	18	(6)	**18**	32	(14)
Distribution	**27**	33	(6)	**51**	53	(2)
Other	**27**	20	7	**47**	35	12
Sustainment	**104**	108	(4)	**184**	182	2
Generation	**6**	9	(3)	**7**	19	(12)
Transmission	**16**	12	4	**22**	30	(8)
Distribution	**3**	3	-	**6**	6	-
Customer connects	**37**	43	(6)	**65**	72	(7)
Growth and compliance	**62**	67	(5)	**100**	127	(27)
Strategic and other investments	**10**	42	(32)	**17**	50	(33)
Total capital expenditures	**$ 176**	$ 217	$ (41)	**$ 301**	$ 359	$ (58)
Less: Interest capitalized	**(2)**	(8)	6	**(5)**	(18)	13
Proceeds from sale and disposal of assets	**-**	(1)	1	**(1)**	(2)	1
Costs of removal of assets	**1**	2	(1)	**3**	3	-
Contributions to equity accounted investees	**-**	4	(4)	**-**	4	(4)
Distributions from equity accounted investees	**-**	(2)	2	**-**	(4)	4
Cash used in investing activities	**$ 175**	$ 212	$ (37)	**$ 298**	$ 342	$ (44)

To ensure a reliable, sustainable and cost-effective supply of electricity for its customers, SaskPower invested $301 million in the first half of 2020-21 on various capital projects. This includes $68 million on generation sustainment activities; $65 million to connect customers to the SaskPower electric system; and $97 million on increasing capacity and sustaining transmission and distribution infrastructure.

c) Financing activities

	Three months ended September 30			Six months ended September 30		
(in millions)	**2020-21**	2019-20	Change	**2020-21**	2019-20	Change
Net repayments of short-term advances	**$ (249)**	$ 13	$ (262)	**$ (598)**	$ (296)	$ (302)
Proceeds from long-term debt	**99**	-	99	**566**	344	222
Repayments of long-term debt	**-**	(3)	3	**-**	(4)	4
Debt retirement fund instalments	**(11)**	(10)	(1)	**(36)**	(34)	(2)
Principal repayment of lease liabilities	**(4)**	(3)	(1)	**(9)**	(8)	(1)
Net decrease in liabilities	**-**	(54)	54	**-**	(54)	54
Dividends paid	**(5)**	(7)	2	**(10)**	(27)	17
Cash used in financing activities	**$ (170)**	$ (64)	$ (106)	**$ (87)**	$ (79)	$ (8)

In the first half of 2020-21, $87 million of cash was used in financing activities compared to $79 million of cash used in the same period in 2019-20. The majority of the change was caused by a net repayment of debt, partially offset by a net decrease in liabilities recognized in the same period in 2019-20 related to the purchase of the Cory Cogeneration Station. The timing of dividend payments to the Corporation's shareholder accounted for the remainder of the change.

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.

SaskPower continues to deliver and support its customers during this crisis. On March 18, 2020, SaskPower announced that it would provide financial relief to customers by waiving late payment charges and suspending collection activities for six months. Upon expiry on September 18, 2020, customers were eligible to apply for a 12-month deferral program. The deferral program allows for the repayment of outstanding customer receivable balances over a maximum of 12 equal monthly instalments. At the end of September 2020, over 6,200 customers have applied for this program. As a result of this relief program, electricity trade receivables have increased $83 million from March 31, 2020 balances. As a result, SaskPower has increased its allowance for doubtful accounts provision to $16 million from $14 million at year-end.

Capital management

(in millions)		**Sep 30 2020**		Mar 31 2020		Change
Long-term debt	**$**	**6,873**	$	6,309	$	564
Short-term advances		**348**		946		(598)
Lease liabilities		**999**		1,008		(9)
Total debt		**8,220**		8,263		(43)
Debt retirement funds		**925**		848		77
Cash and cash equivalents		**154**		236		(82)
Total net debt[1]	**$**	**7,141**	$	7,179	$	(38)
Retained earnings		**2,133**		2,123		10
Equity advances		**593**		593		-
Total capital	**$**	**9,867**	$	9,895	$	(28)
Per cent debt ratio[2]		**72.4%**		72.6%		-0.2%

1. Total net debt is a non-GAAP financial measure and calculated by deducting debt retirement funds and cash and cash equivalents from total debt.

2. Per cent debt ratio = (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).

SaskPower's total debt position (including lease liabilities) was $8,220 million at September 30, 2020, down $43 million from March 31, 2020. The decrease in total debt was the result of:

- On April 1, 2020, the Corporation borrowed $150 million of floating rate debt maturing April 1, 2023. The coupon rate for the floating rate debt is the 3-month Canadian Dealer Offer Rate plus a margin of 48 basis points.
- On April 8, 2020, the Corporation borrowed $200 million of long-term debt at a premium of $11 million. The debt issue has a coupon rate of 3.20%, an effective interest rate of 1.79%, and matures on June 3, 2024.
- On June 25, 2020, the Corporation borrowed $100 million of long-term debt at a premium of $6 million. The debt issue has a coupon rate of 2.20%, an effective interest rate of 1.53%, and matures on June 2, 2030.
- On July 27, 2020, the Corporation borrowed $100 million of long-term debt at a discount of $1 million. The debt issue has a coupon rate of 0.80%, an effective interest rate of 0.93%, and matures September 2, 2025.
- The increase in total debt was more than offset by the net repayment of $598 million in short-term advances; $9 million principal repayment of the Corporation's lease liabilities; and $2 million in amortization of debt premiums.

The Corporation's per cent debt ratio has decreased slightly from 72.6% as at March 31, 2020, to 72.4% as at September 30, 2020.

Debt retirement funds

	Six months ended September 30	
(in millions)	**2020-21**	2019-20
Balance, April 1	**$ 848**	$ 748
Debt retirement fund instalments	**36**	34
Debt retirement fund earnings	**13**	10
Debt retirement fund market value gains	**28**	20
Balance, September 30	**$ 925**	$ 812

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 half of 2020-21, the Corporation made $36 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 $13 million (included with finance charges and classified as non-cash operating activities), on the debt retirement funds for the period. The debt retirement funds are classified as fair value through other comprehensive income. As a result, the $28 million in market value gains in the first half of 2020-21 was recognized in other comprehensive income (loss).

Dividends

SaskPower pays dividends to Crown Investments Corporation (CIC) of Saskatchewan based on the CIC Dividend Policy. During the 2020-21 year, SaskPower paid $5 million in dividends to CIC related to the 2019-20 year. CIC has determined that SaskPower will be required to pay a 30% dividend based on 2020-21 net income. The dividend will be paid in quarterly instalments during 2020-21. For the six months ended September 30, 2020, a dividend of $9 million has been declared. To date, $5 million in dividends have been paid related to the fiscal 2020-21 year.

Contractual obligations

The Corporation has the following significant long-term contractual obligations as at September 30, 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 principle and interest)	$ 422	$ 2,035	$ 9,377
Power purchase agreements[1]	193	2,158	9,492
Debt retirement fund instalments	64	235	996
Coal purchase contracts	218	788	221
Natural gas purchase contracts	72	302	61
Transmission purchase contracts	4	1	-

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

CONDENSED CONSOLIDATED STATEMENT OF (LOSS) INCOME

(in millions)	(Unaudited) Three months ended September 30 2020-21	2019-20	(Unaudited) Six months ended September 30 2020-21	2019-20
Revenue				
Saskatchewan electricity sales	**$ 633**	$ 626	**$ 1,241**	$ 1,270
Exports and electricity trading	**7**	1	**10**	8
Other revenue	**23**	30	**45**	64
Total revenue	**663**	657	**1,296**	1,342
Expense				
Fuel and purchased power	**197**	159	**373**	327
Operating, maintenance and administration	**182**	165	**339**	345
Depreciation and amortization	**147**	139	**293**	278
Finance charges	**106**	105	**213**	209
Taxes	**21**	21	**41**	41
Other expenses	**13**	10	**18**	16
Total expense	**666**	599	**1,277**	1,216
Net (loss) income	**$ (3)**	$ 58	**$ 19**	$ 126

See accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions)	(Unaudited) Three months ended September 30 **2020-21**	2019-20	(Unaudited) Six months ended September 30 **2020-21**	2019-20
Net (loss) income	**$ (3)**	$ 58	**$ 19**	$ 126
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	**18**	14	**20**	16
Realized losses during the period	**(5)**	(14)	**(11)**	(27)
Reclassification to income	**5**	14	**11**	27
Debt instruments designated as FVOCI:				
Change in fair value during the period	**(6)**	3	**28**	20
Items that will not be reclassified to net income:				
Defined benefit pension plans:				
Net actuarial gains (losses)	**2**	1	**(55)**	(10)
	14	18	**(7)**	26
Total comprehensive income	**$ 11**	$ 76	**$ 12**	$ 152

See accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions) As at	Notes	**(Unaudited) September 30 2020**	(Audited *) March 31 2020
Assets			
Current assets			
Cash and cash equivalents		**$ 154**	$ 236
Accounts receivable and unbilled revenue		**442**	456
Inventory		**250**	227
Prepaid expenses		**24**	24
Risk management assets	9	**12**	7
		882	950
Property, plant and equipment	5	**9,739**	9,712
Right-of-use assets	6	**589**	615
Intangible assets		**66**	70
Debt retirement funds		**925**	848
Other assets		**8**	8
Total assets		**$ 12,209**	$ 12,203
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 498**	$ 494
Accrued interest		**68**	65
Deferred revenue		**25**	22
Dividend payable		**4**	5
Risk management liabilities	9	**62**	86
Short-term advances		**348**	946
Current portion of long-term debt	7	**129**	129
Current portion of lease liabilities	8	**31**	28
		1,165	1,775
Long-term debt	7	**6,744**	6,180
Lease liabilities	8	**968**	980
Employee benefits		**269**	210
Provisions		**313**	311
Total liabilities		**9,459**	9,456
Equity			
Retained earnings		**2,133**	2,123
Accumulated other comprehensive income		**24**	31
Equity advances		**593**	593
Total equity		**2,750**	2,747
Total liabilities and equity		**$ 12,209**	$ 12,203

See accompanying notes

*As presented in the audited March 31, 2020, consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions)	Retained earnings	Accumulated other comprehensive income (loss): Net gains (losses) on derivatives designated as cash flow hedges	Accumulated other comprehensive income (loss): Net gains (losses) on debt instruments designated as FVOCI	Accumulated other comprehensive income (loss): Net actuarial gains (losses) on defined benefit pension plans	Equity advances	**(Unaudited) Total**
Equity						
Balance, April 1, 2019	$ 1,938	$ (51)	$ 7	$ 20	$ 626	**$ 2,540**
Net income	126	-	-	-	-	**126**
Other comprehensive income (loss)	-	16	20	(10)	-	**26**
Dividends	(11)	-	-	-	-	**(11)**
Balance, September 30, 2019	**$ 2,053**	**$ (35)**	**$ 27**	**$ 10**	**$ 626**	**$ 2,681**
Net income	79	-	-	-	-	**79**
Other comprehensive income (loss)	-	11	(3)	21	-	**29**
Dividends	(9)	-	-	-	-	**(9)**
Equity advances repayment	-	-	-	-	(33)	**(33)**
Balance, March 31, 2020	**$ 2,123**	**$ (24)**	**$ 24**	**$ 31**	**$ 593**	**$ 2,747**
Net income	19	-	-	-	-	**19**
Other comprehensive income (loss)	-	20	28	(55)	-	**(7)**
Dividends	(9)	-	-	-	-	**(9)**
Balance, September 30, 2020	**$ 2,133**	**$ (4)**	**$ 52**	**$ (24)**	**$ 593**	**$ 2,750**

See accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) Three months ended September 30		(Unaudited) Six months ended September 30	
(in millions)	**2020-21**	2019-20	**2020-21**	2019-20
Operating activities				
Net (loss) income	**$ (3)**	$ 58	**$ 19**	$ 126
Adjustments to reconcile net income to cash provided by operating activities				
Depreciation and amortization	**147**	139	**293**	278
Finance charges	**106**	105	**213**	209
Net losses on asset disposals and retirements	**10**	9	**14**	13
Unrealized market value adjustments	**(1)**	(3)	**(1)**	(3)
Natural gas inventory market revaluation	**(2)**	(4)	**-**	(3)
Reclassification of natural gas hedges transitional market value losses	**(5)**	(9)	**(10)**	(18)
Employee benefits current service cost	**1**	2	**2**	3
Employee benefits paid	**(1)**	(2)	**(2)**	(3)
Share of profit from equity accounted investees	**-**	-	**-**	(1)
Allowance for obsolescence	**-**	2	**-**	2
Environmental provisions	**(1)**	5	**-**	5
Environmental expenditures	**(1)**	(2)	**(2)**	(5)
	250	300	**526**	603
Net change in non-cash working capital	**81**	86	**-**	54
Interest paid	**(110)**	(116)	**(223)**	(229)
Cash provided by operating activities	**221**	270	**303**	428
Investing activities				
Property, plant and equipment additions	**(169)**	(197)	**(287)**	(324)
Intangible asset additions	**(5)**	(12)	**(9)**	(17)
Proceeds from sale and disposal of assets	**-**	1	**1**	2
Costs of removal of assets	**(1)**	(2)	**(3)**	(3)
Contributions to equity accounted investees	**-**	(4)	**-**	(4)
Distributions from equity accounted investees	**-**	2	**-**	4
Cash used in investing activities	**(175)**	(212)	**(298)**	(342)
Increase in cash before financing activities	**46**	58	**5**	86
Financing activities				
Net repayments of short-term advances	**(249)**	13	**(598)**	(296)
Proceeds from long-term debt	**99**	-	**566**	344
Repayments of long-term debt	**-**	(3)	**-**	(4)
Debt retirement fund instalments	**(11)**	(10)	**(36)**	(34)
Principal repayment of lease liabilities	**(4)**	(3)	**(9)**	(8)
Net decrease in liabilities	**-**	(54)	**-**	(54)
Dividends paid	**(5)**	(7)	**(10)**	(27)
Cash used in financing activities	**(170)**	(64)	**(87)**	(79)
(Decrease) increase in cash	**(124)**	(6)	**(82)**	7
Cash and cash equivalents, beginning of period	**278**	23	**236**	10
Cash and cash equivalents, end of period	**$ 154**	$ 17	**$ 154**	$ 17

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, with the exception of amendments to International Financial Reporting Standards adopted effective April 1, 2020, which are discussed in Note 3.

The condensed consolidated financial statements were authorized for issue by the Audit & Finance Committee of the Board of Directors on November 9, 2020.

(b) Interim measurement

SaskPower's Saskatchewan electric sales to residential and commercial customers are seasonal, with the third 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:

(i) Inventory at lower of cost and net realizable value.

(ii) Provisions at discounted expected future cash flows.

(iii) Financial instruments that are accounted for at fair value through profit or loss and at fair value through other comprehensive income.

(iv) Employee benefit plans recognized at the fair value of plan assets less the present value of the 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 9) 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 September 30, 2020, the Corporation does not have any financial instruments classified as Level 3.

(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 expected credit losses.
- Net realizable value and allowance for inventory obsolescence.
- Underlying estimates of useful lives and related depreciation and accumulated depreciation.
- Carrying amounts of right-of-use assets and lease liabilities and underlying estimates of future cash flows.
- 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 April 1, 2020, and is expected to result in an approximate $10 million increase to depreciation expense in 2020-21.

Areas of judgment 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.

3. Application of new and revised International Financial Reporting Standards

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

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

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

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

4. Subsequent events

Subsequent to quarter-end, the Corporation received an initial $58 million favourable ruling from an arbitral panel in relation to a contractual dispute. The amount of the arbitral award is subject to judicial review and will be recognized when the arbitration process has been concluded.

5. Property, plant and equipment

(in millions)	Generation	Transmission	Distribution	Other	Construction in progress	**Total**
Cost or deemed cost						
Balance, April 1, 2019	$ 6,787	$ 2,450	$ 4,232	$ 910	$ 1,028	**$ 15,407**
Cory Cogeneration Station[1]	76	-	-	-	-	**76**
Additions	77	211	121	27	359	**795**
Disposals and/or retirements	(12)	(6)	(12)	(4)	-	**(34)**
Transfers	-	-	-	-	(452)	**(452)**
Balance, September 30, 2019	**$ 6,928**	**$ 2,655**	**$ 4,341**	**$ 933**	**$ 935**	**$ 15,792**
Additions	666	150	148	37	337	**1,338**
Disposals and/or retirements	(7)	(8)	(25)	(10)	-	**(50)**
Transfers	-	-	-	-	(994)	**(994)**
Balance, March 31, 2020	**$ 7,587**	**$ 2,797**	**$ 4,464**	**$ 960**	**$ 278**	**$ 16,086**
Additions	68	31	126	51	301	**577**
TSASK[2]	-	-	-	(2)	-	**(2)**
Disposals and/or retirements	(13)	(1)	(13)	(7)	-	**(34)**
Transfers	-	-	-	-	(284)	**(284)**
Balance, September 30, 2020	**$ 7,642**	**$ 2,827**	**$ 4,577**	**$ 1,002**	**$ 295**	**$ 16,343**
Accumulated depreciation						
Balance, April 1, 2019	$ 3,138	$ 673	$ 1,714	$ 416	$ -	**$ 5,941**
Depreciation expense	121	31	60	25	-	**237**
Disposals and/or retirements	(7)	(4)	(8)	(3)	-	**(22)**
Transfers	-	-	-	-	-	**-**
Balance, September 30, 2019	**$ 3,252**	**$ 700**	**$ 1,766**	**$ 438**	**$ -**	**$ 6,156**
Depreciation expense	135	33	62	27	-	**257**
Disposals and/or retirements	(4)	(5)	(22)	(8)	-	**(39)**
Transfers	-	-	-	-	-	**-**
Balance, March 31, 2020	**$ 3,383**	**$ 728**	**$ 1,806**	**$ 457**	**$ -**	**$ 6,374**
Depreciation expense	132	34	63	25	-	**254**
Disposals and/or retirements	(9)	(1)	(9)	(5)	-	**(24)**
Transfers	-	-	-	-	-	**-**
Balance, September 30, 2020	**$ 3,506**	**$ 761**	**$ 1,860**	**$ 477**	**$ -**	**$ 6,604**
Net book value						
Balance, September 30, 2019	**$ 3,676**	**$ 1,955**	**$ 2,575**	**$ 495**	**$ 935**	**$ 9,636**
Balance, March 31, 2020	**$ 4,204**	**$ 2,069**	**$ 2,658**	**$ 503**	**$ 278**	**$ 9,712**
Balance, September 30, 2020	**$ 4,136**	**$ 2,066**	**$ 2,717**	**$ 525**	**$ 295**	**$ 9,739**

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 power purchase agreement was terminated.
2. Provincial cabinet approved the transfer of the Corporation's Gas and Electrical Inspections (GEIS) Division to the Technical Safety Authority of Saskatchewan (TSASK) effective January 31, 2021. The related net book value of the GEIS assets were written down to reflect the lower of the carrying amount and fair value less costs to sell as at September 30, 2020.

In the first half of 2020-21, interest costs totaling $5 million (2019-20 – $18 million) were capitalized at the weighted average cost of borrowings rate of 4.30% (2019-20 – 4.30%).

6. Right-of-use assets

(in millions)	Power purchase agreements	Buildings	Land	**Total**
Cost				
Balance, April 1, 2019	$ 1,243	$ 14	$ 7	**$ 1,264**
Cory Cogeneration Station (Note 5)	(228)	-	-	**(228)**
Additions	-	-	-	**-**
Disposals and/or retirements	-	-	-	**-**
Balance, September 30, 2019	**$ 1,015**	**$ 14**	**$ 7**	**$ 1,036**
Additions	2	-	-	**2**
Disposals and/or retirements	-	-	-	**-**
Balance, March 31, 2020	**$ 1,017**	**$ 14**	**$ 7**	**$ 1,038**
Additions	-	-	-	**-**
Disposals and/or retirements	-	-	-	**-**
Balance, September 30, 2020	**$ 1,017**	**$ 14**	**$ 7**	**$ 1,038**
Accumulated depreciation				
Balance, April 1, 2019	$ 519	$ -	$ -	**$ 519**
Cory Cogeneration Station (Note 5)	(152)	-	-	**(152)**
Depreciation expense	28	2	-	**30**
Disposals and/or retirements	-	-	-	**-**
Balance, September 30, 2019	**$ 395**	**$ 2**	**$ -**	**$ 397**
Depreciation expense	24	1	1	**26**
Disposals and/or retirements	-	-	-	**-**
Balance, March 31, 2020	**$ 419**	**$ 3**	**$ 1**	**$ 423**
Depreciation expense	24	2	-	**26**
Disposals and/or retirements	-	-	-	**-**
Balance, September 30, 2020	**$ 443**	**$ 5**	**$ 1**	**$ 449**
Net book value				
Balance, September 30, 2019	**$ 620**	**$ 12**	**$ 7**	**$ 639**
Balance, March 31, 2020	**$ 598**	**$ 11**	**$ 6**	**$ 615**
Balance, September 30, 2020	**$ 574**	**$ 9**	**$ 6**	**$ 589**

7. Long-term debt

(in millions)		
Balance, April 1, 2019	$	6,004
Assumption of Cory Cogeneration Station non-recourse debt		42
Long-term debt issues		344
Long-term debt repayments		(4)
Amortization of debt premiums net of discounts		(1)
Balance, September 30, 2019	**$**	**6,385**
Long-term debt issues		-
Long-term debt repayments		(75)
Amortization of debt premiums net of discounts		(1)
Balance, March 31, 2020	**$**	**6,309**
Long-term debt issues		566
Long-term debt repayments		-
Amortization of debt premiums net of discounts		(2)
	$	6,873
Less: current portion of long-term debt		(129)
Balance, September 30, 2020	**$**	**6,744**

8. Lease liabilities

(in millions)		**September 30 2020**		March 31 2020
Total future minimum lease payments	**$**	**2,268**	$	2,350
Less: future finance charges on leases		**(1,269)**		(1,342)
Present value of lease liabilities	**$**	**999**	$	1,008
Less: current portion of lease liabilities		**(31)**		(28)
	$	**968**	$	980

The above lease liabilities include power purchase agreements relating to the Meridian Cogeneration Station, Spy Hill Generating Station and the North Battleford Generating Station gas-fired facilities as well as land and building leases. During the six months ended September 30, 2020, SaskPower recognized $75 million of interest costs on these lease liabilities.

As at September 30, 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	$	177	$	713	$	1,378
Present value of lease liabilities		31		190		778

9. Financial instruments

			September 30 2020		March 31 2020	
(in millions)			**Asset (liability)**		Asset (liability)	
Financial instruments	**Classification**	**Level[4]**	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets						
Cash and cash equivalents	FVTPL[1]	1	**$ 154**	**$ 154**	$ 236	$ 236
Accounts receivable and unbilled revenue	AC[2]	N/A	**442**	**442**	456	456
Debt retirement funds	FVOCI - debt instrument[3]	2	**925**	**925**	848	848
Other assets — long-term receivables	AC[2]	N/A	**1**	**1**	1	1
Financial liabilities						
Accounts payable and accrued liabilities	AC[2]	N/A	**$ (498)**	**$ (498)**	$ (494)	$ (494)
Accrued interest	AC[2]	N/A	**(68)**	**(68)**	(65)	(65)
Dividend payable	AC[2]	N/A	**(4)**	**(4)**	(5)	(5)
Short-term advances	AC[2]	N/A	**(348)**	**(348)**	(946)	(946)
Long-term debt	AC[2]	2	**(6,873)**	**(8,685)**	(6,309)	(7,395)

Risk management assets and liabilities			September 30 2020		March 31 2020	
(in millions)	**Classification**	**Level[4]**	**Asset**	**(Liability)**	Asset	(Liability)
Natural gas contracts						
Fixed price swap instruments used for hedging[5]	FVTPL[1]	2	**$ 11**	**$ (61)**	$ 4	$ (84)
Fixed price swap instruments	FVTPL[1]	2	**-**	**(1)**	-	(2)
Electricity contracts						
Forward agreements[6]	FVTPL[1]	2	**1**	**-**	3	-
			$ 12	**$ (62)**	$ 7	$ (86)

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.
5. 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).
6. 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.

SASKPOWER SYSTEM MAP

TOTAL AVAILABLE GENERATING CAPACITY - **4,993 MEGAWATTS (MW)**

HYDRO TOTAL CAPACITY - 989 MW

- H1 Athabasca Hydroelectric System
  - H1A Wellington Hydroelectric Station - 5 MW
  - H1B Waterloo Hydroelectric Station - 8 MW
  - H1C Charlot River Hydroelectric Station - 10 MW
- H2 Island Falls Hydroelectric Station - 111 MW
- H3 Manitoba Hydro Power Purchase Agreements - 125 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

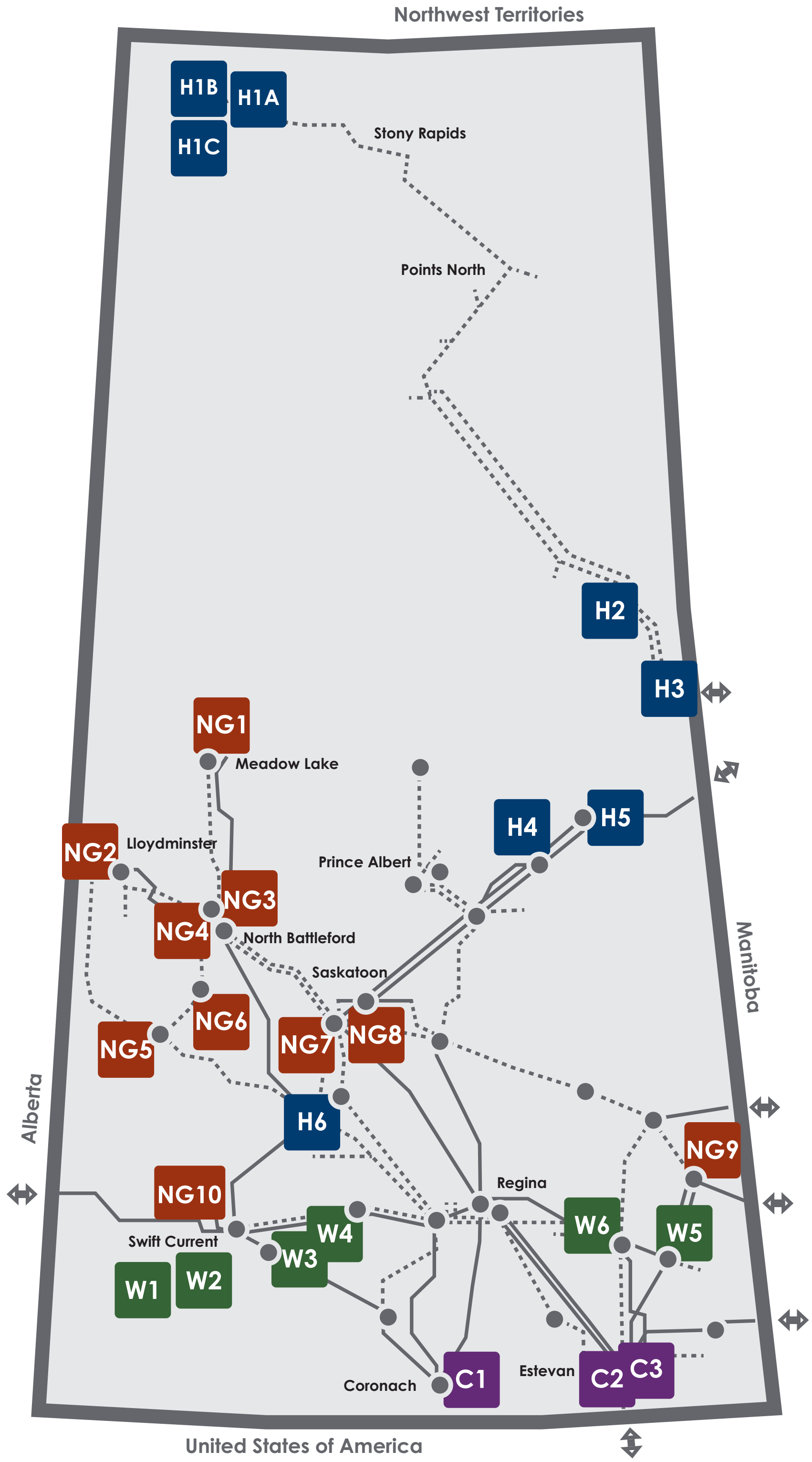
COAL TOTAL CAPACITY - 1,530 MW

- 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

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