SaskEnergy Delivery Financial Update Clarification Interrogatories

1. Please confirm that for Delivery Transportation and Storage Expense that no increase in rates for TransGas is expected from the 2023/24 and 2024/25 fiscal years.

2. Please confirm that Under Operating and Maintenance Expense labour costs are forecasted to increase from 2022/23 total $ 110.4 M to $ 119.7M in 2023/24 (8.4% increase) and to $ 123.4 M in 2024/25 (3.0% increase) for a total of 11.4% increase for the final two years.

3. SaskEnergy filing indicates it has been going through a transition from contractors to FTE's, SaskEnergy believes the continued use of contractors will be required to deliver on its corporate plan. Additionally, SaskEnergy states this is contributing to the increase in external service costs in Year 2 and Year 3 from the Original Application. Please provide an overview as when the Panel can expect this transition will be complete and ratepayers start to see the financial benefits of this program of converting contractors to staff.

4. Public Relations expense forecasted increasing from $ 6.8 M in 2022/23 to $ 13.3 M in 2024/25. In its last report the Panel's first recommendation was in selecting energy efficiency programs to consider rate impacts for customers, ensuring benefits to all parties. Please detail the key drivers for the new customer efficiency programs planned to be initiated and measurements used to determine the effectiveness's of each program taking into consideration ratepayer impacts.

5. Total OM&A expense from the data in Schedule 1.0 is trending up from $ 112 m in 2018 to $ 169 M in 2025 which is a 50.8% increase over the 7-year period. On the customer affordability front, what initiatives has SaskEnergy undertaken or plan to be undertaken to limit this trend and initiate OM&A efficiencies and program effectiveness to curb this trend.

6. Under schedule 11.8 OM&A – Cost per Average Customer is increasing from 2021/22 actual of $ 326.7 to forecasted $ $407.5 in 2024/25, representing a 24.7% increase over those 3 years. As this trend of increases is discomforting, does SaskEnergy have

a strategy and detail business plan as to how greater efficiencies and financial cost containment can be ascertained and future increases be mitigated?

7. Each of the performance indicators on schedule 11.8, Customers/FTE's and KM of pipeline/FTE do not appear to be moving in a positive direction. Does SaskEnergy business plan anticipate an improvement in the indicators in the immediate future?

8. Schedule 1.3 depreciation expense doubled in 2022/23 for Information System Assets from $ 10.6 M to $20.1M. Please detail the reason for this change. Please confirm and detail the reasons for changes in 2023/24 and 2024/25 depreciation expense.

9. Interest expense – particularly Interest on Bank Indebtedness has doubled (presumable short-term debt) in the forecast from $ 3.0 m in 2022/23 to a forecast of $ 7.1 m in 2023/24 and $ 11.6 M in 2024/25. Please describe the reasons for these increases in each of the two years.

10. From schedule 10.1 in the current year SaskEnergy is increasing its staffing complement from 894 FTE's to 922. SaskEnergy also notes in the application that it is increasing its focus on cybersecurity and physical security in 2023-24 due to a growing threat environment. This will result in increased capital expenditures and operational costs for, among other things, a larger number of security personnel and enhanced monitoring and security for both virtual and physical corporate assets. Please detail the plan and justification for the planned OM&A and capital expenses forecasted.

11. Schedule 1.6 states the net income estimates of $12.4 million, and $5.9 million, for Year 2 and Year 3 respectively, reflect the level of earnings that will provide SaskEnergy with a return on investment as measured by the rate of return on equity forecast at 2.9% and 1.3% respectively. Schedule 14.1illustrates the return on Rate on the deemed capital structure of 63/37. Please confirm the forecasted actual capital structure in both those years.

12. On page 17 of the application states while 2022-23 was positively impacted by colder than normal weather and a lower than budgeted heat value, the forecast for Year 2 and Year 3 is based on normalized weather which is a standard practice in rate

setting. Please detail the impact of the lower than budgeted heat value impact on the 2022-23 actual financial results and GCVA.

13. Other Revenue – please detail the changed market forces expected on the Asset Optimization Revenue detail that will drive a significant reduction in revenue from $ 6.6 million to $ 2.9 Million in the final 2 years of the application.

14. Late payment charges in the 2022/23 fiscal year are expected to generate to $3.1 million. Has significant improvement on outstanding accounts been reduced which would drive a reduction in late payment charges as noted in the financial update. Please provide detail the financial position of outstanding accounts and late payment charges over the last 3 years and financial update years 2023-2025.

15. Schedule 8.3 detail the Capital Expenditure Actual/Forecast for the years 2017/2025. Please confirm the actual capital spent in 2022/23 was $ 91.7 million. Please detail the reasons and justification behind the significant increase of $ 148 million in 2023/24 and $ 171. Million in 2024/25. Could you please provide a 10-year forecasted financial capital plan going forward including this current year.

16. With proposed capital expenditure plan forecast of $ 319 million for the next two years of this application please quantify the revenue requirement necessary and the rate increases required to fund the associated cost for depreciation and finance expense increases alone for the years immediately following these assets being acquired.

17. Schedule 11.4 External Services – please detail and provide justification for the growth in financial forecasts expenditures for the lined items - Contract analyst, AMS hosting, other Contract services and lastly Consulting services.

18. Schedule 15.1 please confirm that notwithstanding the forecasted rate of return for 2023/24 forecast of 2.9% and 1.3% for 2024/25 fiscal years the 10-year (2016/2025) average return is forecasted to be 9.0% which is slightly greater than the business plan requirement of 8.3%.

19. Recommend Delivery Rates Page 6 of the application table and the table on Page 22 detailing the specific rate changes, could you please provide the summary page of

the “Typical Customer Bill Impact Calculator” together with examples of customer bills to confirm the overall percentage change for each class of customer for low, medium, and high-volume users.

20. Please confirm that the Basic Monthly Charge (BMC) currently recovers 70.3% of the Residential customer care costs and this application is proposing the percentage be 76.0%, similarly Commercial Small is proposed to increase from 67.2% to 76.9%, Commercial Large from 70.7% to 76.0% and lastly Small Industrial from 85.9% to $90.1%. Secondly please confirm that SaskEnergy is proposing to examine this matter in greater detail and will provide the panel in the next general rate application the results of their analysis and review together with their proposed long-term strategy going forward.

21. Please provide an update on the collaboration initiative with other crown corporations, efficiencies found and identify what collaborative efforts have been undertaken on the climate change initiatives related to carbon emissions investments.

22. Please provide a table like the Table on Page 26, 27 and 28 of The Panel’s December 16th report on the competitiveness of proposed rates for the residential, Small Commercial and Large customers.

23. Please provide tables like the tables on page 30, 31 and 32 of the forementioned report for customer monthly bill changes from August 1, 2022, to September 2025 before and after taxes and surcharge.