

FIRST QUARTER FINANCIAL REPORT

For the three months ended

June 30, 2023



STRATEGIC DIRECTION

Our vision

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

Our mission

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

Our values

Safety, openness, collaboration and accountability.

Our corporate strategic priorities

- Deliver improved value for our customers and stakeholders
- 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

FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL INDICATORS

(in millions)	Three months ended June 30		
	2023-24	2022-23	Change
Revenue	\$ 823	\$ 700	\$ 123
Expense	771	787	(16)
Net income (loss)	52	(87)	139
Capital expenditures	259	234	25
Net cash from operating activities	176	15	161
Return on equity ¹	7.5%	(13.1%)	20.6%
	June 30	March 31	Change
	2023	2023	
Total net debt ²	\$ 7,930	\$ 7,852	\$ 78
Per cent debt ratio ³	74.5%	74.7%	(0.2%)

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

OPERATING STATISTICS

(GWh) ¹	Three months ended June 30		
	2023-24	2022-23	Change
Saskatchewan electricity sales	5,719	5,622	97
Exports	210	147	63
Total electricity sales	5,929	5,769	160
Gross electricity supplied	6,235	5,998	237
Line losses	(306)	(229)	(77)
Net electricity supplied	5,929	5,769	160
	June 30	March 31	Change
	2023	2023	
Available generating capacity (net MW) ²	5,346	5,437	(91)
Annual peak load (net MW) ²	3,498	3,800	(302)
Customer accounts	553,677	553,849	(172)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) highlights the primary factors that have an impact on the financial results and operations of Saskatchewan Power Corporation (SaskPower; the Corporation). It should be read in conjunction with the SaskPower unaudited condensed consolidated financial statements and supporting notes for the three months ended June 30, 2023. 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; supply chain; and market conditions in other jurisdictions.

FINANCIAL RESULTS

<i>(in millions)</i>	Three months ended June 30		
	2023-24	2022-23	Change
Revenue			
Saskatchewan electricity sales	\$ 738	\$ 658	\$ 80
Exports	31	18	13
Other revenue	54	24	30
Total revenue	\$ 823	\$ 700	\$ 123
Expense			
Fuel and purchased power	\$ 289	\$ 286	\$ 3
Operating, maintenance and administration	209	219	(10)
Depreciation and amortization	148	149	(1)
Finance charges	99	104	(5)
Taxes	22	20	2
Other expenses	4	9	(5)
Total expense	\$ 771	\$ 787	\$ (16)
Net income (loss)	\$ 52	\$ (87)	\$ 139
Return on equity¹	7.5%	(13.1%)	20.6%

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

HIGHLIGHTS AND SUMMARY OF RESULTS

SaskPower reported a consolidated net income of \$52 million in the first quarter of 2023-24 compared to an \$87 million net loss in the same period in 2022-23. The \$139 million increase was due to a \$123 million increase in revenue as well as a \$16 million reduction in expenses. The return on equity was 7.5%, up nearly 21 percentage points from the previous period.

The \$123 million increase in total revenue was mainly attributable to higher Saskatchewan electricity sales of \$80 million. The increase was due to two 4.0% system average rate increases which were implemented effective September 1, 2022, and April 1, 2023; a 3.0% rate rider increase effective January 1, 2023; as well as a 1.7% increase in sales volumes. Other revenue increased by \$30 million mainly due to higher customer contributions partially offset by lower carbon dioxide (CO₂) revenue. Export revenue increased by \$13 million due to higher sales volumes at higher prices to Alberta and the Southwest Power Pool.

The \$16 million decrease in total expense was mainly attributable to lower operating, maintenance and administration (OM&A) expense. OM&A expense decreased \$10 million in the first quarter of 2023-24, as a result of reduced maintenance at our generation facilities due to the timing of overhaul activities and lower emergency maintenance on our distribution infrastructure due to less storm activity, slightly offset by increased nuclear small modular reactor (SMR) feasibility study costs. In addition, other capital-related expenses – depreciation, finance charges, taxes and other expenses – decreased a combined total of \$9 million, primarily due to higher debt retirement fund earnings, higher capitalized interest and lower losses on asset disposals and retirements. These reductions in expense were partially offset by higher fuel and purchased power costs which increased \$3 million, primarily due to unfavourable fuel mix and volume variances, partially offset by a favourable price variance.

OUTLOOK

SaskPower is forecasting a consolidated net income of \$119 million in 2023-24, resulting in a return on equity of 4.4%.

Revenues of \$3,302 million are expected to increase \$235 million in 2023-24. The primary driver is a \$279 million expected increase in Saskatchewan electricity sales due to two 4.0% system average rate increases effective September 1, 2022, and April 1, 2023; a 3.0% rate rider increase effective January 1, 2023; as well as 2.0% expected sales growth. This increase is partially offset by a \$41 million decrease in exports due to lower sale prices and a \$3 million decrease in other revenue.

Expenses of \$3,183 million are expected to decrease \$56 million compared to the 2022-23 fiscal year. The decrease is a result of a \$59 million reduction in fuel and purchased power costs mainly due to lower natural gas prices. These increases are forecast to be partially offset by a shift from lower costing fuel sources such as hydro to more expensive generation sources and a 573 GWh or 2.1% increase in generation volumes due to higher customer demand. Capital-related expenses, including depreciation, finance charges, taxes and other expenses are also expected to decrease a combined total of \$11 million due to lower settlement claims and environmental expenses. These reductions in expenses are expected to be partially offset by a \$14 million increase in OM&A expenses due to increased maintenance activity at our facilities and increased spending on corporate initiatives.

Capital expenditures in 2023-24 are forecasted to be approximately \$1,151 million. Capital spending includes \$574 million on sustainment activities, including \$261 million on our existing transmission and distribution assets and \$190 million on generation assets; \$692 million in growth, compliance, and resiliency activities including \$449 million relating to the construction of new generation assets and \$173 million to connect customers to the SaskPower electric system; and \$98 million on strategic and other investments.

SASKATCHEWAN ELECTRICITY SALES

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

<i>(in millions)</i>	Three months ended June 30		
	2023-24	2022-23	Change
Residential	\$ 151	\$ 143	\$ 8
Farm	45	41	4
Commercial	134	123	11
Oilfield	113	104	9
Power	212	190	22
Reseller	27	22	5
	682	623	59
Federal carbon charge collected	56	35	21
Saskatchewan electricity sales	\$ 738	\$ 658	\$ 80

<i>(in GWh)</i>	Three months ended June 30		
	2023-24	2022-23	Change
Residential	760	784	(24)
Farm	291	284	7
Commercial	888	886	2
Oilfield	1,032	1,006	26
Power	2,462	2,397	65
Reseller	286	265	21
Electricity sales volumes	5,719	5,622	97

Saskatchewan electricity sales, excluding the federal carbon charge collected, were \$682 million, up \$59 million from the same period in 2022-23. The \$59 million increase was due to two 4.0% system average rate increases which were implemented effective September 1, 2022, and April 1, 2023, respectively. In addition, electricity sales volumes to Saskatchewan customers for the first three months of 2023-24 were 5,719 GWh, up 97 GWh or 1.7% from the same period in 2022-23. The corporation experienced growth in demand from all customer classes except residential customers. The largest increases in electricity sales occurred in power and oilfield customer classes. Consumption in the power customer class increased 65 GWh primarily due to increased activity in the pipeline sector, partially offset by reduced activity in the potash sector. Oilfield sales were up 26 GWh due to improved economic conditions.

The federal carbon charge collected increased \$21 million compared to the same period in 2022-23 due to the 3.0% rate rider increase effective January 1, 2023, and higher sales volumes.

FUEL AND PURCHASED POWER

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

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

<i>(in millions)</i>	Three months ended June 30		
	2023-24	2022-23	Change
Gas	\$ 90	\$ 122	\$ (32)
Coal	66	66	-
Imports	41	26	15
Wind	19	26	(7)
Hydro	5	5	-
Solar	2	1	1
Other	6	4	2
	229	250	(21)
Federal carbon charge	60	36	24
Fuel and purchased power	\$ 289	\$ 286	\$ 3

<i>(in GWh)</i>	Three months ended June 30		
	2023-24	2022-23	Change
Gas	2,763	2,529	234
Coal	1,773	1,741	32
Imports	475	280	195
Wind	426	592	(166)
Hydro	738	827	(89)
Solar	22	9	13
Other	38	20	18
Gross electricity supplied	6,235	5,998	237

Fuel and purchased power costs, excluding the federal carbon charge, were \$229 million in the first three months of 2023-24, down \$21 million from 2022-23. The \$21 million decrease is a result of a favourable price variance offset by unfavourable fuel mix and volume variances. The price of fuel decreased due to average natural gas prices dropping approximately \$2.00 per gigajoule. The lower fuel prices resulted in an overall decrease of approximately \$60 million.

The fuel mix is the relative proportion that each fuel source contributes to our total fuel supply. The more energy generated from the lower incremental cost sources the more favourable the impact on fuel and purchased power costs. In the first three months of 2023-24, hydro and wind generation volumes were lower compared to the same period in 2022-23. The decreased availability of hydro and wind generation was replaced by more expensive natural gas generation and imports. The unfavourable change in the fuel mix resulted in overall increase of approximately \$29 million.

Total generation and purchased power of 6,235 GWh increased 237 GWh or 4.0% compared to 2022-23 due to higher customer demand. The higher electricity supplied resulted in an estimated \$10 million increase in fuel and purchased power costs.

Federal carbon charges increased \$24 million as a result of the federal carbon tax rate increasing to \$65/tonne of carbon dioxide emissions (CO₂e) combined with higher natural gas and coal generation volumes.

FEDERAL CARBON TAX VARIANCE (FCTVA)

SaskPower accumulates differences between the federal carbon charge revenue collected from customers and the federal carbon tax owing in a Federal Carbon Tax Variance Account (FCTVA). The balance in the FCTVA, which is not included in SaskPower's financial statements, is either recovered from or refunded to customers as part of federal carbon charge rates. The other recoveries (expense) relate to interest earned on the monies in the account and federal carbon charges associated with exported generation.

<i>(in millions)</i>	Rate rider increase	\$/tonne CO ₂ e	Federal carbon charge receipts/ receivables	Federal carbon charge payments/ payables	Other recoveries (expense)	Over (under) collected
Balance, December 31, 2021			\$ 318	\$ (304)	\$ 7	\$ 21
Total 2022 calendar year	0.0%	\$ 50	148	(192)	11	(33)
Total 2023 calendar year (six months)	3.0%	65	117	(129)	14	2
Cumulative balance			\$ 583	\$ (625)	\$ 32	\$ (10)

Effective January 1, 2019, the Government of Canada introduced a federal carbon tax that was applied to SaskPower's fossil fuel emissions, including those from coal- and natural gas-fired generating stations. SaskPower began recovering the expense associated with the federal carbon tax from its customers through a rate rider effective April 1, 2019. The rate rider is typically adjusted on January 1 of each year to reflect any changes in the estimated carbon tax for the upcoming calendar year. The revenue associated with the federal carbon charge rate rider is being set aside and is used to fund the federal carbon tax payments.

The federal carbon tax payment for the 2022 calendar year is due December 15, 2023, to Environment and Climate Change Canada (ECCC) as well as certain independent power producers. The 3.0% increase in the carbon charge rate rider effective January 1, 2023, was required to recover the balance in the FCTVA and as a result of the federal carbon tax increasing to \$65/tonne of CO₂e. In July 2023, the Government of Canada approved the Saskatchewan Output-Based Performance Standards (OBPS) Program as a replacement for the Federal OBPS Program retroactive to January 1, 2023.

REVENUE FROM OTHER SOURCES

Revenue from other sources includes exports, which represent the sale of SaskPower's available generation to neighbouring markets and other revenue, which includes various non-electricity products and services.

<i>(in millions)</i>	Three months ended June 30		
	2023-24	2022-23	Change
Exports	\$ 31	\$ 18	\$ 13
Other revenue	54	24	30
Revenue from other sources	\$ 85	\$ 42	\$ 43

Exports were \$31 million in the first quarter of 2023-24, up \$13 million from the same period in 2022-23. Exports were up \$13 million due to increased volumes and higher sale prices. Export sales volumes primarily to Alberta and Southwest Power Pool were 210 GWh, up 63 GWh from the volumes sold in the same period in 2022-23. The average export sales price increased \$26 per megawatt hour (MWh) compared to the same period in the prior year.

Other revenue was \$54 million in the first quarter of 2023-24, up \$30 million compared to the same period in 2022-23. This increase was primarily due to higher customer contributions, partially offset by lower CO₂ revenue.

OPERATING, MAINTENANCE AND ADMINISTRATION (OM&A)

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

<i>(in millions)</i>	Three months ended June 30		
	2023-24	2022-23	Change
OM&A	\$ 209	\$ 219	\$ (10)

OM&A expense was \$209 million in the first quarter of 2023-24, down \$10 million from the same period in 2022-23. The decrease in OM&A was primarily due to decreased maintenance costs related to the timing of overhauls at the Corporation's generation facilities and lower emergency maintenance on our distribution infrastructure due to less storm activity, slightly offset by increased nuclear SMR feasibility costs.

CAPITAL-RELATED EXPENSES

Capital-related expenses include depreciation and amortization, finance charges, taxes and other expenses.

<i>(in millions)</i>	Three months ended June 30		
	2023-24	2022-23	Change
Depreciation and amortization	\$ 148	\$ 149	\$ (1)
Finance charges	99	104	(5)
Taxes	22	20	2
Other expenses	4	9	(5)
Capital-related expenses	\$ 273	\$ 282	\$ (9)

Depreciation and amortization expense were \$148 million in the first quarter of 2023-24, down \$1 million from the same period in 2022-23.

Finance charges were \$99 million in the first quarter of 2023-24, down \$5 million compared to the same period in 2022-23. The decrease is due to a combination of higher debt retirement fund earnings and capitalized interest, partially offset by higher interest on short-term advances.

Taxes were \$22 million in the first quarter of 2023-24, up \$2 million from the same period in 2022-23, due to higher corporate capital tax base and higher grants-in-lieu of taxes due to increased Saskatchewan electricity sales.

Other expenses were \$4 million in the first quarter of 2023-24, down \$5 million compared to the same period in 2022-23. The decrease is a result of lower losses on asset disposals and retirements, as well as adjustments to decommissioning provisions.

FINANCIAL CONDITION

The following table outlines changes in the condensed consolidated statement of financial position from March 31, 2023, to June 30, 2023:

<i>(in millions)</i>	Change (\$)	Change (%)
Cash and cash equivalents	\$ (76)	(40%) Refer to Consolidated Statement of Cash Flows.
Accounts receivable and unbilled revenue	(26)	(6%) Lower electricity sales and export receivables.
Inventory	8	3% Increase in maintenance supplies, natural gas and coal inventory.
Prepaid expenses	(16)	(39%) Recognition of prepaid expenses.
Property, plant and equipment	115	1% Additions offset by depreciation expense and asset disposals and retirements.
Right-of-use assets	(13)	(3%) Depreciation of right-of-use assets.
Intangible assets	-	- %
Debt retirement funds	31	4% Instalments and earnings, partially offset by market value losses.
Other assets	7	44% Increase in long-term maintenance service costs.
Accounts payable and accrued liabilities	3	- % Increase in federal carbon charge payable offset by timing of accruals and payments.
Accrued interest	(20)	(28%) Timing of payments.
Deferred revenue	(25)	(57%) Recognition of related revenue.
Dividend payable	1	Dividend declared based on 2023-24 net income.
Risk management liabilities (net of risk management assets)	7	117% Decreased forward natural gas prices.
Short-term advances	(247)	(31%) Repayment of short-term advances.
Long-term debt (including current portion)	292	(4%) New borrowings, offset by repayments and amortization of debt premiums.
Lease liabilities (including current portion)	(12)	(1%) Principal repayments of lease liabilities.
Employee benefits	(23)	(19%) Actuarial gains on the defined benefit pension plan offset by interest expense.
Provisions	(6)	(2%) Increased discount rates and expenditures partially offset by accretion.
Equity	60	2% 2023-24 comprehensive income less dividends.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW HIGHLIGHTS

SaskPower's cash flows from operating, investing and financing activities in the following table:

<i>(in millions)</i>	Three months ended June 30		
	2023-24	2022-23	Change
Cash and cash equivalents, April 1	\$ 192	\$ 32	\$ 160
Cash provided by operating activities	176	15	161
Cash used in investing activities	(252)	(230)	(22)
Cash provided by financing activities	-	325	(325)
Cash and cash equivalents, June 30	\$ 116	\$ 142	\$ (26)

SaskPower's cash position at June 30, 2023 was \$116 million, down \$26 million compared to the same period in 2022-23. The decrease in the cash position is largely due to the funding of additional capital expenditures.

CAPITAL EXPENDITURES

<i>(in millions)</i>	Three months ended June 30		
	2023-24	2022-23	Change
Generation	\$ 27	\$ 23	\$ 4
Transmission	14	19	(5)
Distribution	35	28	7
Other	27	18	9
Sustainment	103	88	15
Generation	92	61	31
Transmission	14	21	(7)
Distribution	4	4	-
Customer connects	39	36	3
Growth, compliance and resiliency	149	122	27
Strategic and other	17	28	(11)
Grant funding	(10)	(4)	(6)
Total capital expenditures	\$ 259	\$ 234	\$ 25

To ensure a reliable, sustainable and cost-effective supply of electricity for its customers, SaskPower invested \$259 million in the first quarter of 2023-24 on various capital projects. This includes \$66 million on the new units at Ermine and Yellowhead Power Stations; \$27 million on generation sustainment activities; \$39 million to connect customers to the SaskPower electric system; \$67 million on increasing capacity and sustaining transmission and distribution infrastructure; and \$17 million on strategic and other investments, of which \$15 million relates to the construction of Logistics Warehouse Complex.

CAPITAL MANAGEMENT

(in millions)	June 30 2023	March 31 2023	Change
Long-term debt	\$ 7,360	\$ 7,068	\$ 292
Short-term advances	543	790	(247)
Lease liabilities	891	903	(12)
Total debt	8,794	8,761	33
Debt retirement funds	748	717	31
Cash and cash equivalents	116	192	(76)
Total net debt¹	\$ 7,930	\$ 7,852	\$ 78
Retained earnings	2,122	2,071	51
Equity advances	593	593	-
Total capital	\$ 10,645	\$ 10,516	\$ 129
Per cent debt ratio²	74.5%	74.7%	(0.2%)

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

2. Per cent debt ratio = (total net debt)/total capital).

SaskPower's total debt position (including lease liabilities) was \$8,794 million at June 30, 2023, up \$33 million from March 31, 2023. The increase in total debt was the result of:

- On April 3, 2023, the Corporation repaid a \$150 million floating rate long-term debt.
- On May 12, 2023, the Corporation borrowed \$300 million of long-term debt. The debt issue has a coupon rate of 3.41%, an effective interest rate of 3.41% and matures on June 2, 2027.
- On June 22, 2023, the Corporation borrowed \$145 million of long-term debt at a discount of \$2 million. The debt issue has a coupon rate of 4.20%, an effective interest rate of 4.28% and matures on December 2, 2054.
- The principal repayment of \$12 million of the Corporation's lease liabilities; \$1 million in amortization of debt premiums net of discounts; and \$247 million in net repayments of short-term advances.

The Corporation's percent debt ratio has decreased slightly from 74.7% as at March 31, 2023, to 74.5% as at June 30, 2023.

DEBT RETIREMENT FUNDS

<i>(in millions)</i>	Three months ended June 30	
	2023-24	2022-23
Balance, April 1	\$ 717	\$ 738
Debt retirement fund instalments	34	26
Debt retirement fund earnings	3	(3)
Debt retirement fund unrealized market value losses	(6)	(30)
Balance, June 30	\$ 748	\$ 731

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

During the first quarter of 2023-24, the Corporation made \$34 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 \$3 million (included with finance charges and classified as non-cash operating activities) on debt retirement funds for the period. The debt retirement funds are classified as fair value through other comprehensive income. As a result, the \$6 million in market value losses in the first quarter of 2023-24 were recognized in other comprehensive income.

DIVIDENDS

SaskPower pays dividends to Crown Investments Corporation (CIC) of Saskatchewan based on the CIC Dividend Policy. CIC has determined that SaskPower will be required to pay a 10% dividend based on 2023-24 net income. For the three months ended June 30, 2023, a dividend of \$1 million has been declared.

CONTRACTUAL OBLIGATIONS

The Corporation has the following significant long-term contractual obligations as at June 30, 2023, which will impact cash flows in the following year and beyond:

<i>(in millions)</i>	1 year	2 - 5 years	More than 5 years
Power purchase agreements ¹	\$ 658	\$ 2,579	\$ 9,838
Long-term debt (including principal and interest)	489	1,592	10,537
Debt retirement fund instalments	70	280	1,037
Coal purchase contracts	214	459	-
Natural gas purchase contracts	115	214	25
Natural gas transportation and storage contracts	56	77	25

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

CONDENSED CONSOLIDATED STATEMENT OF INCOME (LOSS)

<i>(in millions)</i>	(Unaudited)	
	Three months ended	
	June 30	
	2023-24	2022-23
Revenue		
Saskatchewan electricity sales	\$ 738	\$ 658
Exports	31	18
Other revenue	54	24
Total revenue	823	700
Expense		
Fuel and purchased power	289	286
Operating, maintenance and administration	209	219
Depreciation and amortization	148	149
Finance charges	99	104
Taxes	22	20
Other expenses	4	9
Total expense	771	787
Net income (loss)	\$ 52	\$ (87)

See accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

<i>(in millions)</i>	(Unaudited) Three months ended June 30	
	2023-24	2022-23
Net income (loss)	\$ 52	\$ (87)
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	(10)	-
Realized (losses) gains during the period	(7)	6
Reclassification to income	7	(6)
Debt instruments designated as fair value through other comprehensive income (FVOCI):		
Change in fair value during the period	(6)	(30)
Items that will not be reclassified to net income:		
Defined benefit pension plans:		
Net actuarial gains	25	33
	9	3
Total comprehensive income (loss)	\$ 61	\$ (84)

See accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at		(Unaudited) June 30	(Audited *) March 31
(in millions)	Notes	2023	2023
Assets			
Current assets			
Cash and cash equivalents		\$ 116	\$ 192
Accounts receivable and unbilled revenue		390	416
Inventory		328	320
Prepaid expenses		25	41
Risk management assets	7	12	20
		871	989
Property, plant and equipment	3	10,736	10,621
Right-of-use assets	4	450	463
Intangible assets		72	72
Debt retirement funds		748	717
Other assets		23	16
Total assets		\$ 12,900	\$ 12,878
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		\$ 772	\$ 769
Accrued interest		52	72
Deferred revenue		19	44
Dividend payable		1	-
Risk management liabilities	7	25	26
Short-term advances		543	790
Current portion of long-term debt	5	200	150
Current portion of lease liabilities	6	56	54
		1,668	1,905
Long-term debt	5	7,160	6,918
Lease liabilities	6	835	849
Employee benefits		100	123
Provisions		335	341
Total liabilities		10,098	10,136
Equity			
Retained earnings		2,122	2,071
Accumulated other comprehensive income		87	78
Equity advances		593	593
Total equity		2,802	2,742
Total liabilities and equity		\$ 12,900	\$ 12,878

See accompanying notes

*As presented in the audited March 31, 2023, consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions)	Accumulated other comprehensive income (loss)					(Unaudited) Total
	Retained earnings	Net gains (losses) on derivatives designated as cash flow hedges	Net gains (losses) on debt designated instruments as FVOCI	Net actuarial gains (losses) on defined benefit pension plans	Equity advances	
Equity						
Balance, April 1, 2022	\$ 2,243	\$ 46	\$ (42)	\$ 120	\$ 593	\$ 2,960
Net loss	(87)	-	-	-	-	(87)
Other comprehensive income (loss)	-	-	(30)	33	-	3
Balance, June 30, 2022	\$ 2,156	\$ 46	\$ (72)	\$ 153	\$ 593	\$ 2,876
Net loss	(85)	-	-	-	-	(85)
Other comprehensive income (loss)	-	(44)	20	(25)	-	(49)
Balance, March 31, 2023	\$ 2,071	\$ 2	\$ (52)	\$ 128	\$ 593	\$ 2,742
Net income	52	-	-	-	-	52
Other comprehensive income (loss)	-	(10)	(6)	25	-	9
Dividends	(1)	-	-	-	-	(1)
Balance, June 30, 2023	\$ 2,122	\$ (8)	\$ (58)	\$ 153	\$ 593	\$ 2,802

See accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in millions)</i>	(Unaudited) Three months ended June 30	
	2023-24	2022-23
Operating activities		
Net income (loss)	\$ 52	\$ (87)
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation and amortization	148	149
Finance charges	99	104
Net losses on asset disposals and retirements	5	7
Unrealized market value adjustments	-	1
Reclassification of natural gas hedges transitional market value losses	(3)	(4)
Natural gas inventory market revaluation	2	-
Allowance for obsolescence	1	-
Environmental expenditures net of provisions	(2)	(1)
	302	169
Net change in non-cash working capital	2	(46)
Interest paid	(128)	(108)
Cash provided by operating activities	176	15
Investing activities		
Property, plant and equipment additions	(244)	(222)
Intangible asset additions	(6)	(5)
Proceeds from sale and disposal of assets	-	-
Costs of removal of assets	(2)	(3)
Cash used in investing activities	(252)	(230)
Decrease in cash before financing activities	(76)	(215)
Financing activities		
Net repayments of short-term advances	(247)	(1)
Proceeds from long-term debt	443	364
Repayments of long-term debt	(150)	-
Debt retirement fund instalments	(34)	(26)
Principal repayment of lease liabilities	(12)	(9)
Dividends paid	-	(3)
Cash provided by financing activities	-	325
(Decrease) increase in cash	(76)	110
Cash and cash equivalents, beginning of period	192	32
Cash and cash equivalents, end of period	\$ 116	\$ 142

See accompanying notes

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 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.

NOTE 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 August 23, 2023.

(b) Interim measurement

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

(c) Basis of measurement

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

- (i) Inventory at lower of cost and net realizable value.
- (ii) Provisions at discounted expected future cash flows.
- (iii) Financial instruments that are accounted for at fair value through profit or loss and at fair value through other comprehensive income.
- (iv) Employee benefit plans recognized at the fair value of plan assets less the present value of the accrued benefit obligations.

(d) Functional and presentation currency

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

(e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market at the measurement date under current market conditions (exit price). SaskPower's own credit risk and the credit risk of the counterparty have been taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. The Corporation has classified the fair value of its financial instruments as level 1, 2, or 3 (Note 7) 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 contract fair values are determined using independent pricing information from external market providers. 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 June 30, 2023, the Corporation does not have any financial instruments classified as Level 3.

(f) Use of estimates and judgments

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

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

Significant areas requiring the use of management estimates are:

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

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.

NOTE 3 PROPERTY, PLANT AND EQUIPMENT

<i>(in millions)</i>	Generation	Transmission	Distribution	Other	Construction in progress	Total
Cost or deemed cost						
Balance, April 1, 2022	\$ 7,769	\$ 2,991	\$ 4,894	\$ 1,101	\$ 656	\$ 17,411
Additions	14	5	57	24	234	334
Disposals and/or retirements	(4)	-	(4)	(5)	-	(13)
Transfers/adjustments	(27)	-	-	(1)	(106)	(134)
Balance, June 30, 2022	\$ 7,752	\$ 2,996	\$ 4,947	\$ 1,119	\$ 784	\$ 17,598
Additions	85	94	244	42	813	1,278
Disposals and/or retirements	(26)	(6)	(65)	(13)	-	(110)
Transfers/adjustments	32	-	-	2	(480)	(446)
Balance, March 31, 2023	\$ 7,843	\$ 3,084	\$ 5,126	\$ 1,150	\$ 1,117	\$ 18,320
Additions	26	148	67	26	259	526
Disposals and/or retirements	(7)	-	(3)	(4)	-	(14)
Transfers/adjustments	(6)	-	-	-	(273)	(279)
Balance, June 30, 2023	\$ 7,856	\$ 3,232	\$ 5,190	\$ 1,172	\$ 1,103	\$ 18,553
Accumulated depreciation						
Balance, April 1, 2022	\$ 3,883	\$ 862	\$ 1,998	\$ 535	\$ -	\$ 7,278
Depreciation expense	64	18	34	13	-	129
Disposals and/or retirements	(4)	-	(3)	(2)	-	(9)
Transfers/adjustments	-	-	-	-	-	-
Balance, June 30, 2022	\$ 3,943	\$ 880	\$ 2,029	\$ 546	\$ -	\$ 7,398
Depreciation expense	192	55	104	39	-	390
Disposals and/or retirements	(18)	(4)	(56)	(11)	-	(89)
Transfers/adjustments	-	-	-	-	-	-
Balance, March 31, 2023	\$ 4,117	\$ 931	\$ 2,077	\$ 574	\$ -	\$ 7,699
Depreciation expense	62	19	35	13	-	129
Disposals and/or retirements	(6)	-	(2)	(3)	-	(11)
Transfers/adjustments	-	-	-	-	-	-
Balance, June 30, 2023	\$ 4,173	\$ 950	\$ 2,110	\$ 584	\$ -	\$ 7,817
Net book value						
Balance, June 30, 2022	\$ 3,809	\$ 2,116	\$ 2,918	\$ 573	\$ 784	\$ 10,200
Balance, March 31, 2023	\$ 3,726	\$ 2,153	\$ 3,049	\$ 576	\$ 1,117	\$ 10,621
Balance, June 30, 2023	\$ 3,683	\$ 2,282	\$ 3,080	\$ 588	\$ 1,103	\$ 10,736

In the first three months of 2023-24, interest costs totaling \$9 million (2022-23 – \$6 million) were capitalized at the weighted average cost of borrowings rate of 3.80% (2022-23 – 3.90%).

NOTE 4 RIGHT-OF-USE ASSETS

<i>(in millions)</i>	Power purchase agreements	Buildings	Land	Total
Cost				
Balance, April 1, 2022	\$ 1,017	\$ 16	\$ 7	\$ 1,040
Additions	-	-	-	-
Terminations and/or modifications	-	-	-	-
Balance, June 30, 2022	\$ 1,017	\$ 16	\$ 7	\$ 1,040
Additions	-	-	-	-
Terminations and/or modifications	-	(4)	-	(4)
Balance, March 31, 2023	\$ 1,017	\$ 12	\$ 7	\$ 1,036
Additions	-	-	-	-
Terminations and/or modifications	-	(4)	-	(4)
Balance, June 30, 2023	\$ 1,017	\$ 8	\$ 7	\$ 1,032
Accumulated depreciation				
Balance, April 1, 2022	\$ 515	\$ 7	\$ 2	\$ 524
Depreciation expense	12	1	-	13
Terminations and/or modifications	-	-	-	-
Balance, June 30, 2022	\$ 527	\$ 8	\$ 2	\$ 537
Depreciation expense	36	2	1	39
Terminations and/or modifications	-	(3)	-	(3)
Balance, March 31, 2023	\$ 563	\$ 7	\$ 3	\$ 573
Depreciation expense	12	1	-	13
Terminations and/or modifications	-	(4)	-	(4)
Balance, June 30, 2023	\$ 575	\$ 4	\$ 3	\$ 582
Net book value				
Balance, June 30, 2022	\$ 490	\$ 8	\$ 5	\$ 503
Balance, March 31, 2023	\$ 454	\$ 5	\$ 4	\$ 463
Balance, June 30, 2023	\$ 442	\$ 4	\$ 4	\$ 450

NOTE 5 LONG-TERM DEBT

<i>(in millions)</i>	
Balance, April 1, 2022	\$ 6,495
Long-term debt issues	364
Long-term debt repayments	-
Amortization of debt premiums net of discounts	(1)
Balance, June 30, 2022	\$ 6,858
Long-term debt issues	469
Long-term debt repayments	(256)
Amortization of debt premiums net of discounts	(3)
Balance, March 31, 2023	\$ 7,068
Long-term debt issues	443
Long-term debt repayments	(150)
Amortization of debt premiums net of discounts	(1)
	\$ 7,360
Less: current portion of long-term debt	(200)
Balance, June 30, 2023	\$ 7,160

NOTE 6 LEASE LIABILITIES

<i>(in millions)</i>	June 30 2023	March 31 2023
Total future minimum lease payments	\$ 1,772	\$ 1,817
Less: future finance charges on leases	(881)	(914)
Present value of lease liabilities	\$ 891	\$ 903
Less: current portion of lease liabilities	(56)	(54)
	\$ 835	\$ 849

The above lease liabilities include power purchase agreements relating to the Meridian Cogeneration Station, Spy Hill Generating Station and the North Battleford Generating Station gas-fired facilities as well as land and building leases. During the three months ended June 30, 2023, SaskPower recognized \$32 million of interest costs on these lease liabilities.

As at June 30, 2023, scheduled future minimum lease payments and the present value of lease liabilities are as follows:

<i>(in millions)</i>	1 year	2 - 5 years	More than 5 years
Future minimum lease payments	\$ 186	\$ 651	\$ 935
Present value of lease liabilities	56	206	629

NOTE 7 FINANCIAL INSTRUMENTS

(in millions)	Classification	Level ⁴	June 30, 2023		March 31, 2023	
			Asset (liability)		Asset (liability)	
			Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Cash and cash equivalents	FVTPL ¹	1	\$ 116	\$ 116	\$ 192	\$ 192
Accounts receivable and unbilled revenue	AC ²	N/A	390	390	416	416
Debt retirement funds	FVOCI - debt instrument ³	2	748	748	717	717
Financial liabilities						
Accounts payable and accrued liabilities	AC ²	N/A	\$ (772)	\$ (772)	\$ (769)	\$ (769)
Accrued interest	AC ²	N/A	(52)	(52)	(72)	(72)
Dividend payable	AC ²	N/A	1	1	-	-
Short-term advances	AC ²	N/A	(543)	(543)	(790)	(790)
Long-term debt	AC ²	2	(7,360)	(7,071)	(7,068)	(6,867)

(in millions)			June 30, 2023		March 31, 2023	
			Asset	Liability	Asset	Liability
Natural gas contracts						
Fixed price swap instruments used for hedging ⁵	FVTPL ¹	2	\$ 10	\$ (24)	\$ 18	\$ (25)
Fixed price swap instruments	FVTPL ¹	2	2	(1)	2	(1)
			\$ 12	\$ (25)	\$ 20	\$ (26)

1. FVTPL – measured mandatorily at fair value through profit or loss.

2. AC – amortized cost.

3. FVOCI – fair value through other comprehensive income (loss).

4. Fair values are determined using a fair value hierarchy as follows:

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

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

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

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

5. These natural gas fixed price swap instruments have been designated as cash flow hedges. As such, the effective portion of the changes in fair value related to the derivative financial instruments are recognized in other comprehensive income (loss).

SASKPOWER SYSTEM MAP

TOTAL AVAILABLE GENERATING CAPACITY AS AT JUNE 30, 2023: 5,346 MEGAWATTS (MW)

HYDRO TOTAL CAPACITY - 865 MW

- H1** Athabasca Hydroelectric System - 23 MW
- H2** Island Falls Hydroelectric Station - 111 MW
- H3** Nipawin Hydroelectric Station - 253 MW
- H4** E.B. Campbell Hydroelectric Station - 292 MW
- H5** Coteau Creek Hydroelectric Station - 186 MW

IMPORT POWER PURCHASE AGREEMENTS - 290 MW

- I1** Manitoba Hydro - 290 MW

NATURAL GAS TOTAL CAPACITY - 2,065 MW

- NG1** Meadow Lake Power Station - 41 MW
- NG2** Meridian Cogeneration Station* - 228 MW
- NG3** North Battleford Generating Station* - 289 MW
- NG4** Yellowhead Power Station - 135 MW
- NG5** Ermine Power Station - 90 MW
- NG6** Landis Power Station - 78 MW
- NG7** Cory Cogeneration Station - 234 MW
- NG8** Queen Elizabeth Power Station - 528 MW
- NG9** Spy Hill Generating Station* - 89 MW
- NG10** Chinook Power Station - 353 MW

WIND TOTAL CAPACITY - 617 MW

- W1** Riverhurst Wind Energy Facility* - 10 MW
- W2** Western Lily Wind Energy Facility* - 20 MW
- W3** Morse Wind Energy Facility* - 23 MW
- W4** Blue Hill Wind Energy Facility* - 175 MW
- W5** Red Lily Wind Energy Facility* - 26 MW
- W6** Centennial Wind Power Facility - 150 MW
- W7** Cypress Wind Power Facility - 11 MW
- W8** Golden South Wind Energy Facility* - 200 MW

Customer-generated wind capacity - 2 MW
(NOT SHOWN ON MAP)

SOLAR TOTAL CAPACITY - 86 MW

- S1** Highfield Solar Energy Facility* - 10 MW
- S2** Pesăkăstêw Solar Energy Facility* - 10 MW
- S3** Awasis Solar Energy Facility* - 10 MW

Customer-generated solar capacity - 56 MW
(NOT SHOWN ON MAP)

COAL TOTAL CAPACITY - 1,389 MW

- C1** Poplar River Power Station - 582 MW
- C2** Boundary Dam Power Station - 531 MW
- C3** Shand Power Station - 276 MW

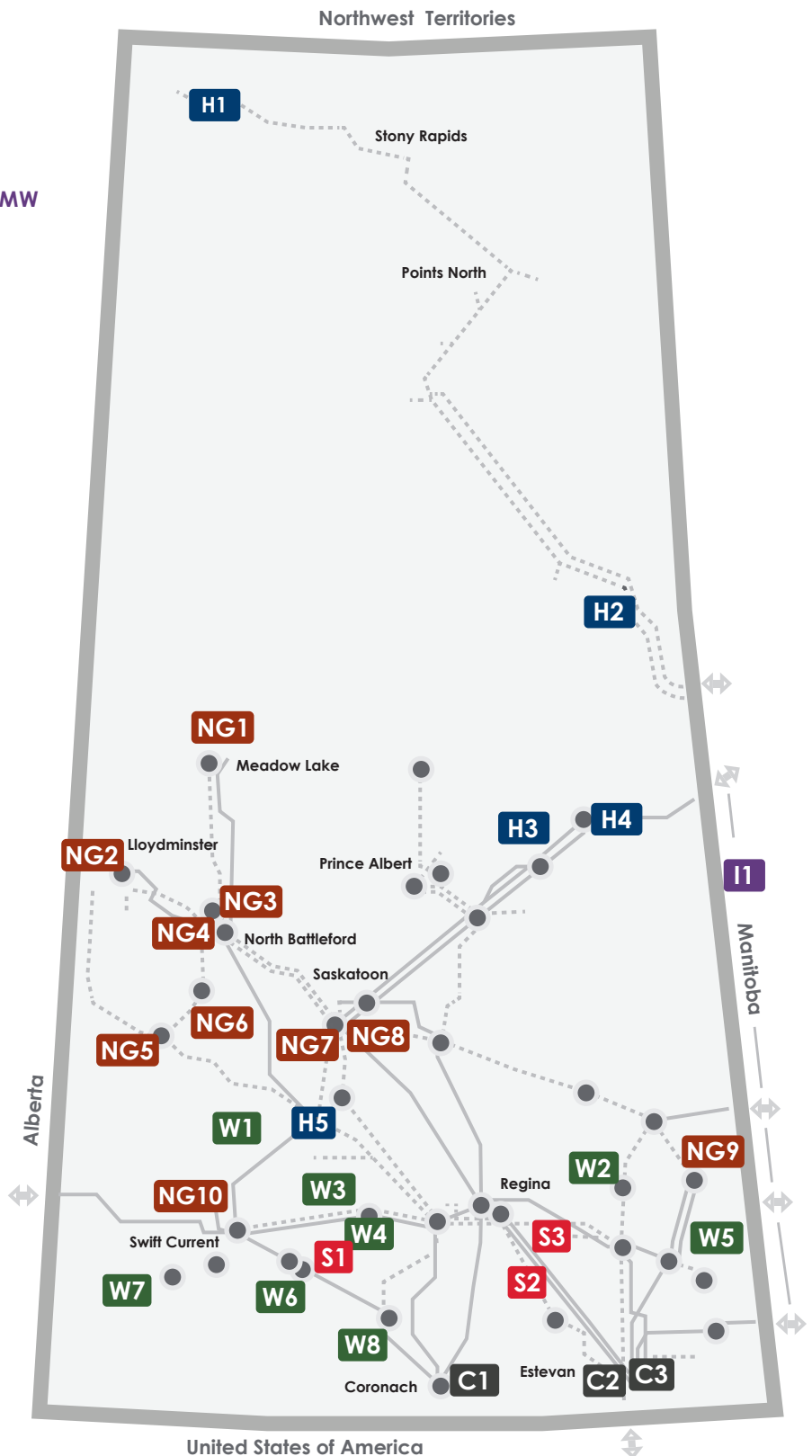
SMALL INDEPENDENT POWER PRODUCERS

TOTAL CAPACITY - 34 MW (NOT SHOWN ON MAP)

(Includes flare gas, waste heat recovery, landfill gas and biomass)

TRANSMISSION

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



*Large Independent Power Producer

Saskatchewan Power Corporation

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