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SaskEnergy

2003 CORPORATE SOCIAL RESPONSIBILITY REPORT

When SaskEnergy reports on its corporate social responsibility activities each year, one objective is consistently clear: to do better.

Improving our numbers or percentages is only one part – and is often seen as the key to our reporting. However, things that can't be measured, such as attitudes and opinions, are no less important to us just because they can't be charted or tracked explicitly. A balanced focus on both the measurables and the intangibles in fact makes or breaks a company's success as a good corporate citizen.

SaskEnergy's 2003 Corporate Social Responsibility Report paints the entire picture – it celebrates our successes, tracks our progress and outlines areas that need improvement. Through this level of disclosure and a commitment to do better where we can, we will help enrich Saskatchewan, making this a better place to live, to work, and to raise a family.

Through our energy we can deliver a better future.

ENERGIZING OUR COMMUNITIES

For the past five years SaskEnergy has supported KidSport™ Saskatchewan, a non-profit organization that helps underprivileged children participate in sports. To date we've raised more than \$156,000. During 2003 we took this commitment one step further through a unique "Line Up With the Legends" event involving employees, corporate participants, and a few Saskatchewan Roughrider greats. Twelve teams and 'Rider' legends like Roger Aldag, Cleveland Vann, Bob Poley and Don Narcisse raised \$28,000 for KidSport, and ran an obstacle course for football fans during half-time at the Rider home game on September 28. Team TransGas, shown below, won a prize for raising the most funds for KidSport.



Pictured (left to right): James Gates, Peter MacLachlan, Roger Aldag, Tanya Lang, Scott Terlson and Daryl Posehn.

ENERGIZING OUR COMMUNITIES

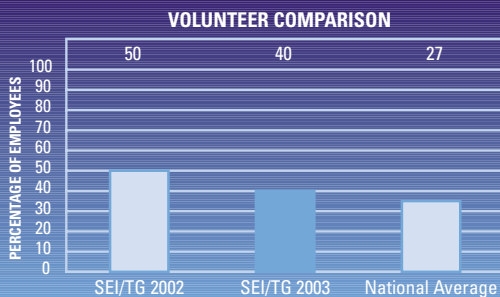
STRENGTHENING OUR COMMUNITIES

Objectives	Measures	Actual 2003	Target 2003	Target 2004	Target 2005	Target 2006	Target 2007	Target 2008
Demonstrate a philosophy of Corporate Social Responsibility	Community Relations Investment (\$ millions)	1.45	1.31	1.49	1.54	1.58	1.63	1.68
	Number of Projects Funded	1,334	900	1,300	1,300	1,300	1,300	1,300
	Number of Communities Impacted	270	200	270	270	270	270	270
	Volunteer Hours Donated by SaskEnergy/TransGas Employees	4,387	4,400	4,400	4,400	4,400	4,400	4,400

To build better communities and a stronger Saskatchewan, we engage the talent, dedication and enthusiasm of our employees. We also remember that as a good corporate citizen, we channel our support throughout the province. Saskatchewan is first and foremost our home.

People

Employee volunteerism levels are strong at SaskEnergy/TransGas, proving that when employees believe in what you're doing, they'll stand behind you. Our employees make a direct correlation between the company they work for and the communities in which they live, understanding that if they do their part to make things better



ENERGIZING OUR COMMUNITIES

where they live, then they too will benefit. It's the ultimate win-win situation.

In the spirit of friendliness and enthusiasm, more than 150 SaskEnergy/TransGas employees volunteered during the 2003 Grey Cup in Regina. As the official sponsor of Grey Cup volunteers, SaskEnergy encouraged our employees to get involved and demonstrate Saskatchewan's hospitality at its finest. From organizing a volunteer appreciation night for 3,000 people, to working at many festivities in the days leading up to the game, our employees helped make this one of the best Grey Cups ever.

The 2003 SaskEnergy Share the Warmth Recycling Project was one of the most memorable in history, a fitting achievement for the program's 10th anniversary. Through the support, commitment and generosity of our employees, partners, community groups and fellow Saskatchewan people, more than 650,000 pieces of clean and usable clothing have been shared with less fortunate people in this Province over the past decade. In 2003 alone, almost 110,000 warm fuzzies were collected!

Thanks, Saskatchewan!

91% of employees polled through a Hewitt survey of top Canadian employers in 2003 say SaskEnergy creates something that adds value to our community. More than 90% also agree our company acts as a good corporate citizen in the community. These figures placed SaskEnergy above the average recorded by the top 50 employers in Canada.



Students at Lakeview School in Regina and Saskatoon helped kick-off the 2003 Share the Warmth Sweater Recycling Campaign and celebrate the 10-year success of the program. This year's theme was "Kids Helping Kids."

ENERGIZING OUR COMMUNITIES

The Canadian Centre for Philanthropy recommends that interested companies dedicate a minimum of 1% of pre-tax profits to community and social initiatives each year. Many organizations voluntarily choose to surpass this target.

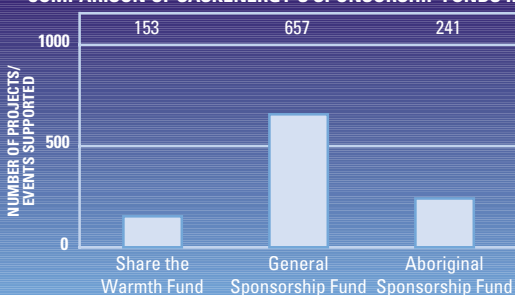
	2003 (actual)	2003 (target)	2004 (target)
Total SaskEnergy Community Relations investment	\$1,449,459	\$1,312,200	\$1,493,000
% of Budgeted annual profits	2.57%	2.4%	2.3%

Places

With more than 500 communities in Saskatchewan, spreading our support to as many places as possible is a cornerstone of our community relations program.

Our three sponsorship funds help us reach that objective. The Share the Warmth Fund channels support to events and activities in smaller areas across the Province. Our General Sponsorship Fund supports larger initiatives, and our Aboriginal Sponsorship Program targets activities and organizations that improve the quality of life for Aboriginal people in the Province.

COMPARISON OF SASKENERGY'S SPONSORSHIP FUNDS IN 2003



ENERGIZING OUR COMMUNITIES

Examples of some of the more than 1,300 events and organizations supported by SaskEnergy and TransGas in the priority areas of Education, Community Initiatives, and Saskatchewan Excellence around the Province include:

- Prince Albert Conservation Learning Centre;
- Saskatchewan First Nations Summer Games at Flying Dust First Nation near Meadow Lake;
- Kindersley Junior Klipper Beef Rally;
- Maple Creek Scouting Association;
- Saskatoon Exhibition FirePower Competition for Saskatchewan volunteer firefighters;
- Back to Batoche Days for the Métis Nation;
- Annual provincial My Favorite Book contest for the Saskatchewan Library Association;
- Regina Globe Theatre Lanterns on the Lake Family Festival;
- Rural Women's Achievement Awards in Humboldt; and
- Summer Sizzle Community Barbecue fundraiser for Cudworth School.



GROW WITH US

For more information about our community relations programs, including information on how you can apply to the SaskEnergy Share the Warmth Fund, please visit our website at www.saskenergy.com/community/fund.htm, or call (306) 777-9378.



To help address the BSE crisis and support the Canadian beef industry, TransGas and other natural gas producers purchased \$27,000 worth of beef and donated it to six charities in southern Saskatchewan.

ENERGIZING OUR PEOPLE

Our Leadership Development Program (LDP) provides employees with the tools and techniques they'll need as they develop and grow into the leaders of tomorrow. Launched in 1998, this program represents an investment worth about \$10,000 per participant, helping prepare these future leaders for the challenges and responsibilities they will experience as they progress through the company. Pictured below are members of the fifth LDP group. For the first time, participation in the LDP Group - which includes four weeks of classroom instruction, personal development courses and business project work – was extended to people from companies with a business relationship to SaskEnergy.



ENERGIZING OUR PEOPLE

STRENGTHENING OUR COMMUNITIES								
Objectives	Measures	Actual 2003	Target 2003	Target 2004	Target 2005	Target 2006	Target 2007	Target 2008
Demonstrate a philosophy of Corporate Social Responsibility	Diversity Hires	49%	32%	34%	35%	35%	35%	35%
	Representative Workforce	Percentage (%) for the following to be calculated yearly on December 31st.						
	Aboriginal	9%	9.7%	10%	10.5%	11%	11.5%	12%
	Women	42%	40%	40%	40%	40%	40%	40%
	People with Disabilities	4%	4.4%	4.4%	5%	5.5%	6%	6.5%
	Visible Minorities	2%	1.3%	2%	2.5%	3%	3.5%	4%
INSPIRED PEOPLE								
Employees will work in a safe, healthy and rewarding environment	Lost Time Frequency Rate	1.28	0	0	0	0	0	0
	Preventable Vehicle Collision Frequency Rate	2.73	0	0	0	0	0	0
	Percentage of Employees Who Receive Enhanced Training	80%	80%	80%	80%	80%	80%	80%

Building a stronger company starts from the inside. Our Human Resources focus is to leverage the competitive advantage of our people through flexible, innovative programs. This enhances our employees' performance and optimizes shareholder value.

Strengthening our Workforce

Within the next decade or so, a major percentage of Canada's workforce will retire. This evolution of sorts makes it imperative for all companies, including SaskEnergy,

ENERGIZING OUR PEOPLE

to start competing for the next generation of workers. Trades, in particular, is one area where SaskEnergy and TransGas will need qualified men and women to fill the gap left behind as the babyboomers begin to retire.

To address this issue, SaskEnergy knows it must be seen as an attractive, progressive employer... not only offering competitive salaries, but also exciting job opportunities, good benefits, and a supportive environment where all employees can learn and grow. Working with Thom Collegiate in Regina, the Communications Energy and Paperworkers (CEP) Union Local 649, the Saskatchewan Institute of Applied Science and Technology (SIAST), and the Saskatchewan Labour Force Development Board, we launched a pilot project in 2003 called the Trades N' Training Program (TNT). Work placements for Grade 10 Thom Students will provide them with practical, hands-on training in our trades areas, and will complement their math and science courses. Our goal is to encourage these future leaders to stay in school, to stay in Saskatchewan, and to prepare themselves for future careers at SaskEnergy/TransGas.

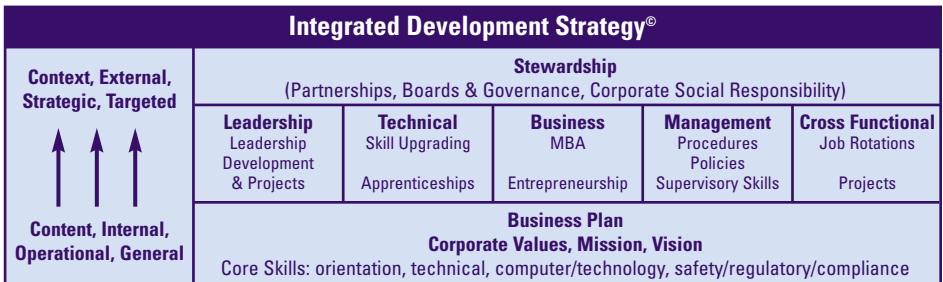
Internally, we're training our existing workforce through a number of developmental programs that tap into the knowledge, experience and growth potential of our people. In addition to a wide array of annual developmental programs, we also offer the Supervisory Tools and Techniques Program to all Supervisors in the company to grow their skills. As the next natural step in the progression of leadership training following the basic Leadership Development Program (LDP), SaskEnergy also offers a Leadership Excellence Program (LEP). In 2003, SaskEnergy graduated its first LEP class: nine SaskEnergy/TransGas employees who embarked on a two-year succession program to hone their leadership skills and ready themselves for the future through practical training and tools. Participants focused on assessment, feedback, coaching and customized learning plans.

ENERGIZING OUR PEOPLE

For three consecutive years we've invested 1.5% of our total payroll in our people. Our annual people investment ranges from \$700 - \$1,000 per person, per year.

We also provide our employees with training experiences outside the company. “Share the Learning,” which was launched in 2003, allows SaskEnergy to share its training positions with other organizations on a cost-recovery basis. Five successful pilot projects took place involving four primary groups of stakeholders: Strategic Business Partners and key account customers; other Crowns and government agencies; other businesses; as well as community and non-profit groups. The success of this program has spread rapidly – individuals of 150 companies in Saskatchewan have expressed an interest in participating in future “Share the Learning” opportunities.

Through our Integrated Development Strategy, we provide a framework and focus for people’s development activities. This model is intended to show, at-a-glance, the relationships between different types of development encouraged at different levels in the organization.



ENERGIZING OUR PEOPLE

Diversity a Priority – a Part of Saskatchewan

Studies and statistical analysis indicate that by the year 2021, about one-quarter of Saskatchewan's population will consist of Aboriginal people¹. This burgeoning population makes it imperative for SaskEnergy to help bridge the employment and education gap that exists for many Aboriginals, while helping their businesses and communities thrive.

In 2003 SaskEnergy celebrated the 10th year of its Aboriginal Relations Strategy – 10 years of working directly with First Nations people to address their current and future needs. Over the past decade we have achieved a number of accomplishments both internally and externally.

Beginning with SaskEnergy's First Nations and Métis policy, we've identified the need for the Aboriginal community of Saskatchewan to be an integral stakeholder in the Province's economic growth and development. During the past 10 years we have encouraged and fostered partnership development in three strategic areas:

Employment – helping Aboriginal people become full partners in the sharing of economic wealth, helping them to become self-sufficient.

Education and Training – assisting Aboriginal people as they gain the skills necessary to help plan the future direction of the province.

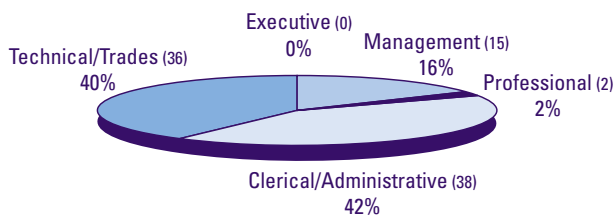
Business Development – facilitating, promoting, and encouraging partnership agreements with the Aboriginal business community, which will foster Aboriginal entrepreneurship and create new opportunities for our company to do business with Aboriginal-owned companies.

¹Source: Federation of Saskatchewan Indian Nations.

ENERGIZING OUR PEOPLE

On the employment side, in 1993, SaskEnergy's known Aboriginal employee workforce (self-declared) was less than 1% - disproportionate to the number of Aboriginal workers in a province whose total Aboriginal population was estimated at 170,000. In 2003, we made some significant strides in this area – 9% of our skilled workforce were self-declared Aboriginal men and women working in a number of areas throughout the company.

ABORIGINAL REPRESENTATION BY AREA OF SASKENERGY/TRANS GAS



Our Aboriginal Management Development Program (AMDP) is one initiative that has helped us increase Aboriginal representation in SaskEnergy's workforce. AMDP provides qualified and experienced Aboriginal people access to our corporate management learning opportunities. To date, more than 20 employees have completed this program, and more than 30% have been retained with SaskEnergy/TransGas.



"Despite emerging concerns about Saskatchewan's Aboriginal population and the need to take action, there are few models that think forward to the future... The SaskEnergy partnership model embraces the concept of building strong Saskatchewan communities."

– Grand Chief Gary Merasty, Prince Albert Grand Council.

ENERGIZING OUR PEOPLE

Although it's critical for SaskEnergy to ensure Aboriginal people are represented in our workforce, we have been just as committed to Aboriginal business development and community investment. SaskEnergy's Supplier Development department focuses on the Aboriginal community as a business partner by providing opportunities to Aboriginal suppliers, employees and subcontractors. At the end of 2003, about 18% of SaskEnergy/TransGas contracts contained Aboriginal content.

Marking a milestone for SaskEnergy, the Aboriginal Government Employees Network (AGEN) presented our company with an Industry award in the Fall of 2003. AGEN lauded a number of our accomplishments, including: integrating Aboriginal employees into our workforce; awarding business contracts to Aboriginal companies; developing the SaskEnergy Aboriginal Government Employees (SAGE) Network to provide a supportive workplace environment; and supporting a number of policy and partnership-focused Aboriginal community events.

ENERGIZING OUR PEOPLE

Although we exceeded on almost all of our other diversity hire targets, we will do more.

Our objective is to hire more Women, People with Disabilities and Visible Minorities by developing employment and training opportunities with local organizations.

A representative workforce is our overall goal.

As SaskEnergy moves into its second decade of building its Aboriginal Relations strategic direction, the challenge is to integrate the goals of Saskatchewan's Aboriginal communities within our company's strategic plan. Although SaskEnergy has made some significant strides towards a representative Aboriginal workforce, there is definitely room for improvement. Considering the less than 2% annual turnover rate at SaskEnergy/TransGas, we face some difficulty in meeting our diversity hiring targets. However, in time this will change as more of our workforce begins retiring.

A Health and Safety Culture

Lost Time Injuries (LTIs) declined in 2003. In fact, SaskEnergy/TransGas experienced only 8 LTIs in the second and fourth quarter 2003 – the lowest in the company's 15 year-history, and a 55% decrease over the injuries reported in 2002. This success can be attributed to our safety programs, committees and most of all our employees who make health and safety a priority 365 days a year.



In support of the First Nations University of Canada, Doug Kelln, Vice-President of SaskEnergy's Distribution Utility (right), presents a cheque to Wes Stevenson, Acting President of the University.

ENERGIZING OUR PEOPLE

However, progress is necessary with respect to our preventable vehicle collisions. In 2003 our employees experienced 37 preventable vehicle collisions, representing a 23% increase over the previous year. Safe driving programs will be introduced in 2004 – recognizing employees' safe-driving milestones and encouraging the benefits of safe driving benefits for all staff.

Senior executives and front-line workers met during the 2003 Safety Stand-down Week to discuss the company's health and safety priorities. In an open forum encouraging employee feedback, more than 730 people from across the Province discussed subjects such as safe vehicle operation, public and contractor safety, and compliance training.



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For more information about career opportunities at SaskEnergy, please visit our website at www.saskenergy.com, or call our Human Resources department at (306) 777-9091.



ENERGIZING SASKATCHEWAN BUSINESS

Last year SaskEnergy purchased more than \$31 million of goods and services in Saskatchewan. Whether we're buying pipeline materials, office supplies or corporate clothing, SaskEnergy believes in continuing to support the businesses in the Province. Tammy Michel-Wolfe (below right) and Kevin Campbell administer SaskEnergy's corporate merchandise program.



ENERGIZING SASKATCHEWAN BUSINESS

STRENGTHENING OUR COMMUNITIES

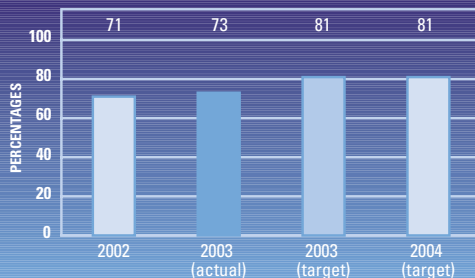
Objectives	Measures	Actual 2003	Target 2003	Target 2004	Target 2005	Target 2006	Target 2007	Target 2008
Demonstrate a philosophy of Corporate Social Responsibility	% Goods/Services Sourced in Saskatchewan	73%	81%	81%	81%	81%	81%	81%
	Awarded Contracts - % Aboriginal Labour Content	34%	32%	32%	32%	32%	32%	32%
Maximize value of goods purchased	Salvage Program Savings	\$120,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
	Purchasing Savings	\$667,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000

Buying in Saskatchewan

A successful Supplier Development Program needs to do many things, such as build the economy, boost business, support communities, and grow our company. Sustainability is key. A framework that focuses on long-term benefits and practicality has been the foundation of SaskEnergy's Supplier Development Program, which celebrated its 10-year anniversary in 2003.

Over the past decade we have spent more than \$350 million locally on products and services we use every day in our company. Almost 73 cents of every dollar spent with Saskatchewan businesses stayed in Saskatchewan. Our Supplier Development spending was down slightly in 2003 due to a number of specialized projects that adversely affected our overall figures, albeit temporarily.

GOODS AND SERVICES PROCURED THROUGH SASKATCHEWAN BUSINESS



ENERGIZING SASKATCHEWAN BUSINESS

Buying for Saskatchewan

When we buy products in Saskatchewan, we are also buying them for Saskatchewan. Every company that participated in our Supplier Development Program last year helped contribute, in some way, to the local and provincial economy. Whether it was a small firm in rural Saskatchewan or a larger manufacturer in an urban centre, all companies work with us to build a strong economic infrastructure and a better quality of life in this province. In fact, through our Supplier Development Program, we supported about 775 jobs provincially in 2003.



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For more information
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SaskEnergy,
please call us at
(306) 777-9388.

ENERGIZING THE FUTURE

SaskEnergy can only continue to provide safe and reliable service by protecting the environment now and in the future. Russell Roy from SaskEnergy's Environmental Affairs department (below right) and Dr. Gordon Huang from the University of Regina's Greenhouse Gas Emissions Plant, understand exactly what this level of dedication means. Dr. Huang applauds SaskEnergy's focus on preserving and protecting our environment for future generations and says, "The University of Regina research supported by SaskEnergy provides a vital link between academic studies and the application of new technologies by the industry."



ENERGIZING THE FUTURE

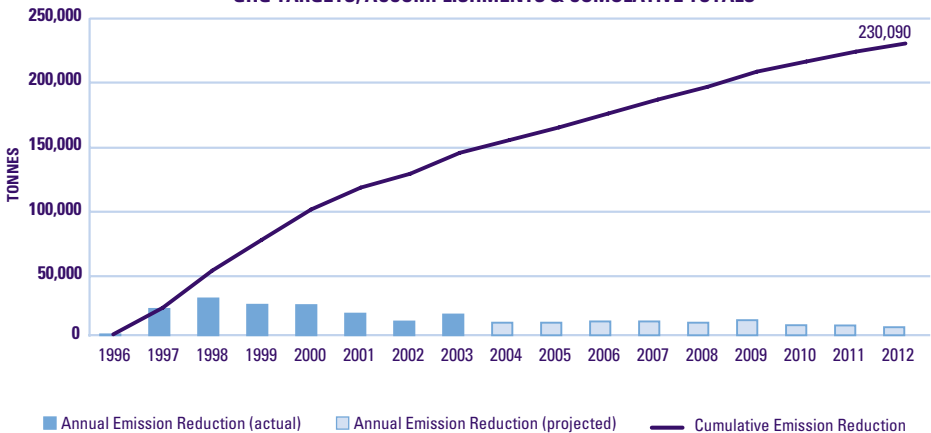
STRENGTHENING OUR COMMUNITIES

Objectives	Measures	Actual	Target	Target	Target	Target	Target	Target
		2003	2003	2004	2005	2006	2007	2008
Incorporate Environmental Stewardship into our business practices	Annual Greenhouse Gas Emission Reduction (tonnes)	16,450	16,500	10,000	10,000	11,000	11,000	10,000
	Cumulative Greenhouse Gas Emission Reduction (tonnes)	143,905	143,885	153,885	163,885	174,885	185,885	195,905
	% of Overall 2012 Kyoto Target	63.1%	62.5%	66.9%	71.2%	76%	80.8%	85.9%

Meeting our Targets

In 2003, we marked another year of progress in reducing our Greenhouse Gas Emissions (GHGs). Our incremental emission reduction was 16,450 tonnes, bringing us 7% closer to our overall target of reducing our greenhouse gas emissions by the year 2012 to 6% below the levels recorded in 1990. Comparatively, SaskEnergy fares well against other companies that are working to meet their Kyoto targets.

GHG TARGETS, ACCOMPLISHMENTS & CUMULATIVE TOTALS



ENERGIZING THE FUTURE

Through emission reduction projects we replaced the blowdown and unit valves at three compressor stations in Piapot, Coleville, and Success, and replaced a natural gas powered instrument system in Regina with a compressed air system. As a result, about 15,500 tonnes of CO₂ were reduced. We also purchased emission-free power, which helped reduce our indirect greenhouse emissions by about 950 tonnes.

On the natural gas distribution side of our business, we successfully implemented a new approach to managing natural gas consumption in our line heaters at town border and city gate stations. Preheating is required at these locations to avoid freeze-offs that typically occur when natural gas cools and pressure is reduced. In 2003, SaskEnergy worked with Cold Weather Technologies of Lloydminster to develop and install new line heater technology that has the potential to generate a 50% saving in annual fuel gas consumption. Overall, the Line Heater Program has an annual operational impact of more than \$2 million.

Our environmental plans for 2003 also included producing a formal environmental report for the public. Instead we began developing a Corporate Social Responsibility action plan that, in 2004, will provide enhanced disclosure on our environmental accomplishments and shortcomings.

Taking Our Commitment to the Next Level

Pollution that's not created does not have to be managed. It's a simple idea that's easily applicable to our everyday business. We adopted a preventative approach in 2003, developing some strategies to improve our economic, environmental and social performance.

ENERGIZING THE FUTURE

For example, our “Pollution Prevention” program looks at where waste is generated, and how best to eliminate or reduce it at the source. In 2004, SaskEnergy will explore seven common pollution prevention opportunities: material substitutions; product design or reformation; equipment or process modifications; spill and leak prevention; on-site re-use, recycling or recovery; improved inventory or purchasing; as well as good operating and training practices.

About 14% of the Province’s greenhouse gas emissions are attributed to energy consumption in buildings. Doing our part, SaskEnergy has helped address our lighting, heating, ventilation, air conditioning, and electrical and water consumption to move towards our overall objective. In fact, changes made in lighting since 2002 at SaskEnergy’s head office have saved more than \$25,000 and helped reduce greenhouse gas emissions and air pollution.

Protecting our habitat is also a priority. In past years we worked with the Burrowing Owl Interpretive Centre in Moose Jaw, and Nature Saskatchewan’s six nature sanctuaries, to name a few. Although we originally planned to develop another habitat-protected area at the Prud’homme Compressor Station in 2003, we were unable to meet this objective. However, we will continue to seek out partnerships with groups such as Ducks Unlimited, to help us reach our goals.

ENERGIZING THE FUTURE

Building Awareness

“EnviroAction Weeks” is a company-wide initiative challenging our employees to meet the company’s environmental objectives and increase their own environmental consciousness. SaskEnergy’s North Battleford District won the 2003 competition. Some of the projects they undertook were: converting to fluorescent light bulbs; installing programmable thermostats; and recycling batteries, ink cartridges and old cell phones. Participants also encouraged staff to look beyond the workplace and incorporate some of these practices into their own homes.

In recognition of their achievements, the North Battleford District received a \$1,000 cheque to support a local environmental initiative of their choosing. In turn, they offered the funds to the Battlefords Wildlife Federation’s Nature Interpretive Centre.

Looking for Tomorrow’s Natural Gas . . .

Fifty years ago, wood, coal and hot-water boilers were the dominant heating fuel choices in Saskatchewan. Today, it is natural gas. Fifty years from now, the picture may be different.



Naly Rasmussen (left) from SaskEnergy’s Environmental Affairs Department presents the 2003 “EnviroAction Week” award to Cheryl McLean and Denise Baker, of North Battleford’s Safety, Health and Environment (SHE) Committee.

ENERGIZING THE FUTURE

SaskEnergy is planning to be part of tomorrow's energy picture today, by examining future alternative sources of heating which build on our core expertise in natural gas. With an investment in these new initiatives in 2004, we're determining how prototype fuel inputs such as forestry residues and animal wastes may be part of the energy world of the 21st century.

The fact that only about 30% of a tree is used in actual pulp and paper production operations is driving research into synthetic gas production. The technology is based on the principle that wood waste can be converted into methane, which subsequently could be used as a core component in the production of synthetic gas. This could potentially be "cleaned and purified" for transport by our pipeline network.

The Saskatchewan Research Council is currently examining this technology and SaskEnergy will closely examine its product quality and feasibility.

A technology which has advanced further down the road to commercialization, but which still presents some obstacles, is electrical and gas cogeneration. Cogeneration is the simultaneous production of electricity and useful heat from the same fuel or energy. Facilities with cogeneration systems use them to produce their own electricity, and use the exhaust heat for process steam, hot water heating, space heating, and other thermal needs. They may also use excess process heat to produce steam for electricity production.

ENERGIZING THE FUTURE

SaskEnergy has conducted several trial cogeneration initiatives, focusing on both the health sector and in the oil field sector, where gas too far from the transmission system is currently “flared” to the atmosphere. The capital costs and needs for associated back-up power systems are a barrier to cogeneration in the health sector. Meanwhile, flare gas cogeneration possibilities are financially feasible, but as revealed by SaskEnergy’s microturbine pilot project at Carlyle, reliability and service issues associated with the technology need to be addressed before further commercialization occurs.

It is clear that patience and time will be required as SaskEnergy pursues technologies which may someday join natural gas in our line of business. We are moving in the same direction as the forefathers of Saskatchewan’s natural gas system. Those pioneers not only looked at the possibilities of today, but the opportunities of tomorrow. Our search for viable and commercial new energy sources which are renewable, use existing waste products and help protect our environment, parallels their pioneering work.



Since October 2002, SaskEnergy has participated in a cogeneration pilot project at the Regina General Hospital. As two 60-kilowatt microturbines (pictured here) burn natural gas at the hospital, they simultaneously generate enough heat to supply the equivalent of 50 homes, and enough electricity to meet the needs of approximately 40 households.



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If you have any interesting ideas on how SaskEnergy can protect the environment, please send us an e-mail at webmaster@saskenergy.com, or call our Environmental Affairs department at (306) 777-9368.



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For additional copies of this year's annual report,
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**This is part of a three-book set consisting of the Annual Report 2003,
Management's Discussion and Analysis 2003 and Corporate Social Responsibility Report 2003.**