



MID-APPLICATION UPDATE

[2026 and 2027 RATE APPLICATION]



1.0 Overview

SaskPower filed a two-year rate application requesting system average rate increases of 3.9% effective February 1, 2026, and 3.9% effective February 1, 2027. The February 1, 2026, increase was approved on an interim basis. A regular element of the rate application process is a review of the underlying assumptions presented in the initial rate application. The original rate application was based on information as of December 2025. The Mid-Application Update compares the initial rate application submission to the most recent financial forecast that aligns with the release of the provincial budget in March 2026.

Net income

The original rate application forecasted a net loss of \$147 million in 2025-26 and a net income of \$79 million in 2026-27. Returns on equity (ROE) were initially -5.2% and 2.8% respectively. SaskPower's forecasted net loss in 2025-26 increased to \$187 million in the revised forecast, driven largely by a decrease in Saskatchewan sales and an increase in fuel and purchased power costs. This was partially offset by decreased OM&A expense. The revised ROE for 2025-26 is -6.6%. In 2026-27, the net income forecast increased \$59 million to \$138 million. The 2026-27 increase was driven by higher Saskatchewan electricity sales revenue and decreases in taxes and finance charges, partially offset by an increase in fuel and purchased power expense. The revised 2026-27 ROE forecast is 4.9%.

Revenue and load

SaskPower's 2025-26 Saskatchewan electricity sales forecast decreased by \$33 million in the Mid-Application Update. Forecasted sales volumes decreased in most customer classes, with the exception of farm and reseller classes. The decrease in forecasted 2025-26 Saskatchewan electricity sales revenue was largely driven by decreases in power and commercial customer classes. In 2026-27, SaskPower increased the forecasted Saskatchewan electricity sales revenue due to increased load resulting for the addition of a data centre in the latter part of the fiscal year. The project is expected to add an additional 404 GWh of load in 2026-27, resulting in an increase of \$34 million to forecasted sales revenue in the power customer class.

Expense

SaskPower's forecasted expenses for 2025-26 were \$19 million higher than initially forecast, largely driven by higher carbon tax expense, depreciation and other expense. Decreases to fuel and purchased power volumes and OM&A partially offset the increased expenses. The 2026-27 forecast saw a decrease in total expenses. Most of the decrease in expense was due to a reduction in taxes resulting from a change in the corporate capital tax rate for large Crown corporations. This was partially offset by an increase to fuel expense that will be required to serve the new data centre load.

Conclusion

The net impact of these changes results in a higher net loss in 2025-26 and a higher net income in 2026-27. Regardless of the changes to the 2025-26 and 2026-27 forecasts, the results fall well short of SaskPower's long-term ROE target of 8.5% and SaskPower recommends that the rate increases proposed in the initial rate application be approved as requested.

2.0 Financial requirements update

The following section provides a comparison between the initial rate application and the Mid-Application Update forecast for fiscal 2025-26 and 2026-27.

2.1 FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF INCOME						
<i>(in millions)</i>	Mid-application update 2025-26	Initial submission 2025-26	Variance	Mid-application update 2026-27	Initial submission 2026-27	Variance
REVENUE						
Saskatchewan electricity sales	\$ 2,889	\$ 2,922	\$ (33)	\$ 3,141	\$ 3,107	\$ 34
Federal carbon charge rate rider	-	-	-	-	-	-
Government of Saskatchewan funding	187	187	-	175	175	-
Exports	63	52	11	65	65	-
Other revenue	133	132	1	179	179	-
	3,272	3,293	(21)	3,560	3,526	34
EXPENSE						
Fuel and purchased power	1,001	1,009	(8)	1,138	1,123	15
Clean Electricity Transition Grant	(175)	(175)	-	-	-	-
OBPS carbon charge	385	368	17	-	-	-
Operating, maintenance & administration	944	947	(3)	987	987	-
Depreciation	680	675	5	712	712	-
Finance charges	465	463	2	456	458	(2)
Taxes	106	105	1	76	114	(38)
Other expenses	53	48	5	53	53	-
	3,459	3,440	19	3,422	3,447	(25)
NET INCOME (LOSS)	\$ (187)	\$ (147)	\$ (40)	\$ 138	\$ 79	\$ 59
RETURN ON EQUITY	(6.6%)	(5.2%)	(1.4%)	4.9%	2.8%	2.1%

SaskPower is forecasting a net loss of \$187 million in 2025-26 and a net income of \$138 million in 2026-27. The forecasted net loss increased to \$187 million in 2025-26 driven largely by a decrease in Saskatchewan electricity sales and higher carbon tax expenses, partially offset by higher export volumes.

The 2026-27 increase in net income is largely driven by two changes from the initial rate application submission: Higher revenue through increased sales volumes from the data centre project (partially offset by increased fuel costs), and a decrease in the corporate capital tax rate. Return on equity (ROE) is forecasted to decrease to -6.6% in 2025-26 but will reach 4.9% in 2026-27 as a result of the improved net income forecast.

The anticipated changes in SaskPower's revenues and expenses are explained in detail in the following sections.

2.2 REVENUE

REVENUE								
	Mid-application update		Initial submission		Mid-application update		Initial submission	
(in millions)	2025-26	2025-26	Variance	2026-27	2026-27	Variance		
Saskatchewan electricity sales	\$ 2,889	\$ 2,922	\$ (33)	\$ 3,141	\$ 3,107	\$ 34		
Federal carbon charge rate rider	-	-	-	-	-	-		
Government of Saskatchewan funding	187	187	-	175	175	-		
Exports	63	52	11	65	65	-		
Other revenue	133	132	1	179	179	-		
TOTAL REVENUE	\$ 3,272	\$ 3,293	\$ (21)	\$ 3,560	\$ 3,526	\$ 34		

2.2.1 Saskatchewan customer revenues

SASKATCHEWAN SALES						
(in millions)	Mid-application update 2025-26	Initial submission 2025-26	Variance	Mid-application update 2026-27	Initial submission 2026-27	Variance
SASKATCHEWAN SALES						
Residential	\$ 644	645	(1)	644	644	-
Farm	195	194	1	197	197	-
Commercial	565	576	(11)	560	560	-
Oilfields	473	476	(3)	496	496	-
Power customers	892	912	(20)	1,001	970	31
Reseller	101	100	1	104	104	-
	2,870	2,903	(33)	3,002	2,971	31
Revenue lift due to rate increase	19	19	-	139	136	3
SASKATCHEWAN ELECTRICITY SALES	\$ 2,889	\$ 2,922	\$ (33)	\$ 3,141	\$ 3,107	\$ 34

ENERGY SALES VOLUME						
(in GWh)	Mid-application update 2025-26	Initial submission 2025-26	Variance	Mid-application update 2026-27	Initial submission 2026-27	Variance
SASKATCHEWAN SALES						
Residential	3,292	3,299	(7)	3,291	3,291	-
Farm	1,282	1,275	7	1,298	1,298	-
Commercial	3,781	3,886	(105)	3,768	3,768	-
Oilfields	4,329	4,361	(32)	4,498	4,498	-
Power customers	10,371	10,624	(253)	11,893	11,489	404
Reseller	1,114	1,106	8	1,145	1,145	-
TOTAL SASKATCHEWAN SALES VOLUME	24,169	24,551	(382)	25,893	25,489	404

The Mid-Application Update is forecasting a reduction in Saskatchewan sales volumes from the initial application for 2025-26. The 382 GWh decrease is largely driven by lower sales volume in power and commercial customer classes. The reduced sales volumes result in a \$33 million decrease from the forecasted Saskatchewan sales revenue in the initial application.

In 2026-27, SaskPower is forecasting an extra 404 GWh in sales volume attributable to the data centre near Regina coming online toward the end of 2026-27. The increased data centre load results in a forecasted increase in revenue of \$34 million.

2.2.2 Export and electricity trading revenue

EXPORTS						
	Mid-application update 2025-26	Initial submission 2025-26	Variance	Mid-application update 2026-27	Initial submission 2026-27	Variance
EXPORTS	\$ 63	\$ 52	\$ 11	\$ 65	\$ 65	-

An increase in export volumes from 840 GWh to 953 GWh results in higher export revenue of \$11 million in the mid-application update forecast for 2025-26. The export revenue and volumes remain unchanged in the 2026-27 forecast.

2.2.3 Other revenue

OTHER REVENUE						
<i>(in millions)</i>	Mid-application update 2025-26	Initial submission 2025-26	Variance	Mid-application update 2026-27	Initial submission 2026-27	Variance
CO ₂ sales	\$ 17	\$ 17	\$ -	\$ 18	\$ 18	-
Customer contributions	80	80	-	124	124	-
Miscellaneous revenue	36	35	1	37	37	-
TOTAL OTHER REVENUE	\$ 133	\$ 132	\$ 1	\$ 179	\$ 179	-

The other revenue forecast remained relatively flat through 2025-26 and 2026-27 in the Mid-Application Update.

2.3 EXPENSES

EXPENSES

<i>(in millions)</i>	Mid-application update 2025-26		Initial submission 2025-26		Mid-application update 2026-27		Initial submission 2026-27		Variance			
EXPENSES												
Fuel and purchased power	\$	1,001	\$	1,009	\$	(8)	\$	1,138	\$	15		
Clean Electricity Transition Grant		(175)		(175)		-		-		-		
OBPS carbon charge		385		368		17		-		-		
Operating, maintenance & administration		944		947		(3)		987		-		
Depreciation		680		675		5		712		-		
Finance charges		465		463		2		456		(2)		
Taxes		106		105		1		76		(38)		
Other		53		48		5		53		-		
TOTAL EXPENSES	\$	3,459	\$	3,440	\$	19	\$	3,422	\$	3,447	\$	(25)

2.3.1 Fuel and purchased power (F&PP)

FUEL AND PURCHASED POWER

<i>(in millions)</i>	Mid-application update 2025-26		Initial submission 2025-26		Mid-application update 2026-27		Initial submission 2026-27		Variance			
FUEL AND PURCHASED POWER												
Gas	\$	336	\$	339	\$	(3)	\$	412	\$	397	\$	15
Coal		314		311		3		353		353		-
Imports		165		169		(4)		176		176		-
Wind		121		125		(4)		124		124		-
Hydro		18		18		-		24		24		-
Solar		10		11		(1)		13		13		-
Other		37		36		1		36		36		-
TOTAL FUEL AND PURCHASED POWER	\$	1,001	\$	1,009	\$	(8)	\$	1,138	\$	1,123	\$	15

FUEL AND PURCHASED POWER VOLUME

<i>(in GWh)</i>	Mid-application update 2025-26		Initial submission 2025-26		Mid-application update 2026-27		Initial submission 2026-27		Variance			
FUEL AND PURCHASED POWER												
Gas		12,667		13,034		(367)		12,152		11,714		438
Coal		6,528		6,244		284		7,813		7,813		-
Imports		1,819		1,866		(47)		1,953		1,953		-
Wind		2,758		2,856		(98)		2,913		2,913		-
Hydro		2,680		2,727		(47)		3,582		3,582		-
Solar		121		125		(4)		146		146		-
Other		182		188		(6)		251		251		-
FUEL AND PURCHASED POWER VOLUME		26,755		27,040		(285)		28,810		28,372		438

F&PP volumes decreased by 285 GWh in the Mid-Application Update due to lower forecasted generation volumes. SaskPower is forecasting decreases in all fuel categories except coal. The lower overall generation volumes resulted in lower fuel costs in the Mid-Application Update. In 2026-27, SaskPower is forecasting additional fuel volumes and higher F&PP expense because of the data centre that will go in service later in 2026-27.

2.3.2 Operating, maintenance and administration (OM&A)

OPERATING, MAINTENANCE AND ADMINISTRATION

<i>(in millions)</i>	Mid-application update 2025-26		Initial submission 2025-26		Variance		Mid-application update 2026-27		Initial submission 2026-27		Variance	
TOTAL OM&A	\$	944	\$	947	\$	(3)	\$	987	\$	987	\$	-

SaskPower's OM&A forecast decreased slightly in the Mid-Application Update for 2025-26. In 2026-27, the OM&A forecast remained flat.

2.3.3 Capital-related expenses

Depreciation

DEPRECIATION AND AMORTIZATION

<i>(in millions)</i>	Mid-application update 2025-26		Initial submission 2025-26		Variance		Mid-application update 2026-27		Initial submission 2026-27		Variance	
DEPRECIATION AND AMORTIZATION												
Depreciation	\$	629	\$	624	\$	5	\$	661	\$	661	\$	-
Amortization of right-of-use assets		51		51		-		51		51		-
TOTAL DEPRECIATION AND AMORTIZATION	\$	680	\$	675	\$	5	\$	712	\$	712	\$	-

The depreciation forecast remained relatively flat through the application years.

Finance charges

FINANCE CHARGES

<i>(in millions)</i>	Mid-application update 2025-26		Initial submission 2025-26		Variance		Mid-application update 2026-27		Initial submission 2026-27		Variance	
FINANCE CHARGES												
Interest on borrowings	\$	521	\$	518	\$	3	\$	549	\$	551	\$	(2)
Interest capitalized		(50)		(48)		(2)		(70)		(70)		-
Debt retirement fund earnings		(30)		(31)		1		(42)		(42)		-
Other interest and charges		24		24		-		19		19		-
TOTAL FINANCE CHARGES	\$	465	\$	463	\$	2	\$	456	\$	458	\$	(2)

Finance charges are forecasted to stay relatively flat, increasing by \$2 million in 2025-26 and decreasing by \$2 million in 2026-27. The increased net loss forecast in 2025-26 results in increased borrowing requirements, while the improved net income forecast in 2026-27 has the opposite effect on finance charges in the Mid-Application Update.

Taxes

TAXES

<i>(in millions)</i>	Mid-application update 2025-26		Initial submission 2025-26		Variance		Mid-application update 2026-27		Initial submission 2026-27		Variance	
TAXES												
Corporate capital tax	\$	71	\$	70	\$	1	\$	38	\$	76	\$	(38)
Grants in lieu		34		34		-		37		37		-
Other		1		1		-		1		1		0
TOTAL TAXES	\$	106	\$	105	\$	1	\$	76	\$	114	\$	(38)

In the Mid-Application Update, taxes are forecasted to remain relatively flat in 2025-26 but decrease significantly in 2026-27. The Government of Saskatchewan halved the corporate capital tax rate in 2026-27 from 0.6% to 0.3% for large Crown corporations. The tax cut results in a \$38 million decrease in tax expense in 2026-27.

Other expense

OTHER EXPENSES

<i>(in millions)</i>	Mid-application update 2025-26		Initial submission 2025-26		Variance		Mid-application update 2026-27		Initial submission 2026-27		Variance	
OTHER EXPENSES	\$	53	\$	48	\$	5	\$	53	\$	53	\$	-

Other expenses are largely made up of gains or losses on asset disposals and retirements, as well as inventory adjustments and environmental expenses. The other expense forecast in 2026-27 did not change from the rate application submission.

2.4 Capital

CAPITAL SPENDING

<i>(in millions)</i>	Mid-application update 2025-26	Initial submission 2025-26	Variance	Mid-application update 2026-27	Initial submission 2026-27	Variance
CAPITAL SUSTAINMENT INVESTMENT						
Generation	\$ 232	\$ 224	\$ 8	\$ 155	\$ 155	\$ -
Transmission	131	140	(9)	139	139	-
Distribution	212	219	(7)	284	304	(20)
Other	103	105	(2)	112	112	-
TOTAL SUSTAINMENT INVESTMENT	678	688	(10)	690	710	(20)
GROWTH & COMPLIANCE INVESTMENT						
Generation	730	728	2	487	487	-
Transmission	142	150	(8)	359	359	-
Distribution	16	17	(1)	20	20	-
Customer Connects	241	242	(1)	191	191	-
TOTAL GROWTH & COMPLIANCE INVESTMENT	1,129	1,137	(8)	1,057	1,057	-
TOTAL STRATEGIC & OTHER INVESTMENT	116	114	2	63	63	-
Future Electricity Fund	(149)	(149)	-	(118)	(118)	-
Other Funding	(2)	(3)	1	(20)	(20)	-
TOTAL CAPITAL SPENDING	\$ 1,772	\$ 1,787	\$ (15)	\$ 1,672	\$ 1,692	\$ (20)

SaskPower's capital spending forecast did not change significantly, decreasing by \$15 million for 2025-26 in the Mid-Application Update on nearly \$1.8 billion in forecasted spending. Capital spending in 2026-27 decreased by \$20 million. Forecasted sustainment spending in Distribution decreased by \$20 million in 2026-27 through a reduction in the Rural Underground Distribution (RUD) program.

3.0 Mid-Application Update Summary

The net impact of the updated forecast for 2025-26 is an increase in net loss to \$187 million. SaskPower's revised ROE forecast for 2025-26 is -6.6%. In 2026-27, net income is forecasted to increase from \$79 million to \$138 million, and an improved ROE to 4.9%.

Based on the updated projections, SaskPower continues to recommend that the rate increases be approved as requested in the initial submission.