



**SaskEnergy**

SASKENERGY ANNUAL REPORT  
**BREAKING GROUND**

2008

CORPORATE HIGHLIGHTS

**At SaskEnergy, we strive to be a natural gas industry leader in terms of how we operate our business. The following section highlights some of our major corporate achievements in 2008.**

### **SERVICE DELIVERY**

The employees of SaskEnergy and TransGas take pride in their work which involves transporting, storing and delivering natural gas safely and reliably to customers every day of the year. In a world of increasing customer demand, we maintain our focus on customer service. And knowing that our customers will be able to heat their homes on the coldest days of the year is something we can all take pride in.

### **New Mobile Work Management System –**

SaskEnergy implemented a mobile work management system in 2008 to create more effective use of technician resources while improving safety processes in situations where employees are working alone. SaskEnergy dispatchers can schedule customer/contractor appointments and adjust assignments as the day goes on by sending work to the nearest employee equipped to do the work, hence reducing the number of vehicle kilometres driven and improving response time. The resulting assignments go to the right person in the right place at the right time.

**Ensuring a Safe and Reliable System –** TransGas completed over 25 major pipeline integrity projects in 2008, including 63 direct pipeline examinations. One of these projects was the construction of a 6.2-kilometre 10-inch transmission pipeline to accommodate In-Line Inspection (a process where an inspection tool is run through a pipe to determine its integrity) and increase the reliability and security of the natural gas supply to Prince Albert and area. Prior to completing this pipeline in November 2008, there was only a single transmission pipeline as the source of supply for the City of Prince Albert and surrounding communities to the North and East. Thanks to this pipeline addition, the original pipeline was in-line inspected in December 2008.

**Diligent Emergency Response –** SaskEnergy places the utmost importance on ensuring a safe and reliable system. But when the situation occurs where emergency response is required, the Corporation can rely on its well-trained and responsive staff to ensure that they are doing as much as possible to maintain the safety of the public.



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The extremely unfortunate incident at Nipawin on April 18, 2008 reinforced the Corporation's high standard and diligence required for public safety. The incident was handled with a high standard of emergency response and strong communication. SaskEnergy will continue to capture learnings from the incident in order to continue public safety efforts.

### SUPPORTING ECONOMIC GROWTH WITHIN SASKATCHEWAN

At SaskEnergy, we are committed to working with the private sector to grow the Province of Saskatchewan. We know that in order to be a solutions-driven company we need to think creatively. That's why we're focused on utilizing our expertise to develop business opportunities in the Province. And, we're exploring innovative partnerships to learn from the expertise of others in the industry, all with the goal of supporting the economic development of Saskatchewan. Within these efforts is a partnered approach of pursuing joint initiatives with private sector companies.

**Significant Core Growth** – SaskEnergy experienced intense customer growth in 2008 thanks to the high demand for housing stock in the opening half of the year. The company added over 6,000 new customers, including approximately 5,700 new services installed in 490 communities, resorts, First Nations and rural areas. Part of this strong growth comes from the 147-kilometre pipeline extension from Montreal Lake to the La Ronge town site. To the end of 2008, 85 per cent of the four-inch transmission line was completed — including nearly 20 kilometres of natural gas mains in Air Ronge and the Lac La Ronge Indian Band communities. Weyakwin and Ramsey Bay had natural gas flowing to their first customers on November 28, 2008.

### Kisbey Natural Gas Processing Plant Expansion

– BESCO, a SaskEnergy subsidiary, received approval in 2008 to proceed with an expansion of the Kisbey Gas Gathering and Processing Facility (Kisbey Natural Gas Processing Plant) that it purchased in 2007 as part of a joint venture. Once this expansion is completed by the end of 2009, the plant will allow BESCO to significantly increase its capabilities to capture natural gas that is normally flared into the atmosphere during oil production. This will reduce the amount of carbon dioxide (CO<sub>2</sub>) that is currently being emitted into the atmosphere. This business opportunity will also provide an additional revenue stream for oil producers which will allow them to further invest in oil development in Saskatchewan.

**The Aquistore Project** – SaskEnergy is partnering with the Petroleum Technology Research Centre (PTRC) to research the viability of utilizing deep saline aquifers for the long-term sequestration of CO<sub>2</sub>. The Aquistore Project will provide an opportunity for SaskEnergy, and other government and industry participants such as the Consumers' Co-operative Refineries Ltd., Enbridge Inc., Schlumberger Carbon Services, Sustainable Technology Development Canada (STDC) and the Saskatchewan Government, to learn more about the technical, commercial and safety components of carbon capture, transport and storage. The Aquistore Project not only has widespread economic implications but may lead to broad systems supporting the reduction of Greenhouse Gas (GHG) emissions.

## EMPLOYEE LEADERSHIP

At SaskEnergy, our employees drive every aspect of our business. Therefore, we believe in developing our employees to achieve a healthy and productive workforce. We know that our employees are the strength and the future of our company. New and experienced employees want to work safely in an environment where their skills and contributions are valued.

**The Importance of Safety** – Employee safety is paramount at SaskEnergy. In 2008, the company focused on increased identification, communication and assessment of hazards and near-misses as a way to prevent incidents from happening. Since highlighting this initiative, SaskEnergy has seen a significant increase in hazard identification/near-miss reporting. In addition, nine locations across the company have achieved the excellent safety rating of zero lost time injuries, zero preventable collisions and zero medical aids for 12 consecutive months. Congratulations to: SaskEnergy Meter Repair – Saskatoon, South West TransGas District – Success/Maple Creek, West Central TransGas District – Coleville, SaskEnergy Customer Service and Operations – Weyburn, SaskEnergy Place – Regina Head Office, SaskEnergy Customer Service and Operations – Kindersley (24 consecutive months), TransGas Engineering and Operations – Regina (24 consecutive months), Materials Management – Saskatoon (24 consecutive months) and SaskEnergy Customer Service and Operations – Yorkton (24 consecutive months).

**Employee Engagement** – SaskEnergy was named in *Maclean's* magazine as one of the Top 100 Employers in Canada for 2009. This national recognition demonstrates SaskEnergy's commitment toward creating an engaging environment for 1,100 employees throughout the Province. By becoming a Top 100 Employer in Canada, the Corporation has proven its leadership in attracting and retaining quality employees and in offering them exciting opportunities to build a successful career with the company. This success builds off 20 years of dedication and service from the many hard-working employees around the Province.

**Generation Energy** – SaskEnergy's young employee network, Generation Energy (Gen-E), is gaining momentum across the Province. In 2008, Gen-E members developed numerous strategic initiatives in the company, all with the goal of enhancing the engagement of SaskEnergy employees age 30 and under. Gen-E offers a variety of learning, development and networking opportunities to its members and is part of a group of initiatives at SaskEnergy that promote a young and diverse workforce. Some of these initiatives include the TAWAW program, a joint partnership with the Dumont Technical Institute/Saskatchewan Indian Institute of Technologies (DTI/SIIT), to attract qualified Aboriginal candidates to SaskEnergy trade and field positions and SaskEnergy Aboriginal Government Employees (SAGE), an important network group for employee success.

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### POSITIONING FOR THE FUTURE

**Financial Strength** – SaskEnergy was in good financial health throughout 2008 – its debt to equity ratio at December 31 was comparable to other natural gas utilities in Canada. SaskEnergy also had a solid financial performance in 2008 as net income, before the effects of fair value adjustments, was near budget, and the Corporation was relatively unaffected by the unstable global economic conditions in 2008. This financial strength sets the tone for other major successes that support the Corporation's strong ethical and sustainable operations.

**Clean Air and GHG Management** – In 2008, TransGas took aggressive steps towards reducing corporate GHG emissions. Three particular initiatives had a large benefit to both the Corporation and to the environment. TransGas used flare stacks to evacuate natural gas from pipes during construction work in order to eliminate large quantities of methane from being vented into the atmosphere. The Corporation completed control package upgrades to automate three compressor engines which also had a significant improvement on combustion efficiency. And, TransGas conducted Thermal Infrared Imaging Surveys at three compressor stations to identify devices which may be venting or leaking natural gas into the atmosphere. These three projects led to a corporate GHG reduction of approximately 10,000 tonnes of Carbon Dioxide equivalent (CO<sub>2</sub>e). This is equivalent to the GHG emissions from approximately 1,700 homes for an entire year. As a result of this success, these projects will be expanded in 2009 in order to achieve additional GHG reductions.

### SaskEnergy and its Network Members Celebrate 10 years of Success in Saskatchewan

– SaskEnergy's unique relationship with independent natural gas retailers and contractors celebrated a decade of success in 2008. The SaskEnergy Network was developed in 1998 as an opportunity to partner together to meet the evolving needs of customers. Forty-seven retailers and contractors joined the SaskEnergy Network 10 years ago, which has grown to include more than 130 members today. Working together over the past decade, SaskEnergy and SaskEnergy Network Members have provided Saskatchewan homeowners and businesses with natural gas appliances, services and energy efficiency programs unparalleled in Canada. This partnership will continue to be a significant contributor to the future success of SaskEnergy's service delivery to customers throughout the Province.

### SaskEnergy Hockey Day in Saskatchewan –

In 2008, SaskEnergy presented the 1<sup>st</sup> Annual Hockey Day in Saskatchewan in 43 communities across the Province. The goal of the SaskEnergy Hockey Day in Saskatchewan is to promote the game of hockey, highlight the importance of the local community rink and celebrate the many volunteers who assist in keeping hockey active in their community. SaskEnergy Hockey Day in Saskatchewan is also an opportunity for communities to fundraise for their rinks. This successful initiative is an example of SaskEnergy's Provincial community-based sponsorship program, which invests in over 300 communities throughout the Province every year.