



SaskWater

**Annual Report
2022-2023**

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About SaskWater

SaskWater is Saskatchewan's commercial Crown water utility, helping communities, First Nations and industry gain access to reliable and professional water and wastewater services.

The history of SaskWater goes back to 1966, when we began operations as the Saskatchewan Water Supply Board. The head office was relocated from Regina to Watrous in 1977, and in 1984, the Saskatchewan Water Corporation was created with its head office in Moose Jaw.

All the personnel and property of the former board were transferred to the new corporation. In 2002, SaskWater received a new mandate to operate exclusively as a commercial water utility.

SaskWater provides professional water and wastewater services to 75 communities, 10 rural municipalities, 78 rural pipeline groups, 15 Industrial and 258 commercial.

In addition, SaskWater remotely monitors facilities for six communities and provides operator training to 29 Saskatchewan First Nations.

SaskWater's services directly and indirectly reach approximately 117,400 people in Saskatchewan.

In order to provide these services, SaskWater owns nine water treatment plants, three wastewater force main, 135.5 kilometres of canal and 1,055 kilometres of potable and non-potable water pipeline. SaskWater also owns or leases 42 booster and pump stations, including those located at well sites.

Supporting economic growth and the people of Saskatchewan has always been at the core of SaskWater's purpose. As Saskatchewan's communities and industries grow with the province's expanding economy, SaskWater works hard to supply its customers with the infrastructure, customer service and water resources they need to prosper.

Corporate Profile

SaskWater is committed to providing the highest level of service to our customers. That promise is reflected in our corporation's vision, mission and values.

SaskWater has defined five strategic priorities to guide the corporation: **CUSTOMER FOCUS, GROWTH, OPERATIONAL EXCELLENCE & INNOVATION, LEADERSHIP & CULTURE and CORPORATE REPUTATION.** Our 2022–23 Annual Report provides details on how we are focused on achieving the goals that support these priority areas.

Our Vision

- To be Saskatchewan's choice for water services.

Our Mission

- To create trusted and sustainable water solutions for a vibrant Saskatchewan.



Our Values

- **ACCOUNTABILITY** – We are accountable for our decisions, communication, behaviours and results.
- **TEAMWORK** – We act as a team that collaborates and supports one another and other provincial organizations to be successful.
- **CREATIVITY** – We foster creative thinking and innovative ideas.
- **STEWARDSHIP** – We put health and safety first and respect and support the environment and communities where we live and work.
- **RECOGNITION** – We recognize and acknowledge each other for our contributions and celebrate success.

SaskWater's Value Proposition to Our Customers

- We provide safe, reliable service to give you peace of mind.
- SaskWater has the ability to invest in water and wastewater systems and our integrated asset management program ensures timely investment in existing assets. This allows customers to invest their dollars in other areas beneficial to their business or community.
- SaskWater employees hold diverse levels of certification for water and wastewater systems, allowing for early problem diagnosis and troubleshooting.
- SaskWater provides grant application support, enhancing our customers' ability to access capital funding and municipal grants.
- SaskWater's engineering team provides flexible solutions and project management services to meet the unique needs of customers from concept through to construction.
- SaskWater's remote monitoring system provides customers with the safety and security of having their facilities monitored 24 hours a day by trained operations personnel.
- SaskWater's knowledge of Saskatchewan's regulatory requirements and our operational expertise allow customers to focus on their core business while we ensure permit requirements and quality standards are met.
- SaskWater utilizes established knowledge and innovation exchange networks and is committed to adopting innovative ideas and technologies.
- As a provincial Crown utility, SaskWater has strong working relationships with regulatory and other government agencies, consultants and contractors that enable access to best practices.
- SaskWater's existing, well-maintained infrastructure allows for efficient and cost-effective regional solutions.
- SaskWater's Community Investment program supports Saskatchewan communities through sponsorships and donations.



Letter of Transmittal



Moose Jaw, Saskatchewan
June 2023

To His Honour
The Honourable Russ Mirasty, S.O.M., M.S.M.
Lieutenant Governor of Saskatchewan
Province of Saskatchewan

May it please Your Honour:

I have the honour to submit herewith the Annual Report of Saskatchewan Water Corporation for the fiscal year ending March 31, 2023, in accordance with *The Saskatchewan Water Corporation Act*.

The financial statements included in this annual report are in the form approved by Crown Investments Corporation of Saskatchewan, as required by the *Financial Administration Act, 1993* and have been reported on by the auditors.

Respectfully submitted,

Honourable Don Morgan, Q.C.
Minister Responsible for SaskWater



Letter to Stakeholders

SaskWater is working diligently to support the provincial growth plan through strategic initiatives that align closely with the province's objectives.

We have been especially focused on the need for infrastructure investment to build strong communities, and support value-added agriculture, which is key to achieving the province's goal to crush 75 per cent of the canola Saskatchewan produces. Throughout our efforts this year, SaskWater has been mindful of Saskatchewan's climate change strategy and the need to support a balanced budget.

During 2022–23, SaskWater commenced service on the new Prairie North Regional Potable Water Supply System, bringing potable water from Lloydminster to the communities of Marshall and Lashburn. A major upgrade at the Meadow Lake water treatment plant also reached substantial completion, improving system reliability and sustainability. Additional pipeline capacity was added to increase the volume of water delivered from the groundwater wells to the White City water treatment plant, facilitating continued community growth. As well, SaskWater signed an agreement with a company owned by the English River First Nation to operate their new membrane bioreactor wastewater treatment plant, with service to begin in 2023–24.

To serve the industrial growth announced around the Regina area by Cargill, Viterra, Federated Co-operatives Limited and AGT Food and Ingredients Inc., SaskWater initiated construction to extend a non-potable water pipeline from the Belle Plaine area to Regina. Approximately 65 kilometres of pipeline will connect to existing infrastructure in the Belle Plaine area and be served by the existing intake and pump station at Buffalo Pound Lake. By year end, the stakeholder engagement and regulatory approval requirements of the project were complete and significant progress was made on securing easements from landowners, pipeline engineering, selection of a pipeline supply and installation contractor and the initial engineering design for the required booster stations. The industrial project proponents are continuing with their own planning and development, with projected in-service timelines ranging from 2025 to 2028. SaskWater also participates in the government collaboration initiative designed to support companies considering establishing or expanding other facilities in the province. Some of these are companies in the Regina area that might also be interested in the new non-potable water supply service, while others are in different parts of the province.

The energy transition occurring within the provincial power system is critically important in reducing

greenhouse gases (GHG). Building a water supply system that will support a renewable fuel facility in the Regina area aligns with the provincial strategy, as does our commitment to reduce our carbon footprint. During the past year, SaskWater evaluated our progress on GHG emissions reduction and chose to move the yardstick for 2023–24, increasing our long-term GHG Emissions Reduction target by 10 per cent. We will continue with proven efforts, such as choosing vehicles for fuel efficiency, updating inefficient equipment and tweaking operations to lower overall power usage while seeking additional locations to expand our solar panel installations and finding new measures that can be implemented.

The corporation's financial results have been consistent and stable. Net income from operations in 2022–23 was \$8.639 million, compared to \$8.652 million in 2021–22. These amounts are prior to adjustments for unrealized losses on investments held for debt retirement, which are tied to interest rate changes and other market factors. The earnings supported a capital expenditure program of \$24.8 million, largely related to the projects described in the preceding paragraphs.

SaskWater's corporate strategic plan is described further within this report. Its key pillars include Customer Focus and Operational Excellence & Innovation. In support

of these priorities, SaskWater is developing two additional modules in our Enterprise Resource Planning software. These will streamline customer sales and customer service processes, reinforcing our commitment to provide timely service as we work with customers to support their needs. User acceptance testing for these modules has been scheduled and they are expected to be in service by the summer of 2023. We are pleased to introduce these tools that strengthen our customer-focused approach, but also aid and support our employees in providing excellent service. This reinforces another of our strategic priorities, which is to provide our employees with the leadership

and workplace environment they need to succeed.

Looking forward to 2023–24, the construction of the non-potable water supply system to Regina will dominate SaskWater's attention. Discussions will continue with a number of communities regarding potential future service. Funding under the Investing in Canada Infrastructure Program, which has been the major source of grant support for water and wastewater projects, is fully allocated and no new program has been announced to replace it. Until a new program is in place, growth in the municipal service sector will likely be constrained.

SaskWater is exploring opportunities to support the provincial growth

plan in our goal of expanded irrigation. The primary opportunity for SaskWater is likely along the Saskatoon Southeast Water Supply System canal, which sources water from Lake Diefenbaker. Among other things, work will be required to understand potential interest in addition to the suitability of land, water availability, additional infrastructure requirements and operational implications. SaskWater currently supports approximately 20,000 acres of irrigation along the canal.

The success SaskWater has enjoyed is thanks to our dedicated employees and their focus on customers. We wish to thank and acknowledge both our staff and customers for their support. They are the foundation of what we do.



Doug Matthies
President and CEO



Michael Gering
Chair of the Board



Financial & Operating Highlights

Financial Highlights (\$ thousands):	Year Ended March 31 2023	Year Ended March 31 2022
Total revenue	\$ 66,413	\$ 65,664
Total expenses	52,269	54,666
Operating income	11,144	10,998
Net finance expense	(2,505)	(2,346)
Net income	\$ 8,639	\$ 8,652
Other comprehensive income	(179)	(689)
Total comprehensive income	\$ 8,460	\$ 7,963
Dividends	\$ 7,775	\$ 6,489
Debt ratio	50.4 %	49.0 %
Operating Highlights (cubic metres):		
Non-potable water distributed	36,759,947	39,591,915
Potable water distributed	8,097,163	8,502,504

Key Financial Data (\$ millions)					
Year	Total Comprehensive Income	Revenue	Total Assets	Return on Average Equity	Debt Ratio
2022-23	\$8.5	\$66.4	\$382.2	11.0%	50.4%
2021-22	\$8.0	\$65.7	\$370.6	11.2%	49.0%
2020-21*	\$6.9	\$63.3	\$374.2	9.7%	49.6%
2019-20	\$8.5	\$59.5	\$372.0	11.3%	50.0%
2018-19	\$7.9	\$57.3	\$359.7	10.7%	46.1%

*Restated

Key Operational Data				
Year	Total Customer Accounts	Total Sales Volumes (million cubic metres)	Kilometres of Potable and Non-potable Pipeline	Full-Time Equivalent Employees
2022-23	426	46.1	994	132.5
2021-22	424	49.2	941	133.2
2020-21	415	44.2	942	132.1
2019-20	415	45.6	942	128.8
2018-19	415	48.7	967	129.7

Year at a Glance

On Task



Invested \$24.8 million on capital projects in 2022–23, with \$21.8 million going into new customer expansion and existing customer growth projects.



Invested \$1.5 million of capital spending into system upgrades, while infrastructure maintenance spending totalled \$1.5 million.



Logged 222,320 combined employee work hours in 2022–23 without incurring a single recordable or lost time injury, illustrating a maturing safety culture supported at all levels.



Signed a Certified Operation and Maintenance agreement to operate the new membrane bioreactor wastewater treatment plant on the Grasswoods Reserve located just outside the City of Saskatoon. The five-year agreement was made with Des Nedhe Utilities Limited Partnership, whose majority shareholder is English River First Nation.



Executed 22 of 26 potable water supply agreements for Saskatoon area customers to align with the new Master Water Servicing Agreement executed between the City of Saskatoon and SaskWater.



Participated in nine Crown collaboration initiatives, taking the lead on the Regional Infrastructure Crown Collaboration Committee, which works to advance a regional approach to water infrastructure within the province.



Continued preliminary planning for the Highway 9 Regional Water Supply System project. Consultation with First Nations in the area is complete and the project has qualified for conditional grant funding through the Investing in Canada Infrastructure Program. Discussions with potential customers are ongoing.



Renegotiated and signed four key service agreements with customers on the Buffalo Pound Regional Water Supply System.

Getting Results



Completed the Prairie North Regional Potable Water Supply System, partially funded by a grant from the New Building Canada Fund. The pipeline supplies potable water from the City of Lloydminster to the towns of Marshall and Lashburn.



Developed a five-year IT strategic plan that was approved for implementation in 2023–24.



Celebrated six employees awarded the Queen Elizabeth II Platinum Jubilee Medal for their service in areas of volunteerism, arts and culture, community and business.



Added the Town of Creighton as a ROAM remote monitoring customer.



Completed pipeline design and secured land acquisition for a significant portion of the Regina Regional Non-potable Water Supply System, created to support industry and economic development in Saskatchewan. Construction of the system, poised to begin in May 2023, will include approximately 65 km of pipeline and a booster station.



Twinned 4.8 km of pipeline from the White City Potable Water Supply System well site to the previously twinned section leading to the water treatment plant. This doubles the water capacity coming into the water treatment plant to support the community's growth agenda.



Completed upgrade and expansion of the Meadow Lake water treatment plant to incorporate a second Actiflo clarifier unit, providing redundancy for the plant's treatment process.



Undertook important maintenance on the Saskatoon Potable Water Supply System, which included a planned shutdown and swabbing of a significant portion of pipeline. This substantial project was achieved with minimal impact to customers.



Introduced a new Employee Family Assistance Program and offered orientation sessions to familiarize staff with new services available.



SaskWater's Core Lines of Business

- Potable Water Supply
- Non-Potable Water Supply
- Wastewater Treatment And Management
- Certified Operation And Maintenance (COM)

Potable Water Supply

SaskWater's potable water services deliver safe and reliable drinking water to municipalities, First Nations, rural pipeline groups and businesses, ensuring that communities continue to grow and thrive. All potable water delivered by SaskWater is suitable for human consumption, complying with all applicable regulations. Municipalities represent the largest consumers of potable water.

The majority of SaskWater's municipal customers own and operate their local distribution systems and manage the relationship with their residents. SaskWater provides wholesale water delivery service to the community, which then delivers the service to its residents.

Stand-Alone Systems

SaskWater's mandate enables the corporation to purchase and operate municipal water infrastructure or to construct new water supply and treatment systems. SaskWater currently owns and operates stand-alone systems in White City, Pierceland and Cupar.

Regional Systems

For many rural communities, a regional water system is the most cost-effective and sustainable solution to their water needs. SaskWater infrastructure located across the province provides regional solutions for municipalities and First Nations. SaskWater's support and expertise helps the communities it serves find solutions that reduce their long-term capital needs and operating costs. SaskWater owns and operates the Wakaw-Humboldt, Codette Lake, Elbow, Gravelbourg, Melville and Meadow Lake regional potable water systems. These systems

- Project Management
- Water And Wastewater Training
- Roam Remote Monitoring
- Leak Detection Audits

consist of a single treatment plant that produces and distributes potable water to surrounding communities through a pipeline network. Water treatment plants for these regional systems are located in Wakaw, Melfort, Elbow, Gravelbourg, Melville and Meadow Lake. Together, these systems supply potable water directly to 23 communities and several rural pipeline groups.

SaskWater also owns and operates three regional potable water systems where the water is purchased from other suppliers. SaskWater purchases potable water from the City of Saskatoon and delivers it to surrounding communities, industries, other commercial businesses and rural pipeline groups through an extensive pipeline network. SaskWater also purchases potable water from the Buffalo Pound Water Treatment Corporation and the City of Regina, sourced from the Buffalo Pound Water Treatment Plant, and delivers it to customers in the surrounding areas. The Prairie North Regional Potable Water Supply system delivers potable water purchased from the City of Lloydminster and delivers it to the communities of Marshall and Lashburn.

In 2022-23, SaskWater delivered 8.1 billion litres of high-quality drinking water to our customers.

Non-Potable Water Supply

Industry is the largest driver of SaskWater's non-potable water services, relying on SaskWater to construct, manage and operate the dependable water supply system it requires. Water delivered through a non-potable water supply system does not meet the regulated requirements for human consumption, but has numerous industrial, commercial and agricultural applications.

The majority of SaskWater's non-potable water supply is delivered in large volumes to industrial customers for processing and manufacturing operations, including potash mines and fertilizer manufacturers. Municipal customers also purchase non-potable water from SaskWater. These customers own water treatment facilities and perform their own treatment processes prior to residential delivery.

SaskWater owns and operates non-potable water systems in the areas surrounding Saskatoon and Buffalo Pound Lake, and along the Saskatoon Southeast Water Supply system. SaskWater's non-potable system in Moose Jaw is unique in that it is a geothermal well that provides service to the tourism industry.

In 2022-23, SaskWater delivered 36.8 billion litres of non-potable water.

Wastewater Treatment and Management

SaskWater recognizes the need for environmentally sustainable wastewater treatment and disposal solutions. SaskWater owns and operates wastewater facilities in Nipawin, Pierceland and Fort Qu'Appelle. The Pierceland facility is a stand-alone system. The Nipawin and Fort Qu'Appelle facilities are regional wastewater systems serving multiple customers either through force mains or dump stations for commercial truck haulers.

In 2022-23, SaskWater received and treated 1.3 billion litres of wastewater.

Certified Operation and Maintenance (COM)

SaskWater lends our expertise in various ways to support customers who own their infrastructure. SaskWater contracts with 20 communities and

rural pipeline groups to provide certified operation and maintenance of their water and wastewater systems, including:

- non-potable water supply
- water and wastewater treatment plants
- treated water storage facilities
- distribution systems
- wastewater collection and disposal

The above services are supervised or performed by certified operators. COM also provides regulatory reporting and consultation, emergency planning, remote monitoring and customer support services. SaskWater is able to offer the services of our qualified certified operators to communities and rural pipeline groups located near our existing operating centres.

Project Management

SaskWater provides project management services for customers undertaking water and wastewater infrastructure projects. Through the planning and design stages to construction and financing, SaskWater has the expertise and experience to provide complete project management services.

SaskWater also plans and manages the design and construction of water and wastewater infrastructure in Northern Saskatchewan on behalf of the Ministry of Government Relations and northern municipalities. From our Prince Albert office, SaskWater provides ongoing technical advice to northern communities for maintenance and expansion of their water and wastewater infrastructure, including responding to community emergencies related to that infrastructure.

In 2022-23 SaskWater's Northern Engineering unit provided project management services on 37 projects. Of the projects, 19 were funded by the New Building Canada Fund and Investing in Canada Infrastructure Fund grant programs.

Water and Wastewater Training

SaskWater works on behalf of Indigenous Services Canada to provide operations training to Saskatchewan First Nations. In 2022–23, SaskWater trained more than 67 water and wastewater operators at 29 First Nations.

The goal of SaskWater’s training program is to assist in providing a safe water supply to residents and to safeguard their valuable water and wastewater infrastructure investment. The program began in 1978, and has evolved over the years to suit the specific water and wastewater operational needs of First Nations communities as they adapt to frequently changing technology and increasingly stringent regulatory requirements.

Benefits to First Nations communities include:

- enhanced quality of water and wastewater operations
- emergency technical assistance, as required
- limited service disruptions and threats to public water quality and supply
- progressive operator development, including certification tutorial support
- annual water consumption records collection and reporting, representation at project management team meetings on behalf of First Nations receiving new facilities or significant facility upgrades and upon request, participation in relevant stakeholder meetings

ROAM Remote Monitoring

ROAM – Remote Oversight and Monitoring – provides continuous monitoring of water and wastewater facilities for customers who wish to retain both ownership and operation of their systems. Partnering with TransGas (a subsidiary of SaskEnergy), SaskWater currently uses a Supervisory Control and Data Acquisition (SCADA) system to remotely monitor 64 SaskWater and customer-owned facilities across the province, 24 hours a day, 7 days a week.

ROAM employs certified operators who monitor water treatment plants, wastewater treatment facilities and distribution systems. On our own facilities, remote monitoring helps SaskWater increase safety, improve service, enhance water quality monitoring and reduce costs. The benefits for the customer include providing a higher level of service to residents and customers through constant monitoring and the ability to respond proactively to plant fluctuations and troubleshooting, potentially saving time and money.

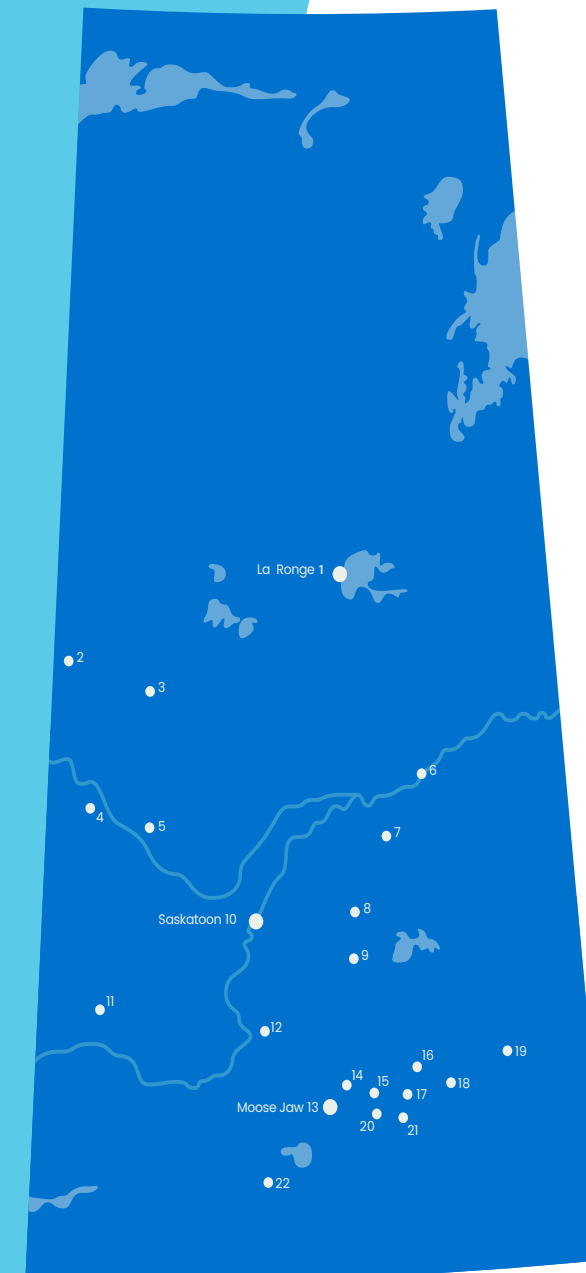
Leak Detection Audits

SaskWater provides leak detection audits using noise correlator technology to detect subsurface water leaks on distribution systems. Our team of highly qualified professionals is trained and equipped to support our customers with this industry best practice for maintenance and asset management. This service strengthens SaskWater’s commitment to provide safe, high-quality water to Saskatchewan communities as leaks of any size can damage infrastructure, contaminate a water supply, deprive a community of considerable revenue and waste a valuable natural resource.

System Maps

Current Service Areas in Saskatchewan

SaskWater currently owns and/or operates potable, non-potable and wastewater infrastructure in the following areas:

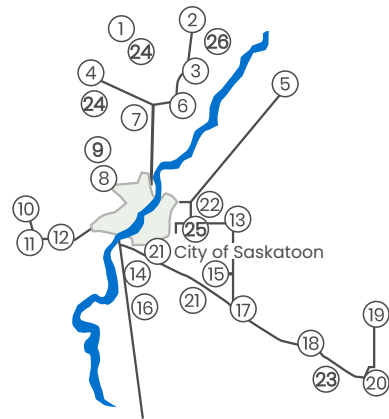


- 1 LA RONGE REGION
- 2 PIERCELAND
- 3 MEADOW LAKE
- 4 MARSHALL-LASHBURN REGION
- 5 MEOTA-COCHIN-JACKFISH LAKE
- 6 NIPAWIN
- 7 MELFORT REGION
- 8 WAKAW-HUMBOLDT REGION
- 9 HANLEY-WATROUS-LANIGAN REGION
- 10 SASKATOON REGION
- 11 KINDERSLEY REGION
- 12 ELBOW
- 13 MOOSE JAW
- 14 BUFFALO POUND REGION
- 15 RM OF SHERWOOD
- 16 CUPAR
- 17 EDENWOLD
- 18 FORT QU'APPELLE
- 19 MELVILLE
- 20 GLOBAL TRANSPORTATION HUB
- 21 WHITE CITY
- 22 GRAVELBOURG

Our Water Supply Systems

SASKATOON REGION

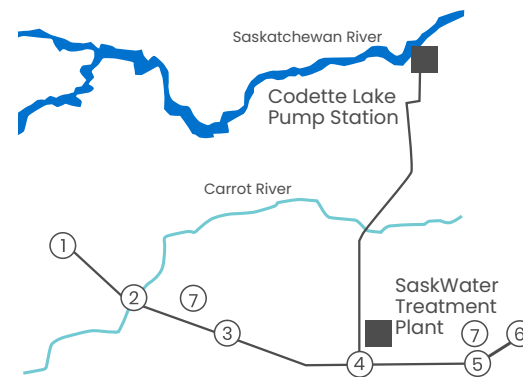
Potable Water Supply System



- | | | |
|---------------------------------|------------------------------------|---|
| 1. Hepburn | 10. Pratus Development Ltd. | 20. Allan |
| 2. Hague | 11. Prairie Pride Chick Sales Ltd. | 21. Dundurn Rural Water Utility (2) |
| 3. Osler | 12. Chemtrade West | 22. Highway 41 Rural Water Utility (5) |
| 4. Dalmeny | 13. Sunset Estates | 23. Allan South Rural Water Utility (2) |
| 5. Aberdeen | 14. Grasswood | 24. Intervalley Inc. (2) |
| 6. Warman | 15. Cargill Ltd. | 25. Lost River Water Co. (10) |
| 7. Martensville | 16. Casa Rio/Wood Meadow | 26. Sask Valley Rural Water Utility |
| 8. BizHub Developments Ltd. (5) | 17. Clavet | |
| 9. Yellowhead Industrial Park | 18. Bradwell | |
| | 19. Elstow | |

MELFORT REGION

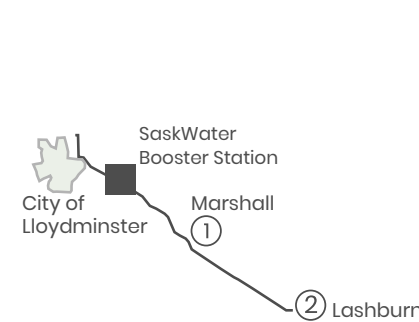
Potable Water Supply System



1. Weldon
2. Kinistino
3. Beatty
4. Melfort
5. Star City
6. Star City Farming
7. Melfort Rural Pipeline Association (17)

PRAIRIE NORTH REGION

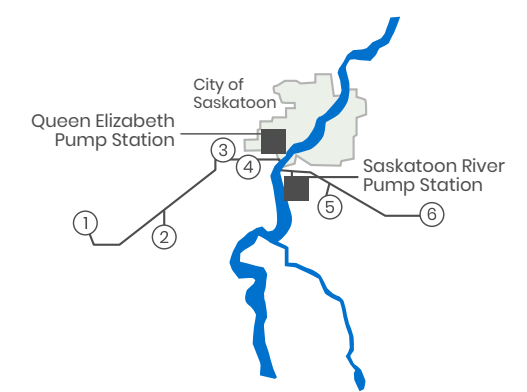
Potable Water Supply System



1. Marshall
2. Lashburn

SASKATOON AREA

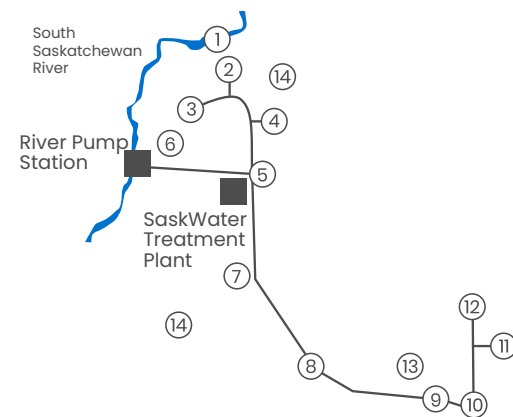
Non-potable Water Supply System



- | | |
|--|--|
| 1. Agrium Potash | 4. Cedar Villa |
| 2. Vanscoy | 5. Golf Courses (WGCC/SGCC/Greenbryre) |
| 3. SaskPower International Inc./PCS Cory | 6. Cargill |

WAKAW-HUMBOLDT REGION

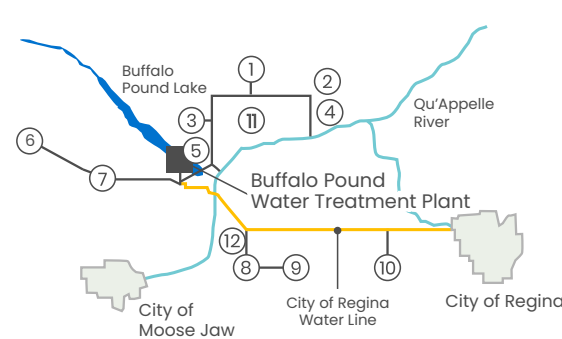
Potable Water Supply System



- | | |
|----------------------------|---|
| 1. St. Louis | 9. Humboldt |
| 2. Hoey | 10. Muenster |
| 3. St. Isidore-de-Bellevue | 11. Anaheim |
| 4. Domremy | 12. Lake Lenore |
| 5. Wakaw | 13. SHL Pipeline Association (19) |
| 6. One Arrow First Nation | 14. North Central Rural Pipeline Association (24) |
| 7. Cudworth | |
| 8. Bruno | |

BUFFALO POUND REGION

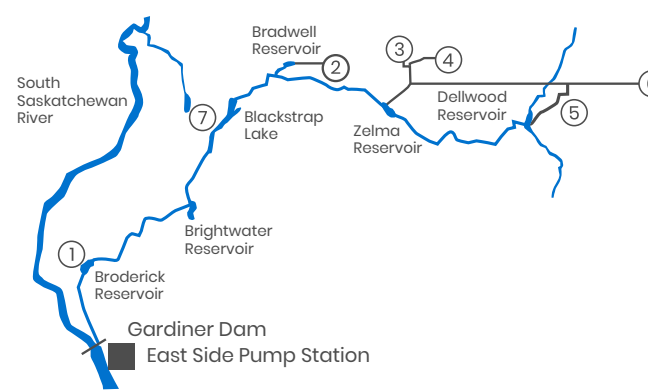
Potable Water Supply System



- | | |
|----------------------------------|--------------------------------|
| 1. Bethune | 7. Tuxford |
| 2. Arm River Farming | 8. Yara Belle Plaine Inc. |
| 3. Buffalo Plains Cattle Company | 9. Windsor Salt Ltd. |
| 4. Disley | 10. Grand Coulee |
| 5. K+S Potash Canada | 11. Dufferin Water Assoc. (15) |
| 6. Marquis | 12. Genesis Fertilizer |

SASKATOON SOUTHEAST AREA

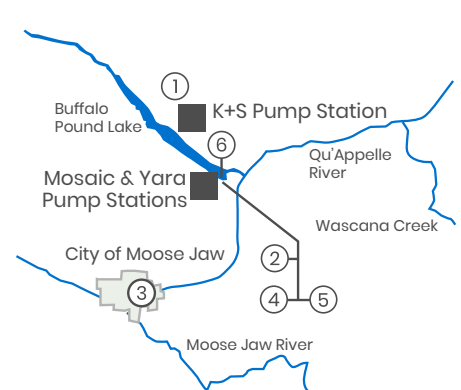
Non-potable Water Supply System



- | | |
|-------------------------------|----------------|
| 1. Broderick | 4. Viscount |
| 2. PCS Allan | 5. PCS Lanigan |
| 3. Mosaic Potash Colonsay ULC | 6. BHP Jansen |
| | 7. Shields |

BUFFALO POUND AREA

Non-potable Water Supply System



- | | |
|-------------------------------|-------------------------------|
| 1. K+S Potash Canada | 4. Yara Belle Plaine Inc. |
| 2. Co-op Ethanol Complex | 5. Mosaic Potash Belle Plaine |
| 3. Temple Gardens Mineral Spa | 6. Waldorf Ranch |



Management Discussion & Analysis

Overview

Strategic Plan & Balanced Scorecard Measures

Corporate Strategic Plan

Customer Focus

Growth

Operational Excellence & Innovation

Leadership & Culture

Corporate Reputation

Our Corporate Social Responsibility Commitment

Operating Environment

Overview

The following Management Discussion and Analysis (MD&A) highlights key factors that influenced SaskWater's operations and financial results for the year ended March 31, 2023.

The MD&A should be read in conjunction with the audited financial statements and accompanying notes, which have been prepared in accordance with International Financial Reporting Standards.

The information has been prepared and organized to assist readers in understanding the business services offered by SaskWater, where the company operates, key aspects of the strategic plan and results achieved during the year.

The MD&A contains certain forward-looking statements that are subject to inherent uncertainties and risks. Many of these risks are described in the Risk Management section of the MD&A. All forward-looking statements reflect the corporation's best estimates and assumptions based on information available at the time the statements were made. However, actual results and events may vary significantly from those anticipated.

SaskWater's primary lines of business are the provision of potable and non-potable water, which make up over 80 per cent of all revenue. The remaining revenue is derived from a combination of wastewater services, certified operation and maintenance (in which SaskWater provides operator management services



but does not own the facilities), support to northern Saskatchewan communities and First Nations (as further described in the Lines of Business section) and amortization of customer and grant contributions to support capital projects.

Potable water services are largely provided to municipalities while non-potable water services are typically for large industrial businesses. Potable water sales are influenced by weather conditions over the summer months in particular, population changes within individual communities and changes to the customer base, such as securing a new customer community. Non-potable water sales are concentrated within the potash sector in the province and are sensitive to global market conditions within the sector.

Strategic Plan & Balanced Scorecard Measures

SaskWater launched its current strategic plan in 2021-22 to respond to changes in our operating environment and the water sector. After accomplishing many of the strategic priorities in our last plan, we identified a number of new opportunities to pursue. Through the strategic planning process, we redefined our mission and vision for SaskWater, re-evaluated our strategies going forward, set new near-term priorities and established new values.

Our strategic direction is described by our mission, to create trusted and sustainable water solutions for a vibrant Saskatchewan, and our vision, to be Saskatchewan's choice for water services. These two statements provide focus, inspiration and direction for our customer-centric strategic framework. They also align with the Government of Saskatchewan's Growth Plan initiatives to grow the province and enhance the quality of life for Saskatchewan people. Safe, reliable water is critical to the health and economic well-being of communities, and serves as an important component to attract population and industrial/business growth.

To accomplish our vision and mission, five strategic priorities and goals have been identified, which include Customer Focus, Growth, Operational Excellence & Innovation, Leadership & Culture,

and Corporate Reputation. Growth is the central priority of our strategic plan, and it is supported by the remaining four. These strategic priorities complement each other to achieve our vision of being Saskatchewan's water supplier of choice. We believe that being customer-centric in our service approach, harnessing innovation to improve efficiency and affordability, focusing on the leadership capabilities of our employees and enhancing our reputation with stakeholders, will support our endeavours to grow our services across the province.

We measure our progress with the strategic plan through our performance management program and report on our success using the balanced scorecard. All the measures and corresponding targets in the balanced scorecard have been aligned with each of our priority areas to monitor and measure progress. Progress toward the targets is monitored and reported throughout the year to the Board of Directors and Crown Investments Corporation (CIC), allowing for corrective action to be taken, if necessary, to achieve the targets.

The following sections highlight each of our priorities and the progress we have made, with a focus on performance relative to our balanced scorecard measures and targets for the 2022-23 fiscal year.



Corporate Strategic Plan

Vision		Mission		Values	
To be Saskatchewan's choice for water services.		To create trusted and sustainable water solutions for a vibrant Saskatchewan.		<ul style="list-style-type: none"> Accountability Teamwork Creativity 	<ul style="list-style-type: none"> Stewardship Recognition
Strategic Priorities			Strategic Goals		
	Customer Focus	<ul style="list-style-type: none"> Provide a great customer experience. Increase the perceived value of service provided by SaskWater. Be a customer-centric organization. 			
	Growth	<ul style="list-style-type: none"> Increase revenue to \$75 million. 			
	Operational Excellence & Innovation	<ul style="list-style-type: none"> Employees embrace innovation and actively participate in identifying and implementing innovative ideas. Leverage technology and analytics to support decision-making and enhance services delivered to customers. Optimize capital, operational and overhead costs. 			
	Leadership & Culture	<ul style="list-style-type: none"> Effective leaders throughout the organization. Employees understand, embrace and demonstrate SaskWater's corporate culture. Commitment to a safe and healthy workplace. Strong employee engagement. 			
	Corporate Reputation	<ul style="list-style-type: none"> Strengthen SaskWater's reputation with stakeholders. SaskWater is recognized as a good corporate citizen. SaskWater contributes to the overall success of the province. 			



Customer Focus



Our Goals

- Provide a great customer experience
- Increase the perceived value of service provided by SaskWater
- Be a customer-centric organization

How We Measure Up

SaskWater's **Customer Focus** goal serves to ensure that customers continue to have confidence in SaskWater to provide safe and reliable water services and that their needs are prioritized. SaskWater uses four measures to evaluate our success in meeting and exceeding customer needs and expectations.

SaskWater evaluates our customer experience through the following measures: *Customer Satisfaction Survey*, *% of Interruptions Resolved Within 24 Hours*, the *Water Quality Index* and *Current Customer Engagement*. SaskWater carries out a *Customer Satisfaction Survey* on a biennial basis, broken out into association, community, industrial and single-user customer segments. This survey is used to measure our customers' perceptions of their interactions with SaskWater and our ability to provide a great customer experience. SaskWater did not perform a customer satisfaction survey in 2022-23. The next survey will be conducted in 2023-24.

The *% of Interruptions Resolved Within 24 Hours* measure allows us to track our performance in restoring service to the customer after an interruption. Scoring well in the measure ensures that all planned interruptions (repairs and maintenance) and unplanned interruptions (power outages, water supply leaks) are addressed quickly, and that service is restored to the customer as expeditiously as possible. The measure is displayed as a percentage of interruptions that were responded to within 24 hours. SaskWater recorded 32 interruptions in 2022-23 and was successful in addressing 31 of these within 24 hours. As a result, SaskWater was on target with a 97 per cent outcome. Most of these interruptions were related to power outages that affected service.

The *Water Quality Index* measure identifies four critical factors that determine whether SaskWater is achieving high-quality water throughout our potable water systems. The factors include chlorine, turbidity, bacteriological analysis and trihalomethanes (THMs). For the target calculation, each factor is given a weighted percentage based on risk and impact associated with their potential presence in the water source.

We Commit To:

Excellent customer support and delivering high-quality, reliable services at a price that is valued by the customer.

As a customer-centric organization, we strive to create a great customer experience with each and every interaction we have with our customers. We view our relationship with customers as a partnership where we work together to develop mutually beneficial solutions that are valued. This means that the customer's perspective is central to all of our decisions.

As customers are central to what we do, we know that their success will also be ours. We believe that strong customer relationships are paramount to realizing new growth opportunities. Having a positive reputation with our customer is key to our long-term success.



The *Water Quality Index* measure was on target for 2022–23, with all SaskWater systems meeting each of the *Water Quality Index* factors. Full details regarding the 2022 water quality results can be found in SaskWater’s 2022 *Water Quality Report* located at <https://www.saskwater.com/wp-content/uploads/2023/04/Water-Quality-report-2022-FINAL-digital.pdf>.

Water Quality Index Factor Results		
	2022–23 Factor Target	2022–23 Result
Chlorine	0.230	0.230
Turbidity	0.230	0.230
Bacteriological Analysis	0.470	0.470
Trihalomethanes (THMs)	0.070	0.070

The *Customer Engagement* measure identifies how often SaskWater initiates purposeful communication with our customer groups. SaskWater has established a long-term target of having in-person meetings with all municipal and rural pipeline group customers by the end of the strategic plan. For 2022–23, SaskWater achieved a 55 per cent for this measure, surpassing our target of 52 per cent. While regular communication occurs regarding day-to-day operations, SaskWater is ensuring that customers are contacted annually to engage in meaningful discussion so that they feel valued and their needs or issues are addressed accordingly.

Balanced Scorecard

Legend

- Exceeded Target By 20% Or Greater
- On Target
- Slightly Off Target By Up To 20%
- Off Target By Greater Than 20%
- Target Information Not Available

Strategic Objective

Strategic Objective	Measure	2022–23 Results								
		2022–23 Target	2022–23 Result	Status Light	2023–24 Target	2024–25 Target	2025–26 Target	2026–27 Target	2027–28 Target	Long-Term Target
Provide A Great Customer Experience	1 Customer Satisfaction Survey	N/A	N/A	●	8.5	N/A	8.5	N/A	8.5	8.5
	2 % of Interruptions Resolved Within 24 Hours	97%	97%	●	97%	97%	97%	97%	97%	97%
	3 Water Quality Index	0.990	1.000	●	0.991	0.992	0.993	0.994	0.995	0.995
Increase The Perceived Value Of Service Provided By SaskWater	4 Current Customer Engagement	52%	55%	●	60%	70%	78%	85%	90%	100% of Small, Medium and Large Municipal Customers



Growth



Our Goal

- Increase revenue to \$75 million

We Provide:

A diverse suite of services and solutions that increase market share and shareholder returns.

SaskWater is committed to growing the business so that we provide value to our customers and shareholder, while also supporting Saskatchewan's growth goals through strategic investments and partnerships. Our growth strategy continues to emphasize diversification, competitiveness and risk reduction by increasing SaskWater's customer base and expanding our revenue streams.

We will continue to advance a regional approach to water infrastructure development in the province to diversify and grow our business. We believe

this is a sustainable way to provide water services across the province and support the Government of Saskatchewan's Growth Plan for investing and supporting communities and infrastructure development. We laid the initial foundation for regionalization in our previous strategy and are looking to continue our focus and effort in this area. While regionalization is an important pillar for growth, we will also continue to work with individual municipal and industrial customers to provide services that address their needs and expectations.

How We Measure Up

SaskWater's **Growth** goal highlights our growth ambition. Growth is central to our strategic plan and supports the Saskatchewan Growth Plan.

The *Increase Revenue to \$75 Million by 2026–27* is currently SaskWater's only strategic objective for this goal and is tracked through our *Revenue Growth* measure. When developing the strategic plan, SaskWater selected a long-term \$75 million growth target. At that time, SaskWater's overall total revenue

was \$59.5 million. To achieve an increase of \$15.5 million over the life of the strategic plan, SaskWater will require the addition of several new projects and the expansion of our customer base. It is important to note that SaskWater is not relying on achieving our target through rate increases or changes to consumption. To achieve the target, SaskWater must procure several new customers. Initiatives in this area include identifying regional systems to expand services to and the exploration of new lines of businesses that open SaskWater up to new markets. SaskWater is currently on target to meet our growth goal at the end of 2026–27.

Legend

- Exceeded Target By 20% Or Greater
- On Target
- Slightly Off Target By Up To 20%
- Off Target By Greater Than 20%
- Target Information Not Available

Balanced Scorecard

Strategic Objective

Measure	2022-23 Target	2022-23 Result	Status Light	2022-23 Results							
				2023-24 Target	2024-25 Target	2025-26 Target	2026-27 Target	2027-28 Target	Long-Term Target		
Increase Revenue To \$75 Million By 2026-27	5	Revenue Growth (000s)	●	\$65,936	\$66,413	\$67,234	\$67,480	\$69,525	\$78,682	\$82,085	\$75M



Operational Excellence & Innovation



Our Goals

- Employees embrace innovation and actively participate in identifying and implementing innovative ideas
- Leverage technology and analytics to support decision-making and enhance services delivered to customers
- Optimize capital, operational and overhead costs

How We Measure Up

SaskWater's **Operational Excellence & Innovation** goal outlines four measures that evaluate success in managing our internal resources and optimizing our current assets. In meeting internal operating targets, SaskWater's customers can expect high-quality, safe drinking water that is delivered in the most efficient and economically sustainable manner as possible.

SaskWater continues to be involved in Crown collaboration and track our participation in these initiatives. Crown collaboration is intended to ensure that all Crowns, ministries and other government agencies are working collaboratively and that sharing resources and knowledge will promote better outcomes for Crowns and Ministries, as well as the Saskatchewan public that utilizes these services. In 2022–23, the *Crown Collaboration* metric was modified. Instead of only tracking one area of collaboration, the measure is calculated as an index that highlights performance in three types of Crown collaboration initiatives. The three types are as follows:

- *Cost Savings*: Indicates the level of cost savings achieved within the Crowns and participating Treasury Board Crowns, ministries and agencies by working together to reduce overall costs through collaboration.
- *Red Tape Reduction*: Reduction to regulatory red tape savings for businesses and the public, achieved by Crowns, Treasury Board Crowns, ministries and agencies working together.
- *Investment Attraction*: Total amount of investment attraction achieved by the province, with the help of Crowns, Treasury Board Crowns, ministries and agencies working in tandem.

The index is weighted to give higher focus on Cost Savings initiatives. Performance in Cost Savings initiatives represents 50 per cent of the total index, while Red Tape Reduction and Investment Attraction represent 25 per cent of the index, respectively. The index score is represented as a percentage and 100 per cent would represent meeting each criteria target amount. Variations to the Cost Savings section will have a higher impact to the final index score given the higher weighting percentage.

We Foster:

Innovative teams who continuously seek improvements that enhance the value of our solutions and improve the customer experience.

Safe and reliable water services are vital to our customers and our goal is to provide these services in an efficient and effective manner. We will embrace innovative approaches to enhance our customer services and optimize operational effectiveness. With this in mind, this priority speaks to identifying innovative solutions for our customers that will address their water supply requirements as efficiently and cost-effectively as possible.

Establishing a collaborative and teams-based approach, internally and externally, is necessary to identify and implement innovative ideas that are timely and help us to remain relevant with our customers. Building a culture of innovation where employees feel empowered to explore new ideas and continuously improve and add value to the products and services we provide, is foundational to our success.



In 2022–23, the Crowns were able to achieve 120 per cent, surpassing the target. The Crowns performed at or near target for both Cost Savings and Red Tape Reduction, but almost doubled their targets in Investment Attraction. SaskWater, individually, assisted by identifying \$900,000 in Crown collaboration savings.

The *Corporate Operating Ratio* measure quantifies corporate efficiency by considering total operating and overhead costs in relationship to overall revenue. Similarly, *Corporate Productivity per FTE* measures employee productivity by using a ratio of earned revenue to the number of FTEs in the organization. An FTE is all paid hours worked, including overtime hours. Both targets finished the year better than target as a result of a combination of higher-than-expected revenue and lower-than-expected expenses.

The *Asset Renewal & Replacement* measure ensures that SaskWater is appropriately investing in our infrastructure. According to best practice, large utilities should target a replacement budget that is between two and four per cent of the total asset base of the company. This ensures that SaskWater is properly replacing infrastructure as the corporation ages. SaskWater was off target from our original budgeted amount for 2022–23. The variance for the measure was the result of a few projects originally scheduled for the 2022–23 construction season being pushed into the upcoming year due to delays in receiving construction supplies. SaskWater’s capital plan for 2023–24 is set to see an increase to the *Asset Renewal and Replacement* budget primarily related to upgrades to the residual ponds by the Melfort water treatment plant including slope stability work.

Balanced Scorecard

Legend

- Exceeded Target By 20% Or Greater
- On Target
- Slightly Off Target By Up To 20%
- Off Target By Greater Than 20%
- Target Information Not Available

Strategic Objective

Strategic Objective	Measure	2022–23 Results								
		2022–23 Target	2022–23 Result	Status Light	2023–24 Target	2024–25 Target	2025–26 Target	2026–27 Target	2027–28 Target	Long-Term Target
Employees Embrace Innovation And Actively Participate In Identifying And Implementing Innovative Ideas	6 Crown Collaboration	100%	120%	●	100%	100%	100%	100%	100%	100%
	7 Corporate Operating Ratio	0.68	0.67	●	0.71	0.69	0.69	0.68	0.68	0.50–0.60
Optimize Capital, Operational And Overhead Costs	8 Corporate Productivity per FTE	\$485	\$494	●	\$485	\$480	\$488	\$545	\$560	\$521
	9 Asset Renewal & Replacement	2.0%–4.0%	1.2%	●	2%–4%	2%–4%	2%–4%	2%–4%	2%–4%	2%–4%



Leadership & Culture



Our Goals

- **Effective leaders throughout the organization**
- **Employees understand, embrace and demonstrate SaskWater's corporate culture**
- **Commitment to a safe and healthy workplace**
- **Strong employee engagement**

SaskWater Provides:

A great employee experience through strong leadership and corporate culture.

Engaged employees love what they do and in turn provide a great customer experience and have a positive impact on business results. High-quality skilled employees with the ability and confidence to make sound decisions about the operations of the corporation are necessary to achieve our strategic

priorities. SaskWater's leadership & culture priority speaks to the importance of our employees and outlines our commitment to providing employees with the leadership and workplace environment they need to succeed.

Our People

At SaskWater, employees are the corporation's most important asset and provide a valuable connection to our customers, industry contacts and the general public.

Employees

SaskWater has approximately 129 employees working out of headquarters in Moose Jaw and offices in Regina, Saskatoon and Prince Albert, as well as the locations identified on the systems map on page 15. SaskWater operates in a unionized environment; 82 of our permanent employees are members of the UNIFOR Union, Local 820.

Diversity

At SaskWater, we understand the importance of a diverse workforce to support our operations and help us continue to be an innovative and forward-looking corporation. Strategies include attraction, retention, training and promotion of those who fall into the Saskatchewan Human Rights Commission representative categories: women in under-represented positions, visible minorities, Indigenous peoples and persons with disabilities. In 2022–23, members of these designated equity groups represented 31 per cent of SaskWater's workforce. To further support diversity, we continue to offer an Indigenous Cultural Awareness Program to SaskWater employees. This year, 10 of our employees attended this program, bringing the

percentage of staff who have taken this training to 98 per cent. As part of their core training, SaskWater employees attend Crucial Conversations, a two-day interactive communication skills development workshop aimed at contributing to a respectful working environment. Since this became part of the core training in 2016–17, 97 active employees (76 per cent) have attended.

Training

SaskWater believes investment in employees' education, training and professional development is important. Training is offered to upgrade employee knowledge and skills. This increases organizational effectiveness by raising overall employee performance and engagement. In 2022–23, two employees accessed the Tuition and Book Reimbursement policy. One of them completed a post-secondary certificate program.

Recruitment

In the water and wastewater industry, education is important. Investing in post-secondary education is investing in SaskWater's future employees and the future workforce of Saskatchewan. SaskWater's co-op work terms show our commitment to recruiting promising young talent in Saskatchewan. We posted two eight-month co-op placements in 2022–23. SaskWater's return on investment into education was evident in 2022–23, with three previous co-op students hired into full-time permanent positions.



How We Measure Up

SaskWater supports the growth and well-being of our employees. The **Leadership & Culture** goal focuses on two main strategic objectives: developing a workplace where employees can advance and feel heard, and creating a positive employee experience through promoting employee health and well-being. SaskWater maintains three measures to gauge success.

The *Employee Engagement Survey* is a corporate-wide employee survey that is conducted biennially to track the effectiveness of employee engagement strategies. SaskWater has established a long-term target of 80 per cent employee engagement. SaskWater's employee engagement results were lower than target for 2022-23. Our leadership team has been working with employees to address underlying concerns. An action plan has been developed to address concerns to promote better employee wellness and engagement.

The *Absenteeism Rate* measure tracks the amount of absenteeism that has occurred throughout the year. The long-term target is tied to the absenteeism rate in the overall Crown sector. Company absenteeism acts as a barometer with respect to the health and well-being of employees. An increase in overall absenteeism typically stems from negative events that are occurring in the workplace and therefore, are important to track. In 2022-23, the measure surpassed our target. The lingering influence of COVID-19, combined with a higher-than-normal incidence of cold and flu during the winter months, drove the absenteeism number higher than expected.

SaskWater's safety measure, *Total Recordable Injury Rate (TRIR)*, tracks the number of reportable safety events that occurred throughout the year. An injury is considered a recordable safety event at the point in which the injury requires medical treatment beyond standard first aid. The measure divides the number of recordable injuries by the total amount of labour hours performed during that period. Tracking TRIR is considered industry best practice for measuring safety performance. SaskWater did not have a recordable injury in 2022-23.

Balanced Scorecard

Legend

- Exceeded Target By 20% Or Greater
- On Target
- Slightly Off Target By Up To 20%
- Off Target By Greater Than 20%
- Target Information Not Available

Strategic Objective

Measure	2022-23 Results								
	2022-23 Target	2022-23 Result	Status Light	2023-24 Target	2024-25 Target	2025-26 Target	2026-27 Target	2027-28 Target	Long-Term Target
10 Employee Engagement Survey	70%	59%	●	N/A	72%	N/A	74%	N/A	80%
11 Absenteeism Rate	6.0	6.73	●	6.0	6.0	6.0	6.0	6.0	Crown Average
12 Total Recordable Injury Rate (TRIR)	1.15	0.00	●	1.00	1.00	1.00	1.00	1.00	1.00

SaskWater Provides A Great Employee Experience



Corporate Reputation



Our Goals

- Strengthen SaskWater’s reputation with stakeholders
- SaskWater is recognized as a good corporate citizen
- SaskWater contributes to the overall success of the province

How We Measure Up

SaskWater understands the role our corporation plays in the community and how a strong and successful SaskWater benefits the province overall. Two priority areas for our Corporate Reputation goal include: being recognized as a good citizen and contributing to the overall success of the province.

The CARL- % of Total System Volume and GHG Emissions Reduction measures focus on the environmental impact of SaskWater. The CARL- % of Total System Volume measures the overall water loss that occurred on SaskWater’s potable and non-potable systems throughout the year. Water loss is a problem both environmentally and economically as the costs and energy needed to procure and treat water that is ultimately lost is a drag on the performance of the system. A long-term target of 2.0 per cent water loss is considered an extremely high benchmark for water loss acceptability. SaskWater manages our water loss by maintaining our infrastructure through an asset management program and optimizing pressure on systems to avoid leaks. SaskWater performed exceptionally well in 2022–23, with overall water loss being less than expected. Any water loss that did occur

in 2022–23 was mainly due to a cumulation of smaller leaks that were identified and rectified either by repair or replacement. There were zero significant leaks that took place over the course of the year.

SaskWater’s GHG Emissions Reduction measure compares our company’s annual GHG intensity emissions against our 2005 GHG emissions levels. SaskWater’s long-term target in 2022–23 was to achieve a 40 per cent GHG intensity emissions reduction by 2030 (relative to 2005 levels). This measure includes GHG emissions from several sources, including purchased power, fuel for transportation and energy required to heat buildings and offices. The measure tracks the amount of GHGs required to move one million cubic metres of water. Given the success SaskWater has had with this measure, for 2023–24 the long-term GHG Emissions Reduction target will move, setting an expectation of a 50 per cent reduction of 2005 levels by 2030. SaskWater’s GHG Committee continues to identify ways to reduce the corporation’s carbon footprint, including the installation of solar panels at several SaskWater sites, implementation of pump curve efficiencies on pipelines to maximize the pipeline’s efficiency and the promotion of more virtual meetings to avoid added fuel costs.

We Are Recognized As:

A vital and valued water utility by our stakeholders, and are known for building healthy, vibrant, sustainable communities and supporting a thriving Saskatchewan economy.

As a Crown corporation, SaskWater is committed to being an outstanding corporate citizen. What we do and how we do it can leave a lasting impact on our shareholders, society and the natural environment. Our focus with this priority is to

enhance our relationships with our stakeholders, operate in a socially and environmentally responsible manner and support the province in achieving its vision and goals.



SaskWater had a successful year, financially. We use two financial measures in the Balanced Scorecard to monitor financial performance, including *Debt to Debt & Equity* and *Return on Equity*. *Return on Equity (ROE)* is a measure of income expressed as a percentage of average equity. Strong non-potable sales helped the organization exceed our ROE target for 2022–23.

The *Debt to Debt & Equity* target calculates the corporation's total debt and compares it to the sum of total debt and equity of the corporation. As SaskWater

grows our business and upgrades our aging assets, debt levels will increase to finance the capital program. The *Debt to Debt & Equity* ratio of 50.4 per cent was below the expected 54.5 per cent target. SaskWater's short-term debt was lower than budgeted as some capital projects were delayed into 2023–24.

Balanced Scorecard

Legend

- Exceeded Target By 20% Or Greater
- On Target
- Slightly Off Target By Up To 20%
- Off Target By Greater Than 20%
- Target Information Not Available

Strategic Objective

Strategic Objective	Measure	2022–23 Results								
		2022–23 Target	2022–23 Result	Status Light	2023–24 Target	2024–25 Target	2025–26 Target	2026–27 Target	2027–28 Target	Long-Term Target
SaskWater Is Recognized As A Good Citizen	13 CARL- % of Total System Volume	2.3%	1.4%	●	2.2%	2.1%	2.0%	2.0%	2.0%	2.0%
	14 GHG Emissions Reduction	382	342	●	378	342	306	279	265	330 Tonnes/1M m ³
SaskWater Contributes To The Overall Success Of The Province	15 Debt to Debt & Equity	54.5%	50.4%	●	52.8%	58.8%	59.0%	59.9%	60.4%	60%
	16 Return on Equity (ROE)	9.2%	11.0%	●	7.9%	7.9%	7.0%	8.1%	7.8%	9%



Our Corporate Social Responsibility Commitment

Corporate Social Responsibility and Sustainability at SaskWater is the practice of addressing current and future corporate needs while protecting and enhancing environmental, social and economic resources. The corporation's business is reliant on a healthy natural environment, strong communities and industries, a satisfied and engaged workforce, along with solid stakeholder and shareholder partnerships and a financially stable bottom line. SaskWater's Corporate Social Responsibility and Sustainability Policy, approved by the Board

of Directors in 2013, supports the wise use of our environmental, social and economic resources.

As a Crown corporation, SaskWater contributes to the province's well-being by helping to build healthy, vibrant communities and a thriving Saskatchewan economy. We endeavour to do so through sustainable practices. These efforts are guided by policy based on environmental stewardship, social responsibility and strong governance.

Environment

Protecting our natural environment is fundamentally important to the ongoing success of SaskWater. As we provide vital water supply and wastewater service, we ensure that the environment is protected through careful compliance with relevant national and provincial regulations, standards and guidelines. Within our operations, we strive to develop efficiencies that conserve precious natural resources and take every opportunity to promote the value of water in our society and the need to preserve it.

Conservation

SaskWater works to advance conservation through the following efforts:

- We provide water conservation resources and information at www.saskwater.com.
- We set a new emissions intensity target in 2022–23. We will reduce GHG emissions by 50 per cent in 2030 from 2005 levels. As of 2021, SaskWater measured its greenhouse gas (GHG) emissions at 434 tonnes per million cubic metres of water pumped or treated, representing a 34 per cent reduction since 2005.

- Total GHG emissions from 2015 to 2021 were reduced by 11 per cent even though the yearly volume of water being pumped or treated increased by 12 per cent.
- SaskWater's Greenhouse Gas Committee regularly reviews potential initiatives to reduce GHG emissions. The committee has implemented initiatives, including:
 - formalizing the GHG target as a Balanced Scorecard measure
 - operating solar panels at three sites to maximize renewable energy use and reduce GHG emissions while examining future expansion opportunities.
 - ongoing replacement of inefficient lighting with more efficient LED lighting
 - continuing our pump optimization program to lower power consumption by reducing average operating pressures in water supply lines
 - utilizing remote access to facilities for diagnostic and troubleshooting purposes to limit unnecessary travel
 - implementing Microsoft Teams software for virtual meetings to minimize travel
 - monitoring emerging federal and provincial grant programs for funding opportunities that could help reduce our carbon footprint and identifying initiatives that qualify

- Water conservation is critical to our operations. SaskWater takes an active approach to minimizing water loss on our water supply systems. The target is a water loss rate of 2.0 per cent or less and we finished the year at 1.4 per cent, well within the parameters set. SaskWater is undertaking a targeted asset renewal and replacement program for our systems that are aging and experiencing high water loss. (See the CARL measure in the Balanced Scorecard on page 40)
- We actively participate in corporate recycling of paper, plastics, electronics and batteries.

Community Programs

A category for Environment/Sustainability is designated within our Community Investment Policy. In 2022–23, SaskWater supported initiatives such as:

- Nature Conservancy of Canada's conservation internship program
- Prairie Conservation Action Plan's environmental education programs
- North Saskatchewan River Basin Council's Notice Nature education program
- Saskatchewan Association of Watersheds conference

Social

As a socially responsible corporation, SaskWater looks to improve the overall well-being of our customer communities while contributing to a healthy economy and positive business environment. That's why we support organizations in our customer communities that enrich the lives of residents through numerous events and initiatives. SaskWater commits to providing our customers with water and wastewater services that meet or exceed provincial water and wastewater regulations. We are committed to hiring a representative workforce and keeping our employees positively engaged. Through these efforts we will continue to nurture strong customer and business relationships.

Connecting With Customers

SaskWater conducts community consultations to provide a forum for communities and individuals to learn and ask questions about SaskWater projects that may impact them. During 2022–23:

- SaskWater continued to advance our Regina Regional Non-potable Water Supply System. We hosted an open house for the project on October 7, 2022. Representatives from SaskWater and several project contractors were available to answer questions about the regional non-potable water supply system. The majority of the land control was in place at fiscal year-end. Pipeline installation was expected to begin in May 2023. SaskWater continues to work with potential customers. The regional non-potable water supply system is being developed to support industry and economic development, aligning with the best interests of our shareholder and the people of Saskatchewan.

SaskWater's customer engagement process gives municipal, industrial and rural pipeline group customer representatives the opportunity to ask questions about the services they receive from SaskWater to understand how the system is performing and identify and discuss current and future capital, operational requirements and any potential impact to water rates in 2022–23.

- SaskWater expanded our in-person customer engagement in 2022–23. Virtual sessions were used when in-person meetings were not possible. Meetings were held with representatives served by the following systems:
 - Buffalo Pound Regional Potable Water Supply System
 - Codette Lake Regional Water Supply System
 - Cupar Potable Water Supply System
 - Echo Regional Wastewater System
 - Village of Edenwold
 - Elbow Regional Water Supply System
 - Gravelbourg Regional Water Supply System
 - Town of Kindersley
 - Melville Regional Potable Water Supply System

- Saskatoon Area Potable Water Supply System
- Wakaw-Humboldt Regional Water Supply System
- White City Potable Water Supply System
- special Olympics Saskatchewan Polar Plunge fundraiser
- miyo-wicīwitowin Day student attendance
- frontier College literacy camps

Supporting Community

As one of Saskatchewan's commercial Crown corporations, SaskWater has the opportunity to make positive contributions to Saskatchewan communities. Through our Community Investment program, SaskWater sponsored 57 events in 36 communities in 2022-23.

SaskWater's Community Investment Policy's categories of support include: Community Enhancement, First Nations/Diversity and Partnership.

- In the category of Community Enhancement, in 2022-23, SaskWater provided sponsorships to several of our customer communities through a range of opportunities, including:
 - Town of Lashburn's fundraising efforts to replace the bowling alley roof
 - outdoor classroom fundraisers in the Town of Kindersley and the Village of Viscount
 - City of Melfort's curling rink revitalization project
 - Town of Hepburn's public skating program
 - a fundraiser to support renovations at the library in the Village of Elbow
 - Town of Cupar's playground and pool upgrade project
 - support for the purchase of a water bottle filling station in the Village of Lake Lenore
 - golf tournaments, fishing derbies and mental health initiatives
- In support of First Nations/Diversity, in 2022-23, SaskWater provided support to events and organizations, including:
 - Saskatchewan Polytechnic bursary for the Indigenous Student Summer Transition Program

- SaskWater's Partnership-related support in 2022-23 included:
 - Saskatchewan Science Centre Corporate Membership
 - Saskatchewan Polytechnic water resources program equipment needs
 - shad Canada's virtual design and engineering experience
 - Moose Jaw Health Foundation fundraising
 - donation to Teddy Bears Anonymous on behalf of our customers in lieu of Christmas cards
 - legacy One mental health education programs for schools

Empowering Employees

Our employees' health and safety, and providing safe, reliable water and wastewater services to our customers, remain our top priorities. As such:

- SaskWater employs qualified operators and supports their professional development by maintaining and upgrading certifications required to ensure that our water supply systems are performing at or above required operational and water quality standards.
 - SaskWater operators have been working on their wastewater treatment certification to prepare for the opening of the English River First Nations' wastewater treatment plant. This will be our first opportunity to operate a level-three wastewater facility.
- we are vigilant in the oversight of our systems to ensure the safety of the potable water we supply. Operators have access to remote monitoring and a network of relief operators to ensure that our facilities are always properly supervised. Our custom application, called Water Analysis and Validation or WAV, allows

SaskWater to collect all water data (supervisory control and data acquisition data, lab test data and field test data) in one spot, validate and sort it, and more easily report on it.

- SaskWater has a continued commitment to providing a safe and healthy workplace for all employees:
 - we maintain a robust Emergency Response Plan to safeguard our employees in the event of unforeseen and/or urgent circumstances.
 - our Business Continuity Plan, developed to address ongoing unforeseen workplace disruptions, includes other safety considerations such as a well-rounded pandemic plan, tested and adapted as we navigated the COVID-19 pandemic. Our continued focus is to ensure that SaskWater employees are safe and feel safe while in the workplace, and to provide the tools and strategies to achieve this.
- SaskWater supports a representative workforce through core training opportunities. In 2022-23, SaskWater had 10 employees attend the Indigenous Cultural Awareness Program online, maintaining our total employees trained at 98 per cent. While some of the more interactive programming SaskWater typically participates in was paused due to COVID-19 concerns, several SaskWater employees engaged in online leadership training courses in 2022-23.
- SaskWater offers our employees a health and wellness benefit that encourages them to stay active and make healthy lifestyle choices within their communities, which has spillover benefits for local businesses.
- SaskWater encourages staff initiatives that benefit community groups and causes that are important to our employees. In 2022-23 SaskWater employees volunteered with the Nature Conservancy of Canada to help clean up the organization's Buffalo Pound property. SaskWater also provided volunteers to answer phones during the Moose Jaw Health Foundation's Family First Radiothon.

Staff-initiated fundraisers collected money for the Terry Fox Run, the Riverside Mission Thanksgiving meal, and local food banks.

- SaskWater recently launched a new strategic plan. One of the priorities within the plan focuses on corporate social responsibility and places an emphasis on the implementation of an Environment, Social and Governance (ESG) Framework and reporting process. Over the next several years, SaskWater will be transitioning to the ESG reporting framework that will expand on these priorities.

Governance

At SaskWater, we strive to achieve economic prosperity through accountable and transparent governance. We are committed to creating financial stability for our shareholders and supporting Saskatchewan industry while providing products and innovative solutions that are valued by our customers. Where feasible, we encourage the procurement of goods and services from Indigenous suppliers and contractors, and the development of local employment opportunities in communities where SaskWater operates.

Our Framework

To show our commitment to accountable and transparent governance, SaskWater:

- operated as a statutory Crown corporation governed by *The Saskatchewan Water Corporation Act, 2002*, and adhered to the provisions of *The Crown Corporations Act, 1993*
- published an annual Corporate Governance Statement that outlines policies and practices SaskWater.

Rumour Has It



SaskWater helped us with our goal to provide a safe, inclusive athletic space to learn, grow and gather as a community. With the support we were able to upgrade our very old water fountain in the John Doherty Memorial Arena with a water bottle filling station."

Candice Bauer, Board Member/Volunteer



Our golf tournament was a huge success and we thank SaskWater for being a part of this crucial event in support of Big Brothers Big Sisters of Humboldt. You are helping to change the lives of children in our community and region."

Tammy Ruedig, Fundraising Coordinator

- was governed by a Board of Directors, appointed for a set term by the Lieutenant Governor. The board, reporting to the Crown Investment Corporation, oversees the overall direction of business activities and approval and implementation of our strategic plan and performance plan.
- enhanced our Enterprise Risk Management program and supporting policy by implementing risk appetite statements. Every year, the corporation identifies corporate risks and assesses the top 10 against likelihood and impact. Top risks are identified in the annual report for public disclosure and submitted to Crown Investments Corporation.
- produced an annual report that documents the performance of the corporation via the Balanced Scorecard and financial reports for public consumption.
- implemented annual initiatives from SaskWater's strategic plan covering 2021–22 to 2026–27.

Our Plan

To address long-term financial stability for the corporation, SaskWater:

- has a cost of service rate methodology in place, designed to recover the full cost of providing service, including a rate of return. In 2018–19, SaskWater undertook an external review of the cost of service rate methodology and approach to ensure that the policies and methodology applied today are appropriate given current business conditions and utility best practices. SaskWater continues to review our rate program against the report and revise the model where applicable.
- obtained federal/provincial infrastructure grants to upgrade infrastructure in several SaskWater-owned systems. Grants support rate affordability and system sustainability by lowering the capital recovery requirements from rates, and they allow SaskWater to invest in aging infrastructure.
- implemented efficiency initiatives to manage costs and create value for customers through effective services.

- addresses succession planning and employee development through regular executive discussions. The CEO also provides a succession plan to the Board.

Our Progress

In ongoing support of economic development in Saskatchewan, SaskWater:

- participated in nine Crown collaboration initiatives to identify services and resources that can be shared to reduce overall Crown costs, support economic growth and enhance customer service.
- commissioned the Prairie North Regional Potable Water supply system project and is supplying potable water to the Town of Marshall and the Town of Lashburn. Both town councils are pleased to receive good quality water for their residents.
- has executed 22 of the total 26 large potable water supply agreements for our Saskatoon area customers. These agreements are aligned with the new Master Water Servicing Agreement executed between the City of Saskatoon and SaskWater, establishing a long-term understanding for ongoing service in the area.
- remains committed to the proposed Highway 9 Regional Water Supply System project and is actively reviewing the scope and design in order to economically serve as many of the communities identified in the grant application as possible. The conditional Investing in Canada Infrastructure Program grant funding has met the requirement to notify Canada's Indigenous People for this project, which advances this project to the final step of executing an Ultimate Recipient Agreement.
- completed upgrades to the water treatment plant in the City of Meadow Lake to protect the quality of water on the system and support future growth of our customers.
- works with other Crown corporations and ministries to explore opportunities to enhance Indigenous procurement. In 2022–23, SaskWater engaged the services of five Saskatchewan vendors who identified their company as Indigenous or declared Indigenous content in their proposal. SaskWater also implemented an updated Indigenous Procurement Policy and Procedures to further encourage Indigenous content in SaskWater procurement.



Receiving this support from SaskWater is such a boost to our fundraising efforts. Enhancing the community park and pool is important to the residents of Cupar and we thank you."

**Jessica Pearce, Vice President
Cupar Playground and Pool Project**



Operating Environment

SaskWater monitors the business environment to identify influences that can impact our financial performance. The following section examines elements of SaskWater's competitive situation that can affect our success in acquiring necessary resources or marketing our services in

a profitable manner. It provides an assessment of our financial results in the 2022-23 fiscal year, and considers factors that can influence our competitive position, our customer base, corporate reputation and ability to attract and retain qualified employees.

With BHP's renewed commitment to the Jansen project and increases to global potash prices and overall demand, SaskWater believes that our organization will see sustainability in our non-potable line of business in the foreseeable future.

Key Influences

Potash

SaskWater serves seven of Saskatchewan's 10 operating mine sites that contribute to a large portion of our overall revenue. These industrial customers purchase large volumes of non-potable water.

2022-23 represented a change in the Saskatchewan potash sector. Prior to late 2021, Saskatchewan potash had faced several years of persistently low commodity prices. Mines were forced to temporarily slow production to address concerns related to oversupplying the marketplace. At times, SaskWater's revenues were impacted by temporary mine shutdowns and periods of reduced production.

Moving to today, the economic landscape has shifted. As a result of the conflict in Ukraine, potash prices throughout most of 2022-23 sat at all-time highs as supply disruptions to both the Belarusian and Russian potash markets reverberated throughout the global economy. Saskatchewan potash facilities have moved to full production to meet global demand. This has been further demonstrated by BHP's decision to move forward with their Jansen project and to speed up their original construction timelines to expedite production. In August 2021, BHP announced that they would proceed with construction of the new mine, set to commence production in 2026-27.

Economic Conditions

SaskWater, like all organizations, was subject to challenging economic conditions over the course of the year. As inflation rose, SaskWater was faced with rising costs for various items, but felt price increases most acutely with the purchase of consumables for water treatment operations such as treatment chemicals. SaskWater also experienced rising construction costs, which delayed projects and shipment of construction materials due to supply chain shortages.

Amplifying these issues has been Saskatchewan's tight labour market. In 2022-23, SaskWater struggled to find available contractors for projects tendered throughout the year. SaskWater is typically disadvantaged in this regard, as the capital values of most of our projects are traditionally lower than the majority of projects tendered by larger Crowns and the private sector. Additionally, many SaskWater projects are located in rural locations that generally attract fewer contractors regardless of the demand for construction projects at more urban centres. SaskWater has adjusted our capital plan to provide more flexibility in dealing with rising costs and less concrete timelines.

Regional Development

SaskWater's long-term strategic plan includes the promotion and development of regional infrastructure. Regional projects provide economies of scale in addressing multiple water infrastructure needs simultaneously. SaskWater advanced two major regional systems in 2022-23.

The first is Regina Regional, a non-potable water supply system from Belle Plaine to north of Regina. The pipeline will supply non-potable water to two new canola processing plants (Viterra and Cargill), as well as other potential customers along the Belle Plaine/Regina corridor, including the FCL/AGT Integrated Agriculture Complex. Construction of the pipeline is set to begin during the summer of 2023.

The second is the construction of the Prairie North Regional Potable Water Supply. SaskWater purchases potable water from the City of Lloydminster and delivers water to the communities of Lashburn and Marshall. We began serving the communities of Lashburn and Marshall on December 15, 2022.

SaskWater will continue to explore regional opportunities and has been collaborating with the Ministry of Government Relations and the Water Security Agency (WSA) to determine potential locations in the province that would benefit the most from regional infrastructure.

Collaboration

Maintaining efficient operations and promoting a culture of innovation are core tenets of SaskWater's strategic plan. These principles allow us to continue to drive high customer satisfaction, promote efficient use of assets and maintain competitive rates. Crown collaboration has been beneficial to SaskWater and has allowed us to partner with other Crown corporations and ministries to pursue opportunities that could not have been achieved independently.

Past examples of Crown collaboration include access to SaskEnergy's Supervisory Control and Data Acquisition (SCADA) system and SaskPower's Advanced Metering Infrastructure, (AMI), as well as

partnering with Crown Investments Corporation (CIC) for internal audit, legal and CFO/CEO certification. Recently, SaskWater was able to collaborate with other government entities on the purchase of licences for both IT products and solutions. We continue to seek partnership opportunities through collaboration with Crown committees.

SaskWater is also collaborating with government agencies to advance our growth strategy. In 2020, we partnered with the WSA and the Ministry of Government Relations to help develop a regional water strategy for SaskWater. The resulting report identified potential regional systems that would benefit from a regional approach to infrastructure investment.

SaskWater and the WSA have also collaborated on other projects, such as emergency reporting for dam infrastructure and upset line reporting, joint planning for industrial water supply infrastructure, information technology collaboration, and leadership and organizational culture training.

2022–23 Results

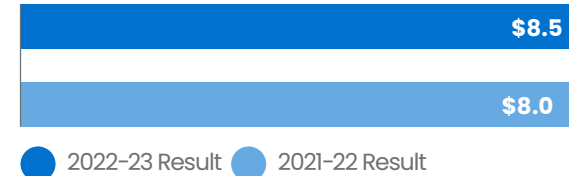
Total income generated in 2022–23 was \$8.5 million, compared to \$8.0 million in 2021–22. Income from operations is \$8.6 million compared to \$8.7 million in the previous year, prior to recording \$0.2 million in unrealized losses in the current year largely due to changes in the market value of investments held to retire long-term debt (\$0.7 million loss in 2021–22).

Revenue in the year increased by 1.1 per cent overall. Non-potable water sales were down \$400,000 to \$23.0 million, mostly due to reduced consumption from a single, large-scale industrial customer. Potable water and wastewater revenues were up \$62,000 and \$57,000, respectively. Certified Operation and Maintenance revenue increased by \$284,000, and Northern Engineering revenue increased by \$131,000. Other revenue also saw an increase in 2022–23. This is income primarily related to the amortization of contributions received from customers or federal and provincial grant programs to help offset capital construction costs, but also includes rental revenue, connection fees and other miscellaneous items. The total increase in Other revenue was \$596,000, with \$360,000 attributed to one-time items like connection fees and gains on disposals, while \$236,000 came from the amortization of grants and customer contributions in aid of capital.

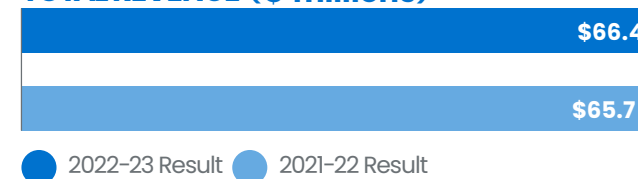
Expenses increased in total by approximately \$603,000 to generate the additional revenue. Salaries and benefits increased \$490,000 due to negotiated wage increases and in-range movement. Depreciation also increased \$574,000 on in-service assets. These increases were offset by a reduction in bulk water costs of \$357,000, largely from a service change where SaskWater now focuses on operating a customer's facilities rather than supplying water purchased from another community, as well as a slight reduction in Saskatchewan taxes of \$98,000. In aggregate, operations, maintenance and administration costs remained relatively consistent year-over-year.

Interest expense on funds borrowed to finance capital investments rose by \$131,000 to \$2.9 million in 2022–23 with additional debt and rising interest rates. Investment income decreased by approximately \$28,000 in the year due to low market conditions in the early part of the year.

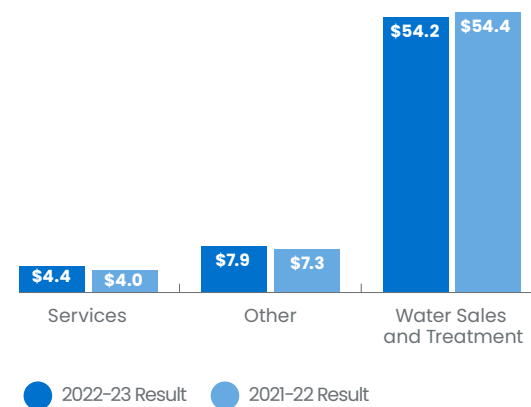
EARNINGS (\$ millions)



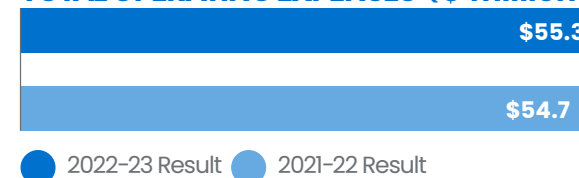
TOTAL REVENUE (\$ millions)



REVENUE SOURCES (\$ millions)



TOTAL OPERATING EXPENSES (\$ millions)



Capital Investment

SaskWater spent \$24.8 million on various capital projects (compared to \$8.8 million in 2021–22). The majority of funds were for projects to serve new customers, and projects to support the growth of existing customers. Capital investment was higher in 2022–23, as investments to support customer growth and expansion projects were either new in 2022–23 or were just in the initial stages at the end of the previous year. SaskWater recorded approximately \$10.3 million as contributions from customers and granting agencies in the year to help offset the capital cost of projects.

Major projects during the year included construction of the Prairie North Regional Potable Water Supply System, an expansion project that reached substantial completion; initial spending on the Regina Regional non-potable project; and the Meadow Lake water treatment plant upgrade project, which also reached substantial completion.

Key Financial Data

(\$ millions)	Year ended March 31, 2023	Year ended March 31, 2022
Total Assets	\$ 382.20	\$ 370.60
Return on Equity	11.0%	11.2%
Debt Ratio	50.4%	49.0%
Dividends Declared	\$ 7.775	\$ 6.489

Liquidity And Capital Resources

SaskWater's debt ratio was 50.4 per cent at March 31, 2023 (49.0 per cent at March 31, 2022). SaskWater secures capital investment dollars through a combination of internally generated cash from operations and from debt arranged through the Government of Saskatchewan, Ministry of Finance. The maximum short-term borrowing and maximum total borrowing are established by Order-in-Council as follows:

Financing (\$ millions)	Authorized	Outstanding at March 31, 2023
Short Term (promissory notes)	\$ 30.0	\$ 8.0
Total (including short term)	\$ 130.0	\$ 95.9

Subsequent to March 31, 2023, the corporation's maximum total debt and temporary debt limits increased by way of Order-in-Council 168/2023, which was approved in Cabinet on April 26, 2023. Short-term and total debt limits were increased to \$75 million and \$225 million respectively.

New Accounting Standards in the Current Year

The corporation has adopted amendments to various accounting standards effective April 1, 2022, which did not have a significant impact on the financial statements.

Future Accounting Changes

New standards, amendments to standards and interpretations of standards are continually issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which are not yet effective for the year ended March 31, 2023. The corporation is reviewing applicable new accounting pronouncements and does not expect the implementation of these standards to have a significant impact on our accounting policies or financial statements.

2023–24 Outlook

SaskWater's major efforts in 2023–24 will be focused on construction of a non-potable water supply pipeline to the Regina area that will serve major industrial developments. Other components of this system, including associated pump stations, will follow. This project offers SaskWater a significant opportunity to expand and diversify our customer base and support the Saskatchewan Growth Plan. The project is being built in phases with the expectation that, as new opportunities emerge in the future, the company will be positioned to provide timely and competitively priced service.

Growth within the municipal sector will be challenged in the near term as there are no remaining unallocated funds under the major grant program used to support water and wastewater projects. Municipalities look to this support from senior levels of government to help keep projects affordable to their ratepayers. SaskWater will continue to work with a number of communities with regard to future new regional systems or additions to existing systems to be ready for whenever the next grant program is announced.

Key areas of focus in SaskWater's strategic plan centre around customers, innovation and safety. In the coming year, we will complete development of new customer sales and service modules as part of our Enterprise Resource Planning software. We

will continue to increase our regular formal contact with customers to ensure open communication and joint planning for future needs. The delivery of safe, reliable and sustainable water services is consistently ranked by our customers as their top priority so we will continue to invest in our systems and people to meet those needs.

Earnings are expected to be \$6.3 million in 2023–24, generating a return on equity of 7.9 per cent. SaskWater's capital expenditures for the coming year are budgeted at \$44.6 million as we deliver on our growth plan and reinvestment in existing systems. Our debt to debt and equity ratio is budgeted to be 52.8 per cent.

Risk Management

Providing safe, reliable and sustainable water and wastewater services is subject to risks that can affect the achievement of SaskWater's strategic goals and objectives. SaskWater manages risk through an enterprise risk management (ERM) program designed to minimize the impact of risks and enable the corporation to achieve business goals and performance objectives. To ensure consistent risk management, SaskWater has implemented our ERM Policy, which provides an approach to manage risks and establishes the roles and responsibilities throughout our organization.

Senior leadership is responsible for identifying risks that impact the corporation's strategic objectives, and for implementing mitigation measures to manage those risks. The Board of Directors provides oversight to ensure that an acceptable risk management program is in place. As part of this oversight, the Board receives an annual update that provides a broad overview of the top risks and their mitigation measures.

The following discussion outlines the top 2022–23 corporate risks and the strategies implemented to address them.

Employee Engagement

Having a positive relationship with our employees is critical to SaskWater's success as an organization and to the provision of safe, reliable water and wastewater services to our customers. Employee engagement and empowerment are the cornerstones to having a productive and innovative environment. Any changes to the organization that occur due to mandate, corporate decisions and/or legislative changes could result in a misunderstanding by employees and affect relationships, particularly if those changes are not communicated properly. Negative implications of deteriorating employee relationships are loss of productivity, a decline in employee/employer trust, possible labour disruptions with in-scope employees and loss of talent.

SaskWater manages this risk by:

- promoting our commitment to train staff
- maintaining a competitive remuneration package
- committing to a safe work environment
- implementing an employee performance management system designed to link corporate objectives with individual work plans and to provide constructive feedback on performance
- communicating the corporation's plans and activities via an employee newsletter
- monitoring engagement levels through an employee engagement survey
- having regular meetings with the management, staff and/or union to discuss any issues related to policy, mandate, corporate direction and/or legislative changes

Financial Dependence on Industrial Customers

The majority of the water distributed by SaskWater is to resource-based industrial customers, and revenues are therefore susceptible to fluctuations within the resource sector. This is a challenge as many of SaskWater's industrial customers are served through volumetric-based rates.

The resource sector is subject to global market forces and significant production swings. Demand for resources is influenced by global economic and environmental factors such as commodity price, new players in the market, changing corporate consortiums, corporate mergers and consolidations, the global trade

environment, population shifts and weather/climate conditions. As economic conditions have a significant influence on the consumption patterns of industrial customers, any change to production and investment decisions could negatively or positively impact the demand for services offered by SaskWater.

The strategies SaskWater uses to mitigate this risk include:

- reinforcing a corporate culture to identify and implement cost-efficient business operations
- pursuing growth opportunities that focus on diversifying the customer base, with an emphasis on regional water supply systems
- identifying minimum purchase requirements in contracts to offset the effect of volatility in service needs
- an annual review of potable and non-potable rates using an industry standard cost of service methodology

General Economic Conditions

General economic conditions can impact the financial situation and operations of SaskWater. Changes to the economy can change the consumption patterns of customers and/or influence production and investment decisions by industry, which could negatively or positively impact the demand for services offered by SaskWater. SaskWater is monitoring inflationary, interest and supply chain challenges, as they have a financial impact on the corporation, affect construction commitments, impact SaskWater's growth strategy and influence the affordability of services to customers.

Mitigation strategies for this risk include:

- Crown collaboration efforts to minimize cost and share resources
- implementation of efficiency strategies to mitigate cost impacts
- monitoring supply chains and maintenance of supply inventory to weather supply challenges

Competitive Market

SaskWater's growth strategy is dependent on the development, acquisition and operation of municipal, regional and industrial water and/or wastewater systems in Saskatchewan.

SaskWater's major competitors are municipalities themselves. Communities choose to operate their own water and wastewater facilities either because they view third party services as too expensive, or because they do not want to lose control of their water and wastewater services. Larger municipalities often provide regional services to adjacent communities at a premium over what their own residents pay, as a means of generating revenue.

Increased competition by municipalities may result in the loss of new business opportunities, or in non-renewal or loss of existing service contracts. Municipalities tend to assume that because SaskWater is a commercial entity, they can operate their own systems at a lower cost. This perception creates a challenge for SaskWater to be recognized as a competitive service provider.

Strategies that SaskWater is pursuing internally to mitigate the impact of this risk include:

- promoting SaskWater's value proposition, including our large team of certified operators, 24-hour remote monitoring, engineering support, asset management, capital investment availability, strong customer satisfaction ratings and ongoing dialogue with customers
- annual review of our strategic plan, business plan and brand strategy
- obtaining feedback from customers regarding customer relations and service
- maintaining an external presence at key customer events, such as the Saskatchewan Urban Municipalities Association and Saskatchewan Association of Rural Municipalities conventions

Dependency on Third Party Suppliers

SaskWater purchases potable water from several third party suppliers and redistributes it to our customers along pipeline routes. These systems use existing infrastructure to keep overall costs low for the end user. With these arrangements, SaskWater is reliant on the third party supplier to provide reliable potable water that meets regulatory requirements. SaskWater may be impacted when third party suppliers are unable to meet their obligations due to technical or infrastructure issues, because of concerns relating to source water quality or due to their own growth plan requirements. In the vast majority of cases, third party suppliers are meeting their obligations and often meet or exceed regulatory requirements.

SaskWater is subject to rate increases from third party suppliers. At times, these increases have been significant with little advanced warning. Depending on the time when the rate change occurs, and the corporation's ability to pass the cost on, it has a direct impact on cost recovery. To mitigate the above concerns, SaskWater continues to build and maintain relations with our third party suppliers.

Community Relationships

SaskWater's growth plan has identified the creation of new regional water supply systems in the province of Saskatchewan. Success in developing new regional water supply systems is dependent on the relationships that exist between neighbouring communities. There are several barriers that can limit the development of regional services. Barriers for smaller communities include fears of annexation and loss of control over decision-making, convincing ratepayers of the value of sharing services and the perception that access to regional or urban services will ruin the rural way of life. Barriers for larger municipalities to share services is the desire to keep economic development opportunities within municipal boundaries and concerns regarding the capacity to meet the water needs of surrounding communities. These issues present a risk to the successful development of regional systems.

Mitigation strategies for this risk include:

- collaborating with customers, government and non-government stakeholders to support community needs
- maintaining awareness of programs and building strong relationships with administrators to ensure that all information required is provided
- promoting regional systems that would serve a larger population base, allowing for less investment over the long term

Contamination of Water Supplies

The quality of drinking water is important to the health and well-being of the public. Contamination of drinking water, either by biological pathogens or chemical pollutants, can cause illness. In the case of biological contamination, boil water advisories are put in place to protect human health.

Contamination of potable water systems can result from factors such as inadequate or inappropriate treatment processes, failure to

maintain appropriate levels of residual chlorine in water supplies or external contaminants entering potable water systems.

Contamination of source water can occur from naturally occurring compounds, chemicals in groundwater systems and pollution from man-made sources. Contamination of source water can be the result of one incident or due to long-term exposure that can degrade the quality of water over time.

The contamination of potable supplies and/or the source water can have implications on service delivery and may require costly infrastructure upgrades and/or an alternate supply of water. Consequently, potable water is a highly regulated resource and any issues that may occur require an urgent response. If contamination were to occur, services could be suspended or reduced until the contamination is cleared.

SaskWater's operations are monitored with stringent water treatment standards and controls exist to ensure the quality of treated water; the number of tests, the frequency and form of water quality testing and mandatory improvements to the water treatment processes if required. SaskWater strives to meet or exceed the regulatory requirements for treatment on all of our potable water supply systems to ensure the health and safety of our customers.

Other mitigation strategies include:

- a corporate water quality policy, whereby the corporation is required to meet or exceed provincial water quality regulations at our owned water treatment and supply facilities as well as at certified operation and maintenance sites
- extensive water quality testing and reporting
- ensuring system operators meet or exceed the regulatory requirements for education and training
- working closely with the regulatory agencies regarding SaskWater's waterworks infrastructure and participating in consultations about potential future regulatory changes
- operating a remote monitoring system 24 hours a day, 365 days a year, to augment manual operations and provide instant alarms in case of problems
- procedures to notify customers about precautionary drinking water advisories or boil water orders

- researching, testing and implementing new technologies and techniques to improve the quality of source and drinking water
- quality control and quality assurance and emergency response plans
- day-to-day management and oversight of facilities

Security of Water Supplies

A secure supply of water can be impacted for a variety of reasons, including climate change, restrictions on use by the regulator, natural hazards, severe weather conditions, competing uses, water contamination and economic conditions. This can impact the demand for water services, the ability to supply services to existing customers, restrict growth opportunities, and impact the financial position of the corporation and our reputation as a provider of water.

Changes to climate can have implications relating to water supply. The province naturally experiences cycles of wet and dry years; however, a changing climate may exacerbate this. Cycles of drought are inevitable and there will be pressure to meet increased customer demands while encouraging customers to reduce their consumption to ensure sustainability of watersheds. With prolonged periods of dry conditions, demand will increase, which may result in a corresponding decrease in the supply of source water. In extreme drought situations, there is a high probability that drought measures would be put in place by the regulator.

Weather can impact operations and revenues. Demand for water during the summer months is generally greater than during the fall, winter and spring. The warmer summer weather contributes to additional requirements for water in connection with outdoor water use. SaskWater has historically seen a variation in municipal demand in accordance with temperature and rainfall levels and frequency, particularly during the summer months. Extreme weather events can cause damage to water supply facilities and/or power supplies to water facilities, disrupting the reliable supply of water. These events can also impact the quality/quantity of the source water.

Mitigation measures include:

- minimum purchase requirements or fixed fees in contracts to reduce revenue volatility
- focus on efficiency to control costs
- volume and usage forecasting
- communication with the Water Security Agency regarding water supply issues
- monitoring regulatory requirements and implementing changes as required
- optimizing water treatment plant operation to minimize discharge volumes going to waste, such as after backwash processes
- provision of conservation messaging for customers
- upgrading the Saskatoon South East Water Supply System

Changing Regulatory Environment

SaskWater's water and wastewater operations are subject to stringent regulatory requirements that govern the environment, health and safety, quality of water provided to customers, water allocation rights and the manner in which SaskWater collects, treats, discharges and disposes of wastewater.

The federal government continually reviews water and wastewater regulations, and these changes are generally adopted by the provincial regulator. Regulatory requirements for wastewater have become more stringent, requiring different timelines to do upgrades depending on the condition of water treatment facilities.

Regulatory and/or policy changes in other areas may also impact SaskWater's corporate, operational and engineering activities. Any changes to policies and/or legislation regarding greenhouse gas emissions, labour relations or corporate business functions could have some material impact.

Mitigation measures to manage this risk include:

- maintaining a solid working relationship with the shareholder, and provincial and federal regulatory agencies
- actively participating in consultation reviews of potential regulatory changes
- designing facilities with the potential for future regulatory changes in mind
- completing the capital budget in conjunction with assessments for regulatory compliance
- ongoing training of certified operators to ensure that facilities are operated in accordance with regulations

Cyber Security

Cyber security is at the forefront in protecting the corporation from external IT threats. SaskWater relies on complex systems for our services. Threats to these systems can come from a variety of internal and external sources such as negligent activities, system failures or malicious attacks. These threats could lead to a loss or unauthorized disclosure of sensitive customer, employee or SaskWater information, extortion or disruption of operations.

To mitigate this risk, SaskWater:

- established a disaster recovery system and provided employee training to recognize external threats via email
- established cyber security through a third party IT service provider
- implemented governance controls to mitigate cyber risk
- carried out a cyber security review of all critical IT systems and governance controls





Financial Statements

Management's
Responsibility

Management's Report
on Internal Control
over Financial Reporting

Independent Auditor's Report

All Statements

Management's Responsibility

The financial statements of Saskatchewan Water Corporation (SaskWater; the Corporation) are the responsibility of management and have been prepared in accordance with International Financial Reporting Standards. The preparation of the financial statements necessarily involves the use of estimates based on management's best judgment, particularly when transactions affecting the current period cannot be finalized with certainty until future periods. In management's opinion, the financial statements have been properly prepared within the framework of selected accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, information available up to May 18, 2023. The financial information presented in the Management's Discussion & Analysis (MD&A) and elsewhere in this report is consistent with that in the financial statements.

Management maintains appropriate systems of internal control, which provide reasonable assurance that the Corporation's assets are safeguarded and appropriately accounted for, that the financial records are relevant, reliable, and accurate, and that transactions are executed in accordance with management's authorization. This system includes corporate-wide policies and procedures, as well as the appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function, provided by the Crown Investments Corporation of Saskatchewan (CIC) independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and the Audit & Finance Committee of the Board of Directors.

The Board of Directors, through the Audit & Finance Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Audit & Finance Committee consists entirely of outside Directors. At regular meetings, the Committee reviews audit, internal control and financial reporting matters with management, the internal auditors and the external auditors to satisfy itself that each is properly discharging its responsibilities. The financial statements and the Independent Auditor's Report have been reviewed by the Audit & Finance Committee and have been approved by the Board of Directors. The internal and external auditors have full and open access to the Audit & Finance Committee, with and without the presence of management.

The financial statements have been examined by Deloitte LLP, Chartered Professional Accountants, as appointed by the Lieutenant Governor in Council and approved by CIC. The external auditor's responsibility is to express its opinion on whether the financial statements are fairly presented in accordance with International Financial Reporting Standards. The Independent Auditor's report outlines the scope of their audit and states their opinion.

On behalf of the corporation,



Doug Matthies
President and CEO



Danny Bollinger
Director, Financial Services and Chief Financial Officer

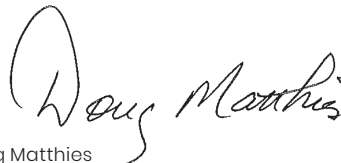
May 18, 2023

Management's Report on Internal Control over Financial Reporting

I, Doug Matthies, the President and Chief Executive Officer, and I, Danny Bollinger, Director, Financial Services and Chief Financial Officer, certify the following:

- That we have reviewed the financial statements included in the Annual Report of Saskatchewan Water Corporation (SaskWater). Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report fairly present in all material respects the financial condition, results of operations, and cash flows, as of March 31, 2023.
- That based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of SaskWater do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made.
- That SaskWater is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and SaskWater has designed internal controls over financial reporting that are appropriate to the circumstances of SaskWater.
- That SaskWater conducted its assessment of the effectiveness of the corporation's internal controls over financial reporting, and, based on the results of this assessment, SaskWater can provide reasonable assurance that internal controls over financial reporting as of March 31, 2023, were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

On behalf of management,



Doug Matthies
President and CEO



Danny Bollinger
Director, Financial Services and Chief Financial Officer

May 18, 2023

Independent Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

Opinion

We have audited the financial statements of Saskatchewan Water Corporation (the "Corporation"), which comprise the statement of financial position as at March 31, 2023, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants
Regina, Saskatchewan

May 18, 2023

Statement of Comprehensive Income

for the year ended (thousands of dollars)

	March 31 2023	March 31 2022
Revenue (Note 4)		
Water sales and treatment	\$ 54,195	\$ 54,446
Services	4,358	3,954
Other	7,860	7,264
	66,413	65,664
Expenses		
Salaries and benefits	14,819	14,329
Operations, maintenance and administration	11,990	11,996
Depreciation	15,748	15,174
Bulk water purchases	11,876	12,233
Saskatchewan taxes	836	934
	55,269	54,666
Net income before the following	11,144	10,998
Finance income	358	386
Finance expense	(2,863)	(2,732)
Net finance expense (Note 5)	(2,505)	(2,346)
Net income	8,639	8,652
Other comprehensive loss		
Debt retirement fund change in fair value	(268)	(689)
Realized gains on debt retirement fund redemptions	—	20
Re-classification of realized gains to net finance expense	—	(20)
Net actuarial gains on retiring allowance	89	—
	(179)	(689)
Total comprehensive income	\$ 8,460	\$ 7,963

See accompanying notes

Statement of Financial Position

as at (thousands of dollars)

	March 31 2023	March 31 2022
Assets		
Current assets		
Cash	\$ 2,535	\$ 2,521
Trade and other receivables (Note 6)	9,340	10,671
Prepaid expenses	730	626
Inventories	817	595
Current portion of deferred charges (Note 7)	17	15
	13,439	14,428
Deferred charges (Note 7)	291	263
Investment - debt retirement funds (Note 8)	15,612	13,289
Right-of-use assets (Note 9)	3,195	2,929
Property, plant and equipment (Note 10)	349,626	339,677
	\$ 382,163	\$ 370,586
Liabilities and Province's Equity		
Current liabilities		
Trade and other payables (Note 11)	\$ 6,280	\$ 6,081
Notes payable (Note 12)	8,000	5,500
Dividends payable (Note 13)	2,168	2,191
Current portion of deferred credits (Note 14)	35	35
Current portion of deferred revenue (Note 15)	7,332	7,150
Current portion of lease liabilities (Note 16)	791	728
Current portion of long-term debt (Note 17)	2,100	—
	26,706	21,685
Deferred credits (Note 14)	215	250
Deferred revenue (Note 15)	187,457	184,570
Lease liabilities (Note 16)	2,482	2,281
Long-term debt (Note 17)	85,818	82,918
Employee benefits (Note 18)	611	693
	303,289	292,397
Province's equity		
Equity advance (Note 19)	8,700	8,700
Accumulated other comprehensive loss	(1,026)	(847)
Retained earnings	71,200	70,336
	78,874	78,189
	\$ 382,163	\$ 370,586

Commitments and contingencies (Note 20)

See accompanying notes

On behalf of the Board:


Chair


Director

Statement of Changes in Equity

for the year ended (thousands of dollars)

	Equity Advances	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance, March 31, 2021	\$ 8,700	\$ (158)	\$ 68,173	\$ 76,715
Net income	—	—	8,652	8,652
Other comprehensive loss	—	(689)	—	(689)
Dividends	—	—	(6,489)	(6,489)
Balance, March 31, 2022	8,700	(847)	70,336	78,189
Net income	—	—	8,639	8,639
Other comprehensive loss	—	(179)	—	(179)
Dividends	—	—	(7,775)	(7,775)
Balance, March 31, 2023	\$ 8,700	\$ (1,026)	\$ 71,200	\$ 78,874

See accompanying notes

Statement of Cash Flows

for the year ended (thousands of dollars)

	March 31 2023	March 31 2022
Operating activities		
Net income	\$ 8,639	\$ 8,652
Items not affecting cash from operations:		
Depreciation	15,748	15,174
Impairment recovery	(420)	(16)
Impairment of assets	—	554
Amortization of deferred revenue	(7,224)	(6,982)
Amortization of provisions	—	(875)
Employee benefits	7	2
Net financing expense	2,505	2,346
Gain on disposal of property, plant and equipment	(138)	(109)
Change in non-cash working capital items:		
Trade and other receivables	1,331	(2,262)
Prepaid expenses	(104)	123
Inventories	(222)	7
Deferred charges	(30)	15
Deferred credits	(35)	(35)
Trade and other payables	137	(61)
Deferred revenue	10,293	3,477
Interest paid	(2,914)	(2,600)
Interest received	174	53
Cash provided by operating activities	27,747	17,463
Investing activities		
Property, plant and equipment expenditures	(24,583)	(8,842)
Proceeds on disposal of property, plant and equipment	162	219
Cash used in investing activities	(24,421)	(8,623)
Financing activities		
Lease payments	(601)	(518)
Proceeds from long-term debt	5,000	5,425
Repayment of long-term debt	—	(3,900)
Advance of notes payable	8,797	3,004
Repayment of notes payable	(6,297)	(5,004)
Debt retirement fund installments	(2,413)	(2,250)
Debt retirement fund redemptions	—	2,036
Dividends paid	(7,798)	(6,383)
Cash used in provided by financing activities	(3,312)	(7,590)
Increase in cash	14	1,250
Cash, beginning of year	2,521	1,271
Cash, end of year	\$ 2,535	\$ 2,521

See accompanying notes

1. General information

The Saskatchewan Water Corporation (the Corporation) is a corporation located in Canada. The address of the Corporation's registered office and principal place of business is 200-111 Fairford Street East, Moose Jaw, SK, S6H 1C8.

The Corporation was established on July 1, 1984 under the authority of The Water Corporation Act which remained in effect until September 30, 2002. On October 1, 2002 *The Saskatchewan Water Corporation Act* was proclaimed.

By virtue of *The Crown Corporations Act, 1993*, the Corporation has been designated as a subsidiary of Crown Investments Corporation of Saskatchewan (CIC). Accordingly, the financial results of the Corporation are included in the consolidated financial statements of CIC, a Provincial Crown corporation. As the Corporation is a Provincial Crown corporation, it is not subject to Federal or Provincial income taxes in Canada, but is subject to Provincial corporate capital tax.

The principal activity of the Corporation is to construct, acquire, manage or operate water facilities and to provide services in accordance with any agreements that it enters into pursuant to *The Saskatchewan Water Corporation Act*.

2. Basis of preparation

a) Statement of compliance

The Corporation's financial statements are prepared by management in accordance with International Financial Reporting Standards (IFRS). These financial statements were approved and authorized for issue by the Board of Directors on May 18, 2023.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Financial instruments that are accounted for according to the financial instrument categories defined in Note 3(n).
- Employee benefit obligations defined in Note 3(k).

c) Functional and presentation currency

These financial statements are presented in Canadian Dollars, which is the Corporation's functional currency.

d) 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). The Corporation'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. The Corporation has classified the fair value of its financial instruments as level 1, 2, or 3 (Note 22) 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. Debt retirement funds are valued at closing period-end unit prices received from the Saskatchewan Ministry of Finance. In all other circumstances, valuations are determined with reference to similar actively traded instruments. All long-term debt obligations are estimated using discounted cash flow analysis based on current market yields for similar arrangements.
- Level 3 – Fair values are determined based on inputs for the asset or liability that are not based on observable market data.

e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the 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.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the accounting policy in Note 3, and the following notes:

- Note 6 - trade and other receivables
- Note 9 - right-of-use assets
- Note 10 - depreciation of property, plant and equipment
- Note 15 - deferred revenue
- Note 16 - lease liabilities
- Note 18 - measurement of employee benefits
- Note 20 - commitments and contingencies

2. Basis of preparation (continued)

f) New standards and interpretations that came into effect during the year

The Corporation has adopted amendments to various accounting Standards effective April 1, 2022, which did not have a significant impact on the financial statements.

g) New standards and interpretations not yet adopted

New standards and amendments to standards and interpretations which are not yet effective for the year ended March 31, 2023, have not been applied in preparing these financial statements. In particular, the Corporation is reviewing the following amended standards and interpretations:

- Amendments to IAS 1, *Presentation of Financial Statements*
- Amendments to IAS 8, *Accounting Policies, change in Accounting Estimates and Errors*

These amendments are not expected to have a significant impact, if any, on the financial statements in the following fiscal year.

3. Significant accounting policies

a) Revenue recognition

The Corporation recognizes revenue when it transfers control over a promised good or service, a performance obligation under the contract, to a customer and where the Corporation is entitled to consideration as a result of completion of the performance obligation. Depending on the terms of the contract with the customer, revenue recognition can occur at a point in time or over time. When a performance obligation is satisfied, revenue is measured at the transaction price that is allocated to that performance obligation. For contracts where non-cash consideration is received, revenue is recognized and measured at the fair value of the non-cash consideration.

Customer contracts may include the transfer of multiple goods and services. Where the Corporation determines that the multiple goods and services are not distinct performance obligations, they are treated as a single performance obligation. There are currently no contracts that contain significant financing components. Revenue is classified as water sales and treatment, services and other revenue depending on the nature of each distinct performance obligation.

Contract costs for obtaining a customer contract are recognized as expenses as incurred unless they create an asset related to future contract activity that the Corporation expects to recover.

Significant judgement may be required to determine the number of distinct performance obligations within a contract and the allocation of transaction price to multiple performance obligations in a contract, and to determine whether the Corporation acts as a principal or agent for certain performance obligations. When multiple performance obligations are identified in a contract, the transaction price is allocated based on the stand-alone selling price of each performance obligation specified separately in the contract. If stand-alone selling price is not observable, the Corporation estimates the stand-alone selling price for each distinct performance obligation based on the related expected cost plus margin of each distinct performance obligation. The Corporation is acting as a principal when the Corporation controls the goods or services before transfer to the customer. The Corporation is acting as an agent when it is obliged to arrange for the provision of the goods and services by another party that are not controlled by the Corporation before transfer to the customer. When the Corporation acts as an agent, the revenue is recognized net of any related costs incurred.

The Corporation's principal sources of revenue and methods applied to the recognition of these revenues in these financial statements are as follows:

Water sales and treatment revenues

The contracts with customers for the supply of each of potable water, non-potable water and wastewater treatment primarily consist of perpetual contracts that are effective until terminated by the customer or the Corporation. The Corporation provides a series of distinct goods or services, which are simultaneously received and utilized by the customers. Each of the performance obligations is satisfied over time using the output method for recognition of revenue, i.e. the units of each good or service supplied to the customer which is when control of the good or service has been transferred to or from the customer as it passes through the delivery point.

Revenues are calculated based on the customer's usage of the goods during the period, at the applicable rates as per the terms of the respective contracts. Customers are generally billed on a monthly basis and payment is generally due within 30 days of billing the customer.

Services revenues

The contracts with customers for the supply of certified operation and maintenance and remote monitoring services primarily consist of perpetual contracts that are effective until terminated by the customer or the Corporation. The contracts with customers for the supply of each of project management, northern project management, operator training, and leak detection services primarily consist of short and medium term contracts that are effective until the end of the term, when the performance obligation is fulfilled or they are terminated by the customer or the Corporation. Certain service contracts include multiple services, each of which the Corporation has determined to typically constitute distinct performance obligations. Each of the performance obligations in these contracts relate to the provision of a series of distinct services, which are simultaneously received and utilized by the customers as the services are provided. Performance obligations under service contracts such as certified operation and maintenance, operator training, leak detection and remote monitoring are satisfied over time using the output method. Time and disbursement contracts such as ones contained in ancillary certified operations and maintenance, project management and northern project management are satisfied over time using the input method.

Revenues are calculated based on the services provided to the customer during the period, at the applicable rates as per the terms of the respective contracts. These revenues include an estimate of the value of services provided to the customers in the reporting period and billed subsequent to the reporting period. Customers are generally billed within a month and payment is generally due within 30 days of billing the customer.

3. Significant accounting policies (continued)

a) Revenue recognition (continued)

Other revenues

The contracts with customers that result in deferred revenues primarily consist of perpetual contracts that are effective until terminated by the customer or the Corporation. Recognition of the deferred revenue is described in Note 3(j).

Revenues are calculated based on the goods or services provided to the customer during the period, at the applicable rates as per the terms of the respective contracts. Customers are generally billed within a month and payment is generally due within 30 days of billing the customer.

b) Contract assets and liabilities

A contract liability is recorded when the Corporation receives consideration before the performance obligations have been satisfied. Contract liabilities related to customer contributions are described in Note 3(j). A contract asset is recorded when the Corporation has rights to consideration for the completion of a performance obligation when that right is conditional on something other than the passage of time. The Corporation recognizes unconditional rights to consideration separately as a receivable. Contract assets and receivables are evaluated at each reporting period to determine whether there is any objective evidence that they are impaired.

c) Inventories

Maintenance materials and treatment supplies inventory are recorded at the lower of weighted average cost and net realizable value. The net realizable value of inventory is the estimated market price for the same or similar items. Materials and supplies are charged to inventory when purchased and then expensed or capitalized when used.

d) Deferred charges

Deferred charges represent discounts and commissions on certain long-term debt issuances. Discounts and commissions are paid upon receipt of the debt issue and amortized over the life of the debt.

e) Leases

At the inception of a contract, the Corporation determines whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leased Assets

The Corporation assesses whether a contract is or contains a lease, at inception of the contract. The Corporation recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Corporation recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. For the year ended March 31, 2023 short-term, low value and variable lease payments were determined to be \$477 (March 31, 2022 - \$623).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Corporation uses its incremental borrowing rate.

Each lease payment is allocated between the liability and interest so as to achieve a constant rate on the finance balance outstanding. The interest component is included in finance expense. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the Corporation's estimate or assessment of whether it will exercise an extension, termination, or purchase option. A corresponding adjustment is made to the right-of-use asset or is recorded in the statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation applies judgment in determination of the lease term for certain lease contracts with renewal options. The assessment of whether the Corporation is reasonably certain to exercise such options impacts the lease term, which could significantly affect the amount of lease liabilities and right of use assets recorded on the initial recognition of the lease contract.

f) Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and any accumulated provisions for impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and borrowing costs on qualifying assets for those projects that are under construction for a period greater than six months. Assets under construction are recorded as in progress until they are available for use, at which time they are transferred to property, plant and equipment.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization are determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in net income as incurred.

When property, plant and equipment is disposed of or retired, the related cost, accumulated depreciation and any accumulated impairment losses are eliminated. Any resulting gains or losses are reflected in net income for the period.

In determining if a SaaS (Software as a Service) arrangement is eligible for capitalization as an intangible asset, the Corporation assesses the arrangement to determine if it has control of the software or a specific portion of the software. For those arrangements, or specific portions of arrangements where control does not exist, the Corporation recognizes any related implementation costs as Operations, maintenance and administration expenses as incurred through profit and loss. Where control exists the costs are capitalized as intangible assets and depreciated over the respective useful lives.

3. Significant accounting policies (continued)

g) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in net income on a straight-line balance basis over the estimated useful lives of each part of an item of property, plant and equipment and right of use assets, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The depreciation rates used for asset classes are as follows:

Property, plant and equipment	Rate
Building	2.50% to 10.00%
Water facilities	2.00% to 33.33%
Maintenance equipment and office equipment	5.00% to 25.00%

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the remaining term of the lease contract.

Depreciation methods, estimated useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

h) Impairment

i) Financial assets

The Corporation recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost; and debt instruments designated as Fair Value through Other Comprehensive Income (FVOCI). The Corporation uses a matrix to determine the lifetime expected credit losses for trade receivables. Debt instruments and other receivables that are determined to have low credit risk at the reporting date are measured at 12-month ECL. The Corporation considers a debt instrument to have low credit risk when its credit risk rating is A or higher (investment grade).

The Corporation uses historical patterns for the probability of default, the timing of collection and the amount of the incurred credit loss, which are adjusted based on management's judgment about whether current economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest. The Corporation assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Corporation considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Corporation in full, without recourse by the Corporation to actions such as realizing security, or the financial asset is 365 days or more past due.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt instruments at FVOCI, the loss allowance is charged to profit or loss and is recognized in Other Comprehensive Income (OCI). The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery.

ii) Non-financial assets

The carrying amounts of the Corporation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or CGU).

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. Where a reasonable and consistent basis can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net income. Impairment losses recognized in respect of CGU's are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

i) Deferred credits

Deferred credits represent premiums on certain long-term debt issuances. Premiums are received upon receipt of the debt issue and amortized over the life of the debt.

j) Deferred revenue

Government grants

Government grants are recognized initially as deferred revenue at fair value when there is reasonable assurance that they will be received and the Corporation will comply with the conditions associated with the grant. Grants that compensate the Corporation for expenses incurred are recognized in net income on a systematic basis in the same periods in which the expenses are recognized. Grants that compensate the Corporation for the cost of an asset are recognized in net income on a systematic basis over the useful life of the asset.

3. Significant accounting policies (continued)

j) Deferred credits (continued)

Customer contributions

Customer contributions are received from customers, generally in the form of cash, to assist in the construction of assets to provide services to the contributing customers. Prior to the commencement of construction these amounts are recorded as infrastructure deposits. As construction occurs these amounts are transferred to deferred revenue.

When completion of the construction is determined to be a separately identifiable performance obligation, these amounts are recognized directly into net income. When completion of construction is not determined to be separate from the ongoing supply or services performance obligation, these amounts are transferred to deferred revenue and recognized in net income over the term of the contract with the customer. If the contract does not specify a period or automatically continues in effect after an initial term, the revenue shall be recognized over a period no longer than the useful life of the related assets used to provide the ongoing service.

k) Employee benefits

i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under a short-term bonus if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

ii) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Corporation pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in net income in the periods during which services are rendered by employees.

iii) Defined benefit retirement allowance plan

The Corporation's obligation is the amount of future benefit that employees have earned in return for their service in the current and prior periods funded from operations and expensed in the period they are incurred. As at December 31 of each year the future benefit is actuarially determined using the projected benefit method. Any actuarial gains or losses are recognized in other comprehensive loss and the Corporation will transfer any actuarial gains or losses from other equity to retained earnings in the year it is recognized in other comprehensive loss.

l) Finance income and expense

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognized as it accrues in net income, using the effective interest method.

Finance costs comprise interest expense on borrowings and lease liabilities, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in net income using the effective interest method.

m) Equity advance

The Corporation periodically receives funding from its parent and sole equity holder, Crown Investments Corporation of Saskatchewan. Funding is first analyzed to determine whether the funding is a transaction with the equity holder in their capacity as an equity holder, i.e. equity injection, or whether the funding would be available to other parties for a specific purpose. If there is no requirement to comply with certain conditions relating to the operating activities of the Corporation, the funding is recorded as an equity advance. If the Corporation must comply with certain past or future conditions relating to the operating activities of the Corporation, and the funding could be available to other parties for a specific purpose, the funding is recorded as a government grant (see Note 3(j)).

n) Financial instruments

The Corporation classifies its financial instruments into one of the following categories: amortized cost (AC); fair value through profit or loss (FVTPL); fair value through other comprehensive income (FVOCI); and other liabilities (OL) (Note 22).

All financial instruments are measured at fair value on initial recognition and recorded on the statement of financial position. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows of the financial asset in a transaction where substantially all the risks and rewards of ownership of the financial asset are transferred or in a transaction where the Corporation neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset but does not retain control of the asset. Any interest in transferred financial assets that is created or retained by the Corporation is recognized as a separate asset or liability.

The Corporation initially recognizes debt securities issued on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Corporation also derecognizes a financial liability when there is a substantial modification of the terms of an existing financial liability or a part of it. In this situation, a new financial liability under the new terms is recognized at fair value, and the difference between the carrying amount of the financial liability or part of the financial liability extinguished and the new financial liability under the new terms is recognized in profit or loss.

3. Significant accounting policies (continued)

n) Financial instruments (continued)

i) Amortized cost

A financial asset is measured at amortized cost if both of the following criteria are met: The asset is held to collect its contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest. Financial assets included within this category are initially recognized at fair value and subsequently measured at amortized cost, less impairment losses. The Corporation has classified trade and other receivables as amortized cost financial assets.

ii) Fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if both of the following criteria are met: the objective of the business model is achieved both by collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest. The Corporation may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. This election is made for each separate investment. Financial assets included within FVOCI are initially and subsequently measured at fair value. Movements in the carrying amount should be recorded through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. Where the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified to profit or loss as a reclassification adjustment. The Corporation has classified debt retirement funds as FVOCI assets.

iii) Fair value through profit or loss (FVTPL)

A financial asset is measured at FVTPL if they do not meet the criteria of amortized cost or FVOCI. This includes all derivative financial assets. The Corporation may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different basis. Financial assets included within FVTPL should be measured at fair value with all changes recorded through profit or loss. The Corporation has classified Cash as FVTPL.

iv) Other liabilities

Other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Upon derecognition, all gains and losses are also recognized in profit or loss.

4. Revenue

	March 31 2023	March 31 2022
Water sales and treatment		
Potable water supply	\$ 30,381	\$ 30,319
Non-Potable water supply	22,991	23,361
Wastewater treatment	823	766
	<u>54,195</u>	<u>54,446</u>
Services		
Certified operations & maintenance	2,944	2,660
Northern project management	660	529
Operator training	731	727
Leak detection	-	1
Remote monitoring	23	37
	<u>4,358</u>	<u>3,954</u>
Other		
Amortization of customer contributions	6,134	6,173
Amortization of government grants – capital related	1,084	809
Miscellaneous revenue	642	282
	<u>7,860</u>	<u>7,264</u>
	<u>\$ 66,413</u>	<u>\$ 65,664</u>

At March 31, 2023 the Corporation has \$194,789 (March 31, 2022 - \$191,720) of contract liabilities recorded as deferred revenue in the statement of financial position related to contributions received from customers and government grants. Revenue will be recognized in future periods related to this balance, as described in Note 3(j), over periods ranging up to 50 years.

5. Finance income and expenses

	March 31 2023	March 31 2022
Finance income		
Debt retirement fund earnings	\$ 178	\$ 234
Realized gains on redemption of debt retirement funds	—	20
Other finance income	145	97
Amortization of long term debt premiums	35	35
	<u>358</u>	<u>386</u>
Finance expenses		
Interest expense on short-term debt	299	14
Interest expense on long-term debt	2,650	2,600
Amortization of discount and commissions	16	15
Unwinding of discount on provisions	—	11
Unwinding of discount on lease liabilities	96	79
Retirement allowance interest cost	17	13
Borrowing costs capitalized to qualifying assets	(215)	—
	<u>2,863</u>	<u>2,732</u>
Net finance expense	\$ (2,505)	\$ (2,346)
Interest capitalization rate	<u>3.24%</u>	<u>0.00%</u>

6. Trade and other receivables

	March 31 2023	March 31 2022
Trade receivables	\$ 7,046	\$ 3,452
Accrued receivables	2,384	7,277
Employee advances	3	4
	<u>9,433</u>	<u>10,733</u>
Expected credit losses	(93)	(62)
	<u>\$ 9,340</u>	<u>\$ 10,671</u>
	March 31 2023	March 21 2022
Expected credit losses, opening balance	\$ 62	\$ 23
Accounts written-off	(16)	—
Provision adjustments	47	39
Expected credit losses, ending balance	<u>\$ 93</u>	<u>\$ 62</u>

The Corporation's exposure to credit risks and impairment losses related to trade and other receivables is disclosed in Note 22.

7. Deferred charges

	March 31 2023	March 31 2022
Balance, beginning of the year	\$ 278	\$ 293
Deferred charges - additions	46	—
Amortization of deferred charges	(16)	(15)
	<u>308</u>	<u>278</u>
Less: Current portion of deferred charges	(17)	(15)
Non-current balance, end of the year	<u>\$ 291</u>	<u>\$ 263</u>

8. Investment – debt retirement funds

Under conditions attached to certain long-term debt issues from the Province of Saskatchewan, the Corporation is required to invest annually an amount at least equal to one per cent of the related outstanding debt. The investments, referred to as debt retirement funds, are administered by Saskatchewan's Ministry of Finance. The investments in debt retirement funds are held by the Province of Saskatchewan. The yield on the investments was -1.01% for the year ended March 31, 2023 (-3.3% for the year ended March 31, 2022). The changes in the carrying amount of debt retirement funds are as follows:

	March 31 2023	March 31 2022
Debt retirement funds, beginning of year	\$ 13,289	\$ 13,510
Installments	2,413	2,250
Redemptions	—	(2,036)
Earnings	178	254
Change in fair value of debt retirement funds	(268)	(689)
Debt retirement funds, end of year	<u>\$ 15,612</u>	<u>\$ 13,289</u>

As at March 31, 2023, scheduled debt retirement fund installments are as follows:

2023/24	\$ 858
2024/25	858
2025/26	841
2026/27	841
2027/28	791
Thereafter	9,146

9. Right-of-use assets

	Buildings	Vehicles	Equipment	Total
Cost				
Balance at March 31, 2021	\$ 3,017	\$ 1,149	\$ 85	\$ 4,251
Additions	—	217	—	217
Disposals	—	(87)	—	(87)
Balance at March 31, 2022	3,017	1,279	85	4,381
Additions	—	1,082	—	1,082
Disposals	—	(198)	—	(198)
Adjustments	(310)	—	—	(310)
Balance at March 31, 2023	\$ 2,707	\$ 2,163	\$ 85	\$ 4,955
Accumulated depreciation				
Balance at March 31, 2021	\$ 587	\$ 375	\$ 68	\$ 1,030
Amortization	293	156	12	461
Disposals	—	(39)	—	(39)
Balance at March 31, 2022	880	492	80	1,452
Amortization	301	220	3	524
Disposals	—	(102)	—	(102)
Adjustments	(114)	—	—	(114)
Balance at March 31, 2023	\$ 1,067	\$ 610	\$ 83	\$ 1,760
Carrying amounts				
Balance at March 31, 2022	\$ 2,137	\$ 787	\$ 5	\$ 2,929
Balance at March 31, 2023	\$ 1,640	\$ 1,553	\$ 2	\$ 3,195

The Corporation's reassessed one of the building leases where it is no longer reasonably certain that we will exercise future extension options associated with the lease and therefore recorded an adjustment to reduce both the right-of-use asset and associated lease liability.

10. Property, plant and equipment

	Buildings	Water Facilities	Maintenance & Office Equipment	Assets under Construction	Land	Total
Cost						
Balance at March 31, 2021	\$ 2,221	\$ 478,772	\$ 8,345	\$ 11,313	\$ 1,879	\$ 502,530
Additions	—	—	94	8,748	—	8,842
Transfers	37	16,223	286	(16,546)	—	—
Disposals	—	(606)	(479)	—	—	(1,085)
Balance at March 31, 2022	2,258	494,389	8,246	3,515	1,879	510,287
Additions	—	—	26	24,772	—	24,798
Transfers	1,453	17,077	30	(18,560)	—	—
Disposals	(33)	(9)	(341)	—	—	(383)
Balance at March 31, 2023	\$ 3,678	\$ 511,457	\$ 7,961	\$ 9,727	\$ 1,879	\$ 534,702
Accumulated depreciation and impairment						
Balance at March 31, 2021	\$ 1,461	\$ 149,460	\$ 5,461	\$ —	\$ —	\$ 156,382
Depreciation	70	14,236	407	—	—	14,713
Impairment recovery	—	(16)	—	—	—	(16)
Impairment of assets	—	554	—	—	—	554
Disposals	—	(616)	(407)	—	—	(1,023)
Balance at March 31, 2022	1,531	163,618	5,461	—	—	170,610
Depreciation	89	14,719	416	—	—	15,224
Impairment recovery	—	(420)	—	—	—	(420)
Impairment of assets	—	—	—	—	—	—
Disposals	(33)	(9)	(296)	—	—	(338)
Balance at March 31, 2023	\$ 1,587	\$ 177,908	\$ 5,581	\$ —	\$ —	\$ 185,076
Carrying amounts						
Balance at March 31, 2022	\$ 727	\$ 330,771	\$ 2,785	\$ 3,515	\$ 1,879	\$ 339,677
Balance at March 31, 2023	\$ 2,091	\$ 333,549	\$ 2,380	\$ 9,727	\$ 1,879	\$ 349,626

At March 31, 2023 the Corporation had property, plant and equipment that was fully depreciated and still in use with a cost of \$36,674 (March 31, 2022 - \$33,515).

For the year ended March 31, 2023, capitalized borrowing costs related to the acquisition of land and construction of new assets amounted to \$215 (March 31, 2022 - \$0), with a capitalization rate of 3.24% (March 31, 2022 - 0.0%).

Each year SaskWater assessed the performance of a previously impaired cost generating unit. In assessing the performance of the cost generating unit for the year ended March 31, 2023 an impairment recovery of \$420 was recorded as system performance has improved due to process changes made during the year. For the year ended March 31, 2022 there were capital additions required to operate a previously impaired cost generating unit, in assessing the impact of the addition, as well as the overall cost generating unit performance, an additional impairment of \$554 was recorded against the overall cost generating unit assets.

For the year ended March 31, 2022 there was an impairment recovery of \$16 for assets that were transferred from a previously impaired cost generating unit, to a cost generating unit that is not impaired.

11. Trade and other payables

	March 31 2023	March 31 2022
Trade payables	\$ 2,509	\$ 1,697
Interest payable	706	644
Other payables	3,065	3,740
	\$ 6,280	\$ 6,081

The Corporation's exposure to liquidity risk related to trade and other payables is disclosed in Note 22.

12. Notes payable

	March 31 2023	March 31 2022
Amount outstanding	\$ 8,000	\$ 5,500
Interest rate	4.474%	0.162%
Due date	26-Apr-23	1-Apr-22

By Order-in-Council 171/2014 and subject to the maximum sum of \$130,000 of total debt, SaskWater is approved to borrow from time to time by way of temporary loans from the Province of Saskatchewan or from any Chartered bank, credit union or other person, amounts not exceeding the aggregate principle sum of \$30,000 (March 31, 2022 - \$30,000) at any time outstanding, such borrowing to be by way of bank overdraft, line of credit, or in any other manner that SaskWater may determine.

The Corporation's exposure to interest rate and liquidity risk related to notes payable is disclosed in Note 22.

13. Dividends payable

	March 31 2023	March 31 2022
Balance, beginning of the year	\$ 2,191	\$ 2,085
Dividends declared	7,775	6,489
Payments remitted	(7,798)	(6,383)
Balance, end of the year	\$ 2,168	\$ 2,191

As a subsidiary of CIC, the Corporation declares and remits dividends accordingly.

14. Deferred credits

	March 31 2023	March 31 2022
Balance, beginning of the year	\$ 285	\$ 320
Amortization of deferred credits	(35)	(35)
	250	285
Less: Current portion of deferred revenue	(35)	(35)
Non-current balance, end of the year	\$ 215	\$ 250

15. Deferred revenue

	March 31 2023	March 31 2022
Balance, beginning of the year	\$ 191,720	\$ 195,225
Net deferred revenue additions	10,293	3,477
Amortization of deferred revenue	(7,224)	(6,982)
	194,789	191,720
Less: Current portion of deferred revenue	(7,332)	(7,150)
Non-current balance, end of the year	\$ 187,457	\$ 184,570

16. Lease liabilities

	March 31 2023	March 31 2022
Total future minimum lease payments	\$ 3,573	\$ 3,307
Less: Future finance charges on leases	(300)	(298)
Present value of lease liabilities	3,273	3,009
Less: Current portion of lease liabilities	(791)	(728)
	\$ 2,482	\$ 2,281

The weighted average discount rate applied is 1.37% - 6.41% (March 31, 2022 - 1.75% - 4.81%).

As at March 31, 2023, scheduled future minimum lease payments and the present value of lease liabilities are as follows:

	Future minimum lease payments	Present value of lease liabilities
Less than one year	\$ 892	\$ 791
Between one and five years	2,374	2,179
More than five years	307	303
	\$ 3,573	\$ 3,273

The lease liabilities consist of the Corporation's leases for vehicles, office equipment and office facilities. Any leases that include renewal options where the Corporation was reasonably certain to exercise the options were included in the right-of-use asset and lease liabilities accordingly.

For the year ended March 31, 2023 short-term, low value and variable lease payments were determined to be \$477 (March 31, 2022 - \$623).

17. Long-term debt

Date of Maturity	March 31, 2023			March 31, 2022		
	Coupon Rate (per cent)	Effective Rate (per cent)	Outstanding Amount	Effective Rate (per cent)	Outstanding Amount	
01-Mar-24	5.32	5.32	\$ 2,100	5.32	\$ 2,100	
10-Apr-25	5.05	5.05	1,700	5.05	1,700	
02-Jun-27	2.65	2.75	5,000	2.75	5,000	
02-Jun-30	2.20	1.51	5,000	1.51	5,000	
03-Dec-30	4.32	4.32	9,000	4.32	9,000	
12-Dec-35	3.29	3.29	2,407	3.29	2,407	
10-Jan-36	3.18	3.18	2,400	3.18	2,400	
03-Nov-36	2.94	2.94	4,575	2.94	4,575	
03-Nov-36	2.49	2.49	1,525	2.49	1,525	
01-Dec-36	2.70	2.70	3,900	2.70	3,900	
10-Apr-37	3.20	3.20	2,800	3.20	2,800	
11-May-37	3.02	3.02	2,600	3.02	2,600	
03-Mar-38	3.15	3.15	5,000	3.15	5,000	
01-Sept-39	2.39	2.39	4,500	2.39	4,500	
01-Mar-40	2.20	2.20	5,093	2.20	5,093	
01-Mar-41	3.29	3.29	10,718	3.29	10,718	
01-Mar-41	3.16	3.16	4,600	3.16	4,600	
02-Jun-50	3.10	3.23	10,000	3.23	10,000	
02-Jun-62	3.80	3.83	5,000	—	—	
			87,918		82,918	
Less: Current portion of long-term debt			(2,100)		—	
			<u>\$ 85,818</u>		<u>\$ 82,918</u>	

As at March 31, 2023, scheduled long-term debt repayments are as follows:

Long-term debt repayments in each of the next five years are as follows:

2023/24	\$ 2,100
2024/25	—
2025/26	1,700
2026/27	—
2027/28	5,000
Thereafter	79,118

By Order-in-Council 171/2014 SaskWater is authorized to borrow up to an aggregate principal amount of \$130,000 (March 31, 2022 - \$130,000) inclusive of the \$30,000 in temporary borrowings referenced in Note 12. All of the above loans are payable to the Province of Saskatchewan's GRF with interest payable semi-annually. The Corporation's exposure to interest rate and liquidity risk related to long-term debt is disclosed in Note 22.

Under conditions attached to certain advances from the Province of Saskatchewan the Corporation is required to pay annually, into debt retirement funds administered by the Saskatchewan Ministry of Finance, amounts at least equal to 1% of certain debt outstanding (Note 8).

18. Employee benefits

a) Defined benefit retiring allowance plan

The amounts related to the defined benefit retiring allowance plan for executive, management employees and members of the UNIFOR Union are as follows:

	March 31 2023	March 31 2022
Balance, beginning of year	\$ 693	\$ 691
Current service cost	47	48
Interest cost	17	13
Benefits paid	(57)	(59)
Actuarial gains	(89)	—
Balance, end of year	<u>\$ 611</u>	<u>\$ 693</u>

An actuarial assessment is required to be completed each calendar year as at December 31 in conjunction with reporting requirements of the plan. The significant actuarial assumptions adopted in measuring the Corporation's annual accrued benefit liability are:

	March 31 2023	March 31 2022
Discount rate	4.20%	2.40%
Inflation rate	2.25%	2.25%
Average remaining service life	12.6 years	11.7 years

The discount rate was based on the yield curve for Saskatchewan provincial bonds whose duration approximates the duration of the liabilities.

The following sensitivity analysis illustrates the effect on the obligations of the plan of changing certain actuarial assumptions while holding other assumptions constant:

	Increase	Decrease
Discount rate (0.5% movement)	\$ (24)	\$ 26
Annual termination rate (0.5% movement)	\$ (7)	\$ 7
Compensation (0.5% movement)	\$ 26	\$ (24)

b) Defined contribution pension plan

The Corporation's employees participated in the Public Employees Pension Plan (the Plan), a defined contribution pension plan. The Corporation's contributions to the Plan include making regular payments into the Plan equal to 160% of the required amounts contributed by employees for current service. The total amount paid to the Plan for the year ended March 31, 2023 was \$927 (March 31, 2022 - \$908).

19. Equity advance and capital disclosure

The Corporation does not have share capital. However, the Corporation has received advances from CIC to form its equity capitalization. The advances reflect an equity investment in the Corporation by CIC.

The Corporation's debt management plan is built on the goal of ensuring the capacity to meet long-term obligations and ensuring financial health, while achieving the growth plans of the Corporation.

As a Crown corporation, SaskWater receives its long-term capital funding primarily from the Saskatchewan Ministry of Finance. SaskWater also has access to a \$30,000 line of credit.

The Corporation's capital consists of notes payable, long-term debt and equity, less debt retirement funds.

	March 31 2023	March 31 2022
Gross long-term debt	\$ 87,918	\$ 82,918
Notes payable	8,000	5,500
Debt retirement funds	(15,612)	(13,289)
Net debt	80,306	75,129
Total equity	78,874	78,189
Capitalization	\$ 159,180	\$ 153,318
Debt ratio	50.4%	49.0%

The Corporation has complied with all externally imposed restrictions on its debt for the year ended March 31, 2023.

20. Commitments and contingencies

a) Contractual commitments

As of March 31, 2023, the Corporation has outstanding commitments of \$67,050 (March 31, 2022 - \$6,978) for construction contracts and consulting agreements primarily relating to assets under construction and other service contracts.

b) Litigation

The Corporation has provided, in its accounts, for any known claims from lawsuits or other legal proceedings for which there is material risk of liability to the Corporation in accordance with management's best estimates and the advice received from legal counsel. The Corporation intends to account for any differences which may arise between amounts provided and amounts expended in the period in which the claims are resolved.

21. Related party transactions

a) Related parties

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). The Corporation has elected to take partial exemption under IAS 24 Related Party Disclosures which allows government related entities to limit the extent of disclosures about related party transactions with government and other government related entities.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. The Corporation also pays Saskatchewan provincial sales tax on all its taxable purchases to the Saskatchewan Ministry of Finance. Taxes paid are recorded as part of the cost of those purchases.

b) Compensation of key management personnel

Key management personnel include the President and Vice President positions. The compensation related to key management for employee services is shown below:

	March 31 2023	March 31 2022
Salaries, wages and short-term employee benefits	\$ 622	\$ 670
Post-employment benefits	47	49
	\$ 669	\$ 719

22. Financial instruments and risk management

a) Fair values

Fair values are the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgment and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

The following summarizes the classification, carrying amounts and fair values of the Corporation's financial instruments:

Financial instruments	Classification ¹	Level ²	March 31, 2023 Asset (Liability)		March 31, 2022 Asset (Liability)	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Cash	FVTPL	1	\$ 2,535	\$ 2,535	\$ 2,521	\$ 2,521
Trade and other receivables	AC	N/A	9,340	9,340	10,671	10,671
Debt retirement funds	FVOCI	2	15,612	15,612	13,289	13,289
Financial liabilities						
Trade and other payables	OL	N/A	(6,280)	(6,280)	(6,081)	(6,081)
Notes payable	OL	N/A	(8,000)	(8,000)	(5,500)	(5,500)
Dividends payable	OL	N/A	(2,168)	(2,168)	(2,191)	(2,191)
Long-term debt	OL	2	(87,918)	(79,079)	(82,918)	(80,852)

¹Classification details are as follows:

FVTPL - Fair value through profit and loss

AC - Amortized cost

FVOCI - Fair value through other comprehensive income (loss)

OL - Other liabilities at amortized cost

²Fair values are determined using a fair value hierarchy as follows:

Level 1 - Where quoted prices are readily available from an active market.

Level 2 - Valuation model not using quoted prices, but still using predominantly observable market inputs, such as market interest rates.

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

Not applicable (N/A) - Financial instruments that are carried at values which approximate fair value.

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. Debt retirement funds are monies set aside to retire outstanding debt upon maturity. The Corporation is required to pay annually into debt retirement funds which are held and invested by the Saskatchewan Ministry of Finance. The impact of a 1% fluctuation in market prices related to these investments would have an increase or decrease of approximately +/- \$156 (March 31, 2022 - +/- \$133).

The Corporation is exposed to interest rate risk on the maturity of its long-term debt. However, in the current low interest rate environment, these risks are considered low. Interest rate risk on these expected future borrowings are managed, based on the refinancing needs of the Corporation, using derivative financial instruments when deemed appropriate. The Corporation had no derivative financial instruments in place to offset interest rate risk as of March 31, 2023 and March 31, 2022. The change in rate would have no impact on net income due to classification of long-term debt as other liabilities.

22. Financial instruments and risk management (continued)

c) Liquidity risk

Liquidity risk is the risk that the Corporation is unable to meet its financial commitments as they become due. The Corporation manages cash resources based on financial forecasts and anticipated cash flows. The following summarizes the contractual maturities of the Corporation's financial liabilities:

	March 31, 2023				
	6 months or less	7 – 12 months	Subsequent year 2	Subsequent years 3-5	More than 5 years
Trade and other payables	\$ 6,280	\$ -	\$ -	\$ -	\$ -
Notes payable	8,000	-	-	-	-
Dividends payable	2,168	-	-	-	-
Long-term debt	1,403	3,502	2,694	14,500	108,921
	\$ 17,851	\$ 3,502	\$ 2,694	\$ 14,500	\$ 108,921

	March 31, 2022				
	6 months or less	7 – 12 months	Subsequent year 2	Subsequent years 3-5	More than 5 years
Trade and other payables	\$ 6,081	\$ -	\$ -	\$ -	\$ -
Notes payable	5,500	-	-	-	-
Dividends payable	2,191	-	-	-	-
Long-term debt	1,308	1,307	4,715	9,082	105,858
	\$ 15,080	\$ 1,307	\$ 4,715	\$ 9,082	\$ 105,858

Future cash flows from operations and availability under existing credit facilities will be adequate to support these financial liabilities.

d) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentrations of credit risk relate to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

22. Financial instruments and risk management (continued)

d) Credit risk (continued)

The Corporation is not exposed to a significant concentration of credit risk. The maximum credit risk to which the Corporation is exposed as at the following dates, is limited to the fair value of the financial assets recognized as follows:

	March 31 2022	March 31 2022
Cash	\$ 2,535	\$ 2,521
Trade receivables		
Current	6,332	3,188
31 – 60 days	415	89
61 – 90 days	73	27
91 – 180 days	32	67
Over 180 days	194	81
Subtotal	7,046	3,452
Expected credit losses	(93)	(62)
	6,953	3,390
Accrued and other receivables	2,387	7,281
Debt retirement funds	15,612	13,289
	\$ 27,487	\$ 26,481

Provisions for credit losses are maintained and regularly reviewed by the Corporation based on an lifetime expected credit losses. Historically, the Corporation has not written-off a significant portion of its accounts receivable balances. At March 31, 2023, the Corporation had a balance of \$93 (March 31, 2022 - \$62) recorded in the expected credit losses account.

Debt retirement funds are on deposit with, and being administered by, the Saskatchewan Ministry of Finance. At March 31, 2023, the Ministry has invested these funds primarily in Provincial government and Federal government bonds with varying maturities to coincide with related long-term debt maturities and are managed based on this maturity profile and market conditions. As such, the related credit risk associated with these investments as at March 31, 2023, is considered low.

23. Comparative amounts

Certain comparative figures have been changed to conform to current year presentation.

24. Subsequent events

Subsequent to March 31, 2023, the Corporation's maximum total debt and temporary debt limits increased by way of Order-in-Council 168/2023, which was approved in Cabinet on April 26, 2023. Subject to the maximum sum of \$225,000 of total debt, SaskWater is approved to borrow from time to time by way of temporary loans from the Province of Saskatchewan or from any Chartered bank, credit union or other person, amounts not exceeding the aggregate principle sum of \$75,000 at any time outstanding, such borrowing to be by way of bank overdraft, line of credit, or in any other manner that SaskWater may determine.



Corporate Governance

Overview

Board of Directors

Executive

Corporate Directory

Overview

Corporate governance is generally accepted as the set of processes, customs, policies, laws and institutions that affect how a corporation is directed, administered or controlled.

Corporate governance includes the relationships among stakeholders and the goals for which the corporation is governed. Contributors to corporate governance include the shareholder, the Board of Directors and management.

Effective corporate governance results in a well-run, high-performing and transparent organization, accountable to the public it serves.

Crown Corporation Structure

SaskWater is a statutory Crown corporation governed by *The Saskatchewan Water Corporation Act, 2002*, and is subject to the provisions of *The Crown Corporations Act, 1993*.

Crown Investments Corporation (CIC) of Saskatchewan is the Province of Saskatchewan's holding company for its commercial Crown corporations, including SaskWater, and has authority to establish direction for SaskWater related to certain matters set out in legislation.

Through the Chair, who is an independent Director, the Board of Directors is accountable to the Minister Responsible for SaskWater.



Roles and Responsibilities

The Government of Saskatchewan represents the public's interests and sets the vision for the Crown sector. Government approves and rescinds Crown Board appointments.

The CIC Board sets strategic direction for the Crown sector, sets public policy expectations, approves performance standards, allocates capital and monitors and evaluates the Crown corporation's performance throughout the year.

The Minister Responsible for SaskWater keeps informed of Crown activities and functions as the communications channel between the Crown corporation and its stakeholders, including government, the legislature and the public.

CIC develops policy on Crown corporations and communicates and monitors strategic shareholder direction and policy to the corporation. SaskWater's Board oversees the overall direction of the business activities of the corporation to achieve the performance targets and is responsible for the approval and implementation of the corporation's strategic plan and performance plan.

Direction to the Crown Sector

The CIC Board provides direction to SaskWater that is reflected in our strategic, business and operational plans. The Crown sector strategic priorities include:

- customer service
- resource optimization
- innovation and technology
- sustainability
- private sector engagement

CIC also provides direction to SaskWater for such things as programs, reporting processes and procedures, policies and administrative or legislative matters.

Board of Directors

The SaskWater Board of Directors terms of reference states that the Board will have a minimum of three members and a maximum of 10. As of March 31, 2023, the SaskWater Board consisted of eight independent Directors. All are appointed for a set term by the Lieutenant Governor in Council, who also designates the Chair and Vice Chair. Subject to applicable legislation, Directors are appointed for a fixed term and their appointments can be renewed at expiry.

Responsibilities and Duties

The Board is responsible for SaskWater's stewardship while fostering success consistent with SaskWater's mandate. The Board works with management to oversee corporate operations, including:

- setting corporate direction
- guiding strategic planning processes
- executing performance evaluations
- annual and quarterly monitoring and reporting functions

- assisting in business plan development and approval
- monitoring processes and systems used to achieve sustainable operations

The SaskWater Board of Directors met nine times in 2022–23.

Committees

In 2022–23, the Board had two standing committees to undertake detailed reviews and provide in-depth supervision in key areas of responsibility.

The committees of the Board were:

- Audit and Finance
- Governance and Corporate Responsibility

The Audit and Finance Committee held six meetings in 2022–23.

Current committee members (appointed to committee on December 1, 2021): Patricia Hughes (Chair), Alison Green, Richard Porter, Terri Uhrich, Michael Gering (ex officio).

The Audit and Finance Committee helps the Board fulfill its financial accountability by:

- overseeing the corporation's budget, financial operations and results
- reviewing internal controls established by management and the Board
- participating in internal and external audit processes
- monitoring the adequacy and condition of capital assets
- reviewing and making recommendations on capital activities
- ensuring appropriate systems are in place to identify and manage risk

The Governance and Corporate Responsibility Committee held four meetings in 2022–23.

Current committee members (appointed to committee on December 1, 2021): Glenda Whalen (Chair), Tracy Arno, Steve Kemp, Michael Gering (ex officio).

The Governance and Corporate Responsibility Committee reviews and maintains SaskWater's governance practices and oversees the Board's nominating and governance activities, including:

- evaluating the performance of Board committees, Board Chair, individual Directors and the President/CEO
- recommending Board and committee structure, composition and mandate
- ensuring Board orientation and opportunities for professional development
- articulating the roles and responsibilities of the Board
- overseeing compensation policies and collective bargaining mandate

Governance Practices

The SaskWater Board has implemented a comprehensive set of governance practices and is committed to clear disclosure of its governance practices in accordance with current best practice disclosure standards. On June 30, 2005, the Canadian Securities Administrators (CSA) National Policy 58-201 on Corporate Governance Guidelines and National Instrument 58-101 on Governance Disclosure Rules came into effect. The CSA standards supersede the Toronto Stock Exchange Corporate Governance Guidelines, which the Board used previously to assess its practices. The Governance and Corporate Responsibility Committee has reviewed the Guidelines with a view of adapting the Board's governance practices to the Guidelines, where effective and beneficial. Although SaskWater is not required to comply with the CSA governance guidelines, the corporation has used them to benchmark its corporate governance practices.

SaskWater's Corporate Governance policies and practices can be found in the 2022-23 Corporate Governance Statement posted to our website at www.saskwater.com. The link to this document can be found in the About Us section under Leadership.



Board of Directors



Michael Gering
Chair
Swift Current

Michael Gering is President and CEO of Diamond Energy Services in Swift Current, a company he founded in 1996. He has worked in the oilfield industry since 1985. He is also a member of the RM of Swift Current Council and the Swift Current & District Chamber of Commerce. Michael and his wife are long-time residents of Swift Current. Over the years, he has supported his community through his involvement with Swift Current Minor Hockey and the South Saskatchewan Female Hockey League, and as a member of the Great Plains College Board of Directors. He has also participated on numerous other community and fundraising committees. Michael currently sits on the Canadian Association of Energy Contractors Board of Directors. He completed the Johnson and Shoyama Board Governance Program.



Richard Porter
Vice Chair
Warman

Richard Porter was the owner and CEO of Shellbrook Crushing, Shellbrook Trucking and several related businesses. Richard has gained a wealth of knowledge and experience as an employer dealing with large staffs and government contracts. He has a good working knowledge of both sides, as employer and employee. Community involvement is a large part of Richard's life and over the years he has been very active with the Kinsmen Club, TeleMiracle and as Chair of the Parkland School Division Board. He was a councillor in the RM of Canwood for 10 years and served as Reeve for four years. Richard has served on and chaired several committees, including the Fundraising Committee for the Parkland Integrated Health Centre in Shellbrook. He also serves on the Area Transportation Planning Committee for the Province of Saskatchewan and is Vice Chair of the Saskatchewan Agricultural Hall of Fame.



Tracy Arno
Saskatoon

Tracy Arno is a Saskatchewan business leader, entrepreneur and owner of Essence Recruitment. She leads her successful practice based on the core values of honesty, transparency, community, diversity and respect. Tracy's extensive Canadian network stems from her vast involvement and dedication to her community. She is a SaskWater Board Director and a Board Director with Prairieland Park in Saskatoon, Chair of the North Saskatoon Business Association, Saskatoon City Hospital Foundation, and Restoration Action Program. Tracy was President of the Greater Saskatoon Chamber of Commerce. She enjoys being a mentor for the Raj Manek Mentorship Program, and volunteers for several other community initiatives.



Alison Green
Regina

Alison Green joined SaskWater's Board of Directors in November 2018. Prior to that, she was a Director of the SOCO Board and Chair of the Audit and Finance Committee. Alison is a Regina native, and completed her Bachelor of Administration degree and CMA designation (CPA, CMA) at the University of Regina. She also has a Certified Financial Planner designation (CFP) and obtained her Chartered Director (C. Dir.) designation in 2015 from The Directors College, McMaster University. Alison has a background in finance, having worked in the energy sector, banking industry and public accounting. She is a tax specialist at Saveway Tax Services in Regina where she enjoys providing tax and accounting services to individuals, families and business clients. In her volunteer life, Alison has been a Rotarian for 25 years and was a Director of the Rotary Club of Regina. She has served on the National Board and Division Board of CNIB, and is a Director of the Efile Association of Canada and the Regina Symphony Orchestra.



Patricia Hughes
Prince Albert

Patricia Hughes is the CEO of the Prince Albert & District Chamber of Commerce. She and her husband Brad actively farm in Tisdale on the family farm, and reside in Prince Albert. They have two grown sons with whom they enjoy spending their spare time at the family cabin at Candle Lake. Patricia is actively involved with Community Futures. She is a Director on her local Board, Prince Albert Community Futures, and represents Saskatchewan with Pan West Community Futures. She is also a Director with Hatchet Lake Economic Development Corporation. Patricia has served on other local Boards and continues to be very active in her community, participating in several fundraising initiatives that support local organizations.

Board of Directors



Steve Kemp
Regina

Steve Kemp joined SaskWater's Board of Directors in December 2022, and is a member of the Governance and Corporate Responsibility Committee. Prior to that, he was a member of the Saskatchewan Rate Review Panel. Steve completed his Bachelor of Science in Electrical Engineering from the University of Saskatchewan, and is a professional engineer registered in Saskatchewan, British Columbia and Ontario. He received his ICD.D designation upon graduating from the Directors Education Program at the Institute of Corporate Directors and the Rotman School of Management. He is the President and an owner of Ritenburg & Associates Ltd., a Saskatchewan-based engineering consulting firm. As part of his ongoing professional development and community involvement, Steve is a member of the Saskatchewan Provincial Capital Commission Engineering Advisory Committee, Canadian Progress Club – Regina Centre, Canadian Healthcare Engineering Society – Sask Chapter, and the White City/Emerald Park Business Association.



Terri Uhrich
Saskatoon

Terri Uhrich was named to the SaskWater Board in June 2021, and is a member of the Audit and Finance Committee. She has spent the majority of her career as a lawyer working in-house for a variety of organizations, including insurance, exploration and mining, and financial services. She is an active member of the Canadian Bar Association and the Canadian Corporate Counsel Association, and volunteers on a number of Boards. Terri is Vice President, Legal, and General Counsel with Foran Mining Corporation. In September 2022, she completed the Directors Education Program offered by the Institute of Corporate Directors and the Rotman School of Management.



Glenda Whalen
Qu'Appelle

Glenda Whalen was a small business owner in Saskatchewan. After many years working in the field of education, she pursued her Bachelor of Fine Arts degree at the University of Regina, graduating with distinction, and was employed as a contracted costume designer. Glenda and her husband have recently retired from farming but remain in the RM of South Qu'Appelle. They have two married sons and two grandchildren. Top priority in Glenda's life is serving her community. She was Board Chair of the Qu'Appelle Lioness Club and Chair of the Qu'Appelle Public Library Branch of the Southeast Regional Library. Glenda has served on many local Boards in her community. Her passions are travelling, reading and lifelong learning. Glenda obtained her Chartered Director (C. Dir.) designation from The Directors College, McMaster University.

Executive



Doug Matthies

President
CEO

Doug Matthies has served as President and CEO of SaskWater since July 1, 2010. Prior to joining SaskWater, he served in several senior capacities within the provincial government, including Deputy Minister of Finance, Deputy Minister of Agriculture and Food, General Manager of the Saskatchewan Crop Insurance Corporation and General Manager of the Saskatchewan Pension Plan. Doug has over 35 years' experience with the provincial government in several areas, including strategic planning, policy analysis and development, financial management, program operations, public accountability, legislative and regulatory processes, and stakeholder relations and consultations. Prior to joining government in 1988, he worked with the private-sector accounting firm Clarkson and Gordon, and later the firm Arscott Hill & Matonovitch. Doug has served on several Boards over the course of his career, including organizations in the fields of international trade, agricultural research, transportation and financial institutions. He has also been a member of various federal-provincial working groups, inter-ministry working groups and community groups. Doug is a Chartered Professional Accountant (CPA) with a Bachelor of Administration (Distinction) degree from the University of Regina. He has also obtained his Chartered Director (C. Dir.) designation from The Directors College.



Jacquie Gibney

Vice President
Corporate and Customer Service

Jacquie Gibney became Vice President, Corporate and Customer Service at SaskWater in September 2014. She is responsible for people and culture, information technology, policy and planning, risk management, corporate communications and business development for the corporation. Prior to joining SaskWater, Jacquie held several positions with Farm Credit Canada, including Director of Corporate Communications and Change Management and Director of Strategy and Government Relations. She also spent over 20 years with the Saskatchewan Ministry of Agriculture in a variety of senior capacities, including Assistant Deputy Minister responsible for industry development. Jacquie has over 30 years of public sector experience, including agriculture finance, policy and program development, corporate communications, strategic planning, government relations, research and business development. Jacquie has a Bachelor of Science in Agriculture degree from the University of Saskatchewan and a Master's degree in Business Administration.



Eric Light

Vice President
Operations and Engineering

Eric Light assumed the duties of Vice President, Operations and Engineering in June 2014. He is responsible for managing the delivery of SaskWater's core business, the operation, maintenance and service delivery for the supply of potable and non-potable water to communities and industries, and for the engineering functions to manage new capital projects and support operations. Other lines of business falling under Eric's direction include certified operation and maintenance of customer-owned infrastructure, wastewater treatment and management, project management and operator training. Eric has over 37 years of engineering and management experience and has been with SaskWater since 1986. He has a Bachelor of Applied Science (Distinction) degree in Regional Systems Engineering from the University of Regina, as well as his Master of Engineering degree in Civil Engineering from the University of Saskatchewan. He is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan.

Corporate Directory

Doug Matthies

President and CEO

Danny Bollinger

Director, Financial Services

Operations & Engineering

Eric Light

Vice President, Operations and Engineering

Ryan Evans

Director, Engineering

Rynette Moore-Guillaume

Director, Operations

Kevin Cudmore

Manager, Northern Engineering

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Corporate & Customer Service

Jacquie Gibney

Vice President, Corporate and Customer Service

Randy Avery

Director, Customer Growth and Engagement

Amanda Zarubin

Director, People & Culture

Ingrid Newton

Manager, Strategic Planning, Policy and Risk

Courtney Mihalicz

Manager, Corporate Communications

Paul Mayson

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