

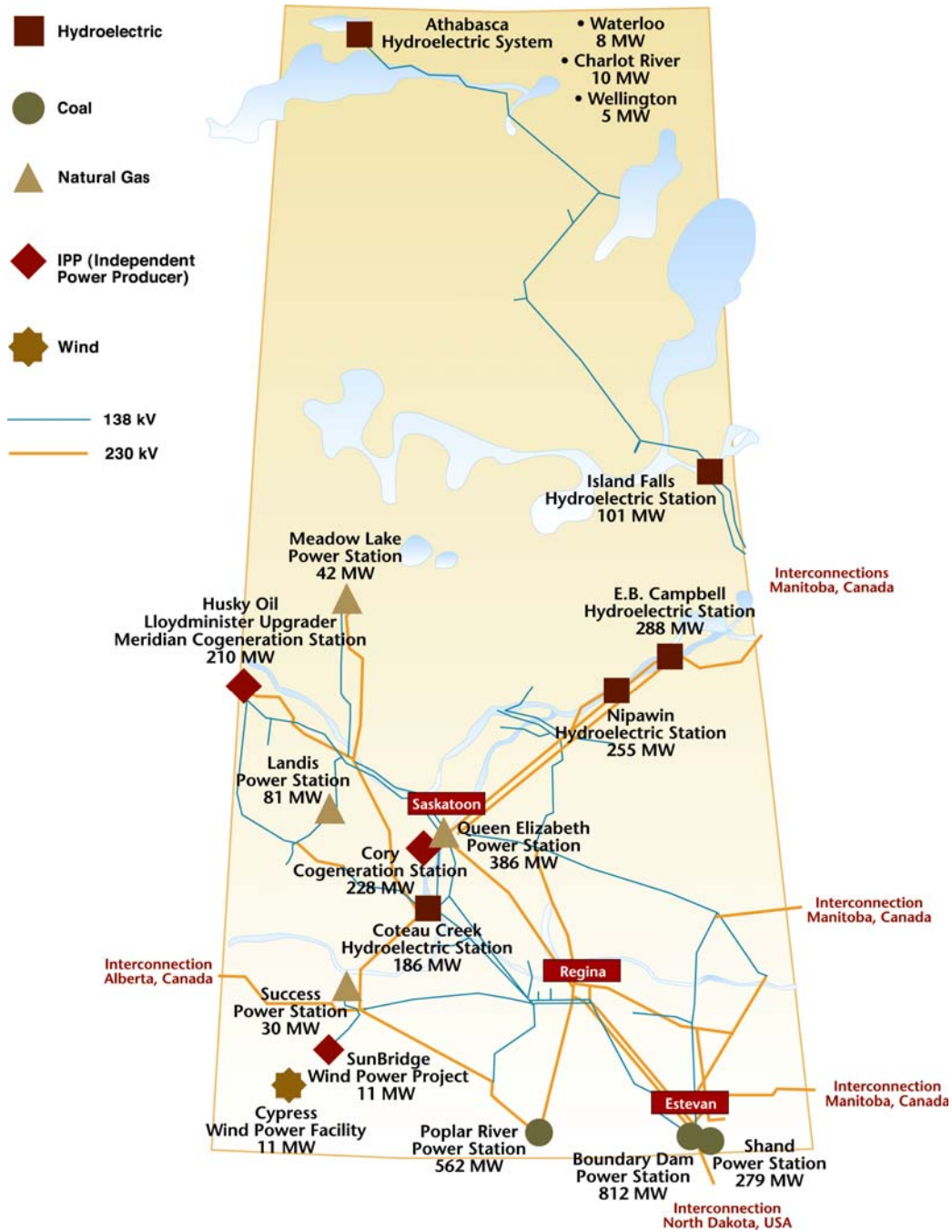


First Quarter Report

For the three months ended March 31, 2004

We deliver power in a safe, reliable, cost-effective and environmentally responsible manner.

SASKPOWER GENERATION AND HIGH VOLTAGE TRANSMISSION MAP



About us: SaskPower operates three coal-fired power stations, seven hydroelectric stations, four natural gas stations and one wind facility with an aggregate generating capacity of over 3,050 megawatts (MW). The Corporation also has purchase agreements with the Meridian Cogeneration Station, Cory Cogeneration Station and Sunbridge Wind Power Project. Total available capacity is approximately 3,500 MW. SaskPower maintains more than 152,000 kilometres of power lines.

PRESIDENT'S MESSAGE

On balance, SaskPower's performance over the first quarter of 2004 was as expected, with a net income of \$18 million. Our net income over the same period in 2003 was \$61 million.

The most significant change year over year was the foreign exchange impact on the Corporation's U.S. dollar denominated debt. While we experienced a \$4 million foreign exchange loss over the first three months of 2004, we recorded a \$50 million foreign exchange gain over the same period in 2003. In order to manage foreign exchange volatility, SaskPower has now hedged \$370 million of our \$569 million in U.S. long-term debt. We plan to hedge the remaining amount over the next two years.

Factoring out foreign exchange, our net income in the first quarter of 2004 was \$22 million. This is an \$11 million increase over the same period in 2003, and is attributable to an increase in sales to Saskatchewan customers – specifically, our oilfield and large industrial customers.

As a whole, expense at SaskPower has remained relatively stable. Fuel and purchased power expenses are down in 2004 compared to the same period in 2003. However, it is not certain that this trend will continue for the remainder of the year. Fuel and purchased power costs are quite volatile and are dependent on a number of factors including natural gas prices and the availability of relatively inexpensive coal and hydroelectric generation.

As in past years, SaskPower borrowed funds in January to refinance debt that will be coming due in 2004, and to finance capital spending. The amount borrowed is \$200 million. Total capital investment in SaskPower's infrastructure in 2004 is expected to be \$270 million.

Our successes – over the first quarter and as we move forward – are entirely based on the contributions of our employees. It is only through their efforts that we continue to fulfill our mission -- to deliver power in a safe, reliable, cost-effective and environmentally responsible manner.



John Wright
President and Chief Executive Officer

FINANCIAL HIGHLIGHTS AND OPERATING STATISTICS

Financial Highlights

(in millions)

<i>For the three months ended March 31</i>	2004	2003	Change
Income before foreign exchange (losses) gains	\$22	\$11	\$11
Foreign exchange (losses) gains	(4)	50	(54)
Net income	\$18	\$61	\$(43)

Operating Statistics

<i>For the three months ended March 31</i>	2004	2003	Change
Total electric sales (GW.h)	4,940	4,692	248
Generating capacity (net MW)	3,505	3,500	5
Peak load (net MW)	2,930	2,750	180
Customers	436,999	434,508	2,491

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) highlights the primary factors that have an impact on the financial results and operations of Saskatchewan Power Corporation (SaskPower; the Corporation). It should be read in conjunction with the SaskPower unaudited interim consolidated financial statements and supporting notes for the three months ended March 31, 2004. These interim financial statements have been prepared in accordance with the Canadian Institute of Chartered Accountants (CICA) section 1751, "Interim Financial Statements." The SaskPower Board of Directors through the Audit and Finance Committee has approved the interim financial statements.

The MD&A contains forward-looking statements based on the Corporation's estimates and assumptions concerning future results and events. Because of the risks and uncertainties inherent in any forecasted outlook, the actual results of the Corporation could differ materially from those anticipated.

Profile

SaskPower is the principal supplier of electricity in Saskatchewan. Founded as the Saskatchewan Power Commission in 1929, SaskPower was incorporated as a provincial Crown corporation in 1950 and operates under the mandate and authority of *The Power Corporation Act*. SaskPower's mission is to deliver power in a safe, reliable, cost-effective, and environmentally responsible manner.

SaskPower's aggregate generating capacity is 3,505 megawatts (MW). This includes the 3,056 MW capacity of SaskPower's facilities – three coal-fired stations, seven hydro stations, four natural gas stations and one wind facility – and 449 MW of contracted capacity. SaskPower maintains more than 152,000 kilometres of power lines and serves approximately 437,000 customers in an area covering more than a half-million square kilometres.

SaskPower has approximately 2,375 permanent full-time employees including those of the Corporation's three subsidiaries: NorthPoint Energy Solutions Inc.; Power Greenhouses Inc.; and SaskPower International Inc. The financial activities of SaskPower's subsidiaries are consolidated within the financial statements of the Corporation in accordance with Canadian generally accepted accounting principles.

Financial Results

	<i>(in millions)</i>		
<i>For the three months ended March 31</i>	2004	2003	Change
Income before foreign exchange (losses) gains	\$22	\$11	\$11
Foreign exchange (losses) gains	(4)	50	(54)
Net income	\$18	\$61	\$(43)

Net income in the first quarter of 2004 was \$18 million, a \$43 million decrease from the first quarter of 2003. The decrease was largely due to the impact of foreign exchange gains and losses. In the first quarter of 2004, SaskPower recorded a \$4 million foreign exchange loss as a result of a 1¢ United States (U.S.) decrease in the value of the Canadian dollar relative to the U.S. dollar. The \$4 million loss compares to a \$50 million foreign exchange gain recorded in the first quarter of 2003 as a result of a 5¢ U.S. increase in the value the Canadian dollar.

The foreign exchange impact to net earnings has been significantly reduced in 2004 due to the Corporation's hedging program. As of March 31, 2004 the Corporation had hedged \$370 million of its \$569 million U.S. long-term debt compared to \$112 million at March 31, 2003. SaskPower plans to hedge the remaining exposure over the next two years.

Income before foreign exchange losses was \$22 million in the first quarter of 2004 compared to \$11 million of income before foreign exchange gains over the same period in 2003. The increase is primarily due to increased sales volumes to Saskatchewan oilfield and large industrial customers combined with lower fuel and purchased power costs.

Revenue*(in millions)*

<i>For the three months ended March 31</i>	2004	2003	Change
Saskatchewan sales	\$299	\$288	\$11
Export sales	29	26	3
Other	6	5	1
Total revenue	\$334	\$319	\$15

(in GW.h)

<i>For the three months ended March 31</i>	2004	2003	Change
Saskatchewan sales	4,519	4,337	182
Export sales	421	355	66
Total electric sales	4,940	4,692	248

Total revenues in the first three months of 2004 were \$334 million, \$15 million higher than in the first three months of 2003.

Revenues from Saskatchewan customers increased \$11 million in the first quarter of 2004 relative to the same period in 2003. The rise in Saskatchewan sales revenue was due to a 182 gigawatt hour (GW.h) increase in electrical sales volumes in the first quarter of 2004 compared to the first quarter of 2003. In particular, sales volumes to oilfield customers were up 8% and sales to large industrial customers were up 10% as the result of improved economic activity.

Export sales revenue was up \$3 million due to higher sales volumes in the first quarter of 2004 compared to the same period in 2003. This increase in sales volumes partially offset a drop in the average export sales price which was down 7% in the first three months of 2004 compared to the first three months in 2003.

Expense*(in millions)*

<i>For the three months ended March 31</i>	2004	2003	Change
Fuel and purchased power	\$140	\$143	\$(3)
Operating, maintenance & administration	78	76	2
Depreciation	46	44	2
Finance charges	41	38	3
Taxes	7	7	-
Total expense	\$312	\$308	\$4

Total expense of \$312 million for the first three months ended March 31, 2004 was up \$4 million from the same period in 2003 primarily due to an increase in operating expenses, depreciation and finance charges. This was offset by a decrease in fuel and purchased power costs.

Fuel and purchased power costs of \$140 million in the first quarter of 2004 were down \$3 million from the same period in 2003 primarily due to reductions in the price of natural gas. The monthly benchmark AECO C average price of gas in the first quarter of 2004 was \$6.30/gigajoule (GJ) compared to an average price of \$7.50/GJ over the same period in 2003. The lower gas prices more than offset the increased generation required to source additional sales volumes.

Operating, maintenance and administration expense was up \$2 million in the first three months of 2004 compared to the same period in 2003. This is partially attributable to increases in insurance expense and contract and maintenance costs in the first quarter of 2004 compared to the same period in 2003.

Depreciation was also up \$2 million in the first quarter of 2004 over the first quarter of 2003 as the result of the growth in SaskPower's asset base.

Finance charges increased by \$3 million in the first quarter of 2004 over the same period in 2003 due to the borrowing of an additional \$200 million of long-term debt in January 2004. Sinking fund earnings and interest income were down slightly in the first quarter of 2004 compared to the first quarter of 2003.

Borrowing and Debt

(in millions)

	Mar 31 2004	Dec 31 2003	Change
Gross long-term debt	\$2,101	\$1,891	\$210
Less: sinking fund balances	(128)	(120)	(8)
Long-term debt, net of sinking funds	1,973	1,771	202
Less: current portion of long-term debt	(80)	(75)	(5)
Long-term debt	\$1,893	\$1,696	\$197

SaskPower's long-term debt position, net of sinking funds, was \$1,973 million at March 31, 2004, up \$202 million from December 31, 2003. The increase in net debt was due to:

- On January 14, 2004 the Corporation borrowed an additional \$200 million of Canadian debentures through the Saskatchewan Department of Finance. The debt was issued with an interest rate of 5.80% and a maturity date of September 5, 2033.
- The value of the U.S. dollar denominated long-term debt increased by \$10 million as a result of a decrease in the value of the Canadian dollar relative to the U.S. dollar. The Canadian dollar closed on March 31, 2004 at U.S.\$0.7631, dropping 1¢ from U.S.\$0.7738 on December 31, 2003.
- These increases were offset by the sinking fund balance which increased \$8 million as the result of contributions, earnings and foreign exchange gain on U.S. dollar denominated assets held in the sinking funds.

Borrowings will be required to refinance \$58 million of high-coupon (12.60% - 14.06%) debt that will be coming due in 2004. The remaining funds will be required to finance capital spending. The need for further borrowing requirements will be examined throughout the year.

Outlook

Forecasted earnings for 2004 are expected to be lower than 2003 as the impact of foreign exchange translation is anticipated to be significantly lessened. In 2003, the Canadian dollar increased 14¢ relative to the U.S. dollar. At March 31, 2004, the Canadian dollar was down 1¢ from the December 31, 2003 close of U.S. \$0.7738. During the first quarter of 2003, the Canadian dollar increased 5¢ relative to the U.S. dollar.

Income before foreign exchange is expected to be better than 2003 but below the five-year average of \$114 million. The expected below average results are due to continued high natural gas prices and lower than normal hydro conditions. Lower hydro conditions require the Corporation to replace low cost hydro generation with relatively more expensive sources of energy such as natural gas or imports. Export markets, hydro conditions, volatile natural gas prices, coal unit availability and weather conditions will have an impact on SaskPower's net income in the remainder of 2004.

The Corporation plans to continue to make significant investments in its capital infrastructure focusing on customer connects and improving the Corporation's generation, transmission and distribution infrastructure. The Corporation is also continuing to pursue its joint venture partnership with ATCO Power in the development of 150 MW of wind generation in Saskatchewan. However, the bulk of this work is not expected to take place until 2005.

Consolidated Statement of Income and Retained Earnings
(in millions)

For the three months ended March 31	2004 (Unaudited)	2003 (Unaudited)
Revenue		
Electric sales		
Saskatchewan	\$ 299	\$ 288
Export	29	26
Other	6	5
Total revenue	334	319
Expense		
Fuel and purchased power	140	143
Operating, maintenance and administration	78	76
Depreciation	46	44
Finance charges	41	38
Taxes	7	7
Total expense	312	308
Income before foreign exchange (losses) gains	22	11
Foreign exchange (losses) gains	(4)	50
Net income	18	61
Retained earnings, beginning of period	723	705
Dividends	(18)	(19)
Retained earnings, end of period	\$ 723	\$ 747

Consolidated Statement of Financial Position
(in millions)

	Mar 31 2004 (Unaudited)	Dec 31 2003 (Audited *)
Assets		
Current assets		
Cash and short-term investments	\$ 101	\$ 4
Accounts receivable and unbilled revenue	151	157
Materials, fuel and supplies	111	116
	363	277
Property, plant and equipment		
Property, plant and equipment	5,586	5,555
Less: Accumulated depreciation	2,400	2,356
	3,186	3,199
Construction in progress	55	61
	3,241	3,260
Other assets	69	73
Total assets	\$ 3,673	\$ 3,610
Liabilities and equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 158	\$ 173
Accrued interest	32	45
Short-term advance	-	30
Current portion of long-term debt	80	75
Dividend payable	18	95
	288	418
Long-term debt (Note 3)	1,893	1,696
Other liabilities	109	113
Total liabilities	2,290	2,227
Equity		
Equity advances	660	660
Retained earnings	723	723
Total equity	1,383	1,383
Total liabilities and equity	\$ 3,673	\$ 3,610

See accompanying notes

** Extracted from the audited Dec. 31, 2003 consolidated statement of financial position*

Consolidated Statement of Cash Flows

(in millions)

For the three months ended March 31	2004 (Unaudited)	2003 (Unaudited)
Operating activities		
Net income	\$ 18	\$ 61
Add (deduct) items not involving cash:		
Depreciation	46	44
Foreign exchange losses (gains)	4	(50)
Defined benefit pension plan expense	1	1
Sinking fund earnings	(3)	(3)
Other	(1)	(1)
Operating cash flow	65	52
Net change in non-cash working capital	(14)	7
Cash provided by operating activities	51	59
Investing activities		
Property, plant and equipment	(27)	(43)
Equity investment	-	(1)
Cash used in investing activities	(27)	(44)
Increase in cash before financing activities	24	15
Financing activities		
Advances from the Province of Saskatchewan		
Canadian dollar denominated debt – proceeds	200	100
Short-term advance – repayment	(30)	-
Sinking fund installments	(5)	(5)
Debt premium and issue costs	3	7
Dividends paid	(95)	(19)
Long-term agreements payable	-	(3)
Cash provided by financing activities	73	80
Increase in cash and short-term investments	97	95
Cash and short-term investments, beginning of period	4	93
Cash and short-term investments, end of period	\$ 101	\$ 188

Notes to the Consolidated Financial Statements (Unaudited)

As at March 31, 2004

1. Status of the Corporation

Saskatchewan Power Corporation (SaskPower; the Corporation), a provincially-owned Crown corporation, generates, purchases, transmits, distributes and sells electricity and related products and services. The Corporation was established by *The Power Corporation Act*, passed on April 8, 1950.

These consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries, NorthPoint Energy Solutions Inc. (NorthPoint), Power Greenhouses Inc. (Shand Greenhouse), and SaskPower International Inc. (SaskPower International). All inter-company transactions have been eliminated on consolidation.

2. Summary of Significant Accounting Policies

These unaudited interim consolidated financial statements (interim financial statements) do not include all of the disclosures included in the Corporation's annual consolidated financial statements. Accordingly, these interim financial statements should be read in conjunction with the Corporation's most recent annual consolidated financial statements released on April 21, 2004.

SaskPower's Saskatchewan electric sales are seasonal due to the nature of the electricity market.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The timely preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Actual results could differ from those estimates which may impact the actual transactions and events reported in future periods.

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

3. Long-term Debt (in millions)

On January 14, 2004, the Corporation, through the Saskatchewan Department of Finance, borrowed an additional \$200 of Canadian debentures. The debt was issued with an interest rate of 5.80% and a maturity date of September 5, 2033.

4. Comparative Figures

Certain amounts for the prior year have been reclassified to conform with current year financial statement presentation.

GLOSSARY

AECO C

The AECO C hub is one of the major natural gas storage facilities in North America and has become a Canadian reference point for pricing of spot gas markets.

Gigawatt Hour (GW.h)

A unit of bulk energy; 1,000,000 kilowatt hours. One GW.h is equivalent to the energy consumed by 125 typical houses in one year.

Kilowatt Hour (kW.h)

A unit of bulk energy; 1,000 watt hours. The measurement is generally used for billing residential customers.

Megawatt Hour (MW.h)

A unit of bulk energy; 1,000 kilowatt hours. The unit generally used to describe the output of a commercial generator.

To provide feedback or request additional copies of this quarterly report, please visit our web site at saskpower.com or contact SaskPower Communications and Public Affairs by phone (306-566-3170) or fax (306-566-2548).



2025 Victoria Avenue
Regina, Saskatchewan
Canada S4P 0S1
saskpower.com