



STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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Carrot River Valley

Mr. Nathaniel Teed, Deputy Chair
Saskatoon Meewasin

Mr. Steven Bonk
Moosomin

Mr. Ken Cheveldayoff
Saskatoon Willowgrove

Mr. Mark Docherty
Regina Coronation Park

Mr. Greg Lawrence
Moose Jaw Wakamow

Mr. Doug Steele
Cypress Hills

[The committee met at 13:00.]

The Chair: — Well good afternoon to everybody, and welcome all the committee members here today. I'm Fred Bradshaw. I'm the Chair. And we have filling in, substituting for Nathaniel Teed is Erika Ritchie. Substituting for Steven Bonk, we have Derek Meyers. We have Ken Cheveldayoff who actually came on time today. Substituting in for Mark Docherty is Travis Keisig, and substituting for Doug Steele we have Gary Grewal.

Committee members, before you we have a copy of today's meeting notice, which is our agenda. Today we will be considering annual reports and the Provincial Auditor report chapters for SaskEnergy and SaskPower and the annual reports for SaskTel.

SaskEnergy Incorporated

The Chair: — First we will consider the 2021-22 SaskEnergy annual report and the 2021-22 SaskEnergy Incorporated and subsidiaries' financial statements.

Minister Morgan is here with his officials. As a reminder to officials, please identify yourself for the record before you speak, and please don't touch the microphones. They're very costly and they can . . . Somebody told me they were worth \$300 a mike, but anyway. Anyway the Hansard operator will turn them on for you. Minister Morgan, could you introduce your officials and please make your opening comments.

Hon. Mr. Morgan: — Thank you, Mr. Chair. Thank you, members of the committee. We are here with SaskEnergy, who will appear before you to discuss the corporation's 2021-22 annual report and financial statements, as well as the results pertaining to SaskEnergy from the 2021 Provincial Auditor reports. I don't see anybody here from the auditor's office but, Mr. Chair, with your leave we will submit our opening comments and deal with them. And if the auditor participates, that's fine. If not, we'll certainly allow the opposition members and the members of the committee to deal with it.

I am joined today by Mark Guillet, acting president and chief executive officer, a person that's also a lawyer, and I've always been a firm believer that you can never have enough lawyers in the room at one time; Christine Short, executive vice-president and chief financial officer; Kevin Adair, executive vice-president, customer service operations; and Derrick Mann, executive vice-president, infrastructure delivery and reliability; as well as my very new chief of staff, Morgan Bradshaw, whom I believe you've met before, Mr. Chair. And I've been a firm believer that not only could you never have enough lawyers in the room, but you can never have enough Morgans in the room.

So I will provide an overview of SaskEnergy's operational financial highlights from the 2021 fiscal year, touch on the Provincial Auditor's report, and be pleased thereafter to answer your questions.

With regard to the 2021-22 fiscal year, SaskEnergy recognizes the critical role it plays in a prosperous and sustainable Saskatchewan. This past year once again demonstrated the importance of natural gas in the province's energy mix and in the

lives and livelihoods of SaskEnergy's customers. Throughout the year, including on the coldest days and nights of winter, SaskEnergy delivers safe, reliable, affordable energy to homes, businesses, and industries across Saskatchewan. SaskEnergy accomplished all of this while supporting local economies and working towards a cleaner energy future.

Throughout the past fiscal year, SaskEnergy produced strong results across all its focus areas. It provides critical energy for a greener Saskatchewan. In addition to reducing greenhouse gas emissions from operations by 22 tonnes of carbon dioxide equivalent, SaskEnergy strengthens its commitment to helping customers reduce their end-use emissions. In 2021-22 an additional \$1.2 million in funding was dedicated to SaskEnergy's customer energy-efficiency rebates. This resulted in more than \$3 million in rebates for residential and commercial customers who replaced older natural gas equipment with high-efficiency models.

In recognition of SaskEnergy's environmental sustainability efforts, it received three national environmental stewardship awards from the Canadian Gas Association, one for operating practices and two for innovation in emissions reduction. These awards reflect SaskEnergy's corporate vision and commitment to reducing emissions from operations by 35 per cent in 2030. The hard work, enthusiasm, and dedication of SaskEnergy employees made those three awards possible and will also be what enables the company to achieve its emissions-reduction goal.

With regard to its emissions-reduction road map, major efforts were made throughout 2021-22 to develop a road map that will guide SaskEnergy on its path to a greener future. Staff from across the province came together to identify opportunities for additional progress to be made.

They identified three priority areas to align projects and activities that address greenhouse gas emissions in the coming years. Focus areas would include reducing venting, bringing more renewable energy into SaskEnergy's operations and optimizing existing operational practices.

Safe, reliable, and affordable. As SaskEnergy follows through on various initiatives to reduce emissions, it will remain focused on customer service excellence and on providing the people of Saskatchewan with safe, reliable, and affordable energy. Given the increasing cost pressures being felt across the world, it's critical that SaskEnergy maintain its focus on financial stewardship and on operational efficiencies so it can continue to offer competitive rates to customers.

With regard to growth, during the past year more than 2,800 new distribution customers were added to SaskEnergy's system with total customers now surpassing 405,000.

Industrial customer demand for natural gas also increased, notably for power generation, and was the main driver of another record being set for provincial daily natural gas usage on January 5, 2022. To meet current and future demand for natural gas in Saskatchewan, two significant projects were completed in '21-22: a new 30-kilometre cross-border transmission line near Pierceland, and a new 86-kilometre gas line from Rosetown to Vanscoy. These projects increased the capacity of SaskEnergy's

natural gas system and supported the economies of local communities.

With regard to community engagement, SaskEnergy also recognized the importance of its relationships with the rural, urban, and Indigenous communities that it serves. In 2021-22, SaskEnergy supported 396 non-profit and charitable programs and events in nearly 200 communities across the province. In addition, the company bought \$278 million in goods and services from Saskatchewan vendors, which represented 74 per cent of all corporate purchase orders.

With regard to the Provincial Auditor's review, in February 2022 the Provincial Auditor followed up on her office's 2020 review of SaskEnergy's processes for keeping existing transmission pipelines operating safely. The auditor reported that all recommendations are now considered fully implemented. SaskEnergy has a clear strategy for keeping transmission pipelines safe and has a dedicated team that manages the integrity of its transmission pipelines. Safety is SaskEnergy's top priority for its customers and employees and for communities that it serves.

With regard to financial performance, SaskEnergy reported net income from operations of \$82 million in 2021-22, which is an increase of \$23 million compared to the previous year. The increase is largely due to a one-time accounting adjustment relating to the conclusion of litigation that awarded SaskEnergy title to its head office building in Regina. Litigation with respect to SaskEnergy's option to purchase its head office building, SaskEnergy Place, began in 2011 and concluded in January of 2022 when the Supreme Court of Canada issued a decision denying any further appeals by the previous owner of the building. Title to SaskEnergy Place was transferred to SaskEnergy on February 11th, 2022. The conclusion of litigation and subsequent title transfer added about \$19 million to SaskEnergy's net income from operations in 2021-22 due to the recapture of lease payments that were made by SaskEnergy for use of its head office building throughout the 11-year litigation period.

Higher demand for natural gas from industrial customers, as well as higher demand overall due to the colder-than-normal winter weather, and the addition of more than 2,800 new distribution customers also contributed to higher net income from operations in 2021-22. SaskEnergy's consolidated net income of \$158 million in 2021-22 consists of net income from operations of \$82 million, plus unrealized market value adjustments of \$76 million.

Unrealized market value adjustments is an industry-standard accounting practice that represents the value of SaskEnergy's gas purchase and sales contracts and the price of those contracts in the marketplace on the day that SaskEnergy reports its financial results. The difference between consolidated and net income and net income from operations represented by unrealized market value adjustments is non-cash. In other words, it's neither a profit nor a loss. Unrealized market value adjustments vary considerably with the market price of natural gas, and can drive significant changes in SaskEnergy's reported consolidated net income from year to year.

SaskEnergy's financial showing in 2021-22 allowed the

company to declare a dividend of \$22 million to Crown Investments Corporation, up \$1 million from the previous year. The dividend went into the province of Saskatchewan's General Revenue Fund to support public services such as health care and education and to help pay for provincial infrastructure such as highways and schools.

SaskEnergy measures its long-term sustainability through its debt-to-equity ratio and through its regulated return on equity on both natural gas distribution and transmission.

At March 31st, 2022 SaskEnergy's consolidated debt-to-equity ratio was 59 per cent debt and 41 per cent equity, within the target range of 58 to 63 per cent debt. For the period ending March 31st, 2022, the regulated return on equity for distribution was 8.5 per cent compared to the long-term target of 8.3 per cent. Operating cost management, asset optimization margins and winter weather — it was 7 per cent colder than normal — all contributed to this result. For the same period, the regulated return on equity for transmission was 5.4 per cent, below the 8.6 per cent long-term target due to unplanned costs for the abandonment of assets that are out of service.

Mr. Chair, I am concluding my remarks. In 2021-22 SaskEnergy produced strong results in its strategic comparatives of safety, reliability, affordability, environment, and ease of service. Aligned with the Government of Saskatchewan's Crown sector priorities and Saskatchewan's Growth Plan, these focus areas serve as the foundation of the company's business strategy and drive customer value.

SaskEnergy's first-ever sustainability report released in December 2021 reflects the company's long-term commitment to Saskatchewan and its people. The report outlined key environmental, social, and governance principles as well as the path forward to a vision of environmental sustainability and economic prosperity for future generations.

SaskEnergy provided value to customers throughout 2021-22, including the lowest residential natural gas bills in Canada, all the while delivering strong financial results on behalf of the people of Saskatchewan and fulfilling its vision of providing critical energy for a greener Saskatchewan. SaskEnergy achieved this while keeping rates low and providing service reliability of greater than 99.99 per cent.

Moving forward, we expect Saskatchewan people will continue to have the lowest residential gas bills in the country. At this time, SaskEnergy's officials and I would be pleased to answer your questions.

The Chair: — Well thank you, Minister. I just want to remind you that the auditor is coming in, so we're going to do the consideration of the auditor's report here at 1:30. Right now, we're just doing the consideration of the SaskEnergy '21-22 annual report and consideration of SaskEnergy Incorporated and subsidiaries' '21-22 financial statements. But the auditor will be coming in here at 1:30. So thank you very much.

[13:15]

Hon. Mr. Morgan: — Mr. Chair, we are at your service.

The Chair: — Thank you very much for that, Minister. And we want to thank SaskEnergy on a day like today, that is for sure. I've heard that Santa Claus even has gone and plugged in the reindeer to be ready for Christmas. But anyway, are there any questions? Ms. Ritchie.

Ms. Ritchie: — Yes, Mr. Chair. Thank you. Thank you also to the minister for his presentation. Certainly on a day like today when it's as cold as it is, we all appreciate the critical service that SaskEnergy plays in heating our homes and our businesses and keeping our economy running here in the province.

So you know, with regards to the auditor's report, I'm just wondering, if we don't need the full 30 minutes if we can come back to the annual report. Because I don't anticipate us needing a full 30 minutes for that piece.

Procedural Clerk (Ms. Drake): — How much . . .

Ms. Ritchie: — I think it kind of depends on how long her presentation will be because I don't have . . .

Procedural Clerk (Ms. Drake): — Only about five minutes . . . [inaudible].

Ms. Ritchie: — Yeah, yeah. Well I know we had to shorten our time frame and we've only got an hour for the two, and I would like to reserve the bulk of the time for the annual report.

The Chair: — Well if we're going to be . . . Yeah, we're scheduled to be over at 2 o'clock, but you see I'd like to keep it, you know, fairly concise . . . [inaudible interjection] . . . Yeah, we can allow it to go a little bit. It wasn't our fault that this got all pushed into one, you have to realize.

Ms. Ritchie: — [Inaudible] . . . I'm just saying we've got an hour. I'd like to use it as productively as possible. Yeah, okay great. Thank you.

So you know, I reviewed the reports and certainly, you know, the focus on reliability and safety are crucial. Affordability is also a main consideration. There's been a proposed rate hike that's come forward and assessed by the rate review panel. And I'd like to know what the government's plans are with regard to that recommendation not to proceed with the rate increase, or how you're viewing that even, first of all.

Hon. Mr. Morgan: — At this point in time we've received the report, looked at it, but cabinet has not yet made a determination.

Ms. Ritchie: — Okay. What sort of criteria or factors will be taken into account when that does happen?

Hon. Mr. Morgan: — I think cabinet would look carefully at what the rate review panel looked at, and what their recommendations are. And that would include the affordability for the citizens of the province as well as the requirement to maintain a competitive position with regard to other jurisdictions that people may be considering, either when moving here or opening a business. But certainly affordability would be a factor.

Ms. Ritchie: — You mentioned in your opening remarks the \$22 million dividend that SaskEnergy provided last year. Is that

something that would sort of be considered on balance with the rates?

Hon. Mr. Morgan: — I think they would look across everything that takes place, what the proposed dividend might be, what SaskEnergy's capital requirements might be going forward as well as the commodity costs and delivery costs.

Ms. Ritchie: — Okay. And as mentioned last year, SaskEnergy set a target of 35 per cent reductions by 2030 from 2019 levels and has reported progress towards that amount. Can you clarify for me . . . I was reviewing our *Hansard* remarks from last year where we were discussing the relative percentages of emissions from, you know, distribution, transmission, and end use. And so what proportion of, you know, that full life cycle does that target reflect?

Mr. Guillet: — Mark Guillet. What we are talking about on our road map of doing 35 per cent by 2030, what that is our own emissions. That's not dealing with customer emissions, which would be the scope 3 piece. So that's where the larger proportion is; it's our own emissions that we're looking at.

Ms. Ritchie: — Yes. I believe you've referred to those in the past as your scope 1 and your scope 2.

Mr. Guillet: — Correct.

Ms. Ritchie: — And I'm just wanting to get some clarification because when we talked about this last year, the figure that was referenced, that was mentioned was 3 per cent of the full emissions, which seemed very, very small, relatively speaking. And so I was hoping I could get some clarification this year on that.

Hon. Mr. Morgan: — The emissions, I think . . . I'm not sure where the statement was that you're referring to. There is the overall usage of energy by citizens and by businesses across the province, and SaskEnergy is essentially a retailer of natural gas, so those people may be up or down or if there's more . . .

So I don't think we're able to comment a lot with what regard the customers are doing, but SaskEnergy does not use significant amounts of energy like SaskPower does, because it's not a power producer. It's a distribution system. So it would have the usual things that you would find, you know, vehicles operating, its office space, and that kind of thing.

They have made an effort over the years to give customers some options with regard to using less energy, and the residential customers have utilized a lot of those things that are available, to try and reduce their own consumption. So the residential use per customer in gigajoules going back to 1991, on an annualized basis, was 145 gigajoules per person, and that is now down by almost a third. It's down to about 103 gigajoules. So people have insulated their homes and have done a better job on reducing emissions with high-efficiency furnaces, water heaters, and have done a lot.

SaskEnergy doesn't control what a customer may or may not do with regard to vehicles — how much travel they use or what kind of vehicles they do. But with regard to consumption of that . . . So I'll give you a little bit. Nearly 35 000 tonnes of CO₂ per year

are now being saved in emissions by customers who've participated in SaskEnergy's energy efficient programs since 2017-2018, which is the equivalent of taking 7,500 vehicles off the road. I don't know if that answers your question or . . .

Ms. Ritchie: — Well I did find the place in my notes, so I'll just go back to that. So last year it was explained that the industry is broken down into three components: the production of the natural gas, which contributes between 10 and 15 per cent of the overall emissions; and then the transportation piece, which I think essentially is SaskPower, and that is 3 per cent of the overall emissions; and then it's in the range of 78 to 85 per cent, you know, where the final combustion or scope 3 piece is occurring.

And so it seems to me that I'm going to probably answer my own question and maybe look for some head nods. But you know, when we talk about a 35 per cent reduction by SaskEnergy on its corporate emissions, the scope 1 and 2, that's that 3 per cent, in the range of. Like I'm sure it's not exactly that number, but that was referenced last year. I just wanted to sort of get some clarity on that for context, you know, in terms of what . . . And it's laudable. Don't get me wrong. I mean I appreciate the road map and the efforts being made. But I was just wanting to confirm that that was in fact the case.

Mr. Guillet: — It is on our own emissions that we're doing, and we've been working at this for a number of years. And last year when we were here, we did not have that road map made out yet, and that was part of what we had undertaken, saying we are doing. And we did a lot of employee meetings across the province and getting ideas.

And we've broken down . . . We have our emissions-reduction road map now where we're focusing in on three areas. The first one is vented gas. And what we tried to do is, we had a lot of ideas, many, many ideas that came from our employees. You know, they were excited to look at this because this is one of our priorities that we're dealing with. And what we had to do is basically try to categorize them and say, where do we start? What has the biggest return to try to deal with that, and more efficiently? And there's a mathematical formula that they utilize to get that. But it's broken down into three main categories, is what's in our road map.

So the first one is to deal with vented gas. So we look at our operations and where can we deal with vented gas and do some of those pieces. The second one is looking at renewable electricity, which we deal with, you know, those solar panels. And I don't know if you've been down south of Regina where we put in, into our large town border station, some panels and that for renewable electricity, the second one.

The third one is looking at our own practices. How do we look at our practices? So it's basically, you know, the boots on the ground looking out and saying, how do we look at our practices? And the engineers looking at it and saying, you know, what are our operational practices, what are our infrastructure?

So those are the three main categories that we're dealing with in our road map. But yes, it is for our own emissions, not with respect to customers.

But we also have, in dealing with that, the customer energy-

efficiency rebates that we deal with. And we've upped our involvements and amounts in that, and Minister referenced that in opening remarks.

Ms. Ritchie: — Yeah, and thank you for that. I was happy to see that there's been an increase for the next year, up to \$5 million for, you know, client-facing programs. And part of my questioning here is to evaluate sort of the relative effort.

So if we look at, you know, the whole picture of where the emissions are coming from and the proportion from each, and then how much money is being spent to drive down . . . Like are we getting the most bang for our buck basically is what I'm wanting to know, is how you've tried to sort of make that calculation in terms of level of effort, level of funding to reduce your scope 1 and 2 versus scope 3.

Mr. Guillet: — And that's actually what I was referencing. When we received all of those ideas from our employees and that, we use what's called the marginal abatement curve to try to find, you know, where is the best way to spend money to get the reductions you have, so that you're not spending a lot of money on something that's not going to get much of a reduction, and where is the best amount.

So there is that, like I said, there is some science behind it. And you know, and we were having some assistance in helping us go through that process and using that marginal abatement curve to take those ideas, and that's where those three categories came out.

Ms. Ritchie: — But those three categories — correct me if I'm wrong — they're all focused on the corporate emissions.

Mr. Guillet: — Correct.

Ms. Ritchie: — Yeah, whereas . . . Well first of all, basically there's talk of a road map, and it's kind of described in the annual report and in the ESG [environmental, social, and governance] report. Is there another document that provides more detail in terms of some of those relative abatement costs and provides a timeline and some costs attached to it, like further details of that nature?

Mr. Guillet: — That road map, like I say, it's going to be continually evolving as we're going through it. We've, like I said, had to do those calculations and use that marginal abatement curve. It's not something that, you know . . . It's what's driving our environment department and our operations department and also with our, you know, the engineering looking at that. They've worked on doing that type of work. So yes, there is some guidelines that we're utilizing on that.

Ms. Ritchie: — What I guess I'm asking for is, is it possible to see those details? You know, is the road map a document, and then if so can you provide a copy of it?

Mr. Guillet: — It's not a single . . .

[13:30]

Ms. Ritchie: — Oh, okay.

Hon. Mr. Morgan: — Yeah, it's a collection of things that have come in, and it's an evolving thing. I think we had sort of the same kind of discussion last year. And I think where we're not sort of understanding what the nature of the question is, is SaskEnergy is not a big emitter of any kind of emissions. It's a handful or a number of natural gas wells that purchase this natural gas from out of province and it's really a distribution system. It's pipelines that are buried across the province and then distributes to people's homes.

So it's not like SaskPower that generates electricity; it's a distribution system and a billing system. So for them to reduce emissions . . . If the piece of pipe is there and the piece of pipe isn't leaking, it's not an issue. So to the extent that they have access to wells, they don't usually own the wells. They're purchasing them from the people that drill the wells.

So the things where they can and should save money on would be, can they make their building more efficient? Can they make the vehicles more efficient? Is there things in the distribution system that they can drive down some of those costs which are just good business sense to do? But it's unlike SaskPower or something where there's large emissions that are coming out. It's not an entity that's subject to the federal regulation-based standards. It's not treated in the same . . .

The output-based pricing that they would pay to the federal government was \$1.8 million compared to what SaskPower would pay which is many, many times that amount. So it's a small emitter by comparison to the others, not saying that they can't or shouldn't be efficient on it as would any company.

Ms. Ritchie: — Well I'm simply asking for more detail on what has been called a road map, and it's just looking for understanding out to that target that you've set, up to 2030, what the planning is going to be. I did notice there was a chart somewhere I ran across that projected some savings out about five years, but not all the way to 2030. So again, I'm just looking for that fuller picture to understand how SaskEnergy will achieve the target that it set for itself. That's all.

Hon. Mr. Morgan: — I'm loath to give undertakings that would often raise more questions, but Mr. Guillet says that he can make inquiries of the group that's assembling that and provide you with some of the specifics from the initiatives that are taking place.

Ms. Ritchie: — All right, thank you very much. Just moving along here, I'm looking at the financial and operating highlights in the annual report, and you mentioned this in your remarks about the debt-to-equity ratio. So we see that there's been, I don't know, a little bit of creep here, not much at all of course. But I do still want to ask the question in terms of, you know, do we see that stabilizing — going forward next year based on plans for capital investments and other factors including interest rates and so forth — if that is going to be changing drastically? Or what are the factors that have caused the slight changes that we've seen here?

Hon. Mr. Morgan: — I wouldn't regard it as creep. It's sort of, it's within a normal calculation. I prefaced in my opening remarks that a lot of the things that take place on the balance sheet are non-cash items. Like if they're holding caverns of natural gas and natural gas increases in value, that's shown on the balance

sheet as being an increase, but it's not earnings that were taking place. So those are the type of variations that would take place.

But to better answer your question of where the corporation might be a year from now, it would depend a lot on what the commercial customers were doing that would require additional capital. If the canola crush plants were to go ahead as we expect them to, they will be large users of energy, both natural gas and electrical. I don't know how much. They also will use significant amounts of water.

So those are some of the things that would take place. I don't know what the BHP mine would be . . . Mr. Guillet indicates there's not any significant large capital costs going forward. But we don't know what the requirements of the customers might be. So that would be the variation that would affect it. But both the debt-equity and the return on equity are both well within what the goals are.

Ms. Ritchie: — Thank you for that answer, Mr. Minister. Can you tell me what the amortization period is for assets? Or maybe there's different asset classes that have different rates?

Ms. Short: — Christine Short, chief financial officer. Yes, there are definitely different rate classes depending on the nature of the assets. So they could range anywhere from three to five years for software to 50 years plus for a pipeline for instance.

Ms. Ritchie: — Yeah, I'm more interested in sort of the hard assets. So transmission lines, distribution lines, compression facilities.

Ms. Short: — Those would be in the longer range, 30-to-50-year time frame.

Ms. Ritchie: — 30-to-50-year.

Ms. Short: — And that's not necessarily a hard number. That's what we generally use for accounting, how long they last. You know, it's something we consider through periodic depreciation studies. So we bring in experts to review our assets and to help us determine what the useful life of those assets are. So that does vary from period to period.

Ms. Ritchie: — And you know, pardon me if my question is not quite hitting the mark here. Because I guess what I'm trying to understand, sort of the time frames for paying down the assets. That would be related to the amortization period, would it not?

Ms. Short: — Yes. So that would . . . the useful life of the asset. Is that what you're asking?

Ms. Ritchie: — Yes.

Ms. Short: — Yeah, so we don't . . . From a repayment perspective, the value of the asset basically is expected to last, you know, 50-plus years.

Ms. Ritchie: — So the value of an asset is expected to . . . [inaudible] . . . 50-plus years but it's paid off within a shorter time frame?

Ms. Short: — If you're referring to debt repayments, we don't

specifically finance each asset. So to match the specific debt with a specific asset, that's not what we do. We will continue to invest in our assets and finance that through our internal cash flows as well as through debt financing. That debt financing comes with stipulated maturity dates, so we generally try to match the asset, the debt with the asset, but it's not a one-to-one relationship. So we have debt on the books generally 30 years, which is less than the asset itself.

Ms. Ritchie: — Okay. So 30 years would sort of be a good rule of thumb?

Ms. Short: — For the debt repayment, yes.

Ms. Ritchie: — For the debt repayment. Okay. So you have a section at the end of the annual report talking about risks. I'm just going to try and find that spot. You list a number of risks, and I don't know if I saw interest rates being listed. No, I don't think I did.

Hon. Mr. Morgan: — On page 70.

Ms. Ritchie: — Page 70? Oh, okay. Well maybe I'll just ask the question anyway. So in terms of how fluctuating interest rates are impacting on the company's bottom line, what can you generally tell me about that influence?

Hon. Mr. Morgan: — The interest rate on any of the obligations is a longer term one: 10, 12 years. That won't change. The interest rate was set at the time that the debt was entered into. Entering into debt now we'll certainly have several points higher than debt that might have been entered into two or three years ago.

Ms. Ritchie: — And so you've got sort of contractual maturities listed. And I guess the general question is, you know, understanding that you do have a lot of debt that's more than five years, how do you see that sort of affecting net revenues and prices going into the next year?

Hon. Mr. Morgan: — Well the longer term debt will not be a factor in the current time because it's outward. If we're looking at what the costs would be for short-term debt, it's certainly an operating cost in the current year.

Ms. Ritchie: — But have you sort of forecasted that out, what the impact's going to be?

Ms. Short: — Yeah, and again it is on that short-term debt balance. So it is relatively small in relation to our total debt balance. As the minister pointed out, our long-term debt is locked in at various rates, so the changes in interest rates won't be impacting those rates. So those rates are shown on page 77 of the annual report.

Ms. Ritchie: — Okay. And I want to go back to the point you mentioned earlier about consumption, you know, with the additional customers that were brought on stream. I think it was in the neighbourhood of 2,400 new clients last year. You're forecasting 2,000 for next year. But it seemed like, and maybe this is just for the residential sector, where you're sort of netting out to zero in terms of with the additional customers being sort of balanced off by some of the efficiency gains that the clients

are implementing. And I wondered if maybe you could confirm that for me or explain that a little bit more.

Hon. Mr. Morgan: — I don't think that's a goal to try and net out the consumption of a new customer. If you have a year where there's a lot of new customers come up, the consumption will go up. I think what the focus is and has been, is to give customers tools to reduce their use per customer, and if you have far more customers, it will do it. So I don't think there was an intended linkage between an increase in customers and . . . [inaudible].

I can give you this, that will show you the drop since 1991 of the per-customer usage. And that's due to the programs that SaskEnergy has had to give people an incentive to better insulate their homes or alternatively to replace furnaces, etc.

[13:45]

Yeah. Mr. Guillet indicates that old furnaces were 50 per cent efficient; now they're 97 per cent efficient. I live in a newer area of the city. In that area of the city there are no chimneys on the houses. There's a small vent pipe coming out of the side.

So the consumption per customer has gone down significantly, but the things that would increase the consumption overall would be a lot more customers, or significantly more customers, or alternatively days like today. On a day like today, I don't know whether today is record-setting, but it will be one of the highest consumption days of the year as people are maintaining their homes, stores, etc.

Ms. Ritchie: — Well thank you for that explanation. Because I don't have the actual quote or the page in front of me, but I just thought that was sort of an interesting comparison that was made in the reports around, you know, the fact that the two kind of were balancing out. I mean, as you say, it wasn't intended to . . . It's not planned that way, but that was just kind of how it turned out. Yeah. Okay. Well that gives me some clarification anyways on that.

Okay, what else did I want to talk about? Oh yeah. So I guess it was a little bit unfortunate to have the total recordable injury frequency rate have an uptick in the last fiscal year, and I did notice later on in the report you mentioned some things you're doing to address that. But I was hoping maybe for a little bit of commentary around the context or, you know, if you'd done any root-cause analysis and sort of how you explain or understand that higher frequency last year.

Hon. Mr. Morgan: — I'll give you a bit of a province-wide. Over the last 10 or 12 years . . . I've had the occupational safety portfolio since, I think, well over 12 years. Anyway, initially the overall serious injury and fatality rate was dropping fairly significantly and certainly not high enough or fast enough as a drop, but it was coming down. And there was good co-operation from employers and employees and it was . . . We were making progress.

In the last couple of years it has somewhat plateaued and become increasingly difficult to drive it down. Some people say, oh, it's because you've grabbed the low-hanging fruit, the larger, more sophisticated employers. I don't have a really good answer for it, but I know that OHS [occupational health and safety] plans to

focus their energies on higher-risk injuries or higher-risk employers and situations where they think they can be of some assistance in driving the numbers down further.

When we started, our province was the worst in Canada. Now it's midway through but not at an acceptable level. The only acceptable level is zero, and we're not there yet. But I can certainly let Mr. Guillet give you a little bit more specifics with regard to what's taking place here.

Mr. Guillet: — Sure. Yes, unfortunately our TRIF [total recordable injury frequency] rate did go up in that year, so what we've done is had a look at that internally. And we go through a process each year, what's called our safety stand-up, where we basically take a week and myself and the executive team actually go and meet with all of our employees and we have discussions on this.

And this past year, when we had the results come in and saw where our TRIF rate has gone up and we had some of those discussions on how we could try to do things, when we set for the upcoming year, this '22-23 year, we looked at it saying, you know, we didn't like where the TRIF rate was at and where our statistics were at. So we wanted to make some changes in what we're doing.

One of the things we've done is tried to look at having more management visits coming onto the sites and that, to try and look at that. Also doing our hazard near-miss reporting, making sure we're trying to, you know, encourage that and to drive that, because that's your leading indicator that's going to really help to try to lower those lagging indicators, like the TRIF rate being one of them.

So those were some of the focus things that we tried to do to say . . . we wanted to try and look at how to figure and turn that around and have those discussions with employees. So we went around the province and did that — turned around our safety department and worked with our operations folks. And two of the fellows are here with me that are the VPs [vice-president] on those areas and have been working with their groups and trying to say, okay, how do we deal with these and how do we try to manage these and get these back down?

So that has been very much of a focus. And it's because, as we indicate, you know, in our business, especially in our business, safety is our, you know, a top priority for us and our value system. And that is why we try to deal with that. And like I say, we did in the springtime actually go right around the province and try to have those meetings with all of our employees and then come back and work with our safety area in trying to look and how we can try to deal with that and try to drill down on what was going on and why.

So that was one of the major things we tried to look at as, you know, how can we have more, maybe, site visits with our construction folks and with our folks out in the field and doing work and things like that. So both of the VPs behind me, they have worked with their folks in working on that, and we're seeing some progress in that in trying to try to deal with those pieces.

Ms. Ritchie: — Mr. Chair, just . . . Is there time for a just really quick, quick follow-up?

The Chair: — We have reached our agreed time.

Ms. Ritchie: — Okay. All right.

The Chair: — Seeing as how we have reached our agreed time, I will now ask a member to move that we conclude consideration of the 2021-22 SaskEnergy annual report and the 2021-22 SaskEnergy Incorporated and subsidiaries financial report.

Mr. Lawrence, who just joined us to the committee, has moved that we conclude consideration. Is that agreed? Carried. We're going to have a very brief recess here for the auditor to come up.

[The committee recessed for a period of time.]

The Chair: — Well welcome back, everybody. And we want to welcome the Provincial Auditor and officials from her office on their long, cold drive down here today.

Ms. Clemett, would you please introduce your officials and make your presentation of the 2022 report volume 1, chapter 24: *SaskEnergy — Keeping Existing Transmission Pipelines Operating Safely*.

Ms. Clemett: — Sure. Thank you, Mr. Chair, committee members, Minister, and officials. With me today is Mr. Jason Wandy. He's the deputy provincial auditor who will be presenting the chapter on SaskEnergy that is before us on the agenda today.

Before I turn it over to Jason I just want to say thank you to the president and CEO [chief executive officer] of SaskEnergy and all your officials for the co-operation that was extended to us during the course of our work.

Mr. Wandy: — Thanks, Tara. SaskEnergy is responsible for the safe operation of its natural gas transmission pipelines. It owns and operates about 15 000 kilometres of natural gas transmission pipelines in the province to deliver natural gas to more than 400,000 residential, farm, commercial, and industrial customers located throughout Saskatchewan.

Our 2020 report volume 1 concluded SaskEnergy had effective processes to keep existing natural gas pipelines operating safely, except in the areas of three recommendations. The scope of our audit did not include distribution pipelines, which are the mains and service lines that move natural gas to individual homes and businesses.

Our three audit recommendations highlighted that SaskEnergy needed to document the rationale for the frequency of each of its pipeline inspection activities, set clear expectations for the receipt and entering of inspection reports into its risk-modelling IT [information technology] system, and include key inspection results and repairs in its data storage IT system in a timely manner.

Without properly designed and effective processes to operate pipelines safely, SaskEnergy faces the risk of fires or explosions caused by ignition of the natural gas that is leaked from transmission pipelines.

Chapter 24 in our 2022 report volume 1, starting on page 233,

reports the results of our first follow-up of SaskEnergy's processes to keep existing transmission pipelines operating safely.

We are pleased to report that by December 2021 SaskEnergy implemented the three recommendations we made in 2020. We found SaskEnergy documented the rationale for how often it conducts its various inspections to monitor pipeline conditions and assess the risk of pipeline failure. For example, SaskEnergy now formally plans to conduct aerial leak surveys of the entire transmission pipeline system annually based on staff professional judgment and understanding of current industry practices. We found leak survey inspections were completed as planned.

In addition, we found SaskEnergy implemented a tracking tool to help ensure inspection results and repair activities are entered into its IT systems in a timely manner. Entering timely inspection and repair activities supports the development of an appropriate pipeline inspection and repair plan for the upcoming year, which in turn reduces the risk of pipeline failures. This concludes my presentation.

The Chair: — Well thank you for that. Minister, do you have any comments?

Hon. Mr. Morgan: — Mr. Chair, as I had indicated earlier, I sort of made my comments with regard to both this presentation and the other, and would like to take this opportunity to thank the auditor and her staff for the work they do, the recommendation, and the collaborative manner in which they approach things. So I thank them for that.

The Chair: — Ms. Ritchie, do you have any questions on this?

Ms. Ritchie: — No.

The Chair: — Well thank you for that. The Provincial Auditor's 2022 report volume 1, chapter 24: "SaskEnergy — Keeping Existing Transmission Pipelines Operating Safely." There's no recommendations for the committee to consider. I will now ask a member to move that we conclude consideration of this chapter. Mr. Cheveldayoff has moved. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. That concludes our business with SaskEnergy today. Minister, I guess you've made your closing comments, so we thank you for that.

Hon. Mr. Morgan: — Thank you, Mr. Chair. Just briefly I would like to thank you. I would like to thank the committee members on both sides, the people in Hansard, Legislative Assembly Service, broadcast services, the building people, security, and the officials from SaskEnergy that are here today, not just for the preparation work and the work that they did today but the work that they do each and every day all year long.

But I would like specifically to thank the workers that are out in the field keeping things going — those would be the members of Unifor — and I think all of us should thank people that are outside working today and working to make sure that we are safe and secure. So thank you.

The Chair: — Thank you. Ms. Ritchie, any comments?

Ms. Ritchie: — Yes, thank you, Mr. Chair. I would just like to echo the comments of the minister and thank the minister and his officials for being here today to present on the report and audit findings and answer my questions.

And as I said earlier, of course it is on days like today that allows for us all to really appreciate the vital work that the employees, workers, staff of SaskEnergy do to ensure that we have safe, reliable home-heating and energy services here in Saskatchewan. So I thank you for that work and the opportunity to have a little bit of a discussion about the annual report.

Unfortunately we weren't able to get through all of my questions, and I may be following up, Mr. Minister, with a few more questions after the fact here on a few items. With that, I'll turn it back to the Chair. Thank you.

The Chair: — Well thank you. And I want to thank all the committee members for being here. And also on a day like today, boy, we sure want to thank our SaskEnergy workers, so this is agreed. And thanks for the auditor for being here.

We're now going to have a quick recess to bring in the officials from SaskPower.

[14:00]

[The committee recessed for a period of time.]

Saskatchewan Power Corporation

The Chair: — Well welcome back, and I want to welcome the officials from SaskPower. Just as a quick note here, substituting in for Nathaniel Teed we have Aleana Young who is going to be the Deputy Chair for this particular meeting . . . [inaudible interjection] . . . Okay. She's not Deputy Chair, just subbing in, apparently.

Anyway before we begin, I'd like to table CCA 24-29, Saskatchewan Power Corporation: Status update, dated December 14th, 2022. I would also like to take a moment to explain the process we will use for consideration of business today. First I will ask the Provincial Auditor to provide her presentation on the SaskPower chapter under review. Then the minister may introduce his officials and make any opening comments on the chapter before we move on to questions and answers.

As a reminder to officials, please identify yourself for the record before you speak. And please don't touch the microphones; the Hansard operator will turn them on for you.

At the conclusion of our consideration of the chapter, I'll excuse the auditor and we'll move on to consideration of the annual reports. Are there any questions? Seeing none, I will turn it over to Ms. Clemett to introduce her officials and make the presentation on the 2022 report volume 1, chapter 25, "SaskPower Maintaining Above-Ground Assets Used to Distribute Electricity." Ms. Clemett?

Ms. Clemett: — Thank you, Mr. Chair, committee members,

Minister, and officials. Today with me is Mr. Trevor St. John. He's the deputy provincial auditor that is responsible for the audit at SaskPower.

So I do want to thank management and staff at SaskPower for the co-operation that was extended to us during the course of our audit work. And now I'll turn it over to Trevor.

Mr. St. John: — Thank you. Chapter 25 of our 2022 report volume 1 starts on page 239 and provides the results of our first follow-up audit of SaskPower's processes to maintain above-ground distribution assets. We describe what are above-ground distribution assets in figure 1 on page 240. These assets include such items as voltage regulators that adjust the voltage to ensure customers receive power within acceptable limits.

SaskPower maintains one of the largest electricity distribution systems in Canada. Saskatchewan people rely on the power from this system to communicate, heat their homes, enjoy technology, and support economic growth and security. Effective maintenance reduces the risk of unplanned power outages or power blackouts during peak times and at higher costs of supplying power so customers have safe and reliable source of electricity.

By March 2022 we found SaskPower had made good progress by implementing five of seven recommendations we first made in 2018.

I'm first going to highlight the improvements SaskPower made since our audit. In 2019 SaskPower developed a risk framework based on industry good practice. It uses a framework to assess risk for each of the above-ground distribution asset types, determined asset maintenance priorities, and to support the frequency of preventative maintenance including inspections. Formal risk assessments help ensure SaskPower completes the right maintenance at the right time to limit asset failure and safety issues and effectively use maintenance resources.

As part of SaskPower's implementation of a broader strategy for managing its distribution assets and to focus on an asset's life cycle from purchase to decommission, it developed life cycle asset management plans. It determined the condition to which it expects to maintain each type of above-ground distribution asset. Determining the acceptable condition for assets helps to focus maintenance resources on assets with an asset condition index below the optimal level.

In 2019 SaskPower developed a plan to improve its data collection processes, including updating various IT systems, creating a standard asset tag with a unique identifier to support linking information across IT systems, improving processes to input data about assets as they are purchased, and using periodic inspections to gather and update data about existing assets. SaskPower prepared reports to monitor completeness and quality of the asset data. It also updated its processes to reconcile asset data between different IT systems.

We found SaskPower maintained key information about its above-ground assets used to distribute electricity and its IT systems, including up-to-date condition information. Maintaining key information about its assets helps ensure sufficient information is available to support risk-based

maintenance planning.

SaskPower also created five-year rolling and annual preventative and planned corrective maintenance plan based on risk assessments, available budget, and results of its inspections. Urgent corrective maintenance was generally completed right away while other maintenance was included in the plans, based on SaskPower's established prioritization process. Prioritizing maintenance helps to focus maintenance resources on the highest risk assets.

The two areas where SaskPower still needs to work is formally determining consequences of deferring corrective maintenance and reporting adequate maintenance information to senior management. We found SaskPower used quarterly reports from its inspection IT system to monitor completion of preventative and corrective maintenance work compared to plans.

At December 31st, 2021, nine months into the fiscal year, SaskPower reported it completed over 70 per cent of unplanned and less than 10 per cent of planned corrective maintenance. It had not assessed the consequences of not completing the planned corrective maintenance. Formally determining the consequences of not completing planned corrective maintenance decreases the risk of failure of assets that can contribute to unplanned power outages and higher costs for repairing or replacing assets.

Lastly, we found SaskPower reports quarterly to its operations executive advisory committee about the status of maintenance activities, including comparison of budgeted to actual costs and the number of activities. We found the reports incomplete as they did not provide forecasts to year-end, written explanations of differences between planned and actual results, or consequences of deferred maintenance. The reports also did not explain changes due to cancelled or deferred maintenance activities. As well, SaskPower did not budget or use a consistent prioritization process for unplanned corrective maintenance.

Complete reports explaining differences between planned and actual maintenance completed and consequences of not completing expected maintenance help senior management to correctly assess whether the right maintenance is being done at the right time.

That concludes my overview of this chapter.

The Chair: — Well thank you for that. Minister, would you like to introduce your officials and make your comments, please?

Hon. Mr. Morgan: — Thank you, Mr. Chair. I'm pleased to be here to discuss SaskPower's annual report for 2021-22 fiscal year as well as to provide updates on the Provincial Auditor's report chapters concerning SaskPower.

Today I am joined by Rupen Pandya, president and CEO; Troy King, vice-president, finance and business performance and CFO [chief financial officer]; Kory Hayko, vice-president, transmission and industrial services; Shawn Schmidt, vice-president, distribution and customer services; Tim Eckel, vice-president, asset management planning and sustainability; and my chief of staff, Morgan Bradshaw, who I introduced to the committee earlier today.

Mr. Chair, with regard to the 2021-22 annual report, I would like to say that that fiscal year saw SaskPower continue to support Saskatchewan's economic recovery. This recovery was evident in a 4.1 per cent increase in electricity demand year over year.

SaskPower invested \$922 million in capital projects to sustain, grow, and modernize the provincial electrical system. And in total, SaskPower contributed \$1.9 billion to the provincial economy during the fiscal year through disbursements to Saskatchewan vendors and the payment of salaries and wages. SaskPower's net income for 2021-22 was \$11 million, down \$149 million compared to 2020-21. The reduction in earnings was anticipated and largely due to rising fuel and purchased power costs.

Some of SaskPower's other major highlights from 2021-22 include beginning the construction of SaskPower's logistics warehouse at the Global Transportation Hub; continuing work on natural gas for our Great Plains power station near Moose Jaw; once again receiving gold certification in progress of Aboriginal relations from the Canadian Council for Aboriginal Business; continuing refurbishment projects to extend the life of E.B. Campbell hydroelectric station near Nipawin and the Coteau Creek hydroelectric station at Diefenbaker Lake; and finally, selecting a vendor to build Saskatchewan's first-ever utility-scale battery energy storage system in Regina. And finally, once again, being named as one of Canada's best diversity employers and top employers for young people, and one of Saskatchewan's top employers.

I'd like to thank the SaskPower executive and all employees for their hard work and accomplishments through the year.

I would like to comment specifically with regard to chapter 23 of the audit of SaskPower's planning process to shut down Boundary dam power stations unit 4 and 5. Regarding the chapter 23 recommendations, in 2018 SaskPower announced the decision to shut down Boundary dam station unit 4 and unit 5 in 2021 and 2024 respectively. Shutting down these units involves placing them into a safe state where they are disconnected and physically separated from electrical and natural gas supplies. Full decommissioning will be completed after all Boundary dam power stations are shut down.

I'd like to thank the Provincial Auditor and her office for the review of processes. SaskPower was pleased the auditor found that SaskPower had effective processes for planning the safe shutdown of Boundary dam units 4 and 5.

The Provincial Auditor had a recommendation regarding SaskPower's process for determining decommissioning costs and contingency percentage in SaskPower's Boundary dam decommissioning plan. In response to this finding, SaskPower has refined its process for determining contingency estimates, and this change will be implemented in all future decommissioning plans to fully align with the Provincial Auditor's recommendation.

[14:15]

Moving forward, SaskPower will use the cost estimate classification system adopted by the Saskatchewan Environmental Code to develop the decommissioning and

reclamation plans. SaskPower will also review the decommissioning and reclamation plan every five years or when major changes occur on site and continue to monitor and manage site conditions and possible contamination through work required under the existing industrial waste works permit. Nearer to the time of decommissioning, SaskPower will undertake additional site assessment activities to refine the remedial planning for the facility.

Chapter 25 deals with maintaining above-ground assets used to distribute electricity. SaskPower has one of the largest distribution networks in Canada, and much of it is comprised of aging infrastructure. In fact much of the distribution infrastructure that is still in service now was deployed in the 1950s and '60s. The Provincial Auditor's 2018 report identified seven recommendations to improve the effectiveness of SaskPower's process for maintaining above-ground distribution assets. The auditor also completed a review with follow-up recommendations in April 2022.

SaskPower has successfully implemented five of the seven recommendations made in the initial audit and has made significant progress on the remaining two recommendations. SaskPower has implemented leading asset management strategies to formally assess risk, identify acceptable condition of assets, and prioritize plans to allocate resources to maintain assets. Minor improvements remain to be made regarding assessing the consequences of not completing planned maintenance and then formally reporting the status of all maintenance activities to the executive.

The Provincial Auditor recognized that SaskPower went beyond the audit's scope to implement a broader strategy for managing assets throughout the life cycle from purchase to decommission. This strategy covers both above-ground and underground assets. It also addresses both capital improvements, replacements, and maintenance.

I would like to speak briefly about the NorthPoint Energy Solutions in regard to 2021-22. NorthPoint Energy Solutions recorded a net loss of \$169,000 in the fiscal year ending March 31, 2022. SaskPower charges NorthPoint an administration fee for salaries and benefits paid to SaskPower employees for proprietary trading activities. In 2021-22, given that there was minimal electricity trading activity, no administration fee was charged.

I'd like to comment briefly on the 2021-22 Power Corporation superannuation plan. The Power Corporation superannuation plan was estimated to be fully funded as of December 31st, 2021. Investment values have declined in 2022. The Power Corporation superannuation plan holds approximately \$600 million of assets to meet future obligations to pensioners. The plan's actuary will review the funding status in 2023. No contributions are required in 2022.

With that, Mr. Chair, we're pleased to answer any questions that the committee might have.

The Chair: — Well thank you for that, Minister. And I'd also like to mention that Muhammad Fiaz has now come in, substituting for Steven Bonk. Are there any questions? Ms. Young.

Ms. A. Young: — Thank you, Mr. Chair. And just to clarify, we're starting with the auditor's report, correct?

The Chair: — Yes.

Ms. A. Young: — Wonderful, thank you. Thank you, Minister, and by way of opening comments, thanks to yourself as well as all the officials from SaskPower and your chief of staff for being here today. Very much looking forward to the next 90-odd minutes of my life, and I want to thank you for being here on such a chilly day. It seems to be a bit of a tradition. And with that, I think we'll jump right into it.

In regards to the life cycle asset maintenance discussed in chapter 25 of the auditor's report, I'm curious. Minister, you mentioned Boundary dam unit 4 as well as unit 5. Any implications for the potential shut down of unit 5 in the future? And understanding unit 4 has been brought back online, I'm wondering if yourself or your officials are able to speak to some of the costs associated with planned or unplanned maintenance of that unit?

My assumption would be if SaskPower was operating with the understanding that unit 4 would be moving toward the end of its lifetime, you would not be investing a great deal of money in maintaining that asset at a certain quality. But now having it back online and looking like it may be for the near future, I'm wondering what, if any, costs are associated with that?

Mr. Pandya: — Thanks. Rupen Pandya, CEO of SaskPower. Thank you for the question. So you're right, BD4 [Boundary dam 4] was scheduled to be offline in December of 2022 and we've extended BD4 to ensure system reliability. And so we've not made other capital investments in BD4 since its retirement. We'll make that assessment at the end of this current winter season. So we'll reassess our ability to take 4 offline and where we'll go with 5 with respect to putting that on standby as well.

Ms. A. Young: — Okay. Just to make sure I understand, in the years leading up to the planned — would I say decommissioning? — I guess planned decommissioning last December of BD4, the committee's to understand that there was suitable and adequate maintenance and there weren't additional costs required to essentially bring BD4 back up to where it would be to operate for the near future?

Mr. Pandya: — That's correct. So BD4 was put on standby. And safe standby would have required SaskPower to disconnect gas and electrical from that unit and then leave it in the safe mode. That did not occur. So in fact we didn't incur any costs to bring BD4 back online.

So we had required bringing BD4 back online. You'll know that the hydrology in Manitoba was particularly poor the year prior, and out of an abundance of caution, we've left BD4 up and running to ensure that we had reliable power.

Ms. A. Young: — Thank you. Is that typical in regards to how SaskPower operates with the maintenance of its assets, power generation or otherwise? You know, lay person here. I'd kind of assume if I was — if you'll forgive a terrible metaphor — you know, if I knew my car was nearing the end of its life, I likely wouldn't be investing thousands and thousands of dollars into keeping it in like-new condition. But based on your comments,

am I to understand that SaskPower does really maintain a high level of maintenance for all its assets, even those approaching end of life?

Mr. Pandya: — Maybe I'll take the front end of this question. I'll ask Troy to take the back end of the question. So yes, I would tell you that SaskPower ensures that there's adequate maintenance in all of its generators. Failure in a generator would be catastrophic, so it's important that those units are operating at peak performance.

It is true that when we expect an asset to approach end of life that we will start to tail off in terms of maintenance dollars, but safety is paramount. So we have people working with those generators to the point that they're put on standby, and so that is our critical wait point. So we'll ensure that those units can operate safely until such time as they're taken offline completely.

I don't know, Troy, if you have anything to add on that.

Mr. King: — Troy King, CFO. I think to your analogy used before, we continue to do tune-ups on our units to keep them in shape, but we're not making large capital investments as we start getting to the end of its life. So if you had a major problem with one of the components, we likely wouldn't make that capital investment. But as Rupen said, we're certainly very focused on making sure they're maintained properly to be able to run.

Ms. A. Young: — Great. Thank you. Perhaps then a question for the auditor: recognizing you are looking at, you know, the processes that SaskPower used in terms of assessing above-ground assets, was there an analysis done in regards to how SaskPower's assets compare in condition to other like utilities or companies? Or was it exclusively focused on the process.

Ms. Clemett: — Yeah, it would have been focused on the process, and as you can see from the follow-up that they now have a very good mechanism to figure out almost, like, what is that condition index that they're almost striving to have their various assets.

So we would have been satisfied with the process and I guess almost the framework. And really, it did align with industry good practice in terms of those indices that were being set and then that they now have a process to strive to try and maintain those assets to that condition index that has been set.

Ms. A. Young: — Okay, but in terms of the condition index, like, we don't . . .

Ms. Clemett: — We would have compared it to basically industry good practice.

Ms. A. Young: — Great, perfect. And then in regards to the asset data completeness, on page 244 where it speaks to the data completeness of the various assets from, you know, voltage regulators to power line conductors, there's some disparity in the data completeness, I think, ranging from 68 per cent up to the high 90s. Is that consistent? Is that to be expected? Both I suppose: the standard of completeness as well as the range in there.

Ms. Clemett: — Yeah, and we probably looked . . . So like you

said, they're not 100 per cent of the way there, but we would have been satisfied with the process that's put in place. We would've looked at probably like the number of assets in each of the categories, and we were satisfied overall that they do have now a mechanism to be monitoring and making sure that that asset data, through that inspection process and so forth and then the IT systems, is constantly being updated and maintained in an appropriate manner.

Ms. A. Young: — Perfect, thank you. And then coming out of the formalization process of that maintenance work under way, it's noted on page 245 that SaskPower as a consequence created five-year rolling and annual preventative and planned corrective maintenance plans based on those ongoing risk assessments and available budgets. That work continues? There are five-year plans looking out for all of those?

Mr. Pandya: — Yes. The answer is yes to that, yeah. And that'll be ongoing.

Ms. A. Young: — Perfect. And do you have a total cost of the preventative maintenance for each of the next five years available? Or if it's possible to get at a later date?

Hon. Mr. Morgan: — There's a sustainment item in the budget, and that includes both above-ground and any other assets as well, so it's within that number. I'll let Mr. King give some specifics.

Mr. King: — Well so just on the distribution assets themselves, last year we spent about \$105 million on sustainment. For this coming fiscal year, it's about \$150 million that we're looking to spend on sustainment. And we're looking to, you know, maintain that level of sustainment spending. So we've increased it significantly. It's about triple of what it was 10 years ago in terms of what were put into that. And that's for all of our distribution assets. That's not just the overhead and underground that was referenced in the auditor report.

Ms. A. Young: — Thank you. So, Mr. King, when you say it's moved from last year to this year, from I believe you said 105 to \$150 million, and that you're looking to continue that spend sustainment. Is it then anticipated to be \$150 million for each of the next five years?

Mr. King: — Yes.

Ms. A. Young: — Okay. Thank you. And then in terms of the indication for management that it's initiated a process for planned corrective maintenance that's intended to be implemented in 2022-2023, including the consequences for not performing that corrective maintenance, is there a status update or a progress update that's available for the committee in terms of where that work is at?

Hon. Mr. Morgan: — I'm going to get Mr. Eckel to come forward. He can give you . . . He's in charge of that.

Mr. Eckel: — Okay, Tim Eckel from SaskPower. Yes, there's been good progress made. It's mostly a manual process right now. So our teams meet regularly to go over what they're unable to get done and what the consequences are. They do report to the executive on a quarterly basis. What we're trying to do is introduce some technology so it gets to be a little more near real

time. Right now there's a lag in some of the reporting. So that's the main thing we're working on right now.

Ms. A. Young: — Thanks, Mr. Eckel. And when you talk about consequences, is that in terms of, like the financial impact on the utility, or is that reliability for customers? All? Neither?

Mr. Eckel: — It's more on the reliability end of any risk associated with that. We have a fixed budget. We know what the unit costs are for each item, and it's more of the reliability though, yeah.

Ms. A. Young: — Another target, like specific targets that are being worked towards that you can speak to?

[14:30]

Mr. Eckel: — Well we have risk assessment of each activity done. So it's from very high to low. And so we make sure that we're focused on the highest priority. And some of those we can tie directly to reliability, but most of it, it's just . . . Because of the mass number of assets and how many customers, it's hard to pinpoint exact reliability. But if you focus on the high-risk items, we know that'll improve the reliability.

Ms. A. Young: — In terms of high severity.

Mr. Eckel: — High severity, yeah.

Ms. A. Young: — Okay, perfect. And then lastly in regards to the reporting to senior management and the consequences of that, senior management is currently comfortable with the level of reporting, and the board feels that they're also able to make informed decisions based on the information provided?

Mr. Eckel: — This comes to a subcommittee of the executive every quarter. It's the operating executive that review it, and they ask their questions and get answers. And there's always, you know, small improvements made to the reporting each quarter, but from the feedback we got so far from the executive, they are pleased with the reporting.

Ms. A. Young: — And is it anticipated that this reporting will begin to include some of the forecast to your end, as well as those written explanations noted by the auditor?

Mr. Eckel: — Yes. They are including what they believe they'll spend, yeah.

Ms. A. Young: — Thank you. And then my last question in regards to the reporting processes on unplanned corrective maintenance: it's indicated in the auditor's report on page 247 that SaskPower uses average costs from the prior three years as a proxy for budget. Does that remain the same?

Mr. Eckel: — Yes. We have funds associated with planned and then we always have, like, for unplanned emergency, because we have to leave some discretion to the field staff to repair things in emergencies or facing something that's imminent failure. So we do that, and historical numbers seem to be a good indicator what they need for funding.

Ms. A. Young: — For the unplanned.

Mr. Eckel: — Unplanned. Yeah.

Ms. A. Young: — So there's no anticipation that those costs will continue to increase?

Mr. Eckel: — Well we hope that over time, as we do our sustainment and everything else, that maybe we can actually decrease those costs. That'd be the hope.

Ms. A. Young: — Do you have a figure associated with those costs that's used? If you don't have it at the tips of your fingers too, I'm happy to receive it later.

Mr. Eckel: — I don't have it at the tips of my fingers, but we can get that for you.

Ms. A. Young: — Okay, thanks. I'd appreciate that.

Mr. Eckel: — Okay.

Ms. A. Young: — And we can understand that that's anticipated to stay the same or decrease going forward.

Mr. Eckel: — Yeah.

Ms. A. Young: — Okay, thank you. No further questions on this chapter, Mr. Chair.

The Chair: — Well thank you. The Provincial Auditor's 2022 report volume 1, chapter 25, "SaskPower — Maintaining Above-Ground Assets Used to Distribute Electricity," has no new recommendations for the committee to consider.

I'll now ask a member to move that we conclude consideration of this chapter. Mr. Keisig has so moved. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. That concludes our business with the Provincial Auditor. I want to thank you very much for attending today. I hope you plugged your car in outside. So thank you for coming.

Ms. Clemett: — Thank you.

Hon. Mr. Morgan: — Mr. Chair, I'd like to thank the Provincial Auditor and her staff for the work that's been done. The work that they do provides a service to all of the citizens of the province, ensuring that we maintain good accountability and best practices. So to her, I would thank them and encourage them to stay warm over the next while, but feel free to use energy, and make sure they're loyal to our provincial Crowns.

The Chair: — Yeah, Merry Christmas. We will now move on to consideration of the 2021-22 SaskPower annual report and the 2021-22 NorthPoint Energy Solutions Inc. financial statements and the 2021 Power Corporation superannuation plan annual report. Minister, would you like to make your opening comments on these reports?

Hon. Mr. Morgan: — Thank you for that, Mr. Chair. I have got the notes that I delivered earlier, and I have nothing additional to provide. At this point in time, Mr. Chair, we would be pleased to

answer the committee members' questions. Oh unless, of course, Mr. Chair, you prefer me to reread the notes.

The Chair: — Well thank you, Minister. Yeah, you did have all of that in the beginning on your comments, so I want to thank you for that lengthy report. Of course that comes from a lawyer, so go figure. Anyway I now will ask if there are any questions from the committee. Ms. Young.

Ms. A. Young: — Thank you, Minister. You may be rethinking the decision not to reread your remarks because I think I'm going to start in the most fun place, a bit of a higher-level question for SaskPower, one that I know was asked in the House. But outside of the fun of the Chamber, Minister, I'm wondering if you can commit, or if you could comment whether yourself or your officials have, you know, undertaken any conversations or calculations regarding the sell-off of all or parts of SaskPower or its lines of business?

Hon. Mr. Morgan: — No. Quite simply there's a piece of legislation that precludes the sale of it. So no, I have had no discussions with anybody regarding the sale of assets, nor am I contemplating seeking any legislative change. Having said that, there are always ongoing discussions with regard to various power purchase agreements and asset usage. But no, quite simply it is not for sale.

Ms. A. Young: — Yeah, understanding the distinction around perhaps some of the independent power producers. So not to put too fine a point on that, but in regards like administration, transmission, any services internal or external, there's, you know . . . SaskPower will continue to be a publicly owned Crown corporation now and into the future?

Hon. Mr. Morgan: — That's certainly my imputation. I mean there's power producer agreements, and there may be other items or other things that come forward, but at this point there is no intention to divest assets of SaskPower.

Ms. A. Young: — Perfect. Thank you. And that's the understanding of both yourself as minister and the CEO? There's no like . . . That's inclusive of all present lines of business?

Mr. Pandya: — That's correct.

Ms. A. Young: — Thank you. I think from that real high point I'd like to maybe move on to what might be best considered the kind of ongoing affordability aspects of SaskPower for the average customer. Understanding your largest customers are indeed industrial, but when the majority of people in the province of Saskatchewan think of SaskPower, they think of it as a, you know, provider for themselves and their families, their households, their small businesses.

I guess for the many, many people listening at home, I'm wondering if you could offer comment on what you believe future rate increases will look like, seeing this kind of next calendar year, up to and inclusive of April, with the inclusion that the carbon tax increase, it's going to be about 11 per cent, and the corporation is obviously facing some different financial issues than it would have been in years past, as well as a loss on equity. So as we look to the future, you know, what can customers expect?

Hon. Mr. Morgan: — I think we want to be very aware of the issue of being competitive with other jurisdictions as well as affordability for our customers. Over the last number of years we have had abundant supplies of coal and natural gas which we've used and we've maintained at some of the lowest rates in Canada. At the present time the two provinces that do not have the luxury of either nuclear or significant amounts of hydro would be our province and Alberta, and I think we've got about 18 per cent or thereabouts is coming from hydro.

We have no likelihood of increasing the amount of hydro, so we'll certainly want to increase various options with regard to renewable resources — wind and solar. But if you look at the daily graph that's provided on SaskPower's website, it will be, you know, 60 or 80 per cent is going to be coming from coal and from natural gas.

So looking forward, we are obliged by the end of this decade to do away with coal, so that means either . . . other options, conversions to natural gas or other options, to replace that generating capacity. And natural gas has seen a significant increase.

Now there's certainly some hedging and things that they've worked at to try and maintain stability, working with SaskEnergy on costs of the commodity, but the commodity itself will go up. And both natural gas and coal attract carbon tax, and as long as the current federal government maintains that position, that will continue to be a challenge for our province.

Ms. A. Young: — Thanks for that, Minister. I'd like to come back to natural gas in a second. And you know, hearing what you've said about renewables as well as . . . I think the very real challenge is that everyone in this committee as well as your officials know much better than us, are aware of, you know . . .

There have been public comments made by the Premier as well as, I believe by Mr. Cherry on behalf of SaskPower, talking about some of the added costs that ratepayers, that customers are going to be bearing associated with increased power costs. And renewables are cited as one of those reasons as SaskPower does move to transition. The explanation's quite simply been given that renewables will cost more money.

And seeing, you know, many of the op-eds that have been put out by the corporation talking about the future of Saskatchewan's power supply, renewables seem to be featuring quite heavily, at least in, you know, the public facing communications on that.

So I guess again, coming back to the question of rates, again SaskPower's in a different financial situation than it's been in in past years. There's a loss on equity for the corporation of, I believe, 7.1 per cent from the last quarter financials. That's significant. And I don't have the tenure of some people in this Assembly, but I looked back through a couple decades of annual reports and that is novel for the corporation.

So again for the average person listening at home who's looking at their power rates having gone up 11 per cent and hearing what you said about competitiveness, can we anticipate going forward, increased . . . additional and significant rate increases?

Hon. Mr. Morgan: — At the time of the last election, the

provincial government used the GRF [General Revenue Fund] to make a 10 per cent reduction in power rates. I'm not offering that or saying that that would happen again, but I would say that the government is very mindful of the costs that our consumers pay. And we want to take as many steps as we could to try and minimize the costs and provide as much cushion as we can to our province, both for purposes of the affordability of our citizens, as well as being competitive for new businesses that are looking at . . . or people that are looking at relocating to our province.

Over the last decade we have had either the lowest or second-lowest utility bundle in Canada, and low utility costs for both power and energy were certainly among them. So I think we would want to do everything we can to maintain . . . [inaudible] . . . and work through a variety of other options.

I'm not in a position to predict what those final discussions might take place. We're seeing what is going to happen in Europe this winter. We're seeing increases in natural gas prices of 700 per cent. We're seeing utility or energy costs increasing in some areas by as much as 1,000 per cent. These are something that are actually beyond comprehension to a lot of people in this province. And I think our government has a role and a responsibility to try and maintain reliability of our electrical grid and maintain affordability.

So what I would say to the people in the province is we will continue to work our way through. We're at a point now where we're watching carefully what's taking place in other provinces. I don't know if you want to make reference to some of the renewables.

Mr. Pandya: — Yeah, certainly. Thank you, Minister. So it is true that the integration of renewables and public policy intentions to move to decarbonized electricity will increase the rates of power, and I think the minister is just laying out some of the reality with respect to some of the uncertainty with our ability to predict what some of those costs will be.

[14:45]

Certainly, you know, given the clean electricity regulations, which are federal regulations that will require decarbonization by 2035, if in fact those . . . I understand those will be gazetted sometime in the new year. But certainly if they are passed, that will increase pressure on the corporation to move quickly with respect to decarbonization. And the capital investment required for the corporation to move to decarbonized electricity, when 65 per cent of our current capacity is thermal fossil fuel, will be considerable.

I know the minister and others have said that it will require support from the federal government with respect to funding that transition, and to the extent that federal support comes in, that would ameliorate the question of rate increases into Saskatchewan. And so I think that's just some of the complexity.

With respect to the end of coal in 2030, you'll know that that is a requirement of our equivalency agreement and, of course, federal statute. And the earliest that we would be able to deploy non-emitting baseload that is currently technologically available would be SMRs [small modular reactor], would be about mid-2034, so requires us to do work with respect to renewable

deployment. And as you transition away from coal, you need something to follow load with respect to intermittent renewables. And we have, as a corporation, have focused on natural gas as the investment point on that question.

So there is still some regulatory uncertainty going forward with respect to federal regulations around decarbonization that will impact the pace of transition, and certainly that there are questions about federal support that would impact the cost of transition as well. But it is true that the entire movement to decarbonize electricity in Canada will cost more.

Ms. A. Young: — Thank you. I appreciate that.

Hon. Mr. Morgan: — I can provide a little more background. As of December 18th we had . . . At that point, 11 per cent of our electricity came from hydro, and that is usually fairly consistent. But we have not had wind in the last two days because it is often too cold for the wind turbines to operate, so 84 per cent of our capacity came from coal and from natural gas; coal, 43 per cent. So in spite of some of the best efforts at decarbonizing, we're not there.

Ms. A. Young: — For sure, and I appreciate that. And I do want to come back to both coal and natural gas a bit later. But I suppose, you know, with this line of questioning, what I'm hoping for is that certainty and transparency that the CEO spoke about. And I don't want to walk away with an incorrect understanding, but what I think I heard was that federal funding is necessary for people in Saskatchewan to have affordable power rates. Is that accurate?

Hon. Mr. Morgan: — I don't think we said that, but I think it's a fair . . . We don't look to the federal government to provide monthly subsidies or anything to the customers, but we do look to the federal government. We are the two provinces that have the unique position of not having nuclear and not having . . . [inaudible] . . . amounts of hydro.

So our position with regard to the federal government is that we are willing to work towards making a transition towards decarbonizing, and that will require us moving towards other options. The other major option for us would be nuclear with one or more SMRs. And as you're aware that process is under way, but it's a time-consuming process.

Ms. A. Young: — For sure. I think the concern is again just more that predictability and that certainty for customers going forward. You know, you cited the 10 per cent rebate from the GRF. I'd imagine that's not something people are likely to expect every year going forward. You know, going from the 10 per cent reduction to now 11 per cent increase is a twenty . . .

Hon. Mr. Morgan: — I don't think I would make a commitment that it is or is not. I think I raised that so that people are aware that the province understands it and realizes that there are challenges there, and the province will continue to . . . In addition to that, as you're aware, funds have been provided from SGI [Saskatchewan Government Insurance] as well as a direct contribution of \$500 for every taxpayer.

Ms. A. Young: — For sure. I think just on the affordability piece, it's more around, again, that predictability, right. It's not just in

an election year should people be able to anticipate that their power bills are less. So when . . .

Hon. Mr. Morgan: — Well we will have discussions with the federal government, or continuing discussions to try and . . . But those things are not going to take place today, tomorrow, you know, where there's a resolution. I would like to have a resolution for the predictability for our customers as well as for the very good employees that are working in the southeast corner of the province, that are working on coal-fired power plants. I would like to be able to say to those people, this is what your future looks like. I'm unable to do that right now.

Ms. A. Young: — With the changes to the OBPS [output-based performance standards] and the impact on SaskPower, understanding, you know, you've said that the carbon tax is obviously an impact as well as the future clean electricity standards. But with the carbon tax being kind of the one specific cost broken out on SaskPower bills in a bit of unique way. You know, some of the capital taxes or the increased costs of insurance or PST [provincial sales tax] are not broken out that way on the bills. Is this anticipated to change with the new changes to the OBPS? Can people still expect that carbon tax line on their bills going forward?

Hon. Mr. Morgan: — The shift from the taxation from the federal government to the provincial government is under way. The requirements that we will have from the federal government is we cannot use those funds to reduce bills or provide a refund. You know, it can be used for building a nuclear reactor or grid renewal or a variety of other things that are under federal control. We don't know what those are, what they might look like. I think it's fair to say the expectation should be that those will be mandated by the federal government, that that will continue to appear.

Ms. A. Young: — And sorry, two points for clarification, Minister. It is mandated by the federal government that SaskPower include a carbon tax line item on bills that customers receive?

Hon. Mr. Morgan: — They will require us to continue to collect it, and as long as we are required to continue . . . [inaudible] . . . federal government, we feel it's important for our citizens to understand and to . . . [inaudible].

[Due to technical difficulties, the committee recessed for a period of time.]

The Chair: — Okay, now we're ready to roll.

Hon. Mr. Morgan: — Thank you. Mr. Chair, when we broke I think the member had posed the question about whether we would have other charges on the bill. And there's not . . . With regard to the carbon tax we made a commitment that people should know about that and we have an obligation to the federal government, that we're not paying it back, hiding it, whatever else. It's there.

And the member asks whether there was other things that would show on the bill. There are, depending on where you live, things like municipal charges and other things that show on the bill. Those things would continue on. There isn't a discussion right

now about adding other things onto the bill, but in the interests of transparency there may be other things that would be broken down.

I know that some other jurisdictions include a breakdown as to what the transmission is and what the consumption is, but that's not something that's under any kind of consideration. So I say that just so that if something is in the future at some point, where consumption and transmission are separate, or whatever else might happen. But there's certainly no discussion about further add-ons on the bill.

[15:00]

Ms. A. Young: — So as we look to, you know, that piece around transparency, specifically for affordability of power rates for consumers, you know, especially looking at other jurisdictions, it's just . . . Your bill is going to be as you get it, nothing in regards to capital taxes paid to the provincial government, impacts of PST, whether directly on the corporation or through things like insurance. Those will all just be . . .

Hon. Mr. Morgan: — There's no discussion right now about add-ons or about further breakdowns.

Ms. A. Young: — So people looking to better understand their power bill, what's the best mechanism for them to do that if they want to understand the charges and they're . . . short of, you know, going through the rate review panel's reports and things like that?

Hon. Mr. Morgan: — You know, I would urge them to look at the rate review panel. There is a graph — I believe it is about page 16 or something — that shows the increase over the last number of years in SaskEnergy costs and shows the increase in costs with regard to the carbon tax being applied to the bills. And it shows a fairly significant steady increase because as you're aware, the carbon tax rate increases every year. So you know, that's certainly, if somebody's looking at costs, those are good documents too.

Ms. A. Young: — So the impact of the carbon tax on the corporation, you know, I think we may have some agreement in challenging that . . . whether or not carbon taxes are the right signal, and they're likely not. But recognizing that, you know, by virtue of the situation we find ourselves in today, the provincial government is now obligated to pass those on to customers of SaskPower. In the end, what is the cost of the carbon taxes to SaskPower proper? Am I right in thinking it's about \$150 million a year?

Mr. King: — So the amount of the carbon tax changes each year as the price increases so now this next calendar year, it's going to go from 50 to \$65. We also see there's allowable thresholds for emissions that are set. And those emissions standards continue to decline, so it means more of the carbon that we emit becomes subject to tax.

And I'll just go over the last four years here. So starting in 2019, it was \$56 million in carbon tax; 2020, it was 85; 2021 was 163; and for this coming calendar year we're estimating it's going to be about \$182 million. For the coming calendar year, we're looking at about \$240 million is what we believe the carbon . . .

Ms. A. Young: — \$240 billion?

Mr. King: — Million.

Ms. A. Young: — Million dollars.

Mr. King: — For the year, yeah.

Ms. A. Young: — And the total cost to operate SaskPower overall?

Mr. King: — The total expenses? It's about just a little over \$2 billion is our total expense. Hang on here, make sure I get the right number. Two point . . .

Ms. A. Young: — \$240 million of just over \$2 billion.

Mr. King: — Expense is \$2.8 billion.

Ms. A. Young: — 2.8. Okay, 1 per cent. And then, Minister, coming back to when we were talking about the OBPS, I wasn't sure if you said that SaskPower would be or would not be permitted by the federal government to potentially use some of those funds collected to do things like build an SMR?

Hon. Mr. Morgan: — We believe that building an SMR or other generating facilities that would have emissions abatement would fall within the scope of the things that were permissible. We don't have specific permissions from the federal government or consent to it, but we believe that that falls within one of the acceptable uses.

Ms. A. Young: — Is it possible to have a copy of that agreement tabled for the committee? I've been looking everywhere to try and find it.

Hon. Mr. Morgan: — It does not exist.

Ms. A. Young: — There's no . . .

Hon. Mr. Morgan: — It does not exist. There is no agreement with the federal government at this point in time.

Ms. A. Young: — So, pardon me, then when the Premier's spoken about conversations with the federal government in terms of what they will and will not permit . . . Within the scope of what? If there's no agreement, there's no documentation between . . .

Hon. Mr. Morgan: — They introduced legislation. The legislation is there. And we would like to have discussions with them with regard to what the funds could be used for. We've asked that the funds be transferred to the province and that the province would control the funds. The funds would have to be subject to the requirements that are in the various federal programs.

Ms. A. Young: — Is there an existing agreement for the OBPS between either the government or SaskPower and the federal government?

Hon. Mr. Morgan: — Like I said, they passed a piece of legislation. They said this is the program. And the program has

changed with the various budgets and whatever. But at this point in time there is no . . .

There is the Future Electricity Fund. It indicates the three things that the funds can be used for and what happens when the backstop's imposed. It's not a contract. We haven't signed it nor have we necessarily agreed to it, but that document would be, I'm told, would be a public document.

Ms. A. Young: — Great. I would love to know where that is available. And not trying to be incredulous here, but with this agreement or plan coming into effect in essentially like 11 days, what is that based on then if there's no agreement?

Hon. Mr. Morgan: — I can tell you we are having some discussions. We may or may not agree with the federal government. This is something the federal government is chosen to do. The Liberal-NDP [New Democratic Party] partnership has chosen to do this. We didn't ask them to do it, but we have an obligation to the citizens of Saskatchewan to try and make the best arrangements possible going forward. And we will do that.

Ms. A. Young: — So then has there been . . . Just trying to wrap my head around the decision-making process. There is no agreement. There's no formalized plan yet. This comes to . . .

Hon. Mr. Morgan: — I can tell you we've made the request that we take control of the OBPS. The federal government has agreed to that.

Ms. A. Young: — So then what has cabinet made a decision on? Essentially cabinet has decided to . . .

Hon. Mr. Morgan: — I can't tell you what the cabinet has decided for. I can tell you that we wish to take control of the OBPS. It is money that is paid for by our citizens, and we wish to have control of it. We understand from the carbon tax case that the federal government will intend to exercise some . . . [inaudible] . . . We understand the legalities of that, but we will do what we can to protect the rights of our citizens and to protect the funds that they have paid out into this.

Ms. A. Young: — So then what agreement was . . . and I don't use that in a formal term, but what was just decided between the province and the federal government then on November 22nd?

Hon. Mr. Morgan: — We asked the federal government if we could have control of the OBPS. They said yes.

Ms. A. Young: — What that looks like, the consequences of that, what that money can be used for — all of that is uncertain?

Hon. Mr. Morgan: — We know that the electricity fund has got requirements in it. We have not necessarily agreed to those, but it's an ongoing process.

Ms. A. Young: — What is the timeline on when clarity can be expected?

Hon. Mr. Morgan: — You would have to take that up with Ministers Guilbeault, Wilkinson, and Prime Minister Trudeau. We want this to take place as quickly as we can. These are timelines that are coming up, but there's . . . Nothing has

happened, but we have an agreement for the past several years. The funds have continued to accumulate in the hands of the federal government since that time.

Ms. A. Young: — But there is no deadline that the government or SaskPower's working towards.

Hon. Mr. Morgan: — I can tell you that we are working towards having a plan going forward that will protect the citizens of our province.

Ms. A. Young: — So the Premier has made clear, I believe again it was November 22nd, that his intention was to use the, I believe it was \$470 million available for SMRs, and hearing that there's some questions around whether that \$470 million is available for the government or SaskPower's discretionary use and that there is no agreement. Again I believe Mr. Cherry, on behalf of SaskPower, has also spoken about the intention of using money to support the development of SMRs.

Hon. Mr. Morgan: — I think we should sort of separate it out. I'll get Mr. Pandya to sort of separate it out. There is the carbon tax, there's the OBPS, and I think the numbers get conflated.

And part of the question that you had probably should be directed to the Environment minister because those are the ones that are carrying on a lot of the active discussion with him. I'm here as the Minister Responsible for SaskPower and have knowledge of what's collected on the bills and what's remitted. But I can tell you, you know, what hasn't taken place that I'm privy to, but those may be better questions posed to the Minister of the Environment. But I'm going to let Mr. Pandya give a more detailed answer.

Ms. A. Young: — For sure. And respectfully I brought this here because I believe the Environment minister and the Premier sent them to the Minister for SaskPower.

Hon. Mr. Morgan: — Well we'll certainly give you whatever answers we can, so if you want to separate the two.

Mr. Pandya: — So thanks. I thought just for the sake of clarity I would just lay out that carbon tax proceeds under the OBPS between collected June 2019 and 2022 total something like 460 million. Troy, is that correct?

Mr. King: — 485.

Mr. Pandya: — 485 million. And those monies have been paid to the federal government and are subject to what is called a clean electricity fund under that piece of legislation. That's the fund, remember, where we referenced that the three uses of the funds could be for renewables, create modernization, and demand-side management programs. I believe that's what was specified more or less as the requirements.

The federal government is currently seeking a mechanism, and the provincial government's engaged as I understand it, through executive government, with the federal government on how those funds can come back into Saskatchewan. So that's one separate discussion.

And I believe you also asked a question about going forward now

that the federal government's agreed to the transfer of the OBPS to the provincial jurisdiction. I think your question was, what is the total amount. I think Troy had laid out that we anticipate that to be about 240 million going forward.

Typically under the last five years what we have done is we've captured carbon tax and then made those payments back to the federal government as per the legislation. And going forward we will still collect those dollars but now they will not be paid to the federal government; they will be paid to the provincial government. The provincial government will be, as I understand it, taking that through decision-making processes on how those dollars can get recycled. So I think that's just to provide . . .

Ms. A. Young: — So that's where we get things like the Clean Technology Fund.

Mr. Pandya — That's correct, yeah.

Ms. A. Young: — Okay. Many more questions there, but I'm hearing those are likely better placed to the Environment minister than the Minister for SaskPower.

But on the \$485 million that has accrued over the past year, you know, the Premier is on the record of having said he'd like that to go to the development of SMRs, recognizing the \$5 billion cost estimate which has been used I think publicly, is kind of everybody's best guess at this point. That is a significant contribution to that. And as well, you know, the corporation spoke in I believe it was August, on the desire to have some additional funding go towards the development of SMRs.

I suppose my question on that is, recognizing the timelines for moving Saskatchewan towards clean energy generation, has SaskPower, based on the Premier's comments as well as Mr. Cherry's in August of this year, made a decision to proceed with SMRs?

Hon. Mr. Morgan: — There is a date where a final decision has to be made, which is '29. In the interim, what we have announced are several things. One is a partnership with New Brunswick, Ontario, Alberta, and our province with regard to developing and determining various technologies. An announcement was made sometime after that that the preferred technology for our province would be a small modular reactor developed using the GE [General Electric] Hitachi technology which would be a generator of somewhere between 350 or 400 megawatts.

We've also made the announcement that there were two preferred or two potential sites, one at Diefenbaker Lake, one in the southeast corner of the province. There are two consultation processes that are under way, one under the impact assessment which deals with fairly comprehensive . . . It's part of the newer federal legislation. So the consultation is taking place with the various communities, online and with meetings with various stakeholders at both areas. Both areas are supportive at this point in time, wanting to ask more questions.

So the other one is duty to consult with First Nations. And there's some discussion under way there as well, in particular with First Nations Power Authority, who has been a very capable partner with SaskPower on generating solar and other types of renewable projects.

[15:15]

So those are the type of discussions that are under way now and those are ongoing. We've also announced as part of that a timeline that would put us for '29 or thereabouts for a go or a no go. It's frustrating to a lot of people because they see that a timeline measured in years rather in days or weeks, but given the federal regulatory process and everything, I don't think there's anything that can be done that's going to significantly change that.

Ontario is going through a changeover of their technology and as is New Brunswick. Both of those jurisdictions will have an easier time with the federal regulatory process because they are developing and building on sites that already have nuclear or have had nuclear for the last number of decades.

So to answer your question, we have not made a decision not to and are going through the process as effectively as is appropriate. You're likely aware that there's been discussions that have not gone anywhere before because people did not do proper groundwork, proper consultation. So we're wanting to make sure that we do things right, do things properly.

Ms. A. Young: — So to be clear, the SaskPower board has not given direction to the corporation to proceed with SMRs at this point.

Hon. Mr. Morgan: — They absolutely have. They said, you are to go ahead and go through this process. We are not at a point where there's a go or a no go.

Ms. A. Young: — And I think perhaps that's . . .

Hon. Mr. Morgan: — I'm not sure. I don't want to get into the semantics of what's a yes or what's a no. They're going down the road towards building one or more modular reactors.

Ms. A. Young: — So maybe then changing gears slightly, on the consultation piece, Minister, is there a latest financial projection that's been provided by industry? Like, I imagine Hitachi would have, you know, as a competent technology vendor they would have some concept of whether the \$5 billion number is accurate or not.

Hon. Mr. Morgan: — A number of people have . . . That was a number I used early, based on discussions with them. People continue to tell me that it's high. I will continue to use that number.

Ms. A. Young: — So then does the public consultation going on currently feel sufficient if there's no clarity around what the cost will be to the province? My understanding, Minister, from past comments that you've made, is that the intention of the corporation is to own and operate SMRs in a more traditional model than say some of the IPP [independent power producer] relationships that have been pursued with renewables?

Hon. Mr. Morgan: — We would welcome discussions with parties such as First Nations Power Authority, and there's no determination made.

Ms. A. Young: — Okay, but there's no business case or financial

information that's included in these ongoing public consultations?

Hon. Mr. Morgan: — There is not.

Ms. A. Young: — So then, recognizing the time, I do have a couple of questions I'd like to ask about coal, as well as a couple of specifics, perhaps starting with natural gas, Minister.

We know Great Plains is under way, but the Minister for Justice as well as the Premier have talked about the fact that natural gas will not be covered by the clean electricity generation standards and I believe have stated that, you know, the city of Saskatoon is going to be very cold when these come into place.

Can you clarify that to me? Because it strikes me as odd that SaskPower would pursue natural gas generation if natural gas is not going to be . . .

Mr. Pandya: — Maybe I could take a run at that question. So it is true that the clean electricity standard, at least based on the pre-gazetting, floated a reference of zero emissions from natural gas by 2035. In talking to utilities across the country, and in my own conversations in Ottawa, I've shared with federal officials and others that that's simply not possible, not because we don't want to achieve it — it's just technologically not possible. There's no carbon capture technology on natural gas anywhere.

Capital Power in Alberta is currently in the process of building that out; I believe they're supported by the federal government. The earliest that they will deploy is, like 2026 or 2027. So certainly if the technology is available and we can retrofit that onto our gas plants, we will be able to put that in place.

Why natural gas is necessary in the Saskatchewan context, Alberta context — you'll know that Ontario just announced four natural gas plants recently as well — is that it's the only technology that you can use to follow load. And what I mean by that is if you introduce renewables, wind and solar, into your grid, you need to be able to respond literally on a moment's notice if wind drops off, and cycle up power. And you can't cycle up nuclear or you can't cycle up . . . For that matter, you can't cycle up carbon capture with natural gas that quickly, so you need to use natural gas to cycle up and down.

And so it will be necessary going forward to use natural gas, and so we'll need to work with the federal government. And we're working to build that understanding with federal officials. Certainly I know my counterparts across the country are sharing that information with the federal government as well.

Ms. A. Young: — So then hearing what you've said about carbon capture and the technology not existing for use with natural gas, do you have any information that can be provided about a proposed natural gas facility in the RM [rural municipality] of Coalfields?

There's an application before the NEB [National Energy Board] right now that says, you know, planned valve station is for a natural gas facility to interconnect with TransGas for import and export of natural gas between Saskatchewan and North Dakota, providing security of supply to the city of Estevan, the Saskatchewan Power Corporation's Estevan Boundary dam, and

Shand electrical generation stations.

Hon. Mr. Morgan: — We would be speculating as to that particular application. I don't have any specific knowledge.

Ms. A. Young: — I can share it with the committee. I guess my question was whether there was an intention or any planning under way to transition the Boundary dam facilities from coal to natural gas.

Mr. Pandya: — I think to answer the question, so yes. We're not aware of that particular application so I'm not sure who it is. But certainly I think that there's an interest on the part of SaskPower to look at all possible options with respect to coal assets in the southeast of the province, and I think that that has been the intention for the last number of years. I think as I reviewed *Hansard* on this committee in the past, I think that same question has come up.

And so certainly we are open to all possibilities with respect to how coal assets will be transitioned in the Southeast and certainly are interested in the issue of security of supply of gas in the Southeast as well.

Ms. A. Young: — Yeah. The application's from 2019. As I said, I'm happy to share it with the committee. The most recent letter is just from November 4th of this past year, again in regards to supplying Boundary and Shand.

Hon. Mr. Morgan: — I'm not surprised to see it. There's certainly been ongoing discussion about the need for maintaining security of supply in that area. And knowing what the requirements may be with regard to coal, natural gas conversion has to be considered also in the context of whether there's a change in position of the federal government or not.

Ms. A. Young: — So am I right in hearing that there's an open mind at SaskPower to that but there has not been any activity undertaken by SaskPower to pursue transitioning any of the units at Boundary or Shand from coal to natural gas?

Hon. Mr. Morgan: — I think there's certainly analysis being continuously done on those facilities, as well as others.

Ms. A. Young: — So then if there's analysis and potential activity as it relates to securing the supply of natural gas for the operating units at Boundary or Shand, is it the expectation of SaskPower or the ministry, or has there been any advocacy done for the inclusion of CCS [carbon capture and storage] with traditional coal to be covered by the clean electricity standard?

And I suppose, regardless of the answer, how does SaskPower anticipate operating unit 3 if units 4, 5, and 6 are no longer drawing on the supply from the mines? I'm not a coal baron, but I would imagine it's not particularly economical to potentially keep the mines open for — I can't remember; unit 3, whatever it is — 150, 13 000-odd tonnes it takes every day.

Mr. Pandya: — It's an excellent question, and in fact why I think the minister noted that SaskPower is working to investigate all options with respect to assets in the Southeast in particular. You're quite right. If there is a possibility in terms of reliability, sustainability, cost-effective power to transition coal assets to

gas, and if that's technically feasible and economical to do so, I think that that's something that the corporation would look at. And certainly that's something that we'll talk about as part of our future power discussions as well.

You're right, operating BD3 [Boundary dam 3] . . . I think you asked a question of have we asked the federal government about BD3 and clean electricity. The answer is yes. As a matter of fact, I went to Ottawa at the direction of the board and the minister to do exactly that. And to date there is no change in policy on the part of the federal government with respect to the . . .

Ms. A. Young: — It's a clear no from the feds?

Mr. Pandya: — That's correct. 2030 is the end of coal. So there's a very good question with respect to what do you do with BD3. You can't operate one generator on coal, given the fixed cost of operating coal. And so obviously the corporation would be looking at a question of can you cycle natural gas through, or other fuel sources, through that generator to ensure that you're continuing to capture carbon or generate even negative carbon credits.

Ms. A. Young: — And can you remind the committee what's the tail for the contract for CO₂ offtaker for unit 3? When does that end?

Mr. Pandya: — March of 2024.

Ms. A. Young: — March of 2024. So what I'm hearing then is that for CCS from post-combustion coal like we'd see at, you know, BD3 being the first in the world, there is, with the current state, no future for that facility beyond 2030?

Hon. Mr. Morgan: — There is. The Aquistores are there. It could be sequestered underground. I mean obviously there's . . .

Ms. A. Young: — 2500 tonnes a day.

Hon. Mr. Morgan: — That's an option to try and maintain. Whether it could be increased or not is another issue. Right now, you know, the best option is to find an offtaker, which is what's happened.

The challenge that's there for that corner of the province is if coal ends at the end of this decade, there has to be another option that's put in place. So that's why SaskPower's board has given them the direction to look for every other option that's there.

One of the options is, as the CEO indicated, would be a natural gas conversion. We know that there's businesses in Alberta that are very close to having natural gas with carbon capture on it. We do not have them operational anywhere in Canada at the present time, but it's under way. So that might be an option. It's possible there may be another fuel.

There is a really major asset of SaskPower in that corner of the province. I understand you were there recently, so you probably toured Boundary dam as well as Shand. I don't know if you've gone to Coronach as well. So those are our major assets. There's no desire to have those as stranded assets if there is any option that is workable. And I think I'm not in a position to disclose a lot of the other things that they might be working on but are

certainly wanting to do everything they can for the sake of the assets that are there and the people that are working there.

You raised the issue about the viability of providing coal for BD3 without the other ones that are there, and that's a really valid point. It would be unlikely that Westmoreland, the coal company, would be able to operate viably for supplying coal for that. I don't know whether that's a fair comment or not.

Ms. A. Young: — Yeah, thanks. And that was kind of to my questions around the Many Islands pipeline that I brought forward. Not an expert, but to me, it looks like the import of natural gas from the United States to potentially supply power generation in Canada, which, again, happy to share with the Chair.

Hon. Mr. Morgan: — Yeah. I mean it certainly is an option.

Ms. A. Young: — Mr. Chair, I have two more questions I'm hoping I can get through, recognizing the time but also that we recessed for about seven minutes, if that's okay.

The Chair: — Yeah.

Ms. A. Young: — I guess the first of my last two questions is in regards to the deal with the Southwest Power Pool: 20 years, \$52 million a year. Understanding that's just for the infrastructure, which to me, that's about a billion dollars total that the corporation will be paying for essential deconstruction of infrastructure in the United States. That's correct? Potentially to import up to 650 megawatts per year?

[15:30]

Hon. Mr. Morgan: — Correct.

Ms. A. Young: — And there is no cost built into that for the actual power. The billion dollars is just to build infrastructure in the States?

Hon. Mr. Morgan: — That's correct. Because the power price changes hour by hour, day by day, that's to maintain the infrastructure. Southwest Power Pool is a group of producers in the US [United States] that is about 10 times what we would have access to here. So we would likely be guaranteed a relatively competitive supply of electricity from that at whatever current rates might be going forward.

Ms. A. Young: — For sure. And appreciating the volatility of those power rates, as you said, hour by hour, minute by minute in some cases, I'd assume there was an assumed cost, or you know, cost per megawatt hour built into whatever business case was developed. You know, essentially SaskPower is paying to build infrastructure in a foreign country, even one as close as the United States, but there would be a cost built into that. So what is the anticipated cost that we would need in order to make that accountable?

Hon. Mr. Morgan: — We would not be in a position to disclose the suppositions or other things that would be on pricing going forward. We don't disclose the cost on an hour-by-hour or day-by-day basis on the website. I know some other jurisdictions do, but SaskPower has decided that they can make the best deals by

playing close to . . . They would certainly have used a number of different assumptions on that decision.

One of the good things about the Southwest Power Pool is that the parties that are on the other side of the border have got reverse times. You know, our high time of use, our peak times are into December, January. Theirs, it's the other times of year.

Ms. A. Young: — But that does seem to be changing a bit, I think, with consumption patterns and demand patterns in Saskatchewan, you know, more people running AC [air conditioning]. It seems to be less the case than it was perhaps in years past.

Hon. Mr. Morgan: — Peak day was December 10th a year ago.

Ms. A. Young: — Yes. But I've heard it's getting higher in summer as well from some of SaskPower's own reporting. But I guess for cost of . . . You know, again power purchase and purchase of fuel is one of the driving factors for SaskPower's costs going up year over year.

And I guess it's just — perhaps by way of comment more than question — frustrating that there's no assumed cost that's available, you know, for public transparency around what factors may have gone into that billion dollars kind of cost of service, that when the corporation borrows, I assume it's on the basis of the tax base in Saskatchewan, which is the people of the province.

Mr. King: — So when you refer to the Southwest Power Pool and that capacity that we're going to lease, I call it we're going to lease it for 20 years as opposed to we're going to own and pay for it. When you look at our energy needs, we break them into many components, but I would break them into two: energy and capacity.

And so when we get access to that 650 megawatts from the south, that's primarily capacity is the way I look at it. So that's the ability to bring in that much energy. By comparison, the Great Plains facility that we're building, it's about 377 megawatts and it's just shy of \$800 million. For \$800 million we get 377 megawatts of capacity, so what we're getting out of this is really double that capacity for a billion dollars.

Ms. A. Young: — That's for the infrastructure, not for the cost of power.

Mr. King: — Yeah, and for \$800 million, all we get is the infrastructure for Great Plains. Then with Great Plains, you've got to put the staff in. You've got to do the fuel. You've got to do the maintenance to get it running and get the energy, whereas with the Southwest Power Pool, we have to really, as you've indicated, we have to still buy the energy from them.

The minister had mentioned that the prices in the Southwest Power Pool are some of the lowest in North America that we can take access to, but really it's two different pieces. One is the capacity, and that's what we're getting from there, and then you'll get the energy. So capacity-wise, it compares very favourably to building gas generation that we may or may not be able to run.

The other piece the minister also touched on is just the impacts of renewables and the need to fill that gap and that variability. So renewables are quite volatile. I was just looking on my phone. Today wind is giving us about 37 megawatts of capacity right now out of 615 and solar is giving us 2. So we need something to fill in those variances and try and minimize your amount of, you know, total capital and total energy spent. Having access to the Southwest Power Pool diversifies our portfolio, allows us to avoid building even more gas that puts us at risk of, you know, early retirement under the new standards, and it's a different source of bringing in energy.

Conversely when we have excess wind and excess solar on our system — we have 600 megawatts now, we're looking to build upwards of 3000 megawatts — we need somewhere to put it when you have too much wind. The Southwest Power Pool gives you access to move that energy to the United States, as the minister said, to a market far larger than ours. And so really as part of building more renewables and lowering our emissions, having that capacity is really key.

Ms. A. Young: — Sure. And I appreciate that. And I appreciate the challenges SaskPower have. I think what the average person hears though is perhaps, you know, that's going to be hundreds of people not working in Moose Jaw or other facilities but working in the United States to provide power to the province of Saskatchewan

I guess my last question was, I'll be very . . .

The Chair: — Excuse me, not . . . We're actually sitting at our time right now.

Ms. A. Young: — That's okay. I will just ask it and maybe the record . . .

The Chair: — No, that's not okay. We're sitting at our time. We've got another . . . [inaudible] . . . coming up.

Ms. A. Young: — We did, respectfully, start 10 minutes late.

The Chair: — No.

Ms. A. Young: — And we had a seven-minute break.

The Chair: — No, we're done.

I will now ask a member to move that we conclude consideration of the 2021-22 SaskPower annual report, the 2021-22 NorthPoint Energy Solutions Inc. financial statements, and the 2021 Power Corporation superannuation plan annual report. Mr. Fiaz has moved that we conclude consideration. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

That concludes our business with SaskPower today. Minister, do you have any closing comments?

Hon. Mr. Morgan: — Mr. Chair, I would thank you, the committee members on both sides. I would like to thank the people working in Hansard, LAS [Legislative Assembly

Service], building staff, and particularly the broadcast folks because they were making a special attendance today; people working in security; the officials that are here today from SaskPower for the work that they do in getting here, getting prepared for today, as well as what they do all year round.

I would like to thank the employees of SaskPower that work outside, often on cold and adverse days, some of them being IBEW [International Brotherhood of Electrical Workers] members, some being Unifor members, and some being other government workers. But I can't thank them enough for what they do to keep us warm, dry, and safe.

The Chair: — Thank you, Minister. Ms. Young?

Ms. A. Young: — Merry Christmas to all.

The Chair: — Okay. Well thank you. And we're going to have a brief break here to allow the SaskTel officials to come in.

[The committee recessed for a period of time.]

Saskatchewan Telecommunications Holding Corporation

The Chair: — We will now move to the consideration of the SaskTel 2021-22 annual report; Saskatchewan Telecommunications financial statements for the year ended March 31st, 2022; Saskatchewan Telecommunications International Inc. financial statements for the year ended March 31st, 2022; Directwest Corporation financial statements for the year ended March 31st, 2022; SecurTek Monitoring Solutions Inc. financial statements for the ended March 31st, 2022, and the Saskatchewan Telecommunications pension plan annual report for the year ended March 31st, 2022.

Minister Morgan is here with his officials for SaskTel. Minister, I'd ask you to please introduce your officials and make your opening comments. As a reminder to officials, please identify yourself before speaking. Do not touch the microphones or Minister Morgan will slap your hand. The Hansard operator will turn them on for you. I recognize Minister Morgan.

Hon. Mr. Morgan: — Thank you, Mr. Chair, and committee members. I'm grateful for the opportunity to be here to discuss SaskTel's annual report for the 2021-22 fiscal year. Joining me here today are the following officials from SaskTel: Doug Burnett, president and CEO; Jamie Patterson, corporate counsel of regulatory affairs. I put that out, Mr. Chair, just so you know that we are well lawyered up, and if there's one thing I think you can never have enough of, it is lawyers.

We're also joined by Charlene Gavel, chief financial officer; Scott Smith, senior director of finance; Michelle Englot, director of corporate and government relations; as well as my chief of staff, Morgan Bradshaw.

The Chair: — I hate to take the . . . [inaudible] . . . Guess what? The mikes just quit again.

[Due to technical difficulties, the committee recessed for a period of time.]

[15:45]

The Chair: — Okay, Minister, if you could finish up your remarks, leaving out the lawyer part.

Hon. Mr. Morgan: — Thank you, Mr. Chair. I think I'd indicated that we were joined by people other than lawyers today: Charlene Gavel, Scott Smith, and Michelle Englot, as well as my chief of staff, Morgan Bradshaw. And I've said earlier that you can never have enough Morgans in a room. Other people say you could never have enough Bradshaws, but I leave that for others.

After I provide my introductory remarks regarding SaskTel's 2021-22 annual reported financial results for the year, we'll be pleased to discuss any specific points or issues that are being brought forward.

Every year SaskTel's annual report helps to paint a clearer picture of the provider's business operations as well as their overall financial condition. This year's report, titled *Always Here*, shows that the company continues to invest heavily in strengthening its networks and services while also fulfilling its social responsibilities as a provincial provider.

In the year ending March 31st, 2022, SaskTel reported a total net income of 104.4 million and revenues of 1.3 billion. Although net revenue is retracted slightly compared to the previous year, SaskTel's balance sheet continues to reflect a strong financial position backed by positive returns on equity and healthy subscriber growth.

In terms of subscriber growth, SaskTel reported nearly 30,000 new broadband internet customers, over 8,000 new wireless customer additions, as well as over 17,000 new infiNet customer additions. These results are certainly a credit to SaskTel's employees, who continue to execute the company's long-term strategy and initiatives to expand connectivity and tackle coverage gaps in the province.

The year was not a slow one in any sense. First, SaskTel continued on their multi-phase rural fibre initiative which in 2021-22 helped to bring fibre optic internet service to the phase 1 communities of Balgonie, Biggar, Langham, and Pilot Butte. The infrastructure being provided through this initiative is nothing short of transformational and will maximize the potential of citizens, local governments, and businesses to support their communities.

Further, as a result of the initiative, SaskTel's infiNet network is on track to reach over 45 communities and thousands more customers by the end of 2023. Already SaskTel's infiNet network is the largest fibre optic broadband network in the province. In 2021-22 SaskTel also invested heavily to deploy their 5G wireless network that will help push families and businesses into the future.

Starting in late 2021, SaskTel began launching 5G in parts of Regina, and the network has since been expanded into Saskatoon, Craven, and a few other rural areas. The rollout of Saskatchewan's largest 5G network will continue to expand across the province over the coming months and years, enabling faster connectivity and better wireless internet access for consumers. It will also help create employment, spur innovation, and foster ag-tech activities.

To support strong and vibrant communities, SaskTel also wrapped up their ambitious \$170 million Wireless Saskatchewan initiative during the year with the launch of 10 new 4G LTE [long-term evolution] towers. These towers provide better wireless coverage to previously underserved parts of the province while increasing safety, enhancing communications, and bringing economic opportunities to residents.

For both the deployment of 5G wireless and future 4G LTE enhancements, SaskTel is pleased to have Samsung as its trusted partner. SaskTel is also pleased to work alongside the global technology leader to support tech sector growth in the province. In late 2021, I was pleased to join with SaskTel and Samsung officials to mark the grand opening of Samsung's new regional office in Regina. The office is already creating a positive impact in the community, and we look forward to how SaskTel's ongoing collaboration with Samsung will help to further accelerate innovation and 5G ecosystem development in the province.

For SaskTel, every partnership is about identifying new opportunities and finding new ways to support a strong provincial economy. On this front, SaskTel is also involved in several other joint activities that support innovation in the province. In November 2021, for example, SaskTel announced it has signed a memorandum of understanding with Smart Paddock, a leader in Australia's ag-tech sector specializing in advanced livestock monitoring and GPS [global positioning system] tracking solutions.

Through SaskTel's rural broadband partnership program, SaskTel is also taking steps to help find solutions for areas long impacted by service gaps. Since its launch in September '21, a number of rural broadband projects have already gotten off the ground, including projects in the Last Mountain Lake area and Muscowpetung First Nation.

All of this only scratches the surface of the phenomenal work done by SaskTel. The company continues to be a leader in equity, diversity, and inclusion efforts in the province. Early in 2022 it was also named one of Canada's top employers for young people, which is a testament to SaskTel's efforts to prepare for the workforce of the future.

SaskTel continues to be a highly competitive player in the Saskatchewan market with multiple avenues to grow. Overall SaskTel's 2021-22 results reflect a broad accessibility and attractiveness of SaskTel's high-performing networks as well as their customer-centric culture.

Thank you, Mr. Chair. With that I am concluding my opening remarks and we would be pleased to answer any questions.

The Chair: — Well thank you for that, Minister. And are there any questions from the committee? Mr. Wotherspoon.

Mr. Wotherspoon: — Thanks, Mr. Chair. And you're looking fine in that chair there today, I must say.

The Chair: — Well thank you. It must be close to Christmastime.

Mr. Wotherspoon: — Well thank you, Mr. Chair. Thank you,

Minister. Thank you, the leadership of SaskTel and officials, for being here today. Certainly SaskTel is just so valuable and important to our province and to our communities and to our economy. So thank you for all your work.

To the minister, I just want to get a confirmation here. Can you, as the minister today, commit that SaskTel will continue to be a public Crown corporation inclusive of all present lines of businesses moving forward?

Hon. Mr. Morgan: — To answer the question, SaskTel is not for sale, nor is any part of the business. They will carry on business with the partnerships there and the operations that they have, but there's no political direction given and nor is there any discussions that I have had, nor have anybody else in the last year, with regard to being approached or had any discussions. It's just plain and simple — not for sale.

Mr. Wotherspoon: — Thanks for the response. Is there any consideration of any privatization of any component of SaskTel?

Hon. Mr. Morgan: — No. They have partnerships with rural broadband providers and contractors that do work, but no, there's none, no. I'm assured by the officials, looking on both sides, no.

Mr. Wotherspoon: — Moving along a little bit, obviously SaskTel is critical from a perspective of getting services to Saskatchewan people in all communities, as well as making sure that those services are delivered in an affordable way. And SaskTel of course does an incredible job from an economic perspective across Saskatchewan by way of the employment and jobs and contracts that it holds, and then it gives back in many other ways.

But an important piece of it of course is that connectivity piece — and we've canvassed these areas in the past at these committees and I know that they're prominent in your report here today. So I guess I'm just looking, Mr. Minister, for an update on the activities on a go-forward . . . This year we've had detailed, in the annual report, the progress made in the year before. But connectivity of course is so vital to rural and northern and First Nations communities across Saskatchewan, important to everyone. So looking for an update and some specificity on the plans and the different types of technologies that are being deployed and the different . . . I know there's the different towers that are in place, the hundred-foot towers, and then the macro towers — looking for an update as to the program that SaskTel's committing to in the year ahead.

Hon. Mr. Morgan: — I'll give you sort of a really high-level review and then I'll let the officials give you some more specifics. And they probably are better ones to answer the questions.

But the issue of connectivity is probably one of the most paramount issues that SaskTel is facing. They now have over 1,000 cell phone towers in the province. You mentioned the macro tower. Macro towers have a cost somewhat in excess of \$1 million. There was also a smaller micro tower that's used, covers obviously a much smaller area, and that one costs in the range of slightly over \$100,000, but they're used to fill gaps or in municipal areas where you're trying to spread out.

They are working with those towers to . . . and then they ran fibre to virtually all of those towers, so the towers have covered many of the major highways in the province and the focus now is on providing fibre or good speed to various smaller centres of the province. So there was the hundred-and-some-million-dollar initiative that was announced . . . hundred, hundred and six . . . [inaudible interjection] . . . Yeah, million. Anyway the purpose of that is to enable them to go through a series of phases — and the phases are under way and some are completed now — to get to smaller communities. And the goal is to bring that down to communities of 300 and larger. So then in addition to that, the towers would be used to try and provide some more direct coverage by way of, I think, Fusion and add-ons to the towers to try and cover the areas around the towers where they may not be.

Having said that, that will cover a large percentage of the people that are there but there will be homes, ranches and things, that will not be near a tower or near where there would be fibre. So in those situations the option for those people might be a direct satellite connection through Starlink or someone. Those would be the type of options that would be available. But they are working with several private providers as well as their own network force to try and provide fibre to an increasing number of communities in the province.

Mr. Wotherspoon: — We'll follow up with a bit more detail on the program in the year ahead. I'm interested though in following back up on the federal dollars that have been made available, but unfortunately it seems in the last few years, Saskatchewan hasn't been very successful in securing our share of dollars. We've discussed this at this committee in the past. And certainly it's a matter of fairness and equity that Saskatchewan should be getting our share, and in many ways we're positioned very well with SaskTel as well to really leverage those dollars to really be deployed in an effective way.

So with respect to those federal programs — the CRTC [Canadian Radio-television and Telecommunications Commission] program and then there's also the Universal Broadband Fund — and I'm just seeking, I guess, an update. I know there's been a number of applications that SaskTel has made on this front. An update as far as the number of proposals and what we've had confirmed as far as dollars. And then as well, what intervention or role there is for you as the minister or your government proper with the federal government to be making the case of fairness to make sure that Saskatchewan is receiving its fair share on this front.

Hon. Mr. Morgan: — I think you make a good point about the issue of fairness. I have had some discussions with my federal counterparts and have some ongoing discussions with them now. And I'm not at liberty to discuss some of the things that they are talking about in the immediate future, but I will let the officials tell you what we've received and what is public knowledge at this point. But I understand the concern you're raising and the point's well taken.

[16:00]

Mr. Burnett: — Thank you, Minister. I think the minister has described it very accurately. There are two funds. Just a little more detail: there is the CRTC Broadband Fund, which has \$750 million to allocate. Under that fund, we have nine

applications. And you know, I think, as the minister has indicated, we do have some ongoing discussions but have not been awarded any funding to date.

I should also just mention, under that fund, they have just re-opened that fund to allow for additional applications. They are specific to applications that would improve the transport or mobility along major lines of transport or the delivery of satellite. So we will be taking a look at whether or not we have projects that would qualify in those veins and would make additional applications if appropriate.

Then the second fund, as was mentioned, is the Universal Broadband Fund, the UBF fund. They now, they have kind of over time continued to add money to it. I believe that fund now stands at about \$3.2 billion. And again, there we have 11 applications under that fund and have not heard back on any of those applications.

Mr. Wotherspoon: — Thanks so much. I'm glad that the . . . We've discussed, I think, these nine applications and the 11 previously. Has there been dollars allocated from this, I guess, either of the funds during the last fiscal year to other jurisdictions or other providers?

Mr. Burnett: — Absolutely. Yeah.

Mr. Wotherspoon: — Do you have a sense out of that, how much, say of the 750 . . . The CRTC fund, maybe we'll focus on it first. Do you have a sense of how much of that's been deployed at this point?

Mr. Burnett: — I don't. I couldn't give you a percentage. There have been a number of approvals under those funds. And I would suggest that SaskTel is lacking compared to some of the other provinces, so we certainly appreciate the minister's help.

Mr. Wotherspoon: — So there's a pool of funds still available, I guess. What's the future hold for that fund? What's its mandate? How many years are they looking to have those dollars deployed, or is it going to be sort of a continuous evolution here?

Mr. Burnett: — Yeah. So that fund is actually funded by the telecommunications companies. I believe the initial mandate was over a period of five years. Certainly it can be extended.

Mr. Wotherspoon: — And then there's the nine applications there, and there's an opening where there might be vital lines of transportation where they may invite, you know, new projects to be put forward. Would a project like — just using an example of one that we talk about in the province as a point of concern — like the Hanson Lake Road, for example, is that project contained in any of these applications? Or would that be one that might be considered when you look at sort of a vital line of transportation?

Hon. Mr. Morgan: — Yes, that's one that would be key to us because it's an area that the province has not been able, SaskTel has not been able to do. In fairness to the feds, they seem to be engaged more now than ever before. They are willing to have discussions about what the needs are or are not, so I'm loath to be overly critical. I want to see our province get its fair share of those funds and do everything we can to try and enhance cell phone coverage. And to be fair to the federal government, there's

inquiries and discussions going on. So not at liberty to say much more than that. But thank you.

Mr. Wotherspoon: — And the Hanson Lake Road project itself, is it contained within one of these applications, or how is it being . . .

Hon. Mr. Morgan: — It is in one or more of them.

Mr. Wotherspoon: — In one or more of them. Both the CRTC but then also in the Universal Broadband. It's been applied to both?

Hon. Mr. Morgan: — Our advice is not to talk about the specifics.

Mr. Wotherspoon: — Okay. And then the \$3.2 billion fund, do we have a sense of how much of that's been deployed to date?

Hon. Mr. Morgan: — I think that'd be a question that would be best posed to the federal minister.

Mr. Wotherspoon: — So I mean, we're wanting to access our share of course. So what would our share be? Are we thinking like per capita, sort of the 3 per cent . . .

Hon. Mr. Morgan: — I think in fairness it would be a fund that ought not be disbursed solely on the basis of per capita. Our province is very diverse, very spread and we have, as you're aware, the highest number of kilometres of roadway per person and number of . . . the per capita thing. So in terms of fairness or how best to get . . . Our province should certainly get a significant portion of that.

Mr. Wotherspoon: — Right. Yeah, I would concur entirely. And we know . . . So can we just go back? Because I know we've been talking about this at this committee for a number of years. Like how long has this fund been in existence and how long has it been that dollars have been flowing out of it to other providers in other jurisdictions?

Mr. Burnett: — Yeah, I believe that it's been in existence for two years.

Mr. Wotherspoon: — I just think the need is significant in the province. We're well positioned with SaskTel and the infrastructure that's in place. And it's a real, real shame that, you know . . . and taking the minister's sort of advice to maybe not be too hard on the federal government, you know. But it would be completely wrong to not see our share, you know, flow. And from a timely perspective, we're well positioned to put those dollars to use in Saskatchewan and, you know, I would argue in a better way than other jurisdictions.

Hon. Mr. Morgan: — I would agree with you. I think SaskTel would be well positioned to utilize those funds to make our province safer and more accessible. Your point's right.

Mr. Wotherspoon: — Do you have an estimate that you would see fair? We talked about, like, that per capita isn't necessarily the right model to apply. And I would totally agree because you look at our geography and size and . . . But do you have an idea of what you would see as the fair share of that \$3.2 billion fund?

Hon. Mr. Morgan: — At this point we're not taking a position, we want this or we want that. We're working on specific applications that are before the two entities, trying to get some movement on them, and hoping that the federal government will see fit to . . . And I'm not in a position to comment on why they haven't, but hopefully we can move it forward.

Mr. Wotherspoon: — And just falling back to a conversation we had, the minister and I, maybe a year or so ago in committee, there was some intimation by the minister that he thought there may be some concern with dollars going to a Crown corporation as opposed to a private provider. But then at that moment I looked for a little bit of, I guess, for some further detail on that, and it seemed that they'd sort of backed off of that a bit as a minister. Has that been identified as a concern from the federal government with you or anyone within those programs?

Hon. Mr. Morgan: — The funds that have flowed out to the various entities have frequently not been government entities such as SaskTel. So there was a sense perhaps on some of our officials that they would rather fund another entity other than one that's owned by government. I don't know why that would be the position, but I don't have any other reason why these projects haven't been funded. All I can say is that there's work being undertaken.

Mr. Wotherspoon: — So that's never been expressed though to you as the minister, and it's never been explicit. It's just that so far the private providers are the ones that have been the recipients.

Hon. Mr. Morgan: — Correct.

Mr. Wotherspoon: — Well have you sought clarity to make sure that that's . . . I mean it would be very misguided by the federal government to sort of feel that way because of course we're going to maximize . . .

Hon. Mr. Morgan: — Our goal is to leave questions and the debate for question period. And right now our goal is to try and get those projects across the finish line and get the funds flowing to those particular projects, and I want to see that happen.

Mr. Wotherspoon: — No, for sure. And SaskTel's just so well positioned. And I'm not saying those other providers shouldn't receive a fair share, but SaskTel and our province is really in a position to maximize the return on anything we receive.

So we'll continue to track that with interest and we'll continue to make the case. And we do that here today, even publicly, you and I being very clear to anyone involved in these funds and the federal government that it's critical that, you know, dollars, that our fair share start to move towards Saskatchewan.

Hon. Mr. Morgan: — I think as MLAs [Member of the Legislative Assembly] on both sides of the House, we want to make sure that those funds flow, that those funds . . . I don't see them as, what a share, or what an equity. I just want to see those funds flow. I want to see those programs funded. And in particular, the one you mentioned, Hanson Lake Road is one where it's increasing, the amount of traffic. There's more and more economic development up there. It's very much needed.

Mr. Wotherspoon: — Moving along just a little bit maybe. We'll be interested in just a little bit more detail on the actual connectivity program we talked about in sort of broad strokes, but maybe if it could be broken down just exactly which technologies are being deployed and advanced and to what extent and what communities are impacted for the year ahead. Of course there's a few different technologies and approaches that SaskTel utilizes and then a few different tools within that, the micro towers, the macro towers, just getting a little bit more detail on that front would be helpful.

Mr. Burnett: — Sure, I'd be happy to speak to that, maybe just speaking to it as per the different types of technologies. So we have three or four different types of technologies that we use to roll broadband out to the community. And if you start with our DSL [digital subscriber line] network, which is our copper network, we continue to push that out to additional communities, and in particular, we are trying to increase the speeds that the communities can get through that technology.

So I think today we have something in the neighbourhood of about 467 communities that are receiving broadband via copper. And of that, 361 of them can get up to 50 megabits per second, which is quite a good speed, you know. It is the CRTC standard.

The CRTC has a policy whereby they'd like to see 100 per cent of Canadians at 50/10 by 2030. So we are at, I believe, something in the neighbourhood of about 86 per cent of the population in Saskatchewan is already receiving 50/10. Now we're striving to provide much faster speeds than that and that's the reason that we are rolling out fibre. And fibre is the one technology right now that allows us to take it above 50/10.

Another technology that we use is, it's called a fixed wireless technology. In the past it was a fusion technology. That's right. We are in the process now of replacing those radios on those networks with Samsung radios which will increase the capacity and the speed for the communities that are served by the fusion towers.

The technology varies from the old Huawei equipment which had a fairly large footprint to the Samsung equipment which has a smaller footprint. So it will improve some. We'll leave the Huawei equipment up to continue the service to the rest of that footprint until we can identify a new technology to help improve those areas as well.

Then in addition to that, of course, our mobile network covers 99 per cent of the population. As was mentioned in the minister's opening remarks, we just finished off \$107 million project in '21 and that saw the addition of approximately 190ish new towers, 105 small towers in small communities, and about another 89 macro towers, all of which brought mobile service, including broadband, to areas that were not receiving broadband service prior to that.

And then more recently since 2012, of course we've been working on pushing fibre deeper and deeper into this province, starting with the nine major centres, and then we expanded that to some of the bedroom communities, a few small communities.

[16:15]

And then as the minister mentioned, phase 1 covered, I believe, another four or five communities. And over the next few years I believe we announced a hundred million dollar project to take that out to another 46 communities by the end of 2023, and then to another 84 communities by 2025. That's another 100 million. So that's 200 million in additional fibre initiatives to take fibre deeper into rural Saskatchewan.

Mr. Wotherspoon: — Thank you. The . . .

Hon. Mr. Morgan: — I'd add a little bit on that. The goal in a lot of these things or the target was 50/10 and 50/10 was not that long ago seen as sort of the gold standard. Now there's an increasing number of companies are advertising far greater. Shaw is advertising a gig. I've never seen it operate, but you know, 50/10 sounds good, but if you have somebody watching Netflix, two or three gamers in the house, and somebody tried to do some work or that, the need for bandwidth grows as fast as the ability is to provide it.

The other challenge I'm providing, and I mentioned the gig and that's an ad from Shaw, is the Rogers-Shaw merger which may change the makeup of how competitive services are provided across Canada. It's not something that we participate in but we're certainly watching that as being a potential competitor or whether that's going to affect either pricing or whatever going forward. So sorry. I didn't mean to . . .

Mr. Wotherspoon: — No, thanks for that. And maybe we'll tag back into some of that. Just to get a sense again on the fibre, so it's \$200 million that's committed to on this front to extend out of 46 communities by the end of this current . . . well of 2023, so the year that we're about to embark on and then . . .

Mr. Burnett: — That would be a hundred million for the first 46 and a hundred million for the next 84.

Mr. Wotherspoon: — For the next 84.

Mr. Burnett: — Right.

Mr. Wotherspoon: — And the 46, how can you describe these communities? I know when we're talking about the two big cities we know who we're talking about. Then we talk about the nine other urban centres. We can kind of, you know, point to those on a map. What are the characteristics or the size if you will, if that's one of the factors, of those other 46 communities?

Mr. Burnett: — Maybe I'll just list off a few just to give you a sense, but generally speaking after we are done the first 46, we'll be down to communities that are in the neighbourhood of about 1,000 homes — we call them service addresses — approximately 1,000 service addresses.

When we're done the next two phases, the second million . . . hundred million, that we will be down to homes that are in the neighbourhood of about 2 to 300 service addresses. So for the first hundred million we're talking about locations like Canora, Carlyle, Fort Qu'Appelle, Hudson Bay, Indian Head, Kamsack, Shellbrook, Unity, Wadena. Those would be captured in the first 100 and of course many, many more which I can provide but it might be a little tedious.

And then for the second phase, by the time you get to the end of phase 6, the second \$100 million program which we are targeting to be done by the end of . . . by March of 2025, we'll be dealing with places like . . . Oh, I'm just being reminded phase 6, the communities are not announced, but . . . Phase 7 are not announced; phase 6 are. And so it's places like Arcola, Asquith, Avonlea, Bethune, Blaine Lake, those communities.

Mr. Wotherspoon: — The member from . . . What's your riding again? I can't say your name. Yeah, I knew he was looking for Blaine Lake there.

A Member: — Saskatoon Willowgrove.

Mr. Wotherspoon: — Willowgrove, yeah. Thanks for that information. And now to whatever extent the information you're referencing there might be a bit tedious to get into listing all the 46 and the 84, are you able to provide that information through the committee in the subsequent days here just for it to be a matter of record for us to reference?

Hon. Mr. Morgan: — Every one where the communities aren't announced . . . We'll provide it up to everything that's announced, and we'll mark on the list what's in place now and anticipated dates.

Mr. Wotherspoon: — So the 46, or it's the 84 that are communities of about 1,000? Or no, that's the smaller . . . that's the 2 to 300. It's the 46 that we're dealing with that are around 1,000.

What about First Nations across Saskatchewan and Métis communities? Are they being treated in the same fashion as far as . . . If you're assessing matters out of, say, population, are they fitting into those tranches? So if there's a First Nation of, you know, that's 1,000 or more they're, you know, potentially in that group of 46 then in this next year. If they're a smaller First Nation, 2 to 300, are they then included in that connect with those 86 communities?

Mr. Burnett: — Right. They aren't being treated quite based on population simply because, you know, a community of 1,000 people might be 1 square mile versus a First Nation community of 1,000 people might be 100 square miles. And so, you know, unfortunately it's much more difficult to service 100 square miles than a small community.

So some of the First Nations are captured by the work that we're doing under those two programs that we just spoke about. But we have a number of other initiatives that are ongoing to try and address First Nations in particular, one of them being a rural broadband partnership program that we have. And that is a program where we're working with private ISPs, internet service providers, who are using a fixed wireless technology. We partner with them to make backhaul available and to help provide some of the initial equipment. But they actually then service the customer. They own the customer, do all the maintenance and all of that work.

And so we have a couple partnerships, one with Wood River and another one with Beaver River. Beaver River in particular is very focused on First Nations and has several on the list, so we have under that program already completed — Muscowpetung,

Peepeekisis, Cowessess. Whitecap was entirely a fibre build. The other three were rural broadband partnerships. And then we have several that are scheduled, and probably another 20 that we are working with that are in different stages of having either received funding and are ready to build, or are awaiting funding and are ready to build, or have quotes and are . . . So we're working with a large number of them to try and either help them to get funding or work on the fixed wireless solution.

Mr. Wotherspoon: — Yes. So some are included within these projects that we're talking about in this year and next year, and then others might be through some of the fixed wireless solutions which may include working through a different provider then. And you're saying they would then be the customer of that provider. Are there concerns about moving forward, I don't know, a distortion within the market or an inequity that may fall upon a First Nation that wants to have connectivity, just from even a cost perspective?

Mr. Burnett: — Good question. We have some requirements. They have to right now provide 50/10 at a minimum before they're eligible. They have to actually be registered with the CRTC as a certified ISP, internet service provider. And we do monitor the work that they do, and we are in the process of pushing them all to find technology to be able to deliver 100/10. So we're not that concerned. To date, it's actually been working out very well.

Mr. Wotherspoon: — And what about from a cost perspective for the consumer? Do you have any assurances, contractual assurances around equity when it comes to cost for the consumers in those communities relative to, you know, the town up the road where folks might be able to be full customers of SaskTel?

Mr. Burnett: — We have a fair bit of contractual control, up to and including being able to take them over if necessary. So I can't speak to the extent to which their prices are regulated by us. And I don't know, Jamie, if you can . . . if you know the answer to that.

Mr. Patterson: — Yeah, sure. We do have language in the contracts that permits us to have oversight of the pricing that's charged. But again it's a different technology than the fibre, right? So we're keeping the prices as low as we're able to keep them, given the technology that's being used to provide the service, being different from fibre.

The Chair: — Could you just state your name, please?

Mr. Patterson: — Jamie Patterson.

Mr. Wotherspoon: — And is that the only route then if you're going through the fixed wireless as the technology for a First Nations community? Or is there an option for SaskTel to install, manage, and be the . . . of that technology as well?

Hon. Mr. Morgan: — I don't know whether we're saying that that would be the only thing for our First Nations to do. I think it might be better to look at it from a perspective of a northern community, depending where the community is, if it's a small one that's along a roadway, may be on-reserve, may not be on-reserve, but then they would be treated as more of a conventional type of customer. And I know we've . . . with some of the stuff

in some parts of the North as to how best where there's pockets of people.

Mr. Burnett made reference to the fact that First Nations are often spread out over a big area, but there's also some areas where there's pockets of people that are living around what would have been a landing or a docking point at some point in time. So I think they're trying to find every workable option. From a dollars-and-sense point of view for SaskTel, these are probably not situations where they're going in there as a profit model, but they're going in as a social utility wanting to provide a service wherever they possibly can. And we're certainly supportive, as I'm sure all of us are.

Mr. Burnett: — Yeah, maybe just to add, the minister is 100 per cent correct. All of the technologies that we've discussed will in some instances overlap on First Nations or communities of that like.

Mr. Wotherspoon: — Obviously connectivity's important to everyone. It's important to every last, you know, farm and ranch and small village and town and resident in the community. It's very important to, you know, rural First Nations, northern First Nations and Métis communities as well. And so it needs to be done in an equitable, inclusive way as it's extended out, and I know that's the goals of SaskTel. And we'd never want to wrangle over jurisdiction on these matters as often becomes the case on, say, on-reserve matters.

But as a matter of . . . For First Nations, is there a responsibility or an opportunity for the federal government to be playing a funding partner share that's different than other parts of Saskatchewan to aid SaskTel and ultimately Saskatchewan to advance connectivity for all of Saskatchewan, importantly First Nations and Métis communities as well?

Mr. Burnett: — I think that there are different agencies. I believe Indigenous Affairs also provides funding for some of these projects and have done so in Saskatchewan.

Mr. Wotherspoon: — Right. Okay.

Hon. Mr. Morgan: — There's a number of them that are receiving some money from the federal government for that. Muscowpetung, Peepeekisis, Cowessess, and Whitecap have all received some federal money. So there was a partnership that's there, and then there's some that are coming: English River, Birch Narrows, and Ministikwan. And then . . . [inaudible interjection] . . . Yeah, and we've got a number that would be pending, waiting for one or two others.

Mr. Wotherspoon: — Put those two on the record too.

Hon. Mr. Morgan: — I'll pass on that but thank you for the offer. So the answer to your question is — and you made a statement and you're absolutely right — that we don't want this to be a jurisdictional fight. So I know I've had a discussion with some of the chiefs, and they said, we think we can access some federal money. And then it's, what can we do to partner? What can we do to help? What are the options there? And SaskTel has been remarkably good at trying to work their way through that.

I see that I'm getting a call from the Dominican Republic, and

I'm not probably going to answer that one right here and now unless you want to take it.

Mr. Wotherspoon: — Depends who's paying the bill, right?

Hon. Mr. Morgan: — I'm guessing it's somebody wanting me to make a great investment.

[16:30]

Mr. Wotherspoon: — Thanks for that. With respect to . . . You just mentioned a community I was going to touch on just because I mean there's many important communities, many First Nations, many Métis communities that are seeking connectivity like many other towns and villages and farms and ranches across the province, but one of them was Ministikwan First Nation. You just referenced it there on your list. So what commitment did you . . . There's some funding that's committed, and how close are they to having some connectivity solutions in face of their challenges?

Hon. Mr. Morgan: — Yeah, that one flows through Beaver River and it's through Indigenous Services Canada. So when the funds flow to Beaver River, then it'll flow to Ministikwan.

Mr. Wotherspoon: — And so at this point Ministikwan hasn't, there's not timelines towards a solution, a connectivity solution for Ministikwan?

Hon. Mr. Morgan: — No.

Mr. Wotherspoon: — Well I know Chief Crookedneck, you know, made a solid case along with his councillors and community and residents there.

Hon. Mr. Morgan: — You know, some of the chiefs are really remarkable and make an eloquent, passionate . . . And I understand and I'm supportive.

Mr. Wotherspoon: — When you're looking at the fibre connectivity, so you've got this tranche of communities that are around the 1,000-person threshold, and then after the next fiscal we're into the 200- to 300-person range of communities, including the community of the pride of Blaine Lake sitting across the table here today. Is there a premium that we're paying or a higher cost to connect a smaller community than there is the larger one? Is it less efficient? Maybe just describe some of those costs.

Hon. Mr. Morgan: — If you have a subscriber in one of the larger cities — Prince Albert, Saskatoon — the costs per subscriber is relatively low because you're not paying for a long distance to either for hooking up the fibre, or alternatively the number of subscribers that would be using a single cell tower are far greater. So as the population becomes more spread out, it becomes more of a cost per subscriber. And SaskTel does, for internal purposes, they look at what their return per subscriber would be on each asset. And on some of the projects that they've done, it has looked rather low at the beginning, but then those people subscribe, others subscribe, and then it becomes better and better as time goes on.

And I don't know whether Charlene or Doug want to make a

more detailed response than that, but the answer to it is the more spread out the community is, the less the return is and the greater the cost. But I think that's only . . .

Mr. Burnett: — Yeah. What the minister's described is exactly right. And of course fibre has a lot of capacity and a fixed cost. And so to the extent that it's a small community, you have a fewer number of customers to spread that cost over. And so ultimately it just ends up being a much more expensive proposition per customer than it is in larger communities.

Hon. Mr. Morgan: — Oftentimes the investments made may not initially appear as good as they may be. When the large tower expansion was being done and we were wanting to cover the roadways across the province, it was seen at the time that it was not going to be a good dollar return per subscriber and I think SaskTel saw that more of as being a social utility.

But as time went, more and more people subscribed, and more and more people were travelling on those roadways, so those individual towers that may not have seen as been as initially profitable are certainly more so now and that may become the case with some of the fibre initiatives. But it's being approached that it's a social utility to try and get it down, so they're covering increasingly small communities.

Mr. Wotherspoon: — I've taken this issue up with — this is a question to the minister — with the minister in the past and urged a reconsideration at this time, recognizing how vital connectivity is to communities and to a province and to our economic competitiveness and opportunities for people. And of course there's the safety aspects and general quality of life and then there's all the economic opportunities for rural and northern communities on these fronts. And it's been a push of ours that we really make this a priority.

We certainly know SaskTel does everything within their resources that they can on this front. But we've pushed the minister to revisit the dividend structure for SaskTel itself to ensure that it has the capital it can receive to advance what's really a provincial project and one that's in our interest as a province, our ability for rural communities to recruit and retain residents, for all of Saskatchewan to be positioned that way, and as well for us to be able to invite business and capital to all of Saskatchewan but certainly to rural Saskatchewan as well.

So we've been pushing that at this time, recognizing the magnitude and importance of this project, that SaskTel be really put in a better position from a capital perspective to make connectivity happen. And we've been calling for the province, for the cabinet to forgo the dividend or some variation of that to really make connectivity a priority.

I guess, a question to the minister: where are you at on this moving forward? We've got budget that's coming ahead, you know, in just a few months. Where are you at in looking at revisiting that dividend structure and possibly allowing SaskTel to retain its dividend to make connectivity happen in a prioritized and a more expedient way?

Hon. Mr. Morgan: — There's three things. One, we're looking at what funding should come from the federal government, so that would be what we would hope would be a significant source

of funds. Secondly is the physical capacity and the ability to hire line installers and people that are contract workers to go and build towers, whatever else. But I will let Ms. Gavel talk specifically about the dividends.

Ms. Gavel: — Thank you. Charlene Gavel. So our dividend has fluctuated over time, depending on our capital needs, so you're probably referencing sort of the recent years where our dividend was set at 90 per cent. Most recently, this year, it was actually initially set at 70 per cent, but has been reduced to 40 per cent to sort of reflect some of the more recent capital decisions that have been made in terms of the fibre, the wireless, all those things. So I think that, you know, they have been very considerate of the cash that's required and adjusted our dividend structure appropriately.

Mr. Wotherspoon: — What's the planned . . . So for the forecasted net income for the year ahead and then apply that to the 40 per cent, what's the anticipated dividend in the year ahead?

Ms. Gavel: — So our anticipated net income is about 106.5, so it would be 40 per cent of that. So just under, sort of, the \$40 million, yeah.

Mr. Wotherspoon: — Thanks for the update there, and certainly it's just, it's a big project, right? And we've talked about the magnitude of connectivity and the actual costs, and the minister identifies as well the labour force challenges within it all. So not to oversimplify any of it, I know it's a big undertaking.

But we know as well we want to keep SaskTel incredibly viable from a financial perspective and we want to make sure rates, we're able to keep rates, rates are low and that we're not unduly burdening, you know, any customer with what's a very important project.

So yeah, I think there's a role for the province to really make this a provincial project and priority in the current context. Same for the feds, with . . . Well said by the minister, you know, those funds are going to be, are critical that we access those dollars and are able to leverage them.

It takes me over to an area I wanted to touch on. I see the clock is ticking away and I have lots of questions that I may not get to, but it's the whole piece around labour force, which is such a challenge, it seems, right across industries in Saskatchewan right now, and you know, if you read and look at some of the discussion right across Canada right now.

But looking at SaskTel itself and its labour force, maybe could we get a bit of an update as to some of the labour force challenges and some of the plans and programs to really ensure that we have some of the areas that are in greater shortage or that are in high demand? Just hear a little bit as to SaskTel's challenges on this front and then the programs and initiatives to ensure we have the labour force over at SaskTel that we need.

Mr. Burnett: — I can speak to that just a little. So our total workforce is about 3,300 employees, and I think similar to most industries, our issue these days is probably retaining top talent. We have a very low turnover rate, somewhere in the neighbourhood of about 2 per cent, so some might actually argue, your turnover rate is too low. Getting some fresh blood into the

organization periodically is good.

But the turnover tends to be bad turnover in the sense that it's some of our key folks. And one of the things that has contributed to this is the fact that people can now work at home, work virtually, and we have experienced some of our top folks, particularly in the new 5G radio with those types of skills, going to work for other companies. And they don't move, their family stays, their kids go to the same school they've continued to go to, but they can do all of the work remotely. And so that's putting those folks at a greater risk for us.

Some of the things that we are doing, we have a number of what we think are pretty forward-thinking-type initiatives, but we too are allowing some of our folks to work from home. So on the in-scope side, I think we have approximately 700 folks that now work from home full-time.

We measure their productivity. For many of them, they're on the phone, so you can tell just how productive they are, and their productivity is quite good. In some instances surprisingly better working at home than making the trip to the office, primarily around attendance. So they tend to be less sick, those kinds of things. So we have a number of folks where that, I think, is actually a retention plus. We're doing the same thing on in-scope side.

Many of our high-skilled engineers are out-of-scope, and so on that side we have a hybrid solution where they can work two or three days from home and two or three days in the office, varying. That too has proven to be very successful.

We pretty much hire kind of young graduates and then have a program of training them internally. So we rotate them through various divisions, all of those kinds of things, which is very exciting for them. The technology that they get to work on at SaskTel for many of those types of folks is exciting which is also a factor. And you know, I think we have competitive compensation-type programs.

We also partner with the universities and various technical colleges where we actually provide some of the instructors to be able to guide the curriculum to make sure that we're getting the types of skill sets where we have shortages.

Internally we do a bit of a risk analysis on every group where we do a skills assessment with every department to understand what skills they have, what skills are they going to need in the next five years, and what's that gap look like. And then we put programs in place to try and address that.

So there's a number of initiatives that we have under way to make sure that we're retaining and/or addressing the gap.

Mr. Wotherspoon: — No, I appreciate that. It's the conversation in so many industries, right, around what that right balance is and what the programs could look like. And you know, I've heard some of the challenges around, you know, different work environments that may be seen as preferred by some employees and so then you're rather portable in this environment.

So I appreciate hearing that SaskTel's going to, that you're doing all you can to make sure you're competitive and that you're

looking for those environments that you're going to be able to retain and then also recruit those that are in demand and those that are skilled.

I suspect that if the minister said he was going work from home, Sandy would say, I'm not having any of that. You're going to the office, sir.

Hon. Mr. Morgan: — I think you make a really good point about Sandy. We went through the six weeks of the pandemic where you and I were trapped, essentially, in the city of Regina, and I think those might have been the best six weeks of her life.

[16:45]

I'm joking, but I felt sorry during that period of time for our MLAs. They couldn't go home or see their young families. It was a long six weeks. I felt sorry for people like Tim McLeod and whatever. It was a rough go. And I am glad that we are looking at most of that in the rear-view mirror, and I hope it stays that way. So point taken. Don't mean to intrude during your time.

Mr. Wotherspoon: — No, thanks for the focus on the labour force piece. I think it's huge. It's a real challenge, you know, certainly for any business, any organization, the public sector, you know, as well. But I appreciate that.

Where are we at around representative workforce, and maybe just give us a bit of a highlight as to what progress we've seen in the last year or challenges or opportunities or successes on these fronts.

Ms. Gavel: — Charlene Gavel. From a representative workforce perspective, from a holdco [holding company] perspective for the year ended '21 . . . Sorry, I do have to get you information here. I thought I had it. For the year ended '22, percentage of Indigenous is at 9.6 per cent. Visible minorities is at 13.6 per cent. People with disabilities is at 7.5 per cent, and per cent of women is 40.5 per cent.

Mr. Wotherspoon: — And so where has that been over the last decade? I know it'll be, each year will be a little bit different. Maybe just give us what that trend line is and where was SaskTel a decade ago.

Ms. Gavel: — So I don't have the 10-year trend, but year over year we are getting closer; improving each of those targets, I would say, in general.

Mr. Wotherspoon: — So what kind of year-over-year improvements have we have seen at SaskTel in each of those areas? Are you able to go back one year, two years, three?

Ms. Gavel: — I have one year of information with me.

Mr. Wotherspoon: — Sure.

Ms. Gavel: — Indigenous is relatively stable. Visible minorities have gone up from 11.9 to 13.6. Disabilities has gone up by about 0.4 per cent. And then per cent of women has gone a bit behind: was at 41.8 and it's gone down to 40.5. So relatively stable sort of given where we're at, but improvements in some key areas, I would say.

Mr. Wotherspoon: — Even on the gender side there, what do you see as the barriers to sort of equity on that front within SaskTel as far as the types of work or non-traditional roles? What are some of the barriers to not seeing representation on that front?

Ms. Gavel: — So I think we do a really good job of breaking down those barriers. I think one of the biggest barriers is education in the STEM [science, technology, engineering, and math] lines, and I think that's something that we're all seeing. So science, technology, engineering, and math. I think that's an area in which we have to focus more in terms of, even in high school, you know, ensuring that women go into those kinds of classes, so they get that education so they can get those jobs.

So I would see that as one area. But I think that we're doing a pretty good job of recruiting and retaining in terms of that demographic.

Hon. Mr. Morgan: — There's certainly more work to do. Mr. Burnett advised me that the traditional roles of the installer and lineman being a male, it will take some time to overcome that. And I think that's where Ms. Gavel is indicating that they're working. But that's sort of, the history of the company would have been . . . Those would have been largely male-oriented roles. But there's certainly work to do and progress being made.

Mr. Wotherspoon: — So do you see progress as well in those areas? Say working the lines and stuff where it was predominantly, you know, male dominated over the years. I mean, even the role I guess, you know, lineman is commonly referenced . . . would identify . . . Do we see progress there?

You know, we certainly see other sectors, you know, everything from the building and construction trades where you're seeing initiatives and progress on these fronts or through to firefighting and policing and other aspects of society. Maybe just speak to what we see happening there and what role there is for, you know, SaskTel as a big employer, big company to work along with the province in education and the public on this front.

Mr. Burnett: — Yeah, I think you hit on it there at the end. There is absolutely unlimited ability I think for us to change the percentage there. There are women doing all of the non-traditional roles, and as far as I know, fully accepted in each of those capacities. So I don't believe the culture is the barrier. I really think that the barrier is the number of women enrolled in the colleges that lead to those professions.

And so we do work with those colleges. We work with them on getting more females. We work with them on getting different skill sets, those kinds of things. We really do try to work with them to tailor some of the curriculum that they provide. But I have to say I think the culture at SaskTel is very accepting of women in all roles.

Hon. Mr. Morgan: — When I graduated from law school, about 10 per cent of the class was women. Now it's over 50. I think it's too bad it took decades to get to that point, but I think companies like SaskTel are working hard to try and accelerate the process.

Mr. Wotherspoon: — [Inaudible] . . . your graduation.

Hon. Mr. Morgan: — Pardon me?

Mr. Wotherspoon: — You mean your graduation, the decades . . .

Hon. Mr. Morgan: — I'm pleased that we're able to work on it.

Mr. Wotherspoon: — Thanks for that information. Being representative on all fronts is very important. Of course you think of Indigenous peoples and you talked about the percentage there and the opportunities there. Could you speak a little bit to some of the efforts around continuing to improve those opportunities, you know, and improving I guess the participation in the labour force at SaskTel of Indigenous people, First Nations, and Métis.

Mr. Burnett: — I'm happy to speak to . . . for Aboriginals, did you say? And Métis? Yeah. We have for a long time had a very strong focus on driving towards ensuring that our representation of Indigenous people was representative of our demographics. And so we've never really talked about it as anything other than the right thing to do from a business perspective. We want our customers to see the same representation behind the counter as there is on the customer side of the counter.

And so we have a number of support groups. We work with various institutions across Canada to try and support them, to take some of the graduates out of their programs. We most recently just hired an Indigenous recruitment manager with strong ties to the Indigenous community. So we have just too many things for me to be able to recall and to list, but a plethora of initiatives around trying to attract in the first place, and then ensure that they are comfortable and see themselves in our culture. A lot of work on that front.

Mr. Wotherspoon: — Thank you for that. What about the board right now? I know there's . . . I'd say thank you to every single one of those board members for their service. How representative are they right now, Mr. Minister?

Hon. Mr. Morgan: — Three of ten are Aboriginal. You're likely aware Chief Darcy Bear was on that board, and then he was poached to go to chair the SaskPower board. So we have 3 of the 10 are there, and I'm not sure what the gender makeup is on the board right now. I don't think the gender makeup is as good but the . . . [inaudible interjection] . . . Five and five, so we're . . .

Mr. Wotherspoon: — Well there's just so many good employment opportunities within SaskTel. And it's played a lead role in ensuring equity and diversity and as an inclusive workplace, so I just continue to, you know, support the initiatives that the leadership's taking to continue to turn the dial in the right direction with continued progress on those fronts.

Before we are concluding our time, I guess I'm just looking for a bit of the financial welfare. I've gone through the numbers, keep track of the ROE [return on equity] and the debt-to-capital ratios. So maybe just if you could drill down on any trend or product line that's becoming a concern, both for SaskTel proper, and then also Directwest, SecurTek, and SaskTel International.

Mr. Burnett: — As you heard maybe from the minister's opening remarks, our main product line, which is wireless and broadband, are both growing I think at very healthy rates. If there was a concern about a product, it probably would be the directory, the phone directory, which as you know is going the

way of the dinosaur. Directwest has done a very, I'd say, admirable job of preserving revenue and slowing the slide. In fact, you know, it was very minimal last year I believe.

They have moved into both trying to preserve the Yellow Pages, which is the revenue-generating portion of the phone book, to more digital marketing, both digital boards and digital marketing. And those two have almost completely filled the gap. We continue to see a slide in the paper directory, and I'm sure that at some point it will drop off the map, but it still generates a significant amount of revenue, is a strong contributor, and so still part of the portfolio but heading in the wrong direction.

If we had . . . Oh, I'm sorry.

Mr. Wotherspoon: — Mysask411, that's a full component of Directwest, right?

Mr. Burnett: — It is, yeah. Yeah. I was just going to say, if we had one other concern, of course, it's also the landline business. So for a number of years we have seen cord cutters and cord nevers, folks that just simply never did have — probably the younger — never did have a home phone and those that are slowly getting rid of their home phone. So we continue to see a decline there.

Saskatchewan was a little slow to see that really start, but we lose somewhere in the order of about 16 to 20,000 customers a year, something like that. And it's probably also about the same 16 to \$20 million in revenue a year that disappears with that. So we're constantly trying to backfill for that and continue to grow revenues accordingly. Those might be the two.

Mr. Wotherspoon: — Does the minister still keep a landline?

Hon. Mr. Morgan: — You know, I do.

Mr. Wotherspoon: — What about the electric telegraph?

Hon. Mr. Morgan: — Well I have a mimeograph machine in the basement. I think I said early in the week that we had a Gestetner but I was wrong. It was a mimeograph machine. A lot of people like the comfort of using a landline. Sandy likes it, talks to whatever sisters. You know, there's remarkably clear sound on it and they work really well. I would be more inclined to be a cord cutter myself, but I'll defer to my spouse. My question to you is, are you a cord cutter yet?

Mr. Wotherspoon: — We still have our landline as well. Yeah, we still have it.

Mr. Burnett: — SaskTel would like to thank you both.

Mr. Wotherspoon: — And maybe, I see that our window of time is concluding — I know we'll have a quick time to say thanks and whatnot — but we were talking about the components that were built into the system from Huawei at one point here. You know, this has been a point of debate and discussion over the years at these committees, and paramount has always been the security and integrity of the system and the security of data and information.

And we know we have some components. We know where the

choice has been made around the 5G, and you know, we've pushed for that. We're fully supportive of making sure we're not dealing with Huawei on that front for the security concerns that have been identified. But we're, I guess, a year on from the last time I would've asked some of these questions. I've had some assurances over the years that the type of technology that's been placed into our system from Huawei is such that the integrity of the system . . . and that security risks are unlikely.

But I guess I'm just looking for an update on this front and if there's been any independent scans of the security of our network, particularly around those components and Huawei itself. And just what assurance can you provide Saskatchewan people? I mean, when you look at information and data, there's not too much else that's, you know, more valuable or more important moving forward.

[17:00]

Hon. Mr. Morgan: — I certainly agree with you on the importance and the priority. The decision not to use Huawei . . . was never incorporated into the system. So there is, in the 5G network, there is no Huawei equipment anywhere in the system, nor in any of the radio equipment on the towers nor in the switching system within. I don't know how much of the Huawei 4G is still existing on towers. And I'll let Mr. Burnett ask that one. That gets phased out over time.

SaskTel is well satisfied that using 4G equipment is not a security risk anywhere. But I think that they're continuously monitoring for any kind of a risk, any kind of a cybersecurity risk, either caused by the brand or the equipment or whatever else.

Mr. Burnett: — Yeah, very true. First of all, the Huawei equipment, when it was purchased, was highly scrutinized by the CRTC and by their security agents. So before any of us used any Huawei equipment, it had to be fully scrutinized. We only used Huawei equipment in our RAN, which is the radio access network — that's the towers that gather the information — never in the core.

And in this network the core has most of the information. And you could call these almost dumb radios out here that capture it and bring it in. Not quite that bad. But that equipment, all of the Huawei equipment now, the CRTC has indicated has to be removed, 4G and 3G included. Huawei equipment has to be removed by December of '27. We are on a path to remove it all by the end of '26. So it will all be replaced with Samsung equipment by '26.

On top of that, as the minister indicated, we are constantly monitoring for any kind of third-party attacks, cybersecurity, anything of that nature. And to date we have never seen one, and honestly we are not highly concerned about that. So I think that our customers and the residents can feel very confident that the network is secure.

Mr. Wotherspoon: — I see the time of the committee, Mr. Chair, and I know you're being patient here today. I have other areas I could canvass, but I know we have an agreed time to conclude here. So other than I wouldn't mind a moment, either after the minister or whenever, to offer some remarks of thanks, I'll offer that. But I have no further questions at this time.

The Chair: — Okay. I will now ask a member to move that we conclude consideration of the SaskTel 2021-22 annual report; Saskatchewan Telecommunications financial statements for the year ended March 31st, 2022; Saskatchewan Telecommunications International Inc. financial statements for the year ended March 31st, 2022; Directwest Corporation financial statements for the year ended March 31st, 2022; SecurTek Monitoring Solutions Incorporated financial statements for the year ended March 31st, 2022; and the Saskatchewan Telecommunications Pension Plan annual report for the year ended March 31st, 2022.

Mr. Grewal has moved that we conclude consideration. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. This concludes our business today. Minister, do you have any closing comments?

Hon. Mr. Morgan: — Thank you, Mr. Chair. Very briefly, I'd like to thank you and all of the committee members for their time today. I'd like to thank Hansard. I'd like to thank them for their frequent visits during the day as well, but I'm glad that the equipment appears to be operating well now. I want to thank the LAS staff, the building staff, broadcast staff, and security staff.

I want to particularly mention the officials that are here today from SaskTel, not just for the work that they did for preparing today but for what they do each and every day through the year. I'd like to as well thank the employees of SaskTel because they're all across the province. They do great work in providing us the best technology, many of them members of Unifor, and we thank Unifor and we thank them. A lot of these people are working in the cold and sometimes under some extreme elements to try and keep our services continued and reliable. And I think as citizens we should thank them for what they do each and every day.

With that, Mr. Chair, I thank you.

The Chair: — Mr. Wotherspoon.

Mr. Wotherspoon: — Thanks so very much. Thank you to you, Mr. Chair, all the committee members, everyone involved in making the committee meetings happen here today, of course to the minister for his time. You know, I know he knows how much I love SaskTel and I always tell him, you know, don't screw it up; don't sell it off. And thanks for your time here today and the responses.

Also just thank you so much, CEO Burnett, your leadership team, and to your thousands of employees across Saskatchewan. SaskTel is an incredible company, invaluable to Saskatchewan, an incredible asset from a social perspective and from an economic perspective. We've talked about the importance of connectivity here again today. We know you're committed as a corporation on these fronts. We'll continue to push the minister to try to enable a little more capital to make this a real provincial priority, but I want to thank everybody for their time, their work, and their leadership.

Mr. Burnett: — Thanks very much.

The Chair: — Well thank you, Minister. Thank you, committee members and opposition members, for coming here and asking questions. And you know, I have to say that the minister said he still had a landline, but then he had a landline when it was back with two longs and one short, so anyway.

I want to wish everybody a very Merry Christmas and look forward to seeing you in the new year. And hopefully you have a happy and prosperous new year coming up. I will now ask a member to move a motion of adjournment. Mr. Fiaz has moved a motion to adjourn. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. This committee stands adjourned to the call of the Chair.

[The committee adjourned at 17:07.]