

## Saskatchewan Rate Review Panel Additional Information Requests

**Additional Information 1:** Provide updated tables in Tab 14 for 2022/23 showing mid-application update – Tables showing debt and finance charges – average cost of debt and calculation of average cost of debt. Is it possible to also get updated response to 2<sup>nd</sup> Round IR 8(a)?

### Updated Tables

#### Tab 14 – Page 2

Local Distribution Company (LDC) Financial Summary									
2022 Delivery Rate Application Review - April 1, 2022 to March 31, 2023									
Average Rate Base	Deemed Debt			Deemed Debt			Cost of Debt		Interest
1,154,888	=	63%	=	727,579		4.42%	=	32,128	
	=	37%	=	427,309		5.81%	=	24,812	
				Deemed Equity		Return on Equity		Net Income	
				Cost of Financing					
	63%	X	=	4.42%		=	2.8%		
	37%	X	=	5.81%		=	2.1%		
				Return on Rate Base		=	4.93%		

#### Tab 14 – Page 4

### Debt and Finance Charges – Average Cost of Debt – Updated information in yellow

Distribution Utility														
Cost of Debt														
Thousands of Dollars	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2021/22	2022/23	2022/23	2023/24
Average Outstanding Long Term Debt	400,969	452,432	489,165	488,925	582,131	545,332	620,595	622,206	611,628	610,971	602,975	643,846	644,429	640,307
Average Interest Rate	5.04%	4.81%	4.62%	4.53%	4.27%	4.43%	3.91%	4.01%	4.11%	4.08%	4.08%	4.14%	4.00%	4.00%
Average Outstanding Short Term Debt	157,229	121,420	100,625	162,390	34,127	220,295	38,877	39,176	72,931	66,793	141,373	104,695	161,166	242,969
Average Interest Rate	0.61%	0.98%	1.56%	1.41%	1.60%	2.22%	0.25%	2.07%	0.42%	0.45%	0.58%	2.36%	1.10%	1.31%
Weighted Average cost of debt	3.79%	4.00%	4.10%	3.75%	4.13%	3.79%	3.70%	3.89%	3.72%	3.72%	3.42%	3.89%	3.42%	3.26%
Interest on Notes Payable to Holdings Division	21,047	22,489	23,714	23,641	26,592	26,289	26,520	26,210	26,268	26,268	26,268	27,504	27,768	27,809
Interest on Bank Indebtedness	952	1,194	1,569	2,287	547	4,880	96	810	309	299	824	2,474	1,767	3,188
Interest on Finance Lease	-	-	-	-	383	-	415	353	406	437	404	281	403	416
Accretion Expense	2,066	2,428	2,956	2,694	3,798	3,096	3,917	3,840	4,368	4,327	4,600	4,533	4,900	5,200
Amortization of Deferred Charges	243	250	230	230	102	227	(20)	133	(22)	(22)	(13)	43	(4)	(24)
Debt Retirement Fund Earnings	(1,085)	(978)	(1,323)	(1,743)	(1,811)	(2,361)	(2,212)	(1,401)	(1,098)	(1,316)	(1,648)	(894)	(1,987)	(2,201)
Capitalized Interest	(144)	(350)	(188)	(148)	(505)	(234)	(375)	(221)	(47)	(55)	(303)	(190)	(306)	(309)
Interest Allocated to Commodity Cost of Gas	(319)	(335)	(459)	(326)	(419)	(446)	(44)	(445)	(59)	(56)	(168)	(1,622)	(332)	(363)
<b>Total Interest Expense</b>	<b>22,760</b>	<b>24,698</b>	<b>26,498</b>	<b>26,635</b>	<b>28,687</b>	<b>31,450</b>	<b>28,296</b>	<b>29,279</b>	<b>30,124</b>	<b>29,882</b>	<b>29,963</b>	<b>32,128</b>	<b>32,208</b>	<b>33,716</b>

**Tab 14 – Page 6**

**Calculation of Average Cost of Debt**

<b>Calculation of Average Cost of Debt</b>					
	Issue Date	Maturity Date	Outstanding Balance	Interest Rate	Interest Expense
Bond #34	4-Dec-98	5-Mar-29	25,000,000	5.75%	1,437,500
Bond #35	24-Mar-99	5-Mar-29	25,000,000	5.60%	1,400,000
Bond #40	8-Aug-01	5-Sep-31	50,000,000	6.40%	3,200,000
Bond #52	14-Nov-08	1-Jun-40	75,000,000	5.19%	3,892,500
Bond #56	12-Mar-12	3-Feb-42	25,000,000	3.40%	850,000
Bond #57 -1	17-Jan-14	2-Jun-45	50,000,000	3.90%	1,950,000
Bond #57 - 2	17-Jan-14	2-Jun-45	50,000,000	3.90%	1,950,000
Bond #58	28-Mar-14	3-Jun-24	50,000,000	3.20%	1,600,000
Bond #60	13-Feb-15	2-Jun-45	10,000,000	3.90%	390,000
Bond #63	20-Oct-16	2-Dec-46	50,000,000	2.75%	1,375,000
Bond #65	16-May-17	2-Jun-48	50,000,000	3.30%	1,650,000
Bond #65B	31-May-18	2-Jun-48	50,000,000	3.30%	1,650,000
Bond #68	2-Apr-19	2-Jun-50	50,000,000	3.10%	1,550,000
Bond #69	22-May-19	2-Jun-50	35,000,000	3.10%	1,085,000
Bond #70	23-Jul-19	2-Jun-58	25,000,000	2.95%	737,500
Bond #72	28-Apr-20	2-Jun-50	50,000,000	3.10%	1,550,000
Bond #76	12-May-22	2-Dec-52	50,000,000	2.80%	1,236,667
Total Long Term Debt			720,000,000		27,504,167
Amortization of Debt Costs			(3,224,983)		42,500
Debt Retirement Funds			(71,060,028)		(893,798)
Total as at Mar 31, 2023			645,714,989		26,652,869
Calculated Average Cost of Long Term Debt				4.13%	

**2<sup>nd</sup> Round Information Request #8a – Short Term Interest Expense – Updated 2022-23**

<b>Calculation of Short Term Interest Expense</b>				
<b>\$ in thousands</b>				
		Short Term Debt	Short Term Interest Rate	Short Term Interest Expense
April	2022	\$ 63,083	0.87%	\$ 50
May	2022	21,462	1.28%	45
June	2022	61,349	1.37%	47
July	2022	97,059	2.39%	158
August	2022	136,057	2.39%	232
September	2022	148,444	2.39%	283
October	2022	137,675	2.39%	285
November	2022	133,065	2.39%	270
December	2022	123,803	2.39%	256
January	2023	115,582	2.39%	238
February	2023	103,523	2.39%	218
March	2023	115,236	2.39%	218
Average Short Term Debt		\$ 104,695		\$ 2,301
Average Short Term Interest Rate			2.20%	
Bank Fees (included in Interest on Bank Debtedness - Tab 14 Page 4)				\$ 173
Interest on Bank Indebtedness as per Tab 14 Page 4			2.36%	\$ 2,474

**Additional Information 2:** Provide revenue requirement and ratebase tables that show/isolate impact of head office change.

**Revenue Requirement Impacts of SaskEnergy Place**

**Schedule 1.0**

**Delivery Revenue Requirement Summary**

(\$000's)

**SaskEnergy Incorporated**  
**Delivery Revenue Requirement Summary**  
(\$000's )

<b>Component</b>	<b>Head Office Impacts 2022/23 Forecast</b>
Operating & Maintenance	-
Transportation & Storage	-
Depreciation Expense	(1,738)
Tax Expense	709
Interest Expense	272
Net Earnings	210
Total Delivery Revenue Requirement	(546)
<b>Other Revenue and Adjustments</b>	
Other Revenue	-
Net Delivery Revenue Requirement	(546)

**\*April 1, 2022 - March 31, 2023**

As per the updated Tab 14 page 2, SaskEnergy is forecasting a 4.93% return on rate base and therefore the impacts of SaskEnergy Place to the revenue requirement are calculated based on that assumption.

Rate Base Impacts of SaskEnergy Place

**SaskEnergy Distribution Division  
Rate Base and its Derivation**

<u>Description</u>	Head Office Impact <b>2022/23 Forecast</b> <u>(\$000s)</u>
Plant In Service At Cost	9,577
Accumulated Depreciation	<u>(200)</u>
Net Book Value	9,777
Natural Gas in Storage	-
Inventories of Materials	-
Cash Working Capital Allowance	-
<b>Total</b>	<b><u>9,777</u></b>

**\*April 1, 2022 - March 31, 2023**

**Additional Information 3:** We discussed updating some of the labour tables showing 2022/23 update so that can understand the 2022/23 update a bit better – from the response to 1(b) of 2<sup>nd</sup> round IRs – Can we get updated versions of tables at page 6 and 7 of IR package (ref to Tab 10 Tables on page 2, 3 and 4 and Tab 11 Table on page 2); and the second table on page 10 of IR package (Tab 11 table on page 8)

Note: SaskEnergy was not able to provide the requested FTE detail as the forecast we provided for the employees costs was estimated based on the current favourable variance within the financial statements. As a result, we only updated tables from Tab 11 pages 2 and 8.

**Tab 11 – Page 2**

SASKENERGY INCORPORATED															
Category Details															
(\$ 000's)															
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Rate	Mid-term			
	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	Application	Review	Forecast	Forecast	
											2022/23	2022/23	2023/24	2024/25	
<b>Operating and Maintenance</b>															
Labour*	87,666	88,900	92,415	95,258	97,801	100,965	101,191	105,545	108,066	108,014	114,424	112,981	117,693	121,273	
Pension Costs*	296	221	249	201	284	211	87	175	73	198	208	47	219	230	
Charges to Capital	(29,151)	(29,938)	(30,610)	(29,473)	(30,843)	(29,535)	(29,219)	(30,917)	(32,527)	(32,069)	(31,263)	(32,085)	(31,904)	(32,558)	
External Services*	33,984	34,156	41,521	40,373	37,502	44,109	35,295	43,348	34,884	33,773	38,576	38,923	38,199	38,216	
External Recoveries	(3,535)	(2,422)	(2,787)	(2,819)	(2,157)	(3,570)	(3,759)	(1,794)	(4,990)	(5,128)	(4,373)	(4,603)	(4,460)	(4,550)	
Internal Recoveries	(2,720)	(3,326)	(2,728)	(2,465)	(2,646)	(3,021)	(2,615)	(3,402)	(2,835)	(2,784)	(3,517)	(2,685)	(3,555)	(3,593)	
Materials and Supplies	7,509	7,255	8,595	8,598	8,583	8,119	8,984	8,259	9,256	8,996	9,341	9,998	9,341	9,341	
Energy Costs	648	813	806	764	812	842	803	807	715	674	837	802	837	837	
Vehicles	6,966	7,015	7,444	7,722	7,679	8,038	8,362	7,626	9,777	9,261	9,412	11,197	9,789	10,082	
Property Costs	5,328	5,280	6,460	6,665	5,223	4,114	5,978	4,636	5,184	4,941	5,532	4,807	5,532	5,532	
Computer Costs	4,449	4,960	6,188	5,534	5,820	6,288	6,751	8,057	7,375	6,706	9,432	9,145	9,858	10,304	
Sustenance and Transportation	2,878	2,970	3,504	3,546	3,663	3,992	2,886	3,919	3,051	3,153	3,941	3,855	3,863	3,787	
Communication	2,531	2,188	1,783	2,585	1,937	2,330	2,057	2,668	2,863	2,630	3,077	2,891	3,077	3,077	
Public Relations	1,898	2,790	2,551	2,754	2,560	3,309	4,345	4,258	5,136	4,295	8,623	7,469	8,623	8,623	
Fees, Dues and Community Contributions*	1,659	1,733	2,050	1,995	2,192	2,328	1,719	2,414	2,559	1,985	2,470	2,553	2,470	2,470	
Misc Corporate Charges	4,794	881	3,014	2,429	7,882	3,494	4,563	5,056	2,229	3,483	6,624	5,882	6,613	7,100	
Intercompany Allocations	(9,475)	(10,796)	(12,886)	(13,290)	(15,229)	(15,785)	(15,827)	(18,608)	(18,301)	(18,585)	(18,381)	(18,276)	(18,925)	(19,480)	
<b>Total</b>	<b>115,725</b>	<b>112,680</b>	<b>127,569</b>	<b>130,377</b>	<b>131,062</b>	<b>136,229</b>	<b>131,603</b>	<b>142,045</b>	<b>132,513</b>	<b>129,542</b>	<b>154,962</b>	<b>152,901</b>	<b>157,268</b>	<b>160,691</b>	

\* Further details provided in the following tables: Labour Details, Pension Details, External Services Details, and Fees, Dues and Community Contributions Details.

**Tab 11 - Page 8**

C. OPERATING MAINTENANCE AND ADMINISTRATION COST PER AVERAGE CUSTOMER														
	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	Rate	Mid-term		
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Application	Review	Forecast	Forecast
											2022/23	2022/23	2023/24	2024/25
<b>OM&amp;A Expense (\$ 000's)</b>	<b>115,725</b>	<b>112,680</b>	<b>127,569</b>	<b>130,377</b>	<b>131,062</b>	<b>136,229</b>	<b>131,603</b>	<b>142,045</b>	<b>132,513</b>	<b>129,542</b>	<b>154,962</b>	<b>152,901</b>	<b>157,268</b>	<b>160,691</b>
<b>Average Customers</b>	<b>390,886</b>	<b>394,592</b>	<b>397,367</b>	<b>398,434</b>	<b>399,826</b>	<b>402,069</b>	<b>402,827</b>	<b>401,405</b>	<b>405,672</b>	<b>402,791</b>	<b>405,791</b>	<b>405,312</b>	<b>408,457</b>	<b>410,957</b>
<b>OM&amp;A \$/Customer</b>	<b>\$296.1</b>	<b>\$285.6</b>	<b>\$321.0</b>	<b>\$327.2</b>	<b>\$327.8</b>	<b>\$338.8</b>	<b>\$326.7</b>	<b>\$353.9</b>	<b>\$326.7</b>	<b>\$321.6</b>	<b>\$381.9</b>	<b>\$377.2</b>	<b>\$385.0</b>	<b>\$391.0</b>
<b>D. AVERAGE NUMBER OF CUSTOMERS/FTE</b>														
	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	Rate	Mid-term		
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Application	Review	Forecast	Forecast
											2022/23	2022/23	2023/24	2024/25
<b>Number of FTE's</b>	<b>809</b>	<b>810</b>	<b>813</b>	<b>828</b>	<b>835</b>	<b>852</b>	<b>862</b>	<b>871</b>	<b>892</b>	<b>887</b>	<b>902</b>	<b>888</b>	<b>902</b>	<b>902</b>
<b>Average Customers</b>	<b>390,886</b>	<b>394,592</b>	<b>397,367</b>	<b>398,434</b>	<b>399,826</b>	<b>402,069</b>	<b>402,827</b>	<b>401,405</b>	<b>405,672</b>	<b>402,791</b>	<b>405,791</b>	<b>405,312</b>	<b>408,457</b>	<b>410,957</b>
<b>Avg. # of Customers/FTE</b>	<b>483</b>	<b>487</b>	<b>489</b>	<b>501</b>	<b>479</b>	<b>472</b>	<b>467</b>	<b>461</b>	<b>455</b>	<b>454</b>	<b>450</b>	<b>456</b>	<b>453</b>	<b>456</b>
<b>E. KILOMETERS OF DISTRIBUTION PIPELINE/FTE</b>														
	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	Rate	Mid-term		
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Application	Review	Forecast	Forecast
											2022/23	2022/23	2023/24	2024/25
<b>Number of FTE's</b>	<b>809</b>	<b>810</b>	<b>813</b>	<b>794</b>	<b>835</b>	<b>805</b>	<b>862</b>	<b>871</b>	<b>892</b>	<b>887</b>	<b>902</b>	<b>888</b>	<b>902</b>	<b>902</b>
<b>Kilometers of Pipeline</b>	<b>69,870</b>	<b>70,180</b>	<b>70,707</b>	<b>70,490</b>	<b>70,996</b>	<b>70,805</b>	<b>71,305</b>	<b>71,120</b>	<b>71,581</b>	<b>71,420</b>	<b>71,535</b>	<b>71,696</b>	<b>71,650</b>	<b>71,765</b>
<b>KM of Pipeline / FTE</b>	<b>86.3</b>	<b>86.6</b>	<b>87.0</b>	<b>88.7</b>	<b>85.0</b>	<b>87.9</b>	<b>82.7</b>	<b>81.7</b>	<b>80.3</b>	<b>80.6</b>	<b>79.3</b>	<b>80.7</b>	<b>79.5</b>	<b>79.6</b>

**Additional Information 4:** Response to 2<sup>nd</sup> Round IR 15(b) – provides impact of decommissioning asset liability change on rate base – Can we get updated revenue requirement tables that show impact (with and without change)?

**Schedule 1.0**  
**Delivery Revenue Requirement Summary**  
(\$000's)

Component	SaskEnergy Incorporated		Variance
	Delivery Revenue Requirement Summary		
	(\$000's)		
	Decommissioning Accumulated Depreciation in 2022-23 Forecast (Original)	Decommissioning Accumulated Depreciation Out 2022-23 Forecast (Original)	
Operating & Maintenance	152,901	152,901	-
Transportation & Storage	63,753	63,753	-
Depreciation Expense	52,107	52,107	-
Tax Expense	9,267	9,267	-
Interest Expense	32,128	32,128	-
Net Earnings	34,400	35,655	1,255
Total Delivery Revenue Requirement	344,557	345,812	1,255
<b>Other Revenue and Adjustments</b>			
Other Revenue	(30,517)	(30,517)	-
Net Delivery Revenue Requirement	314,040	315,295	1,255

**\*April 1, 2022 - March 31, 2023**

The revenue requirement summary impact is based on a target return on equity of 8.3%. SaskEnergy did not propose a rate adjustment to meet target in any of the fiscal years included in the 2022 Delivery Rate Application. The schedule shown above reflects the impact to the revenue requirement if SaskEnergy achieved target return on equity in 2022-23.