

# SECOND QUARTER FINANCIAL REPORT

For the six months ended  
September 30, 2023



## STRATEGIC DIRECTION

### **Our vision**

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

### **Our mission**

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

### **Our values**

Safety, openness, collaboration and accountability.

### **Our corporate strategic priorities**

- Deliver improved value for our customers and stakeholders
- Develop our workforce to meet the needs of the utility of the future
- Ensure our financial health in a transitioning industry
- Build a cleaner, reliable, modernized electricity system

# FINANCIAL AND OPERATING HIGHLIGHTS

## FINANCIAL INDICATORS

<i>(in millions)</i>	Three months ended September 30			Six months ended September 30		
	2023-24	2022-23	Change	2023-24	2022-23	Change
Revenue	\$ 850	\$ 745	\$ 105	\$ 1,673	\$ 1,445	\$ 228
Expense	773	755	18	1,544	1,542	2
Net income (loss)	77	(10)	87	129	(97)	226
Capital expenditures (net)	302	275	27	561	509	52
Net cash from operating activities	243	151	92	419	166	253
Return on equity <sup>1</sup>				9.3%	(7.1%)	16.4%

	Sep 30 2023	Mar 31 2023	Change
Total net debt <sup>2</sup>	\$ 8,014	\$ 7,852	\$ 162
Per cent debt ratio <sup>3</sup>	74.2%	74.7%	(0.5%)

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

## OPERATING STATISTICS

<i>(GWh)</i> <sup>1</sup>	Three months ended September 30			Six months ended September 30		
	2023-24	2022-23	Change	2023-24	2022-23	Change
Saskatchewan electricity sales	5,927	5,791	136	11,646	11,413	233
Exports	238	274	(36)	448	421	27
<b>Total electricity sales</b>	<b>6,165</b>	<b>6,065</b>	<b>100</b>	<b>12,094</b>	<b>11,834</b>	<b>260</b>
Gross electricity supplied	6,471	6,459	12	12,706	12,457	249
Line losses	(306)	(394)	88	(612)	(623)	11
<b>Net electricity supplied</b>	<b>6,165</b>	<b>6,065</b>	<b>100</b>	<b>12,094</b>	<b>11,834</b>	<b>260</b>

	Sep 30 2023	Mar 31 2023	Change
Available generating capacity (net MW) <sup>2</sup>	5,349	5,437	(88)
Annual peak load (net MW) <sup>2</sup>	3,669	3,800	(131)
Summer peak load (net MW) <sup>2</sup>	3,669	3,597	72
Customer accounts	554,296	553,849	447

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) highlights the primary factors that have an impact on the financial results and operations of Saskatchewan Power Corporation (SaskPower; the Corporation). It should be read in conjunction with the SaskPower unaudited condensed consolidated financial statements and supporting notes for the six months ended September 30, 2023. These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*. The SaskPower Audit & Finance Committee of the Board of Directors has approved the condensed consolidated financial statements.

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

## FINANCIAL RESULTS

<i>(in millions)</i>	Three months ended September 30			Six months ended September 30		
	2023-24	2022-23	Change	2023-24	2022-23	Change
<b>Revenue</b>						
Saskatchewan electricity sales	\$ 761	\$ 679	\$ 82	\$ 1,499	\$ 1,337	\$ 162
Exports	48	40	8	79	58	21
Other revenue	41	26	15	95	50	45
<b>Total revenue</b>	<b>\$ 850</b>	<b>\$ 745</b>	<b>\$ 105</b>	<b>\$ 1,673</b>	<b>\$ 1,445</b>	<b>\$ 228</b>
<b>Expense</b>						
Fuel and purchased power	\$ 295	\$ 300	\$ (5)	\$ 584	\$ 586	\$ (2)
Operating, maintenance and administration	197	183	14	406	402	4
Depreciation and amortization	149	148	1	297	297	-
Finance charges	103	104	(1)	202	208	(6)
Taxes	22	21	1	44	41	3
Other expenses (income)	7	(1)	8	11	8	3
<b>Total expense</b>	<b>\$ 773</b>	<b>\$ 755</b>	<b>\$ 18</b>	<b>\$ 1,544</b>	<b>\$ 1,542</b>	<b>\$ 2</b>
<b>Net income (loss)</b>	<b>\$ 77</b>	<b>\$ (10)</b>	<b>\$ 87</b>	<b>\$ 129</b>	<b>\$ (97)</b>	<b>\$ 226</b>
<b>Return on equity<sup>1</sup></b>				<b>9.3%</b>	<b>(7.1%)</b>	<b>16.4%</b>

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

## HIGHLIGHTS AND SUMMARY OF RESULTS

### Second Quarter

SaskPower reported a consolidated net income of \$77 million in the second quarter of 2023-24 compared to a \$10 million net loss in the same period in 2022-23. The \$87 million increase was due to a \$105 million increase in revenue, slightly offset by an \$18 million increase in expenses.

The \$105 million increase in total revenue was mainly attributable to higher Saskatchewan electricity sales of \$82 million. The increase was due to system average rate increases, as well as a 2.3% increase in sales volumes. Other revenue increased \$15 million mainly due to higher carbon dioxide (CO<sub>2</sub>) revenue and customer contributions. Export revenue increased \$8 million due to higher average sales prices in the Southwest Power Pool.

The \$18 million increase in total expense was mainly attributable to higher operating, maintenance and administration (OM&A) expense. OM&A expense increased \$14 million in the second quarter of 2023-24, as a result of increased maintenance costs related to the timing of overhauls and emergency maintenance at the Corporation's generation facilities and increased spending on energy efficiency customer programs. In addition, other capital-related expenses – depreciation, finance charges, taxes and other expenses – increased a combined total of \$9 million primarily due to higher losses on asset disposals and retirements. These increases in expense were partially offset by lower fuel and purchased power costs which decreased \$5 million, primarily due to a favourable price variance as a result of lower natural gas prices, partially offset by unfavourable fuel mix and volume variances.

### Year-to-Date

SaskPower reported a consolidated net income of \$129 million in the first half of 2023-24 compared to a \$97 million net loss in the same period in 2022-23. The \$226 million increase was due to a \$228 million increase in revenue, slightly offset by a \$2 million increase in expenses. The return on equity was 9.3%, up approximately 16 percentage points from the previous period.

The \$228 million increase in total revenue was mainly attributable to higher Saskatchewan electricity sales of \$162 million. The increase was due to system average rate increases, as well as a 2.0% increase in sales volumes. Other revenue increased \$45 million mainly due to higher customer contributions and CO<sub>2</sub> revenue. Export revenue increased \$21 million due to higher sales volumes sold to the Southwest Power Pool at higher prices.

The \$2 million increase in total expense was mainly attributable to higher OM&A expense. OM&A expense increased \$4 million in the first half of 2023-24, as a result of increased maintenance costs related to the timing of overhauls and emergency maintenance at the Corporation's generation facilities and increased spending on energy efficiency customer programs. This increase was partially offset by lower fuel and purchased power costs which decreased \$2 million primarily due to a favourable price variance as a result of lower natural gas prices, partially offset by unfavourable fuel mix and volume variances. Other capital-related expenses – depreciation, finance charges, taxes and other expenses – were consistent with the same period in 2022-23. Higher debt retirement fund earnings and losses on asset disposals and retirements, as well as decommissioning provision adjustments were fully offset by higher interest on borrowings.

## OUTLOOK

SaskPower is forecasting a consolidated net income of \$186 million in 2023-24, resulting in a return on equity of 6.8%.

Revenues of \$3,376 million are expected to increase \$309 million in 2023-24. The primary driver is a \$273 million expected increase in Saskatchewan electricity sales due to system average rate increases, as well as 2.0% expected sales growth. In addition, other revenue is expected to increase by \$62 million primarily due to higher customer contributions and CO<sub>2</sub> revenue. These increases are partially offset by a \$26 million decrease in exports due to lower average sale prices and volumes.

Expenses of \$3,190 million are expected to decrease \$49 million compared to the 2022-23 fiscal year. The decrease is a result of a \$50 million reduction in fuel and purchased power costs mainly due to lower natural gas prices. This decrease is forecasted to be partially offset by a shift from lower costing fuel sources such as hydro to more expensive generation sources and a 427 GWh or 1.6% increase in generation volumes due to higher customer demand. Capital-related expenses, including depreciation, finance charges, taxes and other expenses are also expected to decrease a combined total of \$25 million due to lower decommissioning provisions and settlement claims, partially offset by higher depreciation due to additional capital expenditures, as well as increased corporate capital tax and grants-in-lieu. These reductions in expenses are expected to be partially offset by a \$26 million increase in OM&A expenses due to higher maintenance costs related to the timing of overhauls and emergency maintenance at our generation facilities and inflationary increases.

Capital expenditures, net of grant funding are forecasted to be \$1,151 million in 2023-24.

## SASKATCHEWAN ELECTRICITY SALES

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

<i>(in millions)</i>	Three months ended September 30			Six months ended September 30		
	2023-24	2022-23	Change	2023-24	2022-23	Change
Residential	\$ 156	\$ 140	\$ 16	\$ 307	\$ 283	\$ 24
Farm	50	43	7	95	84	11
Commercial	138	129	9	272	252	20
Oilfield	109	102	7	222	206	16
Power	222	201	21	434	391	43
Reseller	29	28	1	56	50	6
	704	643	61	1,386	1,266	120
Federal carbon charge collected	57	36	21	113	71	42
<b>Saskatchewan electricity sales</b>	<b>\$ 761</b>	<b>\$ 679</b>	<b>\$ 82</b>	<b>\$ 1,499</b>	<b>\$ 1,337</b>	<b>\$ 162</b>

<i>(in GWh)</i>	Three months ended September 30			Six months ended September 30		
	2023-24	2022-23	Change	2023-24	2022-23	Change
Residential	797	767	30	1,557	1,551	6
Farm	331	307	24	622	591	31
Commercial	922	930	(8)	1,810	1,816	(6)
Oilfield	994	975	19	2,026	1,981	45
Power	2,590	2,507	83	5,052	4,904	148
Reseller	293	305	(12)	579	570	9
<b>Electricity sales volumes</b>	<b>5,927</b>	<b>5,791</b>	<b>136</b>	<b>11,646</b>	<b>11,413</b>	<b>233</b>

Saskatchewan electricity sales, excluding the federal carbon charge collected, were \$1,386 million for the first half of 2023-24, up \$120 million from the same period in 2022-23. The \$120 million increase was due to system average rate increases and a 233 GWh or 2.0% increase in sales volumes. The corporation experienced growth in demand from all customer classes except commercial customers. The largest increases in electricity sales occurred in power and oilfield customer classes. Consumption in the power customer class increased 148 GWh primarily due to increased activity in the pipeline sector. Oilfield sales were up 45 GWh due to improved economic conditions.

The federal carbon charge collected increased \$42 million for the first half of 2023-24, compared to the same period in 2022-23 due to the 3.0% rate rider increase effective January 1, 2023, and higher sales volumes.

## FUEL AND PURCHASED POWER

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

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

<i>(in millions)</i>	Three months ended September 30			Six months ended September 30		
	2023-24	2022-23	Change	2023-24	2022-23	Change
Gas	\$ 90	\$ 88	\$ 2	\$ 180	\$ 210	\$ (30)
Coal	68	89	(21)	134	155	(21)
Imports	49	43	6	90	69	21
Wind	18	19	(1)	37	45	(8)
Hydro	5	6	(1)	10	11	(1)
Solar	2	1	1	4	2	2
Other	6	4	2	12	8	4
	<b>238</b>	<b>250</b>	<b>(12)</b>	<b>467</b>	<b>500</b>	<b>(33)</b>
Federal carbon charge	57	50	7	117	86	31
<b>Fuel and purchased power</b>	<b>\$ 295</b>	<b>\$ 300</b>	<b>\$ (5)</b>	<b>\$ 584</b>	<b>\$ 586</b>	<b>\$ (2)</b>

<i>(in GWh)</i>	Three months ended September 30			Six months ended September 30		
	2023-24	2022-23	Change	2023-24	2022-23	Change
Gas	2,861	2,182	679	5,624	4,711	913
Coal	1,857	2,412	(555)	3,630	4,153	(523)
Imports	505	481	24	980	761	219
Wind	424	436	(12)	850	1,028	(178)
Hydro	766	899	(133)	1,504	1,726	(222)
Solar	22	21	1	44	30	14
Other	36	28	8	74	48	26
<b>Gross electricity supplied</b>	<b>6,471</b>	<b>6,459</b>	<b>12</b>	<b>12,706</b>	<b>12,457</b>	<b>249</b>

Fuel and purchased power costs, excluding the federal carbon charge, were \$467 million in the first half of 2023-24, down \$33 million from the same period in 2022-23. The \$33 million decrease is a result of a favourable price variance offset by unfavourable fuel mix and volume variances. The price of fuel decreased due to average natural gas prices dropping approximately \$1.70 per gigajoule. The lower fuel prices resulted in an overall decrease of approximately \$76 million.

The fuel mix is the relative proportion that each fuel source contributes to our total fuel supply. The more energy generated from the lower incremental cost sources the more favourable the impact on fuel and purchased power costs. In the first six months of 2023-24, hydro generation volumes were lower compared to the same period in 2022-23, which required the Corporation to use more expensive natural gas generation and imports in place of this fuel source. The unfavourable change in the fuel mix resulted in overall increase of approximately \$33 million.

Total generation and purchased power was 12,706 GWh in the first six months of 2023-24, an increase of 249 GWh or 2.0% compared to the same period in 2022-23 due to higher customer demand. The higher electricity supplied resulted in an estimated \$10 million increase in fuel and purchased power costs.

Federal carbon charges increased \$31 million for the first half of 2023-24, as a result of the federal carbon tax rate increasing to \$65/tonne of carbon dioxide emissions (CO<sub>2</sub>e) combined with higher natural gas generation volumes.



## FEDERAL CARBON TAX VARIANCE (FCTVA)

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

<i>(in millions)</i>	Rate rider increase	\$/tonne CO <sub>2</sub> e	Federal carbon charge receipts/ receivables	Federal carbon charge payments/ payables	Other recoveries (expense)	Over (under) collected
Balance, December 31, 2021			\$ 318	\$ (304)	\$ 7	\$ 21
Total 2022 calendar year	0.0%	\$ 50	148	(192)	11	(33)
Total 2023 calendar year (nine months)	3.0%	65	174	(186)	22	10
<b>Cumulative balance</b>			<b>\$ 640</b>	<b>\$ (682)</b>	<b>\$ 40</b>	<b>\$ (2)</b>

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

The federal carbon tax payment for the 2022 calendar year is due December 15, 2023, to Environment and Climate Change Canada (ECCC) as well as certain independent power producers. The 3.0% increase in the carbon charge rate rider effective January 1, 2023, was required to recover the balance in the FCTVA and as a result of the federal carbon tax increasing to \$65/tonne of CO<sub>2</sub>e. In July 2023, the Government of Canada approved the Saskatchewan Output-Based Performance Standards (OBPS) Program as a replacement for the Federal OBPS Program retroactive to January 1, 2023.

## REVENUE FROM OTHER SOURCES

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

<i>(in millions)</i>	Three months ended September 30			Six months ended September 30		
	2023-24	2022-23	Change	2023-24	2022-23	Change
Exports	\$ 48	\$ 40	\$ 8	\$ 79	\$ 58	\$ 21
Other revenue	41	26	15	95	50	45
<b>Revenue from other sources</b>	<b>\$ 89</b>	<b>\$ 66</b>	<b>\$ 23</b>	<b>\$ 174</b>	<b>\$ 108</b>	<b>\$ 66</b>

Exports were \$79 million in the first half of 2023-24, up \$21 million from the same period in 2022-23. Exports were up due to increased volumes sold to the Southwest Power Pool at higher sale prices. Export sales volumes were 448 GWh, up 27 GWh from the volumes sold in the same period in 2022-23. The average export sales price increased \$37 per megawatt hour compared to the same period in the prior year.

Other revenue was \$95 million in the first six months of 2023-24, up \$45 million compared to the same period in 2022-23. This increase was primarily due to higher customer contributions and CO<sub>2</sub> revenue.

## OPERATING, MAINTENANCE AND ADMINISTRATION (OM&A)

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

<i>(in millions)</i>	Three months ended September 30			Six months ended September 30		
	2023-24	2022-23	Change	2023-24	2022-23	Change
<b>OM&amp;A</b>	<b>\$ 197</b>	<b>\$ 183</b>	<b>\$ 14</b>	<b>\$ 406</b>	<b>\$ 402</b>	<b>\$ 4</b>

OM&A expense was \$406 million in the first half of 2023-24, up \$4 million from the same period in 2022-23. The increase in OM&A was primarily due to increased maintenance costs related to the timing of overhauls and emergency maintenance at the Corporation's generation facilities and increased spending on energy efficiency customer programs.

## CAPITAL-RELATED EXPENSES

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

<i>(in millions)</i>	Three months ended September 30			Six months ended September 30		
	2023-24	2022-23	Change	2023-24	2022-23	Change
Depreciation and amortization	\$ 149	\$ 148	\$ 1	\$ 297	\$ 297	\$ -
Finance charges	103	104	(1)	202	208	(6)
Taxes	22	21	1	44	41	3
Other expenses (income)	7	(1)	8	11	8	3
<b>Capital-related expenses</b>	<b>\$ 281</b>	<b>\$ 272</b>	<b>\$ 9</b>	<b>\$ 554</b>	<b>\$ 554</b>	<b>\$ -</b>

Depreciation and amortization expense were \$297 million in the first half of 2023-24, consistent with the same period in 2022-23.

Finance charges were \$202 million in the first six months of 2023-24, down \$6 million compared to the same period in 2022-23. The decrease is due to higher debt retirement fund earnings and capitalized interest, combined with lower interest on lease liabilities, partially offset by higher interest on long-term and short-term borrowings.

Taxes were \$44 million in the first half of 2023-24, up \$3 million from the same period in 2022-23, due to higher corporate capital tax due to an increase in the paid-up capital base as a result of increased borrowings. In addition, grants-in-lieu were higher due to increased Saskatchewan electricity sales.

Other expenses were \$11 million in the first six months of 2023-24, up \$3 million compared to the same period in 2022-23. The increase is a result of higher losses on asset disposals and retirements, partially offset by adjustments to decommissioning provisions as a result of higher discount rates.

## FINANCIAL CONDITION

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

<i>(in millions)</i>	Change (\$)	Change (%)
Cash and cash equivalents	\$ (92)	<b>(48%)</b> Refer to Consolidated Statement of Cash Flows.
Accounts receivable and unbilled revenue	12	<b>3%</b> Higher grant funding receivables offset by lower electricity sales receivables.
Inventory	21	<b>7%</b> Increase in maintenance supplies, natural gas and coal inventory.
Prepaid expenses	(1)	<b>(2%)</b> Timing of recognition of expenses.
Property, plant and equipment	245	<b>2%</b> Additions offset by depreciation expense and asset disposals and retirements.
Right-of-use assets	(26)	<b>(6%)</b> Depreciation of right-of-use assets.
Intangible assets	(4)	<b>(6%)</b> Amortization expense, offset by capitalization of new software costs.
Debt retirement funds	2	<b>0%</b> Instalments and earnings, substantially offset by market value losses.
Other assets	8	<b>50%</b> Increase in long-term maintenance service costs.
Accounts payable and accrued liabilities	71	<b>9%</b> Increase in federal carbon charge payable offset by timing of accruals and payments.
Accrued interest	3	<b>4%</b> Higher borrowings.
Deferred revenue	(25)	<b>(57%)</b> Recognition of customer contributions in revenue.
Dividend payable	9	Dividend declared based on 2023-24 forecasted net income.
Risk management liabilities (net of risk management assets)	3	<b>50%</b> New hedge contracts and decreased forward natural gas prices, offset by settlement of natural gas hedges.
Short-term advances	(197)	<b>(25%)</b> Repayment of short-term advances.
Long-term debt (including current portion)	291	<b>4%</b> New borrowings, offset by repayments and amortization of debt premiums.
Lease liabilities (including current portion)	(22)	<b>(2%)</b> Principal repayments of lease liabilities.
Employee benefits	(55)	<b>(45%)</b> Net actuarial gains on the defined benefit pension plan offset by interest expense.
Provisions	(37)	<b>(11%)</b> Increased discount rates and expenditures partially offset by accretion.
Equity	124	<b>5%</b> 2023-24 comprehensive income less dividends.

## LIQUIDITY AND CAPITAL RESOURCES

### CASH FLOW HIGHLIGHTS

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

<i>(in millions)</i>	Six months ended September 30		
	2023-24	2022-23	Change
Cash and cash equivalents, April 1	\$ 192	\$ 32	\$ 160
Cash provided by operating activities	419	166	253
Cash used in investing activities	(542)	(492)	(50)
Cash provided by financing activities	31	320	(289)
<b>Cash and cash equivalents, September 30</b>	<b>\$ 100</b>	<b>\$ 26</b>	<b>\$ 74</b>

SaskPower's cash position at September 30, 2023 was \$100 million, up \$74 million compared to the same period in 2022-23. The increase in the cash position is largely due to higher operating income.

### CAPITAL EXPENDITURES

<i>(in millions)</i>	Three months ended September 30			Six months ended September 30		
	2023-24	2022-23	Change	2023-24	2022-23	Change
Generation	\$ 33	\$ 32	\$ 1	\$ 60	\$ 55	\$ 5
Transmission	22	17	5	36	36	-
Distribution	44	47	(3)	79	75	4
Other	36	19	17	63	37	26
<b>Sustainment</b>	<b>135</b>	<b>115</b>	<b>20</b>	<b>238</b>	<b>203</b>	<b>35</b>
Generation	84	33	51	176	94	82
Transmission	13	47	(34)	27	68	(41)
Distribution	4	4	-	8	8	-
Customer connects	51	49	2	90	85	5
<b>Growth, compliance and resiliency</b>	<b>152</b>	<b>133</b>	<b>19</b>	<b>301</b>	<b>255</b>	<b>46</b>
<b>Strategic and other</b>	<b>28</b>	<b>31</b>	<b>(3)</b>	<b>45</b>	<b>59</b>	<b>(14)</b>
	<b>315</b>	<b>279</b>	<b>36</b>	<b>584</b>	<b>517</b>	<b>67</b>
<b>Grant funding</b>	<b>(13)</b>	<b>(4)</b>	<b>(9)</b>	<b>(23)</b>	<b>(8)</b>	<b>(15)</b>
<b>Total capital expenditures</b>	<b>\$ 302</b>	<b>\$ 275</b>	<b>\$ 27</b>	<b>\$ 561</b>	<b>\$ 509</b>	<b>\$ 52</b>

To ensure a reliable, sustainable and cost-effective supply of electricity for its customers, SaskPower invested \$584 million, including grant funding in the first six months of 2023-24 on various capital projects. This includes \$113 million on the new units at Ermine and Yellowhead Power Stations; \$56 million on the new Great Plains Power Station; \$60 million on generation sustainment activities; \$90 million to connect customers to the SaskPower electric system; \$150 million on increasing capacity and sustaining transmission and distribution infrastructure; and \$45 million on strategic and other investments, of which \$38 million relates to the construction of the Regina Operations and Maintenance Complex, formerly known as the Logistics Warehouse Complex.

## CAPITAL MANAGEMENT

<i>(in millions)</i>	September 30	March 31	
	2023	2023	Change
Long-term debt	\$ 7,359	\$ 7,068	\$ 291
Short-term advances	593	790	(197)
Lease liabilities	881	903	(22)
<b>Total debt</b>	<b>8,833</b>	<b>8,761</b>	<b>72</b>
Debt retirement funds	719	717	2
Cash and cash equivalents	100	192	(92)
<b>Total net debt<sup>1</sup></b>	<b>\$ 8,014</b>	<b>\$ 7,852</b>	<b>\$ 162</b>
Retained earnings	2,191	2,071	120
Equity advances	593	593	-
<b>Total capital</b>	<b>\$ 10,798</b>	<b>\$ 10,516</b>	<b>\$ 282</b>
<b>Per cent debt ratio<sup>2</sup></b>	<b>74.2%</b>	<b>74.7%</b>	<b>(0.5%)</b>

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

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

SaskPower's total debt position (including lease liabilities) was \$8,833 million at September 30, 2023, up \$72 million from March 31, 2023. The change in total debt was the result of:

- On April 3, 2023, the Corporation repaid a \$150 million floating rate long-term debt.
- On May 12, 2023, the Corporation borrowed \$300 million of long-term debt. The debt issue has a coupon rate of 3.41%, an effective interest rate of 3.41% and matures on June 2, 2027.
- On June 22, 2023, the Corporation borrowed \$145 million of long-term debt at a discount of \$2 million. The debt issue has a coupon rate of 4.20%, an effective interest rate of 4.28% and matures on December 2, 2054.
- The principal repayment of \$22 million of the Corporation's lease liabilities; \$2 million in amortization of debt premiums net of discounts; and \$197 million in net repayments of short-term advances.

The Corporation's percent debt ratio has decreased slightly from 74.7% as at March 31, 2023, to 74.2% as at September 30, 2023.

## DEBT RETIREMENT FUNDS

<i>(in millions)</i>	Six months ended September 30	
	2023-24	2022-23
Balance, April 1	\$ 717	\$ 738
Debt retirement fund instalments	42	37
Debt retirement fund redemptions	-	(72)
Debt retirement fund earnings	6	-
Debt retirement fund realized market value losses	-	(7)
Debt retirement fund unrealized market value losses	(46)	(23)
<b>Balance, September 30</b>	<b>\$ 719</b>	<b>\$ 673</b>

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

During the first half of 2023-24, the Corporation made \$42 million in contributions to the debt retirement funds on outstanding debt issues as required by the terms of the advances from the Government of Saskatchewan's General Revenue Fund. SaskPower also earned \$6 million (included with finance charges and classified as non-cash operating activities) on debt retirement funds for the period. The debt retirement funds are classified as fair value through other comprehensive income. As a result, \$46 million in market value losses in the first six months of 2023-24 were recognized in other comprehensive income.

## DIVIDENDS

SaskPower pays dividends to Crown Investments Corporation (CIC) of Saskatchewan based on the CIC Dividend Policy. CIC has determined that SaskPower will be required to pay a 10% dividend based on 2023-24 net income. For the six months ended September 30, 2023, a dividend of \$9 million has been declared.

## CONTRACTUAL OBLIGATIONS

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

<i>(in millions)</i>	1 year	2 - 5 years	More than 5 years
Power purchase agreements <sup>1</sup>	\$ 644	\$ 2,493	\$ 8,624
Long-term debt (including principal and interest)	489	1,592	10,489
Debt retirement fund instalments	70	280	1,029
Coal purchase contracts	204	392	-
Natural gas purchase contracts	128	228	20
Natural gas transportation and storage contracts	56	165	220

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

## CONDENSED CONSOLIDATED STATEMENT OF INCOME (LOSS)

<i>(in millions)</i>	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2023-24</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2022-23</b>
<b>Revenue</b>				
Saskatchewan electricity sales	\$ 761	\$ 679	\$ 1,499	\$ 1,337
Exports	48	40	79	58
Other revenue	41	26	95	50
<b>Total revenue</b>	<b>850</b>	<b>745</b>	<b>1,673</b>	<b>1,445</b>
<b>Expense</b>				
Fuel and purchased power	295	300	584	586
Operating, maintenance and administration	197	183	406	402
Depreciation and amortization	149	148	297	297
Finance charges	103	104	202	208
Taxes	22	21	44	41
Other expenses (income)	7	(1)	11	8
<b>Total expense</b>	<b>773</b>	<b>755</b>	<b>1,544</b>	<b>1,542</b>
<b>Net income (loss)</b>	<b>\$ 77</b>	<b>\$ (10)</b>	<b>\$ 129</b>	<b>\$ (97)</b>

See accompanying notes



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(in millions)	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	September 30		September 30	
	2023-24	2022-23	2023-24	2022-23
<b>Net income (loss)</b>	\$ 77	\$ (10)	\$ 129	\$ (97)
<b>Other comprehensive income (loss)</b>				
Items that may be reclassified subsequently to net income:				
Derivatives designated as cash flow hedges:				
Natural gas hedges:				
Change in fair value during the period	2	-	(8)	-
Realized (losses) gains during the period	(6)	5	(13)	11
Reclassification to income	6	(5)	13	(11)
Debt instruments designated as fair value through other comprehensive income (FVOCI):				
Change in fair value during the period	(40)	7	(46)	(23)
Realized losses during the period	-	(7)	-	(7)
Reclassification to income	-	7	-	7
Items that will not be reclassified to net income:				
Defined benefit pension plans:				
Net actuarial gains (losses)	33	(1)	58	32
	(5)	6	4	9
<b>Total comprehensive income (loss)</b>	\$ 72	\$ (4)	\$ 133	\$ (88)

See accompanying notes

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at		(Unaudited)	(Audited *)
(in millions)	Notes	September 30	March 31
		2023	2023
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 100	\$ 192
Accounts receivable and unbilled revenue		428	416
Inventory		341	320
Prepaid expenses		40	41
Risk management assets	7	11	20
		920	989
<b>Property, plant and equipment</b>	3	10,866	10,621
<b>Right-of-use assets</b>	4	437	463
<b>Intangible assets</b>		68	72
<b>Debt retirement funds</b>		719	717
<b>Other assets</b>		24	16
<b>Total assets</b>		\$ 13,034	\$ 12,878
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 840	\$ 769
Accrued interest		75	72
Deferred revenue		19	44
Dividend payable		9	-
Risk management liabilities	7	20	26
Short-term advances		593	790
Current portion of long-term debt	5	200	150
Current portion of lease liabilities	6	59	54
		1,815	1,905
<b>Long-term debt</b>	5	7,159	6,918
<b>Lease liabilities</b>	6	822	849
<b>Employee benefits</b>		68	123
<b>Provisions</b>		304	341
<b>Total liabilities</b>		10,168	10,136
<b>Equity</b>			
Retained earnings		2,191	2,071
Accumulated other comprehensive income		82	78
Equity advances		593	593
<b>Total equity</b>		2,866	2,742
<b>Total liabilities and equity</b>		\$ 13,034	\$ 12,878

See accompanying notes

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

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(in millions)</i>	Accumulated other comprehensive income (loss)					Equity advances	<b>(Unaudited) Total</b>
	Retained earnings	as cash flow hedges	Net gains (losses) on derivatives designated as FVOCI	Net gains (losses) on debt instruments	Net actuarial gains (losses) on defined benefit pension plans		
<b>Equity</b>							
Balance, April 1, 2022	\$ 2,243	\$ 46	\$ (42)	\$ 120	\$ 593	\$ 2,960	
Net loss	(97)	-	-	-	-	(97)	
Other comprehensive income (loss)	-	-	(23)	32	-	9	
<b>Balance, September 30, 2022</b>	<b>\$ 2,146</b>	<b>\$ 46</b>	<b>\$ (65)</b>	<b>\$ 152</b>	<b>\$ 593</b>	<b>\$ 2,872</b>	
Net loss	(75)	-	-	-	-	(75)	
Other comprehensive income (loss)	-	(44)	13	(24)	-	(55)	
<b>Balance, March 31, 2023</b>	<b>\$ 2,071</b>	<b>\$ 2</b>	<b>\$ (52)</b>	<b>\$ 128</b>	<b>\$ 593</b>	<b>\$ 2,742</b>	
Net income	129	-	-	-	-	129	
Other comprehensive income (loss)	-	(8)	(46)	58	-	4	
Dividends	(9)	-	-	-	-	(9)	
<b>Balance, September 30, 2023</b>	<b>\$ 2,191</b>	<b>\$ (6)</b>	<b>\$ (98)</b>	<b>\$ 186</b>	<b>\$ 593</b>	<b>\$ 2,866</b>	

See accompanying notes

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions)	(Unaudited) Three months ended September 30		(Unaudited) Six months ended September 30	
	2023-24	2022-23	2023-24	2022-23
	<b>Operating activities</b>			
<b>Net income (loss)</b>	\$ 77	\$ (10)	\$ 129	\$ (97)
<b>Adjustments to reconcile net income to cash provided by operating activities</b>				
Depreciation and amortization	149	148	297	297
Finance charges	103	104	202	208
Net losses on asset disposals and retirements	8	1	13	8
Unrealized market value adjustments	1	(3)	1	(2)
Reclassification of natural gas hedges				
transitional market value losses	(3)	(4)	(6)	(8)
Natural gas inventory market revaluation	(1)	-	1	-
Allowance for obsolescence	-	1	1	1
Environmental expenditures net of provisions	(4)	(2)	(6)	(3)
	330	235	632	404
<b>Net change in non-cash working capital</b>	2	14	4	(32)
<b>Interest paid</b>	(89)	(98)	(217)	(206)
<b>Cash provided by operating activities</b>	<b>243</b>	<b>151</b>	<b>419</b>	<b>166</b>
<b>Investing activities</b>				
Property, plant and equipment additions	(290)	(264)	(534)	(486)
Intangible asset additions	(2)	(5)	(8)	(10)
Proceeds from sale and disposal of assets	7	10	7	10
Costs of removal of assets	(5)	(3)	(7)	(6)
<b>Cash used in investing activities</b>	<b>(290)</b>	<b>(262)</b>	<b>(542)</b>	<b>(492)</b>
<b>Decrease in cash before financing activities</b>	<b>(47)</b>	<b>(111)</b>	<b>(123)</b>	<b>(326)</b>
<b>Financing activities</b>				
Net proceeds from (repayments of) short-term advances	50	198	(197)	197
Proceeds from long-term debt	-	-	443	364
Repayments of long-term debt	-	(256)	(150)	(256)
Debt retirement fund instalments	(8)	(11)	(42)	(37)
Debt retirement fund redemptions	-	72	-	72
Principal repayment of lease liabilities	(10)	(8)	(22)	(17)
Dividends paid	(1)	-	(1)	(3)
<b>Cash provided by (used in) financing activities</b>	<b>31</b>	<b>(5)</b>	<b>31</b>	<b>320</b>
<b>Decrease in cash</b>	<b>(16)</b>	<b>(116)</b>	<b>(92)</b>	<b>(6)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>116</b>	<b>142</b>	<b>192</b>	<b>32</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 100</b>	<b>\$ 26</b>	<b>\$ 100</b>	<b>\$ 26</b>

See accompanying notes

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### NOTE 1 DESCRIPTION OF BUSINESS

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

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

### NOTE 2 BASIS OF PREPARATION

#### (a) Statement of compliance

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

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

The condensed consolidated financial statements were authorized for issue by the Audit & Finance Committee of the Board of Directors on November 13, 2023.

#### (b) Interim measurement

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

#### (c) Basis of measurement

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

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

#### (d) Functional and presentation currency

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

## **(e) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market at the measurement date under current market conditions (exit price). SaskPower's own credit risk and the credit risk of the counterparty have been taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. The Corporation has classified the fair value of its financial instruments as level 1, 2, or 3 (Note 7) as defined below:

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

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

Natural gas contract fair values are determined using independent pricing information from external market providers. The contracted cash flows are discounted using observable yield curves.

Level 3 – Fair values are determined based on inputs for the asset or liability that are not based on observable market data. As at September 30, 2023, the Corporation does not have any financial instruments classified as Level 3.

## **(f) Use of estimates and judgments**

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

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

Significant areas requiring the use of management estimates are:

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

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

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

### NOTE 3 PROPERTY, PLANT AND EQUIPMENT

<i>(in millions)</i>	Generation	Transmission	Distribution	Other	Construction in progress	Total
<b>Cost or deemed cost</b>						
Balance, April 1, 2022	\$ 7,769	\$ 2,991	\$ 4,894	\$ 1,101	\$ 656	\$ 17,411
Additions	63	46	148	31	509	797
Disposals and/or retirements	(14)	(1)	(12)	(8)	-	(35)
Transfers/adjustments	(25)	-	-	(1)	(298)	(324)
<b>Balance, September 30, 2022</b>	<b>\$ 7,793</b>	<b>\$ 3,036</b>	<b>\$ 5,030</b>	<b>\$ 1,123</b>	<b>\$ 867</b>	<b>\$ 17,849</b>
Additions	36	53	153	35	538	815
Disposals and/or retirements	(16)	(5)	(57)	(10)	-	(88)
Transfers/adjustments	30	-	-	2	(288)	(256)
<b>Balance, March 31, 2023</b>	<b>\$ 7,843</b>	<b>\$ 3,084</b>	<b>\$ 5,126</b>	<b>\$ 1,150</b>	<b>\$ 1,117</b>	<b>\$ 18,320</b>
Additions	34	181	162	76	561	1,014
Disposals and/or retirements	(8)	(7)	(8)	(12)	-	(35)
Transfers/adjustments	(35)	-	-	(1)	(461)	(497)
<b>Balance, September 30, 2023</b>	<b>\$ 7,834</b>	<b>\$ 3,258</b>	<b>\$ 5,280</b>	<b>\$ 1,213</b>	<b>\$ 1,217</b>	<b>\$ 18,802</b>
<b>Accumulated depreciation</b>						
Balance, April 1, 2022	\$ 3,883	\$ 862	\$ 1,998	\$ 535	\$ -	\$ 7,278
Depreciation expense	128	36	68	25	-	257
Disposals and/or retirements	(12)	(1)	(7)	(3)	-	(23)
Transfers/adjustments	-	-	-	-	-	-
<b>Balance, September 30, 2022</b>	<b>\$ 3,999</b>	<b>\$ 897</b>	<b>\$ 2,059</b>	<b>\$ 557</b>	<b>\$ -</b>	<b>\$ 7,512</b>
Depreciation expense	128	37	70	27	-	262
Disposals and/or retirements	(10)	(3)	(52)	(10)	-	(75)
Transfers/adjustments	-	-	-	-	-	-
<b>Balance, March 31, 2023</b>	<b>\$ 4,117</b>	<b>\$ 931</b>	<b>\$ 2,077</b>	<b>\$ 574</b>	<b>\$ -</b>	<b>\$ 7,699</b>
Depreciation expense	125	38	70	26	-	259
Disposals and/or retirements	(6)	(1)	(5)	(10)	-	(22)
Transfers/adjustments	-	-	-	-	-	-
<b>Balance, September 30, 2023</b>	<b>\$ 4,236</b>	<b>\$ 968</b>	<b>\$ 2,142</b>	<b>\$ 590</b>	<b>\$ -</b>	<b>\$ 7,936</b>
<b>Net book value</b>						
<b>Balance, September 30, 2022</b>	<b>\$ 3,794</b>	<b>\$ 2,139</b>	<b>\$ 2,971</b>	<b>\$ 566</b>	<b>\$ 867</b>	<b>\$ 10,337</b>
<b>Balance, March 31, 2023</b>	<b>\$ 3,726</b>	<b>\$ 2,153</b>	<b>\$ 3,049</b>	<b>\$ 576</b>	<b>\$ 1,117</b>	<b>\$ 10,621</b>
<b>Balance, September 30, 2023</b>	<b>\$ 3,598</b>	<b>\$ 2,290</b>	<b>\$ 3,138</b>	<b>\$ 623</b>	<b>\$ 1,217</b>	<b>\$ 10,866</b>

In the first half of 2023-24, interest costs totaling \$19 million (2022-23 – \$13 million) were capitalized at the weighted average cost of borrowings rate of 3.80% (2022-23 – 3.90%).

## NOTE 4 RIGHT-OF-USE ASSETS

<i>(in millions)</i>	Power purchase agreements	Buildings	Land	Total
<b>Cost</b>				
Balance, April 1, 2022	\$ 1,017	\$ 16	\$ 7	\$ 1,040
Additions	-	-	-	-
Terminations and/or modifications	-	-	-	-
<b>Balance, September 30, 2022</b>	<b>\$ 1,017</b>	<b>\$ 16</b>	<b>\$ 7</b>	<b>\$ 1,040</b>
Additions	-	-	-	-
Terminations and/or modifications	-	(4)	-	(4)
<b>Balance, March 31, 2023</b>	<b>\$ 1,017</b>	<b>\$ 12</b>	<b>\$ 7</b>	<b>\$ 1,036</b>
Additions	-	-	-	-
Terminations and/or modifications	-	(4)	-	(4)
<b>Balance, September 30, 2023</b>	<b>\$ 1,017</b>	<b>\$ 8</b>	<b>\$ 7</b>	<b>\$ 1,032</b>
<b>Accumulated depreciation</b>				
Balance, April 1, 2022	\$ 515	\$ 7	\$ 2	\$ 524
Depreciation expense	24	2	-	26
Terminations and/or modifications	-	-	-	-
<b>Balance, September 30, 2022</b>	<b>\$ 539</b>	<b>\$ 9</b>	<b>\$ 2</b>	<b>\$ 550</b>
Depreciation expense	24	1	1	26
Terminations and/or modifications	-	(3)	-	(3)
<b>Balance, March 31, 2023</b>	<b>\$ 563</b>	<b>\$ 7</b>	<b>\$ 3</b>	<b>\$ 573</b>
Depreciation expense	24	2	-	26
Terminations and/or modifications	-	(4)	-	(4)
<b>Balance, September 30, 2023</b>	<b>\$ 587</b>	<b>\$ 5</b>	<b>\$ 3</b>	<b>\$ 595</b>
<b>Net book value</b>				
<b>Balance, September 30, 2022</b>	<b>\$ 478</b>	<b>\$ 7</b>	<b>\$ 5</b>	<b>\$ 490</b>
<b>Balance, March 31, 2023</b>	<b>\$ 454</b>	<b>\$ 5</b>	<b>\$ 4</b>	<b>\$ 463</b>
<b>Balance, September 30, 2023</b>	<b>\$ 430</b>	<b>\$ 3</b>	<b>\$ 4</b>	<b>\$ 437</b>



## NOTE 5 LONG-TERM DEBT

<i>(in millions)</i>	
Balance, April 1, 2022	\$ 6,495
Long-term debt issues	364
Long-term debt repayments	(256)
Amortization of debt premiums net of discounts	(2)
<b>Balance, September 30, 2022</b>	<b>\$ 6,601</b>
Long-term debt issues	469
Long-term debt repayments	-
Amortization of debt premiums net of discounts	(2)
<b>Balance, March 31, 2023</b>	<b>\$ 7,068</b>
Long-term debt issues	443
Long-term debt repayments	(150)
Amortization of debt premiums net of discounts	(2)
	<b>\$ 7,359</b>
Less: current portion of long-term debt	(200)
<b>Balance, September 30, 2023</b>	<b>\$ 7,159</b>

## NOTE 6 LEASE LIABILITIES

<i>(in millions)</i>	September 30 2023	March 31 2023
Total future minimum lease payments	\$ 1,729	\$ 1,817
Less: future finance charges on leases	(848)	(914)
Present value of lease liabilities	\$ 881	\$ 903
Less: current portion of lease liabilities	(59)	(54)
	<b>\$ 822</b>	<b>\$ 849</b>

The above lease liabilities include power purchase agreements relating to the Meridian Cogeneration Station, Spy Hill Generating Station and the North Battleford Generating Station gas-fired facilities as well as land and building leases. During the six months ended September 30, 2023, SaskPower recognized \$66 million of interest costs on these lease liabilities.

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

<i>(in millions)</i>	1 year		2 - 5 years		More than 5 years
Future minimum lease payments	\$	186	\$	646	\$ 897
Present value of lease liabilities		59		208	614

## NOTE 7 FINANCIAL INSTRUMENTS

<i>(in millions)</i>	Classification	Level <sup>4</sup>	September 30, 2023		March 31, 2023	
			Asset (liability)		Asset (liability)	
			Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>						
Cash and cash equivalents	FVTPL <sup>1</sup>	1	\$ 100	\$ 100	\$ 192	\$ 192
Accounts receivable and unbilled revenue	AC <sup>2</sup>	N/A	428	428	416	416
Debt retirement funds	FVOCI - debt instrument <sup>3</sup>	2	719	719	717	717
<b>Financial liabilities</b>						
Accounts payable and accrued liabilities	AC <sup>2</sup>	N/A	\$ (840)	\$ (840)	\$ (769)	\$ (769)
Accrued interest	AC <sup>2</sup>	N/A	(75)	(75)	(72)	(72)
Dividend payable	AC <sup>2</sup>	N/A	(9)	(9)	-	-
Short-term advances	AC <sup>2</sup>	N/A	(593)	(593)	(790)	(790)
Long-term debt	AC <sup>2</sup>	2	(7,359)	(6,482)	(7,068)	(6,867)

<i>(in millions)</i>			September 30, 2023		March 31, 2023	
			Asset	Liability	Asset	Liability
<b>Natural gas contracts</b>						
Fixed price swap instruments used for hedging <sup>5</sup>	FVTPL <sup>1</sup>	2	\$ 11	\$ (20)	\$ 18	\$ (25)
Fixed price swap instruments	FVTPL <sup>1</sup>	2	-	-	2	(1)
			\$ 11	\$ (20)	\$ 20	\$ (26)

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

2. AC – amortized cost.

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

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

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

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

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

Not applicable (N/A) –

Financial instruments are carried at values which approximate fair value. This includes accounts receivable and unbilled revenue; other assets – long-term receivables; accounts payable and accrued liabilities; accrued interest; dividend payable; and short-term advances.

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

# SASKPOWER SYSTEM MAP

TOTAL AVAILABLE GENERATING CAPACITY AS AT SEPTEMBER 30, 2023: 5,349 MEGAWATTS (MW)

## HYDRO TOTAL CAPACITY - 865 MW

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

## IMPORT POWER PURCHASE AGREEMENTS - 290 MW

- I1** Manitoba Hydro - 290 MW

## NATURAL GAS TOTAL CAPACITY - 2,065 MW

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

## WIND TOTAL CAPACITY - 617 MW

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

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

## SOLAR TOTAL CAPACITY - 89 MW

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

Customer-generated solar capacity - 59 MW  
(NOT SHOWN ON MAP)

## COAL TOTAL CAPACITY - 1,389 MW

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

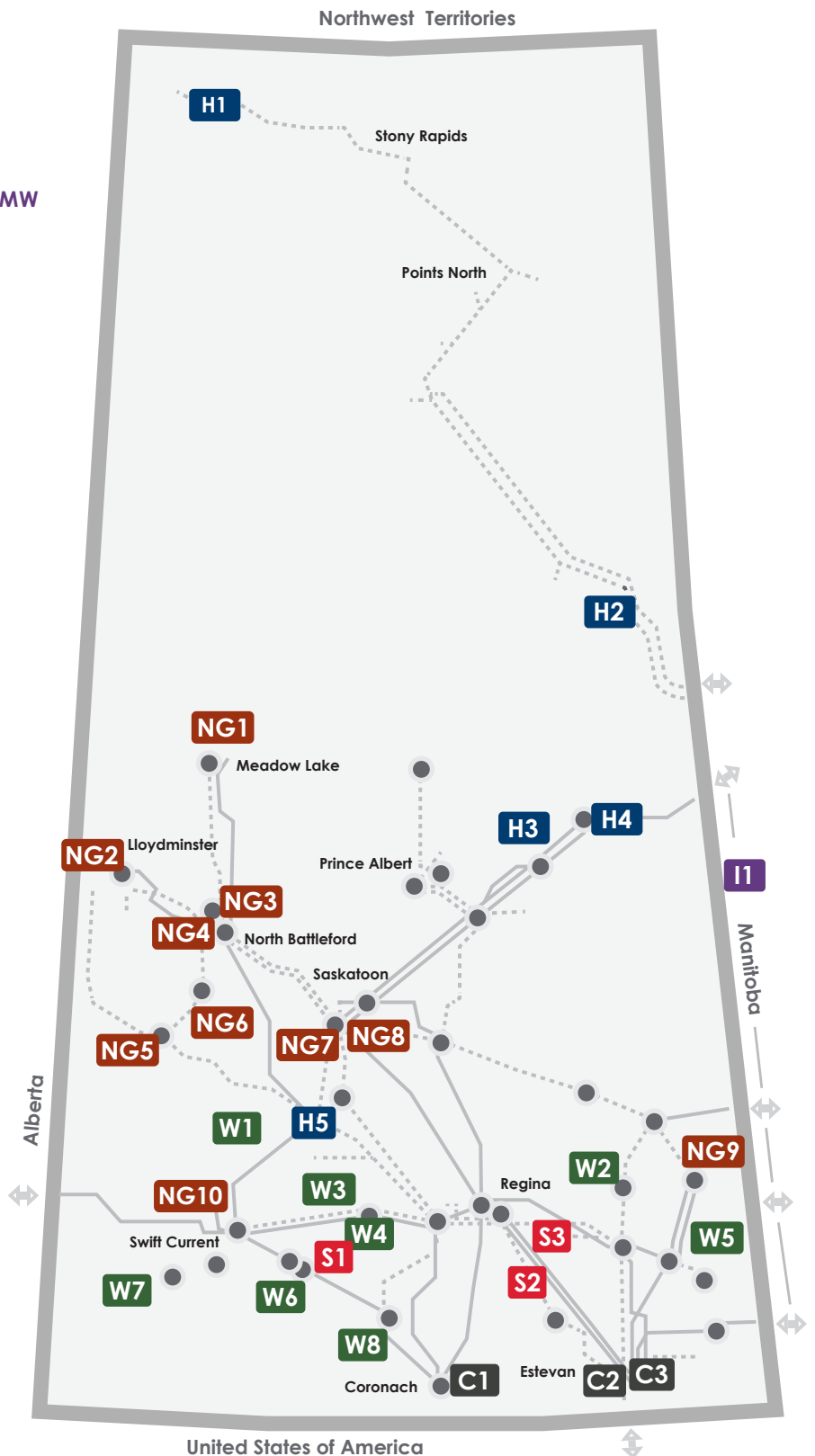
## SMALL INDEPENDENT POWER PRODUCERS

TOTAL CAPACITY - 34 MW (NOT SHOWN ON MAP)

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

### TRANSMISSION

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



\*Large Independent Power Producer

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