

**STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES**  
**Tuesday, December 13, 2016**

**MINUTE NO. 13**

**8:31 a.m. — māmawapiwin náyati room (Room 8)**

1. **Present:** Colleen Young in the chair and members Carla Beck, Fred Bradshaw, Terry Dennis, Warren Kaeding, Warren McCall,\* Hugh Nerlien, Kevin Phillips, and Cathy Sproule.\*

**Substituting Members**

Warren McCall for Carla Beck (10:39 a.m. – 12:03 p.m.)

Cathy Sproule for Carla Beck (1:03 p.m. – 5:02 p.m.)

**Other Members**

Carla Beck

**Provincial Auditor's Office**

Judy Ferguson, Provincial Auditor

Tara Clemett, Deputy Provincial Auditor

Carolyn O'Quinn, Deputy Provincial Auditor

Regan Sommerfeld, Deputy Provincial Auditor

Melanie Heebner, Principal

Kim Lowe, Principal

2. The following document was tabled:

Crown Investments Corporation of Saskatchewan: Composition of CIC subsidiary Crown corporation boards, dated December 5, 2016

(CCA 35-28)

3. The Chair advised the committee that pursuant to rule 145(3), chapters 19 and 50 of the following document were committed to the committee:

Provincial Auditor of Saskatchewan: 2016 report volume 2

(Sessional Paper No. 265)

4. The committee considered the Provincial Auditor's 2015 report volume 1, chapter 30, SaskEnergy Incorporated — Securing its SCADA System.

The Minister Responsible for SaskEnergy Incorporated and the following officials appeared before the committee and answered questions:

Witnesses

Hon. Dustin Duncan, Minister

Doug Kelln, President and Chief Executive Officer

Christine Short, Vice-President, Finance and Chief Financial Officer

Jill Schmeltzer, Manager, SCADA

5. The committee concluded consideration of the Provincial Auditor's 2015 report volume 1, chapter 30, SaskEnergy Incorporated — Securing its SCADA System.

6. The committee considered the 2012, 2013, 2014, and 2015-16 SaskEnergy annual reports; and the 2012, 2013, 2014, and 2015-16 SaskEnergy Incorporated and subsidiaries financial statements.

The Minister Responsible for SaskEnergy Incorporated and the following officials appeared before the committee and answered questions:

Witnesses

Hon. Dustin Duncan, Minister  
Doug Kelln, President and Chief Executive Officer  
Christine Short, Vice-President, Finance and Chief Financial Officer

7. It was moved by Mr. Phillips:

That the committee conclude its consideration of the 2012, 2013, 2014, and 2015-16 SaskEnergy annual reports; and the 2012, 2013, 2014, and 2015-16 SaskEnergy Incorporated and subsidiaries financial statements.

The question being put, it was agreed to.

8. The committee recessed from 10:32 a.m. until 10:39 a.m.
9. The committee considered the 2015-16 SaskTel annual report; the Saskatchewan Telecommunications financial statements dated March 31, 2016; the Saskatchewan Telecommunications International Inc. financial statements dated March 31, 2016; the DirectWest Corporation financial statements dated March 31, 2016; and the SecurTec Monitoring Solutions Inc. financial statements dated March 31, 2016; and the 2015 Saskatchewan Telecommunications Pension Plan annual report.

The Minister Responsible for Saskatchewan Telecommunications and the following officials appeared before the committee and answered questions:

Witnesses

Hon. Dustin Duncan, Minister  
Ron Styles, President and Chief Executive Officer  
Darcee MacFarlane, Vice-President, Corporate and Government Relations  
John Meldrum, Vice-President, Corporate Counsel and Regulatory Affairs and Chief Privacy Officer  
Charlene Gavel, Chief Financial Officer  
Scott Smith, Senior Director, Finance

10. It was moved by Mr. Nerlien:

That the committee conclude its consideration of the 2015-16 SaskTel annual report; the Saskatchewan Telecommunications financial statements dated March 31, 2016; the Saskatchewan Telecommunications International Inc. financial statements dated March 31, 2016; the DirectWest Corporation financial statements dated March 31, 2016; and the SecurTec Monitoring Solutions Inc. financial statements dated March 31, 2016; and the 2015 Saskatchewan Telecommunications Pension Plan annual report.

The question being put, it was agreed to.

11. The committee recessed from 12:03 p.m. until 1:03 p.m.

12. The committee considered the Provincial Auditor's 2014 report volume 1, chapter 4, Saskatchewan Water Corporation; 2015 report volume 1, chapter 3, Saskatchewan Water Corporation; 2016 report volume 2, chapter 19, Saskatchewan Water Corporation; and 2014 report volume 1, chapter 27, Saskatchewan Water Corporation — Maintaining Infrastructure.

The Minister Responsible for Saskatchewan Water Corporation and the following officials appeared before the committee and answered questions:

Witnesses

Hon. Scott Moe, Minister  
Doug Matthies, President  
Jacquie Gibney, Vice-President, Business Development and Corporate Services  
Eric Light, Vice-President, Operations and Engineering  
Danny Bollinger, Director, Financial Services

13. The committee concluded consideration of the Provincial Auditor's 2014 report volume 1, chapter 4, Saskatchewan Water Corporation.
14. The committee concluded consideration of the Provincial Auditor's 2015 report volume 1, chapter 3, Saskatchewan Water Corporation.
15. The committee concluded consideration of the Provincial Auditor's 2016 report volume 2, chapter 19, Saskatchewan Water Corporation.
16. The committee concluded consideration of the Provincial Auditor's 2014 report volume 1, chapter 27, Saskatchewan Water Corporation — Maintaining Infrastructure.
17. The committee considered the 2015-16 Saskatchewan Water Corporation annual report; and the 2015 water quality report.

The Minister Responsible for Saskatchewan Water Corporation and the following officials appeared before the committee and answered questions:

Witnesses

Hon. Scott Moe, Minister  
Doug Matthies, President  
Jacquie Gibney, Vice-President, Business Development and Corporate Services  
Eric Light, Vice-President, Operations and Engineering  
Danny Bollinger, Director, Financial Services

18. It was moved by Mr. Dennis:

That the committee conclude its consideration of the 2015-16 Saskatchewan Water Corporation annual report; and the 2015 water quality report.

The question being put, it was agreed to.

19. The committee recessed from 2:58 p.m. until 3:04 p.m.
20. The committee considered the Provincial Auditor's 2014 report volume 1, chapter 28, SaskPower — Gas and Electrical Installation Inspection; 2014 report volume 1, chapter 29, SaskPower —

Procurement; 2015 report volume 1, chapter 17, SaskPower — Buying Power from Independent Power Producers; and 2015 report volume 1, chapter 18, SaskPower — Managing the Risk of Cyber Incidents.

The Minister Responsible for Saskatchewan Power Corporation and the following officials appeared before the committee and answered questions:

Witnesses

Hon. Gordon Wyant, Minister

Mike Marsh, President and Chief Executive Officer

Sandeep Kalra, Vice-President, Finance and Chief Financial Officer

Rachelle Verret Morphy, Vice-President, General Counsel and Assistant Secretary

Troy King, Director, Corporate Planning and Controller, Finance

21. The committee concluded consideration of the Provincial Auditor's 2014 report volume 1, chapter 28, SaskPower — Gas and Electrical Installation Inspection.
22. The committee concluded consideration of the Provincial Auditor's 2014 report volume 1, chapter 29, SaskPower — Procurement
23. The committee concurred with recommendation 1 made at page 215 of the Provincial Auditor's 2015 report volume 1, chapter 17, SaskPower — Buying Power from Independent Power Producers:

We recommend that SaskPower update its procurement policies to specifically require when buying power from independent power producers:

- The use of Fairness Monitors
- Written evaluations of independent power producers abilities (experience and financial resources)
- Written evaluations of the technical merit of independent power producers' proposals

The committee noted that the Saskatchewan Power Corporation has complied with the recommendation.

24. The committee concurred with recommendation 2 made at page 217 of the Provincial Auditor's 2015 report volume 1, chapter 17, SaskPower — Buying Power from Independent Power Producers:

We recommend that SaskPower use consistent processes to evaluate unsolicited proposals provided to SaskPower from potential independent power producers interested in selling it power.

The committee noted that the Saskatchewan Power Corporation has complied with the recommendation.

25. The committee concurred with recommendation 3 made at page 219 of the Provincial Auditor's 2015 report volume 1, chapter 17, SaskPower — Buying Power from Independent Power Producers:

We recommend that SaskPower document its rationale for key requirements set in Request for Proposals and related due diligence requirements as part of the competitive independent power producer procurement process.

The committee noted that the Saskatchewan Power Corporation has complied with the recommendation.

26. The committee concurred with recommendation 4 made at page 220 of the Provincial Auditor's 2015 report volume 1, chapter 17, SaskPower — Buying Power from Independent Power Producers:

We recommend that SaskPower communicate to independent power producers who submit unsolicited proposals to supply power, the evaluation process and criteria against which unsolicited power proposals are considered.

The committee noted that the Saskatchewan Power Corporation has complied with the recommendation.

27. The committee concurred with recommendation 1 made at page 231 of the Provincial Auditor's 2015 report volume 1, chapter 18, SaskPower — Managing the Risk of Cyber Incidents:

We recommend that SaskPower document the most likely types of information technology threats that could lead to cyber incidents that would adversely impact its ability to provide power.

The committee noted that the Saskatchewan Power Corporation has complied with the recommendation.

28. The committee concurred with recommendation 2 made at page 231 of the Provincial Auditor's 2015 report volume 1, chapter 18, SaskPower — Managing the Risk of Cyber Incidents:

We recommend that SaskPower confirm that its cyber risk mitigation strategy addresses the significant threats of cyber incidents that would adversely impact its ability to provide power.

The committee noted that the Saskatchewan Power Corporation is making progress towards complying with the recommendation.

29. The committee concurred with recommendation 3 made at page 232 of the Provincial Auditor's 2015 report volume 1, chapter 18, SaskPower — Managing the Risk of Cyber Incidents:

We recommend that SaskPower provide its staff with guidance to assist in assessing when an information technology security-related event is considered a cyber incident, and requires the use of its incident command system response plan.

The committee noted that the Saskatchewan Power Corporation is making progress towards complying with the recommendation.

30. The committee recessed from 4:01 p.m. until 4:09 p.m.

31. The committee considered the 2015-16 SaskPower annual report; the 2015-16 NorthPoint Energy Solutions Inc. financial statements; and the 2015 Power Corporation Superannuation Plan annual report.

The Minister Responsible for Saskatchewan Power Corporation and the following officials appeared before the committee and answered questions:

Witnesses

Hon. Gordon Wyant, Minister

Mike Marsh, President and Chief Executive Officer

Sandeep Kalra, Vice-President, Finance and Chief Financial Officer

Rachelle Verret Morphy, Vice-President, General Counsel and Assistant Secretary

Troy King, Director, Corporate Planning and Controller, Finance

32. It was moved by Mr. Bradshaw:

That the committee conclude its consideration of the 2015-16 SaskPower annual report; the 2015-16 NorthPoint Energy Solutions Inc. financial statements; and the 2015 Power Corporation Superannuation Plan annual report.

The question being put, it was agreed to.

33. It was moved by Mr. Bradshaw:

That this committee do now adjourn.

The question being put, it was agreed to.

34. The committee adjourned at 5:02 p.m. to the call of the Chair.

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Stacey Ursulescu  
Committee Clerk

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Colleen Young  
Chair