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SERVICE DELIVERY THROUGH EXTREME WEATHER CONDITIONS HIGHLIGHTED SASKENERGY'S 2014 PERFORMANCE

For SaskEnergy, 2014 was a year when service delivery to customers was challenged by weather extremes. The corporation provided safe and reliable service while operating its system through conditions ranging from the coldest winter in decades, to high rainfall and summer flooding, followed by ground shifting and slope movement in certain areas this fall.

SaskEnergy's core focus throughout these conditions continued to be safety. System integrity spending hit an all-time high in 2014 at \$101 million. Safety remained at the forefront while meeting requirements associated with an increasing customer base, with SaskEnergy adding more than 7,300 new distribution accounts throughout the year, bringing its total customer base to close to 381,000.

"In one of the most challenging years in the company's history, SaskEnergy implemented extraordinary measures in order to safely provide the natural gas service our homes, farms, business and industry depend upon," Minister responsible for SaskEnergy, Jim Reiter said. "Countless times throughout 2014, SaskEnergy personnel across Saskatchewan displayed the dedication and professionalism our Crown employees are known for."

While operating through these weather events, SaskEnergy's recorded income before unrealized market value adjustments was \$47 million in 2014, this compares to \$79 million in 2013. The corporation declared a dividend of \$17 million to Crown Investments Corporation (CIC), based on 2014 income before unrealized market value adjustments, compared to \$30 million in 2013. Consolidated earnings include negative unrealized market value adjustments resulting in a recorded net loss of \$33 million. These required accounting adjustments are non-cash items related to the decline in natural gas prices at the end of 2014.

"In 2014, SaskEnergy also made significant investments in its distribution and transmission systems in order to manage increasing customer needs, align with Crown Sector Priorities, and support the Saskatchewan Growth Plan," Reiter said. "The company will continue to leverage its existing efficiency and productivity initiatives — which have realized \$32 million in savings over the last five years — to manage the demands of the growing provincial economy while offering competitive rates to the people of Saskatchewan."

Considerable industrial load growth occurred in 2014, with transmission volume increasing by 14 Petajoules, or 5.2 per cent, from the previous year, driven by significant system expansion to connect customers in key Saskatchewan industries, including power production, potash mining and enhanced oil recovery.

Other SaskEnergy/TransGas 2014 operational highlights include:

- Engaging in a number of new initiatives in 2014 to successfully reduce damage to its buried utility infrastructure. This included partnering with Sask 1st Call, the Saskatchewan Common Ground Alliance, SaskTel and SaskPower to launch the Sask 1st Call Safety Patrol program. The first of its kind in Canada, the program contributed to a significant reduction in third party line hits for the three utility Crowns of 31.8 per cent or 330 fewer damage incidents compared to 2013.
- The corporation's best-ever employee safety performance, which builds on SaskEnergy's commitment to the provincial Mission: Zero target.
- Productivity and efficiency savings of \$4.6 million, through a combination of business process changes and new technologies, the expanded use of mobile compression units, improved external resource strategies and increased use of natural gas vehicles.
- Completion of 2,349 distribution service connection upgrades through the multi-year distribution service integrity enhancement program, which proactively replaces services in areas of the province that are most susceptible to ground shifting when excessive soil moisture conditions are present.
- Completion of the 132 kilometre Bayhurst-to-Rosetown pipeline project, which was vital to managing increasing out-of-province supply requirements. The new pipeline will allow TransGas to meet growing load requirements on the northern part of its system, which have been driven by increased industrial activity. With a capital investment of \$70 million, the pipeline was one of the corporation's largest projects in recent history and the largest capital project in 2014.

To view a copy of the 2014 SaskEnergy Annual Report, please visit www.saskenergy.com/about_saskenergy/annual_report/default.asp.

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