

Management's discussion & analysis

February 13, 2009

The following is a discussion of the consolidated financial condition and results of the operations of Saskatchewan Power Corporation (SaskPower; the Corporation) for the year ended December 31, 2008. It should be read in conjunction with the audited financial statements and accompanying notes. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP).

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

INTRODUCTION

CORE BUSINESS

SaskPower is a vertically integrated electric utility dedicated to providing generation, transmission, distribution and retail services to more than 460,000 customers in Saskatchewan. Over 2,500 permanent full-time employees are employed in three business units, four corporate groups and three wholly-owned subsidiaries — SaskPower International, NorthPoint Energy Solutions and SaskPower Shand Greenhouse.

Our company manages more than \$4.5 billion in assets, operating or buying supply from a generating fleet that uses a wide range of fuels. As a result, this diversity of sources provides a natural hedge against supply and price volatility, protecting customers from some of the risk inherent in any single fuel.

OUR OPERATING STRUCTURE

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

The Act grants SaskPower the exclusive franchise and obligation within the province (except for the City of Saskatoon and the City of Swift Current) to supply, transmit and distribute electricity, as well as to provide retail services to customers. The reseller class of customer is restricted to two cities that retained their municipal franchise — the City of Swift Current and the City of Saskatoon.

Our company's vision, mission and values flow from the Act and SaskPower's relationship with its parent company, Crown Investments Corporation of Saskatchewan (CIC). We support the strategic direction provided by CIC. In turn, CIC is responsive to general government direction as articulated in a variety of ways, such as through the annual Speech from the Throne, or with formal policy statements.

The President and Chief Executive Officer of SaskPower reports to a Board of Directors appointed by the Lieutenant Governor in Council pursuant to the Act. Through the Chair, our company's Board of Directors is accountable to the Minister of Crown Corporations. The Minister functions as a link between SaskPower and cabinet, as well as the provincial legislature.

OUR CAPABILITY TO DELIVER RESULTS

SaskPower's available generation capacity is 3,641 megawatts (MW). This includes 3,172 MW available from our company's own assets — three coal-fired stations, seven hydro stations, four natural gas stations and two wind generation facilities.

SaskPower also has an available generation capacity of 469 MW through long-term power purchase agreements. Facilities producing the electricity are the gas-fired Cory Cogeneration Station near Saskatoon; the gas-fired Meridian Cogeneration Station at Lloydminster; the SunBridge Wind Power Project near Swift Current; and the NRGreen Kerrobert, Loreburn, Estlin and Alameda Heat Recovery Projects.

Our company maintains 156,661 kilometres of power lines (12,311 kilometres transmission and 144,350 kilometres distribution) in Saskatchewan. Transmission lines are high voltage lines (over 25,000 volts) that transport large volumes of electricity from generating stations to load centres — cities, towns or large industrial or commercial customers.

Distribution lines are lower voltage lines (under 25,000 volts) that take electricity in smaller quantities to residential users and smaller commercial consumers. The challenge of managing the system is considerable because of the geographic size of the province, location of various sources of generation, and dispersed and relatively small population.

SaskPower has interconnections at the Manitoba, Alberta and North Dakota borders. These provide our company with the capability to import or export electricity to meet higher internal demand or take advantage of export market opportunities.

Under normal system conditions, the import capability is 300 MW from Manitoba, 75 MW from Alberta and 150 MW from North Dakota. The import from Manitoba and North Dakota is interdependent; the capabilities cannot be achieved simultaneously. The export capability is 225 MW to Manitoba, 153 MW to Alberta and 150 MW to North Dakota.

These interconnection capabilities vary with system conditions, including generation and load level. In compliance with the open access transmission tariff (OATT), SaskPower is required to compete with other suppliers for access to these interconnections. The OATT enables competitors to schedule access to our company's transmission system, allowing them to wheel power through Saskatchewan or sell to SaskPower's wholesale (reseller) customers.

ECONOMIC BENEFITS FOR OUR PROVINCE

In 2008, over \$1 billion flowed from SaskPower into the provincial economy. This occurred through the procurement of over 73% of goods and services from Saskatchewan suppliers; the payment of wages and benefits to employees; the purchase of coal; and the acquisition of electricity from Independent Power Producers.

Our company's contributions also included \$17 million in grants-in-lieu of taxes payable to local governments, as well as approximately \$54 million in coal royalties, water rentals and provincial corporate capital tax payable directly to the Province of Saskatchewan. In addition, we collected \$42 million in municipal surcharges for redistribution to 406 cities, towns and villages.

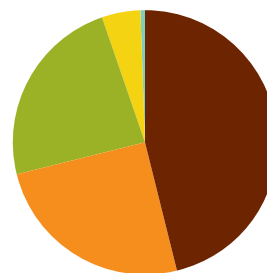
RATE REVIEW PROCESS

Electricity pricing in Saskatchewan is subject to review by the Saskatchewan Rate Review Panel (the Panel) with final approval by cabinet. In January 2009, SaskPower submitted a rate application to the Panel requesting a 13.0% system-wide rate increase effective May 1, 2009. The rate increase will provide SaskPower with approximately \$125 million of additional revenue in 2009. The Panel will submit its recommendations to the Minister by April 27, 2009. SaskPower's last rate increase was 4.3% and became effective on February 1, 2007.

INFRASTRUCTURE RENEWAL AND EXPANSION

As Saskatchewan's economy grows, there is an increased demand for power as people invest in the province and make it their home. In response, SaskPower is developing a fully integrated Supply and Transmission Plan.

SaskPower has already committed to installing up to 400 MW of simple cycle natural gas turbines as the supply option for the short-term. To ensure long-term support for the province's economic growth, SaskPower is currently reviewing other supply options. Building on the already diverse mix in the current generation fleet, future options under consideration include clean coal, polygeneration, cogeneration, natural gas, imports, purchased power, nuclear, and large and small hydro and renewables – like biomass and wind. Demand Side Management (DSM) will also continue to play a prominent role. Refer to the risk management section for further discussion.



2008 AVAILABLE GENERATION CAPACITY – 3,641 MW



SaskPower uses a diversified portfolio of assets to meet its generation requirements.

KEY PERFORMANCE DRIVERS AND TARGETS

A STRATEGY FOR BUILDING A LEADING UTILITY

At the heart of the SaskPower Strategic Plan is our company's long-term vision: People, innovation and partnerships . . . powering Saskatchewan to a bright future.

Our five Strategic Priorities that will assist us in achieving SaskPower's vision over the next five to 10 years are:

1. Proud and productive employees.
2. Loyal and satisfied customers.
3. Dependable and secure infrastructure.
4. Strong environmental stewardship and performance.
5. Prudent financial management and growth.

We measure our ongoing performance against our ability to meet targets specific to each of our Strategic Priorities. The SaskPower Corporate Balanced Scorecard is directly aligned with our new Strategic Priorities and their associated activities.

CORPORATE BALANCED SCORECARD

1. **Proud and productive employees** – A successful future for our company is directly linked to the make-up of our current and future workforce. We strive to ensure our team of employees is dedicated, passionate, innovative and representative of the communities that we serve.

Measures	2006 actual	2007 actual	2008 actual	2008 target	2009 target	2010 target	2011 target
Employee engagement score (%)	•	39	•	•	50	50	55
Net increase in diversity employees (#)	•	63	51	60	80	85	90
Productivity indicator (GWh/FTE)	•	•	•	•	7.1	7.5	7.9
Safety Index	•	•	•	•	3.0	3.0	2.0

• Denotes that actuals or targets were not available or reported for that time period.

Employee engagement score – This measure focuses on ensuring SaskPower has engaged employees and creates an environment conducive to the continuous improvement of productivity. The intent is to measure engagement levels on a regular basis and to show steady improvement. SaskPower's 2007 score was 39%, which is well below the targeted level. SaskPower has taken a number of steps to improve on this measure, including the implementation of a new performance management system and the delivery of a standardized training program for all supervisors. There was no engagement score for 2008.

Net increase in diversity employees – SaskPower has established an objective of having a workforce that is representative of Saskatchewan's population. A diverse employee base is a key part of our company's strategy to attract and retain a productive workforce. Net increase in diversity employees is a measure of the number of employees hired during the year from one of the four designated target groups (Aboriginal people, visible minorities, persons with disabilities and women in under-represented positions). The actual results were below target for the year and declined from the prior year. However, SaskPower expects an improvement in 2009.

Productivity indicator – This is a new measure that deals with the productivity level of employees. Continuous improvement in productivity is essential to ensure SaskPower can continue to provide electricity to Saskatchewan residents at reasonable rates. There are several measures SaskPower could use to evaluate its productivity. However, our company has decided to measure productivity as total electricity sales in gigawatt hours (GWh) divided by the number of permanent full-time employees (FTE).

Safety Index – Safety is a critical element in all SaskPower’s operations. In recent years, our company’s safety record has improved, however there are opportunities for further advances. Continued improvement in safety processes and practices are essential for the well-being of our workforce and the wider community. The Safety Index is a new measure that evaluates how well SaskPower is performing in relation to its safety targets.

- 2. Loyal and satisfied customers** – SaskPower’s mission is built around serving the people and businesses of Saskatchewan. As our customers’ needs evolve, so must our company. Beyond ensuring dependability, SaskPower will work in partnership with customers to find innovative and timely solutions to address ever-changing service requirements.

Measures	2006 actual	2007 actual	2008 actual	2008 target	2009 target	2010 target	2011 target
Customer Satisfaction Index (%) *	46	41	78	70	78	79	8.0
Reliability System Average Interruption Duration Index (SAIDI)	4.1	4.5	3.8	3.5	3.4	3.3	3.2
Reliability System Average Interruption Frequency Index (SAIFI)	1.7	2.0	1.8	1.7	1.6	1.5	1.4

* Starting in 2008, the Customer Satisfaction Index was measured using a 10-point scale.

Customer Satisfaction Index – The Customer Satisfaction Index is derived from our annual customer satisfaction survey. Our company is targeting to increase the mean or average satisfaction rating for all customer classes. In 2008, the target was met in all customer classes. Programs such as Service Delivery Renewal (SDR) and DSM are expected to improve average satisfaction levels.

Reliability System Average Interruption Duration Index (SAIDI) – This is a measure of the average service interruption length in hours from a customer’s point of view. This is used to track SaskPower’s performance in responding to outages. The target reflects a normal year for SaskPower. The SAIDI measured a greater length of interruptions than the 2008 target, due largely to the accumulation of a higher number of incidents. However, the results are an improvement over the prior year. To achieve its target, our company is continuing to focus on a number of initiatives, including the Wood Pole Replacement Program and Vegetation Management Program. These programs are designed to reduce outages that are considered controllable.

Reliability System Average Interruption Frequency Index (SAIFI) – This is a measure of the average service interruption frequency from a customer’s point of view. This is used to track the overall performance of SaskPower’s distribution system. The target reflects a normal year for SaskPower. The SAIFI measured a greater number of interruptions than the 2008 target due to adverse weather and equipment failures. However, the results are an improvement over the prior year. As noted above, SaskPower continues to focus on a number of initiatives in an effort to meet its target level of service.

- 3. Dependable and secure infrastructure** — SaskPower has a strong track record of providing reliable service to customers. For our company, dependability begins with a secure supply of electricity, continues by way of a robust grid system and ends with excellence in product delivery.

Measures	2006 actual	2007 actual	2008 actual	2008 target	2009 target	2010 target	2011 target
Net new capacity additions (MW)	•	•	•	•	169	141	100
Renewing Infrastructure Index (%)	•	•	•	•	87.6	88.0	88.3

• Denotes that actuals or targets were not available or reported for that time period.

Net new capacity additions – This is a new measure of the increase in the net amount of generation capacity. SaskPower has an ongoing need to replace existing generating infrastructure and increase its capacity — through the building of new plants or through power purchase agreements — to accommodate new growth. The target for 2009 has been set at 169 MW. It relates to the installation of simple cycle natural gas turbines at Queen Elizabeth Power Station (105 MW) and Ermine (94 MW), offset by the retirement of the Success Power Station (30 MW).

Renewing Infrastructure Index – This is a new measure of the equipment availability of our generation and transmission assets. It demonstrates the effectiveness of SaskPower’s overall asset maintenance strategy.

- 4. Strong environmental stewardship and performance** — SaskPower will cultivate effective environmental stewardship through the prudent use of natural resources and the safeguarding of our air, land and water. We will strengthen our company’s commitment to sustainability by developing and introducing cleaner sources of electricity while lowering emissions and empowering customers to manage their energy use.

Measures	2006 actual	2007 actual	2008 actual	2008 target	2009 target	2010 target	2011 target
CO ₂ e emission offsets (kilotonnes)	•	•	•	•	0	3,125	3,242
DSM - accumulated savings (MW)	•	•	•	•	24	38	46
Eneraction - cost of acquired savings (\$/kWh)	•	•	•	•	0.02	0.02	0.02
Customer satisfaction with SaskPower’s environmental performance *	•	•	•	•	7.5	7.8	8.0

* The customer satisfaction with SaskPower’s environmental performance is measured using a 10-point scale.

• Denotes that actuals or targets were not available or reported for that time period.

CO₂e emission offsets – This is a new measure of the amount of carbon dioxide (CO₂) emission offsets acquired to meet obligations within SaskPower’s current generation supply plan.

DSM - accumulated savings – This is a new measure of the progress being made in delivering new DSM programs. It records demand reduction in megawatts at customer sites. The accumulated demand reduction will be achieved through energy efficiency, demand response, customer self generation, and system improvement programs that are designed to achieve energy and demand savings. Program savings will be calculated using an appropriate end-use load factor and the amount of energy savings estimated at the customer site.

Eneraction - cost of acquired savings – This is a new measure of SaskPower’s umbrella DSM program that calculates the cost of average annual energy savings.

Customer satisfaction with SaskPower’s environmental performance – This is a new measure evaluating customer satisfaction. As part of the customer satisfaction survey conducted each year, SaskPower will measure customers’ response to the following question: “How satisfied are you with SaskPower operating in an environmentally responsible manner?”

5. Prudent financial management and growth – We believe a consistently strong financial performance is essential to sustain the health of our company and meet obligations to our shareholder. A healthy balance sheet will give SaskPower the flexibility to finance ongoing operations and capital requirements while we strive to deliver rates to all customers that accurately reflect costs and are competitive with other jurisdictions.

Measures	2006 actual	2007 actual	2008 actual	2008 target	2009 target	2010 target	2011 target
Return on equity (%)	6.4	9.3	4.2	8.5	8.5	8.5	8.5
Per cent debt ratio (%)	61.0	59.7	60.7	60.8	63.4	65.3	67.4
NorthPoint growth (%)	44	(27)	42	•	8	8	8
Rates – thermal utilities (%)	•	•	•	•	≤110	≤110	≤110

• Denotes that actuals or targets were not available or reported for that time period.

Return on equity – This is a measure of net income for the year expressed as a percentage of total equity. The target reflects an appropriate rate of return relative to other Canadian electrical utilities. The return on equity was 4.2% in 2008, which was below the target for the year. The net income results are explained in detail in the financial results section of the MD&A.

Per cent debt ratio – This is a measure of debt expressed as a percentage of the total corporate financing structure. The target reflects a prudent level of debt for an electrical utility. The 2008 per cent debt ratio of 60.7% was slightly better than target. The per cent debt ratio is discussed in detail in the financial results section of the MD&A.

NorthPoint growth – This is a new measure of NorthPoint’s net income growth. NorthPoint’s growth strategy includes: expanded energy management services for SaskPower; expanded electricity trading in new markets; and natural gas sales and storage optimization.

Rates - thermal utilities – The objective of this indicator is to ensure that SaskPower’s system average rates are less than or equal to 110% of the system average rates for customers served by utilities dependent on thermal generation.

RESULTS FROM OPERATIONS

(in millions)	2008	2007	Change
Revenue			
Saskatchewan electricity sales	\$ 1,385	\$ 1,356	\$ 29
Exports	33	57	(24)
Net sales from electricity trading	17	11	6
Other revenue	54	45	9
Total revenue	1,489	1,469	20
Operating costs			
Fuel and purchased power	554	463	91
Realized natural gas risk management activities	(9)	18	(27)
Operating, maintenance and administration	430	416	14
Depreciation, finance charges and taxes	422	421	1
Total operating costs¹	1,397	1,318	79
Operating income¹	\$ 92	\$ 151	\$ (59)
Unrealized natural gas risk management activities	(28)	(13)	(15)
Net income	\$ 64	\$ 138	\$ (74)
Operating return on equity²	5.9%	10.1%	(4.2)%
Return on equity³	4.2%	9.3%	(5.1)%

1. Operating costs and operating income are non-GAAP measures, whose nearest GAAP measures are total expense and net income respectively. Operating costs and operating income provide management and shareholders with measurements of operating performance which are readily comparable from period to period. Refer to the non-GAAP measures section on page 55 for further discussion of these items.

2. Operating return on equity = (operating income)/(average equity), where average equity = [(equity advances + retained earnings – unrealized natural gas risk management activities at year-end) + (equity advances + retained earnings – unrealized natural gas risk management activities at previous year-end)]/2.

3. Return on equity = (net income)/(average equity), where average equity = [(equity advances + retained earnings at year-end) + (equity advances + retained earnings at previous year-end)]/2.

HIGHLIGHTS

SaskPower's consolidated operating income was \$92 million in 2008, a decrease of \$59 million from 2007. The decline in earnings was due to a \$79 million increase in operating costs, offset by a \$20 million improvement in revenue. The operating return on equity was 5.9%, compared to 10.1% in the previous year.

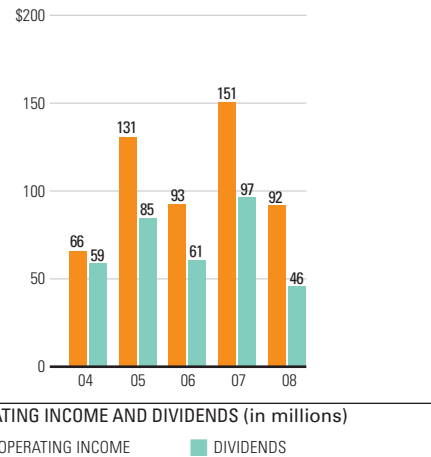
Total operating costs increased \$79 million due to a \$91 million increase in fuel and purchased power costs, resulting primarily from an unfavourable change in the fuel mix and higher average fuel costs. Realized natural gas risk management activities improved \$27 million as SaskPower's natural gas hedging activities partially mitigated the impact of rising natural gas prices during 2008. Operating, maintenance and administration (OM&A) costs increased \$14 million as a result of rising costs for salaries and benefits, additional pension expense and higher maintenance costs. There was also a combined \$1 million increase in depreciation, finance charges and taxes over the prior year.

The \$20 million improvement in revenue was attributable to a \$29 million increase in Saskatchewan electricity sales; a \$6 million increase in electricity trading earnings; and a \$9 million increase in other revenue. Saskatchewan electricity sales increased due to higher sales volumes and electricity trading earnings increased due to improved margins. Other revenue rose primarily due to higher flyash sales.

The increase in these revenue sources was substantially offset by the \$24 million decrease in export revenue as a result of lower sales volumes caused by increased domestic load and transmission constraints.

Net income was \$64 million in 2008, compared to \$138 million in 2007. The \$64 million net income includes \$28 million of unrealized losses on SaskPower's natural gas risk management activities.

In 2008, SaskPower declared \$46 million in dividends payable to CIC, compared to \$97 million in 2007.



OPERATING INCOME AND DIVIDENDS (in millions)

OPERATING INCOME DIVIDENDS

Over the last five years, SaskPower has declared \$348 million in dividends payable to CIC.

REVENUE

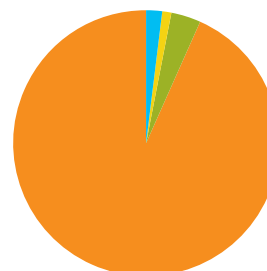
A. Saskatchewan electricity sales

(in millions)	2008	2007	Change
Saskatchewan electricity sales	\$ 1,385	\$ 1,356	\$ 29

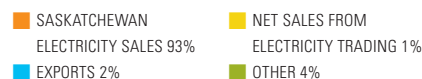
Saskatchewan electricity sales represent the sale of electricity to all customer classes within the province. These sales are subject to the effects of general economic conditions, number of customers, weather and electrical rates.

Saskatchewan electricity sales were \$1,385 million in 2008, up \$29 million from 2007. There was no system-wide rate increase during the year, and the rise in sales was primarily due to increased sales volumes.

In 2008, electricity sales volumes to Saskatchewan customers were 18,192 gigawatt hours (GWh), up 269 GWh or 1.5% from the previous year. Sales volumes were up in all customer classes with the exception of farm and reseller customers, where volumes were down slightly.



2008 REVENUE – \$1,489 million



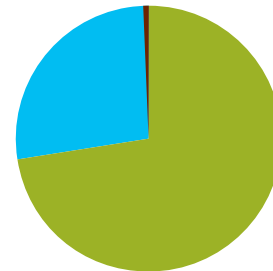
Saskatchewan electricity sales make up the bulk of SaskPower's revenue.

B. Exports

(in millions)	2008	2007	Change
Exports	\$ 33	\$ 57	\$ (24)

Exports represent the sale of SaskPower's surplus generation to other regions in Canada and the United States. Export pricing is not subject to the rate review process and is at market rates. Export sales volumes are dependent on the availability of surplus SaskPower generation, market conditions in other jurisdictions and transmission availability.

Exports were \$33 million in 2008, down \$24 million compared to 2007. The decrease was primarily due to lower sales volumes as a result of increased domestic load and transmission restrictions that limited the availability to export. Export sales volumes decreased 442 GWh, compared to 2007. This decline in volumes was partially offset by an increase in the average export sales price, which was approximately \$81/megawatt hour (MWh), up \$14/MWh from 2007.



2008 EXPORTS BY MARKET – \$33 million

■ ALBERTA 73% ■ OTHER <1%
■ MISO 27%

Exports are made primarily to the Alberta and MISO markets.

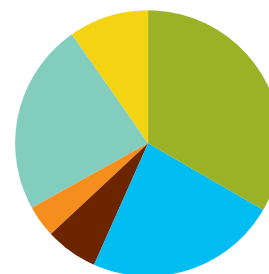
C. Net sales from electricity trading

(in millions)	2008	2007	Change
Electricity trading revenue	\$ 125	\$ 125	\$ –
Electricity trading costs	(108)	(114)	6
Net sales from electricity trading	\$ 17	\$ 11	\$ 6

Electricity trading activities, performed by SaskPower's subsidiary NorthPoint, include the purchase and resale of electricity and other electricity-related commodities and derivatives in regions outside Saskatchewan. The trading activities include both real time as well as short- to long-term physical and financial trades in the North American market. The trading activities are intended to deliver positive gross margins to SaskPower's bottom line while operating within an acceptable level of risk.

Electricity trading revenues were \$125 million in 2008, unchanged from 2007. Despite additional sales to the Alberta market in 2008, overall trading volumes decreased 84 GWh, as a result of fewer trading opportunities in other markets. The decline in sales volumes was offset by an increase in the average sales price, which rose to \$66/MWh in 2008 from \$63/MWh in 2007.

While electricity trading revenues were relatively flat, the gross margin — or net sales after deducting purchased power costs — was \$17 million or 14% in 2008, compared to \$11 million or 9% in 2007. The relative improvement in the gross margin was due to improved spreads — the difference between the sale price and the purchase price — realized in the Alberta market in 2008.



2008 ELECTRICITY TRADING REVENUE BY MARKET – \$125 million

ALBERTA 34% NYISO 4%
MISO 23% PJM 23%
ONTARIO 6% PACIFIC NORTHWEST 10%

SaskPower participates in a number of electricity trading markets across North America.

D. Other revenue

(in millions)	2008	2007	Change
Other revenue	\$ 54	\$ 45	\$ 9

Other revenue includes various non-electricity products and services. Other revenue rose \$9 million to \$54 million in 2008. The increase was primarily due to higher flyash sales; rising gas and electrical inspection revenue; and the new grant revenue received from the Federal Government as funding for carbon capture and sequestration. These increases were partially offset by a \$1 million decline in the amount received from the Government of Canada as part of the Wind Power Production Incentive Program.

OPERATING COSTS

A. Fuel and purchased power

(in millions)	2008	2007	Change
Fuel and purchased power	\$ 554	\$ 463	\$ 91

SaskPower's fuel and purchased power costs include the fuel charges associated with the electricity generated from SaskPower-owned facilities, energy purchased through power purchase agreements, 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 Saskatchewan when favourable conditions exist.

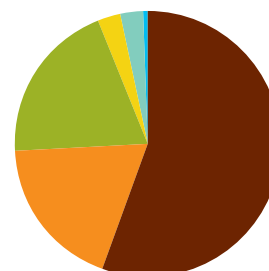
SaskPower's fuel cost management strategy focuses on the economic dispatch of the generating units that bring the lowest incremental cost units on stream first. In general, this means maximizing hydro and coal generation, which have the lowest incremental cost per unit of generation. Hydro generation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

Total fuel and purchased power costs in 2008 were \$554 million, compared to \$463 million in 2007. The \$91 million increase was largely due to the unfavourable change in the fuel mix and an increase in the average price of fuel.

The fuel mix is the relative proportion that each fuel source contributes to our total fuel supply. The more energy that is generated from lower incremental cost units such as hydro, coal and wind, the more favourable the impact on fuel and purchased power costs. In 2008, hydro generation volumes decreased by 363 GWh or 8%, as water available to produce electricity at hydroelectric plants had decreased from the prior year. In addition, coal generation was down 256 GWh or 2% in 2008, due to the extensive rebuild that took place at Poplar River Power Station Unit #1. Coal and hydro generation accounted for 75% of the total generation in 2008, compared to 78% in 2007. The lower coal and hydro availability was replaced with natural gas generation and imports, which are relatively more expensive fuel sources. The change in the fuel mix resulted in an estimated \$33 million increase in fuel and purchased power costs.

Adding to the unfavourable change in the fuel mix was an increase in the average cost of fuel issued from SaskPower's inventory, largely as a result of higher natural gas prices. Average natural gas prices increased approximately \$1 per gigajoule (GJ) in 2008 compared to 2007. In addition, coal prices were also up in 2008 as a result of an increase in the various consumer price indices that directly impact SaskPower's contracted coal price. The increase in the price of natural gas and coal caused an increase in fuel and purchased power costs of approximately \$59 million.

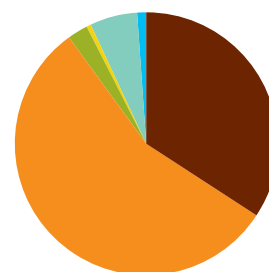
These unfavourable changes were partially offset by a slight decrease in the volume of electricity supplied in 2008. Total generation and purchased power of 20,480 GWh decreased 91 GWh from the prior year. This decrease in demand resulted in an estimated \$1 million improvement in fuel and purchased power costs in 2008.



2008 GROSS ELECTRICITY SUPPLIED – 20,480 GWh

COAL 55%
GAS 19%
HYDRO 20%
WIND 3%
IMPORTS 3%
OTHER <1%

Coal and hydro generation provided nearly 75% of electrical requirements in 2008.



2008 FUEL AND PURCHASED POWER – \$554 million

COAL 34%
GAS 56%
HYDRO 3%
WIND <1%
IMPORTS 6%
OTHER 1%

Coal and hydro represent 37% of the total fuel and purchased power costs, while providing nearly 75% of electrical requirements.

B. Realized natural gas risk management activities

(in millions)	2008	2007	Change
Realized natural gas risk management activities	\$ (9)	\$ 18	\$ (27)

Realized natural gas risk management activities represent the cash impact derived from SaskPower's natural gas hedging program. Currently, our company seeks to hedge up to 50% of SaskPower's exposure to natural gas. This strategy is intended to mitigate our company's exposure to market prices and stabilize the fuel and purchased power budget. SaskPower's long-term natural gas risk management strategy addresses the security of natural gas supply, obtaining suitable market access to liquid markets and managing natural gas price risk.

In 2008, approximately 15 million notional GJ of hedges related to SaskPower's natural gas consumption settled resulting in \$9 million of realized gains for our company. These gains were the product of rising natural gas prices that pushed the market price of natural gas above SaskPower's hedged rate. As a result, SaskPower received payment on these hedges for the difference between the market price of natural gas and the hedged rate.

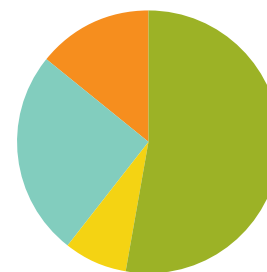
C. Operating, maintenance and administration (OM&A)

(in millions)	2008	2007	Change
OM&A	\$ 430	\$ 416	\$ 14

SaskPower's OM&A expense was \$430 million in 2008, compared to \$416 million in 2007. This \$14 million increase was largely the result of an increase in salaries and benefits; higher maintenance costs; and additional resources directed toward strategic programs.

Salaries and benefits increased \$4 million, primarily as a result of general economic increases; job evaluation for members of the Communications, Energy and Paperworkers (CEP) union; and overall staff increases to address additional work load and new initiatives. There was also a \$3 million increase in the corporate pension expense. This was as a result of the discontinuation of the amortization of a transitional asset that was set up in 2000 upon adoption of the revised pension accounting standards.

SaskPower experienced an overall increase of \$7 million in other OM&A costs due to an increase in maintenance work performed on our company's transmission facilities. There was also an increase in the cost for work on the DSM and SDR initiatives.



2008 OM&A – \$430 million



People costs – salaries and benefits and external services – represent 78% of OM&A expense.

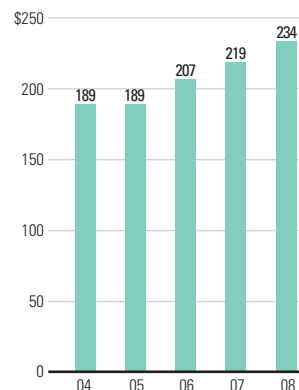
D. Depreciation

(in millions)	2008	2007	Change
Depreciation	\$ 234	\$ 219	\$ 15

Depreciation represents a charge to income for the capital expenditures of SaskPower. The capital expenditures are amortized to income on a straight-line basis over the estimated useful life of the related asset. Depreciation rates are established based on periodic depreciation studies.

Depreciation expense amounted to \$234 million in 2008, up \$15 million from 2007. This was due to a \$9 million rise in depreciation expense attributable to an increase in the asset base as a result of ongoing capital expenditures.

There was also a \$6 million increase in asset retirement costs as the result of the write-down in the value of a number of assets that were no longer in service.



DEPRECIATION (in millions)

Depreciation costs have increased steadily as SaskPower continues to add to its asset base.

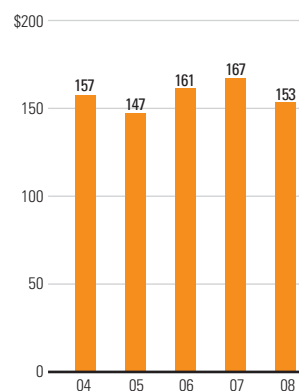
E. Finance charges

(in millions)	2008	2007	Change
Finance charges	\$ 153	\$ 167	\$ (14)

Finance charges include the net amount of interest on recourse and non-recourse debt; interest capitalized; debt retirement fund earnings and changes in the market value of the funds; interest income; and foreign exchange gains/losses.

Finance charges of \$153 million in 2008 were down \$14 million from 2007. The decrease was primarily due to lower interest expenses as a result of the refinancing of a portion of SaskPower's long-term debt at more favourable interest rates.

In addition, there was an improvement in the debt retirement fund earnings as a result of higher returns partially offset by an unrealized loss in the market value of the funds.



FINANCE CHARGES (in millions)

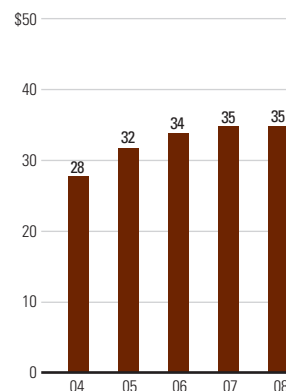
Finance charges fell in 2008 mainly due to the refinancing of high cost debt at lower interest rates.

F. Taxes

(in millions)	2008	2007	Change
Taxes	\$ 35	\$ 35	\$ -

Taxes represent the payment of corporate capital tax to the Province of Saskatchewan and grants-in-lieu of taxes paid to 13 cities in Saskatchewan based on electricity sales earned in accordance with agreements between SaskPower and those cities.

Corporate capital tax and grants-in-lieu of taxes were \$35 million in 2008, unchanged from the prior year.



TAXES (in millions)

Tax levels have increased modestly the past five years as a result of the increase in Saskatchewan electricity sales and a growing capital tax base.

UNREALIZED NATURAL GAS RISK MANAGEMENT ACTIVITIES

(in millions)	2008	2007	Change
Natural gas hedges market value losses (gains)	\$ 27	\$ (2)	\$ 29
Natural gas hedges transitional market value net losses reclassified to net income	1	15	(14)
Unrealized natural gas risk management activities	\$ 28	\$ 13	\$ 15

Unrealized natural gas risk management activities represent the change in the market value of SaskPower's outstanding natural gas hedges during the year. As of December 31, 2008, SaskPower had outstanding hedges of approximately 20 million notional GJ to fix the price of natural gas on a portion of our company's anticipated natural gas needs in 2009, 2010 and 2011. The net unrealized market value losses on these outstanding hedges were \$27 million in 2008. The losses are the result of a decline in the forward price of natural gas as at the end of 2008. These unrealized losses are subject to volatility based on movements in the forward natural gas market.

The natural gas hedges transitional market value net losses reclassified to net income represent a transitional amount that resulted from the discontinuance of hedge accounting at the end of 2006. This transitional amount was amortized to net income over the life of the natural gas contracts in place on December 30, 2006.

DISCUSSION OF QUARTERLY RESULTS

The following chart outlines the quarterly operating results of SaskPower in 2008:

(in millions)	Q1	Q2	Q3	Q4	Total
Revenue					
Saskatchewan electricity sales	\$ 365	\$ 327	\$ 336	\$ 357	\$ 1,385
Exports	4	12	12	5	33
Net sales from electricity trading	–	6	5	6	17
Other revenue	11	12	12	19	54
Total revenue	380	357	365	387	1,489
Operating costs					
Fuel and purchased power	138	131	136	149	554
Realized natural gas risk management activities	2	(7)	(7)	3	(9)
Operating, maintenance and administration	102	102	103	123	430
Depreciation, finance charges and taxes	102	104	113	103	422
Total operating costs	344	330	345	378	1,397
Operating income	\$ 36	\$ 27	\$ 20	\$ 9	\$ 92
Unrealized natural gas risk management activities	35	32	(80)	(15)	(28)
Net income (loss)	\$ 71	\$ 59	\$ (60)	\$ (6)	\$ 64

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

Operating income during the year was fairly consistent during the first three quarters of 2008. In the fourth quarter operating income was lower primarily due to an increase in OM&A expense as a result of the timing of maintenance activities.

Net income was impacted throughout the year by the unrealized natural gas risk management activities resulting from fluctuations in the forward prices of natural gas.

FINANCIAL CONDITION

The following chart outlines changes in the consolidated balance sheet from December 31, 2007, to December 31, 2008:

(in millions)	Increase / (decrease)	Explanation of change
Cash and cash equivalents	\$ (78)	Refer to consolidated statement of cash flows.
Accounts receivable and unbilled revenue	(5)	Improved collection of current receivables and lower export sales in December.
Inventory	2	Increase in maintenance supplies and fuel inventory offset by an increase in the allowance for obsolescence.
Risk management assets	(2)	Decline in the forward price of natural gas.
Property, plant and equipment (net)	167	Capital additions offset by depreciation expense and asset retirements.
Debt retirement funds	(25)	Redemptions net of installments, earnings and market value adjustments.
Other assets	(14)	Lower defined benefit pension asset and prepaid expenses relating to long-term coal supply agreements.
Accounts payable and accrued liabilities	2	Increase in trade payables offset by lower year-end accruals.
Accrued interest	(6)	Refinancing of debt at lower interest rates.
Risk management liabilities	25	Decline in the forward price of natural gas.
Dividends payable	(23)	Decrease in net income; reduction in dividend rate.
Long-term debt (including current portion)	13	Proceeds from new borrowings net of debt repayments.
Other liabilities	20	Increase in estimated cash flows related to asset retirement obligations.
Equity	14	Net income offset by dividends declared to CIC.

LIQUIDITY AND CAPITAL RESOURCES

SaskPower raises most of its capital requirements through internal operating activities and through borrowings from the Saskatchewan Ministry of Finance. This type of borrowing allows our company to take advantage of the Province's strong credit rating. *The Power Corporation Act* provides SaskPower with the authority to have outstanding borrowings of up to \$5 billion, of which \$750 million may be by way of temporary loans. SaskPower also has available credit of \$51 million at financial institutions that it can draw upon.

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

Cash position

(in millions)	2008	2007	Change
Cash and cash equivalents	\$ 6	\$ 84	\$ (78)

Cash and cash equivalents were \$6 million in 2008, down \$78 million from the prior year. The decrease in the cash position was the result of \$320 million provided by operating activities, offset by \$377 million used in investing activities and a \$21 million outflow of cash related to financing activities.

A. Operating activities

(in millions)	2008	2007	Change
Net income net of non-cash items	\$ 324	\$ 373	\$ (49)
Net change in non-cash working capital	(4)	–	(4)
Cash provided by operating activities	\$ 320	\$ 373	\$ (53)

Net income net of non-cash items was \$324 million in 2008, down from \$373 million in 2007. Despite a \$74 million decrease in net income in 2008, operating cash flows were down only \$49 million as a result of an increase in non-cash items such as unrealized losses on natural gas hedges. The \$49 million decrease from the prior year was primarily the result of higher fuel and purchased power costs. SaskPower's non-cash working capital also decreased \$4 million compared to 2007.

B. Investing activities

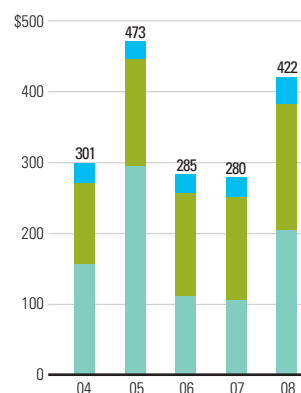
(in millions)	2008	2007	Change
Generation	\$ 207	\$ 107	\$ 100
Transmission and distribution	177	146	31
Other	38	27	11
Total capital expenditures	422	280	142
Customer contributions and net proceeds on removal	(39)	(25)	(14)
Equity investment distributions	(6)	(9)	3
Reclassification of short-term investment	–	2	(2)
Cash used in investing activities	\$ 377	\$ 248	\$ 129

In order to ensure a safe, reliable, and sustainable supply of electricity for its customers, SaskPower invested \$422 million in various capital projects during 2008, compared to \$280 million in 2007. The Corporation's capital was invested in the following areas during the year:

- \$207 million on generation assets, including \$96 million on new simple cycle natural gas turbines; \$66 million to extend the life of the 291-MW Poplar River Power Station Unit #1; and \$16 million on the Boundary Dam Power Station spillway upgrade.
- \$177 million on transmission and distribution assets, including \$103 million to connect customers to the SaskPower electric system and \$6 million to replace aging wooden poles.
- \$38 million on other capital assets including vehicles, equipment and computer information and technology assets.

Also included in investing activities were the following:

- Total customer contributions, net of proceeds on removal, were \$39 million, up \$14 million from 2007. Customer contributions are funds received from certain customers for the costs of service extensions. These contributions are netted against property, plant and equipment and are amortized over the estimated service life of the related asset. The net proceeds on removal represent the net cash received or paid upon normal disposal of an asset.
- In 2008, SaskPower received \$6 million in cash distributions from its equity investment in the MRM Cogeneration Station, compared to \$9 million in 2007.



CAPITAL EXPENDITURES (in millions)

GENERATION
TRANSMISSION AND DISTRIBUTION
OTHER

SaskPower has invested nearly \$1.8 billion in its capital infrastructure over the last 5 years.

C. Financing activities

(in millions)	2008	2007	Change
Net proceeds from new borrowings	\$ 13	\$ 38	\$ (25)
Net debt retirement fund redemptions (installments)	35	(23)	58
Dividends paid	(69)	(76)	7
Cash used in financing activities	\$ (21)	\$ (61)	\$ 40

In 2008, \$21 million of cash was used for financing activities, compared to \$61 million in 2007. The \$21 million outflow of cash was made up of the net proceeds from new borrowings plus debt retirement fund redemptions net of installments less dividend payments to CIC.

Long-term debt

(in millions)	2008	2007	Change
Gross long-term debt	\$ 2,578	\$ 2,565	\$ 13
Less: current portion of long-term debt	(7)	(340)	333
Total long-term debt	\$ 2,571	\$ 2,225	\$ 346
Per cent debt ratio¹	60.7%	59.7%	1.0%

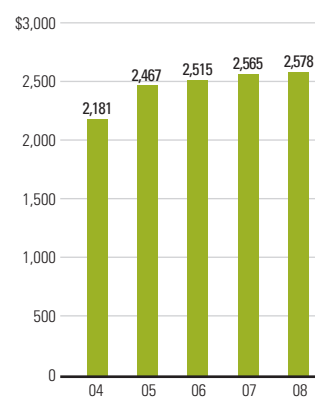
1. Per cent debt ratio = (debt)/(debt + equity), where debt = (long-term + current portion of long-term debt – debt retirement funds – cash and cash equivalents).

SaskPower's gross long-term debt position was \$2,578 million at December 31, 2008, up \$13 million from December 31, 2007. The rise in gross debt was the result of the following:

- On April 2, 2008, SaskPower, through the Saskatchewan Ministry of Finance (General Revenue Fund), borrowed \$250 million of long-term debt at a premium of \$3 million. The debt issue has a coupon rate of 4.75%, an effective interest rate of 4.67% and matures on June 1, 2040.

- On December 19, 2008, SaskPower borrowed an additional \$100 million from the Saskatchewan Ministry of Finance. The debt was issued at par with a coupon rate of 4.71% and maturity date of June 1, 2040.
- SaskPower repaid \$337 million of long-term debt with interest rates ranging from 7.70% to 10.31%.
- Through its subsidiary, SaskPower International, SaskPower repaid \$3 million of non-recourse debt.

As a result of the increase in long-term debt and a reduced cash balance, SaskPower's per cent debt ratio has risen from 59.7% in 2007 to 60.7% in 2008.



GROSS LONG-TERM DEBT AT DECEMBER 31 (in millions)

■ GROSS LONG-TERM DEBT

Debt levels have been increasing to finance capital expenditures.

Debt retirement funds installments/redemptions

(in millions)	2008	2007	Change
Debt retirement fund installments	\$ (24)	\$ (23)	\$ (1)
Debt retirement fund redemptions	59	—	59
	\$ 35	\$ (23)	\$ 58

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 Province of Saskatchewan.

SaskPower made \$24 million in contributions to the debt retirement funds on outstanding debt issues as required by the terms of the advances from the Province of Saskatchewan. SaskPower also received \$59 million from the redemption of debt retirement funds attached to certain debt issues that were retired in 2008.

SaskPower also earned \$10 million in earnings net of market value adjustments (classified as non-cash operating activities) on the debt retirement funds during the year.

Dividends

SaskPower pays dividends to CIC based on the CIC Dividend Policy. Dividends were calculated based on 50% of net income excluding unrealized gains and losses on held-for-trading financial instruments. Dividends on each three month period's net earnings are paid quarterly with a one quarter lag to allow time for the financial statements to be audited before the annual dividend is finalized.

In 2008, SaskPower paid \$69 million in dividends which includes dividends declared in the fourth quarter of 2007 and the first three quarters of 2008. For the 2008 calendar year, SaskPower declared dividends of \$46 million. The final quarterly installment of \$8 million is payable to CIC on March 31, 2009.

Contractual obligations

The Corporation had the following significant long-term contractual obligations as at December 31, 2008:

(in millions)	2009	2010	2011	2012	2013 and beyond	Total
Long-term debt (including principal and interest)	\$ 178	\$ 174	\$ 174	\$ 173	\$ 5,309	\$ 6,008
Debt retirement fund installments	25	25	25	25	465	565
Power purchase agreements	266	277	301	318	5,032	6,194

SaskPower's financing requirements for 2009 will include the repayment of \$7 million of high coupon (787 – 9.26%) and non-recourse debt, \$171 million in interest payments, \$25 million of required debt retirement fund installments, and \$266 million in minimum payments under existing power purchase agreements. SaskPower will evaluate the need for additional borrowings throughout the year.

OUTLOOK

SaskPower expects to earn \$138 million in 2009, resulting in a return on equity of 8.5%. Earnings are expected to increase as a result of higher Saskatchewan and export sales, due to the anticipated 13% system-wide average rate increase, an increase in domestic demand and improved export opportunities in other jurisdictions.

These increases are expected to be partially offset by higher expenses in 2009. The largest increase will be in fuel and purchased power costs, which are expected to be 18% higher in 2009. The increase is due to an expectation of higher natural gas costs and an unfavourable change in the fuel mix as a result of lower water levels.

These earnings expectations are subject to a number of variables including: natural gas prices; coal and hydro availability; weather; economic conditions; number of customers; and market conditions in other jurisdictions.

SaskPower also expects to continue to make substantial investments in its infrastructure, totaling over \$8 billion over the next 10 years. Capital expenditures in 2009 are forecast to be approximately \$954 million. This includes costs for the installation of simple cycle natural gas turbines at Queen Elizabeth Power Station (105 MW); Ermine (94 MW) and a site near North Battleford (141 MW). It also includes costs to upgrade various transformers and transmission lines and connect new customers to SaskPower's grid.

SASKPOWER SUBSIDIARIES

SaskPower has three wholly-owned subsidiaries: SaskPower International Inc. (SaskPower International), NorthPoint Energy Solutions Inc. (NorthPoint) and Power Greenhouses Inc. (Shand Greenhouse).

Each subsidiary prepares and issues separate audited financial statements. The financial activities of SaskPower's subsidiaries are consolidated within the financial statements of SaskPower in accordance with Canadian generally accepted accounting principles (GAAP) as summarized below. Shand Greenhouse grows and distributes tree and shrub seedlings and operates on a break-even basis. The financial results of this subsidiary are not considered to be material and have been not been included in the following chart:

(in millions)	Assets		Revenue		Net income	
	2008	2007	2008	2007	2008	2007
SaskPower International Inc.	\$ 394	\$ 406	\$ 55	\$ 51	\$ 21	\$ 19
NorthPoint Energy Solutions Inc.	45	37	133	133	18	13

SASKPOWER INTERNATIONAL

SaskPower International was established in 1994 as a wholly-owned subsidiary of SaskPower. SaskPower International currently has an ownership interest in three power generating stations as follows:

- The 228-MW Cory Cogeneration Station is located at the PCS Potash Cory Division. It is jointly owned on a 50/50 basis with ATCO Power. The electricity generated by the facility is sold to SaskPower under the terms of a 25-year power purchase agreement. The steam is delivered to the PCS Potash Cory Division for use in its industrial processes.
- The 172-MW MRM Cogeneration Station is located at the Athabasca Oil Sands Project's Muskeg River Mine, north of Fort McMurray, Alberta. It is owned 30% by SaskPower International and 70% by ATCO. The Muskeg River Mine uses all the steam output from the plant and currently uses approximately half of the electricity output. The remaining electricity is sold into the Alberta power grid.
- The 150-MW Centennial Wind Power Facility began commercial operations on March 15, 2006. It is located approximately 25 kilometers southeast of Swift Current. The electricity generated by this SaskPower International-owned facility is sold to SaskPower under the terms of an interim power purchase agreement.

SaskPower International's other business line is the marketing and sale of flyash, which is a byproduct of coal burned at SaskPower's Boundary Dam Power Station and Shand Power Station. The flyash is used in applications such as ready-mixed concrete, concrete block, pipe, paving stones and environmental remediation activities.

SaskPower, announced on December 18, 2008, that it had decided to wind down the operations of SaskPower International as of December 31, 2008. Effective January 1, 2009, SaskPower International's personnel, flyash sales operations and the Centennial Wind Power Facility operations were transferred to SaskPower. SaskPower International is continuing as a legal entity to serve responsibilities under existing joint venture partnerships and investments.

NORTHPOINT

NorthPoint is a wholly-owned subsidiary of SaskPower. It was formed in late 2001 to meet requirements associated with SaskPower's OATT that mandates the separation of transmission and wholesale marketing functions.

NorthPoint has a service agreement with SaskPower to perform generation and load management services, provide electricity export and import functions related to the generation assets of SaskPower, and to manage SaskPower's natural gas supplies for its natural gas-fired power plants. The generation and load management services include coordinating the economic dispatch of SaskPower's generation capacity and the dispatch of long-term power purchase agreements on a continuous basis. The electricity export and import functions include the selling of surplus generation to other jurisdictions and purchasing electricity for domestic load when shortfall in supply occurs or lower cost supply is available. Gas management services for SaskPower include coordinating and balancing SaskPower's natural gas requirements, managing injections to and withdrawals from SaskPower's natural gas storage assets, and managing natural gas price risk with physical and financial hedging activity.

NorthPoint also acts as a principal in wholesale electricity trading transactions that do not relate to the generation assets of SaskPower. In Canada, it operates in Alberta, Manitoba and Ontario. In the United States, it actively participates in markets in the Northwest, Mid-continent, and East. NorthPoint operates mainly under two umbrella trading agreements: Mid-Continent Energy Marketers Association Tariff and Western Systems Power Pool Agreement.

OFF-BALANCE SHEET ARRANGEMENTS

The Canadian Institute of Chartered Accountants (CICA) recommends that corporations disclose all off-balance sheet arrangements if they have or are likely to have a material current or future effect on the financial condition of SaskPower. SaskPower has the following off-balance sheet arrangements that are considered to be significant.

A. Employees' future benefits

SaskPower provides pension plans for all eligible employees, including a defined benefit pension plan, defined contribution pension plan and other severance plans. The funded status (the difference between the plan assets and accrued benefit obligations) of SaskPower's employee future benefit plans is not recognized on the balance sheet as at December 31, 2008. Under current Canadian GAAP, only disclosure of the funded status in the notes to the financial statements is required. In addition, using a measurement date up to three months prior to the balance sheet date is permitted. The measurement date of the latest actuarial valuation used to determine the plan assets and obligations of the various plans was September 30, 2008.

The funded status of the defined benefit pension plan and the present value of the accrued benefits under the other benefit plans are disclosed in *Note 28* to the consolidated financial statements.

B. Energy performance contracts

Energy performance contracts are packages that provide energy savings to certain large commercial customers of SaskPower. The packages are comprehensive facility improvement programs that normally include the installation of new energy efficient equipment, which is intended to pay for itself through energy savings. SaskPower guarantees these energy savings. These guarantees are offset by third party guarantees to SaskPower that ensure the energy savings will be realized.

SaskPower has not recorded an asset or liability in respect of these contracts, as the promised energy savings were being realized on all energy performance contracts as of December 31, 2008. In the event that the energy savings were not being realized, SaskPower would be liable to the customer for the guaranteed savings. A payable to the customer and a receivable from the third party that provided an offsetting guarantee to SaskPower would be recorded on the balance sheet.

The value of the guarantees is disclosed in *Note 24(e)* to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

In October 2008, SaskPower purchased property from Saskatchewan Transportation Company. This purchase was accounted for as a related party transaction and was measured at carrying value, as the sale was considered to not be in the normal course of operations. As such, the excess of the consideration paid over the net book value of the property was charged to retained earnings.

SaskPower also has a number of routine transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan. These transactions with related parties are settled at prevailing market prices under normal trade terms.

Related party transactions are disclosed in *Note 27* to the consolidated financial statements.

ANALYSIS OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

SaskPower's significant accounting policies are described in *Note 2* to the consolidated financial statements. Some of these policies involve accounting estimates that require management to make particularly subjective or complex judgements about matters that are inherently uncertain. Different conditions or assumptions regarding the estimates could result in materially different results being reported. Management has discussed the development and selection of these critical accounting policies with the Board of Directors and the external auditors.

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

A. Change in accounting policies

Financial instruments – disclosure and presentation

Effective January 1, 2008, SaskPower adopted the new CICA Section 3862, "Financial Instruments – Disclosures," and Section 3863, "Financial Instruments – Presentation." These sections replace Section 3861, "Financial Instruments – Disclosure and Presentation." The impact of implementing these new standards has been disclosed in *Notes 21* and *22* in the consolidated financial statements.

Capital disclosures

Effective January 1, 2008, SaskPower adopted Section 1535, "Capital Disclosures." The new required disclosure regarding what SaskPower defines as capital and its objectives, policy and process for managing capital is provided in *Note 23* in the consolidated financial statements.

Inventories

Effective January 1, 2008, SaskPower adopted Section 3031, "Inventories." The new accounting standard provides guidance on the method of determining the cost of SaskPower's inventory; specifies that inventories are to be valued at the lower of cost and net realizable value; and requires the reversal of previously recorded write-downs to realizable value when there is clear evidence that net realizable value has increased. The adoption of this new standard had no material impact on the consolidated financial statements.

B. Depreciation

Property, plant and equipment represents 86% of total assets recognized on SaskPower's balance sheet. Included in property, plant and equipment are the generation, transmission, distribution and other assets of SaskPower. Due to the size of SaskPower's property, plant and equipment, changes in estimated depreciation rates can have a significant impact on income.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The estimated useful lives of the assets are based on formal depreciation studies that are performed every five years, with annual reviews for reasonableness. The estimated useful lives are determined based upon manufacturer's guidance on asset life, SaskPower's past experience with similar assets, industry averages and expectations about future events that could impact the life of the asset.

A one-year increase in the average estimated service life of each of the major asset categories of property, plant and equipment would result in a \$13 million decrease to depreciation expense in the current year. See *Note 2(h)* and *Note 9* to the consolidated financial statements for additional discussion of SaskPower's depreciation expense.

C. Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the decommissioning of a long-lived asset. SaskPower recognizes asset retirement obligations in the period they are incurred if a reasonable estimate of fair value (net present value) can be determined. SaskPower recognizes asset retirement obligations to decommission coal, natural gas, cogeneration and wind generation facilities in the period in which the facility is commissioned. SaskPower has not recognized an obligation for the transmission, distribution and hydro generation assets as an estimate of their fair value cannot be determined. SaskPower expects to maintain and operate these assets indefinitely.

The fair value of the estimated asset retirement costs is recorded as a liability in other liabilities, with an offsetting asset capitalized and included as part of property, plant and equipment. The asset retirement obligations are increased annually for the passage of time by calculating accretion (interest) on the liability. The accretion expense is calculated using an interest rate that equates to a risk-free interest rate adjusted for the credit standing of the Corporation and is included with depreciation expense. The offsetting capitalized asset retirement costs are depreciated over the estimated useful life of the related asset.

The calculations of fair value are based on detailed studies that take into account various assumptions regarding the anticipated future cash flows, including the method and timing of decommissioning and estimates of future inflation.

A 0.5% increase in the credit-adjusted risk-free rate would result in a \$5 million decrease to the asset retirement obligation, a \$2 million decrease to the asset retirement asset and no material impact on depreciation expense in the current year.

Effective January 1, 2008, based on the completion of a detailed asset retirement obligation study, the fair value of the estimated cost to decommission SaskPower's coal, natural gas and wind generation facilities has been changed. The impact of this change in estimate increased property, plant and equipment and other liabilities by \$16 million and had no material impact on depreciation expense in 2008. See *Note 2(j)* and *Note 18* to the consolidated financial statements for additional discussion of SaskPower's asset retirement obligations.

D. Employees' future benefits

As explained in *Note 2m* and *Note 28* in the consolidated financial statements, SaskPower provides post retirement benefits to employees, including a defined benefit pension plan. The defined benefit pension plan (the Plan), substantially closed to new members since 1977, provides benefits based on the average of the highest five years' annual pensionable earnings and years of service. Pensions are increased annually at a rate equal to 70% of the increase in the Saskatchewan consumer price index (CPI).

The cost of pension benefits under the Plan are actuarially determined using the projected benefit method prorated on service. It reflects management's best estimates of future investment performance, wage and salary escalation, age at retirement and future pension indexing up to the rate of inflation. Market rates are used to measure the accrued benefit obligation and fair value to measure the pension plan assets. The actual results over the short term may differ greatly from the long-term assumptions. However, the use of long-term financial assumptions to calculate pension expense is considered appropriate due to the long-term financial commitment that a pension plan represents.

An independent actuary calculates defined benefit pension plan costs based on the long-term assumptions described above. In 2008, the actuary calculated pension expense of \$11 million compared to \$8 million in 2007. This is a non-cash item that is included in operating, maintenance and administration expense on the income statement.

Changes in the long-term assumptions, including the anticipated return on plan assets and the discount rates used in determining the benefit obligation and current period service costs, can have a significant impact on the pension costs of SaskPower.

The expected rate of return on plan assets is based upon economic forecasts for the types of investments held by the Plan. The long-term rate of return on plan assets remained at 6.75%, consistent with the prior year. The discount rate is based on the spot yield for high-grade, long-term Canadian corporate bonds. The discount rate was increased from 5.75% to 6.25% to reflect the change in bond markets over that period.

A 0.5% increase in both the expected long-term rate of return on plan assets and the discount rate would result in a \$3 million decrease in pension expense and a \$3 million increase in the defined benefit pension asset recorded in the consolidated financial statements.

E. Unbilled revenue

Electric revenues are billed on a systematic basis over a monthly or quarterly period for all SaskPower customer classes. At the end of each month, SaskPower makes an estimate of the electricity delivered to its customers since their last billing date. The estimated unbilled revenue is based on several factors including estimated consumption by customer class, applicable customer rates and the number of days between the last billing date and the end of the period. As at December 31, 2008, total Saskatchewan electricity sales of \$1,385 million included \$59 million of estimated unbilled revenues.

FUTURE ACCOUNTING POLICY CHANGES

International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS in place of Canadian GAAP for interim and annual reporting purposes in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year. The CICA is currently deliberating the definition of publicly accountable enterprises as it applies to government entities including SaskPower and its subsidiaries. At this time the final outcome of these deliberations is not determinable and therefore the need for SaskPower and its subsidiaries to adopt IFRS has not been firmly established. However, given the considerable effort required to prepare for the adoption of IFRS within the communicated timelines, the Corporation is proceeding under the assumption that adoption of IFRS will be required.

SaskPower has commenced its IFRS conversion project and developed a high level IFRS implementation plan. An external advisor has been engaged to assist with the development of this plan and to perform a detailed review of the major differences between current Canadian GAAP and IFRS. At this time, the impact on SaskPower's future financial position and result of operations is not reasonably determinable or estimated. However based on the analysis to date, the most significant areas of difference are related to the accounting for property, plant and equipment; power purchase agreements; asset retirement obligations; joint ventures; employee future benefits; and financial statement disclosure.

SaskPower has plans to make changes to certain processes and systems before 2010 to ensure transactions are recorded in accordance with IFRS for comparative reporting purposes on the required implementation date.

NON-GAAP MEASURES

SaskPower evaluates its performance using a variety of measures. Operating costs, operating income and net debt are non-GAAP measures which are not defined under GAAP. These measures should not be considered in isolation or as an alternative to or more meaningful than, total expense, net income and long-term debt as determined in accordance with GAAP as an indicator of SaskPower's financial performance. These measures are not necessarily comparable to a similarly titled measure of another company.

RISK MANAGEMENT

SaskPower is subject to numerous risks and uncertainties, including the events or conditions identified below. The occurrence of one or more of these events or conditions could have an adverse effect on the achievement of SaskPower's business objectives or its financial condition.

SaskPower took steps in 2008 to strengthen its risk management capabilities. The Chief Financial Officer has been assigned the responsibility of establishing a Corporate Risk Office. In 2008, work began on this initiative with the development of an Enterprise Risk Management (ERM) Program. Work on this initiative will continue in 2009.

A. Market risk

1. General economic conditions

Changes in general economic conditions can have an impact on SaskPower's operations. Changes in fuel prices; fuel availability; interest rates; foreign exchange rates; customers' expansion decisions and electricity consumption; worker migration and skills availability; import availability; and supply chain capabilities will each have an impact on SaskPower.

SaskPower has developed various policies and procedures that are designed to reduce exposure to changes in general economic conditions. These policies and procedures are reviewed and assessed on a regular basis to ensure they continue to be relevant and effective in prevailing economic, market, financial and operating conditions. SaskPower maintains surveillance of events in its business environment and endeavours to anticipate any impacts.

The global economy is currently suffering the most severe financial crisis since the Great Depression. The impact to SaskPower has not been significant to this point due in part to the above discussed policies and procedures. SaskPower continues to monitor provincial, national and world events and their potential impacts.

2. Fuel price variability and long-term fuel supply

Two of SaskPower's primary fuel sources are coal and natural gas. A disruption in SaskPower's energy supply arrangements or in the wholesale fuel energy markets could adversely affect the company's financial condition or its ability to meet demand.

SaskPower has contracts in place that ensure supplies of coal at negotiated quantities and prices. These contracts are set to expire between 2009 and 2024. SaskPower is currently negotiating an extension to the coal contract set to expire at the end of 2009.

With respect to natural gas, SaskPower enters into shorter-term natural gas supply agreements out as far as 36 months to reduce supply risk. In 2008, SaskPower established a new framework for managing its natural gas exposures, which includes an increased focus on long-term price and supply management.

The impact of changing natural gas prices on SaskPower is mitigated by our energy management policies, which include the use of physical storage as well as physical and financial price management. In accordance with SaskPower's current Board-approved natural gas risk management program, SaskPower has hedged a minimum of 40% of its forecasted natural gas exposure for 2009. By the end of the 2009, our company is seeking to hedge 50% of its natural gas exposure for 2010 and 25% for 2011. SaskPower is working toward options for the implementation of a long-term natural gas hedging strategy.

As a result of our company's energy management policies, for every \$1.00/GJ change in natural gas market price, there is an approximate \$0.50/GJ change in fuel cost to SaskPower. Our company has forecasted its natural gas volume exposure at 36 million GJ for 2009.

3. Foreign exchange

SaskPower has exposure to various currencies due to electricity trading activities and the acquisition of goods and services from foreign suppliers. Our company may use a variety of derivative financial instruments, such as foreign currency forward contracts, to manage this risk.

4. Interest rates

Changes in interest rates can impact SaskPower's cost of new borrowings required to refinance existing debt or to finance infrastructure renewal and growth. As 100% of our company's debt is at fixed rates at December 31, 2008, there is no interest rate risk related to existing debt instruments. SaskPower is currently examining its structure to determine if an increased amount of floating rate debt would provide opportunities for lower average borrowing costs.

Changes in interest rates may also impact the value of the performance of SaskPower's defined benefit pension plan. Our company mitigates this risk by investing in a balanced portfolio of fixed income and equity instruments.

B. Aging infrastructure and supply management risk

A large portion of SaskPower's critical assets are near or at the end of their expected service life. Aging assets are increasingly expensive to maintain and operate and may be less efficient than newer technologies. They may also contribute to system reliability risk.

SaskPower has a 10-year plan in place to invest \$8 billion to reinforce or replace its aging infrastructure, as well as add new generation and transmission assets. Our company also employs risk and insurance management professionals and maintains appropriate insurance policies to mitigate the impact of losses arising from the operation or failure of its assets.

1. Generation

Saskatchewan is experiencing a period of economic growth. Load over the next decade is expected to increase approximately 40%. SaskPower is examining options to respond to this growth. This includes the addition of new generation capability, increased use of partnerships, and other innovative ways to access the electricity needed for the future. These activities are likely to be capital intensive.

Current supply planning indicates the requirement for significant new generation starting in 2009. In the short-term, SaskPower is installing a 105 MW simple cycle gas turbine (SCGT) facility at Queen Elizabeth Power Station and a 94 MW SCGT facility at the Ermine Switching Station near Kerrobert in 2009. SaskPower is installing a third 141 MW SCGT at a location near North Battleford by December 2010. Independent Power Producers are included in the short-term plan through a solicitation which has been issued for 100 - 200 MW of peaking facilities by 2011 and a solicitation for 200 - 400 MW of base load supplies by 2012.

Unplanned generation outages that are longer in duration, multiple unplanned generation outages or catastrophic outages could have large economic risks and may result in SaskPower's inability to serve Saskatchewan's domestic load. A preventative maintenance program is in place to help limit the number, magnitude and duration of these potential unplanned outages.

2. Transmission and distribution

SaskPower's transmission and distribution system will also require upgrades to existing capacity and expansion of the transmission network to address economic growth. In 2008, SaskPower experienced a 70% increase in customer connect activity as compared to four years ago. As a result, several parts of the transmission and distribution system have been identified for upgrade or replacement.

The ability to handle increased loads is requiring the construction of new 138 kilovolt (kV) and 230 kV transmission lines, as well as the phasing out of 72 kV lines for new developments. Benefits will include reduced line losses, increased amounts of carrying capability, reduced transformer inventories, as well as replacement of some of the oldest transmission assets. In addition, expansion of the network is required in areas such as the far north (north of La Ronge to Uranium City) where continued growth is requiring new transmission lines and routing.

Increased loads on the distribution system require upgrading of capacity for substation transformers and the construction of new overhead three-phase lines to serve the new loads into an area. All new rural and most new urban residential services are now served by underground distribution lines, which require extensive planning and engineering to ensure minimal interference with other underground facilities. Existing overhead and underground facilities are continually being upgraded as they meet and exceed their design life. They are replaced with new facilities capable of handling much more load.

For the longer term, SaskPower will be investigating emerging distribution automation technologies with a view to integrate the operation and control of the provincial distribution system in order to improve reliability and outage response times for customers. Our company is also investigating and planning for the eventual installation of advanced metering at customers' residences and business facilities. This will allow customers the ability to better monitor their own energy consumption and will also allow SaskPower the ability to aggregate data and information to enable better operation and control of the system, while facilitating future planning and development of the entire distribution system in the province.

C. Operations risk

1. Labour action

A substantial part of SaskPower's workforce is unionized. The collective bargaining agreements (CBAs) of the International Brotherhood of Electrical Workers (IBEW) Local 2067, and the Communications, Energy and Paperworkers (CEP) Local 649 are due for renegotiation at the end of 2009.

SaskPower proactively deals with any issues that arise under the CBAs through our labour relation staff and processes. Saskatchewan's essential services legislation requires both the employer and worker representatives to enter into good faith bargaining to develop an essential services plan at least 90 days before the expiration of the current CBAs.

2. Professional and technical skills and retirement eligibility

SaskPower's business is dependent on its ability to recruit, retain and motivate employees. Competition for skilled employees in some areas is high and the inability to retain and attract these employees could adversely affect the achievement of business objectives and future operating results. Many of our company's technical workers will be eligible for retirement by 2013.

SaskPower employs recruitment specialists who actively pursue qualified professionals to fill key positions. Our company enjoys a low employee turnover rate. SaskPower offers competitive compensation and benefits, and other advantages such as leadership training, professional development, succession planning and, a working environment that enables a reasonable work-life balance.

3. Employee and public safety

Working on or around high voltage equipment or apparatus has inherent risk. As does work in confined spaces, around large rotating machinery, within high temperature and high pressure environments and at heights or in other potentially dangerous circumstances. SaskPower has extensive policies, procedures and controls in place to minimize the risk of injury by an employee, contractor, or a member of the public. This includes the maintenance of a Safety Management System in compliance with the internationally recognized OHSAS 18001 Standard. SaskPower has established an educational resource and program to help inform the public of the hazards of power lines and delivers this information at public venues around the province.

4. Supply chain

SaskPower depends on certain vendors to provide key parts, supplies and services. An interruption in a critical supply chain could disrupt operations and have a material effect on our company's financial results.

SaskPower monitors supplier capabilities on an ongoing basis. We encourage key suppliers to improve their own business continuity and resiliency planning in order to maintain our company's supply chain integrity.

5. Reliability/interconnection

The SaskPower system is interconnected to the North American power grid. It is possible for generating or transmission related equipment or facilities in any part of this system — over which SaskPower may have no control — to cause system instability on the Saskatchewan grid.

SaskPower has to detect and respond to system instability in order to maintain reliability of service. Unchecked instability has the potential to propagate service disruptions. Severe instability may damage our company's generation and transmission assets.

SaskPower system operators continually monitor the performance of the provincial grid and make necessary adjustments to maintain system stability. SaskPower participates in the North American bulk power system as part of the Mid-West Reliability Organization (MRO), which recognizes the interconnectedness of the North American grid and establishes rules and operating standards to protect its integrity. Other members of the MRO are Manitoba Hydro and various electric power providers in eight American states. All have agreed to operate their facilities according to the standards set by North American Electric Reliability Corporation (NERC) and the MRO, designed to ensure system reliability.

6. Malicious/criminal acts, physical security and cyber security

SaskPower utilizes critical information systems on a stand alone and network basis in the conduct of its business. These systems are susceptible to failure and to damage or conversion from their intended use through malicious attack. Our company may be subject to malicious or criminal acts resulting in the theft of or damage to assets.

SaskPower maintains industry standard policies, processes and technical safeguards to ensure only authorized access and use of its information systems. Our company has policies and procedures in place to ensure identified key systems can be recovered or reinstated in the event of an adverse event and system failure.

SaskPower maintains hiring, training, operating, security, maintenance and capital programs designed to provide for the safe and reliable operation of information systems.

Our company has various policies and procedures pertaining to the protection of corporate assets and employs a corporate security person who has responsibility for physical security, threat and risk assessment and investigations. In addition, SaskPower uses electronic surveillance and detection methods. Our company maintains reasonable levels of insurance to protect it against theft or vandalism related losses.

D. Construction risk

SaskPower has identified the need to invest \$8 billion over the next 10 years to maintain, upgrade and expand our company's infrastructure. There is risk that these projects may not be completed at all, may be completed on materially different terms or timing than initially anticipated, or the intended benefits of the projects may not be realized.

Weather conditions, delays in obtaining or failure to obtain regulatory approvals, delays in obtaining key materials, labour difficulties, skills shortages or other events beyond SaskPower's control may influence the timing, costs and outcome of planned construction/expansion projects. Public acceptance of new infrastructure projects is an integral part of achieving regulatory approvals. SaskPower routinely undertakes consultations with potentially affected stakeholders in order to increase understanding and foster public acceptance for projects. The failure to complete these projects in a timely manner could adversely affect our company's ability to meet customers' growing energy needs.

In 2008, SaskPower commenced a review of current practices regarding procurement; project management; project risk management; capital project approval requirements; and other aspects of managing project risk. This initiative will be substantially completed in 2009 but will be subject to continuous improvement.

E. Credit risk

1. Customer credit

SaskPower incurs credit risk each time our company provides electricity to customers for which it will later receive payment. SaskPower has developed a number of payment options for customers in order to reduce late payments and defaults. Our company also uses industry standard accounts receivable aging and collection techniques up to and including the restriction or termination of service to manage accounts receivable balances.

2. Counterparty credit

Counterparty risk, otherwise known as default risk, is the risk that a counterparty will fail to meet its obligations. SaskPower maintains credit policies that include activity limits, the evaluation of a prospective counterparty's financial condition, collateral requirements where deemed necessary and the use of standardized agreements that facilitate the netting of cash flows associated with a single counterparty. In addition, we also monitor the financial condition of existing counterparties on an ongoing basis.

3. Customer portfolio

Sales to large customers (power accounts and the Cities of Swift Current and Saskatoon) account for approximately 32% of revenue from domestic sales. The loss of a large, key customer could adversely affect SaskPower's revenue stream.

SaskPower monitors its customer mix and periodically assesses customer satisfaction for each class of customer. Key Account Representatives are responsible for monitoring assigned customer satisfaction and intentions on an ongoing basis.

F. Regulatory risk

1. Rate regulation process

The rates that SaskPower may charge customers are subject to review by the Saskatchewan Rate Review Panel (the Panel) with final approval by cabinet. Based on current rates, the impact of a 1% differential between a requested rate increase and the approved rate is approximately \$14 million/year.

SaskPower follows standard accepted regulatory practices in designing rates and operating the system and presents these practices to the regulators in the rate application.

2. NERC compliance requirements

The North American participants in the bulk power system, including SaskPower, are subject to the reliability standards developed by NERC. In Saskatchewan, SaskPower is the sole regulatory authority and is working to ensure compliance with NERC reference standards. Failure to comply with the standards could impact our company's ability to buy and sell electricity in other jurisdictions.

In a wall-to-wall NERC compliance assessment performed in 2008, our company performed very well. In 2009, SaskPower will be coordinating compliance activities across our Business Units through a single regulatory oversight responsibility to be established within the company.

3. Compliance with a complex regulatory framework

SaskPower is subject to extensive federal, provincial and local government regulations, all of which are subject to change. Failure to comply with rules and regulations pertaining to air quality, water quality, waste management, natural resources, and health and safety may give cause to a number of sanctions such as fines, penalties, administrative costs and even stop work orders. Compliance with new laws or the revision or reinterpretation of existing laws may require us to incur additional expenses.

Management believes that the necessary approvals have been obtained — or are in the process of being obtained — and are maintained for our existing operations and that our business is conducted in accordance with applicable laws. The Corporate Law department provides knowledgeable interpretations in this regard.

G. Weather/other natural events risk

1. Weather

SaskPower's generation, transmission, and distribution operations are marked by seasonal weather patterns affecting load. Demand for electricity peaks during hot summer months and peaks again during cold winter months.

Adverse weather can affect system performance and reliability. Extreme cold can reduce the thermal efficiency of generation units. Generation assets may be damaged by anomalous weather events such as tornadoes or flooding. Transmission and distribution systems are largely unprotected and vulnerable to severe weather impacts.

SaskPower develops supply management plans that incorporate experience from dealing with past seasonal peaks, together with long range weather forecasts, maintenance schedules and system performance to meet seasonal needs. At all times, the provincial electric system is controlled by operators who are carefully managing base-load generation, peaking generation and import supplies.

SaskPower has developed emergency response plans and has trained responders at all power stations. These plans are being improved and further integrated as part of an ongoing Business Continuity Management Program. Transmission and Distribution has developed severe weather and widespread damage response plans and procedures. These plans are also being enhanced and further integrated as part of SaskPower's ongoing Business Continuity Management Program.

2. Hydrologic cycle

SaskPower relies on natural water sources for cooling, steam generation, and as a source of energy for hydroelectric generation. If hydroelectric generation is impaired it has to be replaced with more costly natural gas generation or imports.

SaskPower monitors water resources in the province through the Saskatchewan Watershed Authority and optimizes hydro facilities when alternative energy sources (imports) are at peak levels.

3. Epidemic/pandemic disease

Since 2004, the international medical community has been warning of the possibility of epidemic or pandemic disease. An epidemic or pandemic of a new or novel virus is likely to result in increased employee absenteeism. Significant numbers of absences may occur during one or more waves of illness. A prolonged and severe event is likely to influence changes in behaviours of employees, suppliers and customers as they try to avoid contact transmission from other people.

SaskPower has developed and is implementing a corporate Pandemic Influenza Response Plan and will continue to monitor international health events.

H. Environmental risk

1. Emissions standards

The main shift in understanding environmental risk has been in the increased awareness of the potential causes and consequences of climate change, including the possible causative effect of greenhouse gas emissions. Recently proposed emission rules will likely require significant sulphur dioxide (SO₂) reductions at numerous coal-fired plants. The Canada Wide Standard for mercury will also require SaskPower to significantly reduce its mercury emissions by 2010.

In recent years, SaskPower has demonstrated strong environmental performance through its work on lowering emissions such as SO₂ and nitrogen oxides (NO_x). Reducing emissions of carbon dioxide (CO₂), mercury and particulate matter continues to be a matter of intense focus.

2. Hazardous substances

Polychlorinated biphenyls (PCBs), asbestos, hydrocarbon contamination and coal tar have been used or produced in the course of operations and are present on properties or in facilities and equipment currently or previously owned by our company. SaskPower has established provisions for the remediation of known and estimable environmental obligations.

Our company is dedicated to improving its environmental performance by demonstrating leadership, operational transparency and ongoing stakeholder engagement. One expression of SaskPower's environmental commitment is the maintenance of its Environmental Management System, which conforms to the ISO 14001 Standard. The requirements to maintain this certification are stringent and are internationally recognized.