

FOCUS ON CORE OPERATIONS HELPS SASKENERGY MEET STRONG DEMAND FOR NATURAL GAS IN 2018-19; \$60 MILLION DIVIDEND DECLARED

SaskEnergy focused on its core operations in 2018-19, investing \$299 million in gas line infrastructure projects to deliver higher volumes of natural gas to meet growing customer demand. The industrial sectors of enhanced oil recovery, power production and mining continue to drive SaskEnergy's system load growth. SaskEnergy added 2,775 residential, business and industrial customers in 2018-19.

The increased customer demand for SaskEnergy's services was highlighted during the bitter cold of the 2018-19 winter. Last February was 40 per cent colder than normal. On February 8, 2019, SaskEnergy tied its all-time natural gas usage record of 1.50 Petajoules, originally set in December 2017.

"This past winter reminded us how much we depend on the safety and reliability of SaskEnergy's natural gas system and the importance of continued infrastructure investment," Minister Responsible for SaskEnergy Bronwyn Eyre said. "SaskEnergy has already reduced its commodity rates to their lowest level in 20 years. Based on current market forecasts, the corporation anticipates that there will be no commodity rate increases for at least the next two years, which is good news for customers."

Eyre said SaskEnergy will also be launching a furnace rebate program on August 1, 2019, which will provide \$650, or about 10 per cent of the cost, toward the purchase and installation of a new, high-efficiency furnace.

"Upgrading the heating system in your home is the single, best way to reduce your annual natural gas costs," Eyre said. "This new program is the result of a great partnership between SaskEnergy and its network of 148 Saskatchewan plumbing and heating contractors."

For more information on the program, and a list of SaskEnergy Network Members, customers can go to https://www.saskenergy.com/network_members/default.asp.

In 2018-19, SaskEnergy recorded income before unrealized market value adjustments of \$134 million, compared to \$110 million for the 12-month period ending March 31, 2018. The corporation declared a dividend of \$60 million to Crown Investments Corporation, based on 2018-19 income before unrealized market value adjustments. Unrealized market value adjustments were favourable in 2018-19, resulting in a consolidated net income of \$166 million.

Accounting standards require SaskEnergy to report its natural gas purchase and sales contracts at their market price on the financial statement reporting date. The difference between the contract price and the price on the financial statement reporting date is recorded as an unrealized market value adjustment on the statement of comprehensive income. These adjustments are non-cash items and therefore they do not result in any cash inflow or outflow to the corporation.

Other 2018-19 operational highlights include:

- \$115 million spent on safety and system integrity programs, which contributed to a 5.6 per cent reduction in gas line damage from unsafe digging by contractors and homeowners. SaskEnergy has reduced facility damage by 37 per cent since 2013;
- Sale of two non-core gas processing assets – the Coleville Gas Plant and the 50 per cent share of the Kisbey Gas Plant, proceeds of the \$31.3 million sale were used to fund operations and infrastructure projects;
- 17,200 Advanced Metering Infrastructure (AMI) wireless modules installed, bringing the total number of gas meters using the AMI system to 390,200. The AMI project is now almost 98 per cent complete;
- Installation of three new compressor stations to support industrial facility growth;
- Completion of a gas transmission line and station for the new SaskPower Chinook Power Plant;
- Continued work on moving natural gas transmission lines outside of major centres, including a \$76 million project south of Saskatoon and a \$100 million project in the Regina area;
- Continued focus on efficiency gains resulted in \$4 million in cost reductions throughout 2018-19, bringing efficiency savings to \$52 million since 2009; and
- 265 low-income homeowners helped through the Tune-up Assistance Program, which provides furnace maintenance.

To view a copy of the 2018-19 SaskEnergy Annual Report, please visit http://www.saskenergy.com/about_saskenergy/annual_report/default.asp.

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