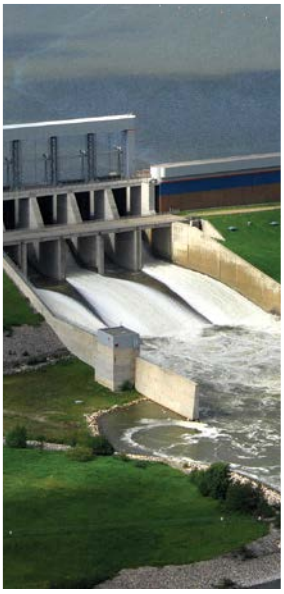


Maintaining a powerful

COMMITMENT

2017-18 ANNUAL REPORT

SaskPower

Powering the future®

ON THE COVER:

For nearly 90 years, SaskPower has been providing electricity to customers throughout Saskatchewan. From building and operating one of the country's largest grids, to being one of the world's pioneers in developing large-scale carbon capture and storage, our company has maintained a powerful commitment — ensuring reliable, sustainable and cost-effective power for our customers and the communities we serve. And as SaskPower looks to help our province build a cleaner energy future, we'll rely on a legacy of innovation and dedication to continue serving Saskatchewan's families, farms and businesses well into our company's next century.

CORPORATE PROFILE

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

SaskPower's team is made up of over 3,100 permanent full-time employees. We manage nearly $11.5 billion in generation, transmission, distribution and other assets. Our company operates five natural gas stations, three coal-fired power stations, seven hydroelectric stations, and two wind facilities. Combined, they generate 3,542 megawatts (MW) of electricity.

SaskPower also buys power from various Independent Power Producers, including the North Battleford Generating Station, Cory Cogeneration Station, Meridian Cogeneration Station, Spy Hill Generating Station, Red Lily Wind Energy Facility, Morse Wind Energy Facility, SunBridge Wind Power Facility and NRGreen Kerrobert, Loreburn, Estlin and Alameda Heat Recovery Facilities. Our company's total available generation capacity is 4,493 MW.

We are responsible for serving nearly 533,000 customer accounts within Saskatchewan's geographic area of approximately 652,000 square kilometres. About three customer accounts are supplied per circuit kilometre. We maintain over 157,000 kilometres of power lines, 55 high voltage switching stations and 195 distribution substations. Our company also has interties at the Manitoba, Alberta and North Dakota borders.

CONTENTS

SaskPower's 2017-18 Annual Report reflects the fiscal period April 1, 2017, through March 31, 2018.

OUR VISION

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

OUR MISSION

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

OUR VALUES

Safety, openness, collaboration and accountability.

CORPORATE PILLARS

CUSTOMER EXPERIENCE & STAKEHOLDER RELATIONS
[p 15]

WORKFORCE EXCELLENCE
[p 22]

EFFICIENCY, QUALITY & COST MANAGEMENT
[p 26]

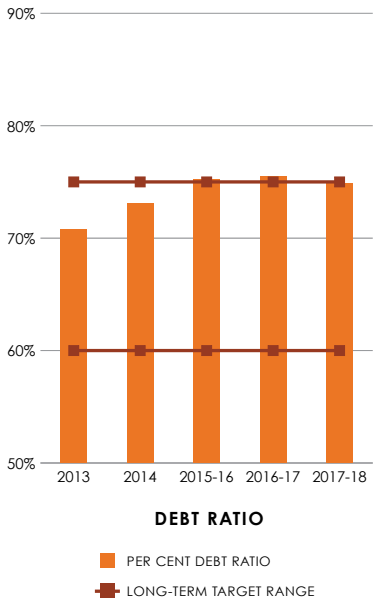
SUSTAINABLE INFRASTRUCTURE & RELIABILITY
[p 31]

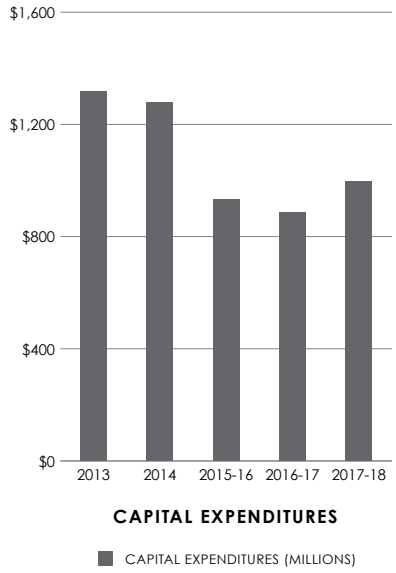
PERFORMANCE HIGHLIGHTS

FINANCIAL INDICATORS

(in millions)	**2017-18**	2016-17	Change
Revenue	**$ 2,586**	$ 2,402	$ 184
Expense	**2,439**	2,356	83
Income before unrealized market value adjustments	**147**	46	101
Net income	**146**	56	90
Capital expenditures	**996**	886	110
Total debt	**7,876**	7,585	291
Net cash from operating activities	**708**	564	144
Return on equity (operating)[1]	**6.3%**	2.1%	4.2%
Return on equity[2,4]	**6.2%**	2.5%	3.7%
Per cent debt ratio[3,4]	**74.9%**	75.5%	(0.6%)

1. Return on equity (operating) = (income before unrealized market value adjustments)/(average equity).
2. Return on equity = (net income)/(average equity).
3. Per cent debt ratio = (debt)/(debt + equity), where debt = (long-term debt + short-term debt + finance lease obligations – debt retirement funds – cash and cash equivalents) and equity = (retained earnings + equity advances).
4. Prior year actuals have been restated to remove accumulated other comprehensive income (loss) from total equity due to the implementation of new accounting standards in 2017-18.





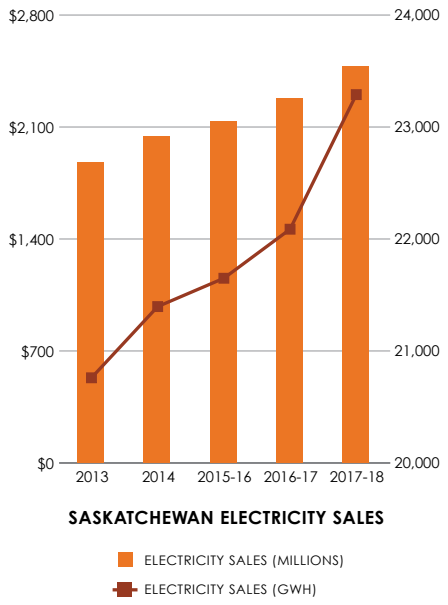
5.4% YEAR-OVER-YEAR INCREASE IN CUSTOMER ELECTRICITY DEMAND

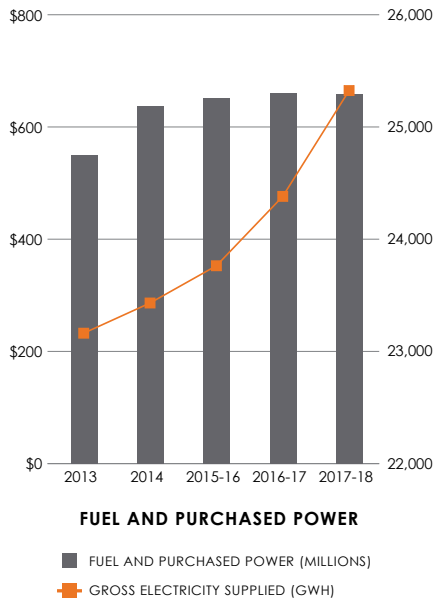
71% GROWTH IN TOTAL EXPENSES DUE TO CAPITAL-RELATED CHARGES — THOSE ASSOCIATED PRIMARILY WITH INFRASTRUCTURE INVESTMENT — IN THE LAST FIVE FISCAL YEARS

OPERATING STATISTICS

	2017-18	2016-17	Change
Saskatchewan electricity sales (millions)	**$ 2,480**	$ 2,277	$ 203
Saskatchewan electricity sales (GWh)[1]	**23,282**	22,080	1,202
Fuel and purchased power (millions)	**$ 659**	$ 661	$ (2)
Gross electricity supplied (GWh)[1]	**25,317**	24,374	943

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





3,792 MW RECORD PEAK LOAD

$996 MILLION CAPITAL INVESTMENT IN SASKATCHEWAN'S ELECTRICITY SYSTEM

2017-18 YEAR AT A GLANCE

- **ADVANCED** construction of the new $680-million, 350-megawatt (MW) natural gas-fired Chinook Power Station near Swift Current, with the project on time and on budget at the halfway mark.
- **CONTINUED** construction of the $231-million, 200-kilometre double-circuit 230/138 kilovolt transmission line from Swift Current to the Pasqua Switching Station near Moose Jaw.
- **COMPLETED** the Request for Proposals phase for 200 MW of new wind generation capacity, with an announcement of the successful proponent expected in the fall of 2018.
- **CONCLUDED** the competitive process for Saskatchewan's first 10-MW utility-scale solar project, expected to be located near Swift Current.
- **CONNECTED** a new 750-kilowatt power generation project to Saskatchewan's grid as part of SaskPower's Flare Gas Power Generation Program.
- **SIGNED** an agreement that will allow further research into the potential for Saskatchewan's first geothermal power project, a 5-MW plant near Estevan.
- **COMPLETED** the first phase of a pilot to test commercial and industrial smart meters as part of SaskPower's larger grid modernization program.
- **CONTINUED** a $300-million life-extension of six units at E.B. Campbell Hydroelectric Station, which will allow the 289-MW facility near Carrot River to operate an additional 50 years.
- **REACHED** the halfway mark of the $45-million Island Falls Hydroelectric Station Dam Rehabilitation Project on time and on budget.
- **COMPLETED** $153 million in new construction projects to connect customers to the electricity grid.
- **PERFORMED** $380 million of sustainment upgrades to Saskatchewan's aging generation, transmission and distribution infrastructure.
- **REACHED** a milestone of capturing over two million tonnes of carbon dioxide at the Boundary Dam Integrated Carbon Capture and Storage Demonstration Project since start-up.
- **ACHIEVED** incremental electricity peak demand savings of 14 MW through a portfolio of energy efficiency and conservation programs, exceeding our goal of 12 MW for the year.
- **IMPROVED** lost-time injury frequency performance by over 60% in the year since launching the new Safety Improvement Program.
- **NAMED** one of Canada's Top Employers for Young People, one of Canada's Best Diversity Employers, and one of Saskatchewan's Top Employers.
- **AWARDED** Progressive Aboriginal Relations Gold level certification from the Canadian Council for Aboriginal Business.
- **RECEIVED** the Premier's Award for Excellence in the Public Service for SaskPower's Crown collaboration efforts.

LETTER OF TRANSMITTAL

Regina
July 2018

To His Honour
The Honourable W. Thomas Molloy, O.C., S.O.M.
Lieutenant Governor of Saskatchewan
Province of Saskatchewan

Sir:

I have the honour to submit herewith the Annual Report of the Saskatchewan Power Corporation for the year ended March 31, 2018.

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

Respectfully submitted,

Honourable Dustin Duncan
Minister Responsible for Saskatchewan Power Corporation

A MESSAGE TO OUR STAKEHOLDERS

Within Saskatchewan and throughout the world, electricity continues to play a pivotal role in our lives. It drives the engines of our economies, and it is essential to the quality of life we all enjoy. That's why it's critical for SaskPower to continue maintaining the powerful commitment at the heart of our company's mission: ensuring reliable, sustainable and cost-effective power for our customers and the communities we serve.

Delivering on our service promise requires careful and deliberate planning, with one eye on the past and the other on the future. We look back to our company's legacy for inspiration and lessons on innovation. We look ahead to realize a potential that will benefit all of us — one that sees more choice for customers, a modernized electricity system, and a cleaner energy future.

With climate change a dominant global issue, in 2017-18 SaskPower finalized a new strategic direction — *Toward 2030*. As SaskPower embarks on a path to a lower-carbon future, our goal to reduce our greenhouse gas emissions by approximately 40% from 2005 levels by 2030 is a key focus.

However, there are also a number of other challenges we must address as we seek to enhance value for our customers, mitigate risks and invest efficiently to secure the future of our province's electricity system. Our new strategic direction introduces four strategic priorities that address our challenges and will serve to focus our efforts between now and 2030:

- Deliver improved value for our customers.
- Develop our workforce to meet the needs of the utility of the future.
- Ensure our financial health in a transitioning industry.
- Build a cleaner, reliable, modernized electricity system.

During the year, we continued to build on our efforts to address these strategic priorities. Each has been matched with one of our corporate pillars, which continue to form the basis for our company's goal setting.

CUSTOMER EXPERIENCE & STAKEHOLDER RELATIONS

In serving Saskatchewan's residential, farm and business customers, we understand that they expect electricity to be there when they need it at the lowest possible cost. They also want it to be generated and delivered in an environmentally responsible way, and they desire choices in how they use electricity and interact with SaskPower.

In 2017-18, electricity demand increased 5.4% — the second largest year-over-year increase in the past decade. Meanwhile, SaskPower again set a peak demand record by reaching 3,792 megawatts (MW), surpassing the previous mark by 45 MW. In fact, the peak demand record has been broken at least annually since 2010.

In order to lower our province's electricity requirements, our company continues to help our customers more effectively manage their energy consumption. During the year, we reduced approximately 14 MW of demand through energy efficiency and conservation programs. Since inception, these initiatives have saved enough electricity to power 52,500 homes for one year.

When it comes to our stakeholders, we continue to build on our relationship with our province's Indigenous communities. During the year, we continued the Duty to Consult processes for the relicensing of the E.B. Campbell Hydroelectric Station and the final licensing of the Nipawin Hydroelectric Station. Meanwhile, the Canadian Council for Aboriginal Business certified SaskPower with Progressive Aboriginal Relations Gold level status.

WORKFORCE EXCELLENCE

The increasing pace of change in our industry is requiring our employees to be flexible. They're being called upon to develop new skills while contributing to a culture that emphasizes our corporate values of safety, openness, collaboration and accountability.

A new Corporate Mentorship Program is assisting individuals with career planning, organizational understanding, knowledge transfer, and personal growth and development opportunities. Meanwhile, our employees have once again

helped SaskPower gain recognition as one of Canada's Top Employers for Young People, one of Canada's Best Diversity Employers, and one of Saskatchewan's Top Employers.

At SaskPower, nothing is more important than employee, contractor and public safety. Thanks to our Safety Improvement Program, we are seeing gains in performance. Significant advances have been made in reducing lost-time incidents, including reaching two years without a lost-time injury at our largest generating facility — Boundary Dam Power Station. Recent progress gives us hope that we are on a path that will lead us closer to our ultimate goal of zero injuries.

EFFICIENCY, QUALITY & COST MANAGEMENT

At SaskPower, we continue to look for better ways of doing business. Our Business Optimization Initiative is focused on streamlining, refining and prioritizing our high-value work, as well as improving our company's ability to evolve along with the ever-changing regulatory requirements.

Part of the process included inviting our employees to make efficiency recommendations. We received over 2,500 ideas, many of which have been implemented. In addition to the work done within each division to find efficiencies, we continue to focus on three corporate priority areas: procurement; work planning; and project delivery.

We are seeing the results of our efficiency and restraint initiatives and an improved operating environment on our financial statements. While our operating income of $147 million falls short of our budget by $33 million, it represents a $101 million improvement over prior year results. Posting an operating return on equity (ROE) of 6.3% puts us on track to potentially return to our long-term ROE target of 8.5% in 2019-20. Our per cent debt ratio was 74.9% at the end of 2017-18, which is the first time it is within the corporate target range of 60% to 75% since 2014.

SUSTAINABLE INFRASTRUCTURE & RELIABILITY

Our strategy to modernize Saskatchewan's electricity system includes developing a smarter and more secure grid, as well as coordinating a significant increase in renewable energy capacity. In the short-term, wind and utility-scale solar generation are being added, backstopped by the flexibility offered by increased natural gas-fired generation. For the long-term, additional hydro generation, hydro imports, carbon capture and storage, biomass, flare gas, nuclear and geothermal options continue to be evaluated to ensure that we are adapting to a lower emission fleet in the most efficient way possible.

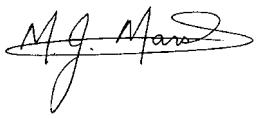
During the year, construction continued on the new $680-million natural gas-fired Chinook Power Station. It will add 350 MW to the fleet in 2019, and remained on-time and on-budget at the halfway mark of completion. As well, renewable generation is being added, primarily through agreements with Independent Power Producers. We are nearing the end of competitive processes to add 200 MW of wind generation capacity by 2021 and a 10-MW utility-scale solar generation facility near Swift Current in 2019. Meanwhile, customers and small power producers are contributing electricity to the system in increasing numbers, and we are currently evaluating the programs we offer to assist those generating their own electricity.

In order to move electricity to our customers, we continue to expand our transmission and distribution system. In 2017-18, construction continued on a $231-million 200-kilometre double-circuit 230/138-kilovolt transmission line from Swift Current to the Pasqua Switching Station near Moose Jaw. We also invested $153 million in new construction projects to connect customers to the electricity grid.

As we continue to invest approximately $1 billion per year in Saskatchewan's electricity system, a large proportion of our capital expenditures are being allocated to refurbishing and upgrading our aging generation, transmission and distribution infrastructure. In the past year alone, $380 million of sustainment spending was completed to ensure our customers have a safe, reliable and secure source of electricity when they need it.

Overall, we have come through another challenging and rewarding fiscal year in no small part thanks to the impressive support of our employees, partners, key stakeholders, customers and Board Members. We look forward to continued success in the coming year as we maintain our powerful commitment to our customers and the communities we serve.

Chief Darcy Bear
Chair, Board of Directors



Mike Marsh
President and
Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 30, 2018

The following is a discussion of the consolidated financial condition and results of the operations of Saskatchewan Power Corporation (SaskPower; the Corporation) for the year ended March 31, 2018. It should be read in conjunction with the audited financial statements and accompanying notes. The financial information discussed herein has been prepared in accordance with International Financial Reporting Standards (IFRS).

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

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OUR BUSINESS

At SaskPower, we are committed to supporting economic growth and enhancing quality of life in Saskatchewan. At the foundation of our business strategy is the pursuit of our vision of powering Saskatchewan to a cleaner energy future through innovation, performance and service. We work around the clock to provide power generation, transmission and distribution services to nearly 533,000 customer accounts. Our company prides itself on maintaining one of the largest service areas in Canada — a geographic region of approximately 652,000 square kilometres.

SaskPower is a vertically integrated utility with over 3,100 permanent full-time employees. Almost one-half of our workforce is comprised of members of the International Brotherhood of Electrical Workers (IBEW) Local 2067. Approximately 13% of workers belong to Unifor Local 649, with out-of-scope staff accounting for the balance.

Our company manages nearly $11.5 billion in assets, relying on a generating fleet that uses a wide range of fuels that include natural gas, coal, hydro, and wind. This diversity provides a hedge against supply and price volatility, protecting customers from some of the risk inherent in any single fuel. SaskPower has two wholly owned subsidiaries — NorthPoint Energy Solutions and SaskPower International.

532,719 NUMBER OF CUSTOMER ACCOUNTS

MANDATE

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

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

The reseller customer class is restricted to two cities that retained their municipal franchises — the City of Saskatoon and the City of Swift Current.

SaskPower opened Saskatchewan's wholesale electricity market to competition through an Open Access Transmission Tariff (OATT) in 2001. It allows competitors to schedule access to our transmission system, enabling them to wheel power through Saskatchewan or sell to SaskPower's wholesale (reseller) customers.

Our company's vision, mission and values flow from the Act and SaskPower's relationship with our parent company, Crown Investments Corporation (CIC) of Saskatchewan.

We support the strategic direction provided by CIC. In turn, CIC is responsive to general government direction as articulated in a variety of ways, such as through the annual Speech from the Throne or formal policy statements.

Pursuant to the Act, the President and Chief Executive Officer of SaskPower reports to a Board of Directors appointed by the Lieutenant Governor in Council. Through the Chair, our company's Board of Directors is accountable to the Minister Responsible for Saskatchewan Power Corporation. The Minister functions as a link between SaskPower and provincial cabinet, as well as the Saskatchewan Legislative Assembly.

OUR CAPABILITY TO DELIVER RESULTS

SaskPower is a Crown-owned, vertically integrated electrical utility. Our company maintains an extensive province-wide system of generation, transmission and distribution assets. With a history of innovation spanning nearly 90 years, SaskPower remains focused on transitioning to a cleaner energy future while achieving our mission of ensuring reliable, sustainable and cost-effective power for our customers and the communities we serve.

SUPPLY AND NETWORK

Our company's available generating capacity is 4,493 megawatts (MW), which includes 3,542 MW from SaskPower-owned generation. Our company's thermal generation facilities include five natural gas-fired stations and three coal-fired stations, while non-thermal facilities include seven hydroelectric stations and two wind farms.

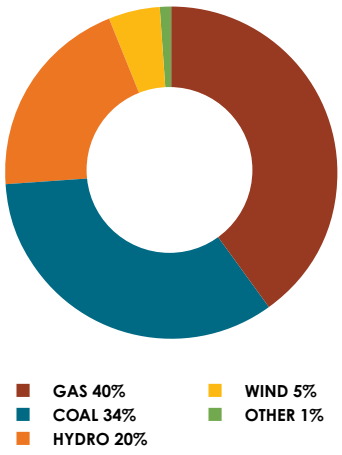
SaskPower also has 951 MW of generation capacity through Power Purchase Agreements (PPAs) with Independent Power Producers (IPPs), made up largely of natural gas and wind generation. In 2017-18, our company added approximately 2 MW of capacity through small IPPs.

In 2017-18, our province set a peak electricity demand record of 3,792 MW, representing an increase of 45 MW from the record set in 2016-17. SaskPower's generation capacity must remain above peak demand to ensure there is sufficient reserve capacity to serve load while our company performs maintenance and repairs during unexpected outages. As well, SaskPower's 221 MW of available wind capacity is intermittent; it can only provide generation when conditions are appropriate. Our company's operating reserve is 292 MW, of which 40%, or 117 MW, must be spinning.

SaskPower is active in import/export electricity markets. If our company can import power at a lower cost than running one of its own units or can profit from the sale of excess capacity to a neighbouring jurisdiction, we will execute the transaction while considering the level of risk.

Demand Side Management (DSM) — energy efficiency, conservation and load management activities — continues to form an important part of our energy future. SaskPower provides DSM programs for all customers and works closely with them to help curb their use of electricity. Since the inception of DSM programs at SaskPower, peak demand savings of 139 MW have been realized. Programs to assist customers to generate a portion of their power requirements are also in place.

2017-18 AVAILABLE GENERATING CAPACITY
4,493 MW



SaskPower's vast power line system provides the vital link between electricity generation sources and customers. Our transmission system is made up of 14,140 circuit kilometres of high voltage transmission lines and 55 switching stations located across Saskatchewan. SaskPower's transmission lines operate at high voltages (66,000 volts and above) in order to efficiently transport large volumes of electricity from generating stations to load centres — cities, towns or large industrial or commercial customers.

Our distribution system consists of 143,422 circuit kilometres of power lines, 195 distribution substations and 186,129 pole, pad-mounted and step transformers. SaskPower's distribution lines are lower voltage lines (34,500 volts and under) that are used to supply power to residential users and smaller commercial consumers.

SaskPower's infrastructure includes the Grid Control Centre, which directs the safe and reliable operation of the power system, as well as the Supervisory Control and Data Acquisition (SCADA) system that enables the remote operation and control of our facilities. The challenge of managing our transmission and distribution systems is considerable because of the large geographic size of the province, locations of various sources of generation, and a dispersed and relatively small population.

CIRCUIT KILOMETRES OF POWER LINES **157,562**

40% TARGETED REDUCTION IN CO_2 EMISSIONS FROM 2005 LEVELS BY 2030

SaskPower has transmission interconnections with Manitoba, Alberta and North Dakota. These provide our company with the capability to import electricity to meet our internal demand or take advantage of import or export market opportunities. Under normal system conditions, the inter-tie limits are 250 MW from Manitoba, 147 MW from Alberta and 150 MW from North Dakota.

These interconnection capabilities vary with system conditions — including generation/load levels and seasons — within SaskPower and neighbouring control areas. In compliance with the Open Access Transmission Tariff, SaskPower is required to compete with other suppliers for access to these interconnections.

OUTLOOK

Electricity use in Saskatchewan continues to grow. In 2017-18, electricity demand increased 5.4% — the second largest year-over-year increase in the past decade. Over the next five years, our projections show an average annual growth of 1.3%.

As our company increases generation capacity in our system to meet new demand, our electricity system also requires the refurbishment or replacement of significant portions of both the generation fleet and grid. System growth and renewal require substantial, ongoing capital investments to ensure a continuing safe and reliable supply of electricity.

Meanwhile, the electricity industry is currently being challenged by changing federal regulations. They will force the phase-out of conventional coal generation, increase performance requirements for natural gas generation and potentially implement a price on carbon. Proposed amendments to current federal regulations would require the phase-out of conventional coal-fired generation by 2030. As well, the federal government is bringing forward emissions performance standards for new natural gas generation that are expected to come into effect in 2020.

In order to address emissions regulations, SaskPower continues to support the Saskatchewan Ministry of Environment in its negotiation of an Equivalency Agreement (EA) with Environment and Climate Change Canada. An EA would provide flexibility for SaskPower in achieving carbon dioxide (CO_2) emissions reductions — performance would be measured on a system-wide basis rather than generation unit by generation unit.

In order to facilitate an EA, on January 1, 2018, provincial legislation took effect — *The Management and Reduction of Greenhouse Gases (General and Electricity Producers) Regulations*. The provincial legislation achieves emission outcomes equivalent to federal regulations, setting CO_2 emissions caps for coal and natural gas generation in three periods: 2018-2019, 2020-2024, and 2025-2029. While a federal-provincial agreement in principle concerning an EA has been reached, detailed final negotiations remain in progress.

Our company engages in integrated resource planning as a decision support tool to examine various potential pathways to meet our future generation needs while also complying with regulatory requirements. It also includes the examination of transmission system requirements and DSM activities. A strategy to reduce our company's CO_2 emissions to 40% below 2005 levels by 2030 is central to this ongoing process.

In the short-term, emphasis is being placed on adding natural gas generation to meet growing demand and ensure that our company has enough backup generation available to add significant renewable generation capacity. Construction on the new 350-MW natural gas-fired Chinook Power Station near Swift Current has passed the halfway point, while site selection for another natural gas generation facility is in progress.

Additional renewable capacity will also be added to the system over the next few years as part of SaskPower's emissions reduction strategy. In 2019, 10 MW of utility-scale solar power will be added near Swift Current. As well, a 200-MW wind facility is at the Request for Proposals (RFP) stage, with an expected in-service date of 2021.

Meanwhile, significant investment in our system will continue in 2018-19. A total of $139 million will be spent on generation sustainment, while a further $166 million will be invested in our existing grid. In order to facilitate growth, spending on expanding and upgrading the grid is forecasted to be $344 million, with an additional $143 million spent on new generation.

OUR ENTERPRISE-WIDE STRATEGIC CONTEXT

VISION Powering Saskatchewan to a cleaner energy future through innovation, performance and service.
MISSION Ensuring reliable, sustainable and cost-effective power for our customers and the communities we serve.
VALUES Safety, openness, collaboration and accountability.

In 2017-18, SaskPower's Board of Directors approved a new Strategic Direction — *Toward 2030*. It includes our company's vision, mission, and values statements, as well as our corporate pillars, strategic priorities and key initiatives. Our vision reminds us of the ideals we are pursuing and what we want to achieve in years to come. Our mission tells us why our business exists and defines its unique purpose. Meanwhile, our values are the fundamental principles that guide and govern our behaviour.

Our planning, execution and performance measurement are built around four corporate pillars. They are our company's foundation for success, and are the key result areas that form the basis of individual goal-setting. Each pillar plays a prominent role in SaskPower's Business Plan, Performance Management Plan and Corporate Balanced Scorecard, which are updated annually. Input is provided by our employees, Executive, and Board of Directors. The resulting course is closely aligned with the direction of our shareholder, CIC.

CORPORATE PILLARS & STRATEGIC PRIORITIES

1 CUSTOMER EXPERIENCE & STAKEHOLDER RELATIONS

STRATEGIC PRIORITY: Deliver improved value for our customers.

2 WORKFORCE EXCELLENCE

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

3 EFFICIENCY, QUALITY & COST MANAGEMENT

STRATEGIC PRIORITY: Ensure our financial health in a transitioning industry.

4 SUSTAINABLE INFRASTRUCTURE & RELIABILITY

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

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OUR PERFORMANCE MEASURES, TARGETS, PROGRAMS AND INITIATIVES

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

During 2017-18, our efforts were guided by our vision of powering Saskatchewan to a cleaner energy future through innovation, performance and service. While executing our mission of ensuring reliable, sustainable and cost-effective power for our customers and the communities we serve, we advanced our plan to modernize and renew our power grid and moved forward with our strategy of transitioning our generation portfolio to incorporate more renewable sources. The targets, results and strategic initiatives associated with each of SaskPower's corporate pillars are contained within this section.

SASKPOWER CORPORATE BALANCED SCORECARD

	Corporate pillars & performance measures	Twelve months March 31 2016-17 actual	Twelve months March 31 2017-18 target	Twelve months March 31 2017-18 actual	2017-18 Performance
	CUSTOMER EXPERIENCE & STAKEHOLDER RELATIONS				
M1.	Customer Experience Index [REVISED FOR 2018-19] (residential/small & medium business/key & major account)	5.8/7.3/8.0	**5.9/7.4/7.8**	**5.9/7.2/7.7**	🟢🟡🟡
M2.	New Connect Construction Index (%)	78	**74**	**80**	🟢
M3.	DSM peak demand/energy savings (MW/GWh)	18/76	**12/55**	**14/56**	🟢🟢
	WORKFORCE EXCELLENCE				
M4.	Employee engagement (%)	55	**60**	**64**	🟢
M5.	Diversity hires (net) [RETIRED 2018-19]	56	**70**	**53**	🔴
M6.	Workforce diversity [NEW FOR 2018-19]	•	•	•	
M7.	Safety Index (%)	90.7	**87.0**	**95.3**	🟢
	EFFICIENCY, QUALITY & COST MANAGEMENT				
M8.	Return on equity[1] (operating/net income) (%) [REVISED FOR 2018-19]	2.1/2.5	**7.6/7.6**	**6.3/6.2**	🟡🟡
M9.	Per cent debt ratio[1] (%)	75.5	**74.6**	**74.9**	🟡
M10.	OM&A/property, plant and equipment (%) [RETIRED IN 2018-19]	7.1	**6.8**	**6.8**	🟢
M11.	OM&A/customer account vs. Saskatchewan CPI (%) [NEW FOR 2018-19]	•	•	•	
M12.	Capital Earned Value Management Portfolio (%) [NEW FOR 2018-19] (Cost Performance Index/Schedule Performance Index)	•/•	•/•	•/•	
M13.	Aboriginal procurement (%)	7.9	**3.0**	**10.9**	🔵
M14.	Rates - thermal utilities comparison (%) [REVISED FOR 2018-19]	97.1	**≤100**	**105.0**	🟡
	SUSTAINABLE INFRASTRUCTURE & RELIABILITY				
M15.	EAF[2] (%)	85.5	**87.2**	**85.6**	🟡
M16.	SAIDI/SAIFI (distribution) (hours/outages)	5.1/2.2	**5.7/2.4**	**6.9/2.4**	🔴🟢
M17.	SAIDI/SAIFI (transmission) (minutes/outages)	125/2.8	**195/2.4**	**227/3.0**	🟡🔴
M18.	Planned maintenance (distribution/transmission) (%) [RETIRED IN 2018-19]	60/94	**59/90**	**59/91**	🟢🟢
M19.	Renewable generation portfolio (%)	25.3	**26.0**	**25.3**	🟡

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

• Denotes that targets and actuals are not available for that time period.

1. Prior year actuals have been restated to remove accumulated other comprehensive income (loss) from total equity due to the implementation of new accounting standards in 2017-18.
2. Target and results are reported on a calendar-year basis and will transition to the fiscal year in 2018-19.

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

CORPORATE PILLAR 1

CUSTOMER EXPERIENCE & STAKEHOLDER RELATIONS

STRATEGIC PRIORITY

DELIVER IMPROVED VALUE FOR OUR CUSTOMERS

CUSTOMER EXPERIENCE

The experience of our customers remains a key focus for our company. SaskPower aims to deliver improved value through continued stakeholder consultation, enhanced programs that are designed to meet growing customer expectations, and accessible channels that make it easier for customers to interact with our company in the ways that they prefer. Our customers expect us to deliver segment-specific programs, services and support; provide faster and easier access to information that matters to them; increase engagement and transparency; and deliver reliable power at an affordable price while operating our business effectively and efficiently. SaskPower's customer experience strategy focuses on four key areas that have the greatest impact:

- Creating a customer-focused culture: Building a workplace environment that puts the customer first and recognizes the benefits of focusing on customers.
- Optimizing customer interactions: Meeting customer expectations during every interaction by consistently providing high quality, convenient service on their terms.
- Delivering value to customers: Developing services that provide customers with greater control over their power use and opportunities to minimize the impact of rate increases.
- Engaging customers and stakeholders: Building positive customer relationships through the active promotion of programs and services and frequent customer engagement.

Our company continues to demonstrate its customer focus through continuous improvements to service delivery and enhancements to programs and services across all customer classes.

KEY & MAJOR ACCOUNT CUSTOMERS

SaskPower account managers continue to work closely with 200 of our company's largest commercial and industrial customers, assisting them with their power needs and projects; resolving issues; and sharing plans for the future. SaskPower also works in partnership with the Saskatchewan Ministry of Trade and Export Development in providing support to those companies considering our province as a location for new ventures.

Meanwhile, SaskPower continues to engage with commercial and industrial customers via associations such as the Saskatchewan Industrial Energy Consumers Association, Saskatchewan Mining Association, and Canadian Association of Petroleum Producers. Ongoing dialogue provides an opportunity for SaskPower to highlight our progress on initiatives while also hearing customer feedback, ideas, and concerns.

Better understanding our customers' businesses remains a top priority. Customer-coordinated site tours play an important role, as do technology advancements that provide enhanced visibility into customer power usage. Since 2013, power saving programs have assisted key & major account customers in saving $11 million in energy and demand costs.

998,946 NUMBER OF CUSTOMER TELEPHONE INQUIRIES

Corporate Balanced Scorecard performance measure

M1. CUSTOMER EXPERIENCE INDEX (RESIDENTIAL/SMALL & MEDIUM BUSINESS/KEY & MAJOR ACCOUNT) (10-POINT SCALE) [REVISED FOR 2018-19]

Twelve months ended	March 31 2016-17	March 31 2017-18	March 31 2018-19[1]	March 31 2019-20[1]	March 31 2020-21[1]	March 31 2021-22[1]	Long-term[1]
Target	5.8/7.3/7.7	5.9/7.4/7.8	68/70/72	69/70/72	70/70/73	70/70/73	74/74/74
Actual	5.8/7.3/8.0	5.9/7.2/7.7					

1. Beginning in 2018-19, this metric will be reported on a percentage basis instead of the current 10-point scale.

The Customer Experience Index is comprised of the results of questions asked in SaskPower's residential, small & medium business, and key & major account customer experience surveys. It is the sum of weighted scores for four core areas: customer perceptions about SaskPower; contact experience; products and services; and value for money. These drivers prioritize areas for improvement based on how much impact they have on the overall experience score.

- Residential customers – The residential customer experience score achieved the target of 5.9. In 2017, the Canadian Electricity Association conducted its annual customer survey of residential electric utility customers across Canada. For the 10th year in a row, SaskPower received the highest overall customer satisfaction results among all the major utilities surveyed.
- Small & medium business customers – The small & medium business customer experience score of 7.2 did not meet the target of 7.4 for 2017-18. In the most recent survey, the key measure ranked highest by customers was overall satisfaction with service delivery. Customers also expressed the desire for products and tools that deliver enhanced self-service capabilities; provide them control over their usage; and deliver improved value for the price they pay.
- Key & major account customers – The key & major account customer experience score of 7.7 fell slightly short of the target of 7.8. The 2017-18 score is the second highest achieved for this customer segment since SaskPower introduced the annual survey in 2013. Customers who reported a positive experience cited good customer relations as the primary reason. SaskPower continues to focus on improving customer service delivery; understanding its customers' businesses; and providing increased communication regarding topics that matter to customers, such as power rates, system reliability, and our company's long-term plans.

One of the most visible initiatives to assist in improving key & major account customer experience has been the Customer Link newsletter. Designed to provide regular and structured communication, this quarterly publication features news on SaskPower initiatives, efficiency efforts, and infrastructure plans.

RESIDENTIAL AND SMALL & MEDIUM BUSINESS CUSTOMERS

Delivering programs, services and support options that offer convenience, choice and control provides improved value to our customers. This includes developing new and enhanced customer self-service capabilities such as:

- Providing customers the ability to pay their SaskPower bills online by credit card.
- Launching the SaskPower App and adding new functionality, such as the ability to view account information and submit meter reads.
- Offering free online energy efficiency assessments for residential and small & medium business customers to identify opportunities to increase their electricity usage efficiency and decrease their bills.

SaskPower remains focused on improving each customer's contact experience in ways that support a timely resolution. This includes ensuring staff members are equipped with the knowledge and tools required to resolve customer concerns. Technological improvements, as well as staff training programs, have been a primary focus to help achieve these goals. Customer Service Representatives now have the ability to sign up customers for an online account and paperless billing over the phone, which provides those customers more control through self-service.

Part of keeping our customers informed includes sharing important information related to the investments that we are making into infrastructure renewal and how customers benefit. A specific area of focus over the past year has involved enabling our customers to prepare for planned outages and keeping them updated through mail-outs, radio advertisements, the SaskPower App and social media.

Customers continue to express a strong desire for more information and greater access to programs that support home and business energy efficiency, as well as new energy efficiency products and technology. Our company's energy education and engagement programs are delivered through multiple channels. These include in-store initiatives, social media, tradeshows, as well as activities with businesses and professional associations.

Corporate Balanced Scorecard performance measure
M2. NEW CONNECT CONSTRUCTION INDEX (%)

Twelve months ended	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	March 31 2021-22	Long-term
Target	70	74	76	78	80	80	80
Actual	78	80					

The New Connect Construction Index measures the percentage of new connect delivery orders in which construction is completed before the later of the need date provided by the customer or the targeted cycle time for the relevant new connect order type.

SaskPower's New Connect Construction Index performance not only exceeded the target of 74% for 2017-18, but achieved the long-term target of 80% for this metric. While some customer classes — such as the residential class — experienced declines in activity during the year, there was an upturn in oilfield development associated with higher commodity prices. SaskPower remains focused on becoming easier to do business with through continued refinements to new connect processes and improved customer communication.

CONNECTING OUR CUSTOMERS

SaskPower continues to focus on connecting customers safely and in a timely fashion. The number of customer accounts continues to grow, although at a lower rate than in previous years. Meanwhile, new connect spending was $153 million in 2017-18 versus $130 million in 2016-17.

GROUND SHIFTING

During the summer of 2017, southern Saskatchewan experienced the driest conditions in 130 years. This resulted in the ground around some homes to settle and pull away, at times causing damage to power boxes and underground electricity cables as well as service failures.

SaskPower and contracted crews reacted quickly to inspect over 17,000 homes province-wide. At the peak of the response, a team of over 130 workers inspected 900 services in one day. In total, 7,900 power box repairs were carried out across the province, predominantly in the Regina area.

Public and employee safety was the number one priority while managing this situation. SaskPower provided safety training to contractors and an orientation on our company's safety procedures. Ongoing safety meetings, inspections and work observations were ramped up to ensure compliance with safety protocols.

SaskPower put a significant focus on proactive and transparent communications with customers, media and government stakeholders in an effort to provide a coordinated response. There were high volumes of customer requests for inspections and ongoing requests from the media related to progress on our response effort.

Our company continues to investigate current conditions to see if more ground shifting is expected in the summer of 2018. If so, SaskPower will undertake further action to prevent or reduce future damage to electrical services.

Corporate Balanced Scorecard performance measure

M3. DSM PEAK DEMAND/ENERGY SAVINGS (MW/GWH)

Twelve months ended	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	March 31 2021-22	Long-term
Target	10/50	12/55	12/55	13/61	13/63	13/65	20/140
Actual	18/76	14/56					

The DSM peak demand metric measures the reduction in peak electricity demand in MW and the energy savings metric measures the volume of energy saved in gigawatt hours (GWh) resulting from the various DSM programs delivered. The accumulated reduction is achieved through energy efficiency and conservation measures, demand response programs, and system improvement programs.

In 2017-18, SaskPower achieved a 14 MW reduction in peak demand, slightly exceeding the year's target of 12 MW. The reductions were largely achieved through SaskPower's most wide-reaching energy efficiency programs delivered to residential, business and industrial customers — the Residential Retail Discount Program, the Commercial Lighting Rebate Program, and the Industrial Energy Optimization Program — which represent our commitment to reach all segments of our customer base.

Since its initial launch, on a cumulative basis our portfolio of DSM programs has saved enough electricity to power about 52,500 homes for a year, and the associated reduction in carbon emissions is equivalent to taking 86,000 cars off the road or planting 36 million new trees.

EFFICIENCY, CONSERVATION AND LOAD MANAGEMENT

Demand Side Management (DSM) is the use of energy conservation, efficiency and load shifting initiatives to manage the demand for electricity. DSM continues to play an important and growing role at SaskPower in helping to secure Saskatchewan's electricity supply.

Our company supports the adoption of energy-efficient technologies and provides conservation and efficiency education to customers with the long-term goal of transforming Saskatchewan into a more sustainable and energy-efficient market.

Our DSM programs help reduce the need for new infrastructure and support the deferral of capital investments in new generation while realizing environmental and economic benefits. We are committed to educating customers and helping them make informed decisions on energy efficiency, while providing them with greater control and choice over their power use and presenting them with opportunities to minimize the impact of rate increases.

SaskPower's DSM programs serve those in all three segments of our customer base: residential; small & medium businesses; and key & major accounts. Our most wide-reaching energy efficiency program for residential customers is the Residential Retail Discount Program. It provides efficiency solutions for lighting and home automation and is available through local retailers. Customers are offered point-of-purchase discounts on a variety of energy-efficient products, including LED bulbs, fixtures, lighting controls, smart power bars, smart LEDs, and smart thermostats. The program also features in-store appearances by representatives at locations across the province who educate customers and provide online tools to help customers choose the right energy-efficient products to save power and money.

During the year, the Residential Retail Discount Program was available in approximately 300 retail locations across Saskatchewan and engaged over 26,000 customers in conversations about energy efficiency and conservation. The initiative accounted for more than 10 MW, representing just over 70% of SaskPower's total demand (MW) savings from DSM. Since 2008, Saskatchewan residential customers have purchased over 4.8 million energy-efficient light bulbs and strings, saving over 70 MW. For the fourth year in a row, SaskPower received an award for the in-store education component of the Retail Discount Program from the Regional Centre of Expertise on Education for Sustainable Development in Saskatchewan.

With the consumer market shifting towards a more connected home, SaskPower undertook a pilot project in the summer of 2017 to evaluate the feasibility of residential thermostat demand response (DR) with air conditioning. With the ongoing growth of customer electricity peak demand in the summer months, this pilot provided an opportunity to investigate the viability of controlling air conditioning load through the installation of smart thermostats for 50 volunteers. Our company is still evaluating the lessons learned from the pilot and recommendations are being considered.

Meanwhile, SaskPower recognizes the unique needs of small & medium business customers across the province and is committed to offering a range of programs to meet their diverse needs. The longest standing and most wide-reaching energy-efficient program for businesses is the Commercial Lighting Rebate Program. It provides customers with qualified energy-efficient lighting equipment at discounted prices and involves more than 80 participating distributors. Since 2012, approximately 6,800 Saskatchewan businesses have participated, resulting in over 15 MW of demand savings.

In addition, the Walk-Through Assessment Program is in its second year and provides qualifying businesses with an in-person energy assessment. Participants receive a facility-specific power consumption report, a comparison to similar facilities, a list of the top saving opportunities and information about available SaskPower incentive programs. Since launching this program in 2016, 40 customers have participated in a walk-through assessment.

In the summer of 2017, SaskPower launched a Commercial Energy Optimization Program (CEOP). It is designed to provide incentives for the development and implementation of custom projects for our company's large business customers. SaskPower continues to build program awareness and has engaged with 18 interested organizations.

At the same time, SaskPower continues to dedicate resources to outreach and customer education. Similar to the walk-through assessment for businesses, an online tool was launched for residential and commercial customers with recommendations that will help them reduce power consumption based on the physical building and equipment information they provide. The commercial tool will also provide comparisons to buildings of similar size and industry.

Along with providing online educational tools, throughout the year our company met with many business groups and professional associations to discuss the energy efficiency and self-generation programs offered to business customers.

The Efficiency Partners Program, which was launched in 2016, has a network of 96 service provider members that work with SaskPower to help customers make energy efficiency choices. Partners get the latest information on emerging trends and technologies, have the opportunity to network with each other, and gain in-depth knowledge about SaskPower's new and existing energy saving programs. The Efficiency Partners Program features semi-annual workshops that provide further insight into electricity efficiency, as well as current and future program offerings. In 2017, three meetings were held.

In 2017-18, the Industrial Energy Optimization Program (IEOP) continued to explore energy efficiency projects with key & major account customers. Of the 47 customers engaged for IEOP projects since 2012, our company has implemented 51 projects with 28 customers. The remaining 19 customers continue to show interest in the development of IEOP projects. During the year, 19 projects were completed and represented a demand reduction of over 2 MW. The IEOP has achieved a demand reduction of almost 7 MW since inception.

For our largest customers, the second annual Industrial Energy Management Meeting was held in October 2017. The gathering brought together 81 attendees from 30 companies that represented 11 different industries, offering SaskPower an opportunity to gain valuable feedback, as well as identify opportunities for future collaboration. The meeting featured topics on energy management, efficiency technologies, and SaskPower's IEOP. The event also highlighted three case studies, presented by customers who had completed IEOP projects.

To help increase customers' capacity to identify and develop energy efficiency projects, the IEOP also hosted Association of Energy Engineers Certified Energy Managers (CEM) training. The 24 individuals participating represented customers responsible for more than 850 MW of demand, which is almost 19% of our entire system. The training provided participants the expertise to identify their own

energy efficiency opportunities. Our company is developing a process to track the savings from this training program as we continue to engage CEMs.

This year, SaskPower received the Association of Professional Engineers and Geoscientists of Saskatchewan Environmental Excellence Award for the power savings realized through the IEOP. Our company also received a Saskatchewan Regional Centre of Expertise on Education for Sustainable Development Award for work related to the IEOP, Residential Retail Discount Program, and commercial customer education and outreach.

Overall, SaskPower continues to assess future opportunities for energy savings. At the end of 2017, our company completed a Conservation Potential Review (CPR) that identified the electricity savings and demand reductions achievable in Saskatchewan. The CPR will assist SaskPower in developing a vision of the potential of DSM programs and updating long-term targets.

CUSTOMER SELF-GENERATION

The development of renewable energy in Saskatchewan remains a central focus of our company. As the cost of solar generation installations continues to decrease and electricity rates continue to rise, SaskPower is experiencing a growth of interest in solar generation through our company's two self-generation programs offered during the year: the Net Metering Program and the Small Power Producers (SPP) Program. Both initiatives support customers in the generation of renewable energy in our province.

Through the Net Metering Program, customers use renewable sources with a capacity of up to 100 kilowatts (kW). Participants are credited for excess electricity transmitted to the grid, which they can use to offset future electricity bills within a set 12-month period. SaskPower received 213 net metering applications in 2017-18, for a combined generating capacity of 2.5 MW. Since the inception of the program in 2008, 1,061 projects have been installed with a combined generating capacity of 9.6 MW.

Meanwhile, the SPP Program allows customers to generate up to 100 kW of electricity, which participants can either use or sell to SaskPower. During the year, 28 applications were received under the SPP Program for a combined generating capacity of 2.8 MW. In the fall of 2017, the 7.5 MW cap for the SPP Program was reached and new applications were no longer accepted.

SaskPower has set a target of reducing CO_2 emissions to 40% below 2005 levels by 2030. To accomplish this, our company is looking to increase the amount of renewable generation in Saskatchewan from about 25% today to up to 50% by 2030.

Although most of this capacity will come from utility-scale renewable projects, customer generation will provide some support in reaching these objectives. SaskPower is looking to make changes to existing customer generation programs based on feedback received from stakeholders in the consultation process conducted in 2016-17. Details on a revised SPP Program and Net Metering Program are expected to be announced in 2018.

STAKEHOLDER AND ABORIGINAL RELATIONS

SaskPower serves many communities throughout the province — from remote hamlets to First Nations and large urban centres, along with many groups and individuals. Our company ensures their views and input — and those of our customers and shareholder — are heard and reflected in how the province is powered.

SaskPower believes involving our stakeholders in planning for the future will help ensure our long-term success. This is reflected in our company's Stakeholder Engagement Policy and Aboriginal Relations Policy, which enable our company to build positive long-term relationships with Aboriginal communities and other stakeholders and facilitates the achievement of specific business objectives.

Our company is committed to informing and consulting with all stakeholders and communities at an early stage with respect to planned activities, and we are incorporating traditional knowledge and community input along the way. Saskatchewan's First Nations and Métis communities are key SaskPower stakeholders, and we work closely with these communities as their input is an integral component of successful project development, project operation and mitigation of impacts.

The Duty to Consult process for the relicensing of the E.B. Campbell Hydroelectric Station and the final licensing of the Nipawin Hydroelectric Station has continued with all Indigenous rights holders. Progress toward discussions in the area of potential accommodations has been made and most rights holders are presently undertaking reviews.

The formation of business partnerships is one way in which SaskPower and Aboriginal people, communities and businesses are mutually benefiting from electricity-related projects and operations. Our company is also focused on providing employment, contracting, and other opportunities.

Communication is a crucial component to achieving increased Aboriginal procurement. In October 2017, SaskPower held the third annual Aboriginal Procurement Information Session, with representatives from First Nations and Métis communities across the province. The session opened the door to a number of Aboriginal businesses and entrepreneurs who currently work or want to work with SaskPower.

Throughout the year, SaskPower participated in numerous initiatives to solidify existing relationships while seeking new opportunities with Aboriginal communities. Activities included:

- Taking part in the Aboriginal Business Match initiative;
- Continuing discussions and negotiations to implement solar and flare gas power generation commitments with the First Nations Power Authority; and
- Continuing key sponsorship of community and education-related activities in the community of Sandy Bay.

In an effort to increase the presence of Aboriginal businesses in our supply chain, SaskPower introduced a new corporate metric in 2016-17 that measures the percentage of Saskatchewan-sourced Aboriginal procurement relative to total Saskatchewan-sourced procurement. In 2017-18, SaskPower eclipsed this metric's target of 3%, reaching 10.9%.

In 2017-18, the Canadian Council for Aboriginal Business certified SaskPower with Progressive Aboriginal Relations Gold level status. SaskPower was evaluated on its performance in four key areas: Aboriginal business development, employment, community engagement, and community investment.

COMMUNITY INVOLVEMENT

As outlined in SaskPower's Community Partnerships and Investment Policy, our investments align with some of our company's key areas of focus: workforce excellence (building our next generation of employees); safety (keeping our customers safe around electricity); and conservation and efficiency (creating a community of customers who find ways to save power and protect the environment).

In 2017-18, our company invested just over $1.7 million towards educational programming and community investments throughout the province.

SaskPower is passionate about energizing youth — our future workforce — and sparking interest in the areas of science, technology, engineering and mathematics. Through our company's partnerships with the University of Regina Educating Youth in Engineering and Science (EYES) program and University of Saskatchewan SCI-FI Science Camps we helped reach more than 27,000 youth in grades one through nine throughout the province. Through the dedication of the universities' undergraduate students, participants experienced fun, hands-on science- and technology-based activities during summer camp and in-school workshop programs.

SaskPower also partnered with the Saskatchewan Association of Agriculture Societies and Exhibitions (SAASE), and created interactive electrical safety displays to educate youth on home and farm electrical safety. Our company's electricity safety messages were transported throughout 18 Saskatchewan communities in conjunction with SAASE's Provincial Farm Safety Day and Provincial Agricultural Awareness programs, reaching nearly 5,500 students. Additionally, more than 10,000 students and their families were reached through major exhibitions in Saskatoon, Regina, Lloydminster and North Battleford. As safety is a SaskPower value, our company has committed to furthering our partnership with SAASE for another three years.

Protecting the environment is important to SaskPower. Our company's partnership with the Saskatchewan Prairie Conservation Action Plan delivered two youth education programs: Adopt A Rancher and Taking Action For Prairie. Adopt A Rancher targets grade ten students as they analyze a ranch ecosystem. Taking Action for Prairie is focused on students in grades six through eight to increase awareness and appreciation of the native prairie ecosystem and its conservation. Since 2015, both programs have combined to reach over 1,000 students through 47 classes.

SaskPower's Employee Volunteer Program offers employees the chance to win money for community organizations. Employees submit applications to be entered into monthly draws. Winners receive either $250 or $500 for their organizations, depending on how many hours the employee has volunteered. In 2017-18, employees logged over 17,429 hours and, on their behalf, SaskPower donated over $77,000 to their organizations. Our employees also raised just over $252,000 (including SaskPower's dollar-for-dollar matching donation) for local United Ways.

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

CORPORATE PILLAR 2

WORKFORCE EXCELLENCE

STRATEGIC PRIORITY

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

OUR EMPLOYEES

The culture of any organization is critical in determining the success or failure of a company. An organization that embraces diversity and creates a safe, challenging and rewarding work experience for its employees will see a high level of engagement that drives performance. Effective planning ensures that SaskPower is building the desired culture and engagement. It also assists in making sure our company has the employees it needs to achieve the strategic priorities of today, as well as a succession framework that will allow employees to continue to deliver on our corporate mission in the future.

In 2017-18, we implemented the following initiatives to ensure our culture is conducive to achieving our goals:

- Culture transformation – SaskPower continues to transform its corporate culture based on the values of safety, openness, collaboration, and accountability.
- Engagement – SaskPower continues to conduct an annual engagement survey. The overall engagement score for 2017-18 was 64%, which exceeded our target of 60%.

In 2018-19, SaskPower will focus on developing a robust employee value proposition as the foundation for improving overall employee experience.

LEADERSHIP DEVELOPMENT & SUCCESSION MANAGEMENT

As with many industries, an aging workforce that is nearing retirement age can result in the loss of critical knowledge, skills and experience. SaskPower's Workforce Plan will mitigate issues associated with an aging infrastructure, shifting internal demographics and a maturing workforce so that our company is in a position to deal with a variety of industry-related challenges. These include regulatory changes, technological advancements and evolving customer and public expectations.

SaskPower's Workforce Plan is three-pronged:

- Critical workforce segment planning: Focused on ensuring SaskPower's short- and long-term workforce requirements are in place to support capital and operational business plans.
- Capacity or operational workforce planning: Focused on ensuring SaskPower's short- and long-term workforce requirements are in place for supporting roles within our company.
- Strategic workforce planning: Focused on anticipating SaskPower's longer-term workforce requirements ahead of time based on our company's and industry's evolving transformation.

In 2017-18, SaskPower introduced a revised leadership framework model. This includes updated leadership competencies and guiding principles that align with the new corporate strategy. Looking forward, these competencies and principles will be incorporated into all leadership training and development programming.

As well, SaskPower has been conducting talent reviews at the manager level to identify top talent for director-level positions. These candidates will be working with their leaders to create individualized development plans to ensure SaskPower has employees that are ready to move into leadership positions.

Meanwhile, our company offered nine sessions of the Management Essentials Program in 2017. A new leadership

Corporate Balanced Scorecard performance measure

M4. EMPLOYEE ENGAGEMENT (%)

Twelve months ended	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	March 31 2021-22	Long-term
Target	58	60	66	69	72	74	80
Actual	55	64					

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

For 2017-18, SaskPower's employee engagement score was 64%. An additional 24% of employees provided responses indicating a neutral level of engagement. This year's employee engagement survey had a high participation rate, with responses received from 80% of employees.

The survey found that the top three drivers with the greatest influence on SaskPower's engagement score include professional growth, organizational vision, and senior leadership. SaskPower also received strong favourable responses related to aspects of its workplace culture, including scores of 83% for safety and 81% for diversity and inclusion.

program targeting front-line leaders will be developed in 2018, focusing on specific leadership competencies and skills.

To recruit the next generation of employees, SaskPower continues to explore and build partnerships with post-secondary institutions. Our company is looking at how to combine certifications to create multi-skilled workers in renewable energy and engineering programs, as well as strengthening a continued emphasis on SaskPower's various apprenticeship programs. These formal partnerships with various educational institutions provide our company with an opportunity to attract new talent with critical expertise for our business, and also ensure access to a consistent supply of new talent is available.

CAREER DEVELOPMENT

After receiving feedback from employees through the employee engagement survey and workforce planning session, SaskPower created the Corporate Mentorship Program. It assists individuals in cultivating their career plans; enhancing their understanding of the organization; transferring business knowledge; and accessing opportunities for personal development and growth.

In turn, the program will benefit SaskPower's business through enhanced collaboration, trust, and information sharing. Over the next fiscal year, SaskPower will be launching a Career Development Program that will also assist employees in developing and taking ownership of their career paths.

Corporate Balanced Scorecard performance measure
M5. DIVERSITY HIRES (NET) [RETIRED IN 2018-19]

Twelve months ended	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	March 31 2021-22	Long-term
Target	70	70	•	•	•	•	•
Actual	56	53					

• Denotes that targets are not available for that time period.

The diversity hires (net) measure demonstrates the diversity of SaskPower's workforce through the change in the number of diversity employees in four designated groups: Indigenous persons; visible minorities; persons with disabilities; and women in under-represented roles.

SaskPower's sustained focus on fiscal restraint resulted in continued hiring limitations during 2017-18. Of the 156 individuals hired during the year, 103 — or 66% — self-declared in at least one of the four designated groups. Although diversity hires were nearly 50% higher than target for the year, departures of diversity employees decreased SaskPower's diversity hires (net) performance to 53, below the performance target of 70.

Corporate Balanced Scorecard performance measure
M6. WORKFORCE DIVERSITY (%) [NEW FOR 2018-19]

Twelve months ended	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	March 31 2021-22	Long-term
Target	•	•	32	33	35	37	42
Actual	•	•					

• Denotes that targets and actuals are not available for that time period.

SaskPower is committed to employing a diverse workforce. The Workforce Diversity metric measures the growth in the percentage of our company's permanent employees that:

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

DIVERSITY

A more diverse workforce that collaborates effectively across the organization will achieve exceptional business results and turn corporate strategy into reality. In 2017-18, SaskPower was again recognized as one of Canada's Best Diversity Employers, highlighting SaskPower's commitment to employing a diverse workforce. As well, during the year our company became an employee partner with the Canadian Centre for Diversity and Inclusion. In 2018-19, SaskPower will be implementing a dynamic employee census tool to measure diversity and inclusion.

SAFETY

Safety is the number one priority at SaskPower and is part of everything we do. Our company's safety messaging and programming applies to everyone — employees, contractors and the public. With a renewed safety-first mindset and a goal of zero injuries in our day-to-day work, SaskPower is seeing positive results. Based on Canadian Electricity Association safety ratings, SaskPower has gone from having the second-worst safety record among Canadian utilities in 2015 to middle-of-the-pack in 2017. While our company recognizes that much more improvement is necessary, SaskPower is clearly on a better path towards improved safety performance.

During the year, our company's lost-time injury frequency improved by 74%. Boundary Dam Power Station recently reached two years without recording a lost-time injury. Meanwhile, in May of 2017 Queen Elizabeth Power Station marked a full year without a lost-time injury.

In 2017-18, the Safety Improvement Program (SIP) concluded. This formal program was launched with a mandate to create solutions to our safety challenges and was seen as necessary to provide a dedicated focus on

Corporate Balanced Scorecard performance measure

M7. SAFETY INDEX (%)

Twelve months ended	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	March 31 2021-22	Long-term
Target	85.0	87.0	89.0	91.0	93.0	95.0	100.0
Actual	90.7	95.3					

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

Leading indicators measure proactive activities that identify hazards, and assess, eliminate, minimize and control risks. They evaluate the effectiveness of safety programs and contribute to the prevention of incidents before they occur. The leading indicators include safety objectives; safety training; safety audits; and work observations.

Lagging indicators record safety performance related to the occurrence of safety incidents, and include lost-time injury frequency; lost-time injury severity; recordable injury frequency; and recordable licensed fleet motor vehicle frequency. For 2017-18, the Safety Index performance of 95.3% exceeded the target performance of 87.0%.

Of the four leading indicators, performance for three — safety objectives, safety audits and safety training — improved from the prior year and exceeded 87.0%. Work observations performance declined slightly from the prior year to 82.8%. All four lagging indicators met their individual targets, which resulted in 100% performance.

improving safety performance. Over the course of the SIP, more than 200 people from across the business collaborated to build the solutions to our safety challenges. This effort resulted in 34 initiatives grouped into four projects.

In 2017-18, some of the initiatives that our company launched to improve safety included:

- Equipping and empowering front-line leaders with practical tools to improve safety;
- Building and implementing a new Hazard/Aspect and Risk Assessment (HARA) process across the company;
- Completing a second work observation blitz;
- Conducting a reset on the Standard Protection Code in Power Production, Distribution Services and Transmission Services;
- Conducting field verifications on load handling, HARA quality/completions, as well as other procedures to complete work safely and to identify improvements;
- Completing inspections of SaskPower and contractor work sites to ensure consistent application of safety standards; and
- Performing reviews to ensure investigations of SaskPower incidents are conducted consistently within the business.

Our company also takes a comprehensive approach to public safety. In 2017-18, SaskPower again undertook a wide-reaching public safety campaign to increase awareness about electrical safety. The campaign was awarded a Utility Communicators International Award and an International Association of Business Communicators Silver Leaf Award.

As well, safety ambassadors toured the province to engage with the public at trade shows, community gatherings and other events to promote and reinforce SaskPower's safety message. Videos were created that tell powerful safety stories. Employees previewed the videos prior to public release and were invited to share their own powerful stories.

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

CORPORATE PILLAR 3

EFFICIENCY, QUALITY & COST MANAGEMENT

STRATEGIC PRIORITY

ENSURE OUR FINANCIAL HEALTH IN A TRANSITIONING INDUSTRY

BUSINESS OPTIMIZATION AND RESTRAINT

Growth in demand and aging infrastructure have necessitated ongoing capital investment to ensure that customers will have reliable and sustainable power when they need it. In order to minimize the impact of capital expenditures on rates, SaskPower continues to undertake a thorough examination of the way we do business.

The Business Optimization Initiative was launched with the intent of identifying the most cost-effective and highest achievable performance by maximizing desired priorities and minimizing low-priority ones. Through restraint and optimization, SaskPower has achieved $115 million in operating, maintenance and administration (OM&A) budget reductions since 2015.

In 2017-18, SaskPower completed a comprehensive examination of our existing core processes, performance indicators, organizational structure and decision-making model. This work influenced the identification of three priority areas:

- Customer Delivery & Workforce Excellence Program: Improving how we plan and monitor work to maximize productivity to ensure the most effective use of resources in these areas.
- Strategic & Agile Supply Chain Program: Improving planning, procurement and contract management functions throughout SaskPower.
- Project Lifecycle Optimization Program: Creating a portfolio view of all authorized projects, using consistent methodologies, and improving resource management.

In addition, divisions continue to review their work to focus on high-priority business results. Our vehicle fleet has been reviewed to ensure that it is managed efficiently by optimizing each vehicle's usage. As well, increased standardization has been implemented for operating trucks in order to enhance purchasing power, maintenance and inspection training, and reporting. Efficiencies have already been implemented through improved inventory controls, material storage locations and scheduling efforts within Distribution Services.

CROWN COLLABORATION

A key priority of the Government of Saskatchewan is an increased focus on Crown corporation collaboration. A Crown collaboration working committee continues to identify new collaboration opportunities between SaskPower, SaskEnergy, SaskTel, SGI and other Crowns that enhance customer experience; increase operational efficiencies and productivity; and reduce costs and administration. The committee's mandate also includes fostering a collaborative culture and entrenching collaboration into existing business processes. Collaboration successes this past year include insurance efficiencies and the ongoing coordination of infrastructure installation.

Meanwhile, a number of potential new opportunities are being explored, including contractor safety orientation programs; engineering; security policy and process information sharing; training opportunities; and waste management.

SaskPower was recognized alongside SaskEnergy, SaskTel and SGI for collaborative work with the 2017 Premier's Awards of Excellence in the Public Service.

In addition to a positive impact on the bottom line, some collaborative initiatives are resulting in environmental benefits. Our company's work with SaskTel to share fibre optic cable reduced CO_2 emissions by an estimated 688 tonnes. The shared efforts eliminated the need for a second installation team at the site.

Corporate Balanced Scorecard performance measure

M8. RETURN ON EQUITY (OPERATING/NET INCOME)(%) [REVISED FOR 2018-19]

Twelve months ended	March 31 2016-17[1]	March 31 2017-18	March 31 2018-19[2]	March 31 2019-20[2]	March 31 2020-21[2]	March 31 2021-22[2]	Long-term[2]
Target	6.9/8.0	7.6/7.6	7.2	8.5	8.5	8.5	8.5
Actual	2.1/2.5	6.3/6.2					

1. Prior year actuals have been restated to remove accumulated other comprehensive income (loss) from total equity due to the implementation of new accounting standards in 2017-18.
2. Beginning in 2018-19, operating return on equity is no longer included in this metric.

Return on equity (ROE) is a measure of income expressed as a percentage of average equity. Operating ROE is calculated using income before unrealized market value adjustments. In recent years, our company has set reduced ROE targets to allow for SaskPower's continued investment in infrastructure renewal and growth, while also assisting our company to maintain competitive rates. The targets of 7.2% for 2018-19 and 8.5% for subsequent years reflect a rate of return common to other Canadian electrical utilities.

For 2017-18, SaskPower fell short of both its operating and net income ROE targets. During the year, SaskPower recognized a $30 million loss as a result of a decision to defer development of the Tazi Twé Hydroelectric Project in northern Saskatchewan. The income results are explained in further detail in the financial results section of the MD&A.

Corporate Balanced Scorecard performance measure

M9. PER CENT DEBT RATIO (%)

Twelve months ended	March 31 2016-17[1]	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	March 31 2021-22	Long-term
Target	74.7	74.6	75.0	74.0	73.7	73.2	60.0 - 75.0
Actual	75.5	74.9					

1. Prior year actuals have been restated to remove accumulated other comprehensive income (loss) from total equity due to the implementation of new accounting standards in 2017-18.

Per cent debt ratio provides a measure of debt expressed as a percentage of the total corporate financing structure. As we modernize and expand infrastructure, debt levels will increase in order to finance our capital program. SaskPower's long-term debt ratio target is between 60–75%.

SaskPower did not achieve its per cent debt ratio target for 2017-18, largely due to lower than expected earnings that led to lower than expected equity. Currently at the high end of the long-term target, SaskPower's per cent debt has improved from the prior year, and is expected to continue to improve in the long term.

Corporate Balanced Scorecard performance measure

M10. OM&A/PROPERTY, PLANT AND EQUIPMENT (%) [RETIRED IN 2018-19]

Twelve months ended	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	March 31 2021-22	Long-term
Target	7.1	6.8	•	•	•	•	•
Actual	7.1	6.8					

• Denotes that targets are not available for that time period.

The growth in SaskPower's asset base is considered to be a key driver of OM&A costs. The OM&A as a percentage of property, plant and equipment metric illustrates how efficiently SaskPower is managing its OM&A in terms of our company's growth. A lower ratio represents more efficient operations.

For 2017-18, SaskPower achieved its performance target of 6.8%. Both OM&A spending and capital investments were under budget due primarily to continued cost reduction initiatives.

Corporate Balanced Scorecard performance measure

M11. OM&A/CUSTOMER ACCOUNT VS. SASKATCHEWAN CPI (%) [NEW FOR 2018-19]

Twelve months ended	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	March 31 2021-22	Long-term
Target	•	•	< SK CPI increase	< SK CPI increase	< SK CPI increase	< SK CPI increase	< SK CPI increase
Actual	•	•					

• Denotes that targets and actuals are not available for that time period.

The OM&A/customer account vs. Saskatchewan Consumer Price Index (CPI) metric measures the annual growth of OM&A expenses per customer account to the annual growth of the Saskatchewan CPI to illustrate how efficiently OM&A is being managed. The target is to limit the annual growth in OM&A per customer account to less than the annual growth in the Saskatchewan CPI.

PROPERTIES

SaskPower's property management is guided by the Provincial Properties Strategy, implemented in 2012. Since the strategy's inception, our company has eliminated a total of 44 facilities, with a number of additional properties identified for disposal by 2027. Since 2012, over $1.2 million in costs have been repurposed for required facility maintenance activities.

Other key activities include:

- Supporting SaskPower's environmental initiative to phase out polychlorinated biphenyl (PCB) contaminated electrical equipment: In 2017-18, SaskPower completed the construction of PCB storage buildings in Prince Albert and North Battleford. This is in addition to the PCB facilities that were completed earlier in Swift Current, Saskatoon and Weyburn. A final PCB storage building will be located in Yorkton.
- Upgrading our properties portfolio: During the year, construction was completed on the Assiniboia Maintenance Outpost; a new fabric storage building was constructed in Regina; upgrades to the Saskatoon Maintenance Centre were completed; and upgrades to Prince Albert and Tisdale storage yards were completed. Major projects for the design and construction of new facilities in Moosomin, Estevan, Yorkton, and Tisdale progressed, while the planned construction of a new facility in Kindersley was put on hold.
- Aligning SaskPower's facilities with national and industry standards: Facility Occupancy Standards have been developed to ensure all SaskPower buildings operate efficiently, safely and more cost effectively. As well, building design standards have been developed to ensure SaskPower's facilities have consistent features and amenities across the province. These new standards are being referenced in the design, construction and renovation of all facilities.
- Retrofitting aging facilities: Asbestos abatement on the 6th and 7th floors at head office in Regina was completed in 2017-18. A phased approach is planned for the rest of the building, with a number of years required to progress through the 55-year old building.

PROCUREMENT

In 2017-18, SaskPower contributed almost $1.8 billion to the provincial economy. This occurred through the procurement of goods and services from Saskatchewan suppliers; payment of salaries, wages and benefits to employees; purchase of coal and natural gas; and acquisition of electricity from IPPs.

Our company's contributions also included coal royalties, water rentals and provincial corporate capital tax payable directly to the Government of Saskatchewan. With the exception of the E.B. Campbell Hydroelectric Station life extension, 64% of the procurement SaskPower conducted during the year was awarded to Saskatchewan suppliers.

We continue to emphasize best value procurement over lowest cost procurement while we integrate the Priority Saskatchewan Procurement Transformation Action Plan. This ensures that we demonstrate the values of best practice procurement, honour our trade agreements and provide opportunities for local suppliers. Suppliers have ample opportunity as 87% of SaskPower's procurement activities are competitive.

The Action Plan is augmented by a Business Optimization Initiative project that focuses on strengthening a strategic and agile supply chain that supports best value, service orientation, transparency and continuous improvement. We cultivate positive relationships with our suppliers through proactive engagement including regular information sessions, networking forums and our supplier performance management program.

Corporate Balanced Scorecard performance measure

M12. CAPITAL EARNED VALUE MANAGEMENT PORTFOLIO (COST PERFORMANCE INDEX/SCHEDULE PERFORMANCE INDEX) (%) [NEW FOR 2018-19]

Twelve months ended	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	March 31 2021-22	Long-term
Target	•/•	•/•	70/70	72/72	74/74	76/76	80/80
Actual	•/•	•/•					

• Denotes that targets and actuals are not available for that time period.

The Capital Earned Value Management Portfolio measures the performance of power production and transmission capital projects active during the year with at least $5 million total approved spending, excluding programs. Actual project costs and project completion timelines are evaluated against planned project costs and project schedules. The indices indicate the percentage of projects within the portfolio which are on/under budget or on/ahead of schedule.

Corporate Balanced Scorecard performance measure

M13. ABORIGINAL PROCUREMENT (%)

Twelve months ended	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	March 31 2021-22	Long-term
Target	2.5	3.0	8.0	10.0	10.0	10.0	10.0
Actual	7.9	10.9					

The Aboriginal procurement metric measures the extent to which SaskPower engages in Saskatchewan Aboriginal-sourced procurement relative to total Saskatchewan procurement. Our company is committed to promoting and pursuing viable business development opportunities through long-term relationships with Aboriginal people, communities and companies in the Province of Saskatchewan. The purpose of this metric is to demonstrate SaskPower's dedication to involve Saskatchewan's Aboriginal people in our company's economic opportunities and growth.

During 2017-18, 10.9% of the dollar value of purchase orders SaskPower issued to Saskatchewan vendors were to Aboriginal-owned companies and companies employing or subcontracting Aboriginal people or suppliers.

RATES STRATEGY

Following a public five-month review, in January 2018 the Saskatchewan Rate Review Panel (SRRP) delivered its final report to the Minister of Crown Investments concerning SaskPower's 2018 Rate Application. In alignment with the SRRP recommendation, provincial cabinet subsequently announced that SaskPower's system average rates would increase by 3.5% effective March 1, 2018 — a reduction from the system average increase of 5.0% requested by our company.

Like many other Canadian electric utilities, in recent years SaskPower has been seeking rate increases largely out of the need to fund capital investments in the province's electricity system. These targeted expenditures have two primary purposes: maintaining reliable service for our customers and keeping up with the growing demand for power.

In 2007, SaskPower's total capital expenditures were $280 million. Recently, they have increased to approximately $1 billion per year. Each $1 billion of capital requires a rate increase of approximately 3.0% to cover increases to depreciation and finance charges.

In 2017-18, SaskPower completed an independent review of our company's Cost of Service (COS) Methodology. COS is used by our company to ensure that the rates charged to each customer group are a fair representation of the actual costs that are incurred to serve them.

Elenchus Consulting led a public review of SaskPower's cost allocation and rate design methodologies and presented its findings at a public meeting. Elenchus also invited questions and submissions throughout the review process. A final report was submitted in June 2017, which contained the consultant's recommendations as well as responses to all stakeholder questions and submissions.

The review acknowledged that SaskPower is following generally accepted COS methodologies and is in line with standard industry practices as seen by Elenchus in other jurisdictions. Three changes to SaskPower's methodology were recommended, which will be included as part of a future rate application.

Corporate Balanced Scorecard performance measure

M14. RATES – THERMAL UTILITIES COMPARISON[1] (%) [REVISED FOR 2018-19]

Twelve months ended	March 31 2016-17	March 31 2017-18	March 31 2018-19[1]	March 31 2019-20[1]	March 31 2020-21[1]	March 31 2021-22[1]	Long-term[1]
Target	≤100	≤100	≤100	≤100	≤100	≤100	≤100
Actual	97.1	105.0					

1. Beginning in 2018-19, this metric will be renamed as "Competitive rates (thermal utilities)" and the methodology will change to include the seven rate categories included in the Summary Table comparisons of Hydro-Québec's annual survey. Currently, four rate categories are included.

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

As of the most recent survey date of April 1, 2017, SaskPower's system average rates rose to 5% above the system average rates for thermal utilities within Canada. The increase from the prior year was largely due to SaskPower's July 1, 2016, and January 1, 2017, rate increases and falling electricity prices in Alberta.

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

CORPORATE PILLAR 4

SUSTAINABLE INFRASTRUCTURE & RELIABILITY

STRATEGIC PRIORITY

BUILD A CLEANER, RELIABLE, MODERNIZED ELECTRICITY SYSTEM

SYSTEM SUSTAINMENT

If not prevented or effectively managed, equipment failures are costly and diminish system performance and reliability. SaskPower's Asset Management Program framework monitors infrastructure condition and performance. Significant portions of our generation, transmission and distribution assets are old by Canadian standards. Our company is constantly looking to advance our asset management capabilities in order to better coordinate maintenance as well as the replacement, refurbishment and retirement of assets. The goal is effective prioritization to ensure the most essential work is done first and in a cost-effective way.

Coal generation accounted for 43% of SaskPower's total electricity produced in 2017-18. Other than the generating unit with carbon capture at Boundary Dam Power Station, the newest conventional coal generator is at the Shand Power Station, commissioned in 1992. All other conventional coal units were commissioned in the 1970s or 1980s. Although the federal government is mandating the phase-out of conventional coal generation by 2030, in the near-term many of SaskPower's existing coal units could be an important, cost-effective bridge of baseload capacity as we strive to integrate more renewables into our system.

During the year, SaskPower invested more than $38 million in coal-fired generating station refurbishments. This included Poplar River Power Station ash lagoon construction, as well as smaller projects at Shand and Boundary Dam Power Stations.

SaskPower's first hydroelectric station was commissioned in the early 1930s and continues to operate today. Outside of the 1980s, a great deal of our company's hydroelectric capacity was commissioned in the 1960s. These units have been operating very well but are in need of substantial investment to continue to operate effectively. They will form an important part of the future at SaskPower due to their ability to generate low-cost, no-emission electricity.

In 2017-18, more than $22 million was spent on hydroelectric refurbishments and investment will continue to ramp up in the next few years. Our company has undertaken a $300-million life extension of Units #1 through 6 at the 289-MW E.B. Campbell Hydroelectric Station. Expected to be complete by 2025, the project scope includes the replacement of turbines, generators, head gates, trash racks, step-up transformers and balance-of-plant equipment to extend the life of the assets for 50 years. Meanwhile, a $45-million concrete rehabilitation project is underway at the Island Falls Hydroelectric Station. It involves the main dam, powerhouse, and "A" dam, and is expected to be completed in 2021.

Natural gas-fired generation sustainment spending was $22 million in 2017-18, with nearly half used for a life extension at our 44-MW Meadow Lake Power Station. The natural gas generation fleet will be relied on more heavily in the future, as it is a versatile electricity source that can be used for both baseload and peaking purposes and will be an effective support for the increasing integration of renewable generation into SaskPower's mix.

Meanwhile, substantial capital spending is being invested in refurbishing the grid. Our company's Distribution Wood Pole Remediation Program involves the inspection, life extension, reinforcement and replacement of aging distribution wood asset infrastructure, including poles and cross-arms. In 2017-18, SaskPower invested $12.8 million in the program, inspecting 88,995 of the grid's more than one million distribution poles.

During the year, SaskPower life-extended 13.7 kilometres of lines through the Underground Cable Injection Program at a cost of approximately $600,000. Replacement of the cable would have been approximately $2.4 million; as a result, the program provided savings of $1.8 million. Unfortunately, the underground line inventory that qualifies for injection is limited to urban cable installed from the late 1970s to the early 1990s. The vast majority (over 90%) of cable cannot be life extended using this technique and will require replacement or a rebuild with overhead lines.

Meanwhile, the Rural Rebuild and Improvement Program focuses on the strategic replacement of the aging rural electrical distribution system. In 2017-18, SaskPower oversaw the removal of 261 kilometres of lines and 2,873 poles from farm fields. Of the poles that were removed, 2,645 — or 92% — were over 30 years old. In 2017-18, the total cost of the program was over $13.0 million.

SaskPower is also making major investments in the sustainment of our transmission system. The Transmission Wood Pole Remediation Program is life-extending wood pole assets through an assessment and treatment process. The assessment determines if the poles can be remediated or reinforced. If they cannot be life-extended, the poles are replaced. Cross-arms and spar replacements are included as part of this program, but they will only be replaced once they are at end-of-life. The investment in this program was $34 million in 2017-18.

During the year, the Lattice Steel Remediation Program was continued at a cost of $21 million. It addresses critical components on SaskPower's 2,077 transmission lattice steel structures. This includes the replacement of foundations, above-grade and below-grade steel members, and the installation of anodes for primary corrosion protection.

Finally, the Transmission Reliability Improvements Program is designed to improve the worst performing transmission lines. Actionable areas were identified as part of a transmission reliability study, with the purpose of using this information to guide future replacements. In 2017-18, $17 million was invested to address lines most in need of attention.

GRID MODERNIZATION

Grid modernization continues to be a key focus for our company as we strive to provide improved reliability and enable enhanced information sharing with our customers. In 2017-18, the first phase of SaskPower's renewed Advanced Metering Infrastructure (AMI) Program was undertaken.

Corporate Balanced Scorecard performance measure

M15. EQUIVALENT AVAILABILITY FACTOR (EAF) (%)

Twelve months ended	December 31 2016[1]	December 31 2017[1]	March 31 2018-19	March 31 2019-20	March 31 2020-21	March 31 2021-22	Long-term
Target	87.6	87.2	>85.0	>85.0	>85.0	>85.0	>85.0
Actual	85.5	85.6					

1. Actuals and targets are reported on a calendar-year basis and will transition to the fiscal year in 2018-19.

EAF is a measure which represents the percentage of time that a generating unit is capable of producing electricity, adjusted for any temporary reductions in generating capability due to equipment failures, maintenance or other causes. This measure is commonly used in the utility industry. Although higher percentages are better, targets are set giving consideration to prudent equipment maintenance requirements.

SaskPower's EAF performance of 85.6% fell short of the target of 87.2% primarily as a result of decreased availability from natural gas and hydroelectric generating units. Natural gas-fired generation availability was down due to two unplanned outages for asbestos abatement at Queen Elizabeth Power Station Unit #3, as well as electrical switchgear failures at Queen Elizabeth Power Station Units #10, #11, and #12. Meanwhile, Coteau Creek Hydroelectric Station Units #1 and #3 required unplanned replacements of a transformer and a transformer tap changer, respectively, while the outage at Nipawin Hydroelectric Station Unit #2 caused by a rotor rim failure in 2016 extended 96 days into 2017.

NUMBER OF TRANSMISSION LATTICE STEEL STRUCTURES **2,077**

Corporate Balanced Scorecard performance measure

M16. SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI) (DISTRIBUTION) (HOURS)

Twelve months ended	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	March 31 2021-22	Long-term
Target	5.9	5.7	5.5	5.3	5.1	4.9	2.9
Actual	5.1	6.9					

The distribution SAIDI allows us to track our performance restoring service in response to outages. It is a measure of the service interruption length in hours that an average customer experiences in one year. The SAIDI is influenced by a number of factors, including adverse weather; equipment condition; line contacts; extent of outage; travel time to the trouble point; as well as line staff availability, familiarity with facilities and level of experience.

SaskPower's distribution SAIDI performance of 6.9 hours did not meet the target of 5.7 hours for 2017-18. In October 2017, sustained winds across most of southern Saskatchewan reached 130 kilometres per hour, causing widespread damage and power outages for nearly 82,000 customers. This extreme weather event contributed 1.4 hours to SaskPower's performance for the year. Excluding the impact of this event, performance for this metric is 5.5, which is better than the target.

Significant improvements in service levels will continue to be dependent upon long-term increases in capital investment and enhanced maintenance activities.

Corporate Balanced Scorecard performance measure

M16. SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX (SAIFI) (DISTRIBUTION) (OUTAGES)

Twelve months ended	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	March 31 2021-22	Long-term
Target	2.4	2.4	2.4	2.3	2.3	2.2	1.4
Actual	2.2	2.4					

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

SaskPower's SAIFI performance of 2.4 met the target for 2017-18. Planned outages remain the lead cause of outages due to continued efforts to renew infrastructure in order to improve the overall reliability of the system, which in turn translates into fewer outages.

Corporate Balanced Scorecard performance measure

M17. SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI) (TRANSMISSION) (MINUTES)

Twelve months ended	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	March 31 2021-22	Long-term
Target	200	195	170	165	160	155	125
Actual	125	227					

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

SaskPower's transmission SAIDI performance of 227 exceeded the target outage duration of 195 minutes. While performance for the year was 16% above target, the major wind storm in October 2017 was responsible for 32% of the total outage duration for bulk electric service delivery points.

Corporate Balanced Scorecard performance measure

M17. SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX (SAIFI) (TRANSMISSION) (OUTAGES)

Twelve months ended	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	March 31 2021-22	Long-term
Target	2.4	2.4	3.0	3.0	2.9	2.9	2.5
Actual	2.8	3.0					

The transmission SAIFI represents the average number of forced interruptions experienced at a bulk electric service delivery point in one year. Forced interruptions, which can be either momentary or sustained, include outages due to weather conditions, defective equipment, and system conditions such as overload. This year is the first this metric includes outages on the Far North System, as well as those associated with post-outage return switching.

In 2017-18, SaskPower's SAIFI for transmission exceeded the target of 2.4 outages by approximately 25%. The Far North System and post-outage return switching accounted for 13% and 7% of forced interruptions, respectively. SaskPower continues to invest in a cost-effective manner and implement enhanced construction and maintenance standards in an effort to reduce the number of transmission system outages.

Corporate Balanced Scorecard performance measure

M18. PLANNED MAINTENANCE (DISTRIBUTION/TRANSMISSION) (%) [RETIRED IN 2018-19]

Twelve months ended	December 31 2016	December 31 2017	March 31 2018-19	March 31 2019-20	March 31 2020-21	March 31 2021-22	Long-term
Target	57/80	59/90	•	•	•	•	•
Actual	60/94	59/91					

• Denotes that targets are not available for that time period.

This measure illustrates the proportion of distribution and transmission maintenance that is planned/corrective maintenance as opposed to an emergency response, as a percentage of total maintenance for each.

Both transmission and distribution met their respective performance targets in 2017-18. During the year, SaskPower had to defer some planned maintenance activities in favour of required emergency, capital and corrective work. Despite fewer than expected assets impacted by severe weather during the spring and summer storm season, a substantial amount of emergency maintenance was required as a result of the extreme winds experienced in October 2017. Meanwhile, in order to address power box failures caused by summer ground shifting, a significant volume of corrective work was performed in the subsequent months.

The completion of AMI Pilot 1 saw the meters communicate effectively over the network with confirmation of communication and validation of billing accuracy. Prior to Pilot 1, new meter specifications were developed and the smart meters went through rigorous testing. This included exposure to extreme temperatures, dust and moisture intrusion, as well as over-voltage and over-current scenarios. Testing meters beyond their intended capabilities ensures that if the meters stop working, they do so safely.

Planning for Pilot 2 is underway, which will see an additional 7,500 commercial and industrial meters installed across the province. This will allow our company to test our meter deployment processes and management. We will also test the system with a higher volume of meters and ensure that their functionality, software, and data communication are working accurately and safely. Residential deployment for smart meters will only begin in a phased approach after similar testing and validation testing points have been achieved.

Eventually, two-way communication will be implemented across the grid. This technology will help SaskPower become even more efficient. Customers will be able to more closely monitor their power use. Billing accuracy will improve as we become less reliant on estimated billing. Outage durations will decrease as the time required to locate an outage will improve significantly. With increased self-generation and the addition of more solar and wind to the generation fleet, the ability to see what is happening across the electrical system in real time is essential.

GROWTH

In December 2017, SaskPower's peak demand reached 3,792 MW, breaking the old record set the previous year by 45 MW. Since 2010, the peak demand record has been surpassed at least annually. A new summer peak record was marked three times in 2017, reaching 3,470 MW in August.

In contrast to many other North American jurisdictions, demand for electricity in the province continues to grow and pressure our company's infrastructure. As a result, SaskPower must continue to add new generation, transmission and distribution assets to meet increased demand as well as increase grid capacity in locations where the system is strained by concentrated growth.

Due to long lead times to develop generation projects, SaskPower relies on its forecasts to project future demand for electricity. SaskPower has developed short- and long-term plans to ensure a safe, reliable and cost-effective supply of electricity is available. The long-term plans contain some flexibility to adapt to changing factors such as revised load forecasts, changing costs of new generation options and evolving environmental regulations. In the short-term, plans are more specific and concrete. In this period, new generation capacity will come largely from natural gas and wind generation, as well as up to 60 MW from solar generation. Many other long-term options remain under consideration, including additional hydro generation, hydro imports, carbon capture and storage, flare gas, biomass, nuclear and geothermal options.

Our supply plan's flexibility is highlighted in SaskPower's decision to defer the Tazi Twé Hydroelectric Project near Black Lake. Construction will not proceed due to changing economic activity in our province's North. Until last year, demand in the region was projected to grow at an annual rate of 4-5%. Recent economic forecasts point to a reduced annual growth rate in the range of 1-2%, which can be met with the infrastructure already in place. Should a more optimistic growth forecast materialize, SaskPower will revisit the potential for developing the Tazi Twé Hydroelectric Project in the future.

In the meantime, during the year SaskPower spent $321 million on construction of the Chinook Power Station. The 350-MW combined-cycle natural gas generation station near Swift Current is expected to be in service in 2019.

Corporate Balanced Scorecard performance measure

M19. RENEWABLE GENERATION PORTFOLIO (%)

Twelve months ended	March 31 2016-17	March 31 2017-18	March 31 2018-19	March 31 2019-20	March 31 2020-21	March 31 2021-22	Long-term
Target	25.7	26	26	24	30	36	50
Actual	25.3	25.3					

This measure reflects renewable generation capacity as a percentage of SaskPower's total installed generation capacity (including IPP-contracted capacity). The renewable generation portfolio refers to non-natural gas and non-coal generation, and includes hydro, wind, biomass, waste heat recovery, flare gas and other green options, as well as long-term firm capacity agreements for imports generated from renewable fuel sources.

SaskPower's renewable generation portfolio performance fell short of the target for 2017-18. With no major additions to or retirements made during the year, the result of 25.3% remains consistent with prior year.

It is over 50% complete and remains on time and on budget. As well, workers at the construction site recently celebrated another safety milestone when they surpassed 250,000 hours without a lost-time injury.

When it comes to renewable energy, a Request for Proposals for up to a 200-MW wind power facility was released to 15 pre-qualified proponents in 2017-18. Proponents received interconnection cost information on the proposed project site locations and used this information to firm up their proposals. An announcement of the successful proponent is expected in 2018.

Another renewable-focused competitive solicitation process was completed during the year, this time involving a 10-MW utility solar scale project. The project will be located near Swift Current. The successful proponent will be announced this year, and our company anticipates that the project will be operational in 2019.

The grid is also growing. A $231-million, double-circuit 230/138-kilovolt (kV) transmission line is being constructed from the Pasqua Switching Station near Moose Jaw to the Swift Current Switching Station. The project also includes extensive upgrades at both the Pasqua and Swift Current Switching Stations, including those involving bus extensions, new line positions, new breakers and protection changes.

Another major transmission line is planned for Condie to Belle Plaine. The single-circuit 230-kV transmission line of approximately 43 kilometres will be constructed between the Condie Switching Station to a connection point on an existing line in the Belle Plaine area. With a budget of $36 million, completion of the new line is expected in 2019.

CARBON CAPTURE & STORAGE (CCS)

The impact of the federal emissions regulations will eliminate SaskPower's historical primary baseload source of electricity: conventional coal-fired generation. With the federal government proposing the complete phase-out of conventional coal-fired generation by 2030, the capacity which is lost will have to be replaced by either a different source of baseload electricity or coal-fired generation fitted with carbon capture and storage technology.

As planned, SaskPower's Boundary Dam Integrated Carbon Capture and Storage Demonstration Project was taken offline in June 2017 for upgrades. The work was designed to improve the reliability of the CCS plant and allows for reduced outages in the future as key components can be cleaned without having to take the plant offline. Technical issues required the outage to be extended to 96 days. As a result, CCS production was lower in 2017 than the previous calendar year.

Despite the extended outage, the CCS plant achieved some important milestones. Since initial start-up in 2014, the CCS plant has captured over two million tonnes of CO_2. Meanwhile, because of the improvements made during the extended outage, the CCS plant achieved a continuous operating period in excess of 100 days. This is the longest continuous operating period since the facility's start-up in 2014.

ENVIRONMENTAL STEWARDSHIP

SaskPower continues to support the Saskatchewan Ministry of Environment (MoE) in its engagement with Environment & Climate Change Canada (ECCC). The two parties are working to finalize an Equivalency Agreement (EA) that shifts regulatory oversight of air emissions produced by natural gas-fired and coal-fired power plants from ECCC to MoE.

To enable the EA, in January 2018 the Government of Saskatchewan launched, *The Management and Reduction of Greenhouse Gases (General and Electricity Producer) Regulations*. This legislation is a key element to enabling an EA as the province must demonstrate its commitment to achieving emission outcomes that are equivalent to federal regulations. With the provincial regulations in force, SaskPower must comply with specific emission limits commencing January 1, 2018.

BIODIVERSITY

In partnership with the University of Saskatchewan, Trent University, the Saskatchewan Ministry of Environment and numerous government and industry partners over a period of five years, SaskPower has worked to collect information on provincial woodland caribou populations and habitat. The information was necessary in support of federal requirements to assess the status of caribou populations in light of their listing under the *Species at Risk Act* as threatened. A determination of whether or not populations are self-sustaining will influence the development of provincial range plans, aimed at guiding and managing activities or development that may impact caribou habitat and population health.

Additionally, SaskPower has been supporting a two-year graduate studies program focused on understanding the risks associated with herbicide-based vegetation management. Along with educational programs, outreach with the Chief and Council of Lac La Ronge Indian Band, the Resource Management Board, and community members has taken place.

The community engagement results helped provide insight into the design of field trials to analyze the effects of Garlon, a basal bark herbicide application, on northern soils and vegetation. Sample collection and analysis have been completed on two transmission lines flanking Prince Albert

National Park. Lab analysis is ongoing and the project will come to completion near the end of 2018. Once finalized, the field trials will inform SaskPower's Integrated Vegetation Management Program.

POLYCHLORINATED BIPHENYLS (PCBS)

PCBs are a toxic substance found in the oil used in many of SaskPower's pole top and ground transformers. PCBs were used in oil until the 1980s to help cool equipment. In 2014, SaskPower initiated a PCB Action Plan to eliminate equipment containing two parts per million or greater by the end of 2023. This exceeds the regulatory requirements for removal.

SaskPower has removed nearly 1.2 million litres of PCB-contaminated oil from our large equipment and replaced it with PCB-free oil since the start of the PCB Action Plan. Over 40,000 pieces of equipment initially identified as potentially containing PCBs have now been confirmed as PCB-free, removed from service, or had PCB-contaminated oil removed to make the equipment PCB-free.

FLY ASH

Created during the coal combustion process, fly ash is a by-product which is extracted and collected prior to exhaust gases entering the atmosphere. Fly ash is sold for use in ready-mix concrete, mine backfill, oil well cementing, road base stabilization and liquid waste stabilization applications.

Each tonne of fly ash captured and sold that replaces cement prevents roughly one tonne of CO_2 from entering the atmosphere. During the fiscal year, our company sold approximately 169,890 tonnes from the Boundary Dam and Shand Power Stations.

SASKPOWER SHAND GREENHOUSE

Since 1991, the SaskPower Shand Greenhouse has been using waste heat from the nearby Shand Power Station to grow millions of tree, shrub and native plant seedlings. They have been provided to the community for use in land reclamation and other environmental planting projects.

During the year, the SaskPower Shand Greenhouse distributed 565,262 seedlings throughout Saskatchewan. This brings total distribution since inception to over 11 million. Beyond growing seedlings, SaskPower Shand Greenhouse staff help to educate future consumers about the impacts of their energy choices. Support was provided to 12 school projects and school tours were provided to approximately 170 students in 2017-18.

TECHNOLOGY AND SECURITY

SaskPower is leveraging technology to create efficiencies across our company. We provide customers with multiple platforms to pay their bills, report outages, communicate with our company and stay informed. Internally, technology is driving efficiency throughout the organization as we optimize our processes.

The SaskPower App was updated in 2017-18. The new version includes an account overview where customers can view their bill date, previous bill amount, current bill amount, payments, amount due and power usage for the last year. As well, customers can submit meter reads through their My Account log-in. The new version has updated outage alerts to make outage information more clear. As well, the Moneris Interface allows customers to pay their bills by credit card.

Enhancements to the Customer Relationship Manager system are also improving customer service. A new consolidated view provides a look at all premise-related information as well as all billing-related information, which allows our Customer Service Representatives to bill, invoice and enter meter reads through a single window. This allows for a quicker and more efficient customer inquiry response.

Our new customer dashboard provides a monthly view of payments collected by SaskPower. Information is updated daily and broken down by customer segment to allow our company to understand consumer behaviour. The dashboard provides delinquency information and allows our collections department to focus energy towards high recovery areas. As well, the information is used to easily identify the monthly delinquency ratio and provide information that helps with treasury borrowing decisions.

Internally, a variety of technology-related efficiency projects were underway. They included reliability enhancements to IT networks in Boundary Dam Power Station, Shand Power Station and Weyburn. The work will allow our company to more easily conduct maintenance and repairs and help us avoid unplanned outages. The work also freed up two optical fibre lines that will be leveraged by our next generation network systems to improve internet protocol performance, bandwidth and service in the Weyburn and Estevan areas.

Meanwhile, the previous Gas and Electrical Inspections legacy application was at its end-of-life and was replaced with a custom .NET solution. It provides contract administration and permits to our Gas and Electrical Inspectors throughout the province. This provides the residents of Saskatchewan with a significant level of safety with respect to the manufacture, sale and installation of gas and electrical equipment.

During the year, our company also replaced our accounts payable invoice system with an SAP/Open Text solution. The Vendor Invoice Management (VIM) System manages invoice processing, while helping SaskPower meet critical payment and compliance deadlines and brings the disbursement process in line with industry best practices.

In addition to the many planned technological initiatives, our company was required to provide on-the-fly technological support during the summer of 2017. Ground shifting caused by dry weather affected thousands of customer power boxes. Mobile apps, online web forms and maps assisted with the process to coordinate power box inspections throughout the incident. The Service Inspections App allowed SaskPower field staff to collect information and photos related to the service inspection as well as any remediation requirements in an electronic format so that the information could be reviewed and appropriate actions taken.

On the security front, SaskPower continued to implement a standard for the centralization and coordination of all physical security solutions across the organization — from offices and maintenance facilities, to power plants, transmission sites and distribution sites. The integration of these systems will allow effective management of all intrusion, electronic access control and closed circuit video networks across SaskPower. Phase one is complete and phase two is currently in motion. Our company will benefit from the reduced costs related to theft; compliance with North American Electric Reliability Corporation Critical Infrastructure Protection Standards; better reporting of security incidents; and improved safety by preventing incidents where copper grounding has been removed.

Meanwhile, our Enterprise Security department completed over 90 cyber and physical investigations into circumstances such as copper or power theft, break and enters, malware infections and assaults/threats to SaskPower staff. A number of these investigations were completed in cooperation with law enforcement and several of the investigations led to criminal arrests and charges.

2017-18
FINANCIAL RESULTS

(in millions)	2017-18	2016-17	Change
Revenue			
Saskatchewan electricity sales	**$ 2,480**	$ 2,277	$ 203
Exports	**10**	5	5
Net costs from electricity trading	**(3)**	(3)	-
Share of profit from equity accounted investees	**2**	1	1
Other revenue	**97**	122	(25)
	2,586	2,402	184
Expense			
Fuel and purchased power	**659**	661	(2)
Operating, maintenance and administration	**680**	675	5
Depreciation and amortization	**543**	494	49
Finance charges	**417**	416	1
Taxes	**72**	72	-
Other expenses	**68**	38	30
	2,439	2,356	83
Income before the following	**$ 147**	$ 46	$ 101
Unrealized market value adjustments	**(1)**	10	(11)
Net income	**$ 146**	$ 56	$ 90
Return on equity (operating)[1,3]	**6.3%**	2.1%	4.2%
Return on equity[2,3]	**6.2%**	2.5%	3.7%

1. Return on equity (operating) = (income before unrealized market value adjustments)/(average equity).
2. Return on equity = (net income)/(average equity).
3. Prior year actuals have been restated to remove accumulated other comprehensive income (loss) from total equity due to the implementation of new accounting standards in 2017-18.

Explanation of change *(in millions)*	**Increase (decrease)**
Income before unrealized market value adjustments, for the year ending March 31, 2017	**$ 46**
Increase in Saskatchewan electricity sales as a result of increased demand and rate increases	**203**
Increase in exports	**5**
Lower customer contributions, CO_2 sales and Shand Carbon Capture Test Facility rental fees	**(25)**
Fuel and purchased power costs down due to lower natural gas prices	**2**
Increased operating costs as a result of higher maintenance costs	**(5)**
Depreciation and amortization expense increased as a result of SaskPower's capital program	**(49)**
Write-down of Tazi Twé Hydroelectric Project costs	**(30)**
Income before unrealized market value adjustments, for the year ending March 31, 2018	**$ 147**

HIGHLIGHTS AND SUMMARY OF RESULTS

SaskPower reported a consolidated income of $146 million in 2017-18 compared to $56 million in 2016-17. The $90 million increase was primarily due to increased Saskatchewan electricity sales. The return on equity was 6.2%, up 3.7 percentage points from the previous period.

Total revenue was $2,586 million, up $184 million from 2016-17. The improvement in revenue was attributable to a $203 million increase in Saskatchewan electricity sales due to higher sales volumes and system-wide average rate increases of 5.0% effective July 1, 2016; 3.5% effective January 1, 2017; and 3.5% effective March 1, 2018. Electricity sales volumes to Saskatchewan customers were 23,282 GWh, up 1,202 GWh or 5.4% compared to the prior year. In addition, export sales increased $5 million as a result of opportunities to sell into the Southwest Power Pool market. Also, SaskPower earned an additional $1 million from its share of profit from its investment in the MRM Cogeneration Station. These increases were partially offset by a $25 million decrease in other revenue as a result of lower customer contributions, a decrease in Shand Carbon Capture Test Facility rental fees, as well as a decline in CO_2 sales.

Total expense was $2,439 million, up $83 million from 2016-17. This is mainly attributable to capital-related expenses — depreciation, finance charges, taxes and other expenses — which increased $80 million in 2017-18 as a result of SaskPower's capital program. Depreciation expense was up $49 million compared to the same period in 2017-18 as a result of significant investments in the Corporation's property, plant and equipment. Finance charges increased $1 million compared to 2016-17 due to additional interest expense incurred as a result of higher borrowings. Other expenses increased $30 million due to a $30 million loss recognized as a result of a decision to defer development of the Tazi Twé Hydroelectric Project. Finally, OM&A expense increased $5 million as a result of increased maintenance activity. These increases were partially offset by a $2 million decrease in fuel and purchased power costs as a result of lower natural gas prices.

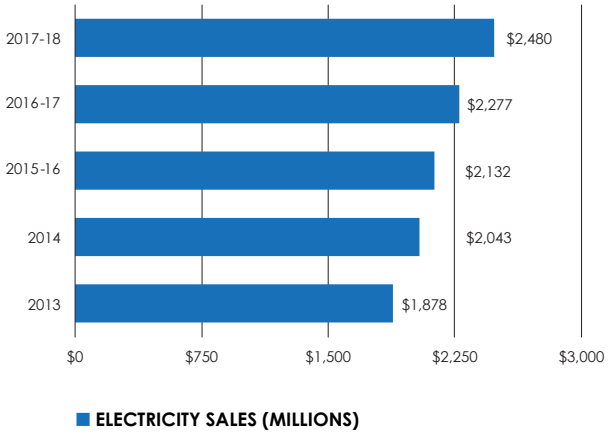
REVENUE

Saskatchewan electricity sales

(in millions)	2017-18	2016-17	Change
Saskatchewan electricity sales	**$ 2,480**	$ 2,277	$ 203

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

Saskatchewan electricity sales were $2,480 million in 2017-18, up $203 million from 2016-17. The increase was due to the system-wide average rate increases: 5.0% effective July 1, 2016; 3.5% effective January 1, 2017; and 3.5% effective March 1, 2018. Higher sales volumes also contributed to the additional revenue realized in 2017-18. Electricity sales volumes to Saskatchewan customers were 23,282 GWh, up 1,202 GWh or 5.4% compared to the prior year. The increase in sales volumes is primary attributed to a 7.0% growth in the power and oilfield customer classes, along with increases in all other customer classes other than resellers.

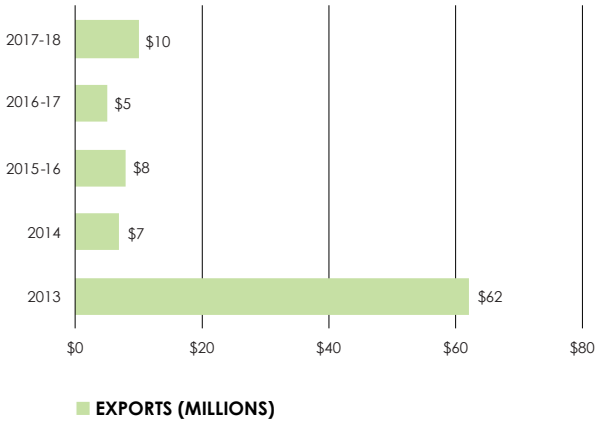


Exports

(in millions)	2017-18	2016-17	Change
Exports	**$ 10**	$ 5	$ 5

Exports represent the sale of SaskPower's available generation to other regions in Canada and the United States. The bulk of our exports are traditionally made to the neighbouring Alberta, Southwest Power Pool and Midcontinent Independent System Operator 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 $10 million in 2017-18, up $5 million from 2016-17. Exports were up due to increased opportunities to sell into the Southwest Power Pool market. The average export sales price increased $5 from $28/megawatt hour (MWh) in 2016-17 to $33/MWh in 2017-18. Export sales volumes were 304 GWh, up 128 GWh from the volumes sold in 2016-17.

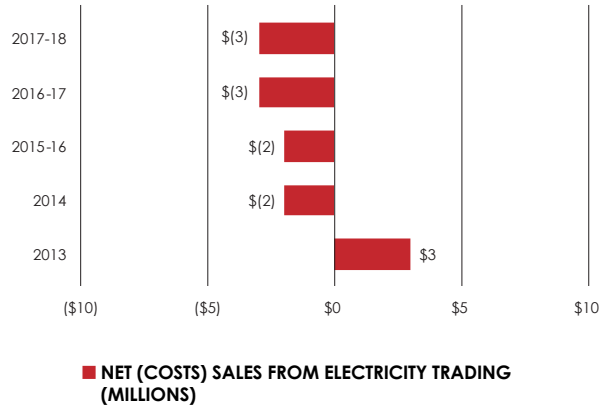


Electricity trading

(in millions)	2017-18	2016-17	Change
Electricity trading revenue	$ 3	$ 2	$ 1
Electricity trading costs	(6)	(5)	(1)
Net costs from electricity trading	**$ (3)**	$ (3)	$ -

Electricity trading activities, performed by SaskPower's subsidiary NorthPoint Energy Solutions Inc., include the purchase and resale of electricity and other derivatives in regions outside Saskatchewan. The trading activities include 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.

SaskPower experienced a $3 million loss on electricity trading activities in 2017-18 as trading revenues were not sufficient to cover a fixed transmission position the Corporation has in British Columbia.



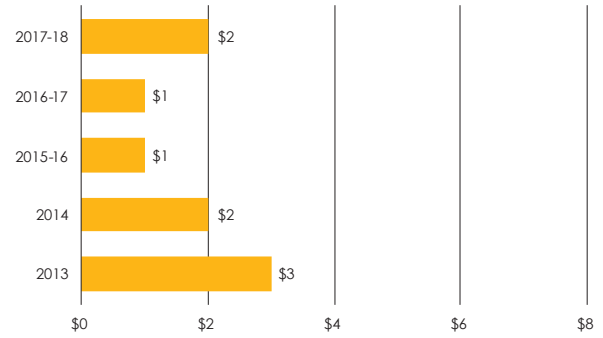
NET (COSTS) SALES FROM ELECTRICITY TRADING (MILLIONS)

Equity accounted investments

(in millions)	2017-18	2016-17	Change
Share of profit from equity accounted investees	**$ 2**	$ 1	$ 1

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

SaskPower's share of profit from its investment in MRM was $2 million in 2017-18, up $1 million from the prior year.

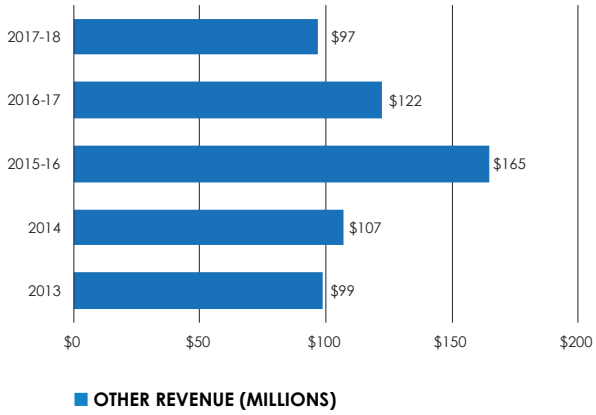


SHARE OF PROFIT FROM EQUITY ACCOUNTED INVESTEES (MILLIONS)

Other revenue

(in millions)	**2017-18**	2016-17	Change
Customer contributions	**$ 44**	$ 53	$ (9)
Gas and electrical inspections	**17**	17	-
CO_2 sales	**9**	14	(5)
Fly ash sales	**7**	6	1
Joint use charge	**4**	4	-
Custom work	**5**	4	1
Shand Carbon Capture Test Facility rental fees	**-**	12	(12)
Miscellaneous revenue	**11**	12	(1)
Other revenue	**$ 97**	$ 122	$ (25)

Other revenue includes various non-electricity products and services. Other revenue decreased $25 million to $97 million in 2017-18. The decrease was mainly attributable to lower revenue from customer contributions, a decrease in the Shand Carbon Capture Test Facility rental fees, as well as a decline in CO_2 sales.



EXPENSE

Fuel and purchased power

(in millions)	2017-18	2016-17	Change
Fuel and purchased power	**$ 659**	$ 661	$ (2)

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

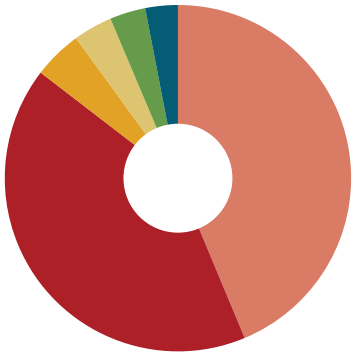
Fuel and purchased power costs were $659 million in 2017-18, down $2 million from 2016-17. The $2 million decrease is a result of favourable price and fuel mix variances offset by an unfavourable volume variance.

The average price of fuel decreased as a result of lower natural gas prices, with the average cost decreasing approximately $0.43 per gigajoule. The lower fuel prices resulted in an overall decrease of approximately $20 million in fuel and purchased power costs.

The fuel mix is the relative proportion that each fuel source contributes to our total fuel supply. The more energy that is generated from lower incremental cost units such as coal and hydro, the more favourable the impact on fuel and purchased power costs. During 2017-18, the Corporation's hydro generation accounted for 15% of total generation, up 1% compared to 2016-17. This favourable change in the fuel mix resulted in an estimated $8 million decrease in fuel and purchased power costs.

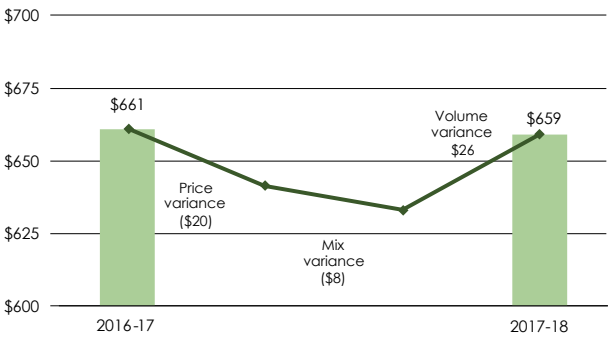
These favourable variances were partially offset by higher generation volumes. Total generation and purchased power was 25,317 GWh in 2017-18, an increase of 943 GWh or 3.9% compared to 2016-17. The increased generation was required to supply demand growth in Saskatchewan. The higher volume of generation resulted in an estimated $26 million increase in fuel and purchased power costs.

FUEL AND PURCHASED POWER (MILLIONS)



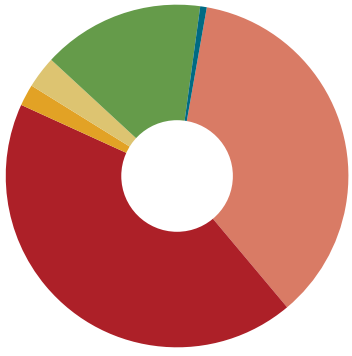
2017-18 FUEL AND PURCHASED POWER - $659 MILLION

GAS 44% · WIND 4% · COAL 42% · HYDRO 3% · IMPORTS 4% · OTHER 3%



2017-18 FUEL AND PURCHASED POWER VARIANCE

FUEL AND PURCHASED POWER (MILLIONS)
VARIANCE (MILLIONS)



2017-18 GROSS ELECTRICITY SUPPLIED - 25,317 GWH

GAS 36% · WIND 3% · COAL 43% · HYDRO 15% · IMPORTS 2% · OTHER 1%

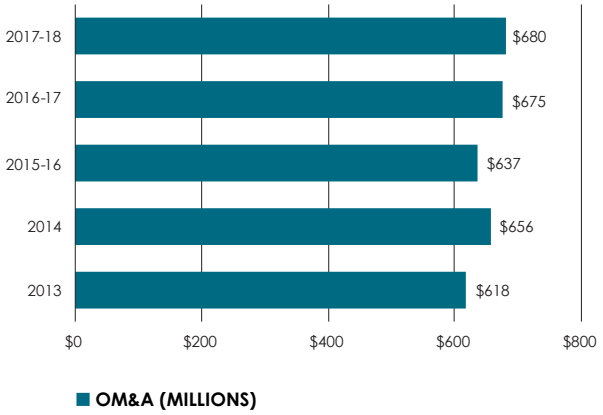
Operating, maintenance and administration (OM&A)

(in millions)	**2017-18**	2016-17	Change
OM&A	**$ 680**	$ 675	$ 5

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

OM&A expense was $680 million in 2017-18, up $5 million from 2016-17. The growth was due to an increase in maintenance at the Corporation's generation facilities. The number of days dedicated to performing overhauls increased from 196 days in 2016-17 to 252 days in 2017-18.

In addition, OM&A expense increased as a result of additional maintenance costs incurred to address the ground shifting due to the hot, dry summer last year and damage caused to power boxes and underground electricity cables.

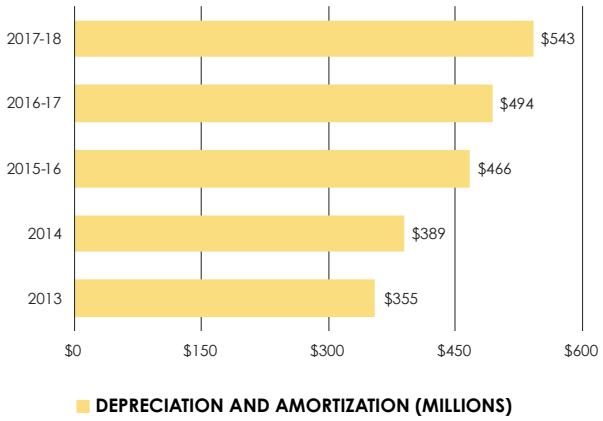


Depreciation and amortization

(in millions)	**2017-18**	2016-17	Change
Depreciation and amortization	**$ 543**	$ 494	$ 49

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

Depreciation and amortization expense was $543 million in 2017-18, up $49 million from 2016-17. The increase was partially attributable to ongoing capital expenditures. As well, following the completion of an internal depreciation study in 2016-17, the estimated useful lives of certain asset components were changed. The changes in estimates were applied prospectively effective April 1, 2017, and resulted in a $34 million increase to depreciation expense in 2017-18.

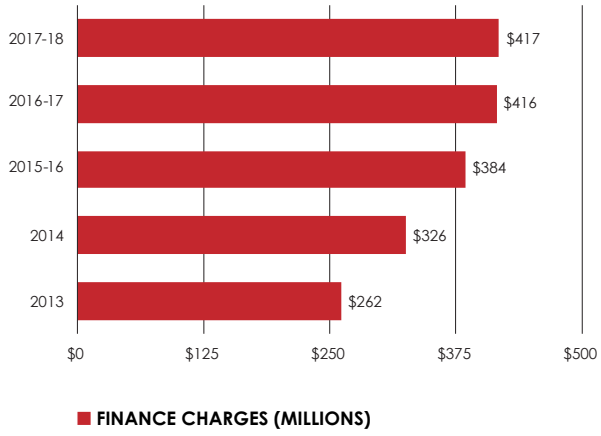


Finance charges

(in millions)	2017-18	2016-17	Change
Finance charges	**$ 417**	$ 416	$ 1

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 $417 million in 2017-18, up $1 million from 2016-17. The increase in finance charges was attributable to a $14 million additional interest expense incurred as a result of higher short- and long-term debt levels required to finance SaskPower's capital expenditures. The Corporation also recognized $2 million in amortization of losses related to its bond forward agreements and other interest charges. These increases in finance charges were offset by a $6 million increase in interest capitalized during the year as a result of growth in the construction in progress balance that was carried throughout the year. In addition, interest on finance leases decreased $6 million as the Corporation draws down the principal balance. Lastly, net interest on employee benefit plans decreased $1 million and interest income increased by $2 million.

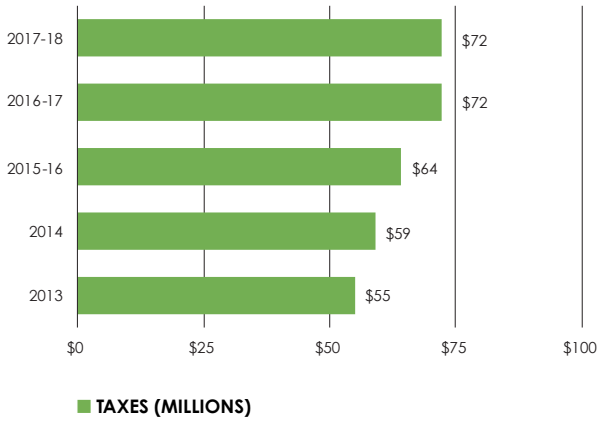


Taxes

(in millions)	2017-18	2016-17	Change
Taxes	**$ 72**	$ 72	$ -

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

Taxes were $72 million in 2017-18, consistent with the prior year.

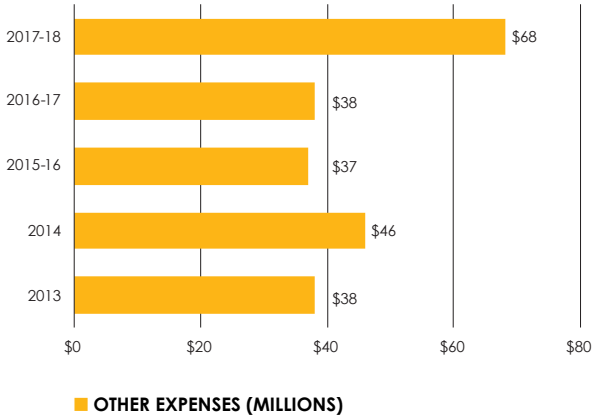


Other expenses

(in millions)	2017-18	2016-17	Change
Other expenses	**$ 68**	$ 38	$ 30

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

Other expenses were $68 million in 2017-18, compared to $38 million in 2016-17. The $30 million increase is attributable to a $30 million loss recognized during the year as a result of a decision to defer the development of the Tazi Twé Hydroelectric Project in northern Saskatchewan due to a decrease in forecasted demand. As a result, the net book value of all capitalized project development costs were written off.



UNREALIZED MARKET VALUE ADJUSTMENTS

(in millions)	2017-18	2016-17	Change
Natural gas contracts gains (losses)	**$ 2**	$ 12	$ (10)
Natural gas inventory revaluation	**(3)**	2	(5)
Debt retirement funds gains (losses)	**-**	(4)	4
Unrealized market value adjustments	**$ (1)**	$ 10	$ (11)

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 net market value losses for the year of $1 million compared to net gains of $10 million in the prior year.

Effective April 1, 2017, upon the adoption of IFRS 9, *Financial Instruments*, the Corporation elected to apply hedge accounting to the majority of its natural gas derivative contracts. As a result, the change in market value related to these instruments was recognized in other comprehensive income (loss). Also, under IFRS 9, SaskPower reclassified its debt retirement funds from fair value through profit or loss (FVTPL) to fair value through other comprehensive income (FVOCI). As a result, all changes in market value related to these debt instruments were recognized in other comprehensive income (loss).

In 2017-18, SaskPower realized a gain of $2 million on the settlement of certain natural gas derivative contracts for which hedge accounting was not applied. In addition, the net realizable value of the Corporation's natural gas inventory held in storage has decreased due to lower natural gas prices. As a result, SaskPower recognized a $3 million write-down of its natural gas inventory in 2017-18.

2017-18 QUARTERLY RESULTS

The following chart outlines the quarterly results of SaskPower for the year ended March 31, 2018:

(in millions)	Q1	Q2	Q3	Q4	Total
Revenue					
Saskatchewan electricity sales	$ 593	$ 589	$ 621	$ 677	**$ 2,480**
Exports	3	4	1	2	**10**
Net costs from electricity trading	(1)	(1)	-	(1)	**(3)**
Share of profit from equity accounted investees	-	-	1	1	**2**
Other revenue	21	20	32	24	**97**
	616	**612**	**655**	**703**	**2,586**
Expense					
Fuel and purchased power	147	160	171	181	**659**
Operating, maintenance and administration	173	161	170	176	**680**
Depreciation and amortization	131	136	137	139	**543**
Finance charges	104	106	101	106	**417**
Taxes	18	19	18	17	**72**
Other expenses	6	33	9	20	**68**
	579	**615**	**606**	**639**	**2,439**
Income (loss) before the following	**$ 37**	**$ (3)**	**$ 49**	**$ 64**	**$ 147**
Unrealized market value adjustments	(2)	(2)	4	(1)	**(1)**
Net income (loss)	**$ 35**	**$ (5)**	**$ 53**	**$ 63**	**$ 146**

Quarterly year-over-year variance explanation

Q1
SaskPower's consolidated income before unrealized market value adjustments was $37 million in the first quarter of 2017-18. The strong earnings were due to increased Saskatchewan electricity sales and the 3.5% rate increase effective January 1, 2017.

Q2
SaskPower reported a consolidated loss before unrealized market value adjustments of $3 million in the second quarter of 2017-18. The decline in earnings was primarily attributable to a $30 million loss recognized as a result of a decision to defer development of the Tazi Twé Hydroelectric Project in northern Saskatchewan, offset by increased Saskatchewan electricity sales.

Q3
SaskPower's consolidated income before unrealized market value adjustments was $49 million in the third quarter of 2017-18. The strong earnings were the result of higher Saskatchewan electricity sales as demand was up 3.4% compared to the same period in the prior year.

Q4
SaskPower reported a consolidated income before unrealized market value adjustments of $64 million in the fourth quarter of 2017-18. The strong earnings in the quarter are attributable primarily to strong Saskatchewan electricity sales volumes as a result of cold weather as well as a 3.5% rate increase effective March 1, 2018.

FINANCIAL CONDITION

The following chart outlines changes in the consolidated statement of financial position from April 1, 2017, to March 31, 2018:

(in millions)	Increase/ (decrease)
Cash and cash equivalents Refer to Consolidated Statement of Cash Flows.	**$ (6)**
Accounts receivable and unbilled revenue Margin deposits on natural gas derivatives and timing of receipts.	**82**
Inventory Revaluation of natural gas inventory offset by increased maintenance supplies.	**-**
Prepaid expenses Increased prepaid maintenance license costs.	**5**
Property, plant and equipment Capital additions offset by depreciation, asset disposals, and retirements.	**377**
Intangible assets Capitalization of new software costs less amortization expense.	**15**
Debt retirement funds Instalments, earnings, and market value gains.	**68**
Investments accounted for using equity method MRM equity investment income.	**2**
Other assets Increased long-term maintenance service costs.	**6**
Accounts payable and accrued liabilities Timing of payments.	**105**
Accrued interest Additional borrowings during the year.	**1**
Risk management liabilities (net of risk management assets) Losses on natural gas hedges and settlement of bond forwards.	**26**
Short-term advances Increase in short-term advances to finance capital expenditures.	**241**
Long-term debt (including current portion) New borrowings offset by repayments and amortization of debt premiums.	**62**
Finance lease obligations (including current portion) Principal repayment of finance lease obligations.	**(12)**
Employee benefits Actuarial gains on the defined benefit pension plan and benefit payments.	**(27)**
Provisions Additional decommissioning provisions established and accretion offset by expenditures incurred.	**16**
Equity 2017-18 comprehensive income offset by opening IFRS 9 adjustments.	**137**

LIQUIDITY AND CAPITAL RESOURCES

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

The other major sources of financing utilized by our company include non-recourse debt that was issued in 2001 to finance SaskPower's share of the Cory Cogeneration Station and $660 million in equity advances that were provided by CIC from 1989–1992 to form CIC's equity capitalization in SaskPower.

a) Sources of financing

Types of financing	**Authorized amount**	**Outstanding as at March 31, 2018**
Credit facility	$51.0 million	**–**
Temporary loans (including credit facility)	$2.0 billion	**$1.1 billion**
Total borrowings (including temporary loans)	$10.0 billion	**$6.8 billion**

b) Credit ratings

	2017-18			2016-17		
	Short-term obligations	**Long-term obligations**	**Trend**	Short-term obligations	Long-term obligations	Trend
Dominion Bond Rating Service	**R-1 (high)**[1]	**AA**[2]	**Stable**	R-1 (high)[1]	AA[2]	Stable

1. As per Dominion Bond Rating Service Rating Policies, R-1 (high) denotes the highest credit quality. The capacity for payment of short-term financial obligations as they fall due is exceptionally high. Unlikely to be adversely affected by future events.
2. As per Dominion Bond Rating Service Rating Policies, AA denotes superior credit quality. The capacity for payment of financial obligations is considered high. Credit quality differs from AAA only to a small degree. Unlikely to be significantly vulnerable to future events.

CASH FLOW HIGHLIGHTS

a) Operating activities

(in millions)	**2017-18**	2016-17	Change
Cash provided by operating activities	**$ 708**	$ 564	$ 144

Cash provided by operating activities was $708 million for the year ended March 31, 2018, up $144 million from the prior year. The increase was primarily the result of an increase in net income and non-cash items.

b) Investing activities

(in millions)	2017-18	2016-17	Change
Generation	**$ 146**	$ 166	$ (20)
Transmission	**110**	89	21
Distribution	**70**	76	(6)
Other	**54**	84	(30)
Sustainment	**380**	415	(35)
Generation	**325**	179	146
Transmission	**74**	119	(45)
Distribution	**26**	21	5
Customer connects	**153**	130	23
Growth and compliance	**578**	449	129
Strategic and other	**38**	22	16
Total capital expenditures	**$ 996**	$ 886	$ 110
Less: Interest capitalized	**(21)**	(15)	(6)
Reimbursements/proceeds from sale and disposal	**(16)**	(14)	(2)
Costs of removal of assets	**5**	6	(1)
Distributions from equity accounted investees	**-**	(1)	1
Cash used in investing activities	**$ 964**	$ 862	$ 102

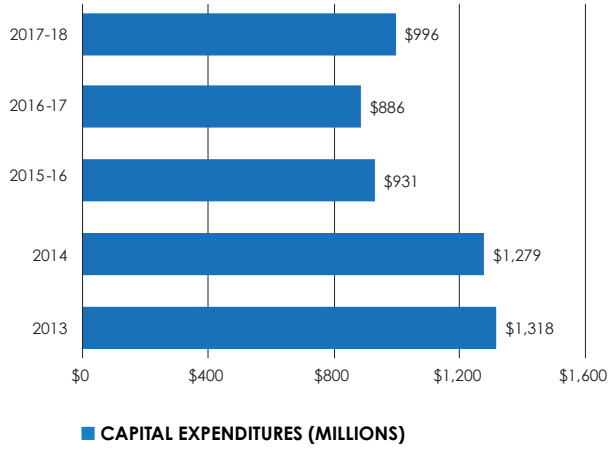
In order to ensure a reliable, sustainable and cost-effective supply of electricity for its customers, SaskPower spent $996 million on various capital projects during 2017-18, compared to $886 million in 2016-17.

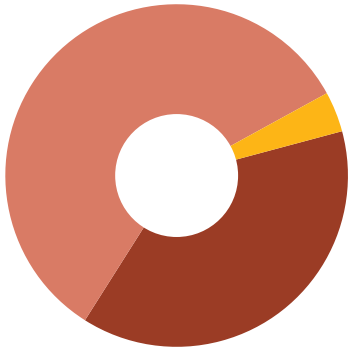
Our company invested $380 million on sustainment activities, including:

- $146 million on generation assets and $180 million on transmission and distribution assets; and
- $54 million for other sustainment expenditures, including $24 million on technology and security assets; $14 million on buildings and furniture; and $12 million on vehicles and equipment.

SaskPower spent $578 million on growth and compliance investments, including:

- $325 million on new generation assets, which was substantially all spent on the new Chinook Power Station;
- $100 million on increasing grid capacity, including $42 million on the new 230/138-kV Pasqua to Swift Current Transmission Line; and
- $153 million to connect customers to the SaskPower electric system.





2017-18 CAPITAL EXPENDITURES - $996 MILLION

- **SUSTAINMENT 38%**
- **GROWTH AND COMPLIANCE 58%**
- **STRATEGIC AND OTHER 4%**

c) Financing activities

(in millions)	**2017-18**	2016-17	Change
Proceeds from (repayments of) short-term advances	**$ 241**	$ (81)	$ 322
Proceeds from long-term debt	**168**	535	(367)
Repayment of long-term debt	**(105)**	(105)	-
Debt retirement fund instalments	**(52)**	(48)	(4)
Principal repayment of finance lease obligations	**(14)**	(11)	(3)
Increase in finance lease obligations	**2**	4	(2)
Realized gains (losses) on bond forward hedges	**10**	(11)	21
Cash provided by financing activities	**$ 250**	$ 283	$ (33)

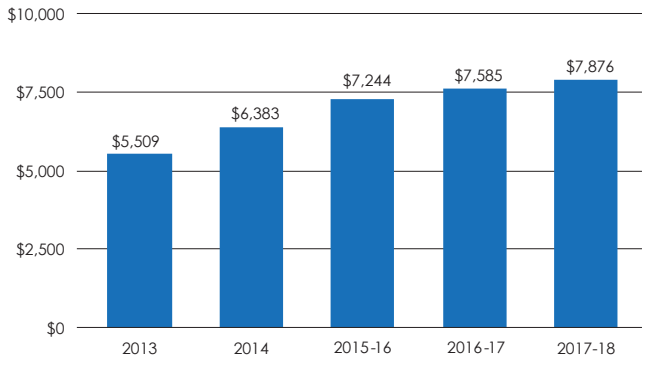
For the year ended March 31, 2018, $250 million of cash was provided by financing activities, compared to $283 million in the prior period. The cash was used to finance the Corporation's capital program.

Capital management

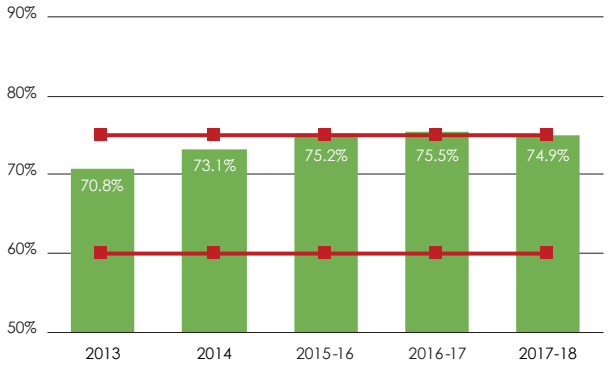
(in millions)	**March 31 2018**	March 31 2017	Change
Long-term debt	**$ 5,621**	$ 5,559	$ 62
Short-term advances	**1,141**	900	241
Finance lease obligations	**1,114**	1,126	(12)
Total debt	**7,876**	7,585	291
Debt retirement funds	**658**	590	68
Cash and cash equivalents	**7**	13	(6)
Total net debt	**$ 7,211**	$ 6,982	$ 229
Retained earnings	**1,761**	1,603	158
Equity advances	**660**	660	-
Total capital	**$ 9,632**	$ 9,245	$ 387
Per cent debt ratio[1,2]	**74.9%**	75.5%	(0.6%)

1. Per cent debt ratio = (debt)/(debt + equity), where debt = (long-term debt + short-term advances + finance lease obligations – debt retirement funds – cash and cash equivalents) and equity = (retained earnings + equity advances).
2. Prior year actuals have been restated to remove accumulated other comprehensive income (loss) from total equity due to the implementation of new accounting standards in 2017-18.

Total debt position



TOTAL DEBT (MILLIONS)



PER CENT DEBT RATIO VS LONG-TERM TARGET RANGE

PER CENT DEBT RATIO

LONG-TERM TARGET RANGE

SaskPower's total debt position (including finance lease obligations) was $7.9 billion at March 31, 2018, up $0.3 billion from the prior year. The increase was the result of the following:

- On August 29, 2017, the Corporation borrowed $150 million of long-term debt at a premium of $18 million. The debt issue has a coupon rate of 3.75%, an effective interest rate of 3.19%, and matures on March 5, 2054.
- The issuance of an additional $241 million in short-term advances.
- This increase in long-term debt was offset by the repayment of $100 million of floating rate long-term debt; repayment of $5 million of non-recourse debt; and $12 million net principal repayment of the Corporation's finance lease obligations. As well, there was $1 million of amortization of debt premiums.

The Corporation's per cent debt ratio was at 74.9% at March 31, 2018, down 0.6% from March 31, 2017.

Debt retirement fund instalments

(in millions)	**2017-18**	2016-17
Balance, beginning of period	**$ 590**	$ 533
Debt retirement fund instalments	**52**	48
Debt retirement fund earnings	**13**	13
Debt retirement fund market value gains (losses)	**3**	(4)
Balance, end of period	**$ 658**	$ 590

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

During the year ended March 31, 2018, SaskPower made $52 million in contributions to the debt retirement funds on outstanding debt issues as required by the terms of the advances from the Government of Saskatchewan's General Revenue Fund. The Corporation also earned $13 million (included with finance charges and classified as non-cash operating activities) on the debt retirement funds for the 2017-18 year.

Upon adoption of IFRS 9, *Financial Instruments,* effective April 1, 2017, the debt retirement funds are now classified as fair value through other comprehensive income (FVOCI). As a result, the $3 million in market value gains in 2017-18 were recognized in other comprehensive income (loss).

DIVIDENDS

Historically, SaskPower has paid dividends to CIC based on the CIC Dividend Policy. For the 2017-18 fiscal year, CIC determined that the Corporation would not be required to pay dividends due to the company's significant investments in property, plant and equipment.

CONTRACTUAL OBLIGATIONS

SaskPower has the following significant long-term contractual obligations as at March 31, 2018, which will impact cash flows in the following year and beyond:

(in millions)	**1 year**	**1 - 5 years**	**More than 5 years**
Planned capital expenditures	$ 933	$ 3,406	$ 4,837
Power purchase agreements (PPAs)	391	1,855	6,097
Long-term debt (including principal and interest)	276	1,664	8,697
Debt retirement fund instalments	55	216	961
Coal purchase contracts	152	878	626
Natural gas purchase contracts	108	329	126
Transmission purchase contracts	6	13	-

CAPITAL INVESTMENTS

SUSTAINMENT INVESTMENTS

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

TRANSMISSION WOOD POLE REMEDIATION

IN-SERVICE:
ONGOING PROGRAM
TOTAL COST (MILLIONS):
$340 (NEXT 5 YEARS)

Transmission wood pole assets are being life-extended through an assessment and treatment process. Poles are evaluated and then treated or replaced as necessary. Cross-arm and spar replacement are also included as part of this program.

DISTRIBUTION WOOD POLE REMEDIATION

IN-SERVICE:
ONGOING PROGRAM
TOTAL COST (MILLIONS):
$150 (NEXT 5 YEARS)

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

RURAL REBUILD & IMPROVEMENT PROGRAM

IN-SERVICE:
ONGOING PROGRAM
TOTAL COST (MILLIONS):
$100 (NEXT 5 YEARS)

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

ISLAND FALLS DAM REHABILITATION

IN-SERVICE:
2021
TOTAL COST (MILLIONS):
$45

This project will address deficiencies that impose major risks to the long-term integrity of the Island Falls Hydroelectric Station powerhouse and main dam and flow control equipment. It includes rehabilitation work to ensure that this facility meets the guidelines of the Canadian Dam Association.

E.B. CAMPBELL LIFE EXTENSION

IN-SERVICE:
2025
TOTAL COST (MILLIONS):
$300

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

GROWTH AND COMPLIANCE INVESTMENTS

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

PASQUA TO SWIFT CURRENT TRANSMISSION LINE

IN-SERVICE:
2019
TOTAL COST (MILLIONS):
$231

A new 230/138-kV double-circuit line and other facilities are required to facilitate transmission service from SaskPower's planned gas-fired power plant near Swift Current, supply expected load growth in Swift Current and mitigate other lines' end-of-life issues.

AUBURNTON TO KENNEDY TRANSMISSION LINE

IN-SERVICE:
2022
TOTAL COST (MILLIONS):
$58

A new 230-kV transmission line between the Auburnton and Kennedy Switching Stations is required to provide transmission reinforcement and comply with system performance requirements. The new line will be approximately 70 kilometres in length.

QUEEN ELIZABETH TRANSFORMER REPLACEMENT

IN-SERVICE:
2020
TOTAL COST (MILLIONS):
$42

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

DISTRIBUTION CUSTOMER CONNECTS

IN-SERVICE:
ONGOING PROGRAM
TOTAL COST (MILLIONS):
$530 (NEXT 5 YEARS)

The objective of this program is to provide for the connection of new electrical services to the SaskPower grid, as well as to upgrade existing customer services. SaskPower is mandated by *The Power Corporation Act* to provide service as requested by the customer.

CHINOOK POWER STATION

IN-SERVICE:
2019
TOTAL COST (MILLIONS):
$680

SaskPower was chosen as the most economic builder for the new natural gas-fired combined-cycle generating station with a capacity of up to 350 MW. The facility is required to meet growing electricity demand and to support intermittent renewable energy generation, and will be located near Swift Current. The project is expected to cost $680 million, not including transmission or gas interconnection costs.

BLUE HILLS ENERGY PROJECT

IN-SERVICE:
2020-21
TOTAL COST (MILLIONS):
$420

SaskPower has entered into a partnership with Algonquin Power Company to purchase approximately 177 MW of wind-generated electricity from a facility located south of Herbert. This project is expected to be in service in 2020-21, and will increase SaskPower's wind generation capacity to approximately 400 MW.

OUTLOOK

2018-19 BUDGET VS. 2017-18 ACTUAL RESULTS

The following chart outlines the 2018-19 budget as compared to SaskPower's 2017-18 actual results. These earnings expectations are subject to a number of variables including: natural gas prices; coal and hydro availability; weather; economic conditions; number of customers; and market conditions in other jurisdictions.

(in millions)	**Budget 2018-19**	Actual 2017-18	Change
Revenue			
Saskatchewan electricity sales	**$ 2,554**	$ 2,480	$ 74
Exports	**12**	10	2
Net costs from electricity trading	**1**	(3)	4
Share of profit from equity accounted investees	**1**	2	(1)
Other revenue	**109**	97	12
	2,677	2,586	91
Expense			
Fuel and purchased power	**684**	659	25
Operating, maintenance and administration	**701**	680	21
Depreciation and amortization	**577**	543	34
Finance charges	**426**	417	9
Taxes	**77**	72	5
Other expenses	**35**	68	(33)
	2,500	2,439	61
Income before the following	**$ 177**	$ 147	$ 30
Unrealized market value adjustments	**-**	(1)	1
Net income	**$ 177**	$ 146	$ 31
Return on equity (operating)[1]	**7.2%**	6.3%	0.9%
Return on equity[2]	**7.2%**	6.2%	1.0%

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

SaskPower's net income is expected to be $177 million in 2018-19, resulting in a return on equity of 7.2%.

Saskatchewan electricity sales are expected to be $2,554 million in 2018-19, an increase of $74 million over 2017-18 as a result of the full year impact of the 3.5% rate increase implemented on March 1, 2018.

The increase in revenue, however, is expected to be partially offset by a $61 million increase in expenses. The primary driver is a $34 million increase in depreciation expense. SaskPower invested $996 million in capital in 2017-18, and an additional $933 million is expected to be invested in 2018-19. In addition, fuel and purchased power is expected to increase $25 million as a result of rising fuel prices and an unfavourable change in the fuel mix.

2018-19 CAPITAL EXPENDITURES

(in millions)	**Budget 2018-19**	Actual 2017-18	Change
Capital expenditures	**$ 933**	$ 996	$ (63)

SaskPower also expects to continue to make substantial investments in its infrastructure over the next 10 years. Capital expenditures in 2018-19 are budgeted to be approximately $933 million. This includes $143 million on the new Chinook Power Station; $210 million in costs to improve and expand the Corporation's transmission and distribution infrastructure; $134 million connecting new customers to SaskPower's grid; $166 million to sustain our existing transmission and distribution assets; and $139 million to maintain the existing generation fleet.

RELATED PARTY TRANSACTIONS

SaskPower has a number of routine transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to our company by virtue of common control by the Government of Saskatchewan. These transactions with related parties are settled at prevailing market prices under normal trade terms. Related party transactions are disclosed in Note 31 to the consolidated financial statements.

ANALYSIS OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

REVENUE

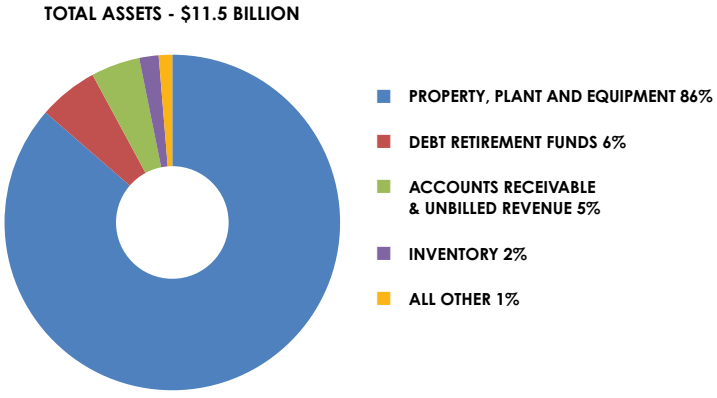
Electric revenues are billed on a systematic basis. At the end of each month, SaskPower makes an estimate of the electricity delivered to its customers since their last billing date. The estimated unbilled revenue is based on several factors, including estimated consumption for each customer, applicable customer rates and the number of days between the last billing date and the end of the period. As at March 31, 2018, total Saskatchewan electricity sales of $2,480 million included $78 million of estimated unbilled revenue.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

DEPRECIATION

Property, plant and equipment represent 86% of total assets recognized on SaskPower's statement of financial position as at March 31, 2018. Included in property, plant and equipment are the generation, transmission, distribution and other assets of SaskPower. Due to the size of SaskPower's property, plant and equipment, changes in estimated depreciation rates can have a significant impact on income.



Depreciation is recognized on a straight-line basis over the estimated useful life of each component of property, plant and equipment. Depreciation commences when the property, plant and equipment is ready for its intended use. The estimated useful life of property, plant and equipment is based on manufacturers' guidance, past experience and future expectations regarding the potential for technical obsolescence. The estimated useful lives of the components are based on formal depreciation studies that are performed typically every five years, with annual reviews for reasonableness.

A one-year decrease in the average estimated service life of each of the major asset classes of property, plant and equipment would result in a $35 million increase to depreciation expense in the current year.

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, 2017. The impact of the change in estimated useful lives was a $34 million increase to depreciation expense for the year ended March 31, 2018. See Note 3(d) and Note 9 to the consolidated financial statements for additional discussion of SaskPower's depreciation expense.

Coal-fired electricity generation regulations

Canada has developed regulatory requirements regarding greenhouse gas emissions for coal-fired generation. The coal-fired electricity generation regulations implemented by Environment and Climate Change Canada (ECCC) that came into effect July 1, 2015, require new coal-fired units to meet stringent emissions performance standards — 420 tonnes of CO_2 per GWh. Meanwhile, existing coal-fired units need to meet the standard at the end of their operating life. Under these existing regulations, end-of-life for coal-fired units is defined as being between 45 and 50 years old. In February 2018, the federal government introduced proposed amendments to the existing regulations that would accelerate the phase out of all conventional coal-fired electricity to 2030. Therefore, by 2030 SaskPower will be required to retire or meet the regulations at Boundary Dam Power Station Units #4, #5 and #6; Poplar River Power Station Units #1 and #2; and Shand Power Station Unit #1. The integrated carbon capture and storage facility at Boundary Dam Power Station Unit #3 meets these regulations.

SaskPower is continuing to work with the Saskatchewan Ministry of Environment and ECCC to finalize an Equivalency Agreement (EA) between the Province of Saskatchewan and Government of Canada. An EA would ensure equivalent emission outcomes to federal emission requirements while giving SaskPower the flexibility to meet prescribed targets on a system-wide rather than unit-by-unit basis.

PROVISIONS

A provision is recognized if, as a result of a past event, SaskPower has a present legal or constructive obligation that can be estimated reliably. It must also be probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The unwinding of the discount on provisions is recognized in profit or loss as a finance expense.

Decommissioning

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

The fair value of the estimated decommissioning costs is recorded as a provision, with an offsetting amount capitalized and included as part of property, plant and equipment. The decommissioning provisions are increased periodically for the passage of time by calculating interest expense. The offsetting capitalized asset retirement costs are depreciated over the estimated useful life of the related asset.

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

Sensitivity of provisions to changes in the discount and inflation rate on the recorded liability as at March 31, 2018, is as follows:

	Decommissioning provisions	
(in millions)	0.5% increase	0.5% decrease
Discount rate	$ (19)	$ 21
Inflation rate	25	(21)

Environmental remediation

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

See Note 3(g) and Note 22 to the consolidated financial statements for additional discussion of SaskPower's provisions.

EMPLOYEE BENEFITS

As explained in Note 3(m) and Note 32 in the consolidated financial statements, SaskPower provides post-retirement benefits to employees, including those from a defined benefit pension plan (the Plan). The Plan, substantially closed to new members since 1977, provides benefits based on the average of the highest five years' annual pensionable earnings and years of service. Pensions are increased annually at a rate equal to 70% of the increase in the Saskatchewan consumer price index (CPI).

An independent actuary calculates the funded status of the Plan at December 31 each year based on assumptions regarding discount rates, inflation, future pension indexing, and life expectancy. Current service costs are recognized in the statement of income as OM&A expense. Interest expense (income), which is calculated by applying the discount rate to the net accrued benefit obligation, is included in the statement of income as finance charges. The actuarial gains and losses of the Plan are recognized directly in other comprehensive income (loss). As at March 31, 2018, the current status of the Plan recognized on the statement of financial position was a Plan deficit of $162 million.

Actuarial gains and losses

Actuarial gains and losses on Plan assets are determined by calculating the difference between actual and expected returns of the Plan assets based upon the discount rate at the beginning of the year. Actuarial gains and losses on the accrued benefit obligation are calculated by an independent actuary based on the discount rate in effect at the end of the year. For the year ending March 31, 2018, $33 million in net actuarial gains were recognized directly in other comprehensive income (loss) relating to SaskPower's defined benefit pension plans.

Changes in the long-term assumptions — including the discount rate, inflation rate, future indexing and life expectancy — can have a significant impact on the pension costs of SaskPower. Sensitivity of the defined benefit plan to changes in these assumptions on the accrued benefit obligation as at March 31, 2018, is as follows:

	Accrued benefit obligation	
(in millions)	1% increase	1% decrease
Discount rate	$ (91)	$ 111
Inflation rate	(29)	33
Future indexing	109	(90)
Life expectancy (each member one year older/younger)	(33)	36

RECENT AND FUTURE ACCOUNTING POLICY CHANGES

The Corporation adopted the following new International Financial Reporting Standards (IFRS) effective April 1, 2017:

IAS 7, *Statement of Cash Flows*

Effective April 1, 2017, SaskPower prospectively adopted the amendments to International Accounting Standard (IAS) 7, *Statement of Cash Flows*. The amendments require a reconciliation of the opening and closing liabilities that form part of an entity's financing activities, including both changes arising from cash flows and non-cash changes. Consequently, the Corporation has provided additional disclosure in relation to the changes in liabilities arising from financial activities in the consolidated financial statements.

IFRS 9, *Financial Instruments*

Effective April 1, 2017, SaskPower has early adopted IFRS 9, *Financial Instruments*. As a result of the adoption of IFRS 9, SaskPower adopted consequential amendments to IFRS 7, *Financial Instruments: Disclosures* that were applied to 2017-18 disclosures but generally have not been applied to comparative information. The key changes resulting from the adoption of IFRS 9 are summarized on the following page.

a) Classification of financial assets and financial liabilities

IFRS 9 includes three principal classification categories for financial assets: measured at amortized cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables (L&R) and available for sale. The adoption of IFRS 9 has not had a significant effect on SaskPower's accounting policies for financial liabilities classified as other liabilities (OL).

The debt retirement funds were classified as fair value through profit or loss under IAS 39. The debt retirement funds are administered and managed by the Government of Saskatchewan Ministry of Finance. The business model objective is to both hold underlying investments in the debt retirement funds to collect contractual cash flows and to sell. The contractual terms of the debt retirement funds give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. As a result, these financial assets have been classified as debt instruments designated as FVOCI under IFRS 9.

b) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortized cost and debt instruments designated as FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

c) Hedge accounting

IFRS 9 requires the Corporation to ensure that hedge accounting relationships are aligned with risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Corporation is exposed to natural gas price risk from natural gas purchased for the production of electricity through certain PPAs that have a cost component based on the market price of natural gas. To manage this price risk, the Corporation enters into derivative swap instruments. The Corporation elected to apply hedge accounting under IFRS 9 to the majority of these natural gas hedges. As a result, the effective portion of the changes in fair value related to these derivative financial instruments will be recognized in other comprehensive income (loss).

Refer to Note 4 in the consolidated financial statements for further information pertaining to the transitional impact of adopting these new standards for the 2017-18 fiscal year.

The following new standards and amendments to standards and interpretations have been issued, however, are not yet effective for the year ended March 31, 2018, and have not been applied in preparing the consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 was issued by the International Accounting Standards Board (IASB) on May 28, 2014, and will replace IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 establishes principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2018.

SaskPower is currently reviewing the new accounting standards for revenue to determine the potential impact, if any, on its consolidated financial statements.

IFRS 16, *Leases*

On January 13, 2016, the IASB issued the new leases standard, IFRS 16, effective for annual reporting periods beginning after January 1, 2019. Early adoption is permitted provided that an entity does not adopt the leases standard before adopting the revenue guidance in IFRS 15.

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

SaskPower is currently reviewing the new accounting standards for leases to determine the potential impact, if any, on its consolidated financial statements.

RISK MANAGEMENT

SaskPower operates in a complex and dynamic business environment where significant pressures and changes are occurring in the industry. As part of the strategy planning process we have identified major challenges to our business which introduce a variety of risks and uncertainties that could impact the achievement of our business objectives; financial and operating performance; and public safety. In addition to strategic risk, functional risks related to financial performance, operational performance, safety, environmental performance, compliance and reputation are managed through the Enterprise Risk Management (ERM) Program that is designed to safeguard stakeholder interests and improve efficiency and effectiveness. SaskPower's risk management responses are delivered using a comprehensive risk management approach including governance, policies, procedures, processes and technologies designed to support effective risk management. The ERM Program reinforces a consistent and robust approach to risk management and assists in managing the business risks and opportunities involved in SaskPower activities.

ERM GOVERNANCE

Our philosophy is that risk management is the responsibility of all employees. SaskPower's Board of Directors has overall responsibility for stewardship of the Corporation and the President and CEO has ultimate accountability for risk management and is supported by Executive members.

SaskPower's business divisions are responsible for managing day-to-day risks within their areas of responsibility. Project risks are the responsibility of project managers, with corresponding accountability to project boards and respective Executive members. SaskPower utilizes insurance as a key tool in managing risk in conjunction with risk identification, analysis, and control. Our company employs risk and insurance management professionals and maintains appropriate insurance policies to mitigate the impact of losses arising from the operation or failure of our assets.

TOP CORPORATE RISKS

Our company is challenged by regulatory requirements regarding emissions, the need for new energy supply, financial constraints, evolving technologies, growing capital requirements and the speed at which stakeholder and customers' expectations are changing. SaskPower annually identifies top corporate risks that could impact our company's corporate strategies and priorities, influence financial and operating results and affect achievement of our business objectives. SaskPower's risk portfolio evolves over time, with significant shifts to focus on key emerging issues and priority initiatives. Our company regularly undertakes routine and non-routine projects as well as explores a number of strategic initiatives to meet evolving regulatory requirements, customer demands, load conditions and to support integrated resource planning. These projects and initiatives involve significant investment and require strategic risk management to support investment decision making and ensure appropriate project delivery.

1. FOSSIL FUEL GENERATION

Our industry is challenged by changing regulations resulting in the phase-out of conventional coal generation, increasing performance requirements for natural gas generation and the potential implementation of a price on carbon. Amendments to federal regulations would require the phase-out of conventional coal-fired generation by 2030. The federal government is also proposing performance standards for new natural gas generation to start in 2020.

SaskPower needs to replace generation assets and increase renewable generation. Our company has formed a supply plan that would increase generating capacity from renewable sources such as wind; reduce SaskPower's greenhouse gas emissions; and integrate the most promising emerging technologies (solar, geothermal, biomass, flare gas, and landfill gas). Support of an Equivalency Agreement (EA) between the province and federal government would provide SaskPower with increased flexibility to meet emissions-related regulations. The Government of Saskatchewan recently passed regulations as a next step to achieving an EA.

2. FINANCIAL CONSTRAINTS

SaskPower's financial flexibility and capability is challenged by current economic conditions, growing capital requirements, increasing debt, and unpredictable rate increases. Our company has a high fixed-cost structure driven by capital intensity. SaskPower's business model may not be agile enough to adapt to industry changes in a timely fashion, such as those related to emissions regulations, rising costs, cost uncertainty, customer self-generation and competitive rates. Key financial drivers include revenues which are impacted by load growth, customer mix and approved rate increases. The cost of fuel is driven by load growth, fuel mix, market conditions and fuel costs. Depreciation and finance charges are impacted by capital expenditures, supply arrangements and the cost of borrowing.

SaskPower can minimize the impact of current financial constraints by effectively implementing business optimization initiatives; using scenario-based budgeting and forecasting for business planning; prioritizing capital spending; diversifying the fuel mix; and performing value for money analysis for selected supply options.

3. INFRASTRUCTURE AND RELIABILITY

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

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

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

4. REPUTATION

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

5. SECURITY

SaskPower business operations rely on information and operational technologies which need to be maintained, supported, protected and secured, while enabling appropriate access and ensuring reliability, confidentiality, integrity and availability of associated systems and information. Demand for security capabilities will increase as security threats evolve at an exponentially rapid rate. SaskPower is diversifying and acquiring services that require security innovation, flexibility and adaptability. SaskPower has established physical and cyber security controls to address copper theft, malware, and other related vulnerabilities and threats.

6. SAFETY

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

SaskPower's Safety Improvement Program was established to reinforce safe work practices and our safety culture; define non-negotiable safety rules including solutions to reinforce compliance; and develop learning solutions to enable a safe and competent workforce. Safety goals are also incorporated into SaskPower's performance management process.

7. PROJECT DELIVERY

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

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

8. INDUSTRY DISRUPTION

SaskPower is challenged by evolving disruptive forces which are significantly influenced by the introduction of new technology. Developments in technology are changing the role of the customer and the economics of the industry. Disruption driven by new policies and regulations will expedite the necessity for new technology, innovation and agility in order to adapt and comply.

The industry is maturing and is in the midst of a major infrastructure investment cycle. A significant portion of SaskPower infrastructure is coming to the end of its useful life and needs to be renewed or replaced. At the same time, our supply mix will become cleaner as more renewable options are introduced. This shift is driven by new emissions regulations, public expectations, and the falling cost of renewables. The traditional electricity grid is evolving into a fully networked system in which automation, remote control, visibility, and customer participation are expected. Customers will increasingly become involved in long-term decision making, rate regulation, social media, customer-owned generation, energy management and the transition to a low-carbon economy.

SaskPower has strategies to define the path forward, including an Integrated Resource Plan, grid modernization strategy and long-term strategic workforce plan. Meanwhile, a cross functional team was created to work with various stakeholders to address disruption with distributed/self-generated technologies.

9. WORKFORCE MANAGEMENT

Over the next five to 10 years, a significant number of core SaskPower employees will be eligible for retirement, contributing to a period of challenging transition. Changing demographics put critical positions at risk as it relates to technical roles and leadership positions. Technology is moving quickly and redefining the industry, changing customer roles, and transforming business models. This will change SaskPower's workforce by creating other critical workforce segments that do not currently exist.

SaskPower's long-term strategic workforce plan will focus on long-term workforce requirements. SaskPower continues to proactively identify talent for critical leadership roles for succession planning. Enhancement of sourcing strategies for critical skills/roles will continue.

10. FUEL SUPPLY

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

Increasing the percentage of renewables in the supply mix — along with changing regulations resulting in the phase-out of conventional coal-fired generation — impacts system operability and has the potential to increase costs to integrate and maintain a secure system.

SaskPower manages fuel supply risks through strategies that include long-term transmission contracts with renewable rights to secure transportation services of natural gas as well as long-term coal contracts to address price, security of supply and equipment and performance items. SaskPower's natural gas hedging program addresses security of natural gas supply, market access and price management. Development of a diversified and flexible fuel portfolio includes strategies for renewables, low-emitting sources and demand side opportunities.

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

FOR THE TWELVE MONTHS ENDED MARCH 31, 2018

CONTENTS

REPORT OF MANAGEMENT

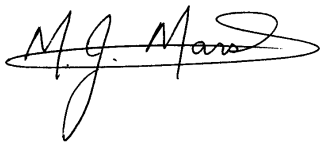
The consolidated financial statements of Saskatchewan Power Corporation (SaskPower; the Corporation) are the responsibility of management and have been prepared in accordance with International Financial Reporting Standards. The preparation of financial statements necessarily involves the use of estimates based on management's best judgment, particularly when transactions affecting the current period cannot be finalized with certainty until future periods. In management's opinion, the consolidated financial statements have been properly prepared within the framework of selected accounting policies summarized in the consolidated financial statements and incorporate, within reasonable limits of materiality, information available up to May 30, 2018. The financial information presented in the Management's Discussion and Analysis (MD&A) and elsewhere in this report is consistent with that in the consolidated financial statements.

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

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

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

On behalf of management,



Mike Marsh
President and Chief Executive Officer
May 30, 2018

Troy King
Vice-President and Chief Financial Officer

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

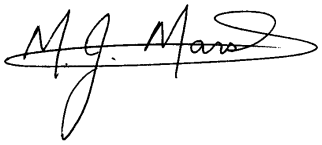
(a) That we have reviewed the consolidated financial statements included in the Annual Report of Saskatchewan Power Corporation. Based on our knowledge, having exercised reasonable diligence, the consolidated financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of March 31, 2018.

(b) That based on our knowledge, having exercised reasonable diligence, the consolidated financial statements included in the Annual Report of Saskatchewan Power Corporation do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made.

(c) That Saskatchewan Power Corporation is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and Saskatchewan Power Corporation has designed internal controls over financial reporting that are appropriate to the circumstances of Saskatchewan Power Corporation.

(d) That Saskatchewan Power Corporation conducted its assessment of the effectiveness of the Corporation's internal controls over financial reporting and, based on the results of this assessment, Saskatchewan Power Corporation can provide reasonable assurance that internal controls over financial reporting as of March 31, 2018, were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

On behalf of management,



Mike Marsh
President and Chief Executive Officer
May 30, 2018

Troy King
Vice-President and Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan:

We have audited the accompanying consolidated financial statements of Saskatchewan Power Corporation, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Saskatchewan Power Corporation as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Professional Accountants
Licensed Professional Accountants
May 30, 2018
Regina, Saskatchewan

CONSOLIDATED STATEMENT OF INCOME

(in millions)

For the year ended March 31	Notes	2018	2017
Revenue			
Saskatchewan electricity sales		**$ 2,480**	$ 2,277
Exports		**10**	5
Net costs from electricity trading	5	**(3)**	(3)
Share of profit from equity accounted investees	18	**2**	1
Other revenue	6	**97**	122
		2,586	2,402
Expense			
Fuel and purchased power	7	**659**	661
Operating, maintenance and administration	8	**680**	675
Depreciation and amortization	9	**543**	494
Finance charges	10	**417**	416
Taxes	11	**72**	72
Other expenses	12	**68**	38
		2,439	2,356
Income before the following		**147**	46
Unrealized market value adjustments	13	**(1)**	10
Net income		**$ 146**	$ 56

See accompanying notes

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions)

For the year ended March 31	Notes	2018	2017
Net income		**$ 146**	$ 56
Other comprehensive income (loss)			
Items that may be reclassified subsequently to net income:			
Derivatives designated as cash flow hedges:			
Natural gas hedges:			
Change in fair value during the period		**(44)**	-
Realized losses during the period		**(32)**	-
Reclassification to income		**32**	-
Bond forward hedges:			
Change in fair value during the period		**(11)**	15
Realized gains (losses) during the period		**10**	(11)
Reclassification to income	10	**1**	-
Debt instruments designated as FVOCI:			
Change in fair value during the period	17	**3**	-
Items that will not be reclassified to net income:			
Defined benefit pension plans:			
Net actuarial gains	32	**33**	35
		(8)	39
Total comprehensive income		**$ 138**	$ 95

See accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions)

As at March 31	Notes	2018	2017
Assets			
Current assets			
Cash and cash equivalents		**$ 7**	$ 13
Accounts receivable and unbilled revenue		**540**	458
Inventory	14	**214**	214
Prepaid expenses		**21**	16
Risk management assets	25	**10**	11
		792	712
Property, plant and equipment	15	**9,895**	9,518
Intangible assets	16	**63**	48
Debt retirement funds	17	**658**	590
Investments accounted for using equity method	18	**40**	38
Other assets		**8**	2
Total assets		**$ 11,456**	$ 10,908
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 534**	$ 429
Accrued interest		**59**	58
Risk management liabilities	25	**166**	141
Short-term advances	19	**1,141**	900
Current portion of long-term debt	20	**5**	105
Current portion of finance lease obligations	21	**18**	14
		1,923	1,647
Long-term debt	20	**5,616**	5,454
Finance lease obligations	21	**1,096**	1,112
Employee benefits	32	**210**	237
Provisions	22	**233**	217
Total liabilities		**9,078**	8,667
Equity			
Retained earnings		**1,761**	1,603
Accumulated other comprehensive loss	24	**(43)**	(22)
Equity advances	23	**660**	660
Total equity		**2,378**	2,241
Total liabilities and equity		**$ 11,456**	$ 10,908

See accompanying notes

On behalf of the Board,

Chief Darcy Bear
Chair

Laura Wiebe
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions)	Retained earnings	Accumulated other comprehensive income (loss): Net gains (losses) on derivatives designated as cash flow hedges	Net gains (losses) on debt instruments designated as FVOCI	Net actuarial gains (losses) on defined benefit pension plans	Equity advances	**Total**
Equity						
Balance, April 1, 2016	$ 1,547	$ (16)	$ -	$ (45)	$ 660	**$ 2,146**
Net income	56	-	-	-	-	**56**
Other comprehensive income	-	4	-	35	-	**39**
Balance, March 31, 2017	**$ 1,603**	**$ (12)**	**$ -**	**$ (10)**	**$ 660**	**$ 2,241**
IFRS 9 opening adjustments:						
Reclassification of market value losses [Note 4(b)(iv)]	13	-	(13)	-	-	**-**
Recognition of expected credit losses [Note 4(b)(iv)]	(1)	-	-	-	-	**(1)**
Net income	146	-	-	-	-	**146**
Other comprehensive income (loss)	-	(44)	3	33	-	**(8)**
Balance, March 31, 2018	**$ 1,761**	**$ (56)**	**$ (10)**	**$ 23**	**$ 660**	**$ 2,378**

See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions)

For the year ended March 31	Notes	2018	2017
Operating activities			
Net income		**$ 146**	$ 56
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation and amortization	9	**543**	494
Finance charges	10	**417**	416
Net losses on asset disposals and retirements	12	**54**	32
Unrealized market value adjustments	13	**1**	(10)
Reclassification of natural gas hedges transitional market value losses		**(18)**	-
Employee benefits current service cost	32	**8**	8
Employee benefits paid	32	**(12)**	(11)
Share of profit from equity accounted investees	18	**(2)**	(1)
Environmental provisions	22	**11**	1
Environmental expenditures	22	**(4)**	(10)
		1,144	975
Net change in non-cash working capital	29	**(1)**	12
Interest paid		**(435)**	(423)
Cash provided by operating activities		**708**	564
Investing activities			
Property, plant and equipment additions		**(923)**	(832)
Intangible assets additions	16	**(38)**	(28)
Proceeds from sale and disposal of assets		**2**	3
Costs of removal of assets		**(5)**	(6)
Distributions from equity accounted investees	18	**-**	1
Cash used in investing activities		**(964)**	(862)
Decrease in cash before financing activities		**(256)**	(298)
Financing activities			
Proceeds from (repayments of) short-term advances		**241**	(81)
Proceeds from long-term debt	20	**168**	535
Repayments of long-term debt	20	**(105)**	(105)
Debt retirement fund instalments	17	**(52)**	(48)
Principal repayment of finance lease obligations		**(14)**	(11)
Increase in finance lease obligations		**2**	4
Realized gains (losses) on bond forward hedges		**10**	(11)
Cash provided by financing activities		**250**	283
Decrease in cash		**(6)**	(15)
Cash and cash equivalents, beginning of year		**13**	28
Cash and cash equivalents, end of year		**$ 7**	$ 13

See accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

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

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

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements were authorized for issue by the Board of Directors on May 30, 2018.

(b) Basis of measurement

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

- Inventory at lower of cost and net realizable value defined in Note 3(b).
- Provisions discounted at expected future cash flows defined in Note 3(g).
- Financial instruments that are accounted for according to the financial instrument categories defined in Note 3(l).
- Employee benefit plans recognized at the fair value of plan assets less the present value of the accrued benefit obligations defined in Note 3(m).

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

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

Significant areas requiring the use of management estimates and judgments are further described in the following summary of significant accounting policies and related notes:

(i) Electricity sales

Estimation and judgment are used to determine the amount of electricity deliveries not yet billed at period-end. Unbilled revenue is estimated by calculating the daily average revenue for each customer based on the customer's past consumption history multiplied by the number of days between the last billing date and the end of the period [Note 3(h)].

(ii) Customer contributions

Customer contributions are funds received from certain customers towards the costs of service extensions. In determining when to recognize revenue related to customer contributions, management is required to make judgments in regards to when the related property, plant and equipment is available for use and performance obligations are complete [Notes: 3(h) and 6].

(iii) Receivables

Management's best estimate is required to determine the amount of receivables that will be uncollectible in a given period. The allowance for doubtful accounts for electricity sales is based on a percentage of accounts outstanding [Notes: 3(l)(v) and 26].

(iv) Inventory

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

(v) Property, plant and equipment and intangible assets

Estimation and judgment are involved in determining the useful lives, related depreciation and amortization and accumulated depreciation and amortization of property, plant and equipment and intangible assets. Estimated useful lives are determined based upon manufacturer's guidance on asset life, SaskPower's past experience with similar assets, industry averages, as well as expectations about future events that could impact the life of the asset. Estimated useful lives are reviewed annually to ensure their reasonableness [Notes: 3(c), 3(d), 9, 15 and 16].

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

(vi) Leases

In identifying whether the Corporation's power purchase agreements (PPAs) are leases, management must use judgment in assessing whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys the right to use the asset [Notes: 3(k) and 21].

(vii) Provisions

Estimation and judgment are involved in determining the carrying amounts of decommissioning and environmental remediation provisions. The provisions are recorded at the fair value based on the Corporation's best estimate of the future cash expenditures required to settle the obligations, taking into account current environmental regulations. The underlying estimates of future cash flows are required to be made over a long period of time, given the fact that most provisions will not be settled for a number of years [Notes: 3(g) and 22].

(viii) Financial instruments

Determining the fair value of financial instruments and derivatives can require significant estimation regarding components such as future price, volatility, and liquidity. Fair values can fluctuate significantly depending on current market conditions. These estimates of fair value may not accurately reflect the amounts that could be realized or settled [Notes: 3(l) and 25].

(ix) Employee benefits

Employee benefit plans expense and obligations are calculated by an independent actuary based on underlying actuarial assumptions, including discount rates, inflation, future pension indexing and life expectancy. These assumptions are determined by management and reviewed annually by the actuary. The calculations are complex, and a change in the estimate of any of the assumptions could have a material effect on the employee benefit plans expense or obligation [Notes: 3(m) and 32].

(e) New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended March 31, 2018, and have not been applied in preparing these consolidated financial statements. In particular, the Corporation is reviewing the following:

STANDARD	DESCRIPTION	IMPACT	EFFECTIVE DATE
IFRS 15, *Revenue from Contracts with Customers*	Issued to provide guidance on the recognition of revenue from contracts with customers, as well as reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.	SaskPower is reviewing the standard to determine the potential impact, if any.	For years beginning on or after January 1, 2018, applied retrospectively.
IFRS 16, *Leases*	Issued to provide guidance on the requirement for a lessee to recognize, measure, present and disclose assets and liabilities for the rights and obligations created by leases.	SaskPower is reviewing the standard to determine the potential impact, if any.	For years beginning on or after January 1, 2019, applied retrospectively.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

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

Separate audited financial statements are prepared annually for its wholly-owned subsidiary: NorthPoint Energy Solutions Inc. (NorthPoint). NorthPoint actively trades electricity in markets outside of Saskatchewan. SaskPower International Inc. is also a wholly-owned subsidiary, however, it has no active operations beyond its interests as joint operators of Cory Cogeneration Station and Cory Cogeneration Funding Corporation (CCFC) and its investment in MRM Cogeneration Station, over which it exerts significant influence. As a result, separate audited financial statements are not prepared for SaskPower International.

(ii) Associates

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

Associates are accounted for using the equity method (equity accounted for investees) and are recognized initially at cost. The consolidated financial statements include the Corporation's share of the total comprehensive income from the date that significant influence or joint control commences until the date that significant influence or joint control ceases (Note 18).

The Corporation has classified the following investment as an associate:

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

(iii) Joint operations

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

The Corporation has classified the following arrangements as joint operations:

- 50% ownership interest in an unincorporated joint venture with ATCO Power Canada Ltd. The joint venture owns and operates a 249-MW natural gas-fired cogeneration plant (Cory Cogeneration Station) near Saskatoon, Saskatchewan. The electricity generated by the facility is sold to SaskPower under the terms of a 25-year PPA.

- 50% ownership interest in CCFC. CCFC is a special purpose company established by the Corporation and ATCO Power Canada Ltd. (the Owners) to borrow long-term, non-recourse debt to finance the Cory Cogeneration Station. CCFC acts as agents for the Owners by receiving revenues, disbursing costs (including debt service) and distributing proceeds to the Owners.
- 50% ownership interest in BHP Billiton SaskPower Carbon Capture and Storage (CCS) Knowledge Centre, Inc. This not-for-profit corporation was established on February 26, 2016, to advance the understanding and use of CCS as a means of managing greenhouse gas emissions and to further research projects related thereto as agreed upon by its members from time to time.

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

(b) Inventory

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

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

(c) Property, plant and equipment

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

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

When property, plant and equipment are disposed of or retired, the related costs less accumulated depreciation are de-recognized. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds less costs of removal and the carrying amount of the asset. The gain or loss on asset disposals and retirements is recognized in profit or loss as other expenses (Note 12).

Assets held under finance leases are initially recognized at the lower of their fair value at the inception of the lease or the present value of the minimum lease payments. The corresponding liability is recorded as a finance lease obligation (Note 21).

(d) Depreciation

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

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

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, 2017, and resulted in approximately a $34 million increase to depreciation expense for the year ended March 31, 2018.

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

Asset class	Estimated useful lives (years)
Generation	5 – 100
Transmission	3 – 55
Distribution	3 – 40
Other	4 – 60

A one-year decrease in the estimated useful life of each of the major classes of property, plant and equipment would result in a $35 million increase to depreciation expense annually.

Assets held under finance leases are depreciated over their expected useful economic lives on the same basis as for owned assets, or where shorter, the lease term (Note 9).

(e) Intangible assets

The Corporation's only identifiable intangible asset is software. Software is recorded at cost less accumulated amortization and accumulated impairment losses. Software costs include the cost of externally purchased software packages and for internally developed programs, related external and direct labour costs. Maintenance of existing software programs is expensed as incurred (Note 16).

Amortization is calculated on a straight-line basis over five years — the estimated useful life of the Corporation's software programs. The estimated useful life of intangible assets is reviewed annually and any changes are applied prospectively (Note 9).

(f) Impairment of assets

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

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

(g) Provisions

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

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

(i) Decommissioning

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

The fair value of the estimated decommissioning costs is recorded as a provision with an offsetting amount capitalized and included as part of property, plant and equipment. The provisions are increased periodically for the passage of time by calculating interest expense. The offsetting capitalized asset retirement costs are depreciated over the estimated useful life of the related asset.

The calculations of fair value are based on detailed studies that take into account various assumptions regarding the anticipated future cash flows including the method and timing of decommissioning and estimates of future inflation rates. Decommissioning provisions are periodically reviewed and any changes in the estimated timing and amount of future cash flows, as well as changes in the discount rate, are recognized as an increase or decrease in the carrying amount of the obligation and the related asset. If the asset value is fully depreciated the changes are recognized in profit or loss as other expenses (Notes: 12 and 22).

(ii) Environmental remediation

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

(h) Revenue recognition

Revenue represents amounts receivable for goods and services provided in the normal course of business. Revenue is recognized when it is probable that future economic benefits will flow to the Corporation and these benefits can be measured reliably.

(i) Electricity

Electricity pricing in Saskatchewan is subject to review by the Saskatchewan Rate Review Panel with final approval by Provincial Cabinet. Saskatchewan electricity sales and exports are recognized upon delivery to the customer and include an estimate of electricity deliveries not yet billed at period-end. The estimated unbilled revenue is based on several factors, including estimated consumption by customer, applicable customer rates and the number of days between the last billing date and the end of the period.

Electricity trading revenues are reported on a net basis upon delivery of electricity to the customers and receipt of electricity purchased from external parties. Electricity trading contracts are recorded at fair value (Notes: 5 and 25).

(ii) Customer contributions

Customer contributions are funds received from certain customers toward the costs of service extensions. These contributions are generally recognized immediately in profit or loss as other revenue when the related property, plant and equipment is available for use and the Corporation's performance obligations are completed (Note 6).

(iii) Other

Other revenue includes gas and electrical inspections, fly ash and carbon dioxide (CO_2) sales which are recorded upon delivery of the related good or service (Note 6).

(i) Finance charges

Finance expense is comprised of interest expense on short-term and long-term borrowings, finance costs related to leased assets, interest on employee benefit plans, and interest on provisions. Interest expense is recognized in profit or loss, using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. All other borrowing costs are recognized as a finance expense as the costs accrue (Note 10).

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

(j) Foreign currency translation

Monetary assets and liabilities denominated in a foreign currency are translated to Canadian dollars using the rate of exchange in effect at the reporting date. Revenues and expenses are translated at the rate prevailing at the transaction date. Foreign currency translation gains and losses are included in other expenses in the period in which they arise (Note 12).

(k) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. The Corporation has assessed its arrangements to determine whether they contain a lease. Certain take-or-pay PPAs, which in management's judgment give SaskPower the exclusive right to use specific production assets, meet the definition of a lease. These arrangements have been classified as finance leases.

Assets held under finance leases are initially recognized at the lower of their fair value at the inception of the lease or the present value of the minimum lease payments. The corresponding liability is recorded as a finance lease obligation. Each lease payment is allocated between the liability and interest so as to achieve a constant rate on the finance balance outstanding. The interest component is included in finance expense.

Assets held under finance leases are depreciated over their expected useful economic lives on the same basis as for owned assets, or where shorter, the lease term (Notes: 15 and 21).

All other transactions in which SaskPower is the lessee are classified as operating leases. Payments made under operating leases are expensed over the term of the lease.

(l) Financial instruments

(i) Classification and measurement

SaskPower classifies its financial instruments into one of the following categories: amortized cost (AC); fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL) and other liabilities (Note 25).

All financial instruments are measured at fair value on initial recognition and recorded on the consolidated statement of financial position. Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVOCI or FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transactions costs directly attributable to the acquisition of financial instruments classified as FVOCI or FVTPL are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

Financial assets classified as amortized cost and other liabilities are subsequently measured at amortized costs using the effective interest method, less any impairment. Financial instruments classified as FVOCI are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income (loss). Financial instruments classified as FVTPL are subsequently measured at fair value with changes in fair value recognized in profit or loss as unrealized market value adjustments. Any interest income, foreign exchange gains and losses, impairment or gains or losses on derecognition are recognized in the consolidated statement of income. On derecognition, gains and losses accumulated in other comprehensive income (loss) are reclassified to the consolidated statement of income.

SaskPower classifies its debt retirements funds as debt instruments designated as FVOCI as the following conditions are met:

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

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

The terms and conditions of certain derivative financial instrument contracts require SaskPower to provide collateral when the fair value of the obligation pursuant to these contracts is in excess of exposure limits granted. When posted, these collateral amounts are recognized as margin deposits on derivative financial instruments and are included with accounts receivable on the statement of financial position.

Certain commodity contracts for the physical purchase of natural gas qualify as own-use contracts. SaskPower entered into these contracts for the purpose of physical receipt of the natural gas in accordance with its own expected usage requirements for the generation of electricity. As such, these non-financial derivative contracts are not recorded at fair value on the consolidated statement of financial position; rather, the contracts are accounted for as a purchase at the time of delivery.

(ii) Hedges

In order to qualify for hedge accounting, the Corporation designates derivatives as hedges through formal documentation of all relationships between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking the hedge transaction. This process includes linking derivatives to specific assets and liabilities or to specific firm commitments or forecast transactions. The Corporation formally assesses both at the hedge's inception and on an ongoing basis, whether the derivatives used are highly effective in offsetting changes in cash flows of the hedged item and the timing of the cash flows is similar.

The Corporation enters into forward contracts to hedge exposures to anticipated changes in commodity prices on forecasted natural gas purchases and also enters into bond forward agreements to hedge exposures to anticipated changes in interest rates on forecasted issuances of debt (Note 25). The Corporation chooses to designate these contracts as cash flow hedges. The Corporation assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method. The Corporation applies a hedge ratio of 1:1. As such, the effective portion of the changes in fair value related to the derivative financial instruments are recognized in other comprehensive income (loss), with the fair value being recognized as risk management assets and liabilities on the consolidated statement of financial position. Ineffective portions of hedges are recorded in profit or loss immediately. When the natural gas forward agreements are settled, the resulting gain or loss recorded in accumulated other comprehensive income (loss) is recognized in fuel and purchased power immediately. When the bond forward agreements expire upon the issuance of debt, the resulting gain or loss recorded in accumulated other comprehensive income (loss) is amortized to finance charges over the term of the debt. If no debt is issued, the gain or loss is recognized in profit or loss immediately.

(iii) Embedded derivatives

As at March 31, 2018, the Corporation does not have any outstanding contracts or financial instruments with embedded derivatives that are required to be valued separately.

(iv) Fair value

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

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

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

Natural gas 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.

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. As at March 31, 2018, the Corporation does not have any financial instruments classified as Level 3.

(v) Impairment of financial assets

The Corporation recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost; and debt instruments designated as FVOCI. The Corporation measures loss allowances for trade receivables at an amount equal to lifetime ECL. Debt instruments and other receivables that are determined to have low credit risk at the reporting date are measured at 12-month ECL. The Corporation considers a debt instrument to have low credit risk when its credit risk rating is A or higher (investment grade).

When determining whether the credit risk of a financial asset has increased, the Corporation performs a quantitative and qualitative analysis based on the Corporation's historical experience and forward-looking information. The Corporation assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Corporation considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Corporation in full, without recourse by the Corporation to actions such as realizing security, or the financial asset is 90 days or more past due.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt instruments at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income (loss). The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery.

(m) Employee benefits

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

(i) Defined contribution pension plan

A defined contribution pension plan is a post-employment benefit under which SaskPower pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized in operating, maintenance and administration (OM&A) expense in the period during which services are rendered by employees (Note 32).

(ii) Defined benefit pension plans

A defined benefit pension plan is a post-employment benefit plan other than a defined contribution pension plan. The Corporation's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for service in the current and prior periods. The obligation is discounted to determine its present value. The discount rate is the yield at the reporting date on high quality bonds that match the timing of expected benefit payments. The fair value of plan assets is deducted from the present value of the defined benefit obligation to determine the plan surplus or deficit. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Corporation, the recognized asset is limited to the lower of the plan surplus and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Corporation if it is realizable during the life of the plan, or on settlement of the plan liabilities.

Current service costs are recognized in profit or loss as OM&A expense. Interest expense (income) is calculated by applying the discount rate to the net accrued benefit obligation and recognized as finance charges. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

The Corporation recognizes all actuarial gains and losses arising from defined benefit plans directly in other comprehensive income (loss) in the period in which they arise (Note 32).

(iii) Other benefit plans

The Corporation provides a supplementary superannuation plan for certain management employees who elect to forego their entitlement to banked days off. SaskPower's current period expense is limited to yearly notional contributions to the plan based upon the employee's salary and an amount allocated for interest on the employee's plan balance.

The Corporation also provides lifetime superannuation allowances and bridge allowances to employees who chose to retire under various early retirement options. The cost of these benefits is actuarially determined by calculating the present value of all future benefit entitlements (Note 32).

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) IAS 7, *Statement of Cash Flows*

Effective April 1, 2017, SaskPower prospectively adopted the amendments to IAS 7, *Statement of Cash Flows*. The amendments require a reconciliation of the opening and closing liabilities that form part of an entity's financing activities, including both changes arising from cash flows and non-cash changes. Consequently, the Corporation has provided additional disclosure in relation to the changes in liabilities arising from financial activities in Note 30.

(b) IFRS 9, *Financial Instruments*

Effective April 1, 2017, SaskPower has early adopted IFRS 9, *Financial Instruments*. As a result of the adoption of IFRS 9, SaskPower adopted consequential amendments to IFRS 7, *Financial Instruments*: *Disclosures* that were applied to 2017-18 disclosures but generally have not been applied to comparative information. The key changes resulting from the adoption of IFRS 9 are summarized below.

(i) Classification of financial assets and financial liabilities

IFRS 9 includes three principal classification categories for financial assets: measured at amortized cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables (L&R) and available for sale. The adoption of IFRS 9 has not had a significant effect on SaskPower's accounting policies for financial liabilities classified as other liabilities (OL).

The debt retirement funds were classified as fair value through profit or loss under IAS 39. The debt retirement funds are administered and managed by the Government of Saskatchewan Ministry of Finance. The business model objective is to both hold underlying investments in the debt retirement funds to collect contractual cash flows and to sell. The contractual terms of the debt retirement funds give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. As a result, these financial assets have been classified as debt instruments designated as FVOCI under IFRS 9. For further information on how SaskPower classifies and measures financial assets and accounts for related gains and losses under IFRS 9, refer to Note 3(l)(i).

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Corporation's financial assets and financial liabilities as at April 1, 2017:

(in millions)	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
Cash and cash equivalents	FVTPL	FVTPL	$ 13	$ 13
Accounts receivable and contract assets	L&R	AC	458	457
Debt retirement funds	FVTPL	FVOCI - debt instrument	590	590
Other assets - long-term receivables	L&R	AC	2	2
Total financial assets			$ 1,063	$ 1,062
Financial liabilities				
Accounts payable and accrued liabilities	OL	OL	$ 429	$ 429
Accrued interest	OL	OL	58	58
Short-term advances	OL	OL	900	900
Long-term debt	OL	OL	5,559	5,559
Total financial liabilities			$ 6,946	$ 6,946

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortized cost and debt instruments designated as FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39 [Note 3(l)(v)].

(iii) Hedge accounting

IFRS 9 requires the Corporation to ensure that hedge accounting relationships are aligned with risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Corporation is exposed to natural gas price risk from natural gas purchased for the production of electricity through certain PPAs that have a cost component based on the market price of natural gas. To manage this price risk, the Corporation enters into derivative swap instruments. The Corporation elected to apply hedge accounting under IFRS 9 to the majority of these natural gas hedges. As a result, the effective portion of the changes in fair value related to these derivative financial instruments will be recognized in other comprehensive income (loss). For further information on how SaskPower applies hedge accounting under IFRS 9, refer to Note 3(l)(ii).

(iv) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- Comparative periods have been not been restated for retrospective application. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings as at April 1, 2017.
- Changes to hedge accounting policies have been applied prospectively to hedging relationships that existed on or after April 1, 2017.
- All hedging relationships designated under IAS 39 at March 31, 2017, met the criteria for hedge accounting under IFRS 9 at April 1, 2017, and are therefore regarded as continuing hedging relationships.

The following table summarizes the impact of transition to IFRS 9 on retained earnings, accumulated other comprehensive loss and allowance for doubtful accounts at April 1, 2017:

(in millions)	
Retained earnings	
Closing balance under IAS 39 as at March 31, 2017	**$ 1,603**
Reclassification of market value losses on debt retirement funds under IFRS 9	**13**
Recognition of expected credit losses under IFRS 9	**(1)**
Opening balance under IFRS 9 as at April 1, 2017	**$ 1,615**
Accumulated other comprehensive loss	
Closing balance under IAS 39 as at March 31, 2017	**$ (22)**
Reclassification of market value losses on debt retirement funds under IFRS 9	**(13)**
Opening balance under IFRS 9 as at April 1, 2017	**$ (35)**
Allowance for doubtful accounts	
Closing balance under IAS 39 as at March 31, 2017	**$ (10)**
Recognition of expected credit losses under IFRS 9	**(1)**
Opening balance under IFRS 9 as at April 1, 2017	**$ (11)**

5. NET COSTS FROM ELECTRICITY TRADING

(in millions)	**2017-18**	2016-17
Electricity trading revenue	**$ 3**	$ 2
Electricity trading costs	**(6)**	(5)
	$ (3)	$ (3)

6. OTHER REVENUE

(in millions)	**2017-18**	2016-17
Customer contributions	**$ 44**	$ 53
Gas and electrical inspections	**17**	17
CO_2 sales	**9**	14
Fly ash sales	**7**	6
Joint use charge	**4**	4
Custom work	**5**	4
Shand Carbon Capture Test Facility rental fees	**-**	12
Miscellaneous revenue	**11**	12
	$ 97	$ 122

7. FUEL AND PURCHASED POWER

(in millions)	**2017-18**	2016-17
Gas	**$ 288**	$ 299
Coal	**275**	275
Imports	**30**	28
Wind	**24**	21
Hydro	**22**	19
Other	**20**	19
	$ 659	$ 661

Gas costs include the fuel charges associated with the electricity generated from SaskPower-owned gas-fired facilities and the cost of fuel related to gas-fired PPA facilities. Imports represent electricity purchased from suppliers that produce power outside Saskatchewan. Wind and other includes the cost of electricity obtained through wind PPA facilities, green option partners, small independent power producers, and the cost of demand response programs.

8. OPERATING, MAINTENANCE AND ADMINISTRATION

(in millions)	Notes	**2017-18**	2016-17
Salaries and benefits		**$ 325**	$ 325
Employee long-term benefits	32	**29**	29
External services		**226**	216
Materials and supplies		**35**	37
Other		**65**	68
		$ 680	$ 675

9. DEPRECIATION AND AMORTIZATION

(in millions)	Notes	**2017-18**	2016-17
Depreciation expense	15	**$ 521**	$ 469
Amortization of intangible assets	16	**22**	25
		$ 543	$ 494

10. FINANCE CHARGES

(in millions)	Notes	**2017-18**	2016-17
Finance expense			
Interest on long-term debt		**$ 269**	$ 257
Interest on finance leases		**160**	166
Interest on short-term advances		**8**	6
Net interest on employee benefit plans	32	**10**	11
Interest on provisions	22	**5**	5
Other interest and charges		**1**	-
		453	445
Less: interest capitalized		**(21)**	(15)
amortization of debt premiums net of discounts	20	**(1)**	(1)
amortization of bond forward agreements net losses		**1**	-
		432	429
Finance income			
Debt retirement fund earnings	17	**(13)**	(13)
Interest income		**(2)**	-
		(15)	(13)
		$ 417	$ 416

11. TAXES

(in millions)	2017-18	2016-17
Saskatchewan corporate capital tax	$ 45	$ 46
Grants-in-lieu of taxes	27	26
	$ 72	$ 72

12. OTHER EXPENSES

(in millions)	2017-18	2016-17
Net losses on asset disposals and retirements[1]	$ 54	$ 32
Environmental costs	12	5
Inventory variance adjustments	2	1
	$ 68	$ 38

1. Net losses on asset disposals and retirements include a $30 million write-down as a result of a decision to defer development of the Tazi Twé Hydroelectric Project in northern Saskatchewan due to a decrease in forecasted demand.

13. UNREALIZED MARKET VALUE ADJUSTMENTS

(in millions)	Notes	2017-18	2016-17
Natural gas contracts gains (losses)	25	$ 2	$ 12
Natural gas inventory revaluation	14	(3)	2
Debt retirement funds (losses)[1]	17	-	(4)
		$ (1)	$ 10

1. Effective April 1, 2017, market value adjustments on debt retirement funds are recognized through other comprehensive income (loss).

14. INVENTORY

(in millions)	March 31 2018	March 31 2017
Maintenance materials and supplies	$ 211	$ 209
Allowance for obsolescence	(12)	(12)
	199	197
Coal	10	10
Natural gas	9	8
Other fuel	1	1
	219	216
Unrealized natural gas market revaluation	(5)	(2)
	$ 214	$ 214

(in millions)	2017-18	2016-17
Inventory consumed during the period:		
Maintenance materials and supplies	$ 198	$ 198
Coal	186	183
Natural gas	163	141
Other fuel	2	1
	$ 549	$ 523

(in millions)	Allowance for obsolescence
Balance, April 1, 2016	$ 12
Provision for obsolete inventory	1
Inventory disposals and/or write-downs	(1)
Balance, March 31, 2017	**$ 12**
Provision for obsolete inventory	2
Inventory disposals and/or write-downs	(2)
Balance, March 31, 2018	**$ 12**

15. PROPERTY, PLANT AND EQUIPMENT

(in millions)	Generation	Leased assets	Transmission	Distribution	Other	Construction in progress	Total
Cost or deemed cost							
Balance, April 1, 2016	$ 6,356	$ 1,233	$ 1,889	$ 3,589	$ 769	$ 443	**$ 14,279**
Additions	228	-	246	233	72	875	**1,654**
Disposals and/or retirements	(36)	-	(16)	(28)	(25)	-	**(105)**
Transfers	-	-	-	-	-	(778)	**(778)**
Balance, March 31, 2017	**$ 6,548**	**$ 1,233**	**$ 2,119**	**$ 3,794**	**$ 816**	**$ 540**	**$ 15,050**
Additions	184	-	162	234	70	981	**1,631**
Disposals and/or retirements	(51)	-	(23)	(29)	(21)	-	**(124)**
Transfers	-	-	-	-	-	(668)	**(668)**
Balance, March 31, 2018	**$ 6,681**	**$ 1,233**	**$ 2,258**	**$ 3,999**	**$ 865**	**$ 853**	**$ 15,889**
Accumulated depreciation							
Balance, April 1, 2016	$ 2,492	$ 350	$ 531	$ 1,449	$ 317	$ -	**$ 5,139**
Depreciation expense	217	56	45	105	46	-	**469**
Disposals and/or retirements	(32)	-	(5)	(22)	(17)	-	**(76)**
Transfers	-	-	-	-	-	-	**-**
Balance, March 31, 2017	**$ 2,677**	**$ 406**	**$ 571**	**$ 1,532**	**$ 346**	**$ -**	**$ 5,532**
Depreciation expense	245	56	56	114	50	-	**521**
Disposals and/or retirements	(15)	-	(3)	(24)	(17)	-	**(59)**
Transfers	-	-	-	-	-	-	**-**
Balance, March 31, 2018	**$ 2,907**	**$ 462**	**$ 624**	**$ 1,622**	**$ 379**	**$ -**	**$ 5,994**
Net book value							
Balance, April 1, 2016	**$ 3,864**	**$ 883**	**$ 1,358**	**$ 2,140**	**$ 452**	**$ 443**	**$ 9,140**
Balance, March 31, 2017	**$ 3,871**	**$ 827**	**$ 1,548**	**$ 2,262**	**$ 470**	**$ 540**	**$ 9,518**
Balance, March 31, 2018	**$ 3,774**	**$ 771**	**$ 1,634**	**$ 2,377**	**$ 486**	**$ 853**	**$ 9,895**

For the year ended March 31, 2018, $21 million (2016-17 – $15 million) of interest costs were capitalized at the weighted average cost of borrowings rate of 4.20% (2016-17 – 4.30%).

16. INTANGIBLE ASSETS

(in millions)	Software
Cost	
Balance, April 1, 2016	$ 245
Additions	28
Disposals and/or retirements	(11)
Transfers	-
Balance, March 31, 2017	**$ 262**
Additions	38
Disposals and/or retirements	(4)
Transfers	-
Balance, March 31, 2018	**$ 296**
Accumulated amortization	
Balance, April 1, 2016	$ 191
Amortization expense	25
Disposals and/or retirements	(2)
Transfers	-
Balance, March 31, 2017	**$ 214**
Amortization expense	22
Disposals and/or retirements	(3)
Transfers	-
Balance, March 31, 2018	**$ 233**
Net book value	
Balance, April 1, 2016	**$ 54**
Balance, March 31, 2017	**$ 48**
Balance, March 31, 2018	**$ 63**

17. DEBT RETIREMENT FUNDS

(in millions)	
Balance, April 1, 2016	$ 533
Debt retirement fund instalments	48
Debt retirement fund earnings	13
Debt retirement fund market value gains (losses)	(4)
Balance, March 31, 2017	**$ 590**
Debt retirement fund instalments	52
Debt retirement fund earnings	13
Debt retirement fund market value gains (losses)	3
Balance, March 31, 2018	**$ 658**

Under conditions attached to certain advances from the Government of Saskatchewan's General Revenue Fund, the Corporation is required to pay annually into debt retirement funds administered by the Government of Saskatchewan Ministry of Finance, amounts at least equal to 1% of certain debt outstanding. As at March 31, 2018, scheduled debt retirement fund instalments for the next five years are as follows:

(in millions)	2018-19	2019-20	2020-21	2021-22	2022-23
Debt retirement fund instalments	$ 55	$ 55	$ 55	$ 54	$ 52

18. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

(in millions)	MRM
Balance, April 1, 2016	$ 38
Profit (loss)	1
Distributions	(1)
Balance, March 31, 2017	**$ 38**
Profit (loss)	2
Distributions	-
Balance, March 31, 2018	**$ 40**

MRM Cogeneration Station (MRM)

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

The Corporation's interest in MRM is summarized below:

(in millions)	**March 31 2018**	March 31 2017
Statement of financial position		
Current assets	**$ 32**	$ 25
Non-current assets	**155**	175
Current liabilities	**(26)**	(25)
Non-current liabilities	**(28)**	(49)
Net assets	**$ 133**	$ 126
SaskPower's 30% investment share	**$ 40**	$ 38

(in millions)	**2017-18**	2016-17
Statement of income		
Revenue	**$ 44**	$ 34
Expense	**(37)**	(30)
Profit (loss)	**$ 7**	$ 4
SaskPower's 30% investment share	**$ 2**	$ 1

19. SHORT-TERM ADVANCES

(in millions)	**March 31 2018**	March 31 2017
Short-term advances	**$ 1,141**	$ 900

The short-term advances are due to the Government of Saskatchewan's General Revenue Fund. As at March 31, 2018, the advances have interest rates ranging from 1.040% to 1.431% and mature between April 3 and August 10, 2018. As at March 31, 2017, the advances had interest rates ranging from 0.570% to 0.639% and matured between April 3 and July 20, 2017.

20. LONG-TERM DEBT

(in millions)

Balance, April 1, 2016	$ 5,130
Long-term debt issues	535
Long-term debt repayments	(105)
Amortization of debt premiums net of discounts	(1)
Balance, March 31, 2017	**$ 5,559**
Long-term debt issues	168
Long-term debt repayments	(105)
Amortization of debt premiums net of discounts	(1)
	$ 5,621
Less: current portion of long-term debt	(5)
Balance, March 31, 2018	**$ 5,616**

Long-term debt is comprised of recourse debt — advances from the Government of Saskatchewan's General Revenue Fund — and non-recourse debt which is used to finance the Cory Cogeneration Station. Under the terms of the non-recourse debt, lenders have recourse limited to the station's assets.

Recourse debt – advances from the Government of Saskatchewan's General Revenue Fund (in millions):

Date of issue	Date of maturity	Effective interest rate (%)	Coupon rate (%)	Par value	Unamortized premiums (discounts)	Outstanding amount
December 20, 1990	December 15, 2020	11.23	9.97	$ 129	$ -	$ 129
February 4, 1992	February 4, 2022	9.27	9.60	240	3	243
July 21, 1992	July 15, 2022	10.06	8.94	256	(1)	255
May 30, 1995	May 30, 2025	8.82	8.75	100	-	100
August 8, 2001	September 5, 2031	6.49	6.40	200	(2)	198
January 15, 2003	September 5, 2031	5.91	6.40	100	5	105
May 12, 2003	September 5, 2033	5.90	5.80	100	(1)	99
January 14, 2004	September 5, 2033	5.68	5.80	200	2	202
October 5, 2004	September 5, 2035	5.50	5.60	200	2	202
February 15, 2005	March 5, 2037	5.09	5.00	150	(2)	148
May 6, 2005	March 5, 2037	5.07	5.00	150	(1)	149
February 24, 2006	March 5, 2037	4.71	5.00	100	4	104
March 6, 2007	June 1, 2040	4.49	4.75	100	4	104
April 2, 2008	June 1, 2040	4.67	4.75	250	3	253
December 19, 2008	June 1, 2040	4.71	4.71	100	-	100
September 8, 2010	June 1, 2040	4.27	4.75	200	13	213
November 7, 2012	February 3, 2042	3.22	3.40	200	6	206
February 20, 2013	February 3, 2042	3.54	3.40	200	(4)	196
October 2, 2013	June 2, 2045	3.97	3.90	400	(5)	395
January 10, 2014	June 2, 2045	3.95	3.90	200	(2)	198
October 2, 2014	June 2, 2045	3.43	3.90	200	17	217
February 5, 2015	June 2, 2045	2.73	3.90	200	45	245
May 26, 2015	December 2, 2046	3.15	2.75	200	(15)	185
October 15, 2015	December 2, 2046	3.43	2.75	200	(25)	175
January 19, 2016	December 2, 2046	3.34	2.75	200	(22)	178
July 12, 2016	December 2, 2046	2.85	2.75	150	(3)	147
October 13, 2016	December 2, 2046	3.00	2.75	200	(10)	190
January 19, 2017	June 2, 2048	3.35	3.30	200	(2)	198
March 6, 2014	March 5, 2054	3.76	3.75	100	-	100
May 2, 2014	March 5, 2054	3.71	3.75	175	1	176
August 29, 2017	March 5, 2054	3.19	3.75	150	18	168
				$ 5,550	**$ 28**	**$ 5,578**

Non-recourse debt (in millions):

Date of issue	Date of maturity	Effective interest rate (%)	Coupon rate (%)	Par value	Unamortized premiums (discounts)	Outstanding amount
April 26, 2001	June 30, 2018, to December 31, 2025	7.87	7.59	$ 22	$ -	$ 22
April 26, 2001	June 30, 2018, to June 30, 2026	7.88	7.60	21	-	21
				$ 43	**$ -**	**$ 43**

As at March 31, 2018, scheduled principal debt retirement requirements for the next five years are as follows:

(in millions)	2018-19	2019-20	2020-21	2021-22	2022-23
Recourse debt	$ -	$ -	$ 129	$ 240	$ 256
Non-recourse debt	5	5	5	5	5
	$ 5	**$ 5**	**$ 134**	**$ 245**	**$ 261**

Under conditions attached to certain advances from the Government of Saskatchewan's General Revenue Fund, the Corporation is required to pay annually into debt retirement funds administered by the Government of Saskatchewan Ministry of Finance, amounts at least equal to 1% of certain debt outstanding (Note 17).

21. FINANCE LEASE OBLIGATIONS

(in millions)	March 31 2018	March 31 2017
Total future minimum lease payments	**$ 2,807**	$ 2,983
Less: future finance charges on finance leases	**(1,693)**	(1,857)
Present value of finance lease obligations	**$ 1,114**	$ 1,126
Less: current portion of finance lease obligations	**(18)**	(14)
	$ 1,096	$ 1,112

As at March 31, 2018, scheduled future minimum lease payments and the present value of finance lease obligations are as follows:

(in millions)	1 year	1 - 5 years	More than 5 years
Future minimum lease payments	$ 179	$ 755	$ 1,873
Present value of finance lease obligations	18	146	950

22. PROVISIONS

(in millions)	Decommissioning	Environmental remediation	Total
Balance, April 1, 2016	$ 159	$ 42	**$ 201**
Charged to income:			
New obligations	3	-	**3**
Change in assumptions	(2)	-	**(2)**
Interest	5	-	**5**
Capitalized to property, plant and equipment:			
New obligations	21	-	**21**
Change in assumptions	(1)	-	**(1)**
Settled during the period	(8)	(2)	**(10)**
Balance, March 31, 2017	**$ 177**	**$ 40**	**$ 217**
Charged to income:			
New obligations	12	-	**12**
Change in assumptions	(1)	-	**(1)**
Interest	5	-	**5**
Capitalized to property, plant and equipment:			
New obligations	-	-	**-**
Change in assumptions	4	-	**4**
Settled during the period	(4)	-	**(4)**
Balance, March 31, 2018	**$ 193**	**$ 40**	**$ 233**

Assumptions

	March 31 2018	March 31 2017
Discount rate, end of period	**2.11 - 3.10%**	1.93 - 3.25%
Long-term inflation rate	**2.00%**	2.00%
Undiscounted cash flows (in millions)	**$ 388**	$ 374

Discount rates based on the Government of Saskatchewan bond yields were used to calculate the carrying values of the provisions. The costs of the decommissioning provisions will be incurred between fiscal 2019 and 2069. No funds have been set aside by the Corporation to settle the decommissioning provisions.

Sensitivity of assumptions

Sensitivity of provisions to changes in the discount and inflation rate on the recorded liability as at March 31, 2018, is as follows:

	Decommissioning provisions	
(in millions)	0.5% increase	0.5% decrease
Discount rate	$ (19)	$ 21
Inflation rate	25	(21)

23. EQUITY ADVANCES

The Corporation does not have share capital. However, the Corporation has received advances from CIC to form its equity capitalization. The advances reflect an equity investment in the Corporation by CIC.

24. ACCUMULATED OTHER COMPREHENSIVE LOSS

(in millions)	**March 31 2018**	March 31 2017
Realized gains (losses) on derivatives designated as cash flow hedges	**$ (12)**	$ (23)
Unrealized gains (losses) on derivatives designated as cash flow hedges	**(44)**	11
Unrealized gains (losses) on debt instruments designated as FVOCI	**(10)**	-
Actuarial gains (losses) on defined benefit pension plans	**23**	(10)
	$ (43)	$ (22)

25. FINANCIAL INSTRUMENTS

(in millions)			**March 31, 2018**		March 31, 2017	
			Asset (liability)		Asset (liability)	
	Classification	**Level[5]**	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets						
Cash and cash equivalents	FVTPL[1]	1	**$ 7**	**$ 7**	$ 13	$ 13
Accounts receivable and unbilled revenue[6]	AC[2]	N/A	**540**	**540**	458	458
Debt retirement funds[7]	FVOCI - debt instrument[3]	2	**658**	**658**	590	590
Other assets - long-term receivables	AC[2]	N/A	**2**	**2**	2	2
Financial liabilities						
Accounts payable and accrued liabilities	OL[4]	N/A	**$ (534)**	**$ (534)**	$ (429)	$ (429)
Accrued interest	OL[4]	N/A	**(59)**	**(59)**	(58)	(58)
Short-term advances	OL[4]	N/A	**(1,141)**	**(1,141)**	(900)	(900)
Long-term debt	OL[4]	2	**(5,621)**	**(6,555)**	(5,559)	(6,421)

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. OL – other liabilities measured at amortized cost.
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; other assets – long-term receivables; accounts payable and accrued liabilities; accrued interest and short-term advances — are carried at values which approximate fair value.
6. Accounts receivable and unbilled revenue were categorized as loans and receivables under IAS 39. Upon adoption of IFRS 9, the Corporation recognized $1 million in expected credit losses related to these assets. The revised carrying value as at April 1, 2017, was $457 million.
7. Debt retirement funds categorized as FVTPL under IAS 39 have been reclassified as debt instruments at FVOCI under IFRS 9.

Risk management assets and liabilities

(in millions)	Classification	Level[2]	March 31, 2018 Asset	March 31, 2018 (Liability)	March 31, 2017 Asset	March 31, 2017 (Liability)
Natural gas contracts						
Fixed price swap instruments used for hedging[3,4]	FVTPL[1]	2	**$ -**	**$ (165)**	$ -	$ (139)
Fixed price swap instruments	FVTPL[1]	2	**1**	**(1)**	-	(2)
Electricity contracts						
Forward agreements[5]	FVTPL[1]	2	**9**	**-**	-	-
Interest rate risk management						
Bond forward agreements used for hedging[4]	FVTPL[1]	2	**-**	**-**	11	-
			$ 10	**$ (166)**	$ 11	$ (141)

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

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

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

   Level 3 – Inputs for the asset or liability that are not based on observable market data.
3. The terms and conditions of certain derivative financial instrument contracts require SaskPower to provide collateral when the fair value of the obligation pursuant to these contracts is in excess of exposure limits granted. As at March 31, 2018, the Corporation has posted $210 million in collateral which is recognized as margin deposits on derivative financial instruments and included with accounts receivable on the statement of financial position.
4. These natural gas fixed price swap instruments and bond forward agreements have been designated as cash flow hedges. As such, the effective portion of the changes in fair value related to the derivative financial instruments are recognized in other comprehensive income (loss).
5. The fair value of this forward electricity contract was determined using a valuation technique using inputs based on pricing information from external market providers and other variables. The valuation technique used calculated a day one gain of $9 million. 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 (difference between the transaction price and the fair value) has been deferred and recognized as deferred revenue which is included in accounts payable and accrued liabilities on the statement of financial position. The day one gain will be amortized into income over the term of the contract which expires on December 31, 2018.

Cash flow hedges

Commodity price risk

The Corporation uses fixed price swap instruments to hedge exposures to anticipated changes in commodity prices on forecasted purchases of natural gas, for the production of electricity, through certain PPAs that have a cost component based on the market price of natural gas. As at March 31, 2018, the Corporation held the following instruments to hedge exposures to changes in natural gas price risk:

	1 year	1 - 5 years	More than 5 years
Natural gas hedges			
Net exposure - gain (loss) (millions)	$ (44)	$ (101)	$ (20)
Total outstanding gigajoules (GJ) (millions)	19	46	15
Weighted average hedged price per GJ	$ 3.71	$ 4.03	$ 3.84
Weighted average forward market price per GJ	$ 1.46	$ 1.71	$ 2.21

Interest rate risk

As at March 31, 2018, the Corporation had no outstanding bond forward agreements to hedge exposures to anticipated changes in interest rates on forecasted issuances of debt.

26. FINANCIAL RISK MANAGEMENT

Market risk

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

(a) Commodity prices

Natural gas contracts

The Corporation is exposed to natural gas price risk through natural gas purchased for its natural gas-fired power plants and through certain PPAs that have a cost component based on the market price of natural gas. As at March 31, 2018, the Corporation had entered into financial and physical natural gas contracts to price manage approximately 55% of its budgeted natural gas purchases for 2018-19, 50% for 2019-20, 39% for 2020-21, 35% for 2021-22, 30% for 2022-23, 25% for 2023-24, 19% for 2024-25, 12% for 2025-26, 5% for 2026-27 and 2% for 2027-28.

Based on the Corporation's March 31, 2018, closing positions on its financial natural gas hedges, a one dollar per GJ increase in the price of natural gas would have resulted in a $74 million improvement in the unrealized market value adjustments recognized in other comprehensive income (loss) for the period. This sensitivity analysis does not represent the underlying exposure to changes in the price of natural gas on the remaining forecasted natural gas purchases which are unhedged as at March 31, 2018.

Electricity trading contracts

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

VaR has certain inherent limitations. The use of historical information in the estimate assumes that price movements in the past will be indicative of future market risk. As such, it may be only meaningful under normal market conditions. Extreme market events are not addressed by this risk measure. In addition, the use of a 10-day measurement period implies that positions can be unwound or hedged within that period. However, this may not be possible if the market becomes illiquid. SaskPower recognizes the limitations of VaR and actively uses other controls, including restrictions on authorized instruments, volumetric and term limits, stress-testing of individual portfolios and of the total proprietary trading portfolio and management review. As at March 31, 2018, the VaR associated with electricity trading activities was approximately $1 million.

(b) Interest rates

Short- and long-term borrowings

The Corporation is exposed to interest rate risk on the Corporation's shorter-term variable interest rate debt. At March 31, 2018, SaskPower had $1,141 million in short-term advances outstanding. The Corporation is also exposed to interest rate risk arising from fluctuations in interest rates on future short-term and long-term borrowings. Interest rate risk on these expected future borrowings is managed by having an appropriate mix of fixed and floating rate debt. The Corporation's policy is to limit ongoing exposure to floating interest rates to no more than 15% of its debt equivalent obligations.

The expected borrowings in fiscal 2018-19 are $400 million, all of which is short-term. The Corporation expects to have an average balance of $1,350 million in short-term advances outstanding throughout fiscal 2018-19. If interest rates were to increase by 100 basis points, this would result in approximately a $13.5 million increase in finance charges related to this short-term variable interest rate debt.

Debt retirement funds

Debt retirement funds are monies set aside to retire outstanding debt upon maturity. The Corporation is required to pay annually into debt retirement funds which are held and invested by the Government of Saskatchewan's General Revenue Fund. The Corporation has classified these investments as fair value through other comprehensive income and, therefore, recognized the change in the market value in other comprehensive income (loss) for the period.

At March 31, 2018, SaskPower had $658 million in debt retirement funds. The fair value of the debt retirement funds is driven largely by interest rates. The estimated impact of a 1% yield curve shift, assuming no change in the amount of debt retirement funds, would be a $51 million decrease in the market value of the debt retirement funds.

(c) Foreign exchange rates

The Corporation faces exposure to the United States/Canadian dollar exchange rate primarily through the sale of electricity to customers in the United States, as well as from the purchase of goods and services that are payable in United States dollars. The Corporation may utilize financial instruments to manage this risk. As at March 31, 2018, the Corporation had no outstanding foreign exchange derivative contracts. The impact of fluctuations in foreign exchange rates on SaskPower's financial instruments is not considered significant to the Corporation. Therefore, a sensitivity analysis of the impact on profit or loss has not been provided.

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentrations of credit risk relate to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Corporation does not have a significant concentration of credit risk. The maximum credit risk to which the Corporation is exposed as at March 31, 2018, is limited to the fair value of the financial assets recognized.

(in millions)	**March 31 2018**	March 31 2017
Financial assets		
Cash and cash equivalents	**$ 7**	$ 13
Accounts receivable and unbilled revenue	**540**	458
Risk management assets	**10**	11
Debt retirement funds	**658**	590
Other assets - long-term receivables	**2**	2
	$ 1,217	$ 1,074

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

The following table provides information about the exposure to credit risk and ECLs for trade, unbilled and other receivables from individual customers as at March 31, 2018:

(in millions)	**Gross carrying amount**	**Weighted-average loss rate**	**Loss allowance**
Current	$ 311	0.2%	$ 1
30 to 59 days	7	5.0%	-
60 to 89 days	2	10.0%	-
90 to 179 days	2	20.0%	-
180 to 364 days	3	30.0%	1
365 days and greater	10	75.0%	8
100% allowance	3	100.0%	3
	$ 338		$ 13
Margin deposits on derivative financial instruments	210	0.0%	-
Miscellaneous and other receivables	5	0.0%	-
	$ 553		**$ 13**

Loss rates are based on actual credit loss past experience and are adjusted to reflect differences between current and historical economic conditions and the Corporation's view of economic conditions over the expected lives of the receivables. The allowance for doubtful accounts is reviewed quarterly based on an estimate of outstanding amounts that are considered uncollectible. Historically, the Corporation has not written off a significant portion of its accounts receivable balances.

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

(in millions)	**Allowance for doubtful accounts**
Closing balance under IAS 39 as at March 31, 2017	$ 10
Adjustment on initial application of IFRS 9	1
Opening balance under IFRS 9 as at April 1, 2017	**$ 11**
Amounts written off	(2)
Net remeasurement of loss allowance	4
Closing balance under IFRS 9 as at March 31, 2018	**$ 13**

Increased gross carrying amounts of trade receivables balances in the 365 days and greater category resulted in the $2 million increase to the allowance for doubtful accounts.

(b) SaskPower is also exposed to credit risk arising from derivative financial instruments if a counterparty fails to meet its obligations. The Corporation maintains Board-approved credit policies and limits in respect to its counterparties.

(c) Debt retirement funds are on deposit with the Government of Saskatchewan's General Revenue Fund and invested as the Minister of Finance may determine. At March 31, 2018, the Minister has invested these funds primarily in provincial government and federal government bonds with highly graded credit ratings and varying maturities. These maturities coincide with related long-term debt maturities and are managed based on this maturity profile and market conditions. As such, the related credit risk associated with these investments as at March 31, 2018, is considered low.

Liquidity risk

Liquidity risk is the risk that the Corporation is unable to meet its financial commitments as they become due or can do so only at excessive cost. SaskPower manages the Corporation's cash resources based on financial forecasts and anticipated cash flows. The following summarizes the contractual maturities of the Corporation's financial liabilities at March 31, 2018:

		Contractual cash flows					
(in millions)	**Carrying amount**	**Contractual cash flows**	**0-6 months**	**7-12 months**	**1-2 years**	**3-5 years**	**More than 5 years**
Financial liabilities							
Accounts payable and accrued liabilities	$ 534	$ 534	$ 534	$ -	$ -	$ -	$ -
Accrued interest	59	59	59	-	-	-	-
Risk management liabilities[1]	166	166	166	-	-	-	-
Short-term advances	1,141	1,141	1,141	-	-	-	-
Long-term debt	5,621	10,580	81	138	275	1,389	8,697
	$ 7,521	**$ 12,480**	**$ 1,981**	**$ 138**	**$ 275**	**$ 1,389**	**$ 8,697**

1. The terms and conditions of certain derivative financial instrument contracts require SaskPower to provide collateral when the fair value of the obligation pursuant to these contracts is in excess of credit limits granted. As at March 31, 2018, the Corporation had $210 million in collateral posted related to these contracts.

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

27. CAPITAL MANAGEMENT

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

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

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

(in millions)	**March 31 2018**	March 31 2017
Long-term debt	**$ 5,621**	$ 5,559
Short-term advances	**1,141**	900
Finance lease obligations	**1,114**	1,126
Total debt	**7,876**	7,585
Debt retirement funds	**658**	590
Cash and cash equivalents	**7**	13
Total net debt	**$ 7,211**	$ 6,982
Retained earnings	**1,761**	1,603
Equity advances	**660**	660
Total capital	**$ 9,632**	$ 9,245
Per cent debt ratio	**74.9%**	75.5%

28. COMMITMENTS AND CONTINGENCIES

(in millions)	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**Thereafter**
Planned capital expenditures	$ 933	$ 932	$ 852	$ 812	$ 810	$ 4,837
Power purchase agreements (PPAs)[1]	391	391	463	495	506	6,097
Coal purchase contracts	152	210	219	223	226	626
Natural gas purchase contracts[2]	108	99	87	77	66	126
Transmission purchase contracts	6	6	5	2	-	-
Letters of credit	6	-	-	-	-	-

1. The amounts reflected include minimum lease payments related to PPAs classified as leases.
2. Includes transportation and storage contracts as well as fixed price forward contracts of $556 million which apply for the own-use scope exemption.

The commitments listed above have maturity dates ranging from fiscal 2019 to 2046.

29. NET CHANGE IN NON-CASH WORKING CAPITAL

(in millions)	**2017-18**	2016-17
Accounts receivable and unbilled revenue	**$ (83)**	$ (49)
Inventory	**(3)**	-
Prepaid expenses	**(5)**	-
Other assets	**(6)**	2
Accounts payable and accrued liabilities	**96**	59
	$ (1)	$ 12

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

(in millions)	Debt retirement funds	Short-term advances	Long-term debt	Finance lease obligations	Bond forward agreements	Total
Balance as at April 1, 2017	**$ 590**	**$ (900)**	**$ (5,559)**	**$ (1,126)**	**$ 11**	**$ (6,984)**
Changes from financing cash flows:						
Proceeds from short-term advances	-	(241)	-	-	-	**(241)**
Proceeds from long-term debt	-	-	(168)	-	-	**(168)**
Repayments of long-term debt	-	-	105	-	-	**105**
Debt retirement fund instalments	52	-	-	-	-	**52**
Principal repayment of finance lease obligations	-	-	-	14	-	**14**
Increase in finance lease obligations	-	-	-	(2)	-	**(2)**
Realized gains on derivatives designated as cash flow hedges	-	-	-	-	(10)	**(10)**
Total changes from financing cash flows	52	(241)	(63)	12	(10)	**(250)**
Changes in fair value	3	-	-	-	(11)	**(8)**
Less: Realized gains on derivatives	-	-	-	-	10	**10**
Other changes:						
Capitalized borrowing costs	-	-	21	-	-	**21**
Interest income (expense)	13	(8)	(269)	(160)	-	**(424)**
Interest paid	-	7	269	160	-	**436**
Non-cash transactions	-	1	(20)	-	-	**(19)**
Total other changes	16	-	1	-	(1)	**16**
Balance as at March 31, 2018	**$ 658**	**$ (1,141)**	**$ (5,621)**	**$ (1,114)**	**$ -**	**$ (7,218)**

31. RELATED PARTY TRANSACTIONS

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

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

Key management personnel compensation

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

(in millions)	2017-18	2016-17
Salaries and short-term employee benefits	**$ 5**	$ 5
Post-employment benefits	**-**	-
Termination benefits	**1**	-
Other long-term benefits	**-**	-
	$ 6	$ 5

32. EMPLOYEE BENEFITS

(in millions)	Defined benefit pension plan	Other benefit plans	Total
Balance, April 1, 2016	$ 215	$ 49	**$ 264**
Current service cost	-	8	**8**
Net interest expense	8	3	**11**
SaskPower funding contribution	-	-	**-**
SaskPower benefits paid	-	(11)	**(11)**
Actuarial gains	(35)	-	**(35)**
Balance, March 31, 2017	**$ 188**	**$ 49**	**$ 237**
Current service cost	-	8	**8**
Net interest expense	7	3	**10**
SaskPower funding contribution	-	-	**-**
SaskPower benefits paid	-	(12)	**(12)**
Actuarial gains	(33)	-	**(33)**
Balance, March 31, 2018	**$ 162**	**$ 48**	**$ 210**

Defined benefit pension plan

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

The Plan provides benefits based on the average of the highest five years' annual pensionable earnings and years of service. Pensions are increased annually at a rate equal to 70% of the increase in the Saskatchewan Consumer Price Index (CPI). The measurement date of the latest actuarial valuation used to determine the Plan assets and obligations was September 30, 2017, and the results were extrapolated to March 31, 2018.

The effective date of the most recent actuarial valuation for funding purposes was December 31, 2017. Under current Canada Revenue Agency guidelines, an actuarial valuation for funding purposes is to be completed, at a minimum, every three years.

The Plan is solely the obligation of the Corporation. The Corporation is not obligated to fund the Plan but is obligated to pay benefits under the terms of the Plan as they come due. SaskPower has a Board-approved funding policy which is based on the funding actuarial valuation and requires the Plan deficit to be funded over 10 years when the funded status is less than 95%. In accordance with the funding policy, no contributions were made by SaskPower for the twelve months ended March 31, 2018.

(a) Status of the Plan

The actuarial valuation measured at September 30, 2017, and extrapolated to March 31, 2018, showed that the Plan had an actuarial deficit of $162 million (2016-17 – $188 million). The calculation of the pension plan deficit is as follows:

(in millions)	**March 31 2018**	March 31 2017
Plan assets		
Fair value, beginning of period	**$ 752**	$ 744
Actual return on plan assets	**50**	71
Employer funding contributions	**-**	-
Employee funding contributions	**-**	-
Benefits paid	**(62)**	(63)
Fair value, end of period	**$ 740**	$ 752
Accrued benefit obligation		
Balance, beginning of period	**$ 940**	$ 959
Current service cost	**-**	-
Interest cost	**32**	33
Benefits paid	**(62)**	(63)
Actuarial (gains) losses on accrued benefit obligation	**(8)**	11
Balance, end of period	**$ 902**	$ 940
Plan deficit	**$ (162)**	$ (188)

(b) Assumptions

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

	March 31 2018	March 31 2017
Discount rate, beginning of period	**3.50%**	3.60%
Discount rate, end of period	**3.40%**	3.50%
Long-term inflation rate	**2.00%**	2.00%
Assumptions for benefit increases (% of CPI)	**70.00%**	70.00%
Plan duration (years)	**10.70**	10.60

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

Sensitivity of assumptions

Sensitivity of the defined benefit pension plan to changes in the discount rate, inflation rate, future indexing and life expectancy on the accrued benefit obligation as at March 31, 2018, is as follows:

	Accrued benefit obligation	
(in millions)	1% increase	1% decrease
Discount rate	$ (91)	$ 111
Inflation rate	(29)	33
Future indexing	109	(90)
Life expectancy (each member one year older/younger)	(33)	36

(c) Benefit plan asset allocation

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

	March 31 2018	March 31 2017
Equity securities	**47.3%**	49.2%
Debt securities	**34.8%**	33.9%
Real estate and infrastructure	**17.2%**	16.2%
Short-term securities	**0.7%**	0.7%
	100.0%	100.0%

(d) Benefit payments

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

(in millions)	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Expected benefit payments	$ 62	$ 61	$ 60	$ 59	$ 58

Other benefit plans

Other benefit plans include a defined benefit and a defined contribution severance plan, a supplementary superannuation plan and a voluntary early retirement plan.

The significant actuarial assumptions adopted in measuring the Corporation's other benefit plans are:

	March 31 2018	March 31 2017
Discount rate	**3.10 - 3.20%**	2.75 - 3.25%
Long-term rate of compensation increases	**2.00%**	2.00%
Long-term inflation rate	**2.00%**	2.00%
Remaining service life (years)	**6.81**	6.84
Plan duration (years)	**3.60 - 5.50**	3.60 - 5.70

Cumulative actuarial losses (gains)

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

(in millions)	**March 31 2018**	March 31 2017
Balance, beginning of period	**$ 10**	$ 45
Actuarial losses (gains) on plan assets:		
Experience adjustments	**(25)**	(46)
Actuarial losses (gains) on accrued benefit obligations:		
Experience adjustments	**(15)**	-
Changes in actuarial assumptions (future indexing)	**(2)**	-
Changes in actuarial assumptions (discount rate)	**9**	11
Balance, end of period	**$ (23)**	$ 10

Defined contribution pension plan

The defined contribution pension plan is governed by *The Public Employees Pension Plan Act* and *Regulations* and certain sections of *The Superannuation (Supplementary Provisions) Act* and *Regulations*.

Under the defined contribution pension plan, the Corporation's obligations are limited to the contributions for current service. These contributions are charged to income when made. The employee benefits expense for the defined contribution pension plan recorded in OM&A expense is as follows:

(in millions)	**2017-18**	2016-17
Employee benefits expense	**$ 21**	$ 21

CORPORATE GOVERNANCE

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

COMPANY STRUCTURE

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

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

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

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

GOVERNING OUR COMPANY

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

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

Director	Board meetings attended[1]
Chief Darcy Bear, Chairperson	7
Bryan Leverick, Vice-Chairperson	6
Ayten Archer	7
Merin Coutts	7
Jim Hopson	7
Karri Howlett	7
John Hyshka	5
Cherilyn Jolly-Nagel[2]	2
Phil Klein	6
Leslie Neufeld[3]	5
Marvin Romanow	5
Tammy Van Lambalgen	7
Laura Wiebe	7

1. There were a total of seven meetings held in 2017-18.
2. Appointed November 23, 2017.
3. Resigned November 23, 2017.

Information in this section covers the year ended March 31, 2018. Visit saskpower.com for a full description of SaskPower's corporate governance practices, including Board and Director terms of reference.

LEADERSHIP BY COMMITTEE

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

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

Audit & Finance Committee

Six meetings

Chair: Laura Wiebe (appointed Acting Chair on November 29, 2017; appointed permanently December 13, 2017) **and Leslie Neufeld** (resigned November 23, 2017)

Members: John Hyshka, Phil Klein, Bryan Leverick, Cherilyn Jolly-Nagel (appointed December 13, 2017)**, and Chief Darcy Bear** (ex officio)

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

During the fiscal year ending March 31, 2018, the committee reviewed the annual and interim financial statements, regular risk reports, the 2018-19 Business Plan and Performance Management Plan, as well as the Deloitte and Provincial Auditor 2016-17 audit summaries. The committee approved the work plan for the Internal Audit Department and monitored quarterly reporting on irregularities.

The committee also reviewed and provided oversight related to strategic initiatives such as the deployment of advanced metering infrastructure commercial and industrial meters. These meters will enable enhanced data visibility as well as control and automation for SaskPower and our customers.

SaskPower's 2018 application for a 5.0% system-wide rate increase was also considered by the committee and Board prior to submission to Cabinet and the Saskatchewan Rate Review Panel. Following a public review period, Cabinet approved a rate increase of 3.5% on the recommendation of the Panel. The increase was effective March 1, 2018.

Meanwhile, a number of significant transmission projects were reviewed by the committee, including: replacement of a 230-kV transformer at the Boundary Dam Switching Station; construction of a new 230/138-kV double circuit transmission line from Condie to Belle Plaine; and construction of a new 138-kV transmission line from the Lloydminster Switching Station to a substation at Spruce Lake. These transmission projects will increase system reliability, reduce outages and accommodate planned and potential future generation.

The committee also approved a number of major long-term competitively-sourced contracts, such as those with multiple vendors for the supply of wire and cable products for up to five years. In addition, the committee approved SaskPower's participation with SaskTel and SaskEnergy in a request for proposals for a five-year agreement with a vendor to provide joint locating services. The three Crowns have partnered on procuring joint locating services since 2011, and have achieved significant efficiencies as a result of their collaboration.

Finally, the committee reviewed SaskPower's significant corporate risks and associated mitigation plans while also monitoring the company's financial performance. The committee also held regular in camera discussions with the Director, Internal Audit.

Safety, Environment & Corporate Responsibility Committee

Five meetings

Chair: Karri Howlett

Members: Ayten Archer, Jim Hopson, Marvin Romanow, and Chief Darcy Bear (ex officio)

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

The committee changed its name from the "Environment, Health & Safety Committee" to the "Safety, Environment & Corporate Responsibility Committee" to reinforce its commitment to corporate responsibility and sustainability. In addition, the committee's terms of reference and that of the Board of Directors were revised to formally incorporate a mandate for corporate responsibility and sustainability. These changes will help guide the corporation's decisions around how we fulfill our mission of ensuring reliable, sustainable and cost-effective power while being mindful of the impacts we have on our province.

During 2017-18, the committee approved a new Health, Safety and Environment Policy for SaskPower to underscore the importance of the health and safety of our employees and the public, and our objectives around environmental protection. The committee also reviewed a summary of recent case law relating to the obligations of Directors, Officers and corporations for environmental compliance.

Meanwhile, the committee monitored progress on a number of key programs, including the employee Safety Improvement Program, public safety program and environmental remediation of former generation sites. The committee continued to monitor environmental and safety performance; reviewed progress on regulatory developments for greenhouse gas emissions and other air pollutants; received reports on SaskPower's compliance with environmental legislative, regulatory and corporate standards; and reviewed the results of internal and external audits of SaskPower's environmental and safety management systems.

Governance & Human Resources Committee

Eight meetings

Chair: Tammy Van Lambalgen

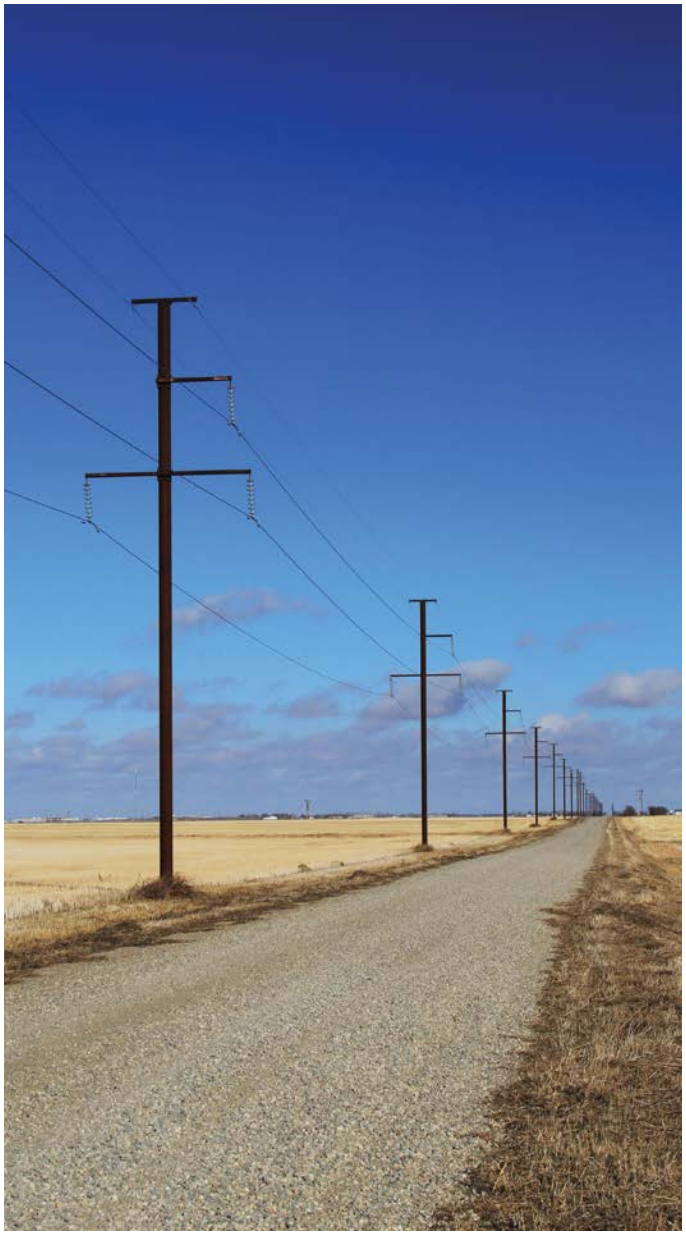
Members: Merin Coutts, Karri Howlett, Bryan Leverick, and Chief Darcy Bear (ex officio)

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

In 2017-18, the committee reviewed SaskPower's Diversity & Inclusion Strategic Plan, which is designed to support our values-based culture of safety, openness, collaboration and accountability. The goal of the strategy is to foster a diverse and inclusive work environment that ensures equality of opportunity for applicants and employees. The committee also received updates on the company's progress on various Aboriginal initiatives, quarterly Corporate Balanced Scorecard Reports, as well as reporting on irregularities from the Director, Internal Audit, in the areas of governance and human resources.

The committee also received reports on the company's activities in a number of areas, including: an annual report on the activities of the Saskatchewan Electric Reliability Authority (a committee within SaskPower that is charged with the authority to adopt and enforce electric reliability standards in Saskatchewan under *The Power Corporation Act)* and an update on the performance of SaskPower's gas and electrical inspections branch.

The committee's human resources activities also included: a review of current market data for our company's management positions; a review of Executive benefit plans within the province's Crown sector; and consideration of salary holdback measures and performance for out-of-scope staff. The committee also reviewed the performance of the President and CEO for 2017-18 and established performance objectives for the President and CEO for 2018-19.



ASSESSING OUR GOVERNANCE PERFORMANCE

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

Our company's practices are substantially consistent with CSA standards, as set out in the following scorecard:

CSA national policy 58-201 Part 3 — Corporate Governance Guidelines	SaskPower's corporate governance practices	Consistent with CSA guidelines?
Composition of the Board 3.1 The Board should have a majority of independent Directors.	As of March 31, 2018, the Board was comprised of 12 independent Directors.	Yes
3.2 The Chair of the Board should be an independent Director. Where this is not appropriate, an independent Director should be appointed to act as "Lead Director." However, either an independent Chair or an independent Lead Director should act as the effective leader of the Board and ensure that the Board's agenda will enable it to successfully carry out its duties.	The Chair of the Board is an independent Director.	Yes
Meetings of independent Directors 3.3 The independent Directors should hold regularly scheduled meetings at which non-independent Directors and members of management are not in attendance.	All members are independent. The Board typically has two *in camera* sessions without management at every meeting.	Yes
Board mandate 3.4 The Board should adopt a written mandate in which it explicitly acknowledges responsibility for the stewardship of the issuer, including responsibility for:	The Board has a written mandate in its terms of reference, where it explicitly acknowledges that the Board of Directors functions as a steward of the company.	Yes
(a) to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer (the CEO) and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization;	The terms of reference for a Director state that Directors shall require "of themselves and corporate employees high standards of ethical behaviour…" The President and CEO mandate also places accountability on that position for ensuring activities and practices of the company are ethical and compliant with the law.	Yes
(b) adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;	The Board, working with the executive, provides strategic direction to SaskPower. Formally, this is accomplished with the annual approval of the Strategic Plan.	Yes
(c) the identification of the principal risks of the issuer's business, and ensuring the implementation of appropriate systems to manage these risks;	The Board identifies principal risks to the company on an annual basis. Either directly or through the Audit & Finance Committee, the Board monitors the company's risk management programs. It also oversees the implementation of risk management systems. The Audit & Finance Committee meets regularly to review reports and discuss significant risk concerns with both the internal and external auditors.	Yes
(d) succession planning (including appointing, training and monitoring senior management);	The Board terms of reference state that the Board is responsible for succession planning.	Yes
(e) adopting a communication policy for the issuer;	Pursuant to the Board terms of reference, the Board adopts policies and processes to enable effective communication with CIC, stakeholders and the public.	Yes

CSA national policy 58-201 Part 3 — Corporate Governance Guidelines	SaskPower's corporate governance practices	Consistent with CSA guidelines?
(f) the issuer's internal control and management information systems; and	The Board has approved an internal control program. SaskPower has documented and evaluated the design of the company's internal controls over financial reporting, including the adequacy of its information systems. Our company has developed a testing program to regularly evaluate the effectiveness of these controls. SaskPower's CEO and CFO annually certify that our company has developed an appropriate set of internal controls over financial reporting and that the controls are working effectively.	Yes
(g) developing the issuer's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the issuer.[1]	The company's corporate governance principles and guidelines are outlined in SaskPower's Governance Manual, which is approved by the Board of Directors. In addition, the Governance & Human Resources Committee is responsible for and reports to the Board on corporate governance matters. The committee also functions as the ethics advisor for the Board.	Yes
The written mandate of the Board should also set out: (i) measures for receiving feedback from stakeholders (e.g., the Board may wish to establish a process to permit stakeholders to directly contact the independent Directors), and	The Board assumes responsibility for adopting policies and processes to enable effective communication with the shareholder, stakeholders and the public. To facilitate feedback from employees, the Board has adopted a whistleblower policy.	Yes
(ii) expectations and responsibilities of Directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials. In developing an effective communication policy for the issuer, issuers should refer to the guidance set out in National Policy 51-201 *Disclosure Standards*.	Expectations and responsibilities of Directors, including participation in and preparation for meetings, are outlined in the terms of reference for a Director.	Yes

1. Issuers may consider appointing a Corporate Governance Committee to consider these issues. A Corporate Governance Committee should have a majority of independent Directors, with the remaining members being "non-management" Directors.

CSA national policy 58-201 Part 3 — Corporate Governance Guidelines	SaskPower's corporate governance practices	Consistent with CSA guidelines?
Position descriptions 3.5 The Board should develop clear position descriptions for the Chair of the Board and the Chair of each Board Committee. In addition, the Board, together with the CEO, should develop a clear position description for the CEO, which includes delineating management's responsibilities. The Board should also develop or approve the corporate goals and objectives that the CEO is responsible for meeting.	The Governance & Human Resources Committee annually reviews the terms of reference for the Board Chair as well as Committee Chairs. These are approved by the Board. The Board has also adopted a President and CEO mandate.	Yes
Orientation and continuing education 3.6 The Board should ensure that all new Directors receive a comprehensive orientation. All new Directors should fully understand the role of the Board and its Committees, as well as the contribution individual Directors are expected to make (including, in particular, the commitment of time and resources that the issuer expects from its Directors). All new Directors should also understand the nature and operation of the issuer's business.	The Governance & Human Resources Committee terms of reference state that it shall recommend a Director orientation and continuing education policy. New Directors receive a comprehensive orientation to corporate issues and processes. Comprehensive briefing materials are also provided to new members covering key aspects of our company's business. The expectations of individual Directors are set out in the terms of reference for a Director approved by the Board. These expectations include attendance at meetings, participation in Board and committee work, and advance preparation for each meeting.	Yes
3.7 The Board should provide continuing education opportunities for all Directors, so that individuals may maintain or enhance their skills and abilities as Directors, as well as to ensure their knowledge and understanding of the issuer's business remains current.	SaskPower Board Members receive governance training from CIC and are offered the opportunity to attend The Director's College. Sponsored by CIC, this modular program focuses on the highest calibre governance practices, including technical and behavioural aspects of board governance. Directors who complete all five modules of the program are eligible to write a final examination and receive certification as a chartered corporate Director. In addition, our company provides opportunities to participate in site visits and tours. The Board also receives presentations from outside experts and industry-specific briefings as a backdrop for policy and investment decisions.	Yes
Code of Business Conduct and Ethics 3.8 The Board should adopt a written Code of Business Conduct and Ethics (a Code). The Code should be applicable to Directors, officers and employees of the issuer. The Code should constitute written standards that are reasonably designed to promote integrity and to deter wrongdoing. In particular, it should address the following issues:	SaskPower has a written Code of Conduct Policy applicable to Directors, officers and employees. It is intended to provide both general and specific guidelines to protect and guide SaskPower personnel faced with ethical, moral and legal dilemmas during the course of their employment or in carrying out their duties. The Board has the responsibility to review and revise the Code, as required. The Board has further strengthened this directive by adopting a whistleblower policy and implementing an anonymous reporting process to help deter wrongdoing. Quarterly irregularity reporting has been implemented to keep the Board informed of compliance issues.	Yes
(a) conflicts of interest, including transactions and agreements in respect of which a Director or Executive Officer has a material interest;	The Code addresses conflicts of interest. Board Members complete and file annual conflict of interest declarations with the office of the General Counsel as well as declare any conflicts on the spot as they may arise in a meeting setting. Board Members are also bound by the CIC Directors' Code of Conduct.	Yes
(b) protection and proper use of assets and opportunities;	Property and inventions are covered in the Code as well as the appropriate use of business assets.	Yes
(c) confidentiality of corporate information;	Confidentiality is covered in the Code, including SaskPower information that contains third party information and personal information about personnel and customers.	Yes

CSA national policy 58-201 Part 3 — Corporate Governance Guidelines	SaskPower's corporate governance practices	Consistent with CSA guidelines?
(d) fair dealing with the issuer's security holders, customers, suppliers, competitors and employees;	Fair Dealing is covered in the General Conduct Principles section of the Code as follows: "The public is entitled to expect and receive from SaskPower equitable treatment and compliance with confidentiality expectations and laws, whether in the provision of services or in the acquisition of property… SaskPower expects its personnel to conduct themselves in a manner that is and is perceived to be fair, even-handed, and in compliance with applicable laws, this Code and related policies."	Yes
(e) compliance with laws, rules and regulations; and	The Code requires Directors, Officers and employees to comply with applicable laws and related policies.	Yes
(f) reporting of any illegal or unethical behaviour.	The Code places an onus on employees to report suspected illegal or unethical behaviour. This is facilitated by specific procedures for reporting and investigating unethical conduct and other irregularities, which are appended to the Code.	Yes
3.9 The Board should be responsible for monitoring compliance with the Code. Any waivers from the Code that are granted for the benefit of the issuer's Directors or Executive Officers should be granted by the Board (or a Board committee) only. Although issuers must exercise their own judgment in making materiality determinations, the Canadian securities regulatory authorities consider that conduct by a Director or Executive Officer which constitutes a material departure from the Code will likely constitute a "material change" within the meaning of National Instrument 51-102 Continuous Disclosure Obligations. National Instrument 51-102 requires every material change report to include a full description of the material change. Where a material departure from the Code constitutes a material change to the issuer, we expect that the material change report will disclose, among other things: • the date of the departure(s), • the party(ies) involved in the departure(s), • the reason why the Board has or has not sanctioned the departure(s), and • any measures the Board has taken to address or remedy the departure(s).	The Governance & Human Resources Committee's terms of reference state that it shall monitor and report annually to the Board concerning compliance with the CIC Director's Code of Conduct and "review and report to the Board on conflict of interest matters involving Directors." There were no waivers granted during the year ending March 31, 2018, with respect to Code compliance by Directors, Officers or employees.	Yes
Nomination of directors 3.10 The Board should appoint a Nominating Committee.	As a Crown corporation, the appointment and removal of Directors is the prerogative of the Lieutenant Governor in Council, as established by statute. The Governance & Human Resources Committee may review and recommend qualified potential candidates for the Board. The names of any recommended candidates are then submitted by the Board to CIC as shareholder.	Substantial compliance

CSA national policy 58-201 Part 3 — Corporate Governance Guidelines	SaskPower's corporate governance practices	Consistent with CSA guidelines?
3.11 The Nominating Committee should have a written charter that clearly establishes the Committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members and subcommittees), and manner of reporting to the Board. In addition, the Nominating Committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties. If an issuer is legally required by contract or otherwise to provide third parties with the right to nominate Directors, the selection and nomination of those Directors need not involve the approval of an independent Nominating Committee.	The terms of reference for the Governance & Human Resources Committee incorporate a written charter, which includes all terms referred to in the CSA guideline, with the exception of authority to delegate to individual members and subcommittees and member appointment and removal. The Board terms of reference state that any Committee can obtain the advice and counsel of external advisors. However, it states the decision to engage such advisors rests with the Board.	Substantial compliance
3.12 Prior to nominating or appointing individuals as Directors, the Board should adopt a process involving the following steps: (a) Consider what competencies and skills the Board, as a whole, should possess. In doing so, the Board should recognize that the particular competencies and skills required for one issuer may not be the same as those required for another.	A skills profile, identifying the desired mix of experience and competencies required for the Board to effectively discharge its responsibilities, has been developed and is periodically updated.	Yes
(b) Assess what competencies and skills each existing Director possesses. It is unlikely that any one Director will have all the competencies and skills required by the Board. Instead, the Board should be considered as a group, with each individual making his or her own contribution. Attention should also be paid to the personality and other qualities of each Director, as these may ultimately determine the boardroom dynamic.	The Governance & Human Resources Committee, with assistance from the Corporate Secretary, maintains and updates a skills matrix of existing members. As needed, it conducts a gap analysis to identify skills required for future appointments to round out the Board's overall skill set.	Yes
The Board should also consider the appropriate size of the Board, with a view to facilitating effective decision making. In carrying out each of these functions, the Board should consider the advice and input of the Nominating Committee.	The terms of reference for the Governance & Human Resources Committee state that it shall recommend the size of the Board.	Yes
3.13 The Nominating Committee should be responsible for identifying individuals qualified to become new Board Members and recommending to the Board the new Director nominees for the next annual meeting of shareholders.	The Governance & Human Resources Committee identifies preferred skill sets for appointment to the Board of Directors. The identification of candidates for appointment to the Board is the responsibility of Executive Council.	Partial compliance
3.14 In making its recommendations, the Nominating Committee should consider: (a) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; (b) the competencies and skills that the Board considers each existing Director to possess; and	The terms of reference for the Governance & Human Resources Committee require the Committee to "recommend to the Board the size, composition and required capabilities of the Board of Directors to meet the needs of the Corporation."	Yes
(c) the competencies and skills each new nominee will bring to the boardroom. The Nominating Committee should also consider whether or not each new nominee can devote sufficient time and resources to his or her duties as a Board Member.	When seeking candidates to fill a vacancy, it is the responsibility of Executive Council to consider how the skills and competencies of each candidate fit with the identified gaps on the Board.	Partial compliance

CSA national policy 58-201 Part 3 — Corporate Governance Guidelines	SaskPower's corporate governance practices	Consistent with CSA guidelines?
Compensation 3.15 The Board should appoint a Compensation Committee composed entirely of independent Directors.	All members of the Governance & Human Resources Committee are independent Directors.	Yes
3.16 The Compensation Committee should have a written charter that establishes the Committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members or subcommittees), and the manner of reporting to the Board. In addition, the Compensation Committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.	The terms of reference for the Governance & Human Resources Committee incorporate a written charter, which includes all items referred to in the CSA guideline (with the exception of member appointment and removal, which is established by statute). The Board terms of reference state that any Committee can obtain the advice and counsel of external advisors. However, it states the decision to engage such advisors rests with the Board.	Substantial compliance
3.17 The Compensation Committee should be responsible for: (a) reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining (or making recommendations to the Board with respect to) the CEO's compensation level based on this evaluation;	The Governance & Human Resources Committee's terms of reference state that the CEO's review is based on agreed-upon objectives, updated each year. While CEO compensation is not addressed specifically, the Committee has the responsibility to review and monitor all management compensation and benefit programs. As SaskPower is not a publicly-traded company, the parameters for CEO compensation are set by its shareholder, CIC.	Substantial compliance
(b) making recommendations to the Board with respect to non-CEO Officer and Director compensation, incentive-compensation plans and equity-based plans; and	The Governance & Human Resources Committee has the responsibility to annually review and monitor management compensation and benefit programs and make recommendations to the Board. CIC, as shareholder, sets Director remuneration.	Substantial compliance
(c) reviewing Executive compensation disclosure before the issuer publicly discloses this information.	The Board annually approves the disclosure of the compensation of executive members and all employees earning more than $50,000 per year. The compensation is disclosed to the Standing Committee on Crown and Central Agencies of the Legislative Assembly, and ultimately the public, through the Payee Disclosure Report. In addition, the President and CEO — and direct reports — are required to file their employment contracts, and any amendments thereto, with the Clerk of the Executive Council pursuant to *The Crown Employment Contracts Act*. Key management personnel compensation is disclosed in the notes to the consolidated financial statements.	Yes
Regular Board assessments 3.18 The Board, its Committees and each individual Director should be regularly assessed regarding his, her or its effectiveness and contribution. An assessment should consider:	The Governance & Human Resources Committee coordinates the assessment process with the assistance of the Corporate Secretary or an external service provider. Performance evaluations are conducted annually on a two-year cycle, with Board and Board Chair evaluations being conducted one year, and direct peer, Committee Chair and Committee evaluations being conducted the following year. In the year ended March 31, 2018, direct peer, Committee Chair and committee evaluations were conducted.	Yes
(a) in the case of the Board or a Board Committee, its mandate or charter, and	Comprehensive evaluation surveys have been developed that take into consideration the mandate of the Board as well as accepted good governance practices.	Yes
(b) in the case of an individual Director, the applicable position description(s), as well as the competencies and skills each individual Director is expected to bring to the Board.	Peer evaluations are completed every other year and are based on the position description for Directors.	Yes

The Corporation has adopted CSA Amendment Instrument for National Instrument 58-101 respecting disclosure of Director term limits and representation of women on the Board and in Executive Officer positions as reflected in the following table.

CSA national policy 58-101 Disclosure of Corporate Governance Practices	SaskPower's corporate governance practices	Consistent with CSA guidelines?
Director term limits and other mechanisms of Board renewal 10. Director term limits and other mechanisms of Board renewal. Disclose whether or not the issuer has adopted term limits for the Directors on its Board or other mechanisms of Board renewal and, if so, include a description of those Director term limits or other mechanisms of Board renewal. If the issuer has not adopted Director term limits or other mechanisms of Board renewal, disclose why it has not done so.	The appointment and removal of Directors is the prerogative of the Lieutenant Governor in Council pursuant to the Act. Director appointments are subject to term limits (established by Order in Council).	**Partial compliance**
Policies regarding the representation of women on the Board 11. (a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women Directors. If the issuer has not adopted such a policy, disclose why it has not done so.	Since the Corporation's Directors are selected and appointed by the Lieutenant Governor in Council pursuant to statutory authority, the representation of women on the Board is a matter of shareholder policy. CIC has adopted a written "Board of Directors' Appointment Policy." While the policy does not specifically refer to the identification and nomination of women Directors, it requires Crown Boards to include, "diversity candidates." The term "diversity candidates" is not defined but is interpreted as including women, Aboriginal persons and visible minorities. In 2017-18, 50% of the Board Members were women.	**Partial compliance**
(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: (i) A short summary of its objectives and key provisions, (ii) The measures taken to ensure that the policy has been effectively implemented, (iii) Annual and cumulative progress by the issuer in achieving the objectives of the policy, and (iv) Whether and, if so, how the Board or its Nominating Committee measures the effectiveness of the policy.	The Corporation has not adopted a policy on the identification and nomination of women Directors, as this is a matter of shareholder policy. CIC maintains statistics regarding the diversity of each Crown Board, including progress made on the percentage of women serving on Crown Boards. CIC forwards the information to Executive Council to be considered when Board appointment decisions are made. The information includes the skill sets required for the Board, and diversity statistics. See Table A for disclosure of the number and proportion (in percentage terms) of Directors on the Board who are women. In 2017-18, 50% of the Board Members were women.	**Partial compliance**
Consideration of the representation of women in the Director identification and selection process 12. Disclose whether or not, if so, how the Board or Nominating Committee considers the level of representation of women on the Board in identifying the nominating candidates for election or re-election to the Board. If the issuer does not consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board, disclose the issuer's reasons for not doing so.	It is the responsibility of Executive Council to consider the level of representation of women on the Board. In 2017-18, 50% of the Board Members were women.	**Partial compliance**
Consideration given to the representation of women in Executive Officer appointments 13. Disclose whether and, if so, how the issuer considers the level of representation of women in Executive Officer positions when making Executive Officer appointments. If the issuer does not consider the level of representation of women in Executive Officer positions when making Executive Officer appointments, disclose the issuer's reasons for not doing so.	SaskPower promotes a diverse workforce across all levels of the organization, including the Executive. This commitment is reflected in SaskPower's Executive Diversity Strategy. The focus of the strategy is to develop a talent pipeline of diversity candidates that possess the experience, education and technical backgrounds that are required for Executive positions. Diversity candidates include women in under-represented roles, visible minority persons, Aboriginal persons and persons with disabilities.	**Yes**

CSA national policy 58-101 Disclosure of Corporate Governance Practices	SaskPower's corporate governance practices	Consistent with CSA guidelines?
Issuer's targets regarding the representation of Women on the Board and in Executive Officer positions 14. (a) For purposes of this item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's Board or in Executive Officer positions of the issuer by a specific date. (b) Disclose whether the issuer has adopted a target regarding women on the issuer's Board. If the issuer has not adopted a target, disclose why it has not done so.	Although the CIC policy requires Crown Boards to include, "diversity candidates," the CIC policy does not adopt a specific target for representation of women on the Board.	No
(c) Disclose whether the issuer has adopted a target regarding women in Executive Officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so. (d) If the issuer has adopted a target referred to in either (b) or (c), disclose: (i) The target, and (ii) The annual and cumulative progress of the issuer in achieving the target.	SaskPower does not have a specific target for the representation of women in Executive Officer positions. However, the Corporation's Executive Diversity Strategy has set short- and long-term targets for diversity on the Executive team as follows: • 40% by 2021; and • 50% by 2026.	Partial compliance
Number of women on the Board and in Executive Officer positions 15. (a) Disclose the number and proportion (in percentage terms) of Directors on the issuer's Board who are women.	Refer to Table A below.	Yes
(b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.	Refer to Table B below.	Yes

Table A – Representation of Women on the Board

Year	Target # of women	# of women	Actual % of women	Target % of all diversity candidates	Total # of all diversity candidates	Actual % of all diversity candidates	Total # of Directors
March 31, 2018	N/A	6	50%	N/A	7	58%	12
March 31, 2017	N/A	6	50%	N/A	7	58%	12

Table B – Representation of Women in Executive Positions

Year	Target # of women	# of women	Actual % of women	Target % of all diversity candidates	Total # of all diversity candidates	Actual % of all diversity candidates	Total # of Executive positions
March 31, 2018	N/A	2	20%	40% (by 2021)	3	30%	10
March 31, 2017	N/A	2	17%	40% (by 2021)	2	17%	12

BOARD OF DIRECTORS

As at March 31, 2018

Chief Darcy Bear
Chair
Whitecap Dakota First Nation

Chief Bear joined the Board of Directors in November 2016 as Chair. He is also serving a seventh consecutive mandate as Chief of the Whitecap Dakota First Nation, and is an established businessman.

The Chief holds a Business Administration Certificate and an Honorary Doctor of Laws Degree from the University of Saskatchewan.

His illustrious career has been marked by notable awards such as the Commemorative Medal for the Centennial of Saskatchewan (2005), the Saskatchewan Order of Merit (2011), Diamond Jubilee Medal (2012), Canadian Council for Aboriginal Business Hall of Fame Lifetime Achievement Award (2016), and Junior Achievement of Saskatchewan Business Hall of Fame Award (2017).

Chief Bear enjoys his time creating meaningful friendships and continues to work towards improving the quality of life for others. Being raised in Whitecap has provided him with a strong connection to the land in the community. He spends his free time with his grandchildren and enjoys spending quality time on the land with his horses and canoeing the Saskatchewan River system that runs through the community.

Bryan Leverick
Vice-Chair
Saskatoon, Saskatchewan

Bryan Leverick joined the Board of Directors in 2008. He is currently the President of Saskatchewan-based Alliance Energy Ltd., and has been with the company since 1974.

In addition to his role on the SaskPower Board of Directors, Mr. Leverick is a Board Member of Ducks Unlimited Canada and the Saskatoon Club. He is the Past Chair of the Royal University Hospital Foundation's Board of Directors and Past Chairman of the Canadian Electrical Contractors Association. Mr. Leverick holds a certificate in Business Administration from the University of Saskatchewan. He holds a Chartered Director designation from McMaster University and is a journeyman electrician with his Gold Seal in project management from the Canadian Construction Association.

Mr. Leverick has also served as Past President of the Saskatchewan Construction Association, Saskatchewan Bid Depository, Saskatoon Construction Association, and Electrical Contractors Association. He is also a Past Chairman of the Saskatoon Regional Economic Development Authority and Saskatoon City Hospital Foundation, as well as an avid supporter of Ronald McDonald House and the Farm in the Dell. In 2003, he was honoured with the Distinguished Service Award by the Saskatchewan Construction Association, and received the Person of the Year Award in 2006.

Ayten Archer
Saskatoon, Saskatchewan

Ayten Archer joined the Board of Directors in 2016. She is currently the CEO of FIAT LUX Ventures. In her role as an international business consultant, Ms. Archer has worked on four continents with elite clients that include the Government of Canada, Procter & Gamble, and Mercedes Benz.

Ms. Archer is active in corporate governance having served with the Canadian Research Institute for the Advancement of Women, Vancouver Fashion Week, Rotary International, Mendel Art Gallery, Saskatoon Symphony, Ryerson Students' Union, and Ryerson Commerce Society.

Ms. Archer holds a Master of Business Administration and a Bachelor of Commerce from the University of Saskatchewan. She has been the recipient of more than 40 academic teaching, coaching and industry leadership awards. For five consecutive years, she was named in Maclean's Guide to Canadian Universities as one of the "Most Popular Professors" at a Canadian university. She was also recognized with the University of Saskatchewan Excellence in Teaching Award, as well as the Edwards School of Business Most Effective Professor and Somers Awards.

Ms. Archer is the recipient of five faculty medals from the Canadian Marketing Association and was selected from 51 Canadian Fellows for the Advancing Canadian Entrepreneurship John Dobson Faculty Award. She is the inaugural recipient of Leadership Saskatoon's Community Leadership Award presented at the Chamber of Commerce SABEX (Saskatoon Achievement in Business Excellence) Awards.

Ms. Archer is an international civility protocol expert and long-serving judge for Queen's University Leadership Business Competition, Schulich's GLOBE Competition, Ted Rogers School of Business and TRMC Competition, as well as the Top Model Canada, Miss World and Miss Teen Canada competitions.

Merin Coutts
Saskatoon, Saskatchewan

Merin Coutts joined the Board of Directors in 2014. Mrs. Coutts is the CEO of Merin Coutts Management Consulting, where she specializes in organizational effectiveness and change management solutions as well as governance and strategic planning facilitation. In addition to her role on the SaskPower Board of Directors, Mrs. Coutts is the Chair of the Community Consultative Committee as well as incoming Vice-Chair and a Board Director of the Saskatoon Airport Authority.

Mrs. Coutts holds a Bachelor of Commerce from the University of Saskatchewan as well as a Chartered Director designation from a joint venture between the DeGroote School of Business and the Conference Board of Canada. She also holds a Chartered Professional Accountant (CPA, CMA) designation.

Mrs. Coutts has served on the Board of Saskatchewan Government Insurance, the Saskatoon Regional Economic Development Authority and Gardiner Dam Terminal Ltd. Prior to starting her consulting practice, she held a number of leadership positions in the telecommunications, cable and broadcast industries in Saskatchewan, including the role of Regional Manager for Shaw Communications Inc.'s Saskatchewan division.

Jim Hopson
Regina, Saskatchewan

Jim Hopson joined the Board of Directors in 2015. Currently he is Chair for the Conexus Arts Centre, a Board Member with the George Reed Foundation, an Honourary Spokesperson with the Saskatchewan Brain Injury Association, and undertakes public speaking and consulting work.

Mr. Hopson earned a Bachelor of Education (with distinction) from the University of Regina and a Master of Education from the University of Oregon. His teaching career began in 1972 in Ceylon, Saskatchewan, and in December 2004 he retired as the Director of Education for the Qu'Appelle Valley School Division.

Football was also a big part of his life. After high school, he played four years with the Regina Rams. He was a multiyear all-star and was named Outstanding Lineman in the league in 1972. In 1973, he made the jump to the Saskatchewan Roughriders, playing until 1976.

In 2005, he returned to the Riders as their first-ever full-time President and CEO, retiring in March 2015. Mr. Hopson was also personally involved in securing and planning the new Mosaic Stadium that opened in 2016.

Mr. Hopson has been named one of the Power 50 of Canadian Sports by the Globe and Mail, was awarded both the Saskatchewan Centennial Medal and the Queen Elizabeth II Diamond Jubilee Medal and was recognized as one of Saskatchewan's most influential men by Saskatchewan Business Magazine.

In 2014, Mr. Hopson was honoured with the Hugh Campbell Distinguished Leadership Award for his contributions to the Canadian Football League, the game of football and Canada's sporting culture. In 2015, he was presented the Lifetime Achievement Award by the University of Regina Alumni Association.

Karri Howlett
Saskatoon, Saskatchewan

Karri Howlett joined the Board of Directors in 2013. She is currently President and a member of the Board of Directors of North Rim Exploration Ltd., a wholly owned subsidiary of RESPEC in Saskatoon. She led the company's ownership transition from sole-proprietorship to 50 per cent employee and 50 per cent institutional ownership in 2009, and its subsequent sale to RSI Consulting Inc. in April 2016.

Ms. Howlett has more than 18 years of experience in corporate strategy, mergers and acquisitions, financial due diligence, and risk analysis. Her knowledge is based on positions held with various financial institutions and as Principal of Karri Howlett Consulting Inc. Ms. Howlett has conducted financial due diligence and risk analysis for several business endeavours, including business advisement and financial modelling for several mining and energy projects, and mergers of financial institutions ranging in size from $75 million to $3 billion in assets. She also sits on the Board of RSI Consulting Inc.

Ms. Howlett holds a Bachelor of Commerce with Honours in Finance from the University of Saskatchewan and has earned the Chartered Financial Analyst (CFA) designation and the Chartered Director designation. An active community member, Ms. Howlett has previously served on the Boards of the Varsity View Community Association, Skate Saskatoon, and CFA Society of Saskatchewan. She has been involved with the University of Saskatchewan's Edwards School of Business as a lecturer in the Department of Finance, a participant in the Leadership Development Program, and a protégé in the Betty Ann Heggie Womentorship Program.

John Hyshka
Saskatoon, Saskatchewan

John Hyshka joined the Board of Directors in 2014. Currently, he is the President of Hyshka + Associates and is a consultant. He works with clients in the corporate finance, corporate development and strategic management areas, mainly in the life sciences sector. Mr. Hyshka is also currently the Chairman of the Board of Defyrus Inc., a life science company that develops anti-viral drugs and vaccines.

Prior to this, Mr. Hyshka was the Director of Economic Development of the Saskatoon Regional Economic Development Authority (SREDA) for six years and was directly involved in the development of the agriculture biotechnology and manufacturing cluster. He was also a founding Board Member of the Saskatchewan Nutraceutical Network. After leaving SREDA, Mr. Hyshka joined Performance Plants Inc. as Chief Financial Officer with a focus on raising capital and selling technology.

In 2000, he co-founded Phenomenome Discoveries Inc. (PDI), a human health research company. The company launched COLOGIC®, a simple test to help assess risk for colorectal cancer. In 2015, he left Phenomenome and started his consulting firm.

Mr. Hyshka holds a Bachelor of Commerce from the University of Saskatchewan. He has sat on two venture capital advisory boards in Canada, and was on the Boards of the Saskatoon and Saskatchewan Chambers of Commerce, and Business Development Bank of Canada. He has also been an adviser to Working Ventures for a number of years.

Cherilyn Jolly-Nagel
Mossbank, Saskatchewan

Cherilyn Jolly-Nagel joined the Board of Directors in 2017. She and her family farm near Mossbank. She represents the province's agricultural community across the country and around the world in a number of roles.

Ms. Jolly-Nagel has served on the Board of the Western Canadian Wheat Growers Association since 2004, including a five-year term as President. She has traveled the world representing the Wheat Growers, including participating in the World Trade Organization's Ministerial Meetings in Hong Kong. She has recently been appointed to sit as an International Director on the Board of the Global Farmer Network.

She is currently working with Farm & Food Care Saskatchewan to facilitate training sessions for other farmers on the topic of sharing a positive message about the sustainable food grown in her home province and across the country.

Ms. Jolly-Nagel has also served on the Agriculture Development Fund of the Saskatchewan Ministry of Agriculture as Chair of the Saskatchewan Agri-Value Initiative, was a member of the Saskatchewan Transportation Company Board of Directors, and was the first Rural Economic Development Officer for the town of Mossbank.

In 2011, Ms. Jolly-Nagel was featured in SaskBusiness Magazine as one of Saskatchewan's Most Influential Women. In 2012, she was awarded the Agricultural IMPACT Award at the Grow Canada Conference for her efforts and passion for making positive changes in the agriculture sector. In 2014, she was awarded the Queen's Diamond Jubilee Medal. This past summer, she was also chosen by the Mattel toy company to participate in the Barbie Mentorship Program.

Ms. Jolly-Nagel holds a Diploma in Hospitality and Tourism Marketing from Medicine Hat College, and a Diploma in Agriculture Business (Finance Major) from Olds College. She is a recent graduate of the Directors Education Program through the Institute of Corporate Directors.

Phil Klein
Candle Lake, Saskatchewan

Phil Klein joined the Board of Directors in 2016. He retired from RBC Royal Bank in March 2017 and held the position of Vice-President, Commercial Financial Services (Saskatoon), at the time of his retirement. Mr. Klein spent 42 years in the financial services industry and throughout his career he held many client-facing and senior leadership roles.

Mr. Klein is a graduate of the Directors Education Program through the University of Toronto's Rotman School of Management, and has an ICD.D designation from the Institute of Corporate Directors. He also attended Western University in Ontario and the University of Regina prior to starting his banking career in Regina.

Mr. Klein has been active with community and business organizations throughout his entire career, holding many Board and executive positions. He is Past Chair of Care & Share Saskatoon Inc. Meanwhile, he is a past Board Member of both the Saskatoon and Regina Chambers of Commerce and is past National Vice-President of the Canadian Progress Club. He has received the Queen's Golden Jubilee Medal, recognizing his lifelong commitment to volunteerism.

Marvin Romanow
Calgary, Alberta

Marvin Romanow joined the SaskPower Board of Directors in 2016. Mr. Romanow is a Corporate Director, Executive in Residence at the University of Saskatchewan, and former President and Chief Executive Officer of Nexen Inc. He is also Chairman of Freehold Royalties Ltd., and Board Member for the Alberta Teacher's Retirement Fund and the Arnie Charbonneau Cancer Institute.

He holds an MBA and a Bachelor of Engineering, with Great Distinction, from the University of Saskatchewan. He is also a graduate of the Program for Management Development at Harvard Graduate School, and completed the Advanced Management Programme with the INSEAD Business School. Mr. Romanow holds the ICD.D designation from the Institute of Corporate Directors.

In 2007, Mr. Romanow was recognized as Canada's "CFO of the Year" and in 2013 he was inducted into the Saskatchewan Oil Patch Hall of Fame.

Tammy Van Lambalgen
Saskatoon, Saskatchewan

Tammy Van Lambalgen joined the Board of Directors in 2013 and currently serves as Chair of the Governance & Human Resources Committee. She is the Vice-President, Corporate Affairs and General Counsel with AREVA Resources Canada overseeing legal, corporate social responsibility and organizational excellence.

Ms. Van Lambalgen holds a Bachelor of Arts and a Bachelor of Laws, graduating from the University of Saskatchewan in 1993. Ms. Van Lambalgen began her career in Calgary, where she worked as a solicitor and in-house counsel for Shell Canada. In 2003, she returned to Saskatoon to join AREVA, where in 2008 she became a Vice-President with oversight for regulatory affairs and legal.

In addition to her role on the SaskPower Board of Directors, Ms. Van Lambalgen is on the Board of Directors of AREVA Resources Canada, the Vice-Chair of the Saskatchewan Mining Association and the Chair of the Children's Discovery Museum in Saskatoon. She has also held board positions on the Saskatoon Adult Soccer Association, College Park Community Association and the Greater Saskatoon Chamber of Commerce.

Laura Wiebe
Saskatoon, Saskatchewan

Laura Wiebe joined the Board of Directors in 2016. She is currently the President and CEO of the Saskatchewan Mutual Insurance Company (SMI), a federally regulated property and casualty insurer. She holds both a CIP and FCIP designation from the Insurance Institute of Canada.

Ms. Wiebe holds a Bachelor of Commerce degree from the University of Saskatchewan and a Chartered Professional Accountant designation (CPA, CA) from the Institute of Chartered Professional Accountants of Saskatchewan. In March 2018, she obtained her ICD.D designation from the Institute of Corporate Directors.

Dale Bloom
Corporate Secretary

Dale Bloom works for CIC, the holding company for Saskatchewan's commercial Crown corporations. He was part of a team at CIC that won the Lieutenant Governor's Gold Medal for Outstanding Public Service in Saskatchewan, as well as a Certificate of Achievement in the International Awards Programme for work in governance and performance management of public enterprises.

Mr. Bloom has worked in the public sector for over 20 years in various capacities. He has several degrees, most recently attaining his MBA in 2011 from the Kenneth Levene Graduate School of Business at the University of Regina. He has been and continues to be involved in various charitable activities in Regina.

COMPENSATION

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

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

On March 24, 2017, Directors approved a motion to reduce the Board Member retainers and applicable committee meeting fees outlined above by 3.5% for 2017-18 in consideration of the province's fiscal situation.

EXECUTIVE TEAM

As at March 31, 2018

Mike Marsh
President and Chief Executive Officer

Mike Marsh was appointed President and Chief Executive Officer in April 2015. He joined SaskPower in 1991, following 12 years in the construction industry in Alberta and Saskatchewan.

At SaskPower, Mr. Marsh began his career at Boundary Dam Power Station in engineering and maintenance. He went on to various positions in the company, notably as Manager of Business and Financial Planning and Vice-President of Transmission and Distribution. In 2012, he became Vice-President of Operations and Chief Operations Officer, responsible for all operational areas including Power Production, Transmission Services and Distribution Services.

Mr. Marsh attended the University of Saskatchewan, where he earned a Bachelor of Science in Mechanical Engineering. He later studied at Queen's School of Business and obtained a Master of Business Administration. He is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan.

He is a Board Member of the Canadian Electricity Association (CEA), and is Past Chair of the CEA Transmission Council. He has also held positions on the CEA Distribution Council and CEA Occupational Health and Safety Task Group.

Mr. Marsh received the 2016 Electricity Industry Leader of the Year Award from Electricity Human Resources Canada. He is also a Past President of Canadian Progress Club – Regina Centre Chapter. This service organization offers financial assistance to charities supporting children and wellness. In 2017, he joined the Board of Directors for the Shock Trauma Air Rescue Service (STARS), which is dedicated to providing a safe, rapid, highly specialized emergency medical transport system for the critically ill and injured. In 2018, Mr. Marsh was the University of Saskatchewan College of Engineering's 42nd C.J. Mackenzie Distinguished Lecturer and an inductee to the Alumni Wall of Distinction.

Nidal Dabghi
Acting Vice-President,
Distribution and Customer Services

Nidal Dabghi was appointed as Acting Vice-President, Distribution and Customer Services in February 2018, after serving as a Director of Distribution Operation and Maintenance North since 2016. Prior to this, he was Director of Distribution Construction Management from 2014 to 2016 and he has more than 20 years of experience in numerous other roles within SaskPower.

Mr. Dabghi's career at SaskPower began with System Test in Regina and then Saskatoon for over eight years. Since 2006, Mr. Dabghi served in various leadership positions which included maintenance, construction and commissioning in both the Transmission and Distribution departments. Prior to SaskPower, he worked in private industries for over four years as a Technical Representative.

Mr. Dabghi holds a Diploma in Electrical Engineering Technology from Saskatchewan Polytechnic, and a Business Administration Certificate from the University of Saskatchewan. He has been a member of the Saskatchewan Applied Science Technologists & Technicians (A.Sc.T.) since 1993.

He represented SaskPower at the Doble Client Committees for over five years and served as the Chair of the Doble Insulating Materials Committee for three years. Mr. Dabghi has volunteered for community sports activities and coached youth soccer for multiple years.

Tim Eckel
Vice-President,
Asset Management, Planning
and Sustainability

Tim Eckel was appointed Vice-President, Asset Management, Planning and Sustainability, in 2017. He has over 30 years of experience in numerous roles within SaskPower, most recently as Vice-President, Transmission Services.

Mr. Eckel's career at SaskPower began with Customer Services in North Battleford. Over the years, he was involved with transmission maintenance, as well as distribution and transmission planning. He also served as District Engineering Manager and led the formation of the asset management group.

Mr. Eckel holds a Diploma in Electrical Engineering Technology from Saskatchewan Polytechnic, a Bachelor of Science in Electrical Engineering from the University of Saskatchewan, and a Master of Business Administration from the University of Regina. He is a professional engineer and member of the Association of Professional Engineers and Geoscientists of Saskatchewan.

He represents SaskPower on the Canadian Electricity Association Transmission Council. Mr. Eckel is also an active member of his community. He currently volunteers with the Knights of Columbus and has volunteered with a number of charitable and community organizations in Saskatchewan. In February 2017, Mr. Eckel was nominated to the North American Electric Reliability Corporation's Reliability Issues Steering Committee.

Kory Hayko
Vice-President,
Transmission and Industrial Services

Kory Hayko was appointed Vice-President, Transmission and Industrial Services, after serving as Vice-President, Commercial and Industrial Operations, since 2015. He has over 25 years of experience in numerous roles within SaskPower, including as Vice-President, Fuel and Cross-Crown Collaboration, and Acting Vice-President, Customer Services. Since July 2014, he has also held the position of President and CEO, NorthPoint Energy Solutions.

Mr. Hayko graduated from the University of Regina with a Bachelor of Applied Science in Industrial Systems Engineering, and has a Master of Applied Science in Energy Systems. He is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan and is the Board Chair of the International CCS Knowledge Centre.

Mr. Hayko is also an active volunteer. He is involved with the Heart and Stroke Foundation, Canadian Cancer Society, MS Society of Canada and Canadian Diabetes Association.

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

Troy King was appointed Vice-President, Finance and Business Performance, and Chief Financial Officer in October 2017. Mr. King has worked at SaskPower since 1996 in a number of leadership roles that included financial reporting, budgeting and forecasting, risk management, taxes, strategic planning, information technology, load forecasting and rate design. Before moving into his present role, he was the Director of Corporate Planning and Controller. Mr. King is also the Chief Financial Officer for NorthPoint Energy Solutions, a wholly owned subsidiary of SaskPower.

Mr. King is a graduate of the University of Regina, with a degree in Business Administration. He is also a Chartered Professional Accountant (CPA, CMA). Mr. King has served as a Board Member for the Saskatchewan Science Centre and volunteers with Hockey Regina and Baseball Regina.

Howard Matthews
Vice-President,
Power Production

Howard Matthews was appointed Vice-President, Power Production, and President and CEO of SaskPower International in June 2015, after serving as Acting Vice-President, Power Production, since July 2014.

He has held a number of positions during his career with SaskPower, beginning as an Electrical Engineer in 1989. Before joining SaskPower's Executive, he was Director at Poplar River Power Station in Coronach, Saskatchewan.

Prior to working at SaskPower, Mr. Matthews worked as a computer programmer for the Saskatchewan Research Council, Northern Telecom and Saskatchewan Mining and Development Corporation. He has also worked as a field engineer with Husky Injection in Toronto. Mr. Matthews holds a Bachelor of Commerce and Bachelor of Electrical Engineering from the University of Saskatchewan.

Kathy McCrum
Vice-President,
Human Resources and Safety

Kathy McCrum was appointed Vice-President of Human Resources and Safety in November 2017. Prior to accepting this role at SaskPower, Mrs. McCrum held the position of Director, Human Resources, at the Co-op Refinery Complex. During her time at the refinery, she was responsible for the HR functions and contributed to the operational strategy.

Previously, Mrs. McCrum worked for Kramer LTD (CAT) as Vice-President, Human Resources and Safety, and led the customer experience work for the organization. This provided her with the opportunity to work with executive industry peers from across the Americas, as well as with Caterpillar leadership in Illinois.

Mrs. McCrum started her career with Canadian Pacific Railway, where she held various managerial roles within Human Resources, Customer Service Operations and Business Development. She played an integral role as a member of the American Railway Engineer and Maintenance Association (AREMA) and helped shape the direction of the North American railway engineering field. She credits her foundational years in operations for shaping her strong beliefs with respect to the critical importance strategic human resources plays in the direct success of the business.

Graduating from the University of Regina with a Bachelor of Business Administration, Mrs. McCrum holds her Canadian Professional Human Resource (CPHR) designation. She also received her Personal and Professional Coaching Certification and is a certified personal and professional coach through Concordia University.

She has volunteered as Chair of the Board for a cooperative day-care centre, and spent many years volunteering as a certified fitness instructor. Mrs. McCrum currently serves on the Regina Exhibition Association Limited Board (operating Evraz Place).

Grant Ring
Vice-President,
Capital Projects and Procurement

Grant Ring was appointed Vice-President, Capital Projects and Procurement, after serving as Vice-President, Procurement and Supply Chain, since 2015. At SaskPower, Mr. Ring previously held the positions of Vice-President, Business Development; President and Chief Executive Officer of NorthPoint Energy Solutions; and Acting Vice-President, Finance, and Chief Financial Officer. Prior to that, he spent 11 years in various positions at the company.

Mr. Ring holds a Master of Business Administration from Queen's University and is a Chartered Professional Accountant (CPA). He was named a Fellow of the Society of Management Accountants in 2008. In 2007, he completed a Certificate in Executive Coaching, and in 2011, achieved his ICD.D designation from the Institute of Corporate Directors.

He is the Chairman of the Power Corporation Superannuation Plan and a member of the Buffalo Pound Water Board of Directors. In the past, Mr. Ring has also held positions as Chair of Financial Executives International Canada and Vice-Chair of the Public Employees Pension Plan, as well as serving on other non-profit boards.

Brad Strom
Vice-President, Technology and Security, and Chief Information Officer

Brad Strom joined SaskPower as Vice-President, Technology and Security, and Chief Information Officer, in 2015.

Previously, Mr. Strom worked at Farm Credit Canada (FCC) as Vice-President, Development and Operations. During his time at FCC, he took on a number of leadership roles, and was accountable for all aspects of the company's information technology and enterprise security functions.

Prior to FCC, Mr. Strom worked in a number of countries, including Brazil, Argentina and the United Kingdom. He worked in various sectors such as healthcare, insurance, banking and government, for companies including SHL Systemhouse, IBM and PwC Canada.

Mr. Strom is a graduate of Carleton University in Ottawa, where he obtained a Bachelor of Science in Computer Systems Engineering. Mr. Strom is also involved in his community, as a Board Member for Junior Achievement of Saskatchewan, and for the Caring Place, a non-profit counselling centre.

Rachelle Verret Morphy
Vice-President,
Corporate and Regulatory Affairs

Rachelle Verret Morphy was appointed Vice-President, Corporate and Regulatory Affairs, in 2017 after serving as Vice-President, Law, Land and Regulatory Affairs, since 2011. She also serves as General Counsel to the Corporation, and is responsible for advising the President, Executive and Board of Directors on corporate governance matters.

Previously, Ms. Verret Morphy worked for a federally regulated financial institution where she was responsible for providing advice on legal, tax and regulatory matters. Ms. Verret Morphy also worked in the private practice of law for a number of years at a major Saskatchewan law firm, with a focus on procurement, construction, information technology and taxation.

Ms. Verret Morphy is both a lawyer and a Chartered Professional Accountant (CPA, CA), and holds an ICD.D designation from the Institute of Corporate Directors. She has a Bachelor of Laws from the University of Saskatchewan, and a Bachelor of Commerce (Honours) from the University of Ottawa.

She is a member of the Law Society of Saskatchewan, the Canadian Bar Association, the Chartered Professional Accountants of Saskatchewan, the Chartered Professional Accountants of Ontario, the Canadian Corporate Counsel Association and the Association of Corporate Counsel. She volunteers as a member of the Board of Directors of the Hospitals of Regina Foundation.

COMPENSATION

CIC has established a framework for executive compensation, and SaskPower's Board can approve compensation packages within that framework. The Board has delegated responsibility for addressing and making recommendations concerning executive compensation issues to the Governance & Human Resources Committee. Executive performance is assessed annually against corporate and individual objectives that are aligned with our company's Strategic Plan. The mandate for executive compensation for Saskatchewan Crown corporations is established and monitored by CIC.

Direct reports of SaskPower's President and CEO, including all executive members, are required by legislation to file and report the details of their compensation and benefits and any changes to the Clerk of the Saskatchewan Legislature within 14 days of occurrence. In addition, the Crown and Central Agencies Committee of the Legislative Assembly of Saskatchewan requires Crown corporations, including SaskPower, to file an annual payee list that includes the total compensation of executive members.

Salary ranges for SaskPower's Executive team, as of March 31, 2018, were:

- President and CEO: $346,440 to $433,049.
- Vice-President: $238,918 to $298,648.

FIVE-YEAR FINANCIAL SUMMARY

(in millions)	**Twelve Months March 31 2017-18**	Twelve Months March 31 2016-17	Twelve Months March 31 2015-16	Twelve Months December 31 2014	Twelve Months December 31 2013
Consolidated statement of income					
Revenue					
Saskatchewan electricity sales	**$ 2,480**	$ 2,277	$ 2,132	$ 2,043	$ 1,878
Exports	**10**	5	8	7	62
Net (costs) sales from electricity trading	**(3)**	(3)	(2)	(2)	3
Share of profit from equity accounted investees	**2**	1	1	2	3
Other revenue	**97**	122	165	107	99
	2,586	2,402	2,304	2,157	2,045
Expense					
Fuel and purchased power	**659**	661	652	638	550
Operating, maintenance and administration	**680**	675	637	656	618
Depreciation and amortization	**543**	494	466	389	355
Finance charges	**417**	416	384	326	262
Taxes	**72**	72	64	59	55
Other expenses	**68**	38	37	46	38
	2,439	2,356	2,240	2,114	1,878
Income before the following	**$ 147**	$ 46	$ 64	$ 43	$ 167
Unrealized market value adjustments	**(1)**	10	(83)	17	(53)
Net income (loss)	**$ 146**	$ 56	$ (19)	$ 60	$ 114
Consolidated statement of financial position					
Assets					
Current assets	**$ 792**	$ 712	$ 665	$ 551	$ 472
Property, plant and equipment	**9,895**	9,518	9,140	8,548	7,641
Intangible assets	**63**	48	54	73	76
Debt retirement funds	**658**	590	533	457	368
Investments accounted for using equity method	**40**	38	38	40	40
Other assets	**8**	2	4	5	7
Total assets	**$ 11,456**	$ 10,908	$ 10,434	$ 9,674	$ 8,604
Liabilities and equity					
Current liabilities	**$ 1,923**	$ 1,647	$ 1,676	$ 1,590	$ 1,376
Long-term debt	**5,616**	5,454	5,025	4,350	3,563
Finance lease obligations	**1,096**	1,112	1,122	1,130	1,131
Employee benefits	**210**	237	264	233	153
Provisions	**233**	217	201	193	158
Equity	**2,378**	2,241	2,146	2,178	2,223
Total liabilities and equity	**$ 11,456**	$ 10,908	$ 10,434	$ 9,674	$ 8,604
Consolidated statement of cash flows					
Cash provided by operating activities	**$ 708**	$ 564	$ 376	$ 391	$ 572
Cash used in investing activities	**(964)**	(862)	(904)	(1,218)	(1,264)
Cash provided by financing activities	**250**	283	532	827	688
(Decrease) increase in cash position	**$ (6)**	$ (15)	$ 4	$ -	$ (4)
Financial indicators					
Dividends	**$ -**	$ -	$ -	$ -	$ -
Capital expenditures	**$ 996**	$ 886	$ 931	$ 1,279	$ 1,318
Return on equity (operating)	**6.3%**	2.1%	2.9%	2.0%	8.1%
Return on equity	**6.2%**	2.5%	(0.9%)	2.8%	5.5%
Per cent debt ratio	**74.9%**	75.5%	75.2%	73.1%	70.8%

The Corporation was directed by provincial government to change its fiscal year-end to March 31 to coincide with that of the Province of Saskatchewan. The 2017-18; 2016-17 and 2015-16 information disclosed reflects SaskPower's fiscal year-end consisting of the twelve months ended March 31. The 2013 and 2014 financial information disclosed reflects SaskPower's previous fiscal year-end consisting of the twelve months ended December 31.

FIVE-YEAR REVENUE STATISTICS

	Twelve Months March 31 2017-18	Twelve Months March 31 2016-17	Twelve Months March 31 2015-16	Twelve Months December 31 2014	Twelve Months December 31 2013
Number of Saskatchewan customer accounts					
Residential	**392,314**	388,006	381,857	373,109	362,738
Farm	**58,492**	58,775	59,156	59,792	61,076
Commercial	**62,375**	61,918	61,351	60,274	59,402
Oilfield	**19,412**	19,234	19,258	18,662	17,560
Power	**124**	124	121	102	101
Reseller	**2**	2	2	2	2
Total number of Saskatchewan customer accounts	**532,719**	528,059	521,745	511,941	500,879
Electricity sales (in millions)					
Residential	**$ 549**	$ 514	$ 485	$ 490	$ 452
Farm	**180**	158	157	164	155
Commercial	**501**	472	447	432	396
Oilfield	**395**	357	330	324	300
Power	**758**	681	624	546	494
Reseller	**97**	95	89	87	81
Saskatchewan electricity sales	**2,480**	2,277	2,132	2,043	1,878
Exports	**10**	5	8	7	62
Total electricity sales	**$ 2,490**	$ 2,282	$ 2,140	$ 2,050	$ 1,940
Electricity sales (GWh)					
Residential	**3,162**	3,068	3,067	3,281	3,190
Farm	**1,328**	1,189	1,255	1,364	1,332
Commercial	**3,862**	3,777	3,768	3,788	3,663
Oilfield	**3,877**	3,621	3,453	3,503	3,448
Power	**9,845**	9,207	8,876	8,179	7,863
Reseller	**1,208**	1,218	1,223	1,274	1,257
Saskatchewan electricity sales	**23,282**	22,080	21,642	21,389	20,753
Exports	**304**	176	89	90	497
Total electricity sales	**23,586**	22,256	21,731	21,479	21,250
Average electricity sales price ($/MWh)					
Residential	**$ 174**	$ 168	$ 158	$ 149	$ 142
Farm	**136**	133	125	120	116
Commercial	**130**	125	119	114	108
Oilfield	**102**	99	96	92	87
Power	**77**	74	70	67	63
Reseller	**80**	78	73	68	64
Exports	**33**	28	90	78	125
Total weighted average electricity sales price	**$ 106**	$ 103	$ 98	$ 95	$ 91
Average annual usage per residential customer (kWh)	**8,060**	7,907	8,032	8,794	8,794
System-wide average rate increases	**3.5% (Mar 1)**	5.0% (July 1) 3.5% (Jan 1)	2.0% (Sept 1)	5.5% (Jan 1)	5.0% (Jan 1)

The Corporation was directed by provincial government to change its fiscal year-end to March 31 to coincide with that of the Province of Saskatchewan. The 2017-18; 2016-17 and 2015-16 information disclosed reflects SaskPower's fiscal year-end consisting of the twelve months ended March 31. The 2013 and 2014 financial information disclosed reflects SaskPower's previous fiscal year-end consisting of the twelve months ended December 31.

FIVE-YEAR GENERATING AND OPERATING STATISTICS

	Twelve Months March 31 2017-18	Twelve Months March 31 2016-17	Twelve Months March 31 2015-16	Twelve Months December 31 2014	Twelve Months December 31 2013
Net electricity supplied (GWh)					
Coal	**10,864**	10,759	10,967	10,219	10,846
Gas	**9,144**	8,729	8,379	6,883	6,460
Hydro	**3,873**	3,525	3,213	4,706	4,449
Wind	**765**	740	682	636	646
Imports	**515**	478	375	797	548
Other	**156**	143	140	183	206
Gross electricity supplied	**25,317**	24,374	23,756	23,424	23,155
Line losses	**(1,731)**	(2,118)	(2,025)	(1,945)	(1,905)
Net electricity supplied	**23,586**	22,256	21,731	21,479	21,250
Available generating capacity (net MW)					
Coal	**1,530**	1,530	1,530	1,530	1,591
Gas	**1,824**	1,824	1,771	1,567	1,597
Hydro	**889**	889	889	864	863
Wind	**221**	221	221	198	198
Other	**29**	27	26	22	32
Total available generating capacity	**4,493**	4,491	4,437	4,181	4,281
Peak loads (net MW)					
Annual peak load	**3,792**	3,747	3,640	3,561	3,543
Minimum load	**2,057**	1,970	2,033	1,854	1,839
Summer peak load	**3,470**	3,270	3,331	3,131	3,187
Lines in service (circuit km)					
Transmission lines	**14,140**	14,384	13,964	13,405	13,267
Distribution lines	**143,422**	144,339	143,020	142,403	139,375
Total lines in service	**157,562**	158,723	156,984	155,808	152,642
Number of permanent full-time employees	**3,144**	3,178	3,143	3,099	3,008

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GLOSSARY

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

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

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

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

Carbon dioxide (CO_2)
One of the primary greenhouse gases believed to be a cause of climate change. Carbon dioxide is produced in fossil fuel-based electricity generation.

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

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

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

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

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

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

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

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

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

ISO 14001
A standard that defines the elements of a sound environmental management system. The ISO 14000 series is a family of environmental management standards developed by the International Organization for Standardization (ISO).

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

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

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

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

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

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

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

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

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

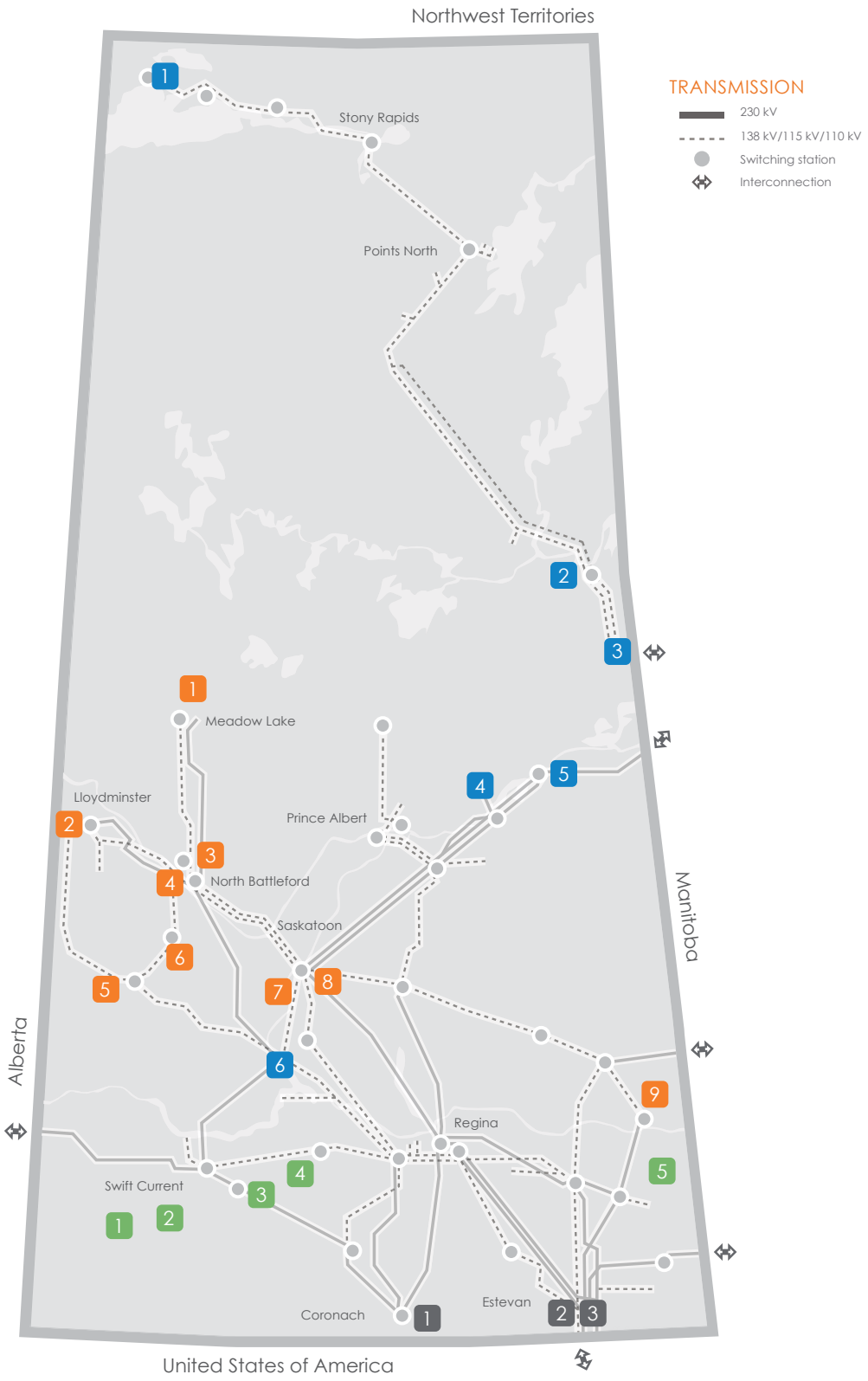
Power purchase agreement (PPA)
A contract between electricity producers in which one party sells energy and/or generating capacity to another, who generally serves end-use retail customers. For example, instead of building a new power plant an electric company can choose to enter into a PPA.

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

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

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

SYSTEM MAP


Northwest Territories
TRANSMISSION
230 kV
138 kV/115 kV/110 kV
Switching station
Interconnection
Stony Rapids
Points North
Meadow Lake
Lloydminster
Prince Albert
North Battleford
Saskatoon
Regina
Swift Current
Coronach
Estevan
Alberta
Manitoba
United States of America

7	3	9	5
Hydro Facilities	Coal Facilities	Natural Gas Facilities	Wind Facilities

As of March 31, 2018

		Owner	Net Capacity (MW)	Fuel
1.	Athabasca Hydroelectric System			
	• Wellington	SaskPower	5	Hydro
	• Waterloo	SaskPower	8	Hydro
	• Charlot River	SaskPower	10	Hydro
2.	Island Falls Hydroelectric Station	SaskPower	111	Hydro
3.	Manitoba Hydro Northern Power Purchase Agreement	Manitoba Hydro	25	Hydro
4.	Nipawin Hydroelectric Station	SaskPower	255	Hydro
5.	E.B. Campbell Hydroelectric Station	SaskPower	289	Hydro
6.	Coteau Creek Hydroelectric Station	SaskPower	186	Hydro
	Total Hydro		889	
1.	Poplar River Power Station	SaskPower	582	Coal
2.	Boundary Dam Power Station	SaskPower	672	Coal
3.	Shand Power Station	SaskPower	276	Coal
	Total Coal		1,530	
1.	Meadow Lake Power Station	SaskPower	44	Natural Gas
2.	Meridian Cogeneration Station	Independent Power Producer	228	Natural Gas
3.	North Battleford Generating Station	Independent Power Producer	271	Natural Gas
4.	Yellowhead Power Station	SaskPower	138	Natural Gas
5.	Ermine Power Station	SaskPower	92	Natural Gas
6.	Landis Power Station	SaskPower	79	Natural Gas
7.	Cory Cogeneration Station	SaskPower International/ ATCO Power Canada	249	Natural Gas
8.	Queen Elizabeth Power Station	SaskPower	634	Natural Gas
9.	Spy Hill Generating Station	Independent Power Producer	89	Natural Gas
	Total Natural Gas		1,824	
1.	Cypress Wind Power Facility	SaskPower	11	Wind
2.	SunBridge Wind Power Facility	Independent Power Producer	11	Wind
3.	Centennial Wind Power Facility	SaskPower	150	Wind
4.	Morse Wind Energy Facility	Independent Power Producer	23	Wind
5.	Red Lily Wind Energy Facility	Independent Power Producer	26	Wind
	Total Wind		221	
	Small Independent Power Producers	Various	29	Various
	Total Small Independent Power Producers		29	
	Total Available Generating Capacity		**4,493**	

SaskPower
Powering the future®

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