

SaskEnergy

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**CUSTOMER GROWTH, INDUSTRIAL DEMAND AND INCREASED SYSTEM INTEGRITY SPENDING
HIGHLIGHT SASKENERGY 2012 ANNUAL REPORT**

Continued growth was a highlight for SaskEnergy in 2012, as evidenced by the increase in the company's distribution customer base and the strong industrial demand for natural gas within the province. SaskEnergy, which tabled its annual report in the Saskatchewan Legislature today, saw its system grow by nearly 7,400 distribution customers throughout the year, marking the highest annual figure in more than two decades. At the same time, safety remained the number one activity for the company, through planned programming and integration of industry best practices.

SaskEnergy recorded operational net earnings (income before unrealized market value adjustments) of \$73 million in 2012, compared to operational net earnings of \$84 million in 2011. Non-cash adjustments (a fair value adjustment and revaluation of natural gas in storage) resulted in consolidated net income of \$107 million in 2012. SaskEnergy declared a dividend of \$27 million to Crown Investments Corporation (CIC), based on 2012 operational net earnings, compared to \$39 million in the previous year.

"In 2012, SaskEnergy continued to support Saskatchewan's growth by delivering safe and reliable service to homes, businesses and industrial customers," Minister responsible for SaskEnergy Tim McMillan said. "Even as the corporation's system expanded, SaskEnergy continued to offer among the lowest delivery rates in Canada, in part because of its focus on productivity gains. This commitment to process improvements also resulted in \$5.6 million in efficiency savings."

The pace and degree of economic advancement in Saskatchewan, which resulted in SaskEnergy exceeding 365,000 distribution customers, also translated into considerable industrial load growth in 2012. Transmission volume increased by 10 Petajoules, or 4.3 per cent, from the previous year, driven by enhanced oil recovery, potash mines and power production.

"SaskEnergy completed a number of system expansion projects to meet the increased demand for natural gas in Saskatchewan, particularly by the industrial sector," McMillan said. "As the province relies more heavily on imported natural gas, these projects are going to continue to be an important factor in providing excellent service delivery that supports economic growth in Saskatchewan."

Other 2012 operational highlights include:

- Public safety and best practice alignment were a focus in 2012, with \$79 million dedicated to system integrity activities. In addition, nearly 2,150 service upgrades were completed as part of SaskEnergy's multi-year distribution service integrity enhancement program, which upgrades services in areas of Saskatchewan that are most susceptible to ground shifting when excessive soil moisture conditions are present.
- Excellent customer satisfaction results, with 92 per cent of residential customers surveyed giving their "overall satisfaction with SaskEnergy" a five, six, or seven on a seven-point scale, and TransGas achieving a 94 per cent level of satisfaction in its annual survey of commercial customers.
- SaskEnergy and CanGas Solutions Inc., a containerized compressed natural gas (CNG) transportation company, signed a three-year natural gas delivery agreement. As part of the agreement, SaskEnergy will develop a CNG loading facility near Weyburn, which will allow CanGas to become the first commercial supplier in Western Canada to provide trucked CNG to oil and gas drilling rigs.

To view a copy of the 2012 SaskEnergy Annual Report, please visit
http://www.saskenergy.com/about_saskenergy/annual_report/default.asp.

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For more information, contact:

Dave Burdeniuk
SaskEnergy
Regina
Phone: 306-777-9842
Email: dburdeniuk@saskenergy.com
Cell: 306-535-6569