FOURTH QUARTER FINANCIAL REPORT

For the twelve months ended December 31, 2015

STRATEGIC DIRECTION

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

Our mission
Reliable, affordable, sustainable power

Our values
Safety, dedication and respect

Our core strategies and key priorities

People
- Customer experience
- Workforce excellence
- Stakeholder relations

Financial
- Process efficiency and cost management

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

FINANCIAL AND OPERATING HIGHLIGHTS

Financial Indicators

(in millions)	Three months ended December 31 2015	2014	Change	Twelve months ended December 31 2015	2014	Change
Revenue	**$ 616**	$ 558	$ 58	**$ 2,296**	$ 2,157	$ 139
Expense	**588**	571	17	**2,192**	2,114	78
Income (loss) before unrealized market value adjustments	**28**	(13)	41	**104**	43	61
Net income (loss)	**18**	(38)	56	**40**	60	(20)
Capital expenditures	**287**	363	(76)	**990**	1,279	(289)

	Dec 31 2015	Dec 31 2014	Change
Long-term debt	**$ 4,954**	$ 4,355	$ 599
Short-term advances	**950**	890	60
Finance lease obligations	**1,136**	1,138	(2)

	2015	2014	Change
Return on equity (operating)[1]	**4.7%**	2.0%	2.7%
Return on equity[2]	**1.8%**	2.7%	-0.9%
Per cent debt ratio[3]	**74.8%**	73.1%	1.7%

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 advances + finance lease obligations + bank indebtedness – debt retirement funds – cash and cash equivalents).

Operating Statistics

(GWh) [1]	Three months ended December 31 2015	2014	Change	Twelve months ended December 31 2015	2014	Change
Saskatchewan electricity sales	**5,462**	5,580	(118)	**21,625**	21,389	236
Exports	**9**	2	7	**71**	90	(19)
Total electricity sales	**5,471**	5,582	(111)	**21,696**	21,479	217
Gross electricity supplied	**6,022**	6,141	(119)	**23,744**	23,424	320
Line losses	**(551)**	(559)	8	**(2,048)**	(1,945)	(103)
Net electricity supplied	**5,471**	5,582	(111)	**21,696**	21,479	217
Electricity trading purchases	**8**	20	(12)	**85**	174	(89)
Line losses	**-**	-	-	**-**	(2)	2
Electricity trading sales	**8**	20	(12)	**85**	172	(87)
Generating capacity (net MW)[2]	**4,436**	4,181	255	**4,436**	4,181	255
Peak load (net MW)[2]	**3,478**	3,561	(83)	**3,628**	3,561	67
Summer peak load (net MW)[2]	**-**	-	-	**3,331**	3,131	200
Customers	**520,315**	511,941	8,374	**520,315**	511,941	8,374

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

Change of year-end

The Corporation has been directed to change its fiscal year-end to March 31 to coincide with that of its owner. The first complete fiscal period will consist of the fifteen months ended March 31, 2016. Information included in the following discussion focuses on the twelve months of 2015 as compared to the twelve months of 2014.

Financial results

	Three months ended December 31			Twelve months ended December 31		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Revenue						
Saskatchewan electricity sales	**$ 543**	$ 528	$ 15	**$ 2,128**	$ 2,043	$ 85
Exports	**-**	-	-	**8**	7	1
Net (costs) sales from electricity trading	**(1)**	(1)	-	**(2)**	(2)	-
Share of profit from equity accounted investees	**-**	-	-	**1**	2	(1)
Other revenue	**74**	31	43	**161**	107	54
	616	558	58	**2,296**	2,157	139
Expense						
Fuel and purchased power	**174**	177	(3)	**650**	638	12
Operating, maintenance and administration	**161**	175	(14)	**634**	656	(22)
Depreciation and amortization	**120**	103	17	**452**	389	63
Finance charges	**99**	92	7	**362**	326	36
Taxes	**15**	14	1	**63**	59	4
Other expenses	**19**	10	9	**31**	46	(15)
	588	571	17	**2,192**	2,114	78
Income (loss) before the following	**$ 28**	$ (13)	$ 41	**$ 104**	$ 43	$ 61
Unrealized market value adjustments	**(10)**	(25)	15	**(64)**	17	(81)
Net income (loss)	**$ 18**	$ (38)	$ 56	**$ 40**	$ 60	$ (20)
Return on equity (operating)[1]				**4.7%**	2.0%	2.7%
Return on equity[2]				**1.8%**	2.7%	-0.9%

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

Highlights and summary of results

Fourth Quarter

SaskPower's consolidated income before unrealized market value adjustments was $28 million in the fourth quarter of 2015 compared to consolidated loss of $13 million in the fourth quarter of 2014. The $41 million increase was due to higher revenue offset by an increase in expenses.

Total revenue was up $58 million in the fourth quarter of 2015, compared to the fourth quarter of 2014. The increase in revenue was attributable to a $43 million increase in other revenue, primarily due to an increase in customer contributions. In addition, Saskatchewan electricity sales increased $15 million due to higher sales volumes as well as the 3.0% system-wide average rate increase that became effective January 1, 2015. An additional 2.0% rate increase effective September 1, 2015, also contributed to the higher revenue realized in the fourth quarter.

Total expense increased $17 million in the fourth quarter of 2015, compared to the fourth quarter of 2014. Depreciation expense increased $17 million compared to the same period in 2014 as a result of significant investments in the Corporation's property, plant and equipment. Other expenses increased $9 million mainly due to additional losses on asset retirements. In addition, finance charges increased $7 million compared to the same period in 2014 due to additional interest incurred as a result of higher debt levels required to finance SaskPower's capital expenditures, as well as lower interest capitalized. Taxes were up $1 million as a result of an increase in the Corporation's capital tax base. These increases were slightly offset by a $14 million decrease in operating, maintenance and administration (OM&A) expense due to reduced maintenance and cost-cutting initiatives as compared to the fourth quarter of 2014. Fuel and purchased power costs also decreased $3 million largely as a result of a reduction in demand.

SaskPower reported $10 million of unrealized market value net losses in the fourth quarter of 2015, compared to $25 million in the fourth quarter of 2014. The unrealized market value adjustments represent the change in the market value of the Corporation's outstanding natural gas hedges; natural gas inventory; electricity contracts; and debt retirement funds at period-end.

The net impact of SaskPower's operating results plus unrealized losses was consolidated income of $18 million in the fourth quarter of 2015 compared to a consolidated loss of $38 million in the fourth quarter of 2014.

Year-to-Date

SaskPower's consolidated income before unrealized market value adjustments was $104 million for the twelve months ended December 31, 2015, compared to $43 million for the same period in 2014. The $61 million increase was due to higher revenue offset by an increase in expenses. The operating return on equity was 4.7%, up nearly three percentage points from the previous period.

Total revenue was up $139 million year-to-date compared to the same period in 2014. The improvement in revenue was attributable to an $85 million increase in Saskatchewan electricity sales due to higher sales volumes, as well as the 3.0% system-wide average rate increase that became effective January 1, 2015. An additional 2.0% rate increase effective September 1, 2015, also contributed to the higher revenue realized in 2015. In addition, other revenue increased $54 million primarily as a result of higher customer contributions and fees for the use of the Shand Carbon Capture Test Facility.

Total expense increased $78 million year-to-date compared to the same period in 2014. Depreciation expense was up $63 million compared to the same period a year ago as a result of significant investments in the Corporation's property, plant and equipment. Finance charges increased $36 million due to additional interest expense incurred as a result of higher debt levels required to finance SaskPower's capital expenditures, as well as lower interest capitalized. These increases were partially offset by higher debt retirement earnings. Fuel and purchased power costs increased $12 million largely as a result of an unfavourable change in the fuel mix due to lower hydro generation being replaced by more expensive natural gas generation. The increased fuel costs were partially offset by a decline in natural gas prices. Taxes were up $4 million as a result of an increase in the Corporation's capital tax base. These increases were partially offset by OM&A expenses, which were down $22 million due to reduced maintenance and cost-cutting initiatives as compared to 2014. In addition, other expenses decreased by $15 million largely due to the impairment loss on AMI meters recognized in 2014.

SaskPower reported $64 million of unrealized market value net losses for the twelve months ended December 31, 2015, compared to $17 million in net gains for the same period in 2014. The unrealized market value adjustments represent the change in the market value of the Corporation's outstanding natural gas hedges; natural gas inventory; electricity contracts; and debt retirement funds at period-end.

The net impact of SaskPower's operating results plus unrealized market value adjustments was consolidated income of $40 million for the twelve months ended December 31, 2015, compared to $60 million for the same period in 2014.

Outlook

The Corporation has been directed to change its fiscal year-end to March 31 to coincide with that of its owner. The first complete fiscal period will consist of the fifteen months ended March 31, 2016. Information included in the following discussion focuses on the twelve months of 2015 as compared to the twelve months of 2014.

SaskPower is forecasting earnings of $34 million for the three months ended March 31, 2016. This would result in net income before unrealized market value adjustments of $138 million and consolidated net income of $74 million for the fifteen months ended March 31, 2016, and a return on equity of 6.9% and 3.2%, respectively.

Revenue is expected to be $619 million for the first three months of 2016, for a total of $2,915 million for the fifteen months ended March 31, 2016, which includes a 5% rate increase that took effect during the year. Total expenses are expected to be $585 million for the first three months of 2016, for a total of $2,777 million for the fifteen months ended March 31, 2016.

Capital expenditures for the fifteen months ended March 31, 2016, are forecasted to be approximately $1.207 billion. This includes $701 million in costs to improve and expand the Corporation's transmission and distribution infrastructure, including the new I1K transmission line and connecting new customers to SaskPower's grid; $169 million on the expansion of Queen Elizabeth Power Station; and $149 million to maintain and refurbish the existing generation fleet.

Revenue

Saskatchewan electricity sales

	Three months ended December 31			Twelve months ended December 31		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Saskatchewan electricity sales	**$ 543**	$ 528	$ 15	**$ 2,128**	$ 2,043	$ 85

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

Saskatchewan electricity sales for the fourth quarter of 2015 were $543 million, up $15 million from the fourth quarter of 2014, and $2,128 million in 2015, up $85 million from 2014. The year-to-date increase was due to higher electricity sales volumes, as well as the 3.0% system-wide average rate increase that became effective January 1, 2015. An additional 2.0% rate increase became effective September 1, 2015, which also contributed to the higher revenue realized in the fourth quarter of 2015. Year-to-date electricity sales volumes to Saskatchewan customers were 21,625 GWh, up 236 GWh or 1.1% from the same period in 2014. The Corporation experienced a 6% growth in demand from the power customer class, which was slightly offset by a decline in sales to the residential, reseller and farm customer classes due to milder weather.

Exports

	Three months ended December 31			Twelve months ended December 31		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Exports	**$ -**	$ -	$ -	**$ 8**	$ 7	$ 1

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

Exports were nil in the fourth quarter of 2015, consistent with the fourth quarter of 2014, and $8 million year-to-date, up $1 million from the same period in 2014. Exports were up due to an increase in sales prices in Alberta, offset by a decrease in sales volumes. Export sales volumes decreased 19 GWh or 21% year-to-date compared to the same period in 2014.

Net (costs) sales from electricity trading

	Three months ended December 31			Twelve months ended December 31		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Electricity trading revenue	**$ -**	$ 1	$ (1)	**$ 6**	$ 11	$ (5)
Electricity trading costs	**(1)**	(2)	1	**(8)**	(13)	5
Net (costs) sales from electricity trading	**$ (1)**	$ (1)	$ -	**$ (2)**	$ (2)	$ -

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 both real time as well as short- to long-term physical and financial trades in the North American market. The trading activities are intended to deliver positive gross margins to SaskPower's bottom line while operating within an acceptable level of risk.

Net costs from electricity trading were $1 million in the fourth quarter of 2015, consistent with the fourth quarter of 2014, and $2 million of net costs year-to-date, consistent with the same period in 2014. SaskPower's low trading earnings are the result of limited economic trading opportunities in Alberta.

Share of profit from equity accounted investees

	Three months ended December 31			Twelve months ended December 31		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Share of profit from equity accounted investees	**$ -**	$ -	$ -	**$ 1**	$ 2	$ (1)

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

SaskPower’s year-to-date share of profit from its investment in the MRM Cogeneration Station was $1 million, a decrease of $1 million compared to the same period in 2014. This was due to a major overhaul that occurred in 2015 which resulted in lower merchant sales at lower margins.

Other revenue

	Three months ended December 31			Twelve months ended December 31		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Other revenue	**$ 74**	$ 31	$ 43	**$ 161**	$ 107	$ 54

Other revenue includes various non-electricity products and services. Other revenue was $74 million in the fourth quarter of 2015 compared to $31 million in the fourth quarter of 2014, and $161 million year-to-date compared to $107 million for the same period in 2014. The $54 million increase was primarily due to higher customer contributions, which were up $46 million. Customer contributions are funds received from certain customers for the costs of service extensions. These contributions are recognized immediately in profit or loss when the related property, plant and equipment is available for use and the Corporation’s performance obligations are completed.

In addition, fees for the use of the Shand Carbon Capture Test Facility contributed $9 million of additional revenue in 2015. These increases were offset by a $1 million reduction in gas and electrical inspection revenue.

Expense

Fuel and purchased power

	Three months ended December 31			Twelve months ended December 31		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Fuel and purchased power	**$ 174**	$ 177	$ (3)	**$ 650**	$ 638	$ 12

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

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

Fuel and purchased power costs were $174 million in the fourth quarter of 2015, down $3 million from the fourth quarter of 2014 and $650 million year-to-date, up $12 million from the same period in 2014. The $12 million increase is the result of an unfavourable fuel mix and volume variance offset by a favourable price variance.

The fuel mix is the relative proportion that each fuel source contributes to our total fuel supply. The more energy that is generated from lower incremental cost units such as hydro, coal and wind, the more favourable the impact on fuel and purchased power costs. Year-to-date, hydro generation accounted for 14% of total generation, down 6% compared to 2014. The decreased hydro generation was replaced with more expensive natural gas generation. The unfavourable change in the fuel mix resulted in an estimated $39 million increase in fuel and purchased power costs.

Total generation and purchased power was 23,744 GWh year-to-date, an increase of 320 GWh or 1.4% compared to the 2014 year. The higher demand resulted in an estimated $9 million increase in fuel and purchased power costs.

The average price of fuel decreased due to lower natural gas prices, with average prices decreasing approximately $0.70 per gigajoule. The lower fuel prices resulted in a $36 million decrease in fuel and purchased power costs.

Operating, maintenance and administration (OM&A)

	Three months ended December 31			Twelve months ended December 31		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
OM&A	**$ 161**	$ 175	$ (14)	**$ 634**	$ 656	$ (22)

OM&A expense was $161 million in the fourth quarter of 2015, down $14 million from the fourth quarter of 2014 and $634 million year-to-date, down $22 million from the 2014 year. The decline in operating expense was due to a reduction in the number of maintenance hours required to perform overhauls at the Corporation's generation facilities and the impact of SaskPower's restraint initiatives. As a result, wages and overtime expenses declined by $8 million in 2015 due to a net reduction of 165 full time equivalents. The Corporation also realized $11 million in savings from reduced consulting, contractor and advertising spending. Finally, SaskPower cut training and travel expenditures by $4 million compared to the previous year. These reductions were partially offset by a $1 million increase in other cost categories.

Depreciation and amortization

	Three months ended December 31			Twelve months ended December 31		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Depreciation and amortization	**$ 120**	$ 103	$ 17	**$ 452**	$ 389	$ 63

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

Depreciation expense was $120 million in the fourth quarter of 2015, up $17 million from the fourth quarter of 2014, and $452 million year-to-date, up $63 million from the same period in 2014. The rise in depreciation expense was primarily attributable to an increase in property, plant and equipment as a result of ongoing capital expenditures. As well, following the completion of an internal depreciation study in 2014, the estimated useful lives of certain asset components were changed. The changes in estimates were applied prospectively January 1, 2015, and resulted in a $7 million increase to depreciation expense for the twelve months ended December 31, 2015.

Finance charges

	Three months ended December 31			Twelve months ended December 31		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Finance charges	**$ 99**	$ 92	$ 7	**$ 362**	$ 326	$ 36

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 $99 million in the fourth quarter of 2015 compared to $92 million in the fourth quarter of 2014 and $362 million year-to-date compared to $326 million for the same period in 2014. The $36 million increase in finance charges was due to an additional $18 million in interest expense incurred as a result of higher debt levels required to finance SaskPower's capital expenditures, as well as a $31 million decrease in interest capitalized. These amounts were offset by a $10 million increase in debt retirement fund earnings and a $3 million decrease in interest on employee benefits compared to the prior year.

Taxes

(in millions)	Three months ended December 31 2015	2014	Change	Twelve months ended December 31 2015	2014	Change
Taxes	**$ 15**	$ 14	$ 1	**$ 63**	$ 59	$ 4

Taxes represent the payment of corporation capital tax to the Province of Saskatchewan and grants-in-lieu of taxes paid to 13 cities in Saskatchewan. Taxes were $63 million year-to-date, up $4 million from the same period in 2014, due to higher corporate capital tax as a result of growth in the Corporation's capital tax base.

Other expenses

(in millions)	Three months ended December 31 2015	2014	Change	Twelve months ended December 31 2015	2014	Change
Other expenses	**$ 19**	$ 10	$ 9	**$ 31**	$ 46	$ (15)

Other expenses include asset impairment losses; net losses on asset disposals and retirements; inventory adjustments; foreign exchange; and environmental remediation activities. Other expenses were $31 million year-to-date, down $15 million compared to the same period in 2014. The decrease was largely due to the net $17 million impairment loss recognized in 2014 as a result of the decision to replace the Corporation's AMI meters with legacy meters.

Unrealized market value adjustments

(in millions)	Three months ended December 31 2015	2014	Change	Twelve months ended December 31 2015	2014	Change
Natural gas contracts gains (losses)	**$ (13)**	$ (32)	$ 19	**$ (42)**	$ (15)	$ (27)
Natural gas inventory revaluation	**(1)**	(1)	-	**(2)**	(2)	-
Electricity contracts gains (losses)	**-**	(3)	3	**(4)**	(1)	(3)
Debt retirement funds gains (losses)	**4**	11	(7)	**(16)**	35	(51)
Unrealized market value adjustments	**$ (10)**	$ (25)	$ 15	**$ (64)**	$ 17	$ (81)

Unrealized market value adjustments represent the change in the market value of the Corporation's outstanding natural gas hedges; natural gas inventory; electricity contracts; and debt retirement funds at period-end. These non-cash transactions resulted in a net market value loss of $64 million for the twelve months ended December 31, 2015, compared to a net gain of $17 million for the same period in 2014.

SaskPower had outstanding natural gas hedges of approximately 129 million notional gigajoules (GJs) to cap the price of natural gas on a portion of the Corporation's anticipated natural gas needs for 2016 through 2025. The unrealized market value losses on these outstanding natural gas hedges and forward natural gas contracts were $42 million. The losses are the result of a decline in the forward price of natural gas and the settlement of natural gas hedge contracts. Market value adjustments on natural gas hedges are subject to significant volatility based on movements in the forward price of natural gas.

The net realizable value of the Corporation's natural gas inventory held in storage has also declined due to falling natural gas prices. As a result, SaskPower recognized a $2 million write-down of its natural gas inventory for the twelve months ended December 31, 2015.

Year-to-date unrealized market value losses related to SaskPower's outstanding electricity derivative contracts were $4 million, a $3 million decrease from the same period in 2014. The losses are the result of a decline in the forward price of electricity as well as the settlement of electricity derivative contracts.

The Corporation also recorded $16 million in market value losses related to its debt retirement funds, which represents a $51 million decrease compared to the same period in 2014. The decline in the value of the debt retirement funds was primarily due to an increase in long-term interest rates which negatively impacts the value of the bonds in the debt retirement fund portfolio.

Financial Condition

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

Financial Condition	
(in millions)	**Increase / (Decrease)**
Bank indebtedness Refer to Consolidated Statement of Cash Flows.	**$ -**
Accounts receivable and unbilled revenue Margin deposits on natural gas derivatives, and timing of receipts.	**57**
Inventory Decrease in natural gas inventory plus an increase in the obsolete inventory allowance.	**(5)**
Prepaid expenses	**-**
Property, plant and equipment Capital additions, offset by depreciation, disposals, and retirements.	**523**
Intangible assets Amortization expense less capitalization of new software costs.	**(15)**
Debt retirement funds Instalments and earnings offset by market value losses.	**54**
Investments accounted for using equity method MRM cash distributions offset by equity investment income.	**(2)**
Other assets Amortization of long-term coal supply agreements.	**(1)**
Accounts payable and accrued liabilities Timing of payments.	**(100)**
Accrued interest Timing of interest payments.	**2**
Risk management liabilities (net of risk management assets) Losses on natural gas hedges offset by an increase in the fair value of bond forward agreements.	**23**
Short-term advances Increase in short-term borrowings.	**60**
Long-term debt (including current portion) New borrowings offset by repayments and amortization of debt premiums.	**599**
Finance lease obligations (including current portion) Principal repayment of finance lease obligations.	**(2)**
Employee benefits Actuarial gains on the defined benefit pension plan and benefit payments.	**(2)**
Provisions Additional decommissioning provisions established.	**5**
Equity 2015 comprehensive income.	**26**

Liquidity and Capital Resources

Cash flow highlights

(in millions)	December 31 2015	December 31 2014	Change
Bank indebtedness	**$ (2)**	$ (2)	$ -

The Corporation's cash position at December 31, 2015, was consistent with December 31, 2014. The nil change was the result of $383 million provided by operating activities and $574 million provided by financing activities, offset by $957 million used in investing activities.

a) Operating activities

	Three months ended December 31			Twelve months ended December 31		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Cash provided by operating activities	**$ 124**	$ 148	$ (24)	**$ 383**	$ 391	$ (8)

Cash provided by operating activities was $383 million for the twelve months ended December 31, 2015, down $8 million from the same period in 2014. The decrease was primarily the result of a decline in non-cash working capital offset by an increase in income before unrealized market value adjustments.

b) Investing activities

	Three months ended December 31			Twelve months ended December 31		
(in millions)	**2015**	2014	Change	**2015**	2014	Change
Generation	**$ 102**	$ 161	$ (59)	**$ 338**	$ 580	$ (242)
Transmission & Distribution	**157**	172	(15)	**571**	618	(47)
Other	**28**	30	(2)	**81**	81	-
Total capital expenditures	**$ 287**	$ 363	$ (76)	**$ 990**	$ 1,279	$ (289)
Less: Interest capitalized	**(4)**	(9)	5	**(31)**	(62)	31
Net costs of removal of assets	**1**	1	-	**1**	3	(2)
Distributions from equity accounted investees	**(3)**	-	(3)	**(3)**	(2)	(1)
Cash used in investing activities	**$ 281**	$ 355	$ (74)	**$ 957**	$ 1,218	$ (261)

In order to ensure a safe, reliable, and sustainable supply of electricity for its customers, SaskPower invested $990 million during 2015 on various capital projects. This includes $170 million to connect customers to the SaskPower electric system; $82 million on the I1K transmission line; $274 million on increasing capacity and sustaining transmission and distribution infrastructure; $167 million on the repowering of the Queen Elizabeth Power Station; and $37 million on Information Technology projects.

c) Financing activities

(in millions)	Three months ended December 31 2015	2014	Change	Twelve months ended December 31 2015	2014	Change
Net proceeds from short-term advances	**$ (11)**	$ 11	$ (22)	**$ 60**	$ 86	$ (26)
Proceeds from long-term debt	**174**	218	(44)	**606**	792	(186)
Repayments of long-term debt	**(2)**	(1)	(1)	**(5)**	(4)	(1)
Debt retirement fund instalments	**(1)**	(2)	1	**(42)**	(36)	(6)
Principal repayment of finance lease obligations	**(2)**	(2)	-	**(8)**	(6)	(2)
Increase (decrease) in long-term liabilities	**1**	(9)	10	**6**	7	(1)
Realized losses on cash flow hedges	**(7)**	(12)	5	**(43)**	(12)	(31)
Cash provided by financing activities	**$ 152**	$ 203	$ (51)	**$ 574**	$ 827	$ (253)

For the year to date, $574 million of cash was provided by financing activities, down $253 million compared to the same period in 2014. The cash was used to finance the Corporation's capital program.

Capital management

(in millions)	December 31 2015	December 31 2014	Change
Long-term debt	**$ 4,954**	$ 4,355	$ 599
Short-term advances	**950**	890	60
Finance lease obligations	**1,136**	1,138	(2)
Total debt	**7,040**	6,383	657
Debt retirement funds	**511**	457	54
Bank indebtedness	**(2)**	(2)	-
Total net debt	**$ 6,531**	$ 5,928	$ 603
Retained earnings	**1,561**	1,521	40
Accumulated other comprehensive loss	**(17)**	(3)	(14)
Equity advances	**660**	660	-
Total capital	**$ 8,735**	$ 8,106	$ 629
Per cent debt ratio[1]	**74.8%**	73.1%	1.7%

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

SaskPower's total debt position (including finance lease obligations) was $7,040 million at December 31, 2015, up $657 million from December 31, 2014. The increase in total debt was the result of:

- On February 5, 2015, the Corporation borrowed $200 million of long-term debt at a premium of $48 million. The debt issue has a coupon rate of 3.90%, an effective interest rate of 2.73%, and matures on June 2, 2045.
- On May 26, 2015, the Corporation borrowed $200 million of long-term debt at a discount of $16 million. The debt issue has a coupon rate of 2.75%, an effective interest rate of 3.15%, and matures on December 2, 2046.
- On October 15, 2015, the Corporation borrowed $200 million of long-term debt at a discount of $26 million. The debt issue has a coupon rate of 2.75%, an effective interest rate of 3.43%, and matures on December 2, 2046.
- Short-term advances increased by $60 million.
- The increase in total debt was offset by the $5 million repayment of non-recourse debt; $2 million of amortization of debt premiums; and $2 million in finance lease repayments.

The Corporation's per cent debt ratio has increased slightly from 73.1% at the end of 2014 to 74.8% as at December 31, 2015.

Debt retirement fund instalments

(in millions)	Twelve months ended December 31 **2015**	2014	Change
Debt retirement fund instalments	**$ 42**	$ 36	$ 6

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.

For the year to date, the Corporation made $42 million in contributions to the debt retirement funds on outstanding debt issues as required by the terms of the advances from the Government of Saskatchewan's General Revenue Fund. SaskPower also earned $28 million (included with finance charges and classified as non-cash operating activities), on the debt retirement funds for the period.

Dividends

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

Contractual obligations

The Corporation has the following significant long-term contractual obligations as at December 31, 2015, which will impact cash flows in 2016 and beyond:

(in millions)	**1 year**	**1 - 5 years**	**More than 5 years**
Long-term debt (including principal and interest)	$ 350	$ 1,093	$ 8,222
Debt retirement fund instalments	47	186	850
Future minimum lease payments	171	720	2,308

SaskPower's financing requirements for the next 12 months will include $350 million in principal and interest payments, $47 million of debt retirement fund instalments, and $171 million in minimum lease payments under existing power purchase agreements. Included in the future minimum lease payments above, is the availability payments related to the power purchase agreements (PPAs) which have been classified as finance leases. SaskPower evaluates the need for additional borrowings throughout the year.

Condensed Consolidated Statement of Income (Loss)

(in millions)	Three months ended December 31 (Unaudited) 2015	2014	Twelve months ended December 31 (Unaudited) 2015	(Audited*) 2014
		(Note 2i)		(Note 2i)
Revenue				
Saskatchewan electricity sales	**$ 543**	$ 528	**$ 2,128**	$ 2,043
Exports	**-**	-	**8**	7
Net (costs) sales from electricity trading	**(1)**	(1)	**(2)**	(2)
Share of profit from equity accounted investees	**-**	-	**1**	2
Other revenue	**74**	31	**161**	107
	616	558	**2,296**	2,157
Expense				
Fuel and purchased power	**174**	177	**650**	638
Operating, maintenance and administration	**161**	175	**634**	656
Depreciation and amortization	**120**	103	**452**	389
Finance charges	**99**	92	**362**	326
Taxes	**15**	14	**63**	59
Other expenses	**19**	10	**31**	46
	588	571	**2,192**	2,114
Income (loss) before the following	**28**	(13)	**104**	43
Unrealized market value adjustments	**(10)**	(25)	**(64)**	17
Net income (loss)	**$ 18**	$ (38)	**$ 40**	$ 60

See accompanying notes

*As presented in the audited consolidated statement of income for the year ended December 31, 2014.

Condensed Consolidated Statement of Comprehensive Income (Loss)

(in millions)	Three months ended December 31 (Unaudited) 2015	Three months ended December 31 (Unaudited) 2014	Twelve months ended December 31 (Unaudited) 2015	Twelve months ended December 31 (Audited*) 2014
Net income (loss)	**$ 18**	$ (38)	**$ 40**	$ 60
Other comprehensive income (loss)				
Items that may be reclassified subsequently to net income:				
Derivatives designated as cash flow hedges:				
Change in fair value during the year	**4**	(6)	**22**	(19)
Realized losses during the year	**(7)**	(12)	**(43)**	(12)
Reclassification to income	**-**	-	**-**	(1)
Items that will not be reclassified to net income:				
Defined benefit pension plans:				
Net actuarial gains (losses)	**16**	(21)	**7**	(73)
	13	(39)	**(14)**	(105)
Total comprehensive income (loss)	**$ 31**	$ (77)	**$ 26**	$ (45)

See accompanying notes

*As presented in the audited consolidated statement of comprehensive income (loss) for the year ended December 31, 2014.

Condensed Consolidated Statement of Financial Position

As at *(in millions)*	December 31 (Unaudited) 2015	December 31 (Audited*) 2014
Assets		
Current assets		
Accounts receivable and unbilled revenue	**$ 372**	$ 315
Inventory	**213**	218
Prepaid expenses	**11**	11
Risk management assets (Note 6)	**6**	7
	602	551
Property, plant and equipment (Note 3)	**9,071**	8,548
Intangible assets	**58**	73
Debt retirement funds	**511**	457
Investments accounted for using equity method	**38**	40
Other assets	**4**	5
Total assets	**$ 10,284**	$ 9,674
Liabilities and equity		
Current liabilities		
Bank indebtedness	**$ 2**	$ 2
Accounts payable and accrued liabilities	**432**	532
Accrued interest	**59**	57
Risk management liabilities (Note 6)	**118**	96
Short-term advances	**950**	890
Current portion of long-term debt (Note 4)	**105**	5
Current portion of finance lease obligations (Note 5)	**10**	8
	1,676	1,590
Long-term debt (Note 4)	**4,849**	4,350
Finance lease obligations (Note 5)	**1,126**	1,130
Employee benefits	**231**	233
Provisions	**198**	193
Total liabilities	**8,080**	7,496
Equity		
Retained earnings	**1,561**	1,521
Accumulated other comprehensive loss	**(17)**	(3)
Equity advances	**660**	660
Total equity	**2,204**	2,178
Total liabilities and equity	**$ 10,284**	$ 9,674

See accompanying notes

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

Condensed Consolidated Statement of Changes in Equity

(in millions)	Retained earnings	Accumulated other comprehensive income (loss): Net gains (losses) on derivatives designated as cash flow hedges	Accumulated other comprehensive income (loss): Net actuarial gains (losses) on defined benefit pension plans	Equity advances	**(Unaudited) Total**
Equity					
Balance, January 1, 2014	$ 1,461	$ 47	$ 55	$ 660	**$ 2,223**
Net income	60	-	-	-	**60**
Other comprehensive loss	-	(32)	(73)	-	**(105)**
Balance, December 31, 2014	**$ 1,521**	**$ 15**	**$ (18)**	**$ 660**	**$ 2,178**
Net income	40	-	-	-	**40**
Other comprehensive income (loss)	-	(21)	7	-	**(14)**
Balance, December 31, 2015	**$ 1,561**	**$ (6)**	**$ (11)**	**$ 660**	**$ 2,204**

See accompanying notes

Condensed Consolidated Statement of Cash Flows

(in millions)	Three months ended December 31 (Unaudited) 2015	2014	Twelve months ended December 31 (Unaudited) 2015	(Audited) 2014
Operating activities				
Net income (loss)	**$ 18**	$ (38)	**$ 40**	$ 60
Adjustments to reconcile net income (loss) to cash provided by operating activities				
Depreciation and amortization	**120**	103	**452**	389
Finance charges	**99**	92	**362**	326
Losses on asset disposals and retirements	**13**	4	**24**	16
Asset impairment losses	**-**	-	**-**	17
Unrealized market value adjustments	**10**	25	**64**	(17)
Employee benefits	**1**	(1)	**(3)**	(4)
Share of profit from equity accounted investees	**-**	-	**(1)**	(2)
Allowance for obsolescence	**-**	(1)	**1**	1
Environmental expenditures	**(1)**	-	**(4)**	(5)
	260	184	**935**	781
Net change in non-cash working capital	**(43)**	48	**(144)**	(3)
Interest paid	**(93)**	(84)	**(408)**	(387)
Cash provided by operating activities	**124**	148	**383**	391
Investing activities				
Property, plant and equipment additions	**(281)**	(342)	**(944)**	(1,194)
Intangible assets additions	**(2)**	(12)	**(15)**	(23)
Net costs of removal of assets	**(1)**	(1)	**(1)**	(3)
Distributions from equity accounted investees	**3**	-	**3**	2
Cash used in investing activities	**(281)**	(355)	**(957)**	(1,218)
Decrease in cash before financing activities	**(157)**	(207)	**(574)**	(827)
Financing activities				
Net proceeds from short-term advances	**(11)**	11	**60**	86
Proceeds from long-term debt	**174**	218	**606**	792
Repayments of long-term debt	**(2)**	(1)	**(5)**	(4)
Debt retirement fund instalments	**(1)**	(2)	**(42)**	(36)
Principal repayment of finance lease obligations	**(2)**	(2)	**(8)**	(6)
Increase (decrease) in long-term liabilities	**1**	(9)	**6**	7
Realized losses on derivatives designated as cash flow hedges	**(7)**	(12)	**(43)**	(12)
Cash provided by financing activities	**152**	203	**574**	827
Decrease in cash	**(5)**	(4)	**-**	-
Cash and cash equivalents (bank indebtedness), beginning of period	**3**	2	**(2)**	(2)
Bank indebtedness, end of period	**$ (2)**	$ (2)	**$ (2)**	$ (2)

See accompanying notes

Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Description of business

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

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

2. Basis of preparation

(a) Statement of compliance

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

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

The condensed consolidated financial statements were authorized for issue by the Audit & Finance Committee of the Board of Directors on February 25, 2016.

(b) Change of year-end

The Corporation has been directed to change its fiscal year end to March 31 to coincide with that of its owner. The first complete fiscal period will consist of the fifteen months ended March 31, 2016. Information included in the condensed consolidated financial statements reflects the twelve month period of 2015 as compared to the twelve month period of 2014.

(c) Interim measurement

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

(d) Basis of measurement

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

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

(e) Functional and presentation currency

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

(f) Fair value measurement

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

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

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

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

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

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

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

(g) Use of estimates and judgments

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

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

Significant areas requiring the use of management estimates are:

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

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

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

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

(h) New standards and interpretations not yet adopted

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

(i) Prior period reclassifications

Inventory adjustments have been reclassified from operating, maintenance and administration expense to other expenses.

Condensed Consolidated Statement of Income (Loss)

	Increase (decrease)	
	Three months ended December 31 2014	**Twelve months ended December 31 2014**
(in millions)		
Operating, maintenance and administration	$ (2)	$ (7)
Other expenses	2	7
Adjustment to net income (loss)	**$ -**	**$ -**

Notes to the Condensed Consolidated Financial Statements (Unaudited)

3. Property, plant and equipment

(in millions)	Generation	Leased assets	Transmission	Distribution	Other	Construction in progress	**Total**
Cost or deemed cost							
Balance, January 1, 2014	$ 4,334	$ 1,233	$ 1,146	$ 3,074	$ 620	$ 1,665	**$ 12,072**
Additions	1,356	-	174	264	132	1,279	**3,205**
Disposals and/or retirements	(81)	-	(4)	(19)	(30)	-	**(134)**
Impairment losses	-	-	-	(19)	-	-	**(19)**
Transfers	-	-	-	-	-	(1,891)	**(1,891)**
Balance, December 31, 2014	**$ 5,609**	**$ 1,233**	**$ 1,316**	**$ 3,300**	**$ 722**	**$ 1,053**	**$ 13,233**
Additions	676	-	521	258	74	991	**2,520**
Disposals and/or retirements	(15)	-	(12)	(22)	(33)	-	**(82)**
Transfers	-	-	-	-	-	(1,542)	**(1,542)**
Balance, December 31, 2015	**$ 6,270**	**$ 1,233**	**$ 1,825**	**$ 3,536**	**$ 763**	**$ 502**	**$ 14,129**
Accumulated depreciation							
Balance, January 1, 2014	$ 2,219	$ 223	$ 464	$ 1,266	$ 259	$ -	**$ 4,431**
Depreciation expense	143	56	28	96	40	-	**363**
Disposals and/or retirements	(75)	-	(3)	(15)	(14)	-	**(107)**
Impairment losses	-	-	-	(2)	-	-	**(2)**
Transfers	-	-	-	-	-	-	**-**
Balance, December 31, 2014	**$ 2,287**	**$ 279**	**$ 489**	**$ 1,345**	**$ 285**	**$ -**	**$ 4,685**
Depreciation expense	187	57	36	101	43	-	**424**
Disposals and/or retirements	(13)	-	(3)	(18)	(17)	-	**(51)**
Transfers	-	-	-	-	-	-	**-**
Balance, December 31, 2015	**$ 2,461**	**$ 336**	**$ 522**	**$ 1,428**	**$ 311**	**$ -**	**$ 5,058**
Net book value							
Balance, January 1, 2014	**$ 2,115**	**$ 1,010**	**$ 682**	**$ 1,808**	**$ 361**	**$ 1,665**	**$ 7,641**
Balance, December 31, 2014	**$ 3,322**	**$ 954**	**$ 827**	**$ 1,955**	**$ 437**	**$ 1,053**	**$ 8,548**
Balance, December 31, 2015	**$ 3,809**	**$ 897**	**$ 1,303**	**$ 2,108**	**$ 452**	**$ 502**	**$ 9,071**

In 2015, interest costs totaling $31 million (2014 – $62 million) were capitalized at the weighted average cost of borrowings rate of 4.70% (2014 – 5.00%).

The Corporation is forecasting to spend $1.2 billion on capital projects for the fiscal year ending March 31, 2016.

4. Long-term debt

(in millions)		
Balance, January 1, 2014	$	3,568
Long-term debt issues		792
Long-term debt repayments		(4)
Amortization of debt premiums net of discounts		(1)
Balance, December 31, 2014	**$**	**4,355**
Long-term debt issues		606
Long-term debt repayments		(5)
Amortization of debt premiums net of discounts		(2)
	$	4,954
Less: current portion of long-term debt		(105)
Balance, December 31, 2015	**$**	**4,849**

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

- On February 5, 2015, the Corporation borrowed $200 million of long-term debt at a premium of $48 million. The debt issue has a coupon rate of 3.90%, an effective interest rate of 2.73%, and matures on June 2, 2045.
- On May 26, 2015, the Corporation borrowed $200 million of long-term debt at a discount of $16 million. The debt issue has a coupon rate of 2.75%, an effective interest rate of 3.15%, and matures on December 2, 2046.
- On October 15, 2015, the Corporation borrowed $200 million of long-term debt at a discount of $26 million. The debt issue has a coupon rate of 2.75%, an effective interest rate of 3.43%, and matures on December 2, 2046.
- As at December 31, 2015, the Corporation has $228 million of bond forward agreements outstanding to hedge the interest rate risk on anticipated future borrowings. SaskPower has chosen to designate these contracts as cash flow hedges. As such, the effective portion of the changes in fair value related to these derivative financial instruments have been recognized in other comprehensive income, with the fair value being recognized as risk management assets on the consolidated statement of financial position.
- Subsequent to period end, on January 19, 2016, the Corporation borrowed $200 million of long-term debt at a discount of $23 million. The debt issue has a coupon rate of 2.75%, an effective interest rate of 3.34%, and matures on December 2, 2046. As part of the borrowing, $114 million of bond forward agreements were also settled.

Included in the long-term debt balance at December 31, 2015, is $53 million of non-recourse debt related to SaskPower's joint venture interest in the Cory Cogeneration Station. The debt has effective interest rates ranging from 7.87% to 7.88% and is repayable quarterly maturing between December 31, 2025 and June 30, 2026.

5. Finance lease obligations

(in millions)		**December 31 2015**		December 31 2014
Total future minimum lease payments	**$**	**3,199**	$	3,367
Less: future finance charges on finance leases		**(2,063)**		(2,229)
Present value of finance lease obligations	**$**	**1,136**	$	1,138
Less: current portion of finance lease obligations		**(10)**		(8)
	$	**1,126**	$	1,130

6. Financial instruments

			December 31 2015		December 31 2014	
(in millions)			**Asset (liability)**		Asset (liability)	
Financial instruments	**Classification**[4]	**Level**[5]	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets						
Accounts receivable and unbilled revenue	L&R[2]	N/A	**$ 372**	**$ 372**	$ 315	$ 315
Debt retirement funds	FVTPL[1]	2	**511**	**511**	457	457
Other assets - investment	FVTPL[1]	3	**2**	**2**	2	2
Financial liabilities						
Bank indebtedness	FVTPL[1]	1	**$ (2)**	**$ (2)**	$ (2)	$ (2)
Accounts payable and accrued liabilities	OL[3]	N/A	**(432)**	**(432)**	(532)	(532)
Accrued interest	OL[3]	N/A	**(59)**	**(59)**	(57)	(57)
Short-term advances	OL[3]	N/A	**(950)**	**(950)**	(890)	(890)
Long-term debt	OL[3]	2	**(4,954)**	**(5,957)**	(4,355)	(5,470)
Finance lease obligations	OL[3]	3	**(1,136)**	**(1,267)**	(1,138)	(1,274)

			December 31 2015		December 31 2014	
(in millions)	**Classification**[4]	**Level**[5]	**Asset**	**Liability**	Asset	Liability
Natural gas contracts						
Fixed price swap instruments	FVTPL[1]	2	**$ -**	**$ (116)**	$ -	$ (77)
Forward agreements	FVTPL[1]	2	**-**	**-**	3	-
Electricity contracts						
Contracts for differences	FVTPL[1]	2	**-**	**-**	-	-
Forward agreements	FVTPL[1]	2	**2**	**(2)**	4	-
Interest rate risk management						
Bond forward agreements	FVTPL[1]	2	**4**	**-**	-	(19)
			$ 6	**$ (118)**	$ 7	$ (96)

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

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

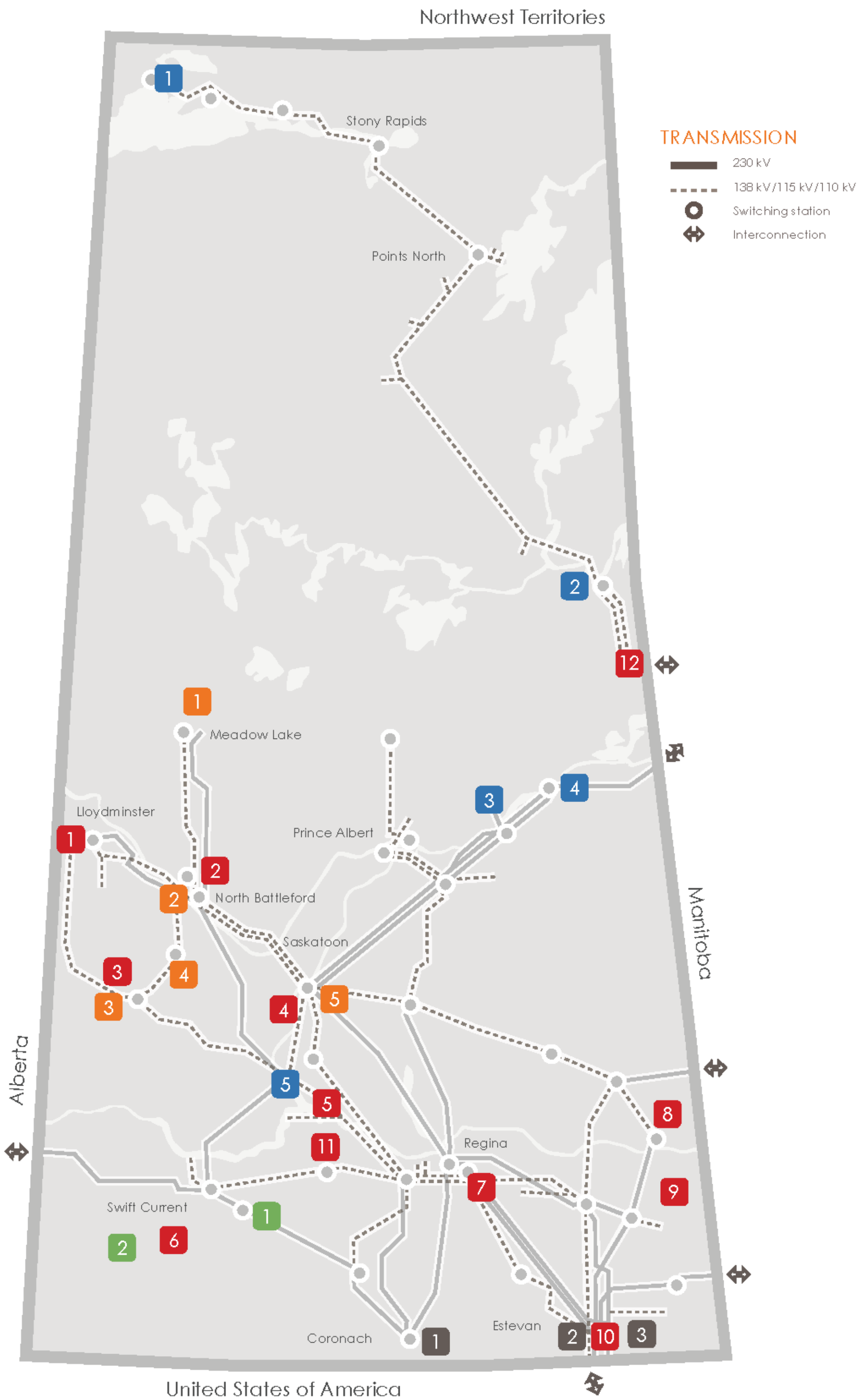
   Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability.

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

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

   There were no items transferred between levels.

SaskPower System Map



7	3	5	2	12
Hydro Facilities	Coal Facilities	Natural Gas Facilities	Wind Facilities	Independent Power Producer Facilities

At December 31, 2015

29 Facilities	Facility	Net Capacity (MW)	Fuel
1.	Athabasca Hydroelectric System		Hydro
	• Wellington	5	
	• Waterloo	8	
	• Charlot River	10	
2.	Island Falls Hydroelectric Station	111	Hydro
3.	Nipawin Hydroelectric Station	255	Hydro
4.	E.B. Campbell Hydroelectric Station	289	Hydro
5.	Coteau Creek Hydroelectric Station	186	Hydro
1.	Poplar River Power Station	582	Coal
2.	Boundary Dam Power Station	672	Coal
3.	Shand Power Station	276	Coal
1.	Meadow Lake Power Station	44	Natural Gas
2.	Yellowhead Power Station	138	Natural Gas
3.	Ermine Power Station	92	Natural Gas
4.	Landis Power Station	79	Natural Gas
5.	Queen Elizabeth Power Station	634	Natural Gas
1.	Centennial Wind Power Facility	150	Wind
2.	Cypress Wind Power Facility	11	Wind
1.	Meridian Cogeneration Station	210	Natural Gas
2.	North Battleford Generating Station	260	Natural Gas
3.	NRGreen Kerrobert Heat Recovery Facility	5	Waste Heat (Gas)
4.	Cory Cogeneration Station	228	Natural Gas
5.	NRGreen Loreburn Heat Recovery Facility	5	Waste Heat (Gas)
6.	SunBridge Wind Power Facility	11	Wind
7.	NRGreen Estlin Heat Recovery Facility	5	Waste Heat (Gas)
8.	Spy Hill Generating Station	86	Natural Gas
9.	Red Lily Wind Energy Facility	26	Wind
10.	NRGreen Alameda Heat Recovery Facility	5	Waste Heat (Gas)
11.	Morse Wind Energy Facility	23	Wind
12.	Manitoba Hydro Northern Power Purchase Agreement	25	Hydro
	Small Independent Power Producers	5	Various
Total		4,436	

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