



# STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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## **STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES**

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Mr. Doyle Vermette, Deputy Chair  
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Moosomin

Mr. Fred Bradshaw  
Carrot River Valley

Mr. Noor Burki  
Regina Coronation Park

Mr. Terry Jenson  
Martensville-Warman

Mr. Dana Skoropad  
Arm River



[The committee met at 15:30.]

**The Chair:** — Good afternoon and welcome, committee members. We're about to begin the Standing Committee on Crown and Central Agencies. I'd like to welcome and introduce members. My name is Ken Cheveldayoff, and I'll serve as Chair this afternoon. Steven Bonk; Fred Bradshaw, MLA [Member of the Legislative Assembly]; Noor Burki; Terry Jensen; Dana Skoropad; and Doyle Vermette. This afternoon we'll have Trent Wotherspoon substituting in for Doyle Vermette.

Pursuant to rule 148(1), the following estimates and supplementary estimates were committed to the Standing Committee on Crown and Central Agencies on March 28th, 2024 and March 20th, 2024, respectively.

2024-25 estimates: vote 18, Finance; vote 12, Finance — Debt Servicing; vote 33, Public Service Commission; vote 13, SaskBuilds and Procurement; vote 86, SaskBuilds Corporation; vote 155, Lotteries and Gaming Saskatchewan Corporation; vote 151, Municipal Financing Corporation of Saskatchewan; vote 152, Saskatchewan Power Corporation; vote 153, Saskatchewan Telecommunications Holding company; vote 140, Saskatchewan Water Corporation; vote 150, SaskEnergy Incorporated; vote 175, Debt Redemption; vote 176, Sinking Fund Payments — Government Share; vote 177, Interest on Gross Debt — Crown Enterprise Share.

Also we'll be looking at the 2023-24 supplementary estimates no. 2: vote 18, Finance; vote 13, SaskBuilds and Procurement; and vote 175, Debt Redemption.

**General Revenue Fund  
Lending and Investing Activities  
Saskatchewan Telecommunications Holding Corporation  
Vote 153**

**Subvote (ST01)**

**The Chair:** — Today the committee will be considering the 2024-25 estimates for SaskTel and SaskPower. We will begin with the estimates for vote 153, the Saskatchewan Telecommunications Holding company, loans subvote (ST01).

Minister Duncan is here with his officials. I will remind and ask officials to identify themselves before they speak and not to touch the microphones. The Hansard operator will turn the microphones on for you. Yes, that includes you, Mr. Minister, as well. I see the smile on your face. Minister Duncan, may you please open with your opening comments and introduce your officials.

**Hon. Mr. Duncan:** — Thank you, Mr. Chair and committee members. We're pleased to be here this afternoon to discuss the latest estimates for SaskTel. First I want to begin by introducing the officials that have joined me today. To my left, Charlene Gavel, the president and CEO [chief executive office] of SaskTel. To my right, Doug Kosloski, vice-president, corporate counsel and regulatory affairs. Seated behind us is Scott Smith, chief financial officer, as well as Jeff Welke, director of corporate and government relations. As well my chief of staff, David Keogan, is here to assist as well.

Since we're only in the first few days of SaskTel's new '24-25 fiscal year, today I'll focus on providing a general overview of SaskTel's performance over the past 12 months as well as their ongoing activities and investment priorities. This year's final financial statements will be released later this spring. After I present this overview, we'll be pleased to discuss any specific points or issues brought forward.

Much like other years in its recent history, SaskTel began the '23-24 fiscal year in a healthy position with a strong balance sheet and increased revenues to support the critical investments that they are making to advance growth across the province. In the previous '22-23 year, SaskTel reported a total net income of \$104.1 million and revenues of 1.3 billion, reflecting growth in wireless network services and equipment, broadband, and data services.

Growth in this last formally reported period was partially offset by lower revenues from fixed legacy voice services and MaxTV, as customers continue to substitute these services with alternatives. That said, SaskTel's ongoing efforts to extend its 5G and broadband networks, as well as enhance its reputation as a technology leader, set the company up well to pivot into new markets. For the recently concluded '23-24 year, SaskTel is tracking for another positive year with net income near target around \$95 million, though final calculations are still ongoing.

In this latest financial year, SaskTel also kept true to its capital commitments with an estimated \$400 million spent to strengthen their province-wide networks and operations. SaskTel's capital plan is ensuring the company stays at the forefront of its industry with disciplined and calculated investments.

And probably the most visible of these efforts is its rural fibre initiative. The multi-phase initiative to extend SaskTel infiNet services to more of the province is one of the Crown corporation's largest and most complex expansion programs to date. The initiative in its entirety encompasses over 130 communities and will result in a total investment of \$200 million across rural Saskatchewan. With speeds close to a gigabit per second and potential for faster connections in the future, more rural residents and rural businesses will be able to take advantage of the latest digital tools and solutions to connect, learn, and pursue business opportunities through the power of fibre. Already phase 1 and 2 communities are now vastly complete, and construction for communities in phases 3, 4, and 5 are progressing at a solid pace.

Along with the rural fibre initiative, I would be remiss if I did not acknowledge the many strategic partnerships SaskTel has spearheaded in conjunction with the private sector to enable a smart province and a more connected future for Saskatchewan.

One example is SaskTel's partnership with majority Indigenous-owned Beaver River Broadband. In 2023, projects at the Ministikwan Lake Cree Nation, Birch Narrows Dene Nation's Turnor Lake community, and Canoe Lake Cree Nation's Eagles Lake community were completed. Heading into the new fiscal year, we expect to see more progress and good news for underserved and Indigenous communities across the province.

SaskTel's deployment of its smart community solutions in

Melfort is also deserving of recognition and comes as a result of many discussions, collaborative efforts, and shared learning between SaskTel and analytics provider Kvale. Our government is pleased to see how the solution is empowering the city of Melfort with valuable data and information that it is using in turn to reduce service delivery costs and better serve its citizens.

Before closing, I'd like to spend a few moments to also remark on the monumental efforts taking place to bring the next generation of wireless technology across SaskTel's networks of over 1,000 individual sites.

While SaskTel's 5G rollout will be a process for years to come, it cannot be overstated the tremendous amount of planning, coordination, and hard work going on behind the scenes to make sure that each upgrade goes smoothly and with minimal disruption to community coverage. In all, the transition to 5G will see SaskTel invest over \$650 million in capital and operating expenses which will drive economic activity in all corners of Saskatchewan.

Just last month, SaskTel announced that it had turned up 5G on 30 additional towers serving rural communities and highway corridors across the province. Taken altogether, SaskTel has now completed 5G upgrades on over 470 cell sites across the province since initially launching its 5G network in Regina in late 2021.

All the achievements that I have briefly highlighted have been made possible thanks to responsible investments, borrowing, an engaged and skilled workforce, as well as an incredibly skilled senior leadership team led by Ms. Gavel that continues to combine innovation, technology, and customer service expertise to serve the people of Saskatchewan.

For the new '24-25 fiscal year, SaskTel plans to invest approximately 439.8 million of capital, the bulk of it earmarked for the ongoing expansion of fibre and 5G. Through these investments, SaskTel will continue to ensure its customers can connect to the world and fully participate in the modern economy.

As well, I'll note for the committee that currently SaskTel continues to work through the collective bargaining process. As always, SaskTel's goal is to reach a fair and reasonable agreement with all of its bargaining units.

So with that, Mr. Chair, thank you. I'll conclude my opening remarks, and we would be happy to entertain the committee's questions. Thank you.

**The Chair:** — Thanks very much, Mr. Minister, and welcome to officials as well. And Mr. Wotherspoon, you can go ahead with your opening remarks and begin with your questioning.

**Mr. Wotherspoon:** — Thank you very much, Mr. Chair. You're looking sharp here this afternoon too, I want to say.

**The Chair:** — Okay, that gets you 15 minutes more.

**Mr. Wotherspoon:** — Thank you, sir. I just want to thank the leadership that's here with SaskTel. I want to thank the minister for being here today. And it's my first opportunity to be at the committee table with CEO Gavel. Thank you very much for your

leadership and congratulations in taking on this role.

You know, we're talking about an incredibly important asset to the people of Saskatchewan, an incredibly important infrastructure, and a very important Crown corporation. So it's a pleasure to enter into some of the questions here this afternoon with respect to SaskTel. I want to thank all those, you know, certainly the senior leadership, but all those thousands of workers across Saskatchewan as well.

But I'll cut to the questions here. The first one I'm interested in is what the forecasted net income is for '23-24, and then the forecasted dividend to CIC [Crown Investments Corporation of Saskatchewan] for the same period.

**Hon. Mr. Duncan:** — Thank you for the question, Mr. Wotherspoon. So the net income, the forecast for the close of '23-24 is estimated to be 95.7 million. We're looking at declaring essentially a 40 per cent dividend, and so the estimate for that is \$38.3 million.

**Mr. Wotherspoon:** — So that's for '23-24. Looking to '24-25, can you share those same two numbers, what the budgeted net income is as well as the budgeted dividend for the year ahead? Yeah.

**Hon. Mr. Duncan:** — Thank you for the question. We are forecasting that it would be the same, in terms of a 40 per cent dividend. And so we're forecasting a similar net income of approximately \$96 million, and so a forecasted dividend for '24-25 of approximately the same amount. In this case I think \$38.4 million would be the forecasted dividend.

**Mr. Wotherspoon:** — The debt ratio is continuing to climb each year, given the large capital programs that are being undertaken. Could you share with us what the long-term debt target is?

I guess while you're at it, you could also share what the projected debt ratio is in '24-25 and then, importantly, the following two years in the approved CIC business plan.

**Hon. Mr. Duncan:** — Thanks for the question, Mr. Wotherspoon. I will just preface my comment by saying that the '24-25 forecasted budget is not yet board approved and so, you know, it's subject to change. But at this point this is what we are forecasting. In terms of '24-25, what is being budgeted in terms of the debt ratio is 56.7 per cent. Targeting out to '28-29, I can give you numbers all the way out to '28-29. The forecast for '25-26 is 56.2. '26-27, it drops to 55.4. '27-28, the forecast is that it drops to 54.2. And '28-29, the forecast is that it drops to 53 per cent.

**Mr. Wotherspoon:** — Thanks for that information. Could you speak to what the long-term debt target is that you have right now?

[15:45]

**Hon. Mr. Duncan:** — Yeah, the long-term target for debt-to-equity is 55 per cent.

**Mr. Wotherspoon:** — What was the debt-to-equity a decade ago, if you will?

**Hon. Mr. Duncan:** — Thanks for the question, Mr. Wotherspoon. I have in front of me going back as far as only 2020-2021 where it was 50.4 per cent. If you want to go back further than that, it would take some work for us to provide that information.

I would just as well note that, you know, that certainly is in line with industry debt ratios, you know, in the same sort of time frame over the last four years. You know, as an example, Bell's industry debt ratio has gone from 56.9 per cent to 63 per cent. Telus is around 60 per cent over that time frame. Rogers has gone from 65 per cent all the way up to 80 per cent in 2023.

And so, you know, I think that this does show that SaskTel does remain in line with industry debt ratios for this particular sector.

**Mr. Wotherspoon:** — Thanks for the information. Can you speak to what the size of the capital program is for 2024-25, and then also in those forecasted out years that were identified with respect to the debt-to-equity ratios?

**Hon. Mr. Duncan:** — Thanks for the question, Mr. Wotherspoon. In terms of capital spending, so just to give you a little bit of background, '23-24, it was forecast, it was budgeted of approximately \$412 million. And you know, I would say that '24-25 will be a similar number.

**Mr. Wotherspoon:** — Sure. So last year was forecasted for 412. What was the actual for '23-24? And then thanks for confirming that this year's budget then would be 412. And then if you can just provide the number for the out years up to '27-28 again.

**Hon. Mr. Duncan:** — So right now I'll just say that '23-24 — because the audit is not yet complete; the books aren't closed on '23-24 — we don't have an actual for you. But I can say that the forecast at this point is approximately \$381 million. But again we'll confirm that once the fiscal year wraps up.

**Mr. Wotherspoon:** — And then do you have the subsequent years, the ones that are forecast? Or I guess they'd be part of your CIC-approved business plan?

**Hon. Mr. Duncan:** — Thanks for the question. Going out to '28-29, what we're forecasting would be a range of between approximately 360 million all the way up to about 420 million over those years. That's a part of the five-year capital plan, but obviously each of those years will be based on the plans as presented to the board and presented to CIC and government for approval. But I will just say it will be a range of between 360 million and roughly 420 million.

**Mr. Wotherspoon:** — And how many years do you have approved in your CIC business plan right now? Is it two more, two years ahead that you'd have approved there? And can you share those numbers?

**Hon. Mr. Duncan:** — So the capital plan for SaskTel gets approved on a yearly basis. It's based on a five-year forecast. So then every year that gets updated based on what was able to be achieved in terms of the spending that year, plus then any additional plans that get approved in subsequent years. So it's approved on an annual basis by the board, by CIC, but it's based on a five-year forecast.

**Mr. Wotherspoon:** — And the range in that forecast is 360 to 420?

**Hon. Mr. Duncan:** — That's correct.

**Mr. Wotherspoon:** — Moving forward, 360 is a smaller capital plan. You know, I guess could you speak to the adjustment on that front?

**Hon. Mr. Duncan:** — Thanks for the question, Mr. Wotherspoon. I guess over the five-year plan, just a couple of notes. 5G deployment for the most part will be progressing through until '27-28; so I think by that part of the forecasted plan going forward, you'd see those numbers start to fall off. But then obviously there's investments into other areas as well. There would be other business areas of SaskTel where it'd be fairly status quo in terms of investment.

I will just say though that, you know, that range that I gave — the 360 million to 420 million — even on the lower end, \$360 million would be a significant year for capital. You know, when you look at the past, I'll just go back to the past probably 10 years. \$360 million in capital by SaskTel would have been achieved — you know, really quick numbers here that I'm looking at — certainly once in the last 10 years for sure we would have had high 200 millions, somewhere in the neighbourhood of 280 million. Sorry, I'll go back even further one year. So 2013, \$355 million in capital. But then subsequent to that, it would have been in the 300 million range, \$260 million range.

So even, you know, the point on that is that 360 to 420 million in capital over the next five years. 360 million I think, you know, in the course of the last number of years, is still a pretty significant capital investment.

**Mr. Wotherspoon:** — Thanks so much. Do you have a number for what you would book inflation at on those components of a capital plan? I guess it depends on whether it's 5G or other infrastructure. Can you speak to what inflation has looked like in this space?

**Hon. Mr. Duncan:** — Could you repeat the question?

**Mr. Wotherspoon:** — Oh, repeat the question. Yeah, the question was . . . We were talking about the different amounts for the capital program over the last number of years. My question was, what's inflation look like in this sector and the various components of the capital program?

**Ms. Gavel:** — Charlene Gavel. I'll take the question. So when we look at our capital budget overall, I wouldn't say we apply a specific inflation factor because all of the pieces of our capital budget are very different. So yes, you know, we do look at inflation and apply that to the various projects as appropriate, right, or the various programs as appropriate. And we use the best information we have from the year before to estimate the work that we're going to do and the cost of those various components, whether it's for our 5G program and tower builds or fibre.

So I wouldn't say there's a specific inflation factor that went into the capital budget as a whole. It's based again on estimating it as best we can.

**Mr. Wotherspoon:** — No. Thanks for that information. I guess I'd ask, to the minister, what's the projected amount of borrowing for SaskTel in '25-26 and then '26-27? That would be part of the approved CIC business plan as well. I think you have . . . And also just to maybe clarify what the borrowing program is for the current fiscal, '24-25.

[16:00]

**Hon. Mr. Duncan:** — Thanks for the question, Mr. Wotherspoon. In '24-25 SaskTel is planning to issue 150 million in debt. However there's also a \$50 million repayment of debt that is due in '24-25. Similar story in '25-26: they're forecasting to issue \$100 million, but there's a \$50 million repayment of debt. And in the following year, '26-27, they're forecasting to issue an additional \$100 million in debt.

**Mr. Wotherspoon:** — Thank you. What's the value of SaskTel's assets at the end of '23-24? And what's the projected value of SaskTel's assets at the end of '24-25 and then the two following years after that?

**Hon. Mr. Duncan:** — Thanks for the question, Mr. Wotherspoon. So based on the plan going forward, '24-25, total assets, 3.585 billion; '25-26, 3.698 billion; '26-27, 3.816 billion; '27-28, 3.957 billion; and '28-29, forecasted total assets of 4.053 billion.

**Mr. Wotherspoon:** — Thanks for that. Thanks for those answers, that information. My question is, why did SaskTel repay an equity advance to the government a few years ago while they were still borrowing a lot of money and certainly debt levels were increasing?

**Hon. Mr. Duncan:** — Thank you for the question, Mr. Wotherspoon. I guess I would just say in terms of the question that you asked, there was a request by the shareholder that SaskTel made an equity repayment. This was, you know, I would say at a time where borrowing requirements for SaskTel at the time were not significant. It was also at a time where SaskTel could do so based on the financials of the company and still maintain a strong debt-to-equity ratio. And so that was a request that was made back in, I believe, 2018-2019.

**Mr. Wotherspoon:** — Okay. Just when you look at the debt that's been added, right, and the debt-to-equity ratio that's been dialed up in just those last number of years that were referenced there — I think 2020 was 50 per cent and this year 57 per cent — that's a big increase, and certainly hundreds of millions of dollars of debt that's been added. I just wanted to revisit that piece because it was, I think, a frustration that government intervened and enforced that equity advance at that point in time. And certainly it hasn't helped the financial position of this important Crown corporation or the ability for it to deliver the important services that people count on.

Moving along just a bit here I guess, sort of in a similar vein though, we can look at connectivity. And SaskTel plays such an incredible role in connecting this vast province, rural, remote, northern regions of the province. Now there's still a good distance to go for many parts of Saskatchewan though on this front. And SaskTel is such an essential, critical actor on this front, and something that can really be leveraged to make this happen.

And if you think of connectivity and the reality now, when you're talking internet and cellular coverage, it's no longer some sort of luxury. It really is an essential service; it's a necessity. It's critical for folks by way of security and safety and quality of life, and then certainly very important as far as economic opportunity that it extends or the barriers that it presents for some rural parts of the province, northern parts of the province, First Nations across the province.

So my question is how you deem it appropriate to continue to take the dividend and the cash from SaskTel at a time where you have this public policy that's very important to the whole province, connecting these rural and remote and northern regions.

So it's a very important public policy objective here that we fully support, and we need to make that a greater priority. But how does the government justify taking the dividend that it continues to, and the cash from SaskTel, when those dollars, you know, could be leveraged to address public policy that we just spoke about?

[16:15]

**Hon. Mr. Duncan:** — Thanks for the question, Mr. Wotherspoon. I guess a couple of comments with respect to your question. You know, first of all I would just say that SaskTel is moving remarkably fast in deploying 5G as well as fibre, particularly through infiNet and the rural fibre initiative. There's only so much capacity that any company, including SaskTel, can move through this type of deployment of technology at a time where the world is doing this. So you know, I would just commend the work that SaskTel has done in partnering with communities and, you know, building those partnerships to deploy capital and deploy technology around the province.

We recognize this as a government and I think that, you know, the fact that government has recognized this is capital intensive — we're talking about capital budgets that will be in excess of \$400 million certainly for likely this upcoming year — we will be close to that for the fiscal year that is closing. And going forward over the next four or five years, you know, we'll be significantly around that \$400 million in capital spending.

And so we've recognized that as a government, by reducing the dividend from 90 per cent down to 40 per cent over the last couple of years, knowing that this is going to be a significant spend in terms of capital while continuing to ensure that the debt-to-equity ratio is healthy, it is within industry norms. Frankly it's below SaskTel's peer competitors in this sector.

And you know, I would just also note the fact, you know, as an example, 2004 as an example, the capital spend of SaskTel was \$126 million and a 93 per cent dividend was taken, which amounted to \$88 million. So we're spending well over \$400 million forecasted for this upcoming year. We have reduced the dividend to 40 per cent. And keep in mind that is going to be less than a \$40 million dividend on a \$400 million capital spend for the upcoming year. So even if we didn't declare a dividend at all, it would be a tenth of what we're going to spend on capital going forward.

So we're trying to balance off ensuring that we have the funds,



that the company is healthy to be able to make record-breaking investments into the telecommunications system in the province while ensuring that SaskTel, as a Crown corporation, does contribute through a dividend, a lower dividend, for the upcoming year.

That's certainly the purpose of a Crown corporation, is to be able to provide those services, particularly in rural communities. And I'd be happy to go through the list of communities that are going to benefit from SaskTel's investment, particularly through the fibre program, while ensuring that they are also contributing so that we can have the services that the people of this province want. That's been the focus of this budget — classrooms, care, and community — and SaskTel is going to contribute when it comes to building stronger communities.

**Mr. Wotherspoon:** — I guess just to the minister, this has been a repeated call that I've made any chance with ministers previous. And as you look at the importance of making connectivity happen across Saskatchewan and just how essential it is to connect rural and northern Saskatchewan, it truly is an incredibly important public policy objective that has to be met and needs to be made a greater priority.

It's been impeded by the dividend that's been taken for many years. Although still reduced, you're still talking about, you know, tens of millions. And add that on top of the hundreds of millions that have been taken, it has an impact. Certainly SaskTel's so well positioned to be leveraged on this front and it needs to be enabled. What it doesn't need is barriers on this front.

I guess the question is one of appropriateness, of course. You basically, through this dividend at this time, as you're pushing forward this important public policy objective, you're slowing the objective of connecting Saskatchewan but you're transferring debt from the government's GRF [General Revenue Fund] operations to SaskTel and debt that's associated with this public policy objective rather than a true commercial operation. So it's a question of whether that's appropriate.

I guess my question is, doesn't that above practice, with the government taking the dividend that it is here, simply result in a product pricing at SaskTel having to continue to increase to support subsidizing this very important expansion which ultimately, without having those dollars, reduces the competitiveness of the company?

**Hon. Mr. Duncan:** — Thanks for the question, Mr. Wotherspoon. You know, I'm just . . . I guess I would say that the capital structure of SaskTel is one that compares very favourably to its competitors in the industry. It's one that makes sense. SaskTel still has to operate efficiently and effectively, and I think is doing so.

You know, I think one of the factors that you have to . . . and I know you're aware of this, is that SaskTel operates in a competitive environment. So you know, the capital structure and the business plan going forward — and that's been in place the last couple of years — you know, I would say that first and foremost what SaskTel is mindful of and has to be mindful of is not only are they a Crown corporation, but they are in a competitive environment. So their prices are essentially set in a way that is competitive so that they're not losing businesses.

That being said, SaskTel is investing in communities that other competitors are not going into, and they're doing so in a profitable way. So I think that, you know, they're able to balance their role as a Crown corporation that is providing services to communities that others will not go into, doing so in a competitive way, doing so in a way that they are able to stay competitive with their other sector players in this area, having to keep their rates comparable and affordable and competitive because they know that they will lose business if they don't. And so they are always mindful of that.

And also as a Crown corporation though, also contributing to the betterment of this province, in this case through a dividend that helps to support the shareholder, the government, in providing for the classrooms, the care, and the community that I think we all want to see.

So you know, certainly as the minister responsible, I think that they are operating in an appropriate manner as a Crown corporation, knowing that there's a lot of competing priorities out there, but certainly contributing to the province and as well as doing what they have to do to remain competitive, to keep market share, and to work with government in moving forward on priorities of the province in moving things like rural fibre forward, doing so in a way that is, you know as I said, going into communities that there aren't others going into and doing so in a profitable way. So I think they're doing a great job of balancing off all those things.

**Mr. Wotherspoon:** — The connecting Saskatchewan is critical. This is something that needs to be priority. This is why we've been pressing the last number of years for greater support for SaskTel to be leveraged on this front.

In speaking about the competitiveness for SaskTel, that's very much one of the challenges with government taking the dividend at a time where a very important public policy program objective of connecting Saskatchewan needs to occur. The minister spoke about profitability, and certainly SaskTel is profitable itself. Can he speak though about the expansion of wireless, for example, to areas that . . . you know, rural and remote and northern areas? That's a public policy objective that's important to this province, but it's not one — can the minister just clarify — it's not one that's bringing greater profitability, is it, to that Crown corporation?

[16:30]

**Hon. Mr. Duncan:** — Thanks for the question, Mr. Wotherspoon. You know, I guess I would just say that SaskTel is continuing to invest in ensuring that we do have, for example on the cell service side, 5G coverage around the province.

You know, first and foremost, SaskTel has to do so to ensure that they remain competitive with their competition in . . . Sorry, I'm just looking at my notes here. SaskTel's investing \$525 million to deploy 5G in communities across the province. It's been installed on more than 450 towers, with a wider rollout that is going to continue well into 2026.

As well, you know, I would just say that on the rural fibre program, what we have put in place . . . We're into phase 6 now I believe in terms of fibre to communities. Phase 6, it includes

communities as low as a population of 200 and less. You know, there will be phases after 6 over the course of the next couple of years, and so, you know, I want to ensure that I'm not leaving the impression that SaskTel is only looking at areas in terms of profitability.

You know, SaskTel has, I think, done a really great job of trying to balance off ensuring that they do stay profitable, but also investing in the communities around the province where certainly other competitors aren't going, you know, for a variety of reasons, including potential profitability. That's obviously one of them. But also because they have a public policy mandate to invest in communities and invest in the people of this province to expand the cell network as well as internet fibre into communities that . . . You know, people have an expectation in this province that they can have service, in this case by a Crown corporation.

And so that's not without significant work and significant amount of capital that is being spent, and at the same time balancing off that a reduced dividend is still going to be requested. But again, you know, certainly a reduction from the levels of dividends that would have been required prior to moving into a capital program over the next couple of years that is, as I've said before, going to be well in excess of at least \$400 million over the coming years.

**Mr. Wotherspoon:** — Just to reiterate, I mean SaskTel is so well positioned to respond to this challenge, and it's a critical challenge of our time. And the criticism is clearly just of that of the government taking the dividend at a time where we have such a public policy objective that needs to be advanced. And by doing so it forces, you know, other business and residential customers to pay for this public policy objective through their own rates and through increases while reducing the competitiveness of this very important Crown corporation, as well as its fiscal position of course.

But I want to move along a bit just to make sure I'm hitting other areas here as well. Can you list me the product price changes that have been instituted to products in 2022, '23, as well as '23-24?

**Hon. Mr. Duncan:** — Thank you, Mr. Wotherspoon, for the question. Sorry, I don't really have an answer for you at this point in terms of what rates have . . . I think the question was what rates have, what the rate plans have looked like over the last number of years.

The challenge that SaskTel has, compared to other Crown corporations, is those rates can change essentially at any given moment based on what the competition is doing. And so when there is a price war that the big three initiate, SaskTel has to respond to that. So rates will have fluctuated on different . . . And obviously there's cell; there's MaxTV; there's other services that they provide.

So I don't have a comprehensive list of what rates have looked like over the last three years because it can change quite frequently as opposed to, say, some of the other utility Crowns where it's a, you know, whether it's through a rate review process.

Now we can get into . . . If you want to talk about some of the

regulated, mandated types of services and rates on, you know, specific services. But in terms of the competitive, like what are cell phone rates today or what are they compared to what they were two years ago, that's a harder question to answer just because the marketplace changes quite quickly in a competitive environment.

**Mr. Wotherspoon:** — Mindful of time as well and not wanting to ask something that's too resource intense, but would it be reasonable for the officials to provide back to the committee the product price changes, a snapshot over those last two years and supply that back through me as a member but ultimately to the committee?

**Hon. Mr. Duncan:** — What might be easier, you know, maybe just for you to consider . . . The challenge with this is like literally this could be hundreds of changes because it's cell phone, it's Max, it's infiNet. You bundle those together; it could be different depending on the product. If it's a cell phone, that product may have a different package.

So you know, there might be a way that we could work with you. You know, we'll think about some ideas in terms of what, like a competitive . . .

**Mr. Wotherspoon:** — Different snapshots . . . [inaudible].

**Hon. Mr. Duncan:** — Or, yeah, a snapshot of different products. But to get you every rate change over the last three years, it's literally hundreds of changes.

**Mr. Wotherspoon:** — Sure. Maybe then over those last couple years, even if there was, you know, a periodic . . . If you take a snapshot of those products maybe every three months or something like that, so then you're only reporting it out four times for a year for example, would that be sort of four snapshots into the changes?

**Hon. Mr. Duncan:** — I don't want to make that commitment other than, you know, we'll take the suggestion under advisement.

**Mr. Wotherspoon:** — Some advisement. Okay. Yeah, and happy to hear from folks if there's like a simple way that kind of gets the snapshot that's needed.

If we're looking at the actual expenditure for '23-24 as well as for '24-25 for the various programs, I'm wondering if you're in a position to provide the information here today. Or I'd be happy to receive it later if you're not. But the question would be the expenditure to the home fibre transport network, the cellular network, new cell towers to expand coverage, MaxTV, and Fusion — so those components — I'm wondering if you could break down the actual expenditure for '23-24, the budgeted amount for '24-25 for each of those.

[16:45]

**Hon. Mr. Duncan:** — Thanks for the question, Mr. Wotherspoon. I'll try to keep it at a pretty high level, just considering the time that we're at.

So I would say a large piece of the capital spend for the upcoming

year is going to be in the 5G deployment. It'll be, you know, well in excess of \$100 million in 5G deployment. It'll upgrade and enhance capacity at approximately 197 cell sites, including deployment of 3500 spectrum on approximately 55 cell sites.

There's about \$5 million that will be spent on constructing new cell sites as well as about \$13 million in some of the wireless core Samsung network software and some other construction expenses.

Approximately 130 million will be spent on fibre — that'll be the fibre program. Well over \$100 million will include the rural fibre initiative in communities outside the nine major centres. About 13 million in the nine major centres. Yeah, that's roughly 130 million.

Just over 70 million will be spent on technology. So that'll be improving just generally demand and growth as well as network modernization. There'll be some dollars for MaxTV and MaxTV Stream growth and service development.

And then not quite \$100 million we're forecasting to spend on the customer service and operational side to support our customers.

**Mr. Wotherspoon:** — Thanks for the information. I'll try to keep things moving along. I think the Chair might add a couple hours here for us here tonight. He's looking sharp here today, so we'll see if he'll add a couple hours to these estimates.

But to the Regina office tower, I was wondering how old the current SaskTel office building is in downtown Regina, what the condition of that building is given its age, and what kind of rejuvenation work will be required in the next few years. Specific to this fiscal, what's budgeted for rejuvenation work on the building in each of the next four years, starting with the current?

**Hon. Mr. Duncan:** — Thanks for the question, Mr. Wotherspoon. So the building opened in 1981 — almost old as you and I. Not quite.

But as you and I will know, anything of that vintage does need some care and attention, and so planning is under way. There's no definite . . . There's no plans that have been assigned or signed off or approved, but planning is under way.

Over the five-year plan there's, you know, I would say notional allocations of dollars, but at this point they're really placeholders because the planning continues.

**Mr. Wotherspoon:** — Thanks, Minister. With respect to the relationship of SaskTel with Bell and Telus, I understand that SaskTel has a partnership of sorts with Bell and Telus in terms of their wireless networks. Can you explain the nature of the partnership, the specific obligations of each partner, and the financial framework under which each partner is allowed to operate on the other partner's wireless towers?

And then maybe just subsequent to that, how much money do you expect to pay Bell and Telus to operate on their towers for the fiscal year '24-25? And how much money do we expect Bell and Telus to pay us to operate on our towers for '24-25? And then just a question of when the present agreement with Bell and

Telus is over.

**Mr. Kosloski:** — Doug Kosloski. So the question was related to an agreement between SaskTel and Bell and Telus. What I can say is we do have an agreement. It's highly confidential, but what I can say about it is that the agreement allows our customers to roam outside the province and gives our customers a great experience. And similarly it allows Bell and Telus customers to roam within Saskatchewan without having to build a network. So it's a reciprocal agreement.

I can't say much more. It's very confidential, and I'm not even sure if I've said too much already. But it's one of those agreements where there is a reciprocal network sharing agreement for the experience of our reciprocal customers.

**Mr. Wotherspoon:** — The minister lawyered up on the response here. I respect that. Given that there's two partners — that is, Bell and Telus — the number would include both of them. The number wouldn't identify either one of them then. You're not able to share the cumulative number? That would be too much info?

**Mr. Kosloski:** — Yeah, under the terms of the agreement it would.

**Mr. Wotherspoon:** — Okay. Thank you. And sorry, did you answer when the agreement, when it ends?

**Mr. Kosloski:** — I . . . [inaudible] . . . answer that.

**Mr. Wotherspoon:** — Okay.

**Mr. Kosloski:** — It's an ongoing agreement.

**Mr. Wotherspoon:** — Okay. The number of landlines of course, I mean, technology's changing. They continue to drop rather quickly. I think it's a 6 per cent decline last year. I guess, what are you doing with your landline system to reduce costs? Or maybe you can just speak a little bit to that program. And you know, is there a bottom to the decline in landlines? Like what are you seeing as far as the trend there, and what would that number look like? And if you have any other plans with that network as you're experiencing this decline.

[17:00]

**Hon. Mr. Duncan:** — Thanks for the question. So we have about 245,000 customers still on landlines, so we continue to support those customers. You're right; it is dropping at about a 6 to 8 per cent — I think last year it was 6 per cent, you're correct — in any given year. In the most recent number of years, it's been in that 6 to 8 per cent decline. So SaskTel continues to support those customers in making any system improvements where they can.

You know, ultimately those customers will be served eventually by fibre versus the existing copper system. But the complete changeover to fibre, you know, we're talking decades away. So in the meantime though, SaskTel continues to support those customers.

**Mr. Wotherspoon:** — Thanks for that. Question here . . . I've got lots of questions and we don't have that much time, but

getting one in for my colleague from Cumberland with respect to Highway 106, the Hanson Lake Road — specifically, cell coverage. I know he's advocated lots over the years and identified what a risk it is to not have cell coverage on that vital artery up through the North and to the northeast side of the province. I think there's been some pretty bad tragedies in the last number of years. So I guess just the question is, what's the plan on cell service for Highway 106, the Hanson Lake Road?

**Hon. Mr. Duncan:** — Thanks for the question. It is an area that is one that we have had a number of discussions with the federal government. SaskTel has had a series of discussions with them. I think the former minister . . . I know the former minister had indicated in the past that it's a corridor that we have applied for federal funding. We're hopeful that the federal government will accept that application, but at this point they're still going through their processes and adjudicating their applications. But it is an area that we're hoping to be able to do some work with the federal government on.

**Mr. Wotherspoon:** — Okay, thanks for that. You take us to another area that we've canvassed over the years, myself with the previous minister and with officials, and that's the inadequate and unfair level of funding from the federal government with respect to broadband funding and the two, the couple funds that we should be eligible for. It's way past time that Saskatchewan receive its fair share of that funding.

This was addressed as well in the SUMA [Saskatchewan Urban Municipalities Association] and SARM [Saskatchewan Association of Rural Municipalities] study on connectivity, which is a really good report and just highlighted that we have the lowest level of investment by the federal government from those connectivity funds. And this isn't fair. It's not right. I've taken this up with the previous minister over the years.

I guess my question to you as minister or the previous minister were, as minister, have you had any meetings with the respective federal minister on this front? Or had the previous minister had any meetings with the respective federal minister?

**Hon. Mr. Duncan:** — Thanks for the question. You know, I think this is an area that, you know, I think we'll find agreement. We do think that Saskatchewan should be provided with additional federal funding when it comes to improving service across the province. I've had an opportunity to discuss this personally with Minister Champagne when he was in Regina earlier this year. He was very receptive to essentially the argument that Saskatchewan was putting forward.

I think one of the challenges . . . I'll just step back and I'll say first, my impression, my understanding of the interactions between the federal agency and SaskTel have been very good. There's been a lot of back-and-forth dialogue. I know CIC has been involved in some of those discussions as well.

I think one of the challenges that we've had to overcome a little bit over the last number of months — probably earlier in the process though because I think they have a better understanding of this — is just frankly the unique nature of SaskTel. Not to say that this requires it, but oftentimes in these types of programs, there's a provincial contribution that's required. And our argument is that SaskTel is the provincial contribution.

Whereas the federal agency responsible for this program, on one hand they're looking for, you know . . . If there is going to be some provincial involvement, on one hand, they might see SaskTel as just another ISP [internet service provider] and so that doesn't count. But on the other hand, when they're looking for what the involvement is of the ISPs, well SaskTel in our view is an ISP and they say, well no, that's the government.

And so there's a little bit of a contradictory view within the federal government of the role that SaskTel plays. I think that that has, for the most part, been clarified now. I think they kind of understand our position and understand the important role that SaskTel plays. So you know, I'm hopeful that we will soon see an agreement with the federal government and see the dollars flow to Saskatchewan. It's been a frustration of ours — SaskTel's, CIC, the government's — that this is taking longer than it should have, but we're hopeful that the federal government will be able to make an announcement shortly.

**Mr. Wotherspoon:** — Okay. I appreciate the minister's comments on this front and the fact that there has been some engagement with the minister. And I would just continue to urge this as a real priority because it's really Saskatchewan and SaskTel that have been shortchanged in the process, and so it certainly needs to be a big priority.

And you know, I think it's fair to say too that this has been an issue for a number of years now and it's something that I've addressed regularly with the minister and urged this sort of, you know, priority on. It's critical that ultimately we get at least our share of those dollars, and we're a big rural, vast province, so it's important that we're respected as such. And in dealing with, you know, the federal government, I mean we're better positioned with SaskTel than anywhere else to make those dollars go miles, right, and to connect this province.

So I just urge this to be a high priority, and I think it's an area that, you know, a government could really lean into at an intergovernmental level and make something happen that's important for the people of the province.

I'd like to get a sense of the staff levels and what's going on at SaskTel. Certainly so many, like thousands of Saskatchewan people derive their livelihoods by working at SaskTel — very proud in doing so. In so doing, they build huge capacity for that Crown corporation as well, the capacity of that labour force.

And if you look at the number of SaskTel employees, it's continued to drop year over year while at the same time the number of contractors that have been hired continues to increase.

So I guess my questions, I'll maybe put a couple together and then have your response. You know, why have you continued to downsize the staff complement at SaskTel when the network has actually grown over that time? And what is your staff target for '24-25? And what's the actual number of staff that you employed in '23-24? And what percentage of SaskTel contractors were from outside the province in '23-24, and what was the value of the contract work that they carried out? And maybe just my final one, just for managing the time within the committee here, are there any private companies that you presently use to perform installation work in residential homes?

**Hon. Mr. Duncan:** — Thanks for the question, Mr. Wotherspoon. If I do miss any of your questions, because there was a number of those, I trust you'll repeat them for me.

You know, I'll just say that the FTE [full-time equivalent] count at SaskTel is approximately 3,250. That's been pretty consistent over the last two or three year, but it is down . . . and I don't know the, kind of, starting year that you want to look at, but that has been a reduction, largely as the workforce has changed because technology has changed.

I remember reading in *Hansard*, from maybe this committee last year, maybe two years ago, where the CEO at the time was talking about how at one point there was 800 operators that worked at SaskTel. Today that number's zero. So as technology changes, that will dictate what the workforce numbers will look like. Those reductions though have been through attrition; there have been no layoffs. And that's come at a period of time over the last number of years where there's been about 600 retirements at SaskTel as well. And so considerable change going on not only in the workforce at SaskTel but also just the industry in which SaskTel is operating in.

I don't have the figures in terms of contractors or the number of contractors. You know, there will be a variety of reasons why contractors will be used. Sometimes it's specialized knowledge or equipment, for example, boring holes. SaskTel wouldn't have the personnel or the equipment to do that and so they would contract that work out.

In terms of in-home, residential installation, I think was one of your questions at the end, my understanding is that there is one installer or contractor that's used. It's really only used during peak season, during high demand for installation for services like MaxTV or those types of services. But it's really limited to peak season during high demand.

I'll maybe turn it back to you because I probably missed a few questions in there. But I'll look forward to your next question.

**Mr. Wotherspoon:** — Yeah, thanks, Minister. And maybe this is one again where a little information might be able to be provided back to us. So you identified the one contractor that's used on the residential. Can you just share who that contractor is?

**Hon. Mr. Duncan:** — AFL is the company.

**Mr. Wotherspoon:** — And where is AFL located, or what's its ownership?

**Hon. Mr. Duncan:** — We're just trying to find that information. My understanding from the officials is they work in a number of provinces. They do have a presence here in Saskatchewan, but further to that I'm not aware at this point.

**Mr. Wotherspoon:** — And so then just following up on the one question — and this is something maybe that if we just have an undertaking to provide back — to that answer then, where are they located? And then back to the other question I had, what percentage of SaskTel contractors were from outside the province in '23-24? And what was the value of the contract work that they carried out?

I understand that that number might not be readily available here, but if that could be supplied back to the committee, to us as members, that would be appreciated. If I've got a thumbs-up on that undertaking, I'll move along to . . .

**Hon. Mr. Duncan:** — Yeah, I can just add, Mr. Wotherspoon, that as of the third quarter of this past fiscal year, over 70 per cent of SaskTel's suppliers were located in Saskatchewan. I know that, you know, as a comment before we move on to the next question, I'll just say that SaskTel . . . And I know my role as Minister of CIC, there's a dedicated team that work with all the Crown corporations to do what we can to raise that number. We want to ensure that the dollars are staying in Saskatchewan as much as possible. And so we do — you know, this is putting on my CIC hat on for a second — but we do track that number on a quarterly basis and chart the progress.

And the other part too, is that where there are areas where, for whatever reason, that there's either potentially a Saskatchewan-based supplier that isn't awarded a contract, that group follows up to find out, you know, where they may be deficient in terms of their bid. Or in areas where there aren't Saskatchewan bidders on certain jobs within the Crown corporations, there's outreach to the business community to see, you know, why there aren't bidders and what it would take for there to be bidders in different parts of the Crowns.

So I'll leave that with you, and we'll take your question for further information. I'll take that under advisement as well.

**Mr. Wotherspoon:** — Okay. Thank you, thank you very much. Just looking at Max, it seems that it's sort of been a bit stagnant as far as the number of folks that have been subscribing. I think it's been hovering around 110, 112,000 customers. I guess my question would be, do you have any plans to try and increase subscription numbers on this front? And if you do, what do those look like?

And then one more specific question on this front. Has any member of cabinet or any member of government ever directed SaskTel as to which channels it should host on Max?

**Hon. Mr. Duncan:** — Thanks for the question, Mr. Wotherspoon. You know, I think SaskTel like others in the industry are dealing with the challenge of trying to ensure that they grow their subscriber base when it comes to, in this case, Max. There will be a number of things that will help to do that for SaskTel. The further deployment of fibre, for instance, you know, is one of the ways that we can see an increased market share when it comes to MaxTV. Also the opportunity for SaskTel that comes with the ability to bundle different products.

So SaskTel is always looking for ways to keep their subscriber base, to grow that subscriber base, but like other distribution companies, they're being challenged by consumers making other decisions like going to different types of subscription services. So they're always looking for ways to hold and grow their market share.

With respect to the second question that you asked, no. The requirement as a distributor is that there's no political interference in terms of what channels to carry. So that's a regulatory requirement.

**The Chair:** — I'll just remind members we've got about five minutes left in this meeting. Thank you.

**Mr. Wotherspoon:** — Okay. Rapid fire. Thanks so much.

What was the estimated cost at this point of shifting the equipment for . . . wireless equipment from Huawei to I believe now it's Samsung, from the perspective of replacing the Huawei equipment with Samsung before the end of life of the Huawei equipment?

**Ms. Gavel:** — Charlene Gavel. I'll take that question. Thank you.

So the overall cost of the 5G program, it's pretty hard to say what is the swap of the 5G Huawei, or the old Huawei equipment versus putting 5G equipment on. So we haven't really quantified in terms of the cost of replacing Huawei.

We look at it as an overall 5G program and we talked about the overall cost of that. And it's a multi-year program in which we'll upgrade the entire province to 5G and at the same time removing the Huawei equipment as required by . . . as required.

**Mr. Wotherspoon:** — Thanks. I followed up over the years and got different numbers at different times. Do you have a bit of a, like a rough estimate of the cost on this front?

**Ms. Gavel:** — So again it's really hard to quantify what is specifically related to the replacement, because it's just putting, we'd be putting in the 5G program. So I don't really have an estimated cost of taking out Huawei.

**Mr. Wotherspoon:** — Just respectful of the time here, I'll maybe move along to a question around fibre optics. We were talking about fibre a moment ago.

Which new communities in Saskatchewan will be receiving fibre to their individual homes this year? And in the case of major cities, which new areas in major cities will be receiving fibre optics to their home this year?

**Hon. Mr. Duncan:** — Mr. Wotherspoon, I won't, for the sake of time, go through all the communities, but I'd be happy to follow up with you afterwards.

**Mr. Wotherspoon:** — That's great.

**Hon. Mr. Duncan:** — You know, one of the things to keep in mind, even though at this point there's the six phases that have been announced, the completion date for the communities in each of those phases may be different just based on availability of contractors, availability of infrastructure, testing the poles to hang the fibre, things of that nature.

[17:30]

And so I can give you the list of the communities, but it doesn't mean that, you know, those communities will be done at the end of this year into the next fiscal year. But I won't read . . . I mean it's an exhaustive list of communities. I won't go through the whole thing.

But just so you know, it's broken up into different phases in which we announced it, but if it makes sense for a crew that's working on this community that's in phase 4, but a community in phase 6 that's been announced is in a neighbouring community, it might make sense for them to go to that community rather than to hit all the list in phase 4, if that kind of makes sense.

**The Chair:** — Thank you, Mr. Minister, and Mr. Wotherspoon. Having reached the agreed-upon time for consideration of SaskTel today, we will adjourn consideration of these estimates. I've taken it right until the end here, but if you do have any very quick comments, Mr. Minister, go ahead.

**Hon. Mr. Duncan:** — Yeah, really quickly, I want to thank Mr. Wotherspoon and the committee members and yourself, Mr. Chair, and the support staff that help you out. I also want to thank the officials that are here, but also the men and women of SaskTel that they are representing, who do a great job each and every day in this province representing this very vital, important company for our province and do a tremendous job, certainly I can say, in supporting me as their minister. So I just want to, on behalf of my office, thank them for the work that they do.

**The Chair:** — Thank you, Mr. Minister. Mr. Wotherspoon?

**Mr. Wotherspoon:** — Yeah, I just want to say thank you. Thank you, Mr. Chair, but importantly, thanks to the minister, but the officials that are here. CEO Gavel, thanks so much, and the senior officials that have joined us here today and the thousands that are involved in the work with you every day with this incredible asset and the incredible infrastructure that SaskTel provides, the incredible Crown corporation and company that it is. So thanks for your time here today. And thanks, Minister, for the undertaking to get a bit of information back on various fronts.

**The Chair:** — Thank you, members. This committee stands recessed until 6:30 p.m.

[The committee recessed from 17:32 until 18:30.]

**General Revenue Fund  
Lending and Investing Activities  
Saskatchewan Power Corporation  
Vote 152**

**Subvote (PW01)**

**The Chair:** — Well, welcome back members and new officials. We will now consider the 2024-25 estimates for vote 152, SaskPower Corporation, loan subvote (PW01). Minister Duncan is here with his officials. I will remind officials to identify themselves before they speak, and not touch the microphones. The Hansard operator will turn them on for you.

Today we have, Aleana Young will be substituting in for Doyle Vermette. And Minister Duncan, please make your opening comments and introduce your officials.

**Hon. Mr. Duncan:** — Thank you, Mr. Chair, and good evening to you and to the many members. I'll begin by introducing my officials. To my left is Rupen Pandya, president and CEO of SaskPower. To my right is Troy King, executive vice-president,

chief strategy, technology and financial officer. Seated behind us: Rachelle Verret Morphy is executive vice-president, legal and corporate services and general counsel; Rhea Brown is executive vice-president of customer experience and procurement; and David Keogan, my chief of staff, is joining us as well.

We are pleased to be here today to discuss consideration of estimates for SaskPower for the '24-25 fiscal year. SaskPower is responsible for serving more than 550,000 customer accounts within Saskatchewan. We maintain more than 160 000 circuit kilometres of power lines, 59 high-voltage switching stations and 200 distribution substations. Our vast area and relatively low population means that about three customer accounts are served per circuit kilometre, a low customer density compared to other jurisdictions.

SaskPower's total available generation capacity, including purchase power, is 5353 megawatts. And demand for power continues to grow, with a new record summer peak load of 3669 megawatts being set during a heat wave this past summer.

Here on the prairies we tend to see the highest peak loads when it's very cold and very hot. When Alberta was experiencing an energy shortage this past January we were able to supply them with 153 megawatts of surplus power to help them minimize the impacts to the residents.

In '24-25 SaskPower plans to spend \$1.6 billion to modernize, grow, and sustain our provincial electricity system so that it can continue to provide reliable and affordable power. This represents an increase of \$450 million compared to the previous fiscal year, and will help the company to meet the growing demand for reliable power while making strides towards a decarbonized electricity grid.

Planned capital expenditures for this year include 596 million to maintain and upgrade existing transmission, distribution, and generation assets; 480 million in transmission and distribution growth investments and customer connects; 553 million on new generation, including 417 million on Aspen power station and 115 million on Ermine and Yellowhead expansions; and SaskPower will commission the Great Plains power station near Moose Jaw later this year.

An additional 129 million in strategic investments will allow SaskPower to continue with the smart meter deployment and continue work on projects such as the Regina operations maintenance complex.

These are just some of the highlights of SaskPower's capital investment in the province to continue to ensure that Saskatchewan has reliable, cost-effective, and sustainable electricity this year and in the years to come.

As we look to the future, our investments will continue to be focused on strengthening our electricity system and moving to lower carbon generation options. SaskPower plans to add up to 3000 megawatts of wind and solar generation by 2035, and is currently in the process of adding 700 megawatts of wind and solar power in south central Saskatchewan by 2027. This includes the 100-megawatt Iyuhána solar project which will begin construction in the Estevan area this year.

SaskPower also continues to work towards a decision on SMR [small modular reactor] development in Saskatchewan. SaskPower continues extensive engagement with the public and plans to narrow the list of potential sites to host Saskatchewan's first SMR in the coming months. Following detailed analysis of those sites, they anticipate selecting a final site in early 2025.

Also in early 2025, SaskPower plans to submit its initial project description to the Impact Assessment Agency of Canada to initiate the formal impact assessment process, a requirement to apply for the necessary federal licences to build and operate a nuclear facility. SaskPower will continue to work with experienced partners in the nuclear sector and work to build new relationships with expertise in the industry.

Earlier this year, in response to the federal government's decision to remove the carbon tax from home heating oil for Atlantic Canadian families, our government also took the step of removing the federal carbon tax from natural gas and electric heat to ensure fairness for Saskatchewan families.

Mr. Chair, this concludes my opening comments. And with that we would be pleased to take your questions.

**The Chair:** — Thank you very much, Mr. Minister. I'll remind committee members we're scheduled for three hours tonight, till 9:30 p.m. If any members need a break or anything, just please get the attention of the Chair.

Ms. Young, the floor is yours for questioning.

**Ms. A. Young:** — Thank you very much, Mr. Chair. Thank you, Minister, for those opening comments and, as always, thank you to the SaskPower officials for being here tonight and for all the work that you do both in preparing for this stupendous evening that we have ahead of ourselves as well as the work that you do each and every day on behalf of the province of Saskatchewan and the good people at my favourite Crown.

I have a couple high-level questions, financial questions, Mr. King, that I'm going to start off with. If these numbers aren't readily available I am happy to receive them at a later date, which I'll canvass through the Chair when might be an appropriate timeline if they're not available.

So for '24-25, are you able to advise me of each of the following budget numbers: total revenues, total expenses, net income or losses, net cash from operations, return on equity, total net debt, and per cent debt ratio?

**Hon. Mr. Duncan:** — Thanks for the question, Ms. Young. I have a series of numbers here for you. Total revenue for '24-25 is anticipated to be 3.378 billion; expenses, 3.186 billion, for a net income of 191.5 million. Net cash is 890.5 million. Net debt is 9.045 billion, and the debt-to-equity ratio is 75.1 per cent.

**Ms. A. Young:** — Thank you very much. And the ROE [return on equity]?

**Hon. Mr. Duncan:** — 6.6 per cent.

**Ms. A. Young:** — Thank you very much, Minister. And what's the long-term ROE target for SaskPower?

**Hon. Mr. Duncan:** — The long-term range is between 6 and 8.5 per cent from budget.

**Ms. A. Young:** — Perfect. And forgive me, the use of a range, is that a new development? I remember it used to be 8.5, but is that my misunderstanding? Has it always been a range?

**Hon. Mr. Duncan:** — Yeah, the range has been new in the last year.

**Ms. A. Young:** — Perfect. And so for that 6 to 8.5 per cent range that's now being projected . . . Forgive me, I know I asked the question and I specified long-term. What's that projected out for? For the next five years?

**Hon. Mr. Duncan:** — Yeah, that's a part of our five-year plan.

**Ms. A. Young:** — Thank you. What is the estimated year-end OM & A [operating, maintenance, and administration] for '23-24 and projected for '24-25?

**Hon. Mr. Duncan:** — For '23-24, 807.6 million. And for '24-25 we're forecasting 847.2 million.

**Ms. A. Young:** — I'm sorry, that first year, Minister, was 876?

**Hon. Mr. Duncan:** — Sorry, 807.6. Eight-oh-seven point six, sorry.

**Ms. A. Young:** — Oh, thank you. Perfect. So I note that's up significantly from the former projections of \$765 million dollars for '23-24 that was included in the last rate application. What does that increase, what's that attributable to?

**Mr. King:** — Troy King, executive vice-president and chief strategy, technology, and financial officer. So the number or the comparison that you're looking for, I don't have that data with me. The rate application would have been two years ago. I have it just to our latest budget that we have. So our budget was \$796 million, and now we're forecasting at 807.7 million. Would you like me just to walk through the components of it?

**Ms. A. Young:** — Sure, just high level.

**Mr. King:** — High level? Okay. So on wages and salaries, on a gross basis it's \$505 million, up 4.5 million, about 0.9 per cent from budget. On our external services they are actually down at 270.8 million. They're down 9 million or about 3.3 per cent from the prior year. Materials and supplies are 58.9 million, are up 1.5 million or 2.6 per cent.

All our other expenses — which include training, administrative, travel, bad debt, tools and equipment, vehicles, property expenses — they come to 99.8 million, up about 13.6 million or 15.8 per cent from the prior year.

And then we have what we call our corporate credits. So these are the expenses, mainly wages and salaries, that get charged to capital. So I gave you gross numbers. So we applied about 105.8 million to capital, which is an increase of 2.7 million from budget. And then overall we had grants of \$20.6 million, compared to \$24 million in the budget.

So the total is 807.7 again versus 796.5, an increase of 1.4 per

**Ms. A. Young:** — Thank you. Thank you very much. Are there any rate increases assumed for '24-25 that will need to be submitted to and approved by the rate review panel?

**Hon. Mr. Duncan:** — No. The answer to that would be no.

**Ms. A. Young:** — So what are the latest projections by SaskPower with respect to the annual rate increases that will be required over the next four years in order for SaskPower to hit its long-term ROE target?

**Hon. Mr. Duncan:** — Thanks for the question. So as a part of a planning assumption that SaskPower goes through in building out the plans over the next number of years, and in part because of the application of the clean electricity grant that is in this budget, what we're basing assumptions on is essentially rate increases over the next several years either at or below the rate of inflation. Now again that's planning assumptions, taking into account a number of factors, but that's what we would be looking at. It would be rate increases at or below the rate of inflation.

**Ms. A. Young:** — Thank you very much. And what's the rate of inflation being estimated by SaskPower for each of the next five years?

**Hon. Mr. Duncan:** — 2 to 3 per cent.

**Ms. A. Young:** — Thank you. I just want to test maybe one assumption that I'm making with yourself and officials. Am I right in assuming that increases tied to the OBPS [output-based performance standards] or to the federal carbon tax won't necessarily manifest in rate increases but will just flow through the price of electricity?

**Hon. Mr. Duncan:** — Yes, that's because they're treated separately.

**Ms. A. Young:** — Great, thank you. So hearing what you've said of our rate of inflation around 2 to 3 per cent, and looking at SaskPower's document supply planning overview, the presentation that people have been doing with the outreach and engagement work that is under way, every scenario contemplated in this document projects an annual rate increase of at least two and a half per cent, which seems to be in line with that 2 to 3 per cent.

So if this is needed for SaskPower's planning, can you speak to why there is no rate increase last year or this year?

**Hon. Mr. Duncan:** — So there were increases in September of 2022 and April 1st of 2023; both of those were of 4 per cent. So last year there was a rate increase. We're not requesting approval from the rate review panel to consider a rate increase for this year, in large part because of the clean electricity grant. SaskPower, with those dollars, will be able to hit its rate of return, incorporating those dollars into the plan for this upcoming year. So we're not seeking a rate increase for this year.

**Ms. A. Young:** — Thank you. So then hearing that, as we look out, having had no increase for this year or next year, heading into then, I suppose it would be '25-26, could the committee



assume that there would be an application to the rate review panel for an increase of at least seven and a half per cent?

**Hon. Mr. Duncan:** — So, again, that's a planning assumption. There has been no decision made in terms of rate application. And so no, I think the basis of your question, the assumption, is wrong. Whatever rate increases that . . . When the next rate increase would be applied for would be between that rate of inflation, that 2 to 3 per cent that we've already discussed.

**Ms. A. Young:** — And so there would be no necessity to make up theoretically the two to three years that the utility would have forgone that?

**Hon. Mr. Duncan:** — That's correct.

**Ms. A. Young:** — So SaskPower is planning and is confident in its ability to hit its financial targets with no rate increases going forward for at least the next three years. That's what I'm hearing.

**Hon. Mr. Duncan:** — Yeah, just to be clear: for '24-25, no rate increase. After that, what we would be looking at for a subsequent rate increase would be somewhere in that rate of inflation range.

**Ms. A. Young:** — Thanks. So, still can you just help me square how the annualized increases that SaskPower will need in order to do its supply planning, build out additional generating capacity, routine maintenance, all of that, there is no ongoing annualized increases that are going into SaskPower's planning? It's just that inflationary 2 to 3 per cent? That's what I'm hearing?

[19:00]

**Hon. Mr. Duncan:** — Yeah, thanks for the question. So the clean electricity transition grant, that's this year, I believe about 140 million approximately. So the intent of that is to help mitigate essentially rate increases as much as possible to, you know, address affordability issues, keeping rates affordable for residential and our other customers. And so that will help to mitigate having to have otherwise sooner and higher rate applications into the future.

So we're still targeting beyond that 140 million that has been applied as a grant for this year. Beyond '24-25, going forward at some point eventually with a rate increase, but in that 2 to 3 per cent range in line with what we're projecting inflation to be.

**Ms. A. Young:** — Thank you. So what does that 2 to 3 per cent inflationary range — like pick your number therein — represent in terms of dollars?

If you're saying this year the \$140 million for the clean electricity grant is sufficient to protect customers of all classes at SaskPower from any kind of rate increases, looking out, is it safe to assume \$140 million is what SaskPower would effectively net from a — is that what you're saying? — from a 2 per cent rate increase?

**Mr. King:** — So in terms of the percentage increase, each 1 per cent increase in our rates is worth roughly \$30 million. So at 2 to 3 per cent, we are getting between 60 and \$90 million per year. And that's the requirement go-forward after netting the financial

benefit of the transfer.

**Ms. A. Young:** — Thank you. Maybe let's talk a little bit more about the clean electricity grant and the OBPS, if that's okay. So maybe some basic questions to start off. How much has been collected from SaskPower with respect to the OBPS for '22-23, '23-24? And then what's projected for '24-25? And also I'm going to ask you for the breakdown of that between the grant and the SMR fund.

**Mr. Pandya:** — Rupen Pandya, president and CEO. Good evening, everyone. So up to and including 2022, all carbon tax proceeds were collected by the federal government. So moving into fiscal '23-24, there's 326 million collected. And that's itemized in the budget document as a return, solely for the purposes of an SMR investment fund. And in '24-25, the forecast is 280 million, of which half — 140 million — is coming back to the utility as a clean electricity transition grant, and the remaining 140 million is being invested in the small modular reactor investment fund.

**Ms. A. Young:** — Thank you. And, sorry, do you have that for '25-26 projected as well?

**Mr. Pandya:** — Yes. So for '25-26, our forecast is 337 million in total. And then half of that would return to the utility as a clean electricity transition grant.

**Ms. A. Young:** — Thank you. And prior to 2022, of course there was the federal OBPS which the provincial system has replaced. I know we went back and forth on this a lot last year. So perhaps remind me of the value of the funds that were still — I don't know what the right term is — but like outstanding, still with Ottawa. And where's that money at? And was that agreement ever executed to return those dollars to Saskatchewan? And if yes, when?

**Mr. Pandya:** — Thank you for the question, Member. So I'll start with the total outstanding that has been collected between 2019 and 2022, and that is 496.1 million. In agreement with the Government of Canada, those funds will be recycled back to the utility, including '22-23, '23-24. And I include those years even though the dollars haven't flowed, because they're included in our agreement with the Government of Canada all the way out to 2029.

And I'll get into detail on how those dollars will flow back. They'll flow back principally to eight different categories of investment. The first is SMR development costs. The second is rural rebuilds and improvements.

And I should have prefaced, Member, that these are all negotiated at the Government of Canada through Environment and Climate Change Canada to make sure that these dollars are being reinvested in electricity transition.

The third area is advanced metering infrastructures. So this is AMI [advanced metering infrastructure] deployment. Fourth is hydro life extensions at E.B. Campbell units 1 through 6. Fifth is demand-side management or demand response programming. The sixth is rural underground mitigation. This is us essentially rejuvenating rural underground transmission. Seventh is battery storage projects, and the eighth is international power lines,

Southwest Power Pool line.

So in '22-23 we are forecasting 7.1 million will flow back as capital. So that's the first year of the proposed, I should say, proposed agreement.

In '23-24 we'll see 44 million come back as capital across those eight different categories, and 3.3 million in operating, for a total of 47.8 million.

In '24-25 we'll see 78.1 million come back as capital across those eight categories, and 9.8 million in operating, for a total of 87.9 million.

In '25-26 we'll see 112.6 million come back as capital, and 22.9 million in operating, for a total of 135.5 million.

In '26-27 we'll see 137.4 million come back as capital, and 18.5 million in operating, for a total of 155.9.

In '27-28 we'll see 26.9 million come back as capital, and 18.3 million come back as operating, for a total of 45.2.

And then in '28-29 we'll see 16.8 million come back as operating, for a total of 16.8 million, which will then, over the course of those seven years, will be 406.6 million for capital, 89.5 million for operating, for the total 496.1.

**Ms. A. Young:** — Thank you. And I, based on your comments, understand that that agreement is still not finalized.

**Mr. Pandya:** — Just a correction. So the agreement is finalized; we're just waiting for the dollars to flow. They haven't actually flowed for the previous fiscal years that I identified.

**Ms. A. Young:** — How much on an incremental basis did the January 1st, 2024 OBPS carbon tax increase cost SaskPower for the fiscal year 2024-25 and the following four years?

**Mr. King:** — So the carbon tax rate rider increase on January 1st, 2024 was half a per cent, 0.5 per cent, and that equates to roughly \$15 million for the corporation. And so we would expect to earn that \$15 million each and every year, subsequent year.

**Ms. A. Young:** — So half a per cent annualized going forward.

**Mr. King:** — Yes.

**Ms. A. Young:** — Thank you. And I think you just answered . . . My next question was going to be, what is SaskPower projecting the increase in OBPS carbon tax for '25, '26, '27 — it's just projected to be that 0.5 per cent, or 15 million a year? Or no?

**Mr. King:** — No.

**Ms. A. Young:** — No.

**Mr. King:** — That's what the half a per cent is going to be worth each year for us.

**Ms. A. Young:** — Okay. So then what is Power projecting to be the increase in the OPBS carbon tax for '25, '26, and '27?

[19:15]

**Hon. Mr. Duncan:** — Over the course of approximately the next four years, we're averaging about a 2 per cent increase based on the carbon tax. Obviously that'll be dependent upon the fuel mix that's used to generate electricity, the emissions associated with it, a series of different factors. If there's more hydro, obviously that will help to displace some of our more emitting generation. So as a planning assumption, SaskPower is using approximately 2 per cent a year.

**Ms. A. Young:** — Okay, thank you. And does that fluctuate significantly year over year, or is it a fairly steady 2 per cent increase?

**Hon. Mr. Duncan:** — It's fairly steady. It's anywhere from 1.7, 1.8 to 2.2, 2.3 — somewhere in that area.

**Ms. A. Young:** — Okay, thanks. Do you have that for '25, '26, and '27 specifically?

**Hon. Mr. Duncan:** — I think so. Just give me a second.

Again these are forecasts. So forecasted for '25-26, 2.3 per cent; '26-27, 2.2 per cent; and '27-28, 1.7 per cent.

**Ms. A. Young:** — Thank you. Yes, I appreciate very much that they're forecasts. So I understand there's now the two funds that have been set up by the government that OBPS tax revenues flow into that SaskPower can access: the first, the clean electricity grant; and the second for SMR planning and potential deployment.

We kind of touched on this, but can you specifically explain which OBPS tax revenues go into each of these two funds and what SaskPower must do in order to access the funds? Specifically, you know, who makes the decision to release the funds for generation projects?

**Mr. Pandya:** — So, Member, just to answer your question specifically, we've itemized how we think the part one carbon tax proceeds, the 496 million, will flow back to the utility. And based on the budget document, we've outlined our forecast — and the budget was explicit about the '24-25 clean electricity transition grant back to the utility — and we forecast it out and we've shared with you what we think the forecast will look like for the remaining two years.

But it is the Ministry of Environment that has the policy levers on the OBPS system. So your questions really are about how that would be accessed and the policy questions, and we'd ask you to put those to the Ministry of Environment. I would note on page 48 of the budget there is a table that lays out — I'm assuming this was built by Environment and Finance — that lays out what that kind of looks like. But the policy questions on how we would access it, the flow of those funds, other than 140 in the clean electricity transition grant going through CIC and back to us, those would be questions for the Ministry of Environment.

**Ms. A. Young:** — I'd be happy to. I believe I did last year, so look forward to doing that again this year, I think next week.

Can you just maybe clarify one point on this? My understanding

was, coming out of the budget week, was that the clean electricity grant was primarily to be used for supporting SaskPower in deploying clean electrical generation. Pick your definition of “clean”; I don’t care. That’s not the semantics I want to get into. But in the discussion tonight it sounds like SaskPower is now going to be using that primarily to offset potential rate increases for customer classes.

I know the dollars aren’t necessarily assigned as such, but can you help me understand how this fund is both used then to offset rate increases for SaskPower customers and also to build clean electrical generating capacity?

**Hon. Mr. Duncan:** — Thanks for the question. So there is a direct relationship. This essentially will go towards essentially what would be the fuel costs associated with clean energy sources that are already in a part of our plans or part of the plans going forward. So these would be essentially paying for the electricity that’s going to be generated through clean energy projects.

So there would be a payment regardless of whether or not we got the clean electricity grant or whether or not we would have to pursue rate increases earlier and higher without the clean electricity grants.

**Ms. A. Young:** — Okay. I promised I wasn’t lying. I said before I didn’t care about the definition of clean electricity, but I note it was changed in, I think, the most recent . . . was it Bill 154 that the House just voted on? What does SaskPower . . . Or, Minister, I suppose a fair question for you: how do you define “clean electricity project,” which could be incorrect, but in Bill 154 it was basically anything beyond unabated coal?

**Mr. King:** — That’s a very good question and something we hear a lot. So our definition of “clean” is low- or non-emitting generation, and transmission or distribution that’s required to support the energy transition.

So I could just give you an example of some of the projects that we have in the plan for the application of the provincial fund. So we have our clean electricity power purchase agreements. So the Western Lily wind energy facility; the Riverhurst wind energy facility; the Blue Hill facility; the Golden South wind facility; the Bekevar wind facility; our Manitoba Hydro contracts for import of hydro power; solar contracts; flare gas and biomass projects.

We also have a number of operating expenses that we’ve agreed to. So in terms of our energy transition: our IPP development team, so our independent power producer team that works on building these renewable projects for us, transmission planning, our interconnection team, distribution planning, distributed energy resource planning, environmental strategic issues management, environmental forms and reporting, and the Shand Greenhouse.

We also have a life extension and optimization on Coteau Creek 1, 2, and 3 in their overhauls, and BD3 [Boundary dam 3] and CCS [carbon capture and storage] maintenance. Other things that we have on there is vegetation management, CCUS [carbon capture, utilization, and storage] studies, wind and hydro engineering studies, and DSM [demand-side management] programs.

**Ms. A. Young:** — Thank you. So just going back to kind of the governance of the OBPS, I just want to — not to like split hairs — I just want to make sure I understand this, like very clearly. SaskPower includes these dollars obviously in business planning and forecasting going forward. But ultimately the decision on how much goes into each pot and how SaskPower accesses those, that decision is made by the Ministry of Environment. And I don’t know, maybe it goes to cabinet; I’m not sure what that process looks like. But I just want to be very clear, for SaskPower’s planning, that’s how it works.

**Mr. Pandya:** — So thank you for the question. So every year as part of the annual budget-making process, SaskPower would submit its budget through CIC. And CIC, the Ministry of Finance working with the Ministry of Environment would then validate whatever our ask was in that process, and then we would be allocated the dollars. So it would be confirmed through the annual budget process through Ministry of Environment.

**Ms. A. Young:** — And are there specific OBPS tax revenues that go into each of those funds or . . .

[19:30]

**Mr. King:** — So hopefully I got your question right, but on the revenue side there’s no allocation of revenues to each one of the expenses. On the revenues, we really match what the federal program has set aside in terms of the OBPS rates. So as the carbon tax increases, the total amount of revenue that we require is to cover that expense. And then once we have calculated that expense, we negotiate with CIC and the ministries on how we’re going to apply those revenues to different programs such as the ones I just listed.

**Ms. A. Young:** — Yeah. Thank you. So then how critical are the funds generated by the OBPS and then subsequently returned to SaskPower in terms of the financial position of the Crown going forward?

**Hon. Mr. Duncan:** — Thanks for the question. I mean, I guess a couple of things on this. One, it’s \$140 million for this year that’s going to be going into SaskPower, that’s going to help them to pay for some of the costs associated with bringing on lower emitting or non-emitting generation.

The other part too in terms of having it as a part of the OBPS system is — and I think the officials have already identified — you know, it’s somewhere in the neighbourhood of \$500 million that has already been paid, that we’re still negotiating to get back, and we’ll get it back over a series of years.

So you know, I would just say one of the benefits of doing it through the OBPS system is that it’s more immediate in terms of when SaskPower has access to those dollars, rather than over time after lengthy negotiations with the federal government. So from that perspective . . . And I can’t speculate what may happen in the future in terms of what the carbon tax may look like, but for now, you know, these are dollars that are going to be used to help keep rates affordable as well as offset some of the costs that SaskPower has going forward with ensuring that we have a safe, reliable, affordable grid.

**Ms. A. Young:** — Thank you. So when you do your cost-of-

service studies to set the rates for each of your customer classes and your major industrial customers, is the OBPS expense distributed across all of your customer classes? And if it is, how is it allocated across the customer classes? You know, by what measures? Is it energy? Is it consumption? Is it demand? Is it a combination?

**Mr. King:** — Okay, so in our cost-of-service methodology, the carbon tax is part of our energy charge and it is allocated identically to each and every customer class based on consumption, so based on kilowatt hours that you consume.

If you look at the rate applications or you look at some of the breakdowns we've had on the carbon tax, the impact on each customer class will be different because the amount of consumption of energy that they have is different and the percentage that the consumption makes up of their total bill differs. So that's why you'll see different percentages. Everyone has the exact same charge, which is just over a cent a kilowatt hour now is what the total is today.

**Ms. A. Young:** — Okay, thank you. And when you speak about customer classes, you're including major industrial customers in that as well?

**Mr. King:** — Yes.

**Ms. A. Young:** — Thank you. So then, Minister, having heard you talk about, yourself and your officials talk about some of the places that the OBPS dollars are going to be deployed and the number of things that Mr. King listed off, as well as, you know, keeping rates affordable, and on and on, does SaskPower have an official position with respect to the OBPS, whether or not it's beneficial or not to the Crown?

I suppose that the question really is, like, do you believe that the provincial OBPS should be maintained no matter what happens at the federal level?

**Hon. Mr. Duncan:** — Thanks for the question, Ms. Young. I guess to that I would just say that as I've said before, based on what we know today and what the law is in Canada, our view from a public policy position as the Government of Saskatchewan is that the remittance of the dollars to the OBPS certainly has benefits for Saskatchewan and SaskPower just in terms of the fact that, you know, we have the ability to direct where those funds are going to go. It's more immediate in terms of the direction of those funds.

That being said, I think it's this government's view that our province and our economy would be better off not having to have an OBPS for the fact that there wouldn't be a carbon tax to be paid into. So I would just say that that continues to be the position of the government.

**Ms. A. Young:** — Thank you. So the Premier has said publicly that the OBPS is a carbon tax and should be scrapped. That is the position then?

**Hon. Mr. Duncan:** — That's correct.

**Ms. A. Young:** — So maybe canvassing the past couple years, moving on to SMRs, recognizing, Minister, this is the first time

we've been together in committee on SaskPower, but I spent a few years here with Minister Morgan.

In 2023 former minister Morgan indicated that kind of \$5 billion was the ballpark figure for the cost of an SMR. All of this is pulled from *Hansard*, although I'm not going to go back and cite it kind of statement by statement. But he used that \$5 billion number, which doesn't include any early adopted incentive provided by GE Hitachi, nor does it really account for that 15 per cent investment tax credit that the federal government could potentially provide.

Also recognize it probably doesn't reflect potential inflation in the SMR supply chain. The minister at that point did indicate that building, you know, two or more, costs would come down substantially of course with economies of scale on some of the non-nuke components likely required to run the system, transmission . . . [inaudible] . . . IT [information technology], whatever.

Does SaskPower have a more accurate cost estimate for an SMR given its stage 3, future supply option analysis, which projects at 2050 the cost of four generation supply options which, in three of those options, include SMRs? I suppose I'll start there.

**Hon. Mr. Duncan:** — Thanks for the question. So you're right. The previous minister has used publicly the \$5 billion number. I guess I would just say to that, a reliable capital cost estimate for the BWRX-300 is not going to be available certainly until the construction of the first reactor is near completion. I think OPG [Ontario Power Generation] has advised SaskPower that over the coming months they'll get a better idea.

But we won't be building a business case on an estimate at this point of the number that we've talked about, that you've talked about publicly. A business case would be built upon more of a known number once OPG is further down their process.

**Ms. A. Young:** — So then help me understand how SaskPower is projecting the cost of four generation supply options in, like, the extensive and I think very successful public engagement work that has been done by the utility at great cost.

**Hon. Mr. Duncan:** — Thanks for the question. It's a good question. And let me just say that for SMRs and for other options we do, SaskPower does use some pretty round numbers in terms of high-level estimates. The 5 billion is the number that is used as essentially a placeholder. But certainly when it comes time to developing a more detailed business case, we would have a better idea based on Ontario Power Generation's experience in building the first GE Hitachi BWRX-300.

**Ms. A. Young:** — So in analyzing the cost impact on ratepayers, given the fact that SaskPower is now in stage 3 of its analysis, which forecasts rate increases till 2050, is it the 5 billion round number that is being used?

**Hon. Mr. Duncan:** — That's correct. Yes.

**Ms. A. Young:** — And when has OPG committed to sharing that information with the Government of Saskatchewan?

**Hon. Mr. Duncan:** — So Ontario Power Generation is currently

in the process of design with GE Hitachi. They estimate that by late fall, early winter they will have a class 3 estimate, which will be shared publicly, not just with SaskPower but shared widely, publicly. And so that'll be the next step in their process and in our process in determining more of a refined cost of what the BWRX-300 would cost.

[19:45]

**Ms. A. Young:** — Thank you. So just to be really clear, the latest estimate for cost of a SMR in 2023 or 2024 dollars produced by GE Hitachi, the most specific number SaskPower can provide is \$5 billion.

**Hon. Mr. Duncan:** — At this point, that's correct.

**Ms. A. Young:** — Thank you. And that does not include any incentives provided either by GE Hitachi or by the federal government?

**Hon. Mr. Duncan:** — That's correct.

**Ms. A. Young:** — And so I guess maybe, what is the latest SaskPower forecast of the capital cost for the type of SMR that SaskPower is intending, is presently building, including connection to the transmission system?

**Hon. Mr. Duncan:** — So the number that we are using is the 5 billion. In terms of the transmission costs, that'll obviously depend upon the site that is selected, whether or not existing transmission infrastructure can be used or if other transmission would need to be built out. And so a decision on that hasn't been made yet, and so we're using globally the number 5 billion. And then once we have a better idea in terms of the siting, that'll give us then the next step for SaskPower to be able to refine the numbers in terms of what would be needed to transmit the energy that would be produced from that site.

**Ms. A. Young:** — Is there a range of costs for transmission?

**Mr. King:** — So in terms of the transmission costs for a single SMR . . . Again as we do our siting work, depending on where it goes will impact the overall transmission. When we did the siting, transmission expense is one of the criteria that was used to determine where you should put it. So we look to minimize those transmission expenses.

So for a . . . [inaudible] . . . our long-term planning at the high level that we do it at, the transmission costs specific to a single SMR is not significant. However the transmission costs for the entire energy transition as well as distribution costs become certainly far more significant. And when we look at the total shift and not just one SMR but the entire shift to SMRs, the addition of renewables, the potential addition of CCS, and building up that infrastructure itself is really where those dollars go.

So at the level that we're looking at out to 2050, we plan more at a macro level than a detailed micro level that I think you're looking for on the SMR.

**Ms. A. Young:** — Sure. Do you have a cost that uses the macro level for transmission distribution?

**Hon. Mr. Duncan:** — Sorry, just to clarify, just . . .

**Ms. A. Young:** — Building off Mr. King's comments.

**Hon. Mr. Duncan:** — But like on a single SMR? Is that kind of the scenario you're looking at?

**Ms. A. Young:** — Yeah. Or I mean, I'm not sure the former minister . . . I know the decision-making timeline is looking at one, potentially two. Former minister Morgan has also speculated publicly about potentially building eight or nine. So I'm not sure. I'm trying to suss out what SaskPower is actually trying to plan for and what the costs associated with that would be.

**Hon. Mr. Duncan:** — Thanks for the question. For strictly hypothetical scenarios, if SaskPower was to build four SMR units at Estevan, it would be essentially no incremental cost for transmission. If it was to be built at Elbow, you'd be looking 70 to \$100 million.

**Ms. A. Young:** — Okay, thanks. So going back to that nice round \$5 billion number, is that number 2024 dollars or simply the cost in nominal dollars over the time frame of construction?

**Mr. King:** — That's an inflated number to 2034.

**Ms. A. Young:** — Thank you. What's the projected annual operating cost for the type of SMR that SaskPower's planning to develop?

**Mr. Pandya:** — So thank you for the question. So just keeping in mind that we're, you know, 10 years away from the operation, and as the design continues to progress, the objective is to focus on safety while minimizing operating costs. So we won't actually have a clear picture of what the operating costs of a BWRX-300 are until after Ontario goes into production and power. And so we don't have . . . You know, that's a little bit too far away in terms of our planning horizons to have a cost estimate.

**Ms. A. Young:** — I want to come back to Ontario in a second. My next question was going to be in terms of the impact on the cost of electricity for residential ratepayers, and how this compared to other forms of generation. Is it safe to assume SaskPower does not have that information and doesn't include that in their future planning either?

**Mr. Pandya:** — Thank you for the question. In terms of non-emitting baseload technologies, whether we're talking about nuclear, hydro, or carbon capture on natural gas which is yet unproven, the cost estimate in terms of leveled costs of energy that we're using for our planning assumptions is in that 180 to 220 range. And so that's what we use for the purposes of our planning assumptions, and then therefore what we use as part of our rate impact estimation.

I would tell you again as we build out renewables, as we look at solar, wind, biomass, other renewable and low-emitting technologies, carbon capture on natural gas, and then ultimately nuclear, we'll continue to have a mixed portfolio in Saskatchewan in terms of the power mix and power production.

In the Premier's press conference last May, he had indicated that

rate increases out to 2035 would be in that double-digit mark, between 90 and 110 per cent rate increases, absent any federal-provincial taxpayer interventions or subsidies that the federal government has put on the table.

**Ms. A. Young:** — Thank you. And I noted in SaskPower's supply planning overview mix, there's a rate increase of, I believe it's two and a half to four per cent contemplated, annualized out to 2050 regardless of the supply mix. What number is SaskPower working with in terms of, you know, you cited the percentage increase?

**Hon. Mr. Duncan:** — Thanks for the question, Ms. Young. Going back to our earlier part of this evening, that 2 to 3 per cent is the assumption that we're using for planning purposes.

**Ms. A. Young:** — Every year to 2050.

**Hon. Mr. Duncan:** — That's correct.

**Ms. A. Young:** — Thank you. So you referenced levelized cost of electricity when looking at generating options. In an effort to ensure transparency for ratepayers, does SaskPower have any intention of a publishing levelized cost of electricity generation analysis?

[20:00]

**Hon. Mr. Duncan:** — As part of the Future Power consultations, SaskPower's made that information public.

**Ms. A. Young:** — And will you be doing that once there is a more accurate number than \$5 billion?

**Hon. Mr. Duncan:** — Yes.

**Ms. A. Young:** — Thank you. So the Premier's been quoted as saying that any SMRs built in Saskatchewan will be publicly owned. How much incremental debt will be required to fund the initial SMR?

**Hon. Mr. Duncan:** — Thanks for the question. I guess I would just say that, you know, I can't give a definitive answer on that because there's a number of ways in which we would essentially capitalize the construction of an SMR. So the small modular reactor fund, that balance will build up over time. And so you know, my assumption would be that that would be used as a contribution.

We also have an expectation that the federal government is going to play a major role in funding the capital costs for our first SMR. We don't have confirmation on that. As well the Premier has also talked about Indigenous equity participation. We're still working through what that would look like — to what level, who would fund that. And so until we have a better idea of certainly a number of those outstanding questions, I think it's too soon, it's premature to speculate what the impact of building an SMR would do to issues like SaskPower's debt level, etc.

**Ms. A. Young:** — Maybe, hopefully a question you can be more specific on. I'm noting SaskPower's debt has increased quite rapidly over the past couple of years, and for '24-25 it's projected to exceed \$9 billion. Can you provide your projected debt for

each of the five years going out? So that'd be '25-26, '26-27, '27-28, '28-29, and '29-30.

**Hon. Mr. Duncan:** — So, Ms. Young, we're forecasting debt level for '24-25, so I'll give you the next five years, including '24-25: 9.044 billion rising to 9.7 billion, 10.2, 10.5, and just over 11 billion.

**Ms. A. Young:** — Thank you. And that 11 billion is for '28-29 or . . .

**Hon. Mr. Duncan:** — '28-29.

**Ms. A. Young:** — Okay. And do you have a '29-30 number?

**Hon. Mr. Duncan:** — 11.8.

**Ms. A. Young:** — Thank you. So at a cost then of theoretically \$5 billion each — maybe there's some, hopefully, federal money; maybe there's some incentives provided for early adopters by GE Hitachi — not sure what number we're working with, but you know, four to eight SMRs could result in essentially doubling the province's gross debt, which I think is currently just shy of \$35 billion.

Has SaskPower discussed the implications of borrowing potentially over \$30 billion on the province's credit rating with the Ministry of Finance?

**Hon. Mr. Duncan:** — Thanks for the question, Ms. Young. Certainly there's been discussions with Finance with respect to, you know, I think broadly the issues of the transition to the . . . particularly under the clean electricity regulations.

But I would just say that I won't speculate in terms of the number of SMRs that we may be looking at into the future. We will have these discussions regardless, whether it's SMRs, whether it's large-scale hydro, whether it's natural gas with CCS, because as we've already indicated we're using roughly the same type of number for the cost of energy for all these different possible future electricity developments.

You know this is at the crux of the problem that we have with the clean electricity regulations, as they are, by 2035. As we've said before it's logistically, it's technologically, it's financially going to be very significant for this province to try to even come close to attempting what the federal government's doing. That's why we're asking for the timelines to be pushed back.

So certainly conversations have been had with Finance to indicate that, you know, we need to do something and there will be significant costs with whatever options we look at into the future. Part of that's driven by the timelines. Part of that's driven by the fact that we're a growing economy and that we need to renew our electricity generation in this province. We need to decarbonize it. We're being asked that by our customers, both residential and commercial. And we need to keep rates affordable.

And so the longer that we can lengthen out this transition obviously will be better for SaskPower. It'll be better for the customers of this province. It'll be better for the financial picture. But Finance has, you know, I would say been involved in the

discussions about what potentially this could cost the province.

**Ms. A. Young:** — Thank you, Minister. So there have been specific conversations related to the potential impacts of borrowing for SMRs?

**Hon. Mr. Duncan:** — I would say there has been conversations about what the potential paths look like for SaskPower to ensure that we have electricity for people to be able to heat their homes and run their businesses and keep the lights on. In terms of the impact that that has on credit agencies and the financial outlook for the province, you know, I would just say that that's probably a better question for the Finance officials.

[20:15]

We've provided the information. SaskPower continues to provide the information in terms of this is particularly what, in our view, my view, a hasty electricity transition could entail in terms of the impacts. What Finance makes of that in terms of what credit agencies may do with that information, I can't speculate on that.

**Ms. A. Young:** — Sure. Thank you. Is SaskPower seriously contemplating establishing a separate Crown corporation for SMRs?

**Hon. Mr. Duncan:** — No.

**Ms. A. Young:** — Thank you. What other government agencies, boards, commissions, Crowns, or ministries are incurring costs associated with the SMR project? Obviously we've talked in the past about Environment, about CIC.

**Hon. Mr. Duncan:** — Thanks for the question. Certainly SaskPower. I can say as Minister of CIC, CIC has created a unit within the organization dealing with other issues around energy security and transition, not specific solely to nuclear but including nuclear.

You know, I can't speculate in terms of what other ministries are expending funds based on this issue. Obviously we have interactions with Environment. You know, there's the work of the Saskatchewan Research Council. Advanced Education, I know the presidents of the three organizations have signed an MOU [memorandum of understanding]. I don't know what costs they entailed, so I can't speak to those.

**Ms. A. Young:** — But there's not like specific targeted funds that you're aware of that have been set aside, like as you reference for the nuclear secretariat and CIC?

**Hon. Mr. Duncan:** — No. Not that I can speak to.

**Ms. A. Young:** — I believe the budget for SMR pre-work until 2029 was set at \$140 million. How much of that was spent in '23-24, and on what? And further, what's the budget for '24-25 and what will that be spent on? I'm also curious if this includes the \$74 million committed by the federal government, which should be pretty straightforward.

**Mr. King:** — So in terms of '23-24, we are forecasting to have spent \$18.6 million in that fiscal year, and in the budget for next

year we are forecasting 25.4 million.

**Ms. A. Young:** — Thank you. And is that the same . . . We talked about this last year. Those are the dollars set aside for engagement specifically?

**Mr. King:** — They encompass far more than just engagement.

**Ms. A. Young:** — Okay.

**Mr. King:** — They cover the entire program that we do have.

**Ms. A. Young:** — Okay. And sorry, that \$140 million, does that include the 74 million from the feds?

**Mr. King:** — Yeah, so both amounts should be fully covered by the funding that we have from the federal government. We have two sources of funds. So we have NRCan [Natural Resources Canada] that's provided \$50 million of funding. And then we have funding from the future electricity fund which is the carbon tax rebate of \$80 million. So we have \$130 million of funding available to us. So this current fiscal year and the following fiscal year should be fully funded.

**Ms. A. Young:** — Thank you. I thought last year when we discussed the SMR public engagement work that was going on . . . Yeah, it was indicated that in '23, \$18.7 million was spent, and for coming fiscal, which I suppose would be this year, about \$21.9 million would be spent.

**Mr. King:** — Yes, so we're a little bit higher than that right now. Our forecast is, for the coming fiscal year, 25.4 million.

**Ms. A. Young:** — Perfect. But that is not exclusively for public engagement work then. Last year was . . .

**Mr. King:** — Public engagement would have been one of the bigger items in there, but it's not exclusively for public engagement.

**Ms. A. Young:** — Okay. Thank you. Thanks, I'm just trying to clarify. Those were the figures provided last year in estimates for the engagement work specifically, so I'm just looking to clarify how much has been spent on public engagement for SMRs.

**Hon. Mr. Duncan:** — So I'll endeavour to come back to you, to the committee with an answer on this. That number that you're looking for will be in that global number that Mr. King has given in terms of the SMR unit, but we don't have it broken out into kind of what was used on the consultation. This is the staff, the travel, things of that nature. So we'll endeavour to get that to you.

**Ms. A. Young:** — Thank you. Is it reasonable to expect that within like a month?

**Hon. Mr. Duncan:** — I'll take your request under advisement.

**Ms. A. Young:** — Okay. Thank you. I will follow up. I said I wanted to come back to Ontario, and I do. We seem to have tied the future of SaskPower to Ontario and to OPG and their development of SMRs. I also note that the Minister for Energy in Ontario has recently spoken publicly about the fact that Ontario now has 80 per cent of the SMR supply chain, which obviously

poses a lot of opportunities for Ontario and Ontario businesses, suppliers, and contractors. But if Ontario falters or changes course, what will be the risk to SaskPower having, you know, put its eggs in the SMR basket?

**Hon. Mr. Duncan:** — Thanks, Ms. Young, for the question. I guess I'll start just by saying that, you know, SaskPower went through a very thorough process looking at small modular reactors. So I guess a couple of things. One, the technology that was selected, the GE Hitachi 300 BWRX, so 300 megawatts, it's essentially as big as our largest generating, existing generation that we have in the province. So it fits within our grid in terms of being able to incorporate the megawatts that it would generate.

[20:30]

We certainly think that in terms of additional risk, the project has been de-risked by the fact that OPG is building the first one. Tennessee Valley Authority has also selected GE Hitachi or looking to select the GE Hitachi. And so from that perspective we would not be the first of a kind if we decide to build the GE Hitachi 300 model. And in fact when you look at the technology that was downselected by SaskPower, you know, I think that from that perspective, the risk profile of the BWRX-300, knowing that X is 10 — it's the 10th of the generation — there is a significant amount of de-risking that's taking place by the fact that it is this far along in terms of the technology.

But also the other technologies that were studied by SaskPower, you know, we would get into issues around the fuel. HALEU [high-assay low-enriched uranium], which is essentially sourced from Russia, obviously problems with that. And so from a de-risking perspective, the BWRX-300 was really seen as the least risky technology as we looked at SMR technology.

In terms of the supply chain, Ontario's already engaged with organizations like SIMSA [Saskatchewan Industrial and Mining Suppliers Association] in the province. You know, regardless of the type of asset that we're building, there will be components that will not be able to be procured or built in Saskatchewan. It's no different from a natural gas plant to an SMR. But there are things that we are interested in, especially on the workforce, to being able to supply here in Saskatchewan.

And so Ontario has been very collaborative in working with Saskatchewan, including SaskPower, including organizations like SIMSA to determine what parts of the supply chain could be built in Saskatchewan and provided in Saskatchewan not only for our project but even potentially for Ontario's and others that could be built around the world, provided that GE is the technology selected by other jurisdictions, which looks likely.

**Ms. A. Young:** — Thank you. So hearing your comments, it's the advantage really that you see coming from essentially following behind — I don't say that pejoratively, but following behind in terms of a chronology — behind Ontario is really in the same selection of the potential technology.

**Hon. Mr. Duncan:** — Yeah. No, I would agree with that statement. And I would agree with that in terms of following on. We don't take the first-of-a-kind risk. That's going to be Ontario Power Generation that's going to take that risk.

**Ms. A. Young:** — And if anything were to change with Ontario, would Saskatchewan still be able to pursue this project and meet its own timelines? Don't get me wrong. Premier Ford looks very comfortable. I see that this as a long-standing plan in Ontario, but you know, as a major risk.

**Mr. Pandya:** — Thank you for the question, Member. Maybe I'll just add some comments because I don't know if I can answer your question directly. So again the BWRX-300 is the 10th iteration if you will of a boiling water reactor. So from a technology perspective, risk is mitigated with respect to the design of a 300 versus a 700 or 1000 megawatt reactor. It's a miniaturization of the larger technology in other words.

And we have ongoing conversations with both Tennessee Valley Authority and Ontario Power Generation on how their project is moving because we are moving as part of a consortium, an SMR consortium in Canada, with TVA [Tennessee Valley Authority] as an American partner on this project. And so we have regular conversations.

Based on everything that they're seeing in design, there are no fundamental design challenges that they've encountered. And so the risk profile is decreasing as they get further into the design. And why they will be ready with a level three cost estimate by the end of this calendar year, is because things are moving exactly as they're supposed to be moving.

So yeah, maybe I can just leave the question there because I can't really speculate on if there's some unknown unknown that arises. I wouldn't be able to speculate on that.

**Ms. A. Young:** — Sure. Maybe the last question on Ontario. In reviewing some of the conversations and public comments coming out of the Ontario meetings on SMRs last year, it was indicated that . . . Pardon me. In reviewing the discussions that we had here last year, Mr. Pandya, I believe you indicated that any potential build of SMRs would be done in province by private contractors. And in reviewing the SMR national action plan, it indicates that:

A fleet-based approach leverages the experience of previous builds, resulting in reduced regulatory timelines and uncertainty, which in turn should lead to shorter construction timelines, faster deployment schedules, and reduced construction costs.

Will the work in Saskatchewan then be done by private contractors from Ontario?

**Mr. Pandya:** — So thank you for the question, Member. And you're quite right. You know, a fleet-based approach to the development of a new nuclear technology optimizes efficiency with respect to construction and all of the other benefits that you've noted.

What I would share — and these are ongoing conversations that we're having with our colleagues in Ontario, but other jurisdictions now in Canada; multiple jurisdictions are now looking at the question of new nuclear — is that given the amount of work that Ontario has to do with respect to refurbishments on their existing nuclear fleet . . . So they're in the process of refurbishing the Darlington nuclear plant, and now the Pickering



nuclear plant has just been announced for refurbishment along with the Darlington new project, which is the BWRX-300s. There is already a full saturation of nuclear in Ontario, their nuclear workforce with respect to the projects that they have.

The Ontario system operator, IESO [Independent Electricity System Operator], reported that, as part of their long-term planning report, that they'd require something like 18 gigawatts of new nuclear in Ontario between now and 2050, which is about 18 000 megawatts, more than three times the size of our current grid.

And so when you look at Western Canada and the potential for nuclear out to 2050 to achieve, just on the electricity front, net zero, that's potentially another 15 gigawatts or 15 000 megawatts of new nuclear. So there's not sufficient workforce in Ontario to come and build reactors in Saskatchewan.

And so the strategy has to be, and something I know the minister has been talking about but certainly I have been talking about in forums that I've attended, how do we activate, on a Canada-wide basis, a workforce that's going to help us decarbonize electricity as fast as possible. And so what we have in mind right now is an operating model, and again this is early days, to ensure that there's Western Canadian constructors who are nuclear certified who would be able to start building nuclear in Saskatchewan, if the government should decide to go the route of nuclear, but also in Alberta and other jurisdictions that are also looking at the question.

So yes, it's true that a fleet-based approach would minimize cost, but that fleet-based know-how can be transferred without transferring the build of an entire project to an out-of-province company. In fact, quite the contrary. We think it's necessary that we're looking at Western Canadian constructors for our first projects just because Ontario constructors will be fully saturated.

**Ms. A. Young:** — Thank you. This may be my last question in the SMR area.

Obviously I want to commend SaskPower for the outreach to the public that has been done in determining the future supply options for the province. Stage 3 was published very recently, I think last month, and provides very high-level analysis of the four supply options, although I will note that hard data are largely absent.

There is a cost of \$53 billion to 2050 associated with the diverse mix of supply, and it contemplates a 173 per cent increase in rates to 2050. A diverse mix that would be implemented by 2035 costs \$56 billion with a 160 per cent rate increase to 2050. Both options of course would still have CO<sub>2</sub> emissions of, I believe, just over 200 000 tonnes in 2050.

I guess looking at some of these outcomes that SaskPower itself is publishing, will the utility be publishing the detailed analysis and assumptions contemplated in each of the four scenarios associated with stage 3 of future supply options?

**Mr. Pandya:** — Thank you for the question, Member. Maybe I'll just start with just a little bit of background on what the long-term supply plan is and how it works in the context of our own planning.

So long-term supply planning is really a best practice of utilities across North America where they will look at, on a two- to three-year cycle, will look at prospective needs of the power system and engage with the public with respect to their values and priorities in terms of what those prospective needs look like.

It's typically used in rate-regulated utilities by independent rate review panels, but it's certainly being used as an expectation on the part of Canadian Nuclear Safety Commission and the Impact Assessment Agency of Canada as a requirement for Saskatchewan to get approvals with respect to either combined cycle gas plants with carbon capture, new hydro facilities, and/or new nuclear facilities.

And so you know, we took the opportunity to start this engagement a number of years ago. And in the process of engaging, we've shared levelized costs of energy which is really, I guess, the most accurate representation of costs of the scenarios. And so I appreciate the scenarios are being shared.

[20:45]

The long-term plan really functions as an input into our annual planning process. So again, although a long-term integrated resource plan that looks at generation, transmission, and public values priorities is created every two to three years, that information is used to inform our annual plan which actually drives the investments that we'll do on an annual basis with respect to the power system.

And so it's meant to educate the public on the costs of energy and how the energy system works, but also to again, and importantly, gather their priorities in terms of how they think they can participate in supporting the utility with respect to the objectives around decarbonizing electricity. And so it's a plan that is updated every two to three years. And much of what is in a plan that forecasts out to 2050, you will appreciate, is fully forecasting, is forecasting assumptions.

And I don't mean to minimize the importance of it. Clearly it's an important document. And again, because we've shared publicly levelized costs of energy assumptions with respect to all the different technologies that we've talked about, we believe that there's sufficient disclosure in terms of costs around the energy choices that we're making.

And again those levelized costs of energy assumptions in the information shared in future planning would be again forecasts. And they would be subject to refinement as new data comes in. You know, we use . . . There is a publicly available levelized cost data out of the United States called Lazard. It's updated annually in the same way we try to update our information annually so that we have the most up-to-date levelized cost of energy data available to share with the public.

So I don't know if there's other information, Minister, or Troy you would like to add.

**Hon. Mr. Duncan:** — Yeah. I'll just maybe quickly mention . . . So you know, I think the document makes it very clear. It's not a prescribed path forward. It lays out potential scenarios, and I think one of the challenges and one of the reasons why I think this is a very fascinating portfolio, it's changing so fast, so

rapidly particularly on the regulatory side. I can say that the last time I was minister was when the Chinook power station was commissioned and in the process of starting the Great Plains.

And you know, I very clearly remember getting a phone call kind of in the middle of that process indicating that once again the regulations had changed. And so just in a very short amount of time we've experienced significant change. So I think all of that to say that it makes it difficult for all these folks to kind of plan for what the future looks like when goalposts continue to shift and regulations continue to change. And so it's not a prescribed path, but it lays out, you know, here are potential scenarios going forward.

**Ms. A. Young:** — Thank you for that. And I think establishing some clear goalposts, a detailed analysis, and understanding more transparently what metrics and what measures have gone to inform those options, is kind of the intent of my question which was whether SaskPower published the detailed analysis and assumptions contemplated in each of those four scenarios associated with stage 3 of future supply options.

Like to be clear, I'd be . . . You folks know this better than I do, but you know, things like what was the discounted rate included in developing these scenarios? What's the assumed annual increase in demand? Were there implications for transmission and distribution systems contemplated? What about like transmission congestion problems? All of these things really like that I hear sincerely that, you know, people who also find this a very engaging portfolio want to hear, in order to give credibility to those four options being contemplated. But having heard that that is not the intent, I will move on.

Given SaskPower's own analysis, there is a \$3 billion cost difference between the two diverse mix scenarios of 2035 and 2050. And the rate change is less in the 2035 scenario by SaskPower's own documents, and likely fewer total emissions would be achieved under the 2035 scenario. So that's interesting. Does SaskPower see the 2035 scenario then as superior to the 2050 diverse supply mix?

**Hon. Mr. Duncan:** — Thanks for the question. I'll have Mr. King talk a little bit about, a little bit more detail. But I'll just say that this is based on public engagement. It's about education, an educational exercise. The scenarios are really driven by public input. So the public wants to know information in terms of what future supply options could look like. And so it's not so much whether it's superior or inferior in terms of that renewable 2035; it's just it's not feasible. But I'll ask Mr. King to go into a little bit more.

**Ms. A. Young:** — I was just really looking for a yes or no based on maybe what some might perceive as some inconsistencies between statements that SaskPower has made and the outcomes of that engagement work.

**Hon. Mr. Duncan:** — In terms of which . . . sorry, inconsistencies how?

**Ms. A. Young:** — Just in terms of looking at the analysis and whether or not SaskPower saw the 2035 scenario as superior. But I'm hearing that's a no.

**Hon. Mr. Duncan:** — No. That's a no. Yes.

**Ms. A. Young:** — Thank you. And then one last question, then I'd like to move on and ask some questions about hydro. So I hear concerns from people out there in regards to the SMR discussion overall, worried that it is not in fact a sincere engagement process, worried that it's more of a path to inevitability, and that a decision has already been made.

And so you know, to be clear, the public position that we have taken as a party is that this might be part of Saskatchewan's power future. This might be part of Saskatchewan's energy future and it very well could be. But this needs to be a sincere, open, and accountable process in order to ensure that it is the right choice for Saskatchewan.

But for the people who fear that this is a path to inevitability and who see comments made publicly — I'm thinking specifically of numerous comments made by the Premier that, you know, when we build these SMRs; we've made a decision on this; we're moving forward with this — and now they see a fund set up for that. I suppose, Minister, what is the answer that you can give to people to assure them that the analysis for building future supply for Saskatchewan people that is affordable, sustainable, and reliable; that that process has integrity; and that a decision has not already been made?

[21:00]

**Hon. Mr. Duncan:** — Thanks for the question, Ms. Young. I guess what I would say is, you know, we have laid out a path that will put us in a position to make a decision whether or not to pursue construction of an SMR in Saskatchewan. The decision has not been made. But we're going through our due diligence because we think that that's a reasonable and responsible thing to do.

You know, I would just say that, about the CNSC [Canadian Nuclear Safety Commission] process in terms of . . . For example, site licensing is a very rigorous process. The public engagement part of it is an absolute requirement. And the same would be true for the impact assessment. Meaningful consultation is a part of what is required for any proponent, including SaskPower, to go through.

So you know, I would just say that particularly with the CNSC, who are the experts in this, there's no way to fake the public consultation part of it. They understand this. They are experienced in it. And I think they would see right through it if they thought that we were just going through the motions because a decision has already been made. They'd be able to tell. And so I'm satisfied that we are going through a very rigorous process to eventually make a decision whether to pursue an SMR in Saskatchewan or not.

I would just say the other thing too to keep in mind: in this highly regulated environment under the current federal government, we have very limited options. And so I'm completely satisfied that the folks at SaskPower are doing a tremendous job of consulting with the public, of doing their due diligence and do their homework.

And whoever will be sitting in my chair when the time comes to

make the next series of decisions on this will have all the information that they need because of the work that's been done by the people at SaskPower. I have absolute confidence in that. A decision has not been made, but when it comes time to making a decision, whoever is making that decision will have an abundance of information to make that decision.

**Ms. A. Young:** — Thank you, Minister. Has SaskPower evaluated the impacts of the Lake Diefenbaker irrigation project in its various phases on its hydro generation at all three hydro sites on the North and South Saskatchewan River?

**Hon. Mr. Duncan:** — Thanks for the question. So SaskPower works on an ongoing basis with the Water Security Agency, and they continue to work with them as the province is moving forward with additional irrigation in the province. You know, I would say the irrigation projects in and of themselves aren't cause for alarm from WSA [Water Security Agency] or SaskPower, in that the biggest contributors to river flow for Saskatchewan is precipitation in May and June of each year. So it really is dependent upon not, in and of itself, the irrigation projects moving forward, but what does ongoing precipitation look like in the out years.

**Ms. A. Young:** — It's interesting. So initial engineering assessments for the recently announced Westside irrigation project contemplated a power draw, just for that project, equivalent to — and forgive me; I didn't write down costs in power — but roughly 25 to 30 per cent of equivalency to the city of Saskatoon. Like it's fairly significant. You know, it's not working with gravity. That water's all getting pushed sideways, potentially. That would strike me as significant from SaskPower's perspective.

But I suppose maybe a straightforward question here. What is the reduction of hydro capacity as a consequence of the irrigation project? And is this specific to — forgive me; I've never said this one out loud and I think I'm going to say it really French — do we say Coteau here?

**A Member:** — Yeah.

**Ms. A. Young:** — Great, thank you. The Coteau Creek facility. Or is that to all three hydro facilities on this river system?

**Mr. Pandya:** — Thanks for the question, Member. So you know, as the minister indicated, we continue to work with WSA on the irrigation project and its impacts on our hydro facilities in particular. I think that that was the first part of your question. And the answer, you know, remains the same, which is at present there is no impact that we've modelled because of the irrigation projects on our hydro facilities, based on normal hydro years.

I would say in terms of the power requirements that you've laid out, those are speculative, again depending on size of that project. I think we've heard that, you know, we would require another 377-megawatt combined cycle gas plant to serve that need and potentially . . . And I'm not aware of the study you're looking at right there specifically referencing 30 per cent of the power needs of Saskatoon, but there would be other power requirements to facilitate irrigation. But I thought the question was specifically on the impact on our hydro facilities.

**Ms. A. Young:** — Sure. So then given that every cubic metre that's diverted, you know, having heard the answer, but every cubic metre that's diverted is unavailable for generation at not one, not two, but three facilities, has SaskPower financially accounted for the potential loss of generation or, you know, potential I suppose, opportunity costs at market price? And what would be that cost?

**Mr. Pandya:** — Okay. Thanks for the question again, Member. So again, you know, we continue to work with Water Security Agency on the impacts of irrigation on all of our hydro facilities. At present we have no impacts that have been modelled against our hydro facilities, and we'll continue to work with them. And if and when those impacts become known, we're happy to share them.

**Ms. A. Young:** — Great. Thank you. In last year's CCA [Crown and Central Agencies] meeting on May 3rd, Minister Morgan indicated that the hydro facility at Diefenbaker didn't operate for a significant portion of the 2022 year and that this was backfilled by coal and natural gas, the fuel costs of which contributed to the financial duress SaskPower found itself in at that time.

So are there projected costs associated with fuel and purchase power to compensate for potentially another low-water year or lack of hydro capacity going forward? And is there an associated carbon tax charge that the utility will be paying if they're forced to backfill hydro with emitting power?

[21:15]

**Mr. Pandya:** — Thanks again for the question, Member. If I understand your question, it was in reference to last year's low hydro and its impact on SaskPower. And the answer to the question I think is in *Hansard* from last year. But it is absolutely true that if there's lower hydro and lower production on our hydro facilities, that that will result in a different fuel mix that's supplied. And if that fuel mix happens to include emitting fuels, then there's a carbon tax requirement on that fuel going forward. But we wouldn't speculate on what those hydro flows would look like based on what the minister has already said with respect to May and June rains.

**Ms. A. Young:** — Thank you. I'm going to quickly enter what I'm going to call the random questions portion of my evening, looking at the time, so forgive me for the general incoherence from Q [question] to Q here.

I do have a specific question about the WBE [Women Business Enterprises Canada Council] program for women entrepreneurs. Forgive me. I forget what the acronym stands for, but I understand it's a cost of 1,000, \$1,200 for any woman-owned business to be recognized as such. My understanding is that participants pay that fee to a federal third party and then are accorded if they're accredited — forgive me if that's not the right language — of two and a half additional points for procurement, in the procurement process. Forgive me.

What's the feedback that you've heard from participants on this? Are women-owned businesses happy about paying, you know, \$1,000 or whatever it is to prove that they're female-owned businesses? And did SaskPower ever contemplate doing something like using the ISC [Information Services Corporation

of Saskatchewan] registry to provide this free of charge to women-owned businesses in the province?

**Ms. Brown:** — Rhea Brown, SaskPower. Thank you for the question. So the question is on our women-owned business program and the certification process. What I can share on this is that although there is a fee for our women entrepreneurs in Saskatchewan to get certified through WBE, some of the feedback that we have received has been positive in the way that this opens doors for Saskatchewan entrepreneurs to work across Canada.

So in fact one of our big supplier success stories is a local women-owned construction company, Breck Construction, that recently won a Canadian award through WBE, and this is opening doors for their construction company throughout Canada. WESK is a local women-owned business . . . Women Entrepreneurs Saskatchewan; pardon me. And WESK looks at Saskatchewan-only women entrepreneurs.

But within our supply chain it's much bigger than just Saskatchewan. Our supply chain is global, so we need accreditation means that can look beyond our province.

**Hon. Mr. Duncan:** — I'll just add that one of the challenges, because I know it was raised with me by one of your colleagues a couple of weeks ago, one of the challenges with having an organization like WESK do the, essentially, certification is that there's no guarantee that that's recognized out of the province.

**Ms. A. Young:** — For sure.

**Hon. Mr. Duncan:** — So it limits the ability for women entrepreneurs to be able to bid on work outside of the borders of Saskatchewan, which Ms. Brown has indicated. We've seen some really good success from women entrepreneurs that have been successful not only here in Saskatchewan, but outside of Saskatchewan as well.

**The Chair:** — I'll just remind members we have just under 10 minutes remaining in this session.

**Ms. A. Young:** — Sad, thank you. I will then bring up my willingness to receive any information at a later date. But can you advise on the number of gigawatt hours sold to each of your six major customer classes in '23-24, and the projected gigawatt hour sales SaskPower is forecasting for '24-25?

**Mr. King:** — I'll have to take this in steps here. I'll have to flip through different pages here. But if we start for '23-24, I'll give you the forecast because I don't have the final numbers for the last month of the year.

So on residential, 3243 gigawatt hours; for commercial, 3757 gigawatt hours; oil fields, 4291 gigawatt hours; the Power Class, 10 514 gigawatt hours; farm, 1317 gigawatt hours; and reseller, 1148 gigawatt hours.

So in terms of the budget for '24-25, which I think was your second question, residential is 3387 gigawatt hours; farm, 1310 gigawatt hours; commercial, 3863 gigawatt hours; oil field, 4441 gigawatt hours; our Power Class, 10 395 gigawatt hours; and our reseller, 1179 gigawatt hours. And that's our budget.

**Ms. A. Young:** — Thank you very much. Can you speak to the changes that were made to the open access transmission tariff last year, and what the implications are for how the Crown does business?

**Mr. King:** — Maybe before I give you an answer, I'll just clarify your question. In terms of changes to OATT [open access transmission tariff], are you referring to the intra-provincial transmission tariff that SaskPower is introducing on a pilot basis as part of our renewable access service or RAS program?

**Ms. A. Young:** — I don't know. I understood there were more significant changes than just that one made.

**Mr. King:** — No, that's the major change that has been made is we're introducing a program that is going to allow customers to work with third parties to build renewables.

**Ms. A. Young:** — Forgive me. Yeah. Forgive me.

**Mr. King:** — Is that what we're talking about?

**Ms. A. Young:** — Yes. Thank you.

**Mr. King:** — Yes. So it's called the intra-provincial transmission tariff program, so it's separate from OATT. OATT is a program for customers outside Saskatchewan to wheel power either into Saskatchewan or across, so for example Manitoba to Alberta. The IPTT [intra-provincial transmission tariff] program has been developed to allow for transmission within the province.

So as part of our ongoing process for the energy transition, customers are looking to build their own self-generation. This is going to facilitate large industrial customers finding third parties to potentially build and own and operate renewable generation. SaskPower will act as an agent to wheel that power from the location to the customer's place of service. And the IPTT is really the program that allows for us to charge for that service of enabling those renewables and moving that power from the source to the consumer.

**Ms. A. Young:** — Okay. Thank you. Probably my last question of the night — we'll find out. Looking at SaskPower's *Achieving Sustainability Through Collaboration: Corporate Responsibility & Sustainability Report*, there's a precipitous drop in '26-27 when it comes to emissions. And again this occurs in 2035. Is this attributed to the phase-out of conventional coal? And is SaskPower still planning for the phase-out of its conventional coal-generating facilities?

**Hon. Mr. Duncan:** — That's correct. The 2027 date is Shand . . . or sorry, is BD6 [Boundary dam 6] coming offline, so it represents the drop in emissions from that.

**Ms. A. Young:** — Thank you. And then looking at the same task force on climate-related . . . or pardon me, looking at the same report, the task force on climate-related financial disclosures, can you maybe explain to me some of the risks identified by SaskPower?

Looking at the climate change risks identified in this document, the risks include the closure of coal-generating assets, the clean electricity regs, and the carbon tax. You know, and obviously we

can canvass our agreement of the appropriateness of some of these things, but I'm curious about reconciling those as climate change risks. So can you walk me through that as well as how that's consistent with the utility standing as a sustainability electricity leader designation?

[21:30]

**Hon. Mr. Duncan:** — Aleana, sorry, what page is that on?

**Ms. A. Young:** — I was on page 46 of the *Corporate Responsibility & Sustainability Report*.

**Mr. Pandya:** — Thank you for that question, Member. So what we've endeavoured to do is to identify what are short-term risks and short-term opportunities relative to a range of risk factors. So maybe I could just walk through them in a little bit of detail and just explain.

**Ms. A. Young:** — Sure.

**Mr. Pandya:** — So the environmental regulation, there's a significant uncertainty with respect to the clean electricity regulations and what ultimately will be the stringencies that are prescribed in that regulation. And those create risk with respect to investment decisions that the utility makes going forward on a whole host of issues, but in particular will impact our modelling of federal carbon tax payments, etc.

Extreme weather is obviously an inherent risk of climate change and something we identify in and of itself. The opportunities are a federal-provincial equivalency agreement. So in April of '24 the equivalency agreement is up, and we're currently in the process of renegotiating that to ensure that we have certainty with respect to how we are moving forward with respect to reduction of emissions and how we are planning on hardening all of our assets against extreme weather risks.

Medium-term risks, again those continue to be environmental regulations, in particular the clean electricity regulations and the path that they'll lay out for us. And I've already covered off what those risks look like. The opportunities are to move baseload power sources to natural gas. And this is really our transition from coal to natural gas on our path to other non-emitting baseload technologies. We've talked about nuclear, hydro, carbon capture, and natural gas. And so that's the medium-term mitigation to that medium-term risk.

And then the long term is that there's potentially more stringent natural gas regulations that are emerging from the federal government, or future federal carbon taxes. We only have certainty until 2030 and the \$170 a tonne. And so the question is, what if it's \$240 or \$280 a tonne? And so really the opportunity there is to grow renewables and other clean generation options to mitigate against that particular risk. Does that answer your question?

**Ms. A. Young:** — I think we'll leave it there. Thank you.

**The Chair:** — Thanks very much. Having reached our agreed-upon time for consideration of SaskPower estimates today, we will adjourn consideration of these estimates. Mr. Minister, did you have any closing comments?

**Hon. Mr. Duncan:** — Yeah, very briefly, knowing the time. I just want to thank the committee and Ms. Young for your questions. As well, I do want to thank the officials that are here this evening and have provided not just a great deal of support this evening but in all the days that led up to this, and to the thousands of employees that they represent that do a great job each day and day out on behalf of the people of this province.

I will just say, this will be my last SaskPower estimates as minister, assuming you don't call us back for another hour or something. But I would just say that it has been an absolute honour and privilege to be the Minister Responsible for SaskPower on two occasions now, and I consider it one of the greatest honours that I've had over the last 18 years. And I thank the women and men of SaskPower who have made that possible. Thank you.

**The Chair:** — Very good. Ms. Young.

**Ms. A. Young:** — God, I hate speaking after that, but I'd echo my thanks and appreciation to yourself, Mr. Chair, to the committee members, to the minister, to the officials present as well as everyone at SaskPower who spent their time, their energy and anxiety in preparing for tonight and ensuring that the utility does their best to remain on track. And also to you, Minister. What a cool portfolio, and what a remarkable opportunity you've had to serve in this role and I appreciate that. So my congratulations.

**The Chair:** — Thanks very much to all members. And I must say thank you for your cordial and professional decorum today. I recently sat through a federal House of Commons committee and there was more points of order and all of that. So I think getting down to business and doing it in a professional and courteous way is a great way to do it.

That concludes our business for today. I would ask a member to move a motion of adjournment. Mr. Skoropad has moved. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. This committee stands adjourned until Wednesday, April 17th at 3:30 p.m. Thank you.

[The committee adjourned at 21:35.]