THIRD QUARTER FINANCIAL REPORT

For the nine months ended

December 31, 2021

SaskPower
Powering our future®

2021-22

STRATEGIC DIRECTION

Our vision

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

Our mission

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

Our values

Safety, openness, collaboration and accountability.

Our corporate pillars and strategic priorities

- Customer experience and stakeholder relations

STRATEGIC PRIORITY: Deliver improved value for our customers and stakeholders

- Workforce excellence

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

- Efficiency, quality and cost management

STRATEGIC PRIORITY: Ensure our financial health in a transitioning industry

- Sustainable infrastructure and reliability

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

FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL INDICATORS

(in millions)	Three months ended December 31 2021-22	2020-21	Change	Nine months ended December 31 2021-22	2020-21	Change
Revenue	**$ 750**	$ 712	$ 38	**$ 2,133**	$ 2,008	$ 125
Expense	**741**	636	105	**2,111**	1,913	198
Net income	**9**	76	(67)	**22**	95	(73)
Capital expenditures	**227**	213	14	**661**	514	147
Net cash from operating activities	**89**	252	(163)	**480**	555	(75)
Return on equity[1]				**1.0%**	4.5%	-3.5%

	Dec 31 2021	Mar 31 2021	Change
Total net debt[2]	**$ 7,225**	$ 7,059	$ 166
Per cent debt ratio[3]	**71.7%**	71.4%	0.3%

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 December 31 2021-22	2020-21	Change	Nine months ended December 31 2021-22	2020-21	Change
Saskatchewan electricity sales	**6,029**	5,833	196	**17,124**	16,384	740
Exports	**195**	46	149	**608**	372	236
Total electricity sales	**6,224**	5,879	345	**17,732**	16,756	976
Gross electricity supplied	**6,694**	6,407	287	**18,806**	17,896	910
Line losses	**(470)**	(528)	58	**(1,074)**	(1,140)	66
Net electricity supplied	**6,224**	5,879	345	**17,732**	16,756	976

	Dec 31 2021	Mar 31 2021	Change
Available generating capacity (net MW)[2]	**5,010**	4,987	23
Annual peak load (net MW)[2]	**3,910**	3,722	188
Customer accounts	**548,725**	545,179	3,546

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) highlights the primary factors that have an impact on the financial results and operations of Saskatchewan Power Corporation (SaskPower; the Corporation). It should be read in conjunction with the SaskPower unaudited condensed consolidated financial statements and supporting notes for the nine months ended December 31, 2021. These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*. The SaskPower Audit & Finance Committee of the Board of Directors has approved the condensed consolidated financial statements.

The MD&A contains forward-looking statements based on the Corporation's estimates and assumptions concerning future results and events. Due to the risks and uncertainties inherent in any forecasted outlook, the actual results of the Corporation could differ materially from those anticipated. These risks and uncertainties include the COVID-19 pandemic; natural gas prices; coal and hydro availability; weather; economic conditions; number of customers; regulations; and market conditions in other jurisdictions.

FINANCIAL RESULTS

	Three months ended December 31			Nine months ended December 31		
(in millions)	**2021-22**	2020-21	Change	**2021-22**	2020-21	Change
Revenue						
Saskatchewan electricity sales	**$ 694**	$ 678	$ 16	**$ 1,995**	$ 1,919	$ 76
Exports and electricity trading	**24**	3	21	**66**	13	53
Other revenue	**32**	31	1	**72**	76	(4)
Total revenue	**$ 750**	$ 712	$ 38	**$ 2,133**	$ 2,008	$ 125
Expense						
Fuel and purchased power	**$ 276**	$ 197	$ 79	**$ 741**	$ 570	$ 171
Operating, maintenance and administration	**180**	186	(6)	**524**	525	(1)
Depreciation and amortization	**153**	151	2	**457**	444	13
Finance charges	**103**	107	(4)	**300**	320	(20)
Taxes	**20**	21	(1)	**61**	62	(1)
Other expenses (income)	**9**	(26)	35	**28**	(8)	36
Total expense	**$ 741**	$ 636	$ 105	**$ 2,111**	$ 1,913	$ 198
Net income	**$ 9**	$ 76	$ (67)	**$ 22**	$ 95	$ (73)
Return on equity[1]				**1.0%**	4.5%	-3.5%

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

Highlights and summary of results

Third Quarter

SaskPower reported a consolidated net income of $9 million in the third quarter of 2021-22 compared to $76 million in the same period in 2020-21. The $67 million decrease in results is due to an increase in expenses of $105 million partially offset by higher revenues of $38 million.

The $105 million increase in total expense was mainly attributable to higher fuel and purchased power costs which increased $79 million primarily due to lower cost hydro generation being replaced with more expensive fuel sources, increased generation volumes and higher federal carbon charges. Capital-related expenses including depreciation, finance charges, taxes and other expenses (income) increased $32 million primarily due to an arbitral award received in the prior year related to a contractual dispute. These increases were partially offset by operating, maintenance and administration (OM&A) expense which decreased $6 million due to lower operating costs as a result of the transfer of the Gas and Electrical Inspections (GEIS) division to the Technical Safety Authority of Saskatchewan (TSASK).

The $38 million increase in total revenue was mainly attributable to higher exports and electricity trading revenue of $21 million due to higher sale prices and increased sales volumes to Alberta. Saskatchewan electricity sales also increased $16 million due to higher demand, up 196 GWh or 3.3% from the previous period.

Year-to-Date

SaskPower reported a consolidated net income of $22 million in the first nine months of 2021-22 compared to $95 million in the same period in 2020-21. The $73 million decrease was primarily due to a $198 million increase in expense offset by $125 million increase in revenue. The return on equity was 1.0%, down three and a half percentage points from the previous period.

The $198 million increase in total expense was mainly attributable to higher fuel and purchased power costs which increased $171 million primarily due to lower cost hydro generation being replaced with more expensive fuel sources, increased generation volumes and higher federal carbon charges. Capital-related expenses increased $28 million primarily due to an arbitral award received in the prior year and higher depreciation expense, offset by lower interest on lease liabilities and borrowings. OM&A expense decreased $1 million due to the transfer of the GEIS division to TSASK, partially offset by increases in maintenance costs relating to the timing of overhauls at the Corporation's generation facilities and higher vegetation management costs.

The $125 million increase in total revenue was mainly attributable to higher demand in Saskatchewan electricity sales of $76 million, which is largely attributed to the improved economic conditions in the province as Saskatchewan continues to recover from the COVID-19 pandemic. Exports and electricity trading revenue also increased $53 million due to higher sale prices and increased sales volumes to Alberta. These increases were partially offset by a $4 million decrease in other revenue mainly due to reduced CO_2 sales and gas and electrical inspections revenue offset by higher customer contributions.

Outlook

SaskPower is forecasting a consolidated net income of $10 million in 2021-22, compared to a reported net income of $160 million in 2020-21. The 2021-22 return on equity is forecasted to be 0.4%.

Revenue of $2,920 million is expected to increase $149 million compared to the 2020-21 fiscal year. The increase is a result of an additional $124 million in Saskatchewan electricity sales due to expected sales growth. Exports and electricity trading activities are also expected to increase $34 million due to more opportunities to sell into Alberta. These increases in revenue are expected to be slightly offset by a $9 million reduction in other revenue primarily due to lower CO_2 sales and gas and electrical inspections revenue.

This increase in revenue however, is expected to be more than offset by an additional $299 million of expenses in 2021-22. The primary driver is a $255 million increase in fuel and purchased power costs related to higher volumes generated by more expensive fuel sources, as well as higher federal carbon charges. OM&A expenses are expected to increase $10 million primarily due to increased maintenance on the Corporation's generation facilities and transmission and distribution infrastructure. Capital-related expenses including depreciation, finance charges, taxes and other expenses (income) are expected to increase $34 million largely due to the Corporation's capital program and the $38 million arbitral award received in the prior year related to a contractual dispute, partially offset by lower interest on long-term debt and lease liabilities.

Capital expenditures in 2021-22 are forecast to be approximately $938 million including funding from the Power Grid Renewal Grant provided through SaskBuilds. Capital spending includes $289 million on the new Great Plains Power Station; $247 million to sustain our existing transmission and distribution assets; $149 million connecting new customers to SaskPower's grid; $55 million in costs to improve and expand the Corporation's transmission and distribution infrastructure; and $117 million to maintain the existing generation fleet.

Revenue

Saskatchewan electricity sales						
	Three months ended December 31			Nine months ended December 31		
(in millions)	**2021-22**	2020-21	Change	**2021-22**	2020-21	Change
Residential	**$ 148**	$ 151	$ (3)	**$ 434**	$ 423	$ 11
Farm	**46**	49	(3)	**130**	141	(11)
Commercial	**127**	128	(1)	**370**	362	8
Oilfield	**107**	104	3	**303**	282	21
Power	**205**	191	14	**578**	550	28
Reseller	**24**	23	1	**74**	70	4
Federal carbon charge	**37**	32	5	**106**	91	15
Saskatchewan electricity sales	**$ 694**	$ 678	$ 16	**$ 1,995**	$ 1,919	$ 76

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

SaskPower has not had a general rate increase since March 1, 2018. However, during that period SaskPower has implemented a rate rider to recover the federal carbon tax. The federal carbon charge rate rider resulted in general increases of 2.7% effective April 1, 2019, 2.4% effective January 1, 2020 and 0.6% effective January 1, 2021. SaskPower announced it will not be implementing a federal carbon charge rate rider increase in 2022.

The Government of Saskatchewan's Economic Recovery Rebate Program which took effect December 1, 2020 ended on November 30, 2021. This one-year program provided all SaskPower customers with a 10% rebate on the cost of electrical charges – basic monthly charge, energy charge and demand charge. The program was fully funded by the Province of Saskatchewan and had no impact on SaskPower's financial results.

Saskatchewan electricity sales for the first nine months of 2021-22 were $1,995 million, up $76 million from the same period in 2020-21. The improvement is largely due to increased demand as the province continues to recover from the COVID-19 pandemic. Electricity sales volumes to Saskatchewan customers for the first nine months of the 2021-22 were 17,124 GWh, up 740 GWh or 4.5% from the same period in 2020-21. Demand increased in all customer classes except farm. Notably, SaskPower reached a new record system peak load of 3,910 MW on December 30, 2021, up 118 MW from the previous record.

Q3 YTD ELECTRICITY SALES (IN MILLIONS)

The largest increases in electricity sales occurred in the power and oilfield customer classes. Consumption in the power customer class increased 420 GWh from the same period in the prior year due to increased activity in the pipeline, refinery and northern mines sectors; partially offset by reduced activity in the potash sector. Oilfield sales were up by 225 GWh due to improved economic conditions.

The increase in electricity sales revenue was also partially due to a $15 million increase in the federal carbon charge revenue. The federal carbon charge rate rider increased 0.6% effective January 1, 2021 to account for the $10 per tonne increase in the federal carbon tax and a decrease in the allowable CO_2 emission threshold for coal generation.

Exports and electricity trading

(in millions)	Three months ended December 31			Nine months ended December 31		
	2021-22	2020-21	Change	**2021-22**	2020-21	Change
Exports and electricity trading	**$ 24**	$ 3	$ 21	**$ 66**	$ 13	$ 53

Exports represent the sale of SaskPower's available generation to neighbouring Alberta, Southwest Power Pool and Midcontinent Independent System Operator markets. Export pricing is not subject to the rate review process. Export sales are dependent on the availability of SaskPower generation and transmission, as well as market conditions in other jurisdictions.

Electricity trading activities include the purchase and resale of electricity and other derivatives in regions outside Saskatchewan. Electricity trading revenue is reported on a net basis upon delivery of electricity to customers and receipt of electricity purchased from external parties.

Exports and electricity trading were $66 million in the first nine months of 2021-22, up $53 million from the same period in 2020-21 due to higher prices and increased volumes. The average export sales price increased $72 per megawatt hour (MWh) compared to the same period in the prior year. Export sales volumes primarily to Alberta were 608 GWh, up 236 GWh from the volumes sold in the first nine months of 2020-21.

Other revenue

(in millions)	Three months ended December 31			Nine months ended December 31		
	2021-22	2020-21	Change	**2021-22**	2020-21	Change
Other revenue	**$ 32**	$ 31	$ 1	**$ 72**	$ 76	$ (4)

Other revenue includes various non-electricity products and services, including fly ash and carbon dioxide (CO_2) sales, which are recorded upon delivery of the related good or service. Also included in other revenue are customer contributions which are funds received from certain customers towards the cost of service connections. These contributions are recognized immediately in profit or loss as other revenue when the related property, plant and equipment is available for its intended use and the Corporation's performance obligations are complete.

Other revenue was $72 million in the first nine months of 2021-22, down $4 million compared to the same period in 2020-21. This decrease was due to a $16 million reduction in CO_2 sales as a result of the Boundary Dam Power Station Integrated Carbon Capture and Storage Facility being offline for unplanned maintenance. In addition, gas and electrical inspections revenue decreased $11 million as a result of the transfer of the Corporation's GEIS division to TSASK in January 2021. These decreases were partially offset by a $15 million increase in customer contributions primarily due to interconnection charges related to independent power producers. Other revenue including late payment charges, fly ash sales, renewable energy credits and joint use charges increased a combined total of $8 million.

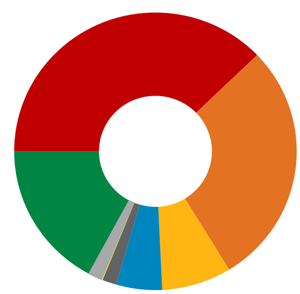
Expense

Fuel and purchased power						
	Three months ended December 31			Nine months ended December 31		
(in millions)	**2021-22**	2020-21	Change	**2021-22**	2020-21	Change
Gas	**$ 116**	$ 88	$ 28	**$ 280**	$ 221	$ 59
Coal	**67**	62	5	**211**	187	24
Imports	**23**	16	7	**59**	45	14
Wind	**18**	10	8	**39**	27	12
Hydro	**3**	4	(1)	**12**	19	(7)
Solar	**1**	-	1	**1**	-	1
Other	**3**	4	(1)	**12**	10	2
Federal carbon charge	**45**	13	32	**127**	61	66
Fuel and purchased power	**$ 276**	$ 197	$ 79	**$ 741**	$ 570	$ 171

SaskPower's fuel and purchased power costs include the fuel charges associated with the electricity generated from SaskPower-owned facilities, costs associated with power purchase agreements (PPAs), as well as electricity imported from markets outside Saskatchewan. This electricity is used to serve our company's Saskatchewan customers, with surplus electricity being sold to markets outside the province when favourable conditions exist. SaskPower's fuel cost management strategy focuses on the economic dispatch of the generating units that bring the lowest incremental cost units on stream first. Included in the incremental cost is the federal price of carbon on generation that exceeds the allowable emission thresholds. SaskPower recovers the federal carbon charge from its customers through a rate rider.

Fuel and purchased power costs were $741 million in the first nine months of 2021-22, up $171 million from the same period in 2020-21. The $171 million increase resulted from unfavourable price, fuel mix and volume variances.

Higher fuel prices resulted in an overall increase of approximately $75 million in fuel and purchased power costs. Federal carbon charges increased $66 million and were higher than expected due to lower hydro generation combined with Boundary Dam's Power Station Integrated Carbon Capture and Storage Facility being offline for unplanned maintenance. In addition, import and natural gas prices increased compared to the same period in 2020-21.



Q3 YTD FUEL & PURCHASED POWER (IN MILLIONS)

The fuel mix is the relative proportion that each fuel source contributes to our total fuel supply. The more energy generated from lower incremental cost units such as hydro, the more favourable the impact on fuel and purchased power costs. During the first nine months of 2021-22, the Corporation's hydro generation accounted for 11% of total generation compared to 19% for the same period in 2020-21. The lower cost hydro generation was replaced by more expensive generation sources. This unfavourable change in the fuel mix resulted in an estimated $70 million increase in fuel and purchased power costs.

Total generation and purchased power was 18,806 GWh in the first nine months of 2021-22, an increase of 910 GWh or 5.1% compared to the same period in 2020-21. The higher demand resulted in an estimated $26 million increase in fuel and purchased power costs.

(in millions)	**Fuel and purchased power**
Nine months ended December 31, 2020	$ 570
Price variance	75
Fuel mix variance	70
Volume variance	26
Nine months ended December 31, 2021	**$ 741**

Operating, maintenance and administration (OM&A)

	Three months ended December 31			Nine months ended December 31		
(in millions)	**2021-22**	2020-21	Change	**2021-22**	2020-21	Change
OM&A	**$ 180**	$ 186	$ (6)	**$ 524**	$ 525	$ (1)

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

OM&A expense was $524 million in the first nine months of 2021-22, down $1 million from the same period in 2020-21. The decrease in OM&A was primarily due to lower operating costs due to the transfer of the GEIS division and lower bad debt expense as the collectability of payments from customers improved. These decreases were partially offset by increases in maintenance costs relating to the timing of overhauls at the Corporation's generation facilities and higher vegetation management costs.

Capital-related expenses

	Three months ended December 31			Nine months ended December 31		
(in millions)	**2021-22**	2020-21	Change	**2021-22**	2020-21	Change
Depreciation and amortization	**$ 153**	$ 151	$ 2	**$ 457**	$ 444	$ 13
Finance charges	**103**	107	(4)	**300**	320	(20)
Taxes	**20**	21	(1)	**61**	62	(1)
Other expenses (income)	**9**	(26)	35	**28**	(8)	36
Capital-related expenses	**$ 285**	$ 253	$ 32	**$ 846**	$ 818	$ 28

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

Depreciation and amortization expense was $457 million in the first nine months of 2021-22, up $13 million from the same period in 2020-21. The increase in depreciation expense was primarily attributable to an increase in property, plant and equipment as a result of ongoing capital expenditures. In addition, following the completion of an internal depreciation study in 2020-21, the estimated useful lives of certain asset components were changed. The changes in estimates were applied prospectively effective April 1, 2021.

Finance charges were $300 million in the first nine months of 2021-22, down $20 million compared to the same period in 2020-21. The decrease is mainly attributable to lower interest on lease liabilities, long-term debt and short-term advances of $23 million and higher interest capitalized of $4 million. These decreases were offset by lower debt retirement fund earnings and interest income of $7 million.

Taxes were $61 million in the first nine months of 2021-22, down $1 million from the same period in 2020-21, due to a lower corporate capital tax base.

Other expenses were $28 million in the first nine months of 2021-22, compared to $8 million in other income in the same period in 2020-21. The $36 million increase is mainly attributable to the $38 million arbitral award recognized into other income in the prior year, partially offset by lower losses on asset retirements of $2 million.

Federal Carbon Tax Variance Account (FCTVA)

(in millions)	Rate rider increase	Federal carbon charge collected	Federal carbon charge expense	Other recoveries (expense)	Over (under) collected
Total 2019 calendar year	2.7%	$ 49	$ (56)	$ (3)	**$ (10)**
Total 2020 calendar year	2.4%	125	(85)	3	**43**
Total 2021 calendar year	0.6%	144	(164)	7	**(13)**
Balance, December 31, 2021		**$ 318**	**$ (305)**	**$ 7**	**$ 20**

SaskPower accumulates differences between the federal carbon charge revenue collected from customers and the federal carbon tax owing to the federal government in a Federal Carbon Tax Variance Account (FCTVA). The balance in the FCTVA, which is not included in SaskPower's financial statements, is either recovered from or refunded to customers as part of future federal carbon charge rates. The other recoveries (expense) relates to interest earned on the monies in the account; federal carbon tax associated with exported generation; and federal carbon charges on natural gas purchased for the Chinook Power Station prior to it becoming a registered facility.

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. The federal carbon tax increased from $30/tonne effective January 1, 2020 to $40/tonne effective January 1, 2021, for emissions above established thresholds. 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 adjusted on January 1 of each year to reflect any changes in the estimated carbon tax for the calendar year. The revenue associated with the federal carbon charge rate rider is being set aside and used to fund the federal carbon tax payments. The federal carbon taxes for the 2019 and 2020 calendar years were paid respectively in April and December 2021. Amounts are payable to Environment and Climate Change Canada (ECCC) as well as certain independent power producers (IPPs). As at December 31, 2021, the FCTVA has an overage of $20 million owing to customers. The over collection relates to lower than expected fossil fuel generation, interpretation of regulations, combined with SaskPower's economic dispatch approach on generation units to minimize emissions. The balance in the FCTVA will be refunded to customers as part of future federal carbon charge rates. The federal carbon tax increases to $50/tonne effective January 1, 2022, however the Corporation will not be implementing a rate rider increase in 2022.

Financial Condition

The following table outlines changes in the condensed consolidated statement of financial position from March 31, 2021, to December 31, 2021:

(in millions)	Change ($)	Change (%)	
Cash and cash equivalents	**$ (62)**	**-63%**	Refer to Consolidated Statement of Cash Flows.
Accounts receivable and unbilled revenue	**(36)**	**-8%**	Decrease in trade receivables due to timing of payments and a decrease in margin deposits on natural gas derivatives, offset by an increase in grant receivables.
Inventory	**34**	**14%**	Increase in maintenance supplies and natural gas inventory.
Property, plant and equipment	**215**	**2%**	Additions offset by depreciation expense and asset disposals and retirements.
Right-of-use assets	**(37)**	**-7%**	Depreciation and termination of right-of-use assets offset by additions.
Intangible assets	**12**	**18%**	Capitalization of new software costs. offset by amortization expense.
Debt retirement funds	**71**	**8%**	Instalments, earnings, and market value gains.
Other assets	**3**	**38%**	Increase in long-term maintenance service costs.
Accounts payable and accrued liabilities	**19**	**3%**	Timing of accruals and payments.
Deferred revenue	**(1)**	**-5%**	Decreased customer connect revenue, offset by increased customer down payments.
Dividend payable	**(15)**	**-88%**	Timing of payments.
Risk management liabilities (net of risk management assets)	**(34)**	**-68%**	Settlement of natural gas and electricity derivatives and change in fair value of natural gas contracts.
Short-term advances	**201**	**67%**	Additional short-term advances.
Long-term debt (including current portion)	**(5)**	**0%**	Amortization of debt premiums net of discounts.
Lease liabilities (including current portion)	**(21)**	**-2%**	Principal repayments of lease liabilities offset by additional obligations.
Employee benefits	**(29)**	**-14%**	Actuarial gains on the defined benefit pension plan, offset by interest expense.
Provisions	**(2)**	**-1%**	Expenditures incurred and applied against provisions offset by accretion expense.
Equity	**87**	**3%**	2021-22 comprehensive income less dividends.

Liquidity and Capital Resources

Cash flow highlights

(in millions)	Nine months ended December 31 2021-22	2020-21	Change
Cash and cash equivalents, April 1	**$ 98**	$ 236	$ (138)
Cash provided by operating activities	**480**	555	(75)
Cash used in investing activities	**(655)**	(479)	(176)
Cash provided by (used in) financing activities	**113**	(98)	211
Cash and cash equivalents, December 31	**$ 36**	$ 214	$ (178)

As at December 31, 2021, SaskPower had $36 million in cash and cash equivalents. The Corporation has chosen to reduce the amount of cash on hand as liquidity risk resulting from COVID-19 continues to improve as the market stabilizes.

a) Operating activities

	Three months ended December 31			Nine months ended December 31		
(in millions)	**2021-22**	2020-21	Change	**2021-22**	2020-21	Change
Cash provided by operating activities	**$ 89**	$ 252	$ (163)	**$ 480**	$ 555	$ (75)

Cash provided by operating activities was $480 million in the first nine months of 2021-22, down $75 million from the same period in 2020-21. The change was primarily the result of a decrease in net income.

b) Investing activities

	Three months ended December 31			Nine months ended December 31		
(in millions)	**2021-22**	2020-21	Change	**2021-22**	2020-21	Change
Generation	**$ 34**	$ 37	$ (3)	**$ 92**	$ 105	$ (13)
Transmission	**28**	9	19	**55**	27	28
Distribution	**34**	30	4	**73**	81	(8)
Other	**22**	22	-	**63**	69	(6)
Sustainment	**118**	98	20	**283**	282	1
Generation	**42**	41	1	**198**	48	150
Transmission	**13**	10	3	**25**	32	(7)
Distribution	**4**	4	-	**11**	10	1
Customer connects	**40**	43	(3)	**114**	108	6
Growth and compliance	**99**	98	1	**348**	198	150
Strategic and other investments	**10**	17	(7)	**30**	34	(4)
Total capital expenditures	**$ 227**	$ 213	$ 14	**$ 661**	$ 514	$ 147
Less: Interest capitalized	**(5)**	(2)	(3)	**(11)**	(7)	(4)
Arbitral award	**-**	(32)	32	**-**	(32)	32
Proceeds from sale and disposal of assets	**(1)**	(1)	-	**(1)**	(2)	1
Costs of removal of assets	**3**	3	-	**6**	6	-
Cash used in investing activities	**$ 224**	$ 181	$ 43	**$ 655**	$ 479	$ 176

To ensure a reliable, sustainable and cost-effective supply of electricity for its customers, SaskPower invested $661 million in the first nine months of 2021-22 on various capital projects. This includes $197 million on the new Great Plains Power Station; $92 million on generation sustainment activities; $114 million to connect customers to the SaskPower electric system; and $204 million on increasing capacity and sustaining transmission and distribution infrastructure including funding from the Power Grid Renewal Grant provided through SaskBuilds.

c) Financing activities

(in millions)	Three months ended December 31 2021-22	2020-21	Change	Nine months ended December 31 2021-22	2020-21	Change
Net proceeds from (repayments of) short-term advances	**$ 150**	$ 100	$ 50	**$ 201**	$ (498)	$ 699
Proceeds from long-term debt	**-**	-	-	**-**	566	(566)
Repayments of long-term debt	**-**	(129)	129	**-**	(129)	129
Debt retirement fund instalments	**(12)**	(12)	-	**(48)**	(48)	-
Debt retirement fund redemptions	**-**	42	(42)	**-**	42	(42)
Principal repayment of lease liabilities	**(10)**	(8)	(2)	**(23)**	(17)	(6)
Dividends paid	**-**	(4)	4	**(17)**	(14)	(3)
Cash provided by (used in) financing activities	**$ 128**	$ (11)	$ 139	**$ 113**	$ (98)	$ 211

In the first nine months of 2021-22, $113 million of cash was provided by financing activities, up $211 million compared to the same period in 2020-21. The increase was due to higher net proceeds from borrowings.

Capital management

(in millions)	Dec 31 2021	Mar 31 2021	Change
Long-term debt	**$ 6,736**	$ 6,741	$ (5)
Short-term advances	**500**	299	201
Lease liabilities	**961**	982	(21)
Total debt	**8,197**	8,022	175
Debt retirement funds	**936**	865	71
Cash and cash equivalents	**36**	98	(62)
Total net debt[1]	**$ 7,225**	$ 7,059	$ 166
Retained earnings	**2,255**	2,235	20
Equity advances	**593**	593	-
Total capital	**$ 10,073**	$ 9,887	$ 186
Per cent debt ratio[2]	**71.7%**	71.4%	0.3%

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 $8,197 million at December 31, 2021, up $175 million from March 31, 2021. The increase in total debt was the result of:

- An increase of $201 million in net proceeds from short-term advances and $2 million increase in building lease liabilities; offset by principal repayment of $23 million of the Corporation's lease liabilities and $5 million in amortization of debt premiums.

The Corporation's per cent debt ratio has increased slightly from 71.4% as at March 31, 2021, to 71.7% as at December 31, 2021.

Debt retirement funds

(in millions)	Nine months ended December 31 **2021-22**	2020-21
Balance, April 1	**$ 865**	$ 848
Debt retirement fund instalments	**48**	48
Debt retirement fund redemptions	**-**	(42)
Debt retirement fund earnings	**12**	18
Debt retirement fund unrealized market value gains	**11**	24
Debt retirement fund realized market value gains	**-**	2
Balance, December 31	**$ 936**	$ 898

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 nine months of 2021-22, the Corporation made $48 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 $12 million (included with finance charges and classified as non-cash operating activities) on the debt retirement funds for the period. The debt retirement funds are classified as fair value through other comprehensive income. As a result, the $11 million in market value gains in the first nine months of 2021-22 was recognized in other comprehensive income.

Dividends

SaskPower pays dividends to Crown Investments Corporation (CIC) of Saskatchewan based on the CIC Dividend Policy. During the 2021-22 year, SaskPower paid $17 million in dividends to CIC related to the 2020-21 year. CIC has determined that SaskPower will be required to pay a 30% dividend based on 2021-22 net income. For the nine months ended December 31, 2021, a dividend of $ 2 million has been accrued.

Contractual obligations

The Corporation has the following significant long-term contractual obligations as at December 31, 2021, which will impact cash flows in the following year and beyond:

(in millions)	**1 year**	**2 - 5 years**	**More than 5 years**
Power purchase agreements[1]	$ 545	$ 2,410	$ 9,922
Long-term debt (including principal and interest)	771	1,481	9,089
Debt retirement fund instalments	62	229	929
Coal purchase contracts	248	641	150
Natural gas purchase contracts	33	236	31
Natural gas transportation and storage contracts	15	112	3
Electricity transmission purchase contracts	1	-	-

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

CONDENSED CONSOLIDATED STATEMENT OF INCOME

(in millions)	(Unaudited) Three months ended December 31 2021-22	2020-21	(Unaudited) Nine months ended December 31 2021-22	2020-21
Revenue				
Saskatchewan electricity sales	**$ 694**	$ 678	**$ 1,995**	$ 1,919
Exports and electricity trading	**24**	3	**66**	13
Other revenue	**32**	31	**72**	76
Total revenue	**750**	712	**2,133**	2,008
Expense				
Fuel and purchased power	**276**	197	**741**	570
Operating, maintenance and administration	**180**	186	**524**	525
Depreciation and amortization	**153**	151	**457**	444
Finance charges	**103**	107	**300**	320
Taxes	**20**	21	**61**	62
Other expenses (income)	**9**	(26)	**28**	(8)
Total expense	**741**	636	**2,111**	1,913
Net income	**$ 9**	$ 76	**$ 22**	$ 95

See accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions)	(Unaudited) Three months ended December 31 2021-22	2020-21	(Unaudited) Nine months ended December 31 2021-22	2020-21
Net income	**$ 9**	$ 76	**$ 22**	$ 95
Other comprehensive (loss) income				
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	**(20)**	(15)	**20**	5
Realized gains (losses) during the period	**4**	(3)	**2**	(14)
Reclassification to income	**(4)**	3	**(2)**	14
Debt instruments designated as FVOCI:				
Change in fair value during the period	**8**	(4)	**11**	24
Realized gains during the period	**-**	2	**-**	2
Reclassification to income	**-**	(2)	**-**	(2)
Items that will not be reclassified to net income:				
Defined benefit pension plans:				
Net actuarial gains (losses)	**13**	(12)	**36**	(67)
	1	(31)	**67**	(38)
Total comprehensive income	**$ 10**	$ 45	**$ 89**	$ 57

See accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions) As at	Notes	**(Unaudited) December 31 2021**	(Audited *) March 31 2021
Assets			
Current assets			
Cash and cash equivalents		**$ 36**	$ 98
Accounts receivable and unbilled revenue		**397**	433
Inventory		**285**	251
Prepaid expenses		**23**	23
Risk management assets	7	**13**	6
		754	811
Property, plant and equipment	3	**10,031**	9,816
Right-of-use assets	4	**528**	565
Intangible assets		**80**	68
Debt retirement funds		**936**	865
Other assets		**11**	8
Total assets		**$ 12,340**	$ 12,133
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 586**	$ 567
Accrued interest		**64**	64
Deferred revenue		**21**	22
Dividend payable		**2**	17
Risk management liabilities	7	**29**	56
Short-term advances		**500**	299
Current portion of long-term debt	5	**496**	240
Current portion of lease liabilities	6	**42**	36
		1,740	1,301
Long-term debt	5	**6,240**	6,501
Lease liabilities	6	**919**	946
Employee benefits		**179**	208
Provisions		**322**	324
Total liabilities		**9,400**	9,280
Equity			
Retained earnings		**2,255**	2,235
Accumulated other comprehensive income		**92**	25
Equity advances		**593**	593
Total equity		**2,940**	2,853
Total liabilities and equity		**$ 12,340**	$ 12,133

See accompanying notes

*As presented in the audited March 31, 2021, 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	Net gains (losses) on debt instruments designated as FVOCI	Net actuarial gains (losses) on defined benefit pension plans	Equity advances	**(Unaudited) Total**
Equity						
Balance, April 1, 2020	$ 2,123	$ (24)	$ 24	$ 31	$ 593	**$ 2,747**
Net income	95	-	-	-	-	**95**
Other comprehensive income (loss)	-	5	24	(67)	-	**(38)**
Dividends	(31)	-	-	-	-	**(31)**
Balance, December 31, 2020	**$ 2,187**	**$ (19)**	**$ 48**	**$ (36)**	**$ 593**	**$ 2,773**
Net income	65	-	-	-	-	**65**
Other comprehensive income (loss)	-	7	(50)	75	-	**32**
Dividends	(17)	-	-	-	-	**(17)**
Balance, March 31, 2021	**$ 2,235**	**$ (12)**	**$ (2)**	**$ 39**	**$ 593**	**$ 2,853**
Net income	22	-	-	-	-	**22**
Other comprehensive income (loss)	-	20	11	36	-	**67**
Dividends	(2)	-	-	-	-	**(2)**
Balance, December 31, 2021	**$ 2,255**	**$ 8**	**$ 9**	**$ 75**	**$ 593**	**$ 2,940**

See accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions)	(Unaudited) Three months ended December 31 2021-22	2020-21	(Unaudited) Nine months ended December 31 2021-22	2020-21
Operating activities				
Net income	**$ 9**	$ 76	**$ 22**	$ 95
Adjustments to reconcile net income to cash provided by operating activities				
Depreciation and amortization	**153**	151	**457**	444
Finance charges	**103**	107	**300**	320
Net losses on asset disposals and retirements	**7**	9	**21**	23
Unrealized market value adjustments	**-**	(1)	**(1)**	(2)
Reclassification of natural gas hedges transitional market value losses	**(4)**	(5)	**(13)**	(15)
Natural gas inventory market revaluation	**-**	(1)	**(3)**	(1)
Allowance for obsolescence	**-**	1	**1**	1
Environmental expenditures net of provisions	**(2)**	(2)	**(7)**	(4)
	266	335	**777**	861
Net change in non-cash working capital	**(69)**	32	**19**	32
Interest paid	**(108)**	(115)	**(316)**	(338)
Cash provided by operating activities	**89**	252	**480**	555
Investing activities				
Property, plant and equipment additions	**(215)**	(208)	**(618)**	(495)
Arbitral award (Note 3)	**-**	32	**-**	32
Intangible asset additions	**(7)**	(3)	**(32)**	(12)
Proceeds from sale and disposal of assets	**1**	1	**1**	2
Costs of removal of assets	**(3)**	(3)	**(6)**	(6)
Cash used in investing activities	**(224)**	(181)	**(655)**	(479)
(Decrease) increase in cash before financing activities	**(135)**	71	**(175)**	76
Financing activities				
Net proceeds from (repayments of) short-term advances	**150**	100	**201**	(498)
Proceeds from long-term debt	**-**	-	**-**	566
Repayments of long-term debt	**-**	(129)	**-**	(129)
Debt retirement fund instalments	**(12)**	(12)	**(48)**	(48)
Debt retirement fund redemptions	**-**	42	**-**	42
Principal repayment of lease liabilities	**(10)**	(8)	**(23)**	(17)
Dividends paid	**-**	(4)	**(17)**	(14)
Cash provided by (used in) financing activities	**128**	(11)	**113**	(98)
(Decrease) increase in cash	**(7)**	60	**(62)**	(22)
Cash and cash equivalents, beginning of period	**43**	154	**98**	236
Cash and cash equivalents, end of period	**$ 36**	$ 214	**$ 36**	$ 214

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 28, 2022.

(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 and electricity contracts fair values are determined using independent pricing information from external markets 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 December 31, 2021, the Corporation does not have any financial instruments classified as Level 3.

(f) Use of estimates and judgments

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

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

Significant areas requiring the use of management estimates are:

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

Following the completion of an internal depreciation study, the estimated useful lives of certain assets were changed. The change in estimate was applied prospectively, effective April 1, 2021, and is expected to result in an approximate $7 million increase to depreciation expense in 2021-22.

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

- Identification of arrangements which contain a lease.
- Revenue recognition of customer contributions.

3. Property, plant and equipment

(in millions)	Generation	Transmission	Distribution	Other	Construction in progress	**Total**
Cost or deemed cost						
Balance, April 1, 2020	$ 7,587	$ 2,797	$ 4,464	$ 960	$ 278	**$ 16,086**
Additions	135	50	203	64	514	**966**
TSASK[1]	-	-	-	(2)	-	**(2)**
Arbitral award[2]	(32)	-	-	-	-	**(32)**
Disposals and/or retirements	(35)	(1)	(19)	(10)	-	**(65)**
Transfers	-	-	-	-	(463)	**(463)**
Balance, December 31, 2020	**$ 7,655**	**$ 2,846**	**$ 4,648**	**$ 1,012**	**$ 329**	**$ 16,490**
Additions	9	28	56	29	179	**301**
TSASK[1]	-	-	-	(4)	-	**(4)**
Disposals and/or retirements	(2)	(3)	(22)	(7)	-	**(34)**
Transfers	(3)	-	-	-	(122)	**(125)**
Balance, March 31, 2021	**$ 7,659**	**$ 2,871**	**$ 4,682**	**$ 1,030**	**$ 386**	**$ 16,628**
Additions	139	85	188	49	661	**1,122**
Disposals and/or retirements	(26)	(2)	(16)	(9)	-	**(53)**
Transfers	-	-	-	-	(493)	**(493)**
Balance, December 31, 2021	**$ 7,772**	**$ 2,954**	**$ 4,854**	**$ 1,070**	**$ 554**	**$ 17,204**
Accumulated depreciation						
Balance, April 1, 2020	$ 3,383	$ 728	$ 1,806	$ 457	$ -	**$ 6,374**
Depreciation expense	201	51	95	39	-	**386**
Disposals and/or retirements	(26)	(1)	(13)	(8)	-	**(48)**
Transfers	-	-	-	-	-	**-**
Balance, December 31, 2020	**$ 3,558**	**$ 778**	**$ 1,888**	**$ 488**	**$ -**	**$ 6,712**
Depreciation expense	68	17	33	15	-	**133**
TSASK[1]	-	-	-	(3)	-	**(3)**
Disposals and/or retirements	(3)	(1)	(20)	(6)	-	**(30)**
Transfers	-	-	-	-	-	**-**
Balance, March 31, 2021	**$ 3,623**	**$ 794**	**$ 1,901**	**$ 494**	**$ -**	**$ 6,812**
Depreciation expense	208	52	100	38	-	**398**
Disposals and/or retirements	(17)	(1)	(12)	(7)	-	**(37)**
Transfers	-	-	-	-	-	**-**
Balance, December 31, 2021	**$ 3,814**	**$ 845**	**$ 1,989**	**$ 525**	**$ -**	**$ 7,173**
Net book value						
Balance, December 31, 2020	**$ 4,097**	**$ 2,068**	**$ 2,760**	**$ 524**	**$ 329**	**$ 9,778**
Balance, March 31, 2021	**$ 4,036**	**$ 2,077**	**$ 2,781**	**$ 536**	**$ 386**	**$ 9,816**
Balance, December 31, 2021	**$ 3,958**	**$ 2,109**	**$ 2,865**	**$ 545**	**$ 554**	**$ 10,031**

1. Provincial cabinet approved the transfer of the Corporation's GEIS Division to TSASK effective January 31, 2021. The related net book value of the GEIS assets were written down to reflect the lower of the carrying amount and fair value less costs to sell.
2. During 2020-21, the Corporation received a favourable ruling from an arbitral panel in relation to a contractual dispute comprised of a $56 million cash award as well as $14 million in forgiven payables. The portion of the award allocated to property, plant and equipment was $32 million. The remaining $38 million awarded was recorded in profit or loss as other income (expenses).

In the first nine months of 2021-22, interest costs totaling $11 million (2020-21 – $7 million) were capitalized at the weighted average cost of borrowings rate of 4.0% (2020-21 – 4.3%).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

4. Right-of-use assets

(in millions)	Power purchase agreements	Buildings	Land	**Total**
Cost				
Balance, April 1, 2020	$ 1,017	$ 14	$ 7	**$ 1,038**
Additions	-	2	-	**2**
Terminations and/or modifications	-	-	-	**-**
Balance, December 31, 2020	**$ 1,017**	**$ 16**	**$ 7**	**$ 1,040**
Additions	-	-	-	**-**
Terminations and/or modifications	-	(1)	-	**(1)**
Balance, March 31, 2021	**$ 1,017**	**$ 15**	**$ 7**	**$ 1,039**
Additions	-	2	-	**2**
Terminations and/or modifications	-	(1)	-	**(1)**
Balance, December 31, 2021	**$ 1,017**	**$ 16**	**$ 7**	**$ 1,040**
Accumulated depreciation				
Balance, April 1, 2020	$ 419	$ 3	$ 1	**$ 423**
Depreciation expense	36	3	-	**39**
Terminations and/or modifications	-	-	-	**-**
Balance, December 31, 2020	**$ 455**	**$ 6**	**$ 1**	**$ 462**
Depreciation expense	12	1	-	**13**
Terminations and/or modifications	-	(1)	-	**(1)**
Balance, March 31, 2021	**$ 467**	**$ 6**	**$ 1**	**$ 474**
Depreciation expense	36	2	1	**39**
Terminations and/or modifications	-	(1)	-	**(1)**
Balance, December 31, 2021	**$ 503**	**$ 7**	**$ 2**	**$ 512**
Net book value				
Balance, December 31, 2020	**$ 562**	**$ 10**	**$ 6**	**$ 578**
Balance, March 31, 2021	**$ 550**	**$ 9**	**$ 6**	**$ 565**
Balance, December 31, 2021	**$ 514**	**$ 9**	**$ 5**	**$ 528**

5. Long-term debt

(in millions)		
Balance, April 1, 2020	$	6,309
Long-term debt issues		566
Long-term debt repayments		(129)
Amortization of debt premiums net of discounts		(4)
Balance, December 31, 2020	**$**	**6,742**
Long-term debt issues		-
Long-term debt repayments		-
Amortization of debt premiums net of discounts		(1)
Balance, March 31, 2021	**$**	**6,741**
Long-term debt issues		-
Long-term debt repayments		-
Amortization of debt premiums net of discounts		(5)
	$	6,736
Less: current portion of long-term debt		(496)
Balance, December 31, 2021	**$**	**6,240**

6. Lease liabilities

(in millions)		**December 31 2021**		March 31 2021
Total future minimum lease payments	**$**	**2,050**	$	2,177
Less: future finance charges on leases		**(1,089)**		(1,195)
Present value of lease liabilities	**$**	**961**	$	982
Less: current portion of lease liabilities		**(42)**		(36)
	$	**919**	$	946

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 nine months ended December 31, 2021, SaskPower recognized $100 million (2020-21 – $112 million) of interest costs on these lease liabilities.

As at December 31, 2021, scheduled future minimum lease payments and the present value of lease liabilities are as follows:

(in millions)		**1 year**		**2 - 5 years**		**More than 5 years**
Future minimum lease payments	$	182	$	689	$	1,179
Present value of lease liabilities		42		198		721

7. Financial instruments

			December 31 2021		March 31 2021	
(in millions)			**Asset (liability)**		Asset (liability)	
Financial instruments	**Classification**	**Level[4]**	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets						
Cash and cash equivalents	FVTPL[1]	1	**$ 36**	**$ 36**	$ 98	$ 98
Accounts receivable and unbilled revenue	AC[2]	N/A	**397**	**397**	433	433
Debt retirement funds	FVOCI - debt instrument[3]	2	**936**	**936**	865	865
Other assets — long-term receivables	AC[2]	N/A	**1**	**1**	1	1
Financial liabilities						
Accounts payable and accrued liabilities	AC[2]	N/A	**$ (586)**	**$ (586)**	$ (567)	$ (567)
Accrued interest	AC[2]	N/A	**(64)**	**(64)**	(64)	(64)
Dividend payable	AC[2]	N/A	**(2)**	**(2)**	(17)	(17)
Short-term advances	AC[2]	N/A	**(500)**	**(500)**	(299)	(299)
Long-term debt	AC[2]	2	**(6,736)**	**(7,926)**	(6,741)	(7,676)

Risk management assets and liabilities			December 31 2021		March 31 2021	
(in millions)	**Classification**	**Level[4]**	**Asset**	**(Liability)**	Asset	(Liability)
Natural gas contracts						
Fixed price swap instruments used for hedging[5]	FVTPL[1]	2	**$ 13**	**$ (29)**	$ 6	$ (55)
Fixed price swap instruments	FVTPL[1]	2	**-**	**-**	-	(1)
			$ 13	**$ (29)**	$ 6	$ (56)

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 - **5,010 MEGAWATTS (MW)**

AS AT DECEMBER 31, 2021

HYDRO TOTAL CAPACITY - 864 MW

- H1 Athabasca Hydroelectric System
  - H1A Wellington Hydroelectric Station - 5 MW
  - H1B Waterloo Hydroelectric Station - 8 MW
  - H1C Charlot River Hydroelectric Station - 10 MW
- H2 Island Falls Hydroelectric Station - 111 MW
- H3 Nipawin Hydroelectric Station - 255 MW
- H4 E.B. Campbell Hydroelectric Station - 289 MW
- H5 Coteau Creek Hydroelectric Station - 186 MW

NATURAL GAS TOTAL CAPACITY - 2,160 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 - 623 MW
- NG9 Spy Hill Generating Station* - 89 MW
- NG10 Chinook Power Station - 353 MW

WIND TOTAL CAPACITY - 251 MW

- W1 Cypress Wind Power Facility - 11 MW
- W2 SunBridge Wind Power Facility* - 11 MW
- W3 Centennial Wind Power Facility - 150 MW
- W4 Morse Wind Energy Facility* - 23 MW
- W5 Red Lily Wind Energy Facility* - 26 MW
- W6 Western Lily Wind Energy Facility* - 20 MW
- W7 Riverhurst Wind Energy Facility* - 10 MW

COAL TOTAL CAPACITY - 1,530 MW

- C1 Poplar River Power Station - 582 MW
- C2 Boundary Dam Power Station - 672 MW
- C3 Shand Power Station - 276 MW

SOLAR TOTAL CAPACITY - 52 MW

- S1 Highfield Solar Energy Facility* - 10 MW

Customer-generated solar capacity - 42 MW
(NOT SHOWN ON MAP)

IMPORT POWER PURCHASE AGREEMENTS - 125 MW

- I1 Manitoba Hydro - 25 MW
- I2 Manitoba Hydro - 100 MW

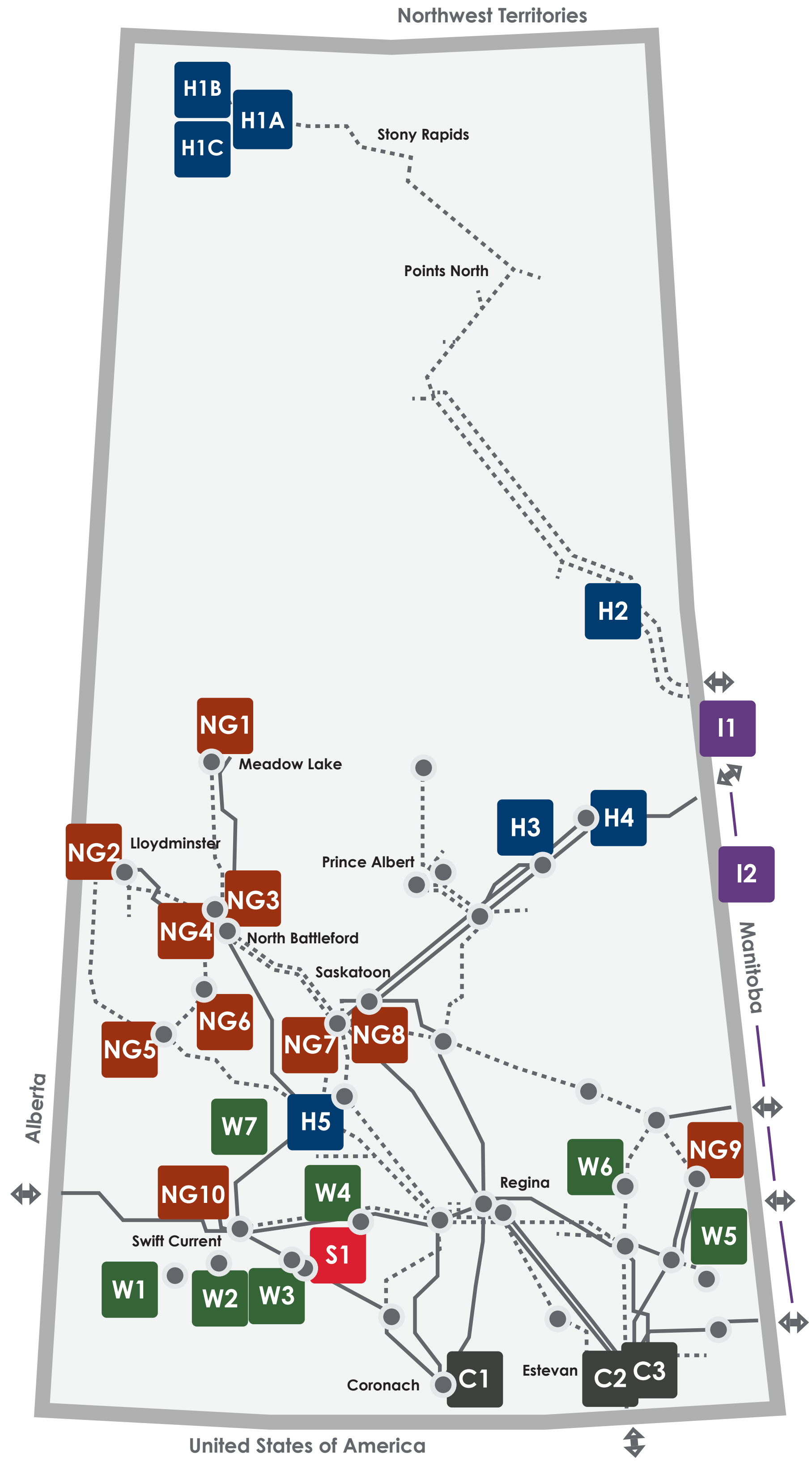
SMALL INDEPENDENT POWER PRODUCERS TOTAL CAPACITY - 28 MW (NOT SHOWN ON MAP)

(Includes flare gas, waste heat recovery, landfill gas, wind)

TRANSMISSION

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

** Large Independent Power Producer*



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