

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

**1. Reference: 1<sup>st</sup> Round Information Request #1 [Delivery Service Rate Overview and Corporate Plan]**

- a) A mid-application update is anticipated on September 29, 2022:
- i. Where applicable, please provide responses to 2nd round questions based on the updated Application.

The request noted above is understood and will be considered when providing responses to 2<sup>nd</sup> round questions.

- b) Please provide updated versions of all of the Application Schedules with 2021/22 Actual results.

The updated versions of all the application schedules with the 2021-22 actual results are provided below.

Schedule 1.0

SaskEnergy Incorporated  
Delivery Revenue Requirement Summary  
(5000's)

Component	2016-17 Actual	2017-18 Actual	2018-19 Actual	2018-19 Forecast	2019-20 Actual	2019-20 Forecast	2020-21 Actual	2020-21 Forecast	2021-22 Actual	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast
Operating & Maintenance	115,725	112,680	127,569	130,377	131,062	136,229	131,603	142,045	132,513	129,542	154,962	157,268	160,691
Transportation & Storage	50,176	50,342	53,216	52,709	53,630	53,919	53,480	52,332	58,379	58,361	63,753	66,019	66,019
Depreciation Expense	39,260	41,051	42,559	45,398	46,483	48,186	49,967	50,746	52,050	51,889	55,207	56,921	59,296
Tax Expense	4,938	5,481	6,319	6,501	6,924	7,362	6,853	7,107	7,965	7,738	8,278	8,729	9,041
Interest Expense	22,760	24,698	26,498	26,635	28,687	31,450	28,296	29,279	30,124	29,882	29,963	32,208	33,716
Net Earnings	28,812	70,220	68,117	29,982	41,904	33,459	40,201	28,878	34,468	30,104	9,663	19,994	30,118
<b>Total Delivery Revenue Requirement</b>	<b>261,672</b>	<b>304,471</b>	<b>324,279</b>	<b>291,602</b>	<b>308,690</b>	<b>310,605</b>	<b>310,400</b>	<b>310,387</b>	<b>315,499</b>	<b>307,516</b>	<b>321,826</b>	<b>341,140</b>	<b>358,881</b>
<b>Other Revenue and Adjustments</b>													
Other Revenue	(25,692)	(38,390)	(41,101)	(35,106)	(30,644)	(30,411)	(30,290)	(32,150)	(33,287)	(32,036)	(30,517)	(31,177)	(32,961)
<b>Net Delivery Revenue Requirement</b>	<b>235,980</b>	<b>266,080</b>	<b>283,178</b>	<b>256,496</b>	<b>278,046</b>	<b>280,194</b>	<b>280,110</b>	<b>278,237</b>	<b>282,213</b>	<b>275,480</b>	<b>291,309</b>	<b>309,963</b>	<b>325,920</b>

April 1, 2022 - March 31, 2025

# SaskEnergy 2022 Delivery Service & Commodity Rate Application

## Information Requests – Round 2

Schedule 1.1

**SaskEnergy Incorporated**  
**Delivery Transportation and Storage Expense**  
(\$000's)

	2016-17 Actual	2017-18 Actual	2018-19 Actual	2018-19 Forecast	2019-20 Actual	2019-20 Forecast	2020-21 Actual	2020-21 Forecast	2021-22 Actual	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast
<b>TRANSPORTATION &amp; STORAGE</b> (\$000's)													
<b>Transportation</b>													
Transportation Costs	31,821	31,986	33,861	32,665	34,185	33,696	34,036	32,887	37,172	37,154	40,638	42,082	42,082
Storage Cost	18,355	18,355	19,355	20,044	19,445	20,223	19,445	19,445	21,207	21,207	23,115	23,937	23,937
<b>Total Transportation &amp; Storage Expense</b>	<b>50,176</b>	<b>50,342</b>	<b>53,216</b>	<b>52,709</b>	<b>53,630</b>	<b>53,919</b>	<b>53,480</b>	<b>52,332</b>	<b>58,379</b>	<b>58,361</b>	<b>63,753</b>	<b>66,019</b>	<b>66,019</b>
<b>Volume</b>													
<b>Transportation</b>													
Contracted Demand (in GJ's/day)	600,000	600,000	605,000	605,000	605,000	605,000	605,000	605,000	608,000	608,000	608,000	608,000	608,000
<b>Storage</b>													
Contracted Firm Deliverability (in GJ's/day)	393,217	393,217	393,217	393,217	393,217	393,217	393,217	393,217	393,217	393,217	393,217	393,217	393,217
Contracted Storage Volume (in PJ's)	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4

April 1, 2022 - March 31, 2025

Schedule 1.2

**SaskEnergy Incorporated**  
**Operating and Maintenance**  
(\$ 000's)

	2016-17 Actual	2017-18 Actual	2018-19 Actual	2018-19 Forecast	2019-20 Actual	2019-20 Forecast	2020-21 Actual	2020-21 Forecast	2021-22 Actual	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast
<b>Operations</b>													
Costs Incurred	124,009	120,431	134,398	135,668	136,427	141,050	134,839	145,806	135,519	132,807	157,476	159,738	163,165
Capitalized & Recovered	(9,876)	(9,578)	(8,816)	(7,511)	(8,179)	(7,959)	(6,096)	(6,683)	(5,759)	(5,694)	(5,800)	(5,899)	(6,000)
<b>Subtotal Operations</b>	<b>114,133</b>	<b>110,852</b>	<b>125,582</b>	<b>128,157</b>	<b>128,248</b>	<b>133,091</b>	<b>128,744</b>	<b>139,123</b>	<b>129,760</b>	<b>127,113</b>	<b>151,676</b>	<b>153,839</b>	<b>157,165</b>
<b>Engineering and Construction</b>													
Costs Incurred	27,122	27,935	29,296	29,466	30,281	31,306	32,356	32,352	37,346	36,717	36,640	37,450	38,227
Capitalized & Recovered	(25,530)	(26,107)	(27,309)	(27,246)	(27,467)	(28,168)	(29,497)	(29,430)	(34,593)	(34,288)	(33,354)	(34,021)	(34,701)
<b>Subtotal Engineering &amp; Construction</b>	<b>1,592</b>	<b>1,828</b>	<b>1,987</b>	<b>2,220</b>	<b>2,814</b>	<b>3,138</b>	<b>2,859</b>	<b>2,922</b>	<b>2,753</b>	<b>2,429</b>	<b>3,286</b>	<b>3,429</b>	<b>3,526</b>
<b>Total Operating &amp; Maintenance</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>157,268</b>	<b>160,691</b>

April 1, 2022 - March 31, 2025

# SaskEnergy 2022 Delivery Service & Commodity Rate Application

## Information Requests – Round 2

Schedule 1.3

SaskEnergy Incorporated Depreciation Expense (\$000's)													
	2016-17 Actual	2017-18 Actual	2018-19 Actual	2018-19 Forecast	2019-20 Actual	2019-20 Forecast	2020-21 Actual	2020-21 Forecast	2021-22 Actual	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast
<b>Distribution Plant</b>													
Land Costs													
Land Rights	257	257	173	257	177	257	177	176	177	177	177	177	177
Building and Site Improvements	2,132	2,365	2,327	2,490	2,895	2,648	3,360	3,340	3,596	3,594	4,152	4,711	5,125
Services	11,819	12,333	11,666	12,856	12,104	13,322	12,952	12,690	13,018	13,017	13,842	14,499	15,109
Meter and Regulator Installations	1,742	1,849	2,311	2,151	2,444	2,288	2,575	2,524	2,680	2,664	2,746	2,814	2,880
Mains	10,971	11,402	10,205	12,322	10,777	13,456	11,299	11,275	11,452	11,480	12,014	12,467	12,830
NGV Fueling Stations & Fuel Makers	-	-	(1)	0	19	-	26	53	26	26	26	26	26
Measuring and Regulating Equipment	1,483	1,528	945	1,604	987	1,706	1,082	1,094	1,137	1,084	1,143	1,161	1,178
Meters	3,003	3,186	6,892	3,214	5,394	3,419	5,465	5,475	5,450	5,527	5,863	6,299	6,699
Other Distribution Equipment	554	634	711	690	846	734	947	945	1,004	1,026	1,189	1,307	1,450
Distribution before Customer Contributions	31,960	33,552	35,230	35,584	35,642	37,830	37,882	37,573	38,540	38,595	41,152	43,461	45,474
Amortization of Customer Contributions	(5,770)	(6,212)	(6,780)	(6,663)	(7,229)	(7,183)	(7,420)	(7,600)	(7,854)	(7,778)	(7,941)	(8,095)	(8,273)
Sub-total	26,190	27,340	28,449	28,921	28,413	30,647	30,463	29,974	30,686	30,817	33,211	35,365	37,201
<b>General Plant</b>													
Land	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings and Improvements	1,588	1,579	1,361	2,905	1,752	3,159	1,928	1,887	2,265	2,004	2,018	2,135	2,246
Office Furniture and Equipment	519	495	496	489	494	520	475	479	447	448	433	426	412
Transportation Vehicles	2,113	2,350	1,377	1,682	1,435	1,789	1,381	1,430	1,369	1,318	1,557	1,654	1,806
Heavy Work Equipment	1,121	1,096	882	1,102	999	1,117	1,017	1,083	1,083	1,107	1,224	1,316	1,418
Tools and Equipment	714	726	781	750	888	798	913	909	954	951	956	938	958
Information System Assets	7,014	7,466	7,703	9,549	7,944	10,156	8,921	10,040	10,602	10,229	11,016	10,231	10,256
Leased Computers	-	-	650	-	842	-	962	1,006	975	939	847	896	994
Leased Buildings	-	-	-	-	2,909	-	2,890	2,912	2,459	2,871	2,871	2,871	2,871
Leased Vehicles	-	-	860	-	807	-	1,016	1,028	1,210	1,206	1,076	1,090	1,134
Sub-total	13,069	13,711	14,110	16,477	18,070	17,539	19,503	20,773	21,363	21,072	21,996	21,556	22,095
<b>Total Depreciation</b>	<b>39,260</b>	<b>41,051</b>	<b>42,559</b>	<b>45,398</b>	<b>46,483</b>	<b>48,186</b>	<b>49,966</b>	<b>50,746</b>	<b>52,050</b>	<b>51,889</b>	<b>55,207</b>	<b>56,921</b>	<b>59,296</b>

April 1, 2022 - March 31, 2025

Schedule 1.4

SaskEnergy Incorporated Tax Expense (\$000's)													
	2016-17 Actual	2017-18 Actual	2018-19 Actual	2018-19 Forecast	2019-20 Actual	2019-20 Forecast	2020-21 Actual	2020-21 Forecast	2021-22 Actual	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast
Corporate Capital Tax	4,725	5,242	5,695	6,081	6,289	6,987	6,148	6,529	7,173	6,946	7,580	8,031	8,343
Grants in Lieu of Taxes	213	239	624	420	635	375	705	578	792	792	698	698	698
<b>Total Taxes</b>	<b>4,938</b>	<b>5,481</b>	<b>6,319</b>	<b>6,501</b>	<b>6,924</b>	<b>7,362</b>	<b>6,853</b>	<b>7,107</b>	<b>7,965</b>	<b>7,738</b>	<b>8,278</b>	<b>8,729</b>	<b>9,041</b>

April 1, 2022 - March 31, 2025

Schedule 1.5

SaskEnergy Incorporated Interest Expense (\$000's)													
	2016-17 Actual	2017-18 Actual	2018-19 Actual	2018-19 Forecast	2019-20 Actual	2019-20 Forecast	2020-21 Actual	2020-21 Forecast	2021-22 Actual	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast
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	27,768	27,809
Interest on Bank Indebtedness	952	1,194	1,569	2,287	547	4,880	96	810	309	299	824	1,767	3,188
Interest on Finance Lease	-	-	-	-	383	-	415	353	406	437	404	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	4,900	5,200
Amortization of Deferred Charges	243	250	230	230	102	227	(20)	133	(22)	(22)	(13)	(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)	(1,987)	(2,201)
Capitalized Interest	(144)	(350)	(188)	(148)	(505)	(234)	(375)	(221)	(47)	(55)	(303)	(306)	(309)
Interest Allocated to Commodity Cost of Gas	(319)	(335)	(459)	(326)	(419)	(446)	(44)	(445)	(59)	(56)	(168)	(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>32,208</b>	<b>33,716</b>

April 1, 2022 - March 31, 2025

## SaskEnergy 2022 Delivery Service & Commodity Rate Application Information Requests – Round 2

Schedule 1.6

**SaskEnergy Incorporated  
Net Income  
(\$000's)**

	2016-17 Actual	2017-18 Actual	2018-19 Actual	2018-19 Forecast	2019-20 Actual	2019-20 Forecast	2020-21 Actual	2020-21 Forecast	2021-22 Actual	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast
Net Income before Market													
Adjustments on Asset Optimization	28,812	70,220	68,117	29,982	41,904	33,459	40,201	28,878	34,468	30,104	9,663	19,994	30,118
<b>Total Net Income</b>	<b>28,812</b>	<b>70,220</b>	<b>68,117</b>	<b>29,982</b>	<b>41,904</b>	<b>33,459</b>	<b>40,201</b>	<b>28,878</b>	<b>34,468</b>	<b>30,104</b>	<b>9,663</b>	<b>19,994</b>	<b>30,118</b>

April 1, 2022 - March 31, 2025

Schedule 1.7

**SaskEnergy Incorporated  
Other Revenue  
(\$000's)**

	2016-17 Actual	2017-18 Actual	2018-19 Actual	2018-19 Forecast	2019-20 Actual	2019-20 Forecast	2020-21 Actual	2020-21 Forecast	2021-22 Actual	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast
Connect Fees	(2,034)	(1,983)	(2,338)	(2,094)	(2,358)	(2,050)	(1,782)	(1,850)	(2,631)	(2,572)	(1,820)	(1,820)	(1,820)
Margin on Asset Optimization	(5,644)	(16,197)	(16,753)	(11,799)	(6,391)	(5,913)	(3,391)	(6,062)	(4,097)	(4,017)	(1,881)	(1,881)	(1,881)
Late Payment Charges	(1,132)	(1,112)	(2,123)	(1,326)	(2,293)	(1,200)	(1,816)	(1,500)	(2,934)	(2,338)	(1,500)	(1,500)	(1,500)
Customer Financing	(98)	(115)	(82)	(90)	(68)	(64)	(49)	(62)	(46)	(51)	(42)	(42)	(42)
Miscellaneous Revenue	(520)	(568)	(640)	(464)	(767)	(575)	(744)	(553)	(690)	(630)	(643)	(643)	(643)
Distribution Tolls	(16,264)	(18,414)	(19,165)	(19,333)	(18,767)	(20,609)	(22,507)	(22,123)	(22,889)	(22,429)	(24,631)	(25,291)	(27,075)
<b>Total Other Revenue</b>	<b>(25,692)</b>	<b>(38,390)</b>	<b>(41,101)</b>	<b>(35,106)</b>	<b>(30,644)</b>	<b>(30,411)</b>	<b>(30,290)</b>	<b>(32,150)</b>	<b>(33,287)</b>	<b>(32,036)</b>	<b>(30,517)</b>	<b>(31,177)</b>	<b>(32,961)</b>

April 1, 2022 - March 31, 2025

c) Please update the tables in the following Application Tabs with 2021-22

Actual results:

i. Tab 8, Tables on pages 4, 5 and 8;

Please see below as requested above as follows:

Page 4

<b>Distribution Division Customer Connect - Capital Expenditures</b>													
(\$ 000's)													
	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
URBAN MAINS	7,522	5,943	7,078	7,500	4,649	7,500	3,171	5,750	4,499	6,025	4,500	4,500	4,500
URBAN SERVICES (Excl. I.R.)	10,104	10,497	8,222	9,400	8,033	10,300	8,519	7,750	9,970	7,400	8,500	8,500	8,500
RURAL MAINS AND SERVICES	15,873	15,173	20,060	23,212	18,055	21,060	20,754	19,375	16,220	16,425	19,440	15,250	13,750
NEW FIRST NATION RESERVES	186	22	5,916	9,500	257	12,500	-	-	-	-	2,780	8,000	5,500
FIRST NATION INFILL SERVICES	597	3,442	1,132	1,942	960	2,005	1,470	1,100	2,145	1,670	1,150	1,150	1,150
METER INSTALLATIONS	1,823	2,083	2,542	1,950	3,029	2,150	2,883	2,075	2,982	3,290	2,850	2,850	2,850
CONSTRUCTION ACCOUNT	1	43	42	7	(118)	-	8	-	82	123	-	-	-
CUSTOM WORK	1,578	(9)	10	250	-	125	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>37,681</b>	<b>37,193</b>	<b>45,002</b>	<b>53,761</b>	<b>34,865</b>	<b>55,640</b>	<b>36,805</b>	<b>36,050</b>	<b>35,897</b>	<b>34,933</b>	<b>39,220</b>	<b>40,250</b>	<b>36,250</b>

# SaskEnergy 2022 Delivery Service & Commodity Rate Application

## Information Requests – Round 2

Distribution Division System Improvement - Capital Expenditures (\$ 000's)												
	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25
	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
Regulator/Meter Station Upgrades	7,592	6,320	6,236	5,017	6,055	2,500	6,280	-	-	-	-	-
In/Out Meter Moves	274	453	502	377	500	-	-	-	-	-	-	-
Line Heater Upgrades	2,575	1,835	2,122	1,872	2,000	1,601	1,970	-	-	-	-	-
Service Upgrades	16,808	23,855	21,894	13,257	20,000	3,711	14,000	-	-	-	-	-
Area - Misc. Projects	837	824	952	1,032	650	555	2,030	-	-	-	-	-
DSRM Program	237	92	109	29	250	136	-	-	-	-	-	-
U/G Entrance Program	534	383	715	252	500	11	350	-	-	-	-	-
U/G Valve Isolation	416	799	1,058	1,153	1,300	374	1,000	-	-	-	-	-
CP System Upgrades	643	1,279	1,134	972	1,450	676	1,550	-	-	-	-	-
Mapping Conversion Program	1	26	50	63	500	248	500	-	-	-	-	-
Major Infrastructure	9,113	4,060	6,642	7,509	11,300	6,340	8,600	2,730	4,594	17,267	5,750	9,900
Service Protection and Retirements	39	137	425	78	380	11	-	-	-	-	-	-
Rodent Infestation	41	20	83	22	80	0	-	-	-	-	-	-
Dist. System Integrity	195	103	225	45	75	5	-	-	-	-	-	-
Crossing Upgrades and Removals	157	270	258	176	350	5	350	-	-	-	-	-
Odorization Upgrades	1,392	954	1,108	1,358	2,000	946	2,400	-	-	-	-	-
Distribution Main Replacements	2,107	5,118	5,453	8,773	11,723	7,183	11,500	-	-	-	-	-
Service Alterations	6,280	5,232	4,817	3,431	4,500	3,942	5,000	-	-	-	-	-
Meter Exchange Program	3,029	1,833	2,403	1,752	3,250	1,411	2,835	-	-	-	-	-
STEP/IP Pipe Inspections	701	420	413	461	650	559	500	-	-	-	-	-
Measurement Upgrades	93	146	172	55	50	404	350	-	-	-	-	-
CNG TRAILER CYLINDERS & DISPENSING	-	664	-	808	-	221	875	-	-	-	-	-
Cathodic Protection - Mitigation, Repair and Overhaul	-	-	-	-	-	-	-	10	61	200	300	300
Cathodic Protection - Asset Replacement	-	-	-	-	-	-	-	306	388	777	1,371	1,050
Cathodic Protection - System Improvements and Enhancements	-	-	-	-	-	-	-	-	-	-	300	100
Facilities - Asset Replacement	-	-	-	-	-	-	-	3,499	4,445	5,028	5,544	3,119
Facilities - System Improvements and Enhancements	-	-	-	-	-	-	-	1,706	1,925	1,921	3,750	3,500
Facilities - Inspections and Survey	-	-	-	-	-	-	-	1,725	1,952	30	-	-
Facilities - Mitigation, Repair and Overhaul	-	-	-	-	-	-	-	422	795	1,455	3,168	1,600
LDC System Improvements	-	-	-	-	-	-	-	6	56	-	-	-
Line Heater - Mitigation, Repair and Overhaul	-	-	-	-	-	-	-	501	502	823	616	500
Line Heater - Asset Replacement	-	-	-	-	-	-	-	495	663	1,668	2,820	1,620
Mains - Asset Replacement	-	-	-	-	-	-	-	2,769	2,898	3,210	3,555	2,870
Mains - Inspection and Survey	-	-	-	-	-	-	-	446	340	335	425	335
Mains - System Improvements and Enhancements	-	-	-	-	-	-	-	1,388	1,617	2,390	3,000	3,000
Mains - Mitigation, Repair, and Overhaul	-	-	-	-	-	-	-	238	756	1,011	1,150	2,150
Service - Asset Replacement	-	-	-	-	-	-	-	12,467	10,510	11,665	14,395	14,395
Service - Mitigation, Repair and Overhaul	-	-	-	-	-	-	-	252	355	988	1,190	1,190
Service - System Improvements and Enhancements	-	-	-	-	-	-	-	-	-	165	200	200
Mobile Equipment - Inspections & Survey	-	-	-	-	-	-	-	-	150	-	330	-
Mobile Equipment - Mitigation, Repair & Overhaul	-	-	-	-	-	-	-	-	62	72	72	72
Mobile Equipment - Asset Replacement	-	-	-	-	-	-	-	105	16	50	265	-
Drawing Maintenance	-	-	-	-	-	-	-	3	45	100	100	100
Alterations	-	-	-	-	-	-	-	8,729	8,259	5,000	5,500	5,500
Facility Surface Mitigation	-	-	-	-	-	-	-	315	333	235	305	300
Mapping-Drawing Conversion	-	-	-	-	-	-	-	231	270	300	300	300
<b>Total</b>	<b>53,065</b>	<b>54,823</b>	<b>56,771</b>	<b>48,494</b>	<b>67,563</b>	<b>30,839</b>	<b>60,090</b>	<b>38,342</b>	<b>40,991</b>	<b>54,689</b>	<b>54,406</b>	<b>52,101</b>

Capital Expenditure Actual/Forecast													
(\$ millions)													
	2016/17	2017/18	2018/19	2018/19	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25	
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
<b>DISTRIBUTION</b>													
Customer Connections	37.7	37.2	45.0	53.8	34.9	55.6	36.8	36.1	35.9	34.9	39.2	40.3	36.3
System Improvements	52.8	53.1	54.8	56.8	48.5	67.6	30.8	60.1	38.3	41.0	54.7	54.4	52.1
Gas Measurement	6.4	8.0	4.8	7.7	5.5	6.8	5.6	7.1	4.8	7.7	11.2	14.6	12.9
Green Energy Initiatives	-	-	-	-	-	-	-	-	0.1	0.2	3.6	3.7	3.7
Tools/ Stations/GIS	1.0	1.0	1.0	1.4	0.8	1.6	0.9	1.0	0.6	0.7	0.9	0.9	0.9
<b>Sub-Total</b>	<b>97.8</b>	<b>99.2</b>	<b>105.7</b>	<b>119.7</b>	<b>89.6</b>	<b>131.6</b>	<b>74.1</b>	<b>104.2</b>	<b>79.8</b>	<b>84.6</b>	<b>109.5</b>	<b>113.8</b>	<b>105.8</b>
<b>GENERAL PLANT</b>													
Information Systems	10.5	10.5	13.8	21.9	10.2	25.7	11.8	13.5	2.6	3.6	22.0	25.9	20.1
Enterprise Security	-	-	-	-	-	-	0.6	0.8	0.5	0.7	1.1	1.0	1.0
Vehicles	3.2	6.3	5.2	5.3	2.1	4.9	2.2	1.9	2.4	2.3	3.0	3.6	3.6
Building/Furniture	1.7	2.1	19.4	22.8	4.2	12.1	3.9	6.6	2.4	2.7	17.7	31.5	48.3
Regulators	0.5	0.5	0.9	0.7	1.1	0.7	0.8	0.7	0.0	0.0	0.0	0.0	0.0
<b>Sub-Total</b>	<b>15.9</b>	<b>19.5</b>	<b>39.3</b>	<b>50.6</b>	<b>17.6</b>	<b>43.3</b>	<b>19.3</b>	<b>23.5</b>	<b>7.8</b>	<b>9.3</b>	<b>43.8</b>	<b>61.9</b>	<b>72.9</b>
<b>Total Capital Expenditures</b>	<b>113.7</b>	<b>118.7</b>	<b>144.9</b>	<b>170.3</b>	<b>107.2</b>	<b>174.9</b>	<b>93.4</b>	<b>127.7</b>	<b>87.6</b>	<b>93.9</b>	<b>153.4</b>	<b>175.7</b>	<b>178.7</b>
<b>Customer Contributions</b>	<b>(20.2)</b>	<b>(25.0)</b>	<b>(23.9)</b>	<b>(23.1)</b>	<b>(17.6)</b>	<b>(24.4)</b>	<b>(17.9)</b>	<b>(15.9)</b>	<b>(22.9)</b>	<b>(19.9)</b>	<b>(14.8)</b>	<b>(16.4)</b>	<b>(14.5)</b>
<b>Net Capital Expenditures</b>	<b>93.6</b>	<b>93.6</b>	<b>121.0</b>	<b>147.1</b>	<b>89.6</b>	<b>150.5</b>	<b>75.5</b>	<b>111.8</b>	<b>64.7</b>	<b>73.9</b>	<b>138.5</b>	<b>159.4</b>	<b>164.3</b>
*Effective April 1, 2021, Regulators are included within Gas Measurement													

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

ii. Tab 10, Tables on page 2, 3 and 4;

Please see below as requested above as follows:

Page 2

Full Time Equivalent by Executive													
	Actual 2016/17	Actual 2017/18	Actual 2018/19	Forecast 2018/19	Actual 2019/20	Forecast 2019/20	Actual 2020/21	Forecast 2020/21	Actual 2021/22	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
President and CEO	13	13	13	13	13	13	13	13	13	13	13	13	13
Exec VP, Operations Customer Service	480	484	501	501	510	510	517	517	530	530	531	531	531
Exec VP, Corporate Planning	11	8	13	13	14	14	13	13	15	15	16	16	16
Exec VP, Infrastructure Delivery & Reliability	155	153	152	152	159	159	169	169	200	200	202	202	202
Exec VP and Chief Information Officer	30	30	43	43	52	52	62	62	74	74	66	66	66
Exec VP and Chief Financial Officer	96	96	91	91	93	93	95	95	93	93	86	86	86
Exec VP, Stakeholder Engagement, Chief Legal Officer & Corporate Secretary	31	31	29	29	26	26	27	27	34	34	37	37	37
Exec VP, Human Resources & Safety	30	29	27	27	30	30	30	30	32	32	31	31	31
Vacancy Management	(38)	(34)	(55)	(40)	(61)	(45)	(64)	(55)	(99)	(105)	(80)	(80)	(80)
<b>Total</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>902</b>	<b>902</b>

% Change in FTE Levels													
	2016/17 to 2017/18	2017/18 to 2018/19	2018/19 to 2019/20	2019/20 to 2020/21	2020/21 to 2021/22	2021/22 to 2022/23	2022/23 to 2023/24	2023/24 to 2024/25					
President and CEO	0.0%	-2.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%					
Exec VP, Operations Customer Service	0.8%	3.4%	1.8%	1.4%	2.5%	0.2%	0.0%	0.0%					
VP, Corporate Planning	-27.3%	62.5%	7.7%	-7.1%	15.4%	6.7%	0.0%	0.0%					
VP, Engineering, Integrity & Construction	-1.7%	-0.7%	5.0%	6.3%	18.3%	1.0%	0.0%	0.0%					
Exec VP and Chief Information Officer	0.0%	41.9%	21.2%	19.2%	19.4%	-10.8%	0.0%	0.0%					
Exec VP and Chief Financial Officer	0.0%	-5.5%	2.2%	2.2%	-2.1%	-7.7%	0.0%	0.0%					
Exec VP, Stakeholder Engagement, Chief Legal Officer & Corporate Secretary	0.0%	-7.7%	-9.7%	3.8%	25.7%	8.8%	0.0%	0.0%					
Exec VP, Human Resources & Safety	-3.4%	-5.8%	11.1%	0.0%	6.7%	-3.1%	0.0%	0.0%					
<b>Total</b>	<b>0.1%</b>	<b>0.3%</b>	<b>2.8%</b>	<b>3.2%</b>	<b>3.4%</b>	<b>1.1%</b>	<b>0.0%</b>	<b>0.0%</b>					

Page 3

Average Base Labour Cost per FTE													
	Actual 2016/17	Actual 2017/18	Actual 2018/19	Forecast 2018/19	Actual 2019/20	Forecast 2019/20	Actual 2020/21	Forecast 2020/21	Actual 2021/22	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Labour Costs (000's)	76,679	76,339	79,384	83,233	84,912	88,294	87,457	92,868	93,306	93,820	100,685	103,659	106,936
FTE's	809	810	813	828	835	852	862	871	892	887	902	902	902
\$/FTE	94,755	94,219	97,692	100,533	101,653	103,686	101,422	106,636	104,617	105,832	111,649	114,947	118,580
Based on Wages, Salaries and Benefits													

Average Total Labour Cost per FTE													
	Actual 2016/17	Actual 2017/18	Actual 2018/19	Forecast 2018/19	Actual 2019/20	Forecast 2019/20	Actual 2020/21	Forecast 2020/21	Actual 2021/22	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Labour Costs (000's)	87,666	88,900	92,415	95,258	97,801	100,965	101,191	105,545	108,066	108,014	114,424	117,693	121,273
FTE's	809	810	813	828	835	852	862	871	892	887	902	902	902
\$/FTE	108,333	109,722	113,728	115,058	117,082	118,566	117,349	121,192	121,166	121,843	126,884	130,509	134,479
Average Base Labour plus Overtime, Standby, and other labour costs													

Net Labour Costs (\$000's)													
	2016-17	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	2021-22	2021-22	2022-23	2023-24	2024-25
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
Base Labour Costs	76,679	76,339	79,384	83,233	84,912	88,294	87,457	92,868	93,306	93,820	100,685	103,659	106,936
Overtime	6,544	7,153	7,560	7,106	7,249	7,587	7,933	7,660	9,295	8,923	8,372	8,543	8,717
Substitution	283	345	299	344	223	385	383	390	391	356	326	333	339
Holiday Extra Item/Vacation Pay	1,261	2,066	2,007	1,447	2,157	1,488	2,111	1,365	1,751	1,571	1,599	1,633	1,669
Premiums	91	89	99	100	93	118	90	100	115	111	101	103	105
Standby	2,213	2,290	2,335	2,336	2,396	2,468	2,420	2,434	2,432	2,446	2,542	2,593	2,645
Inconvenience Pay/Shift Differential	595	618	732	693	770	625	796	726	776	787	798	830	863
<b>Total Labour Costs</b>	<b>87,666</b>	<b>88,900</b>	<b>92,415</b>	<b>95,258</b>	<b>97,801</b>	<b>100,965</b>	<b>101,191</b>	<b>105,545</b>	<b>108,066</b>	<b>108,014</b>	<b>114,424</b>	<b>117,693</b>	<b>121,273</b>
Annual Change		1,234	3,515		5,386		3,390		6,874	6,823	6,358	3,270	3,579
Annual Change %		1.4%	4.0%		5.8%		3.5%		6.8%	6.7%	5.9%	2.9%	3.0%

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

Average Labour Costs Per Full Time Equivalent (\$000's)													
	2016-17	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	2021-22	2021-22	2022-23	2023-24	2024-25
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
Base Labour Costs (000's)	76,679	76,339	79,384	83,233	84,912	88,294	87,457	92,868	93,306	93,820	100,685	103,659	106,936
Total Net Labour Costs (000's)	87,666	88,900	92,415	95,258	97,801	100,965	101,191	105,545	108,066	108,014	114,424	117,693	121,273
Full Time Equivalents	809	810	813	828	835	852	862	871	892	887	902	902	902
Avg Base Labour/FTE (\$/FTE)	94,755	94,219	97,692	100,533	101,653	103,686	101,422	106,636	104,617	105,832	111,649	114,947	118,580
Avg Net Labour/FTE (\$/FTE)	108,333	109,722	113,728	115,058	117,082	118,566	117,349	121,192	121,166	121,843	126,884	130,509	134,479
Annual Change		1,389	4,006		3,355		267		3,817	4,494	5,718	3,626	3,969
Annual Change %		1.3%	3.7%		2.9%		0.2%		3.3%	3.8%	4.7%	2.9%	3.0%

Full Time Equivalent Vacancies from 2016/17 to 2024-25 (fiscal)													
	2016-17	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	2021-22	2021-22	2022-23	2023-24	2024-25
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
Full Time Equivalents (FTEs)	847	844	868	868	897	897	926	926	991	991	982	982	982
Vacant FTEs	38	34	55	40	61	45	64	55	99	105	80	80	80
Calculated Vacancy Rate	4.5%	4.0%	6.4%	4.6%	6.8%	5.0%	6.9%	5.9%	10.0%	10.5%	8.2%	8.2%	8.2%
Total Labour Cost Before Vacancy Rate Adjustment	98,175	97,279	102,560	104,053	106,490	107,226	107,144	111,586	113,538	115,237	118,881	122,178	125,812
Vacancy Rate Adjustment (Average)	3,420	3,060	4,868	3,520	4,838	3,540	5,722	4,950	8,921	9,405	7,232	7,232	7,232
Total Labour Cost After Vacancy Rate Adjustment	94,755	94,219	97,692	100,533	101,653	103,686	101,422	106,636	104,617	105,832	111,649	114,947	118,580

iii. Tab 11, Tables on pages 2-10;

Please see below as requested above as follows:

SASKENERGY INCORPORATED													
Category Details													
(\$ 000's)													
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	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	117,693	121,273
Pension Costs*	296	221	249	201	284	211	87	175	73	198	208	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)	(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	38,199	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)	(4,460)	(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)	(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	9,341	9,341
Energy Costs	648	813	806	764	812	842	803	807	715	674	837	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	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	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	9,858	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	3,863	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	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	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	2,470	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	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)	(18,925)	(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>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.

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

Page 3

SASKENERGY INCORPORATED													
Category Details													
(\$ 000's)													
	Actual 2016/17	Actual 2017/18	Actual 2018/19	Forecast 2018/19	Actual 2019/20	Forecast 2019/20	Actual 2020/21	Forecast 2020/21	Actual 2021/22	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 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	117,693	121,273
Pension Costs	296	221	249	201	284	211	87	175	73	198	208	219	230
External Services	33,984	34,156	41,521	40,373	37,502	44,109	35,295	43,348	34,884	33,773	38,576	38,199	38,216
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	2,470	2,470
<b>Total</b>	<b>123,605</b>	<b>125,010</b>	<b>136,235</b>	<b>137,827</b>	<b>137,779</b>	<b>147,613</b>	<b>138,293</b>	<b>151,481</b>	<b>145,581</b>	<b>143,970</b>	<b>155,678</b>	<b>158,581</b>	<b>162,189</b>

Page 4

SASKENERGY INCORPORATED													
Labour Details													
(\$ 000's)													
	Actual 2016/17	Actual 2017/18	Actual 2018/19	Forecast 2018/19	Actual 2019/20	Forecast 2019/20	Actual 2020/21	Forecast 2020/21	Actual 2021/22	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Labour Details</b>													
WAGES - REGULAR	31,890	31,610	31,366	34,626	32,717	34,357	33,684	36,143	31,543	33,299	35,271	36,596	37,328
WAGES - REGULAR PART TIME	3,363	2,867	2,510	2,575	2,860	2,582	939	2,712	2,917	2,944	2,755	2,810	2,866
WAGES - TEMPORARY	2,528	2,417	2,329	2,453	2,557	3,241	4,529	3,050	6,708	5,731	8,310	8,476	8,646
I'S VACATION ENTITLEMENT	3,504	3,427	3,394	3,793	3,396	3,701	3,721	3,997	4,298	4,035	4,348	4,435	4,524
BID LAG	-	-	-	(1,463)	-	(929)	-	(1,849)	-	(1,333)	(6,788)	(5,801)	(5,917)
STANDBY	2,213	2,290	2,335	2,336	2,396	2,468	2,420	2,434	2,432	2,446	2,542	2,593	2,645
SUBSTITUTION	283	345	299	344	223	385	383	390	391	356	326	333	339
SHIFT DIFFERENTIAL	13	12	12	13	12	13	13	12	15	15	13	13	13
PREMIUM	91	89	99	100	93	118	90	100	115	111	101	103	105
HOLIDAY PAY EXTRA	876	966	1,057	975	1,050	997	1,110	1,032	1,209	1,041	1,191	1,215	1,239
OVERTIME	6,438	7,040	7,433	6,972	7,002	7,452	7,793	7,545	9,117	8,763	8,217	8,381	8,549
BUDGET ADJUSTMENT	774	(1,322)	(345)	(111)	(416)	1,733	(302)	1,526	(266)	1,433	1,627	1,335	1,701
SALARIES - REGULAR	17,984	21,208	22,405	22,667	24,883	24,202	25,246	26,396	26,497	24,995	30,007	31,064	32,307
O/S VACATION ENTITLEMENT	1,990	2,107	2,305	2,400	2,461	2,601	2,500	2,801	2,746	2,743	3,132	3,252	3,382
EDO ACCRUAL PROGRAM	572	627	765	607	801	654	952	700	913	885	962	1,016	1,057
INCONVENIENCE PAY	215	254	369	240	404	252	428	334	403	406	421	437	455
OVERTIME (O/S)	105	114	126	134	247	135	141	115	177	160	155	161	168
HONORARIUMS	367	352	351	440	354	360	355	380	357	366	365	380	395
BENEFITS (IN-SCOPE)	9,665	8,679	9,575	9,998	9,807	10,119	10,138	10,757	11,249	11,859	12,235	12,480	12,729
BENEFITS (O/S)	4,707	4,941	5,329	5,943	6,133	6,243	6,137	6,809	6,775	7,428	7,934	8,215	8,543
WAGES FROM OTHER CENTRES	4	4	2	2	2	-	-	-	-	-	-	-	-
WAGES TO OTHER CENTRES	(7)	(5)	(3)	(5)	(3)	-	-	-	-	-	-	-	-
OVERTIME - FROM OTHER CENTRES	2	-	-	0	-	-	-	-	-	-	-	-	-
VACATION PAY	54	244	125	200	402	260	(173)	140	350	211	200	200	200
SICK LEAVE	33	63	18	-	22	-	-	-	-	-	-	-	-
SEVERANCE PAY	-	563	551	-	392	-	1,083	-	113	113	-	-	-
SETTLING IN PAY-O/S	3	9	7	20	7	20	4	19	6	7	-	-	-
<b>Total Labour Excluding Vacancy</b>	<b>87,666</b>	<b>88,900</b>	<b>92,415</b>	<b>95,258</b>	<b>97,801</b>	<b>100,965</b>	<b>101,191</b>	<b>105,545</b>	<b>108,066</b>	<b>108,014</b>	<b>114,424</b>	<b>117,693</b>	<b>121,273</b>
Vacancy Adjustment	-	-	-	(1,463)	-	(929)	-	(1,849)	-	(1,333)	(6,746)	(6,887)	(7,003)
<b>Total Gross Labour</b>	<b>87,666</b>	<b>88,900</b>	<b>92,415</b>	<b>96,721</b>	<b>97,801</b>	<b>101,894</b>	<b>101,191</b>	<b>107,394</b>	<b>108,066</b>	<b>109,347</b>	<b>121,170</b>	<b>124,580</b>	<b>128,276</b>
Capitalization	(22,302)	(23,111)	(22,883)	(18,969)	(22,660)	(20,848)	(22,483)	(22,420)	(25,740)	(24,290)	(23,195)	(23,548)	(23,991)
<b>Total Labour (net) of Vacancy and Capitalization</b>	<b>65,365</b>	<b>65,789</b>	<b>69,532</b>	<b>77,753</b>	<b>75,140</b>	<b>81,046</b>	<b>78,708</b>	<b>84,974</b>	<b>82,326</b>	<b>85,057</b>	<b>97,975</b>	<b>101,032</b>	<b>104,285</b>
SASKENERGY INCORPORATED													
Pension Details													
(\$ 000's)													
	Actual 2016/17	Actual 2017/18	Actual 2018/19	Forecast 2018/19	Actual 2019/20	Forecast 2019/20	Actual 2020/21	Forecast 2020/21	Actual 2021/22	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Pensions</b>													
LONG SERVICE RETIREMENT PAY	296	221	249	201	284	211	87	175	73	198	208	219	230
	<b>296</b>	<b>221</b>	<b>249</b>	<b>201</b>	<b>284</b>	<b>211</b>	<b>87</b>	<b>175</b>	<b>73</b>	<b>198</b>	<b>208</b>	<b>219</b>	<b>230</b>



# SaskEnergy 2022 Delivery Service & Commodity Rate Application

## Information Requests – Round 2

Page 5

SASKENERGY INCORPORATED														
External Service Details														
(\$ 000's)														
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
External Services	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24	2023/24	2024/25
CONSTRUCTION LABOUR	172	-	-	(0)	-	(0)	11	-	(81)	-	-	-	(0)	(0)
EMERGENCY PREPAREDNESS	5	1	0	-	6	-	7	-	-	-	-	-	-	-
CONSTRUCTION VEHICLE COST	(115)	-	-	0	-	-	-	-	(26)	-	-	-	-	-
GAS CONSTRUCTION CONTRACTS	1,879	3,173	2,886	2,009	2,184	3,380	1,585	2,671	2,327	2,135	1,445	1,431	1,416	
CONTRACTS - GENERAL	6,234	5,814	5,623	5,983	5,841	7,180	5,231	6,267	5,445	5,112	2,525	2,499	2,475	
CONTRACT SERVICE-MOVERS	49	45	22	80	46	80	22	69	44	41	34	34	33	
MAILING SERVICES	205	181	127	255	99	245	105	200	92	99	185	183	181	
RECORD RETENTION	165	153	155	127	165	177	161	207	279	275	265	262	260	
CONTRACT ANALYST	9,299	9,867	11,391	12,094	10,734	10,133	11,193	13,186	10,883	10,572	12,429	12,026	11,896	
AMS/HOSTING	5,661	6,316	7,912	9,483	8,670	11,184	8,601	9,866	7,728	7,510	9,740	10,032	10,333	
IC CONTRACT-FIRST CALL	230	276	247	263	219	245	244	201	248	243	246	240	245	
WASTE DISPOSAL	1	16	9	3	11	16	4	10	-	5	16	16	16	
EQUIPMENT RENTALS	319	23	-	-	-	220	-	-	-	-	-	-	-	
OTHER CONTRACT SERVICES	3,569	2,659	2,776	2,966	2,598	3,008	2,537	2,457	2,579	2,262	4,926	4,778	4,730	
UTILITIES (ELEC.WATER)	29	34	33	32	42	31	34	32	41	41	40	39	39	
COURIER & MAIL SERVICE	84	68	64	58	61	80	69	78	72	72	109	108	107	
PRINTING	105	48	70	151	53	122	59	83	60	52	82	81	80	
COPIER MAINTENANCE	269	275	133	434	83	500	50	150	46	51	85	84	83	
PAPER	15	16	13	18	11	18	8	16	8	8	16	16	16	
EQUIPMENT RENTAL	10	3	6	3	3	3	13	2	3	3	9	9	9	
ENVELOPES & INSERTING	234	139	1	-	-	242	-	2	-	-	-	-	-	
BILL PRINTING	457	425	437	450	441	450	367	480	419	370	425	421	417	
METER READING	2,386	2,480	1,852	2,415	2,080	2,430	1,982	2,470	2,206	2,252	2,250	2,228	2,205	
CONSULTING SERVICES	2,716	2,138	7,702	3,518	4,145	4,338	2,988	4,978	2,378	2,647	3,739	3,702	3,665	
RECRUITMENT	6	5	62	30	11	30	24	29	25	24	11	11	11	
	<b>33,984</b>	<b>34,156</b>	<b>41,521</b>	<b>40,373</b>	<b>37,502</b>	<b>44,109</b>	<b>35,295</b>	<b>43,348</b>	<b>34,884</b>	<b>33,773</b>	<b>38,576</b>	<b>38,199</b>	<b>38,216</b>	

Page 6

SASKENERGY INCORPORATED														
Fees, Dues & Community Contribution Details														
(\$ 000's)														
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Fees, Dues and Community Contributions	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24	2023/24	2024/25
LICENCES & PERMITS	10	5	2	11	11	11	4	11	1	3	7	7	7	7
EASEMENT FEES	2	-	-	3	-	3	-	-	-	-	-	-	-	-
RAILWAY CROSSING FEES	13	15	16	23	16	20	23	19	13	12	25	25	25	
HSIF	57	56	55	-	53	-	58	52	56	60	52	52	52	
FEES & DUES	150	182	358	256	290	261	215	305	445	278	365	365	365	
CONFERENCE REGISTRATIONS	18	24	17	34	25	73	14	56	29	32	69	69	69	
PROFESSIONAL & ASSN FEES	75	77	69	74	72	89	66	85	75	78	84	84	84	
CASH SPONSORSHIP/DONATIONS	276	311	279	300	332	333	294	333	518	322	333	333	333	
CGA	318	296	298	324	327	324	306	304	424	315	329	329	329	
TABLES/TICKETS/TOURNAMENTS	10	3	4	9	11	10	-	9	-	-	7	7	7	
LAND-TITLES	98	88	99	100	93	100	90	100	80	90	93	93	93	
RESERVED FUNDS	6	56	8	20	55	60	(50)	60	15	15	60	60	60	
FEDERAL GOV'T INSPECTION FEE	8	2	2	5	-	5	1	2	1	1	2	2	2	
CERTIFICATION FEES	11	15	35	10	33	54	56	37	20	30	58	58	58	
SHARE THE WARMTH	38	41	-	-	29	60	1	22	45	0	30	30	30	
DAMAGE CLAIMS	19	25	29	15	48	14	55	32	(13)	(4)	24	24	24	
SCHOLARSHIPS	105	105	105	105	105	105	105	105	105	105	105	105	105	
TRAINING REGISTRATON FEES	370	383	627	647	587	732	369	825	667	569	789	789	789	
SUNDRY	77	49	48	59	102	75	113	56	79	78	40	40	40	
	<b>1,659</b>	<b>1,733</b>	<b>2,050</b>	<b>1,995</b>	<b>2,192</b>	<b>2,328</b>	<b>1,719</b>	<b>2,414</b>	<b>2,559</b>	<b>1,985</b>	<b>2,470</b>	<b>2,470</b>	<b>2,470</b>	

Communication, Public Relations, and Fees, Dues and Community Contributions														
\$000's														
	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	2022/23	2023/24	2023/24	2024/25
General Advertising and Marketing	179	143	185	377	133	273	38	286	53	94	236	236	236	
Safety and Awareness	620	816	949	709	113	185	57	199	86	108	151	151	151	
Energy Efficiency Programs and Awareness	1,098	1,830	1,383	1,856	2,313	2,853	4,245	3,767	4,996	4,093	8,235	8,235	8,235	
Professional Membership and Dues	739	736	933	803	897	864	819	915	1,114	867	1,015	1,015	1,015	
Sponsorships and Donations	330	411	291	462	427	463	245	424	578	337	430	430	430	
Scholarships	105	105	105	105	105	105	105	105	105	105	105	105	105	
Training and Conferences	388	407	644	705	612	805	383	882	696	602	857	857	857	
Damage Claims and Other	100	74	110	113	150	98	173	94	66	74	64	64	64	
Business Telephones, Cellular and Network Services	2,531	2,188	1,783	2,205	1,937	2,322	2,057	2,668	2,863	2,630	3,077	3,077	3,077	
Total	<b>6,088</b>	<b>6,711</b>	<b>6,384</b>	<b>7,334</b>	<b>6,688</b>	<b>7,967</b>	<b>8,121</b>	<b>9,340</b>	<b>10,558</b>	<b>8,910</b>	<b>14,170</b>	<b>14,170</b>	<b>14,170</b>	
Annual Change		623	(327)		304		1,433		2,437	789	3,612	(0)	-	
Annual Change %		10.2%	-4.9%		4.8%		21.4%		30.0%	9.7%	34.2%	0.0%	0.0%	

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

Page 7

<b>SASKENERGY DISTRIBUTION DIVISION</b>													
<b>External Services/Materials and Supplies</b>													
(\$ 000's)													
	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
<b>External Services</b>													
Contract Services	23,783	25,826	28,363	30,295	27,963	32,623	27,161	32,561	27,046	25,988	26,868	26,707	26,840
Routine Maintenance	3,919	2,732	2,818	3,001	2,651	3,274	2,575	2,500	2,620	2,308	4,982	4,833	4,784
Office Services	484	411	286	664	212	722	198	329	189	185	301	297	295
Billing Services	3,077	3,044	2,290	2,865	2,521	3,122	2,349	2,952	2,625	2,622	2,675	2,648	2,622
Consulting Services	2,722	2,143	7,764	3,548	4,156	4,368	3,012	5,007	2,403	2,670	3,750	3,713	3,676
<b>Total</b>	<b>33,984</b>	<b>34,156</b>	<b>41,521</b>	<b>40,373</b>	<b>37,502</b>	<b>44,109</b>	<b>35,295</b>	<b>43,348</b>	<b>34,884</b>	<b>33,773</b>	<b>38,576</b>	<b>38,199</b>	<b>38,216</b>
<b>Materials and Supplies</b>													
Chemicals	697	644	1,166	1,283	942	1,235	853	1,330	911	791	1,000	1,000	1,000
Operating and Maintenance Supplies	3,821	3,615	4,353	4,217	4,219	3,677	5,024	3,788	5,099	4,766	4,943	4,943	4,943
Office Costs	2,518	2,437	2,530	2,552	2,729	2,547	2,496	2,563	2,561	2,739	2,754	2,754	2,754
Safety, Health and Environment	472	558	546	546	693	661	611	578	685	700	644	644	644
<b>Total</b>	<b>7,509</b>	<b>7,255</b>	<b>8,595</b>	<b>8,598</b>	<b>8,583</b>	<b>8,119</b>	<b>8,984</b>	<b>8,259</b>	<b>9,256</b>	<b>8,996</b>	<b>9,341</b>	<b>9,341</b>	<b>9,341</b>

Page 8

<b>C. OPERATING MAINTENANCE AND ADMINISTRATION COST PER AVERAGE CUSTOMER</b>													
	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
<b>OM&amp;A Expense (\$ 000's)</b>	115,725	112,680	127,569	130,377	131,062	136,229	131,603	142,045	132,513	129,542	154,962	157,268	160,691
<b>Average Customers</b>	390,886	394,592	397,367	398,434	399,826	402,069	402,827	401,405	405,672	402,791	405,791	408,457	410,957
<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>\$ 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	2022/23	2023/24	2024/25
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
<b>Number of FTE's</b>	809	810	813	828	835	852	862	871	892	887	902	902	902
<b>Average Customers</b>	390,886	394,592	397,367	398,434	399,826	402,069	402,827	401,405	405,672	402,791	405,791	408,457	410,957
<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>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 Application	2023/24	2024/25
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	2022/23	Forecast	Forecast
<b>Number of FTE's</b>	809	810	813	794	835	805	862	871	892	887		902	902
<b>Kilometers of Pipeline</b>	69,870	70,180	70,707	70,490	70,996	70,805	71,305	71,120	71,581	71,420		71,535	71,650
<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>79.5</b>

# SaskEnergy 2022 Delivery Service & Commodity Rate Application Information Requests – Round 2

SASKENERGY DISTRIBUTION DIVISION													
Operating and Maintenance Expense by Executive													
(\$ 000's)													
	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
<b>Operating and Maintenance</b>													
Exec. VP Customer Service, Operations	56,494	58,331	61,833	63,996	65,158	68,446	69,375	72,702	72,212	70,202	77,666	78,999	80,343
Exec. VP Infrastructure, Delivery & Reliability	5,159	4,486	4,762	5,169	5,408	5,839	5,397	5,367	5,333	4,691	5,936	5,953	6,026
Exec. VP & Chief Information Officer	25,706	28,777	32,624	34,460	34,420	39,068	35,749	46,139	37,529	36,477	45,743	46,311	47,195
Exec. VP & Chief Financial Officer	11,800	12,014	11,829	12,983	12,280	13,176	12,940	13,590	13,379	13,472	13,322	13,612	13,909
Exec. VP Human Resources & Safety	4,623	4,403	5,098	5,431	5,241	6,263	4,852	6,203	5,164	4,924	5,661	5,798	5,940
President & CEO	4,402	4,360	4,465	4,598	5,152	5,293	4,541	5,139	4,567	4,367	5,018	5,198	5,388
Exec. VP Stakeholder Engagement, Chief Legal Officer & Corporate S	5,802	5,783	6,240	7,282	5,297	6,006	4,773	6,517	5,856	5,797	7,567	7,717	7,874
Exec. VP Corporate Planning	1,735	2,122	2,323	2,204	2,010	1,916	1,917	1,087	2,063	2,081	2,425	2,332	2,411
Corporate	4	(7,595)	(1,605)	(5,726)	(3,902)	(9,778)	(7,939)	(14,709)	(13,590)	(12,470)	(8,376)	(8,652)	(8,394)
<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>157,268</b>	<b>160,691</b>

SASKENERGY DISTRIBUTION DIVISION													
% Change from the Previous Year													
(\$ 000's)													
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025					
	to 2016/2017	to 2017/2018	to 2018/2019	to 2019/2020	to 2020/2021	to 2021/2022	to 2022/2023	to 2023/2024					
<b>Operating and Maintenance</b>													
Exec. VP Customer Service, Operations	3.3%	6.0%	5.4%	6.5%	4.1%	7.6%	1.7%	1.7%					
Exec. VP Infrastructure, Delivery & Reliability	-13.0%	6.1%	13.6%	-0.2%	-1.2%	11.3%	0.3%	1.2%					
Exec. VP & Chief Information Officer	11.9%	13.4%	5.5%	3.9%	5.0%	21.9%	1.2%	1.9%					
Exec. VP & Chief Financial Officer	1.8%	-1.5%	3.8%	5.4%	3.4%	-0.4%	2.2%	2.2%					
Exec. VP Human Resources & Safety	-4.8%	15.8%	2.8%	-7.4%	6.4%	9.6%	2.4%	2.5%					
President & CEO	-1.0%	2.4%	15.4%	-11.9%	0.6%	9.9%	3.6%	3.7%					
Exec. VP Stakeholder Engagement, Chief Legal Officer & Corporate S	-0.3%	7.9%	-15.1%	-9.9%	22.7%	29.2%	2.0%	2.0%					
Exec. VP Corporate Planning	22.3%	9.4%	-13.5%	-4.6%	7.7%	17.5%	-3.8%	3.4%					
Corporate	-187632.9%	-78.9%	143.2%	103.4%	71.2%	-38.4%	3.3%	-3.0%					
<b>Total</b>	<b>-2.6%</b>	<b>13.2%</b>	<b>2.7%</b>	<b>0.4%</b>	<b>0.7%</b>	<b>16.9%</b>	<b>1.5%</b>	<b>2.2%</b>					

SASKENERGY DISTRIBUTION DIVISION									
Category Details									
(\$ 000's)									
<b>OM&amp;A Actual vs. Forecast Summary</b>									
	Actual	Forecast	Unfavourable/ Favourable	Actual	Forecast	Unfavourable/ Favourable	Actual	Forecast	Unfavourable/ Favourable
	2019/2020	2019/2020	Variance	2020/2021	2020/2021	Variance	2021/2022	2021/2022	Variance
<b>Operating and Maintenance</b>									
Labour	97,801	100,965	3,164	101,191	105,545	4,353	108,066	108,014	(51)
Pension Costs	284	211	(73)	87	175	87	73	198	125
Charges to Capital	(30,843)	(29,535)	1,308	(29,219)	(30,917)	(1,698)	(32,527)	(32,069)	458
External Services	37,502	44,109	6,607	35,295	43,348	8,053	34,884	33,773	(1,111)
External Recoveries	(2,157)	(3,570)	(1,413)	(3,759)	(1,794)	1,964	(4,990)	(5,128)	(138)
Internal Recoveries	(2,646)	(3,021)	(375)	(2,615)	(3,402)	(787)	(2,835)	(2,784)	50
Materials and Supplies	8,583	8,119	(464)	8,984	8,259	(726)	9,256	8,996	(260)
Energy Costs	812	842	30	803	807	4	715	674	(40)
Vehicles	7,679	8,038	359	8,362	7,626	(735)	9,777	9,261	(516)
Property Costs	5,223	4,114	(1,109)	5,978	4,636	(1,342)	5,184	4,941	(243)
Computer Costs	5,820	6,288	468	6,751	8,057	1,306	7,375	6,706	(669)
Sustenance and Transportation	3,663	3,992	329	2,886	3,919	1,033	3,051	3,153	103
Communication	1,937	2,330	394	2,057	2,668	611	2,863	2,630	(233)
Public Relations	2,560	3,309	750	4,345	4,258	(87)	5,136	4,295	(841)
Fees, Dues and Community Contributions	2,192	2,328	137	1,719	2,414	695	2,559	1,985	(574)
Misc Corporate Charges	7,882	3,494	(4,388)	4,563	5,056	493	2,229	3,483	1,254
Intercompany Allocations	(15,229)	(15,785)	(556)	(15,827)	(18,608)	(2,781)	(18,301)	(18,585)	(284)
<b>Total</b>	<b>131,062</b>	<b>136,229</b>	<b>5,166</b>	<b>131,603</b>	<b>142,045</b>	<b>10,442</b>	<b>132,513</b>	<b>129,542</b>	<b>(2,971)</b>
<b>Variance Explanations - 2020/21 Actual Results compared to 2020/21 Forecast</b>									
The primary reasons for the favourable variance of \$10.4 million when comparing 2019/20 actual results to 2019-20 forecast are as follows:									
(1) SaskEnergy demonstrated strategic vacancy management and lower external services through contractor conversion. Prudent management of FTE levels was achieved through efficiency initiatives, prioritizing responsibilities and continuing to utilize the appropriate balance between internal and external resources.									
(2) Operating cost management was reflected in many areas reducing training and travel, communication and professional fees.									
(3) Technology enhancements continue to be within the future road map for SaskEnergy. Customer convenience and self-service are at the heart of the roadmap with the ultimate goals being to deliver improved customer interactions and cost reductions. These initiatives were planned to begin and finish in 2020-21 but are progressing slower than anticipated therefore are planned to continue into and/or start in 2021-22 and 2022-23. Technology modernization along with asset and information management were planned in 2020-21 but like our customer technology initiatives have been delayed by both internal and external resource availability during these challenging times.									

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

iv. Tab 12 – provide 2021/22 actuals for tables at page 23 and 24;

Please see below as requested above as follows:

Pages 23 and 24

Please see Attachment 1.

v. Tab 13, Table on page 2;

Please see below as requested above as follows:

Page 2

SaskEnergy Distribution Division													
Revenues Collected and Remitted - Municipal Surcharge*													
(\$000)													
	2016/2017	2017/2018	2018/2019	2018/2019	2019/2020	2019/2020	2020/2021	2020/2021	2021/22	2021/2022	2022/2023	2023/2024	2024/2025
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
Revenues Collected and Paid to Municipalities*	16,834	18,125	19,822	-	18,298	-	18,182	-	19,444	-	-	-	-
Grants in Lieu of Taxes	213	239	624	420	635	375	705	578	792	792	698	698	698

\* Revenues collected and remitted are not forecast during the planning process as they are a flow through for SaskEnergy with no impact to corporate revenues or expenses. As part of the 2017-18 Provincial Budget, it was announced that the amounts collected from the customers in the 109 urban municipalities as provided in the SaskEnergy Regulations would be remitted to the Province rather than the municipalities beginning April 1, 2017. Amendments were undertaken to enact that change in the SaskEnergy Regulations which now references a Municipal Surcharge. Further changes to the Municipal Surcharge were announced in the Province's 2018-19 Budget. Effective September 1, 2018 the Municipal Surcharge program was expanded to all urban municipalities who did not elect to opt out and all amounts collected will once again be remitted back to those urban municipalities. The surcharge is 5% of natural gas consumption.

\*\* In its 2018-19 Provincial Budget, government expanded the grants-in-lieu program and it now includes all owned, non-linear real estate assets.

vi. Tab 14, Tables on page 4-8;

Please see below as requested above as follows:

Page 4

Distribution Utility													
Cost of Debt													
Thousands of Dollars	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25
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	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%	4.00%	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	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%	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%	3.42%	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	27,768	27,809
Interest on Bank Indebtedness	952	1,194	1,569	2,287	547	4,880	96	810	309	299	824	1,767	3,188
Interest on Finance Lease	-	-	-	-	383	-	415	353	406	437	404	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	4,900	5,200
Amortization of Deferred Charges	243	250	230	230	102	227	(20)	133	(22)	(22)	(13)	(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)	(1,987)	(2,201)
Capitalized Interest	(144)	(350)	(188)	(148)	(505)	(234)	(375)	(221)	(47)	(55)	(303)	(306)	(309)
Interest Allocated to Commodity Cost of Gas	(319)	(335)	(459)	(326)	(419)	(446)	(44)	(445)	(59)	(56)	(168)	(332)	(363)
<b>Total Interest Expense</b>	<b>22,760</b>	<b>24,698</b>	<b>26,498</b>	<b>26,635</b>	<b>28,587</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>32,208</b>	<b>33,716</b>

Page 5

Interest Rates 2021-22 Actual

*Apr 2021*

Long Term (Average) = 3.98%

Short Term = 0.13%

*May 2021*

Long Term (Average) = 4.03%

Short Term = 0.1225%

*June 2021*

Long Term (Average) = 4.03%

Short Term = 0.11%

*July 2021*

Long Term (Average) = 4.03%

Short Term = 0.16%

*Aug 2021*

Long Term (Average) = 4.03%

Short Term = 0.175%

*Sept 2021*

Long Term (Average) = 4.03%

Short Term = 0.17%

*October 2021*

Long Term (Average) = 3.97%

Short Term = 0.18%

*November 2021*

Long Term (Average) = 3.97%

Short Term = 0.2075%

*December 2021*

Long Term (Average) = 3.97%

Short Term = 0.15%

*January 2022*

Long Term (Average) = 3.97%

Short Term = 0.23%

*February 2022*

Long Term (Average) = 3.97%

Short Term = 0.34%

*March 2022*

Long Term (Average) = 3.97%

Short Term = 0.50%

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

Page 6-8

Calculation of Average Cost of Debt					
	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
Total Long Term Debt			670,000,000		26,267,500
Amortization of Debt Costs			7,916,517		(21,949)
Debt Retirement Funds			(65,527,814)		(1,098,314)
Total as at Mar 31, 2022			612,388,703		25,147,237
Calculated Average Cost of Long Term Debt				4.11%	

vii. Tab 15, Tables on pages 2-3;

Please see below as requested above as follows:

Page 2

SaskEnergy Distribution Division													
Return on Equity													
	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
Return on Equity	9.2%	21.2%	19.7%	8.3%	11.2%	8.3%	10.3%	7.3%	8.5%	7.5%	2.3%	4.7%	6.9%
*April 1, 2022 - March 31, 2025													

SaskEnergy Incorporated - Distribution Utility													
Return on Equity - 10 Years Historical													
	2012	2013	2014	2015	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	5 Year Average	10 Year Average
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual		
Actual ROE	8.3%	12.4%	10.2%	3.3%	0.6%	9.2%	21.2%	19.7%	11.2%	10.3%	8.5%	14.2%	10.7%
Weather Normalized ROE	9.7%	9.0%	4.5%	8.0%	7.1%	11.5%	19.0%	14.7%	8.9%	9.8%	7.0%	11.9%	9.9%

SaskEnergy Incorporated - Consolidation													
Return on Equity - 10 Years Historical													
	2012	2013	2014	2015	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22		
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual		
Actual ROE	11.0%	11.0%	6.5%	12.3%	11.6%	8.8%	12.2%	12.9%	6.1%	5.2%	5.4%	8.4%	9.2%
Weather Normalized ROE	11.4%	10.0%	2.4%	14.2%	13.9%	9.6%	11.4%	11.4%	5.3%	5.0%	4.7%	7.6%	8.8%

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

Page 3

SaskEnergy Distribution Division															
Cash Working Capital Allowance															
(\$ 000's)															
	Lead/Lag	Lead/Lag	2016/17	2017/18	2018/19	2018/19	2019/2020	2019/2020	2020/2021	2020/2021	2021/2022	2021/2022	2022/2023	2023/2024	2024/2025
Description	Days*	Days*	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
Transportation	(45.60)	(30.00)	(3,975)	(3,996)	(2,783)	(4,081)	(2,810)	(4,210)	(2,797)	(2,703)	(3,055)	(3,054)	(3,340)	(3,459)	(3,459)
Storage	(45.60)	(30.00)	(2,293)	(2,293)	(1,591)	(2,504)	(1,598)	(2,526)	(1,598)	(1,598)	(1,743)	(1,743)	(1,900)	(1,967)	(1,967)
Labour	(7.60)	(7.60)	(1,382)	(1,502)	(1,448)	(1,539)	(1,565)	(1,662)	(1,639)	(1,736)	(1,714)	(1,745)	(1,896)	(1,960)	(2,026)
Other Operating & Maintenance	(30.00)	(30.00)	(4,005)	(4,447)	(4,873)	(4,561)	(4,807)	(4,705)	(4,622)	(4,892)	(4,066)	(3,880)	(5,353)	(5,283)	(5,306)
Corporate Capital Tax	(15.20)	(15.20)	(206)	(228)	(263)	(271)	(288)	(307)	(285)	(160)	(332)	(180)	(345)	(363)	(376)
Short Term Interest Expense	(15.20)	(15.20)	(27)	(46)	(53)	(73)	(18)	(171)	(2)	(1)	(6)	(5)	(30)	(68)	(128)
Long Term Debt Interest	(91.30)	(91.30)	(5,062)	(5,322)	(5,684)	(5,934)	(6,251)	(6,067)	(6,090)	(6,267)	(6,334)	(6,227)	(6,182)	(6,478)	(6,429)
Revenue - Non Farm	40.00	40.00	26,210	28,686	31,601	30,147	31,072	31,065	31,178	30,926	31,618	30,533	32,249	34,623	36,383
Revenue - Distribution Tolls	82.90	30.00	3,737	4,090	1,542	4,246	1,542	4,821	1,850	1,818	1,881	1,843	1,939	1,992	2,134
<b>Totals</b>			<b>12,997</b>	<b>14,942</b>	<b>16,448</b>	<b>15,431</b>	<b>15,277</b>	<b>16,237</b>	<b>15,994</b>	<b>15,388</b>	<b>16,249</b>	<b>15,543</b>	<b>15,142</b>	<b>17,035</b>	<b>18,825</b>

\*Lead/Lag Days represent the time difference between the average date of revenue (or expenses) incurrence and the average date of cash receipt (or disbursement)  
\*Lead/Lag Days were revisited in 2018-19 for revenue (or expenses) involving SaskEnergy's transactions with TransGas

viii. Tab 16, Table on page 2;

Please see below as requested above as follows:

Page 2

SaskEnergy Distribution Division													
Rate Base and its Derivation													
Description	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)
Plant In Service At Cost	1,239,323	1,323,606	1,407,118	1,432,460	1,512,482	1,586,009	1,592,695	1,613,963	1,668,263	1,668,061	1,748,852	1,843,086	1,929,792
Accumulated Depreciation	457,045	488,994	522,704	506,216	551,948	548,009	594,511	600,025	632,837	636,931	688,193	744,723	802,341
<b>Net Book Value</b>	<b>782,278</b>	<b>834,613</b>	<b>884,414</b>	<b>926,244</b>	<b>960,534</b>	<b>1,038,000</b>	<b>998,184</b>	<b>1,013,938</b>	<b>1,035,426</b>	<b>1,031,130</b>	<b>1,060,659</b>	<b>1,098,364</b>	<b>1,127,451</b>
Natural Gas in Storage	42,674	36,092	24,330	25,959	22,324	26,863	32,154	25,288	37,541	35,227	34,280	31,849	30,745
Inventories of Materials	8,842	8,536	9,582	8,653	10,172	8,403	10,061	9,011	11,181	10,014	10,080	10,009	9,937
Cash Working Capital Allowance	12,997	14,942	16,448	15,431	15,277	16,237	15,994	15,388	16,249	15,543	15,142	17,035	18,825
<b>Total</b>	<b>846,791</b>	<b>894,182</b>	<b>934,774</b>	<b>976,287</b>	<b>1,008,307</b>	<b>1,089,502</b>	<b>1,056,393</b>	<b>1,063,625</b>	<b>1,100,397</b>	<b>1,091,914</b>	<b>1,120,160</b>	<b>1,157,256</b>	<b>1,186,958</b>

\*April 1, 2022 - March 31, 2025

ix. Tab 17, Table on page 1-2

Tab 17, Table on page 1-2 has no updates to the 2021-22 actual

d) With reference to the table provided in response to Delivery 1<sup>st</sup> Round Information Request 1 (a):

i. Please confirm that the results provided in the table provided in Information Request 1(a) relate to the Distribution Division. If not confirmed, please provide a version of the table for the Distribution Division.

Confirmed.



SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

---

- ii. Please explain and reconcile differences in the expenses included in the table provided in the response to Information Request 1(a) with Application Schedule 1.0 (Delivery Revenue Requirement); Schedule 1.6 (Net Income); and Schedule 1.9 (Forecast Revenue) and explain any key differences. Please also comment specifically on the following:

- A. Please reconcile and explain differences in O&M Expense (e.g., \$188.9 million Forecast expense in 2021/22 in the response to 1(a) compared to \$129.5 million in Schedule 1.0).

The reconciliation in O&M expense is shown below as follows:

Reconciliation to Delivery Rate Application Schedules	
Operating and Maintenance as per this Schedule	188.9
Less Intra-Company Cost Allocation	(1.9)
Add Internal Gas Usage	1.7
Less 50% of the Bad Debt Expense Provision	(0.8)
Less Transport and Storage Expense	(58.4)
Operating and Maintenance as per Schedule 1.2	<u>129.5</u>

The O&M expense presented in the response to 1a is consistent to International Financial Reporting Standards (IFRS). The delivery cost of service aligns to Canadian Generally Accepted Accounting Principles (GAAP) which include internal gas usage in O&M and intra-company cost allocations to commodity and the non-asset optimization strategy in O&M in the distribution division. Further to this, all of the bad debt expense provision is shown within O&M in the response to 1(a) however the delivery cost of service only includes 50% of that total cost as the remaining 50% is included in the commodity cost of service.

- B. Please explain in detail the reason for the material increase in actual Natural Gas Sales in 2021/22 compared to forecast (\$505.0 million compared to \$337.3 million).

Consistent to the response to 1d (ii) (i), the income statement aligns to International Financial Reporting Standards (IFRS) therefore natural gas sales include the asset optimization, the non-asset optimization, and the commodity strategy. The approximate split driven by higher volumes of sales than forecast is approximately \$86 million higher sales in the non- asset optimization strategy, approximately \$40 million higher sales in the commodity strategy, and approximately \$41 million higher sales in the asset optimization strategy.

- C. Please explain and reconcile differences in net income from operations in the response to 1(a) compared to test year net earnings provided in Schedule 1.0.

The differences in 2021-22 actual net income for example in response to 1 (a) compared to test year earnings provided in schedule 1.0 are as follows:

Response 1 (a) Net Income = \$63.9 million  
Add Intra-company Cost Allocation = \$1.9 million  
Less Internal Gas Usage = (\$1.9) million  
Less SaskEnergy Place Building Gain = (\$21.4) million  
Less 50% of the Bad Debt Expense Provision = (\$0.8) million  
Less Commodity Margin = \$7.6 million (loss)  
Less Non- Asset Optimization Margin = (\$2.1) million  
Less Customer Contribution Revenue = (\$21.5) million  
Add Back Interest Allocated to Commodity = \$0.1 million  
Add Amortization of Customer Contributions = \$7.9 million  
Add back IFRS 15 Adjustment = \$0.8 million  
Schedule 1.0 Net Income = \$34.5 million

- D. Please explain and reconcile any differences in forecast ROE for 2021-22, 2022-23, 2023-24 and 2024-25 in the response to 1(a) compared to Tab 15 of the Application (e.g., 7.5% forecast ROE for 2021/22 in Tab 15 compared to 4.1% in the response to 1(a)).

Consistent to what is mentioned above, response 1 (a) is aligned to International Financial Reporting Standards (IFRS). Tab 15 is aligned to Canadian Generally Accepted Accounting Principles (GAAP). Both the net income and the equity thickness are different in the calculation of the return on equity. The equity thickness in the response to 1 (a) includes net income including market value adjustments less dividends and is a simple average of opening and closing equity. The equity thickness in Tab 15 is a deemed calculation at 37% of the rate base. The reconciliation of

the net income differences is shown in the response to iii. above.

The calculations for return on equity provided in response 1 (a) applicable to 2021-22 through to 2024-25 are provided at the bottom of response 1 (a). The calculations for return on equity applicable to Tab 15 are as follows:

2021-22 Actual ROE = \$34.5 million / (37% of 1,100.397 million) = 8.5%

2022-23 Forecast ROE = \$9.7 million / (37% of \$1,120.160 million) = 2.3%

2023-24 Forecast ROE = \$20.0 million / (37% of \$1,157.256 million) = 4.7%

2024-25 Forecast ROE = \$30.1 million / (37% of \$1,186.958 million) = 6.9%

- E. With reference to the short-term debt reported in Tab 14, page 4, please reconcile the forecast short term debt amounts for 2021/22 (\$76.1 million compared to \$66.8 million), 2022/23 (\$168.5 million compared to \$141.4 million), 2023/24 (\$203.3 million compared to \$161.2 million), and 2024/25 (\$279.7 million compared to \$243.0 million)

The short-term debt reported in Tab 14 is an average of twelve months of ending balances from April to March each fiscal year. The short-term debt reported in Information Request 1 (a) is the ending balance of short-term debt as at March 31<sup>st</sup> each fiscal year.

- iii. Please provide a detailed explanation for the actual gain and/or loss of \$22.1 million noted in 2021/22.

SaskEnergy recognized a significant gain on the purchase of SaskEnergy Place (\$21.4 million), a gain on the sale of the old Regina Service Centre (\$0.5 million), and other immaterial gains through the sale of fleet and/or equipment (\$0.2 million).

- e) With reference to the response provided to Information Request 1(c) please provide a table illustrating the dollar impact for each of the updates noted (i.e., revision to distribution toll revenues, and revision to noted effective dates provided in the response) for each of the test years.

The dollar impact for each of the updates is as follows:

- The distribution toll revenue increased by \$1.0 million in 2022-23
  - The distribution toll revenue increased by \$1.1 million in 2023-24
  - The distribution toll revenue increased by \$1.1 million in 2024-25
- The revision to the effective date of August 1, 2022 compared to September 1, 2022 increased incremental revenue through rates in 2022-23 by \$1 million
- The revision to the effective date of June 1, 2023 compared to April 1, 2023 decreased the incremental revenue through rates in 2023-24 by \$2.0 million
- The revision to the effective date of June 1, 2024 compared to April 1, 2024 decreased the incremental revenue through rates in 2024-25 by \$2.1 million

- f) With reference to the response to Delivery 1<sup>st</sup> Round Information Request 1 (d):

- i. Please confirm that for each of the risks noted the dollar impact of

the upside benefits would be proportionate to the dollar impact of the downside risk provided (e.g. risk associated with a colder than normal winter or lower than forecast interest rates or inflation). If not confirmed, please provide a detailed explanation.

[Confirmed.](#)

- ii. Please provide any updates to the response based on any changes in assumptions included in the mid-application update to be provided on September 29, 2022 and/or Q1 2022/23 actual results.

[Please reference SaskEnergy's response to Delivery 2nd Round Information Request 14 c.](#)

- iii. With further reference to Delivery 1<sup>st</sup> Round Information Request 9(c), given the rising short-term interest rates and the larger forecast impact relative to rising long term rates, will SaskEnergy look to borrow more long-term debt than forecast over the next year?

[Yes, SaskEnergy already executed a \\$50 million long-term borrowing in May 2022 at an interest rate of 2.80%.](#)

- g) With reference to the response to Delivery 1<sup>st</sup> Round Information Request 1 (e) (v), please provide the percentage rate increases which are necessary to achieve the 8.3% target ROE in each year.

[Consistent to what was provided to Delivery 2<sup>nd</sup> Round Information Request 14 d:](#)

[The rate increase required to achieve the long-term ROE target of 8.3% in 2023-24 and 2024-25 if 8% was approved in 2022-23 is as follows:](#)

- [2023-24 = 11.0% effective June 1, 2023](#)
- [2024-25 = 0.7% effective June 1, 2024 \(if 11.0% was approved effective June 1, 2023\)](#)

- h) With reference to the response to Delivery 1<sup>st</sup> Round Information Request 1(f) please provide the full Q1 report. Please provide a detailed discussion

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

and explain in detail any variances regarding the Q1 2022/23 actual results compared to forecast.

<b>LDC Net Income Q1 Results vs. Budget</b>			
<b>Component (\$ in millions)</b>	<b>2022-23</b>	<b>2022-23</b>	<b>Variance</b>
	<b>Actual</b>	<b>Forecast</b>	
	<b>Jun YTD</b>	<b>Jun YTD</b>	
Delivery & Other Revenue	63.9	58.6	5.3
Operating and Maintenance	34.0	37.6	(3.6)
Transportation and Storage	15.9	15.9	(0.0)
Depreciation Expense	12.6	13.7	(1.1)
Tax Expense	2.7	2.2	0.5
Interest Expense	8.4	7.4	1.0
Net Earnings	<u>\$ (9.6)</u>	<u>\$ (18.2)</u>	<u>\$ 8.5</u>

\*Weather was 8% colder than normal at June 30th

Further to weather being 8% colder than normal as mentioned above,

The asset optimization forecast is higher by \$0.2 million as unforeseen market volatility has allowed for favourable margins realized as of June 30, 2022. An NGTL expansion that was anticipated in 2022 has now been delayed to Q1 of 2023. This, along with planned and unplanned maintenance in Alberta, caused Alberta to become oversupplied with gas with limited ability for that gas to move to global markets causing the price to decrease in Alberta and creating marketing opportunities downstream. Once the NGTL pipeline expansion comes online, SaskEnergy anticipates prices to move back to normal in Alberta.

Costs for salaries and benefits are lower than budget due to there being less FTE's than anticipated (\$2.1 million). Contract costs are lower than planned due to the timing of costs anticipated in the budget differing from actual as well as several DT&S contractor reductions (\$1.0 million). Advertising costs are favorable as rebates for the Commercial Boiler and Residential Furnace programs have not been paid at the same rate as expected (\$1.4 million). Partially offsetting these lower operating costs mentioned above are increased fuel prices are causing vehicle costs to be higher than planned (\$0.9 million).

SaskEnergy assumed ownership of SaskEnergy Place which was not anticipated in the 2022 Delivery Rate Application. In assuming ownership, the depreciation expense decreases significantly at approximately \$193K per month and/or \$2.3 million per year as the asset is no longer accounted for as a “right of use” asset for SaskEnergy. The useful life of a building and/or improvements asset is approximately 32 years compared to a right of use asset which would be the term of the lease (5 years). The tax expense will increase as SaskEnergy pays property taxes for SaskEnergy Place estimated at \$0.6 million per year.

SaskEnergy borrowed \$50 million in long term debt @ 2.80% in May 2022 that was not planned in the 2022 Delivery Rate Application (\$0.3 million). SaskEnergy incurred a sinking fund loss of \$0.4 million in comparison to planned sinking fund earnings of \$0.3 million (\$0.7 million unfavourable variance). As part of regular ongoing trading activity within the sinking fund, losses were realized in the first quarter on the sale of bonds due to increases in bond yields/rates. As the interest rates continue to increase, the value of the sinking fund investments decrease (reflected immediately in the decrease in fair value of the units). When the bonds are sold, these losses are recognized and reflected for accounting purposes.

**2. Reference: 1<sup>st</sup> Round Information Request #2 [OM&A Costs]**

a) With regard to the inflation assumptions described in Delivery 1<sup>st</sup> Round Information Request 2(b), please clarify:

- i. Whether the economic component provided relates to in-scope labour, out-of-scope labour or both.

The economic component relates to both in-scope and out-of-scope labour.

- ii. Whether or not the economic component includes step or merit increases for in-scope labour.

No, the economic component does not include step or merit



increases for in-scope labour.

- b) If any adjustments to inflation assumptions are included in the mid-application update [compared to the response to Delivery 1<sup>st</sup> Round Information Request 2(b)], please provide a detailed explanation for the change and its impact on the revenue requirement forecasts for the test years.

SaskEnergy is assuming higher vehicle fuel costs comparable to the market prices of approximately \$1.50/litre. The impact is an approximate \$1.8 million increase in 2022-23. Materials and Supplies are forecast to be higher than anticipated as the rate application assumed an approximate 1% inflation rate compared to a 7% inflation rate in the mid-application update which equates to an approximate \$0.7 million increase in 2022-23.

- c) With reference to the responses provided to Delivery 1<sup>st</sup> Round Information Request 2 (c), 2(g), and to Schedule 10, page 5:
- i. Please provide a detailed variance explanation and quantification of the changes in OM&A expense by Executive in a manner similar to the response provided in the 2018 Delivery 1<sup>st</sup> Round Information Request 2 (b). For each executive provide the dollar impact change, FTE change (if applicable), and details regarding any project/initiatives driving the change.

The most significant changes in 2021-22 through 2024-25 compared to 2020-21 actuals are as follows:

**Executive VP, Customer Service Operations**

Customers are increasingly focused on energy efficiency and sustainability. To help customers meet their evolving environmental goals, SaskEnergy continues to increase the size and scope of its energy efficiency programs by enhancing its Residential Equipment Replacement Rebate program and

extending its commercial programs. These programs are designed to assist customers in reducing both their end-use emissions and energy costs.

The advertising and communication expenses are forecast to increase by approximately \$3.1 million.

While our safety record is strong, SaskEnergy recognizes that there is always room to improve and that enhancing our safety culture requires continuous vigilance from all employees. Priorities include increasing field presence and continuous improvement in the incident review process to improve SaskEnergy's safety culture.

Wages, salaries and benefits forecast to increase by \$3.5 million as key front line customer service and operations positions are expected to be filled in 2022-23 in addition to annual economic and merit increases.

Vehicle fuel and maintenance is expected to go up by approximately \$0.1 million along with sustenance and transportation (\$0.5 million).

#### **Executive VP, Infrastructure, Delivery and Reliability**

SaskEnergy proactively monitors and assesses the condition of its system through visual inspections, above ground surveys, and leak detection and repair to ensure high risk areas are addressed promptly. Safe and reliable service has always been a core priority for SaskEnergy so ongoing increased vigilance is necessary to minimize our top three asset risks which are line hits, corrosion and earth movement.

Contract costs are expected to increase by \$0.1 million.

Construction resources are planned to increase as shown in Tab 10 page 2. There are 202 FTEs planned in 2022-23 compared to the 2020-21 actual of 169 FTE. The overall net impact to OM&A is

\$0.4 million. The majority of the total labour cost increase will be capitalized consistent to past years.

### **Executive VP and Chief Information Officer**

Security threats to the operational stability of SaskEnergy, like many organizations, continue to be on the rise. SaskEnergy recognizes this threat and has made improvements to the maturity of its Enterprise Security Program.

Further security improvements are planned and will focus on addressing recommendations from the CIC initiated Crown sector security assessment in which SaskEnergy was a participant. The contract analyst costs are planned to increase \$1.3 million primarily attributable to enterprise security.

SaskEnergy is also developing road maps for other legacy enterprise system applications, optimizing the existing application portfolio and clearing the direction for further cloud adoptions to which the most significant incremental impacts are increased hosting and software lease and maintenance costs.

Investment in technology to enable value is a key focus into the future. Both come at a cost to ensure reliability and security of daily operations and information. Hosting of technological solutions is forecast to be approximately \$1.1 million higher by 2022-23 compared to 2020-21. Computer costs which are primarily software lease and maintenance costs are forecast at

approximately \$3.0 million higher than 2020-21 in 2022-23. Wages, salaries, and benefits are forecast to increase by \$2.7 million by 2022-23. SaskEnergy's costs for voice services is forecast to increase by \$1 million in 2022-23 to 2021-22.

### **Executive VP and Chief Financial Officer**

SaskEnergy is forecasting higher bill printing and postage costs.

Although SaskEnergy continues to promote transitioning customers to electronic billing, it still finds it imperative to recognize customer expectations.

Bill printing and postage costs are forecast to increase by approximately \$0.2 million.

### **Executive VP, Human Resources & Safety**

SaskEnergy strives to deliver an attractive employment environment by providing challenging opportunities to encourage employee growth and support development through learning and training opportunities. Increased efforts and therefore higher costs to refresh the organization's learning and development strategy, review job and compensation framework, and develop an action plan to target key drivers of employee engagement identified by survey results are among the significant actions planned into the future.

Contract costs are planned to increase by \$0.2 million with the remaining increase primarily economic and merit increases of \$0.4 million for a relatively flat full time equivalent complement of 31 FTE in 2022-23.

### **President and CEO**

As a signatory of the Saskatchewan Chamber of Commerce's Indigenous Engagement Charter, SaskEnergy fosters and maintains meaningful relationships with Indigenous people, communities, and companies. SaskEnergy continues to invest in strategic alliance agreements with several Tribal Council communities that encourage and foster partnership in the areas of employment, education, and training and business development.

These alliance agreements along with increases in audit services are expected to increase consulting costs by approximately \$0.5

million in 2022-23 compared to 2020-21.

**Executive VP, Stakeholder Engagement, Chief Legal Officer  
and Corporate Secretary**

Consistent to the primary drivers of increased costs explained within the Executive VP, Customer Services Operations is the strategic communications required to ensure awareness of the opportunities SaskEnergy is bringing forward to enhance the customer experience, and to promote the energy efficiency programs available to the customer.

Resourcing, advertising and sponsorship from strategic communications and employee engagement are expected to increase by \$1.6 million. Legal and land salaries, wages and benefits are forecast to increase by \$0.7 million and legal contracts and consulting costs are forecast to go up by \$0.3 million.

- ii. Please provide a detailed business case for contractor conversions for each year noted in Schedule 10, page 5 (from 2018-19 to 2022-23). If applicable, please provide the detailed business case for contractor conversions relevant to construction contractors and for IT contractors.

No formal business cases are documented. Each decision to convert a contractor to employee considers the annual cost of the contractor compared to the fully loaded cost of an FTE.

More information and discussion on the conversions and savings are found in the responses to the following questions: 2 (c)(iv)(ii), 3 (b) and 5 (e).

- iii. With reference to the response to Delivery 1<sup>st</sup> Round Information Request 2 (g), please provide a detailed breakdown and explanation of the increases in labour costs of \$6.8 million for 2021/22 forecast over 2020/21 actuals and increase of \$13.2 million for 2022/23

forecast over 2020/21 actuals [Tab 10, page 2].

- i. Please detail and provide a breakdown of how the \$2.3 million and \$4.9 million amounts mentioned in the response are reflected in the labour cost increase of \$6.8 million for 2021/22 forecast over 2020/21 actuals and increase of \$13.2 million for 2022/23;

The detailed breakdown of the labour cost increases for 2021/22 compared to 2020/21 is as follows:

- Economic and Merit Increases – \$2.1 million
- FTE Increases - \$2.3 million
- The other labour cost category increase = \$2.4 million
- Total = \$6.8 million

The detailed breakdown of the labour cost increases for 2022/23 compared to 2020/21 is as follows:

- Economic and Merit Increases = \$6.5 million
- FTE Increases = \$4.9 million
- The other labour cost category increase = \$1.8 million
- Total = \$13.2 million

- ii. Please also detail and provide a breakdown of the other cost categories that contribute to the overall labour cost increases.

Please reference Tab 11 Page 4 for the breakdown of the other cost categories listed below that contribute to the overall labour cost increases.

The other cost categories are as follows:

- Standby
- Substitution
- Shift Differential

- Premium
  - Holiday Pay Extra
  - Overtime (In-Scope and Out-of-Scope)
  - Budget Adjustment (Salary Holdback Payout)
  - Inconvenience Pay
  - Honorariums
  - Vacation Pay
  - Severance Pay
  - Settling in Pay (Out-of-Scope)
- iv. With reference to the response to Delivery 1<sup>st</sup> Round Information Request 3 (f), please provide a breakdown of the actual and forecast savings by year and contractor type related to contractor conversions for each year from 2018/19 to 2022/23.
- i. Please identify key cost areas in the revenue requirement impacted by contractor conversions and quantify the change.  
  
As per Tab 11 page 2, the key cost areas in the revenue requirement impacted by contractor conversions are labour and external services.
  - ii. Please provide a table showing the impact of contractor conversions to external service expense, base labour and total labour each year.  
  
The estimated dollar impact of contractor conversions to external services expense, base labour, and total labour each year is as follows:

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

<b>Cost Areas</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
External Services	No impact	(\$780K)	(\$715)	No Impact	(\$964K)
Base Labour	No Impact	\$705K	\$491K	No Impact	\$736K
Total Labour	No Impact	\$705K	\$491K	No Impact	\$736K
Net Impact	No Impact	(\$75K)	(\$224K)	No Impact	(\$228K)

In 2019-20, SaskEnergy converted 8 positions and then 4 more in 2020-21 applicable to external services expense. There were no positions applicable to external services expense converted in 2021-22 and 12 executed to date in 2022-23. The conversions executed in 2022-23 reflect a forecast of savings for half of the fiscal year being that execution did not happen immediately.

Since 2018-19, SaskEnergy has executed 24 contractor conversions that have had impacts to external services in the distribution. This equates to a favourable net impact of approximately \$31 thousand per conversion calculated as follows:

2019-20 = \$75K in net savings

2020-21 = \$224K in net savings

2022-23 = \$228K (\$456K annually divided 2)

Total = \$527K/18 FTE equivalent (IE: 8 + 4 + 12/2) = \$31K

- iii. Please quantify any forecast reductions to capital expenditures in each of the test years as a result of the contractor conversions and provide an estimate of the resulting reductions in interest expense and depreciation expense in each test year.



The estimated capital savings in the distribution division attributable to the contractor conversions are \$2.5 million per year.

Service Upgrades and Area Spread contracts are consistent workloads seven months of the year for 20 crews that are currently contracted. It is recommended to add six internal crews which will displace eight of these contracted crews. Further analysis will be performed to confirm which types of work will provide the most value. However, it is estimated that replacing five contract crews with internal crews would save \$2.5 million per year.

The estimated interest expense reductions would be \$86K annually calculated assuming \$2.5 million annually in capital cost savings @ an approximate weighted average interest rate of 3.42%.

The estimated depreciation expense reductions would be \$53K annually calculated assuming \$2.5 million annually in capital cost savings @ an approximate depreciation rate for services of 2% (47 years and/or 563 life months).

d) With reference to the response Delivery 1<sup>st</sup> Round to Information Request 2 (d):

- i. Please indicate in which rows in the table on page 5 of Tab 11 the forecast reduced bill print and postage costs are reflected in the forecast for 2022/23, 2023/24, and 2024/25 particularly given that bill printing and courier & mail service costs are higher in the test year forecasts than 2020-21 actuals and 2021-22 forecasts.

The bill print costs are shown in External Services in Tab 11 page 5. The postage costs are shown within Office Costs in Tab 11 page 7. The customer portal project is planned to be implemented in the fourth quarter of 2022-23 therefore cost savings are not anticipated

until 2023/24. SaskEnergy will continue to be challenged with paperless billing as a portion of its customer base still requests paper bills. Market increases for bill print and postage in the immediate future are eliminating the planned savings anticipated with the implementation of customer portal therefore they are not visible in Tab 11 page 5 and 7.

- ii. Please quantify the number of customers going paperless since the inception of the customer portal and how a 15% increase in paperless billing over three years was determined.

The 15% increase over three years was determined based on industry benchmarking and equates to an additional 54,000 customers moving to paperless billing. SaskEnergy had a 32% penetration rate for customers on paperless bill.

Increasing our penetration rate by 15% in 3 years was a goal that seemed achievable yet challenging. SaskEnergy had previously had growth of 13% over 4 years (2017 – 2021), so having a goal of achieving 15% in three years seemed appropriate.

- iii. When are the saving of \$123 thousand from enhanced pre-authorized payment plan (PPP) applications anticipated to be realized? In what row of the table on page 5 of Tab 11 would those reductions be reflected?

The \$123 thousand in savings is based on a planned reduction of 1.5 FTE which would appear in the Labour line item in Tab 11 page 2. There is significant administration required at this time for pre-authorized payment plan applications. The benefit of customer portal is the elimination of this manual process and the transition of duties for the 1.5

FTE to other billing functions that require attention. Overall, the total cost is expected to remain flat year over year.

Overall, the customer portal project's primary purpose is to enhance customer self-service and customer convenience.

- e) With reference to the response to Delivery 1<sup>st</sup> Round Information Request 2(e), please confirm if the anticipated technology enhancement savings have been included in the revenue requirement forecasts for 2021/22, 2022/23, 2023/24, and 2024/25. Please confirm which forecast years are impacted, the quantum of the impact and which revenue requirement accounts are affected.

There are no technology enhancement savings in 2021/22, 2022/23, and 2023/24. As per our response to 1<sup>st</sup> Round information request 2 (e), the savings identified which was \$168,000 annually are forecasted in the computer cost line item in Tab 11 page 2 beginning in 2024-25.

- f) With reference to the response to 2(i) – please provide a detailed explanation regarding why the \$0.3 million for TransGas Customer Information System is included in the third party hosting services costs noted.

All of SaskEnergy's information system hosting services costs including hosting services for TransGas systems are consolidated in SaskEnergy's Networks and Infrastructure business unit which is a distribution division business unit. However, there are no cost impacts to the delivery customer as these third-party hosting services costs for the TransGas Customer Information System are allocated to TransGas through inter-company cost allocations.

- g) With respect to the response provided to 2(j):
- i. Please provide a detailed breakdown of Sustenance and Transportation expense that includes forecast and actual costs from 2017-18 to 2021-22, as well as test year forecasts.

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

		Sustenance and Transportation											
		\$ in thousands											
		2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	2021-22	2021-22	2022-23	2023-24	2024-25
		Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
OA7010	MEALS	126	139	140	152	184	42	178	77	86	150	146	141
OA7012	IN-SCOPE PER DIEM	1,010	1,135	1,147	1,174	1,178	1,273	1,217	1,256	1,259	1,342	1,342	1,342
OA7015	MEALS - MEETINGS	120	162	172	146	275	18	218	57	65	167	162	158
OA7020	MEALS - OUT OF PROVINCE	1	3	5	2	15	0	11	0	0	5	5	5
OA7030	ROOMS	875	998	1,006	1,078	1,091	898	1,040	899	895	1,137	1,103	1,070
OA7031	OVERNIGHT ALLOWANCE	68	72	72	82	77	85	86	86	91	107	104	101
OA7035	ROOMS - MEETINGS	9	19	22	23	32	0	25	3	2	14	14	13
OA7040	ROOMS - OUT OF PROVINCE	5	10	30	14	29	2	24	0	0	17	17	16
OA7060	VEHICLE MILEAGE	450	655	635	684	655	295	743	368	450	653	633	614
OA7061	DRIVER LICENSES	2	3	1	2	2	2	4	1	4	4	4	4
OA7065	TRAVEL PROVISION	1	3	4	1	4	2	4	-	1	2	2	2
OA7070	VEHICLE ALLOWANCE	269	268	274	264	356	256	282	288	285	296	287	279
OA7075	VEHICLE RENTAL	10	7	8	2	14	12	10	12	12	1	1	1
OA7080	AIRLINE (IN PROVINCE)	1	2	4	2	4	1	4	-	-	2	2	2
OA7085	AIRLINE (OUT OF PROVINCE)	10	13	13	19	53	(0)	49	1	1	26	26	25
OA7090	OTHER, BUS, PARKING, ETC	12	15	15	18	24	1	25	2	2	14	14	14
TOTAL		2,970	3,504	3,546	3,663	3,992	2,886	3,919	3,051	3,153	3,941	3,863	3,787

- ii. Please discuss any updates based on Q1 2022/23 Actual Results. Are 2022-23 actual results expected to change from the 2022-23 forecasts provided?

Yes, the 2022-23 results are trending slightly lower than the 2022-23 forecast provided in the schedule shown above in response to 2nd Round Information Request 2g i. The updated 2022-23 forecast is \$3,916 thousand compared to the original forecast of \$3,941 thousand. At this time, SaskEnergy continues to limit out of province travel as technological communication tools continue to be leveraged when appropriate.

**3. Reference: 1<sup>st</sup> Round Information Request #3 [Labour Costs]**

- a) With reference to Pre-Ask #2 (Net Labour Costs) provided for the 2018 Delivery and Commodity Application:

- i. Please explain why actuals for 2016/17 (\$82.0 million compared to \$87.7 million) and 2017/18 (\$82.7 million compared to \$88.9 million) and forecasts for 2018/19 (\$88.0 million compared to \$95.3 million) and 2019/20 (\$92.2 million compared to \$101.0 million) differ from the table provided in Tab 10, page 3. Please confirm which numbers are correct.

In the 2018 Delivery Rate Application, SaskEnergy reduced net labour costs by the amount assumed to be allocated to non-delivery

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

business and/or other subsidiaries in SaskEnergy Incorporated. There was a note provided in Tab 10 page 4 that indicated “**there have been changes to the way FTE’s are calculated from previous rate applications. As a result of these changes, total FTE costs are aligned to the labour line item in the schedules.**” The numbers were restated to align to financial statement reporting and the chart of accounts for labour costs as a calculated net labour cost as presented in the 2018 Delivery Rate Application is not consistent to what is reported in the financial statements.

- ii. Please provide an updated version of Pre-Ask#2 from the 2018 Delivery and Commodity Application. Please include forecast and actual years from 2015/16 to 2021/22 and forecasts for 2022/23 to 2024/25.

The updated version of Pre-Ask #2 is shown below. The forecast years for 2015-16 through to 2017-18 in a comparable format are unavailable.

Net Labour Costs (\$000's)														
	2015-16	2016-17	2017-18	2018-19	2018-19	2019-20	2020-21	2020-21	2021-22	2021-22	2022-23	2023-24	2024-25	
	Actual	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	
Base Labour Costs	76,252	76,679	76,339	79,384	83,233	84,912	88,294	87,457	92,868	93,306	93,820	100,685	103,659	106,936
Overtime	8,109	6,544	7,153	7,560	7,106	7,249	7,587	7,933	7,660	9,295	8,923	8,372	8,543	8,717
Substitution	286	283	345	299	344	223	385	383	390	391	356	326	333	339
Holiday Extra Item/Vacation Pay	1,302	1,261	2,066	2,007	1,447	2,157	1,488	2,111	1,365	1,751	1,571	1,599	1,633	1,669
Premiums	84	91	89	99	100	93	118	90	100	115	111	101	103	105
Standby	2,197	2,213	2,290	2,335	2,336	2,396	2,468	2,420	2,434	2,432	2,446	2,542	2,593	2,645
Inconvenience Pay/Shift Differential	652	595	618	732	693	770	625	796	726	776	787	798	830	863
<b>Total Labour Costs</b>	<b>88,882</b>	<b>87,666</b>	<b>88,900</b>	<b>92,415</b>	<b>95,258</b>	<b>97,801</b>	<b>100,965</b>	<b>101,191</b>	<b>105,545</b>	<b>108,066</b>	<b>108,014</b>	<b>114,424</b>	<b>117,693</b>	<b>121,273</b>
Annual Change		(1,216)	1,234	3,515		5,386		3,390		6,874	6,823	6,358	3,270	3,579
Annual Change %		-1.4%	1.4%	4.0%		5.8%		3.5%		6.8%	6.7%	5.9%	2.9%	3.0%

- b) With reference to 1st Round Information Request 3(a) and 3(b) – please provide a table that itemizes by year (2020/21 to 2022/23):

- i. Shows the added FTEs for each position/ department by Executive Division;

See response below in 3 (b) (iv).

- ii. Shows reductions in FTEs for each position/ department by Executive Division; changes in position description/ allocation by Executive Division; and

See response below in 3 (b) (iv).

- iii. Shows vacancies for each year for each position/ department by Executive Division.

See response below in 3 (b) (iv).

- iv. Please provide a detailed narrative that explains year over year changes in added/ reduced FTEs and changes in vacancies compared to forecast and detail the related impacts on the forecast/ actual revenue requirement in each year.

In the last few years SaskEnergy has consciously moved to in-source both engineering and information technology activity and corresponding roles. By moving more of these activities internally, the organization would begin to reduce our contracting/consulting costs and build increasing knowledge within our workforce to meet our future needs. The impact of technology and its ubiquitous nature, specifically, means that having critical IT talent (i.e. Cybersecurity) is important to successfully achieve our strategic goals.

**Increase in FTEs, A Three-Year View (2020-2023):**

2020 - 2021 FTE					
VP Area	Additions	Deletions	Net	Contractor Conversion	Vacancies (Dec. 31, 2020)
Office of the President	1	0	1		1
Legal	0	0	0		3
Corporate Planning	1	-1	0		2
Digital, Technology & Security	11	-1	10	4 of the 11	20
Finance	3	0	3		5
Customer Service Operations	12	-5	7		33
Infrastructure, Delivery & Reliability	7	0	7		12
Human Resources & Safety	0	0	0		3
<b>Total Increase</b>			<b>28</b>		<b>79</b>

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

2021 - 2022 FTE					
VP Area	Additions	Deletions	Net	Contractor Conversion	Vacancies (Dec. 31, 2021)
Office of the President	0	0	0		1
Legal	0	0	0		1
Corporate Planning	1	-1	0		2
Digital, Technology & Security	6	-1	5		25
Finance	1	-3	-2		6
Customer Service Operations	3	-1	2		37
Infrastructure, Delivery & Reliability	6	-2	4		8
Human Resources & Safety	0	0	0		2
<b>Total Increase</b>			<b>9</b>		<b>82</b>

2022 - 2023 FTE					
VP Area	Additions	Deletions	Net	Contractor Conversion	Vacancies (Aug. 31, 2022)
Office of the President	1	0	1	1	0
Legal	3	-1	2	2 of the 3	7
Corporate Planning	3	-2	1	1	3
Digital, Technology & Security	6	-7	-1	5 of the 6	14
Finance	3	-7.5	-4.5		6
Customer Service Operations	10	-14	-4	4 of the 10	45
Infrastructure, Delivery & Reliability	22	-1	21	19 of 22	26
Human Resources & Safety	1	0	1	1	8
<b>Total Increase</b>			<b>16.5</b>		<b>109</b>

VP Area	2020 - 2021 FTE (Net)	2021 - 2022 FTE (Net)	2022 - 2023 FTE (Net)	3 Year Net
Office of the President	1	0	1	2
Legal	0	0	2	2
Corporate Planning	0	0	1	1
Digital, Technology & Security	10	5	-1	14
Finance	3	-2	-4.5	-3.5
Customer Service Operations	7	2	-4	5
Infrastructure, Delivery & Reliability	7	4	21	32
Human Resources & Safety	0	0	1	1
<b>Total Increase</b>	<b>28</b>	<b>9</b>	<b>16.5</b>	<b>53.5</b>

### Vacancy Management

SaskEnergy has historically had approximately 50-60 vacancies at any one time, however this level is increasing in the current labour market. Over the last few years, we have managed vacancies by reassessing the need of the role (i.e., possibly redistributing duties, and/or delaying the recruitment process by a few months). Today, with the impact of demographics (the COVID period had resulted in

delayed retirements of baby-boomers that is now accelerating), coupled with increased turnover, means SaskEnergy is experiencing greater difficulty filling roles. Although we are not unique to this challenge, it is an adjustment for management.

### **Engineering Resourcing**

Over the past three years Engineering, including Integrity and Support Services has removed 60 embedded contractors and added 25 FTEs. This was in response to the reduced customer demand in TGL and unknown of the impact from COVID. There was a need to bring expertise internal to reduce risk of knowledge leaving the company with embedded contractors. This is specific to the Project Management, Pipeline Engineering and Integrity of the company. The current forecast is for elevated capital spending in TGL and as such we have increased the FTE's required to deliver the work. Some of the specific increases in the LDC are in the Asset Integrity & Reliability of over \$10 million/year and \$15 million/year in strategic projects that are in progress include:

- SaskPower Moose Jaw Supply
- Upgrades to potash mines
- Mains upgrades to serve new customer growth
- First Nation infill program

### **Construction Resourcing**

Seven new Construction resources have been added over the past three years to support the transition of contracted work back to construction that have reduced the overall cost of capital projects. In 2020-21 Construction delivered approximately \$7 million in capital savings from this approach with \$5 million in savings in 2021-22.

Equipment Operators are budgeted as temporary full-time, and



therefore not included in the permanent FTE count.

2020/2021 – budgeted 8 (TFT) Equipment Operator positions

2021/2022 – budgeted 29 (TFT) Equipment Operator positions

2022/2023 – no budgeted (TFT) Equipment Operator positions

The Collective Bargaining Agreement commits to temporary construction employees achieving permanent status after completion of 36 cumulative months actively working in a temporary construction crew position.

### **Customer Service Operations**

**Field Operations:** From time to time the Operations workforce will vary in size by a limited number of positions due to workload demand and capacity planning. This would include such variables as planned retirement, anticipated turnover, and training of new technicians via SaskEnergy's qualification program. Although FTEs increased three in 2020/21 and two in 2022/23, over the past three years the Field Operations FTEs have remained flat.

**Customer Connect:** This project was aimed at enhancing the customer experience while installing new services. Based on analysis, SaskEnergy hired six focused technicians for Customer Business which resulted in an increase of six FTE 2020/2021 for the technician positions. A further recommendation was the function of the Planning & Dispatch Representative (PDR) role be separated to have the PDR (Dispatch) role as well as a CBR (Customer Business) role, to provide necessary capacity to support improved delivery in both business units. This resulted in an addition of two FTEs in 2021/22 to provide adequate resources for each business unit.

**Customer Solutions initiatives:** A Customer Solutions Leader position was added in 2020/21 to support growing expectations for

SaskEnergy's communication channels. This includes new carbon monoxide safety initiatives, additional customer programs, and higher standards for active website management. An Engineer, Customer Solutions position was added in 2022/23 that is responsible for managing customer technology projects (i.e. gas heat pumps) and the energy conservation potential study. The Greener Energy Provider strategy is a growing strategic focus requiring additional FTE.

Operations Work Management Alignment (OWMA): The OWMA Project consolidated transmission work activities into a common SaskEnergy workforce management unit which required an additional FTE in 2022/23.

***Transmission:*** Manager, Operations Emissions position was created in 2020/21 to support the development of corporate programs to address federal regulatory requirements around emissions and pollutants (LDAR, MSAPR).

In response to a CEPA audit to address Gas Control Management, and in particular improved scheduling for fatigue management, resulted in a recommendation to increase Gas Controllers staffing. One resource was budgeted in 2021/22 and another in 2022/23.

### **Digital, Technology and Security**

*2020-21:* A Solutions & Adoptions Advisor was added during the Customer Connect project (Lean Six Sigma work) when the JIRA application was introduced. Additionally, a RIM S&A Advisor was introduced as a contractor conversion. The two Team Lead positions were conversions from previous Business Solution Integrator positions, but one was never filled and remained vacant. The Enterprise Security team was established in 2018 and was largely staffed by contractors. In 2020-21 a new Physical Specialist, Specialist and the new Security Architect employee

positions were created. These positions were three net new FTE's that replaced contractors. An Analyst, Business Applications/Senior Analyst, System Support and Supervisor, CIS were added as part of the new team organizational structure, along with additional positions to assist in the support of many new Business Applications (example: DocuSign, Data Historian, JIRA, new external websites, etc.). Only the Analyst, Business Applications and Senior Analyst positions were filled at that time.

2021-22: A Manager, Business System Support was developed as a result of the organizational structure. The AMS team was moved over to this area and reports through this manager position. Four Project Manager positions were posted (as contractor conversions). Only one position was successfully filled. The other have since been repurposed or removed. A Business Solution Integrator position was converted from a contractor.

2022-23: The Analytics team (Manager, Senior Data Analyst, Data Scientist) is being built up, using vacancies from other positions, that were intended to be contractor conversions.

- c) With reference to 1st Round Information Request 3(c) – please provide a detailed list and discussion of the projects and activities that necessitate the added FTEs. Please indicate related FTE additions by Executive Division and by year related to each project or activity.

Please see discussion in 3 (b) (iv).

- d) With reference to the response provided to 1st Round Information Request 3(d)(i) to (iii) – please provide a more detailed explanation and further context for each response provided.
- i. For part 3(d)(i), please quantify the specific factors driving changes in staffing levels noted on page 13 of the Application. Please describe and quantify the FTE impact and revenue requirement impact since 2017/18.

Please see response in 3 (d) (iii).

- ii. For part 3(d)(ii) please provide further detail and quantify the potential instability re: staffing level impacts in the test years. Please detail and quantify potential impacts on the revenue requirement, forecast FTEs, and forecast vacancy rates.

Please see response in 3 (d) (iii).

- iii. How is SaskEnergy planning to address ongoing instability in staffing levels going forward? Please discuss in detail any potential impacts on test year FTE and vacancy forecasts.

SaskEnergy is adjusting the way it leads, plans and operates to navigate staffing instability and meet FTE and vacancy forecasts. The Company captures the reasons employees leave through exit interviews and measures job satisfaction through engagement surveys which helps identify areas at higher risk for turnover. SaskEnergy recently implemented career framework to ensure jobs have appropriate levels of responsibility and pay and will continue to focus on retention strategies aimed at improving the employee experience, including offering flexible schedules/work from home, training, education and a robust benefits package. Efforts will also focus on mitigating the impact of employee turnover through succession planning, ongoing knowledge transfer and cross-training, as well as improving quality of hiring, onboarding, orientation and training to recover quickly and minimize customer and business impacts.

- iv. With reference to part 3(d)(iii) please confirm whether or not safety and integrity can be maintained at 2020/21 Actual staffing levels. Please provide a detailed explanation to support the response. What impact would there be on safety and integrity if 2020/21 Actual staffing levels were maintained?

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

Confidential Response

e) With reference to the response to 1<sup>st</sup> Round Information Request 3(i), please provide the following clarifications:

i. Please confirm whether the response provided relates to the Distribution Division or to SaskEnergy Incorporated. If the response provided relates to SaskEnergy Incorporated please provide a similar table for the Distribution Division.

Confirmed. The response provided relates to the Distribution Division.

ii. Please update the table with 2021/22 actual results.

Please reference the table provided below.

SASKENERGY DISTRIBUTION DIVISION Labour Details (\$ 000's)													
Labour Details	Actual 2016-17	Actual 2017-18	Actual 2018-19	Forecast 2018-19	Actual 2019-20	Forecast 2019-20	Actual 2020-21	Forecast 2020-21	Actual 2021-22	Forecast 2021-22	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25
WAGES - REGULAR	31,890	31,610	31,366	34,626	32,717	34,357	33,684	36,143	31,543	33,299	35,271	36,596	37,328
WAGES - REGULAR PART TIME	3,363	2,867	2,510	2,575	2,860	2,582	939	2,712	2,917	2,944	2,755	2,810	2,866
WAGES - TEMPORARY	2,528	2,417	2,329	2,453	2,557	3,241	4,529	3,050	6,708	5,731	8,310	8,476	8,646
I/S VACATION ENTITLEMENT	3,504	3,427	3,394	3,793	3,396	3,701	3,721	3,997	4,298	4,035	4,348	4,435	4,524
BID LAG	-	-	-	(1,463)	-	(929)	-	(1,849)	-	(1,333)	(5,688)	(5,801)	(5,917)
STANDBY	2,213	2,290	2,335	2,336	2,396	2,468	2,420	2,434	2,432	2,446	2,542	2,593	2,645
SUBSTITUTION	283	345	299	344	223	385	383	390	391	356	326	333	339
SHIFT DIFFERENTIAL	13	12	12	13	12	13	13	12	15	15	13	13	13
PREMIUM	91	89	99	100	93	118	90	100	115	111	101	103	105
HOLIDAY PAY EXTRA	876	966	1,057	975	1,050	997	1,110	1,032	1,209	1,041	1,191	1,215	1,239
OVERTIME	6,438	7,040	7,433	6,972	7,002	7,452	7,793	7,545	9,117	8,763	8,217	8,381	8,549
BUDGET ADJUSTMENT	774	(1,322)	(345)	(111)	(416)	1,733	(302)	1,526	(266)	1,433	1,627	1,335	1,701
SALARIES - REGULAR	17,984	21,208	22,405	22,667	24,883	24,202	25,246	26,396	26,497	24,995	30,007	31,064	32,307
O/S VACATION ENTITLEMENT	1,990	2,107	2,305	2,400	2,461	2,601	2,500	2,801	2,746	2,743	3,132	3,252	3,382
EDO ACCRUAL PROGRAM	572	627	765	607	801	654	952	700	913	885	962	1,016	1,057
INCONVENIENCE PAY	215	254	369	240	404	252	428	334	403	406	421	437	455
OVERTIME (O/S)	105	114	126	134	247	135	141	115	177	160	155	161	168
HONORARIUMS	367	352	351	440	354	360	355	380	357	366	365	380	395
BENEFITS(IN-SCOPE)	9,665	8,679	9,575	9,998	9,807	10,119	10,138	10,757	11,249	11,859	12,235	12,480	12,729
BENEFITS (O/S)	4,707	4,941	5,329	5,943	6,133	6,243	6,137	6,809	6,775	7,428	7,934	8,215	8,543
WAGES FROM OTHER CENTRES	4	4	2	2	2	-	-	-	-	-	-	-	-
WAGES TO OTHER CENTRES	(7)	(5)	(3)	(5)	(3)	-	-	-	-	-	-	-	-
OVERTIME - FROM OTHER CENTRES	2	-	-	0	-	-	-	-	-	-	-	-	-
VACATION PAY	54	244	125	200	402	260	(173)	140	350	211	200	200	200
SICK LEAVE	33	63	18	-	22	-	-	-	-	-	-	-	-
SEVERANCE PAY	-	563	551	-	392	-	1,083	-	113	113	-	-	-
SETTLING IN PAY-O/S	3	9	7	20	7	20	4	19	6	7	-	-	-
<b>Total Labour Excluding Vacancy</b>	<b>87,666</b>	<b>88,900</b>	<b>92,415</b>	<b>95,258</b>	<b>97,801</b>	<b>100,965</b>	<b>101,191</b>	<b>105,545</b>	<b>108,066</b>	<b>108,014</b>	<b>114,424</b>	<b>117,693</b>	<b>121,273</b>
Vacancy Adjustment	-	-	-	(1,463)	-	(929)	-	(1,849)	-	(1,333)	(6,746)	(6,887)	(7,003)
<b>Total Gross Labour</b>	<b>87,666</b>	<b>88,900</b>	<b>92,415</b>	<b>96,721</b>	<b>97,801</b>	<b>101,894</b>	<b>101,191</b>	<b>107,394</b>	<b>108,066</b>	<b>109,347</b>	<b>121,170</b>	<b>124,580</b>	<b>128,276</b>
Capitalization	(22,302)	(23,111)	(22,883)	(18,969)	(22,660)	(20,848)	(22,483)	(22,420)	(25,740)	(24,290)	(23,195)	(23,548)	(23,991)
<b>Total Labour (net) of Vacancy and Capitalization</b>	<b>65,365</b>	<b>65,789</b>	<b>69,532</b>	<b>77,753</b>	<b>75,140</b>	<b>81,046</b>	<b>78,708</b>	<b>84,974</b>	<b>82,326</b>	<b>85,057</b>	<b>97,975</b>	<b>101,032</b>	<b>104,285</b>

Note:  
 - Capitalization of Labour is now shown on Line 40  
 - Budget Adjustment is primarily inclusive of Salary Holdback in the forecast periods only and Out-of-Scope Vacancy Management  
 - Bid Lag is inclusive of In-Scope Vacancy Management  
 - Severance Pay reflects the LDC only

iii. Please include capitalization of labour. Please include a row showing the portion of gross labour that is capitalized.

Please reference the line item with the description “capitalization” in the table in 2 (e) (ii) above.

- iv. Please explain the “Budget Adjustment” line item and year over year changes in this line item with particular reference to the nature of the salary holdback referenced in the revised response.

Please see the notes provided below the table provided in 2 (e) (ii) above.

- v. Please explain the material increase in Severance Pay in 2020/21 actual compared to prior years.

#### Confidential Response

- f) With reference to the response to Delivery 1<sup>st</sup> Round Information Request 3 (j), please confirm and discuss if there is any ability to schedule staff outside of regular business hours to accommodate customer appointments and safety service calls which are after regular business hours to reduce the overtime hours.

SaskEnergy utilizes standby pay to ensure that technicians are available to respond quickly to urgent safety service calls. This is a lesser cost option than expanding shift schedules. Expansion of shift schedules is a consideration for enhanced customer experience through additional customer appointment options, although any such change to shift schedules would require Unifor’s support.

#### 4. Reference: 1<sup>st</sup> Round Information Request #4 [Communication, Public Relations, Fees, Dues and Community Contribution Costs]

- a) With reference to the response to Delivery 1<sup>st</sup> Round Information Request 4 (a)(i), please quantify how much of the increase to energy efficiency programs will be dedicated to increasing the rebates offered to customers.

Delivery 1st Round Information Request 4 (a)(i) refers to an increase from \$4.2 million (2020-21 actuals) to \$8.2 million (2022-23 forecast).

The subset of each budget dedicated to customer rebates is:

- \$3,127,315 (2021-22 actuals), and
- \$5,345,000 (2022-23 forecast).

The difference between 2021-22 rebate actuals and 2022-23 rebate forecast is \$2,217,685.

b) With reference to 1st Round Information Request 4(a)(i) please provide further context for the table provided in the response

- i. Please provide the source for the table and references to where the source data can be found;

The source of the table is Efficiency Canada's 2020 Provincial Energy Efficiency Scorecard. The source data can be accessed with the following link (Table 17 – Program Spending (per capita)):

[2020-Provincial-Energy-Efficiency-Scorecard.pdf](#)  
([efficiencycanada.org](http://efficiencycanada.org))

- ii. Please confirm if the data provided relates to province-wide spending or spending by utility.

The data provided relates to province-wide spending. For Saskatchewan, data was reported to Efficiency Canada by the Ministry of Environment, SaskEnergy and SaskPower. The Ministry of Environment's submission represented the Government of Saskatchewan's initiatives, not only initiatives by the Ministry of Environment.

c) With reference to 1st Round Information Request 4(a)(ii) please explain in detail the types of changes based on "new information or direction" that could impact the forecast spending in the Application. Please quantify any potential impact and provide an assessment of the likelihood of the impact occurring in the test years.

This cost category provides funding for programs which enable customers

to achieve emissions reductions. Reducing customers' emissions is a key component of SaskEnergy's sustainability framework under Pillar One: Environment. With the publishing of the 2020-21 Sustainability Report, SaskEnergy communicated an increased commitment to being a sustainable energy provider for Saskatchewan.

Climate change policy and regulations impact end-use markets for natural gas. For example the [Canada Green Building Strategy](#) discussion paper (July 2022) states "Canada has legislated a commitment to reach net-zero emissions by 2050. In the interim, the 2030 Emissions Reduction Plan sets out a potential buildings sector contribution that would reduce direct residential, commercial and institutional building emissions to 53 Mt by 2030 (37% reduction from 2005 levels)." The paper also describes the need to complete deep retrofits by a rate of 3% to 5% of buildings annually, a significant increase, and that all new buildings need to be net-zero carbon-ready as early as 2027 and no later than 2032.

The discussion paper describes the goals and milestones associated with climate change mitigation. It indicates fossil fuel combustion for heat in buildings is the source of emissions that need to be reduced. It outlines steps the Federal Government can take to reduce those emissions including transitioning off fossil fuels for heating. It indicates the Federal Government's actions alone will not be enough to get to net zero, creating a call to action for stakeholders to submit plans which support progress toward the net-zero goal.

The Canadian Gas Association published [information](#) which indicates gas infrastructure can play a role in reaching the net-zero target as follows:

- "Canada's natural gas industry will make important contributions to the nation's energy future, and planning for net-zero targets does not necessitate a choice between energy systems (gas or electric);
- There are a variety of end-use and renewable gas technologies through which gas utilities can support their customers in pursuing



net-zero GHG emissions, but all come with new cost pressures, and;

- Net-zero will require reform in the legislation and regulations that underpin utility investments in Canada, and these changes will require policy leadership from provinces and territories, with a supporting role for federal decision makers.”

SaskEnergy operates valuable energy delivery infrastructure that the CGA is positioning as a key component in helping achieve the required emissions reductions. SaskEnergy recognizes the future is carbon-constrained and plans to support customers in reducing their carbon footprint, while continuing to deliver reliable and affordable service through gas infrastructure.

At this time there is not a quantifiable estimate available related to the potential impact on spending. There is a continuous evolution in government plans to reduce emissions from natural gas, including many outside of SaskEnergy’s control. The likelihood of SaskEnergy plans evolving in order to demonstrate sustainable energy solutions can be delivered with gas infrastructure during the test years is 100%. Planning is actively underway. SaskEnergy will work to offset any new initiatives with external funding opportunities and internal efficiencies.

- d) With reference to 1st Round Information Request 4(a) (iii) please provide a detailed explanation of how other utilities justify energy efficiency spending where there are potential adverse rate impacts/ adverse impacts on rate payers that are not able to participate in the programs. How are these methods for determining the business case for energy efficiency spending being assessed/ applied by SaskEnergy in determining which programs to proceed with in the test years/ going forward?

SaskEnergy’s current approach to energy efficiency programs is a low overhead approach commensurate with the size of program portfolio SaskEnergy has operated.

FortisBC uses a methodology set out in BC’s Demand Side Management (DSM) Regulation. The Regulation is in place as part of a strategy to increase energy efficiency, reduce energy bills, and achieve greenhouse gas emission reduction targets. For a detailed explanation of the requirements associated with FortisBC’s programs, the DSM Regulation can be found at [Demand-Side Measures Regulation \(gov.bc.ca\)](https://www.gov.bc.ca/dsm).

Regarding the question of how other utilities justify rate impacts on rate payers that are not able to participate in the programs, program portfolios have evolved to be increasingly inclusive and reduce barriers to program participation. BC utility program portfolios are required, by design, to reach historically under-served customers as documented in the BC Ministry of Energy and Mines’ Guide to the Demand-Side Measures Regulation with the following examples:

- the utilities must have programs for low-income households, rental accommodations, and schools,
- in cost effectiveness calculations for low-income programs, an “add-on” is assigned for non-energy benefits which helps quantify value and justify spending for this customer segment, and
- portfolio level education programs, energy efficiency training, community engagement, technology innovation programs, and effective public awareness programs are included.

For comparison, the Efficiency Manitoba Act directs Efficiency Manitoba to prepare an efficiency plan which uses DSM initiatives to meet energy savings targets as prescribed in the Act. The latest three-year plan segments customers into six segments: residential, residential income qualified, Indigenous, commercial, industrial, and agricultural. This groups customers by their characteristics and energy consumption patterns and it is intended to be inclusive of all Manitobans. Programs are designed for each customer segment, with enabling strategies designed for programs to meet the needs of each customer segment. With an annual budget of

\$21 million for the natural gas program portfolio, Efficiency Manitoba is able to deliver a bundle of programs across all customer segments.

The Public Utility Board's report on Efficiency Manitoba's current 3-year plan reports that Efficiency Manitoba uses an average of 1.7% of the annual portfolio budget to complete independent savings and cost-effectiveness verification of every program annually and full impact evaluations on every program at least once during the three-year plan period.

As described in the answer to 4 (a)(i), Saskatchewan's per capita expenditures on energy efficiency relative to other provinces are 10th of 10 provinces. SaskEnergy has delivered mass market programs while staying focused on cost control and managing FTE counts. This method of cost control has a trade-off of not providing in-depth assessments of other jurisdictions' business cases, and instead applying a jurisdictional scan to compare programs across Canada.

SaskEnergy's new strategy includes becoming a greener energy provider. An initial action was to introduce the Residential Equipment Replacement Rebate which provided a new high-volume program for residential rate payers. Internal planning is underway related to expanding the energy efficiency program portfolio using customer segmentation similar to that used in BC and Manitoba. It is expected that additional programs will be introduced in the test years.

As part of this ongoing development, SaskEnergy is establishing an approach to data-based decision making for natural gas conservation programs. This includes conducting a study of natural gas energy efficiency potential in Saskatchewan in 2022-23 and establishing cost effectiveness tests for SaskEnergy's portfolio of programs.

**5. Reference: 1<sup>st</sup> Round Information Request #5 and Tab 11 [External Services]**

a) Please explain and quantify the increase in total external services costs in

the test years (\$38.5 million in 2022-23) compared to the 2021-22 forecast (\$33.773 million) and 2020-21 actual (\$35.295 million).

The increase in total external services costs in the test years compared to the 2021-22 forecast and the 2020-21 actual is primarily attributable to contract analysts in digital, technology and security, hosting and consulting services. In terms of the hosting which is \$1.1 million greater than the 2020-21 actual and \$2.2 million greater than the 2021-22 forecast, SaskEnergy is projecting increases in voice services from SaskTel, enterprise architecture, workstation support, and geographical information systems. Contract analysts are expected to increase by \$1.3 million in comparison to the 2020-21 actual and \$1.8 million in comparison to the 2021-22 forecast mainly for increased attention on enterprise security. Finally, the consulting services were reduced in 2020-21 and 2021-22 mainly due to COVID-19. SaskEnergy made the decision to reduce consulting services in areas such as legal, audit services, and networks and infrastructure temporarily in these windows of time however plans to normalize their consulting services in these two areas again in 2022-23. The anticipated increase in 2022-23 is \$0.7 million compared to 2020-21 actual and \$1.1 million compared to 2021-22 forecast.

- b) Please provide a breakdown and explanation for variance in forecast compared to actual contract services costs in 2019/20 (\$32.623 million forecast compared to \$27.963 million actual) and 2020/21 (\$32.561 million forecast compared to \$27.161 million actual). Please also provide the actual for 2021-22 and explain any variance from forecast.

A breakdown of the contract services costs is provided in Tab 11 page 5 as shown below to include the 2021-22 actual results. The line items included in contract services are a summation of Construction Labour through to I/C Contract/First Call shown in the schedule below.

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

SASKENERGY INCORPORATED													
External Service Details													
	(\$ 000's)												
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	
External Services	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25
CONSTRUCTION LABOUR	172	-	-	(0)	-	(0)	11	(81)	-	-	-	(0)	(0)
EMERGENCY PREPAREDNESS	5	1	0	-	6	-	7	-	-	-	-	-	-
CONSTRUCTION VEHICLE COST	(115)	-	-	0	-	-	-	(26)	-	-	-	-	-
GAS CONSTRUCTION CONTRACTS	1,879	3,173	2,886	2,009	2,184	3,380	1,585	2,671	2,327	2,135	1,445	1,431	1,416
CONTRACTS - GENERAL	6,234	5,814	5,623	5,983	5,841	7,180	5,231	6,267	5,445	5,112	2,525	2,499	2,475
CONTRACT SERVICE-MOVERS	49	45	22	80	46	80	22	69	44	41	34	34	33
MAILING SERVICES	205	181	127	255	99	245	105	200	92	99	185	183	181
RECORD RETENTION	165	153	155	127	165	177	161	207	279	275	265	262	260
CONTRACT ANALYST	9,299	9,867	11,391	12,094	10,734	10,133	11,193	13,186	10,883	10,572	12,429	12,026	11,896
AMS/HOSTING	5,661	6,316	7,912	9,483	8,670	11,184	8,601	9,866	7,728	7,510	9,740	10,032	10,333
IC CONTRACT-FIRST CALL	230	276	247	263	219	245	244	201	248	243	246	240	245
WASTE DISPOSAL	1	16	9	3	11	16	4	10	-	5	16	16	16
EQUIPMENT RENTALS	319	23	-	-	-	220	-	-	-	-	-	-	-
OTHER CONTRACT SERVICES	3,569	2,659	2,776	2,966	2,598	3,008	2,537	2,457	2,579	2,262	4,926	4,778	4,730
UTILITIES (ELEC,WATER)	29	34	33	32	42	31	34	32	41	41	40	39	39
COURIER & MAIL SERVICE	84	68	64	58	61	80	69	78	72	72	109	108	107
PRINTING	105	48	70	151	53	122	59	83	60	52	82	81	80
COPIER MAINTENANCE	269	275	133	434	83	500	50	150	46	51	85	84	83
PAPER	15	16	13	18	11	18	8	16	8	8	16	16	16
EQUIPMENT RENTAL	10	3	6	3	3	3	13	2	3	3	9	9	9
ENVELOPES & INSERTING	234	139	1	-	-	242	-	2	-	-	-	-	-
BILL PRINTING	457	425	437	450	441	450	367	480	419	370	425	421	417
METER READING	2,386	2,480	1,852	2,415	2,080	2,430	1,982	2,470	2,206	2,252	2,250	2,228	2,205
CONSULTING SERVICES	2,716	2,138	7,702	3,518	4,145	4,338	2,988	4,978	2,378	2,647	3,739	3,702	3,665
RECRUITMENT	6	5	62	30	11	30	24	29	25	24	11	11	11
	<b>33,984</b>	<b>34,156</b>	<b>41,521</b>	<b>40,373</b>	<b>37,502</b>	<b>44,109</b>	<b>35,295</b>	<b>43,348</b>	<b>34,884</b>	<b>33,773</b>	<b>38,576</b>	<b>38,199</b>	<b>38,216</b>

The most significant variance in both time periods which are 2019/20 and 2020/21 is hosting services costs (IE: AMS/Hosting as shown above). As mentioned in SaskEnergy’s response to Delivery 2nd Round Information Request 11h, hosting costs were lower than forecast in 2019/20 primarily for the accounting system (OneWorld), records information management, share point, local and wide area networks, and video conferencing. In 2020/21, hosting costs were lower than forecast primarily for collaborative applications, video conferencing, share point, enterprise architecture, and records information management.

There are no significant variances from forecast in 2021-22.

- c) Please explain the increase in consultant services forecast in 2020/21 (\$5.007 million) and explain the variance compared to lower actual consulting services costs of \$3.012 in that year.

Consistent to SaskEnergy’s response provided to 2nd Round Information Request 5 (a) the consulting services were reduced in 2020-21 mainly due to COVID-19. SaskEnergy made the decision to reduce third party legal, audit services, and networks and infrastructure consulting services temporarily during this time however plans to normalize their consulting services in these areas is expected in 2022-23.

- d) Please explain and quantify the forecast increase in routine maintenance expected for the test years (2022-23 of \$4.982 million; 2023-24 of \$4.833 million; and 2024-25 of \$4.784 million) compared to the 2020-21 actuals of \$2.575 million and 2021-22 forecast of \$2.308 million. Please also provide the 2021-22 actuals and explain any variance compared to forecast.

The increase in routine maintenance for the test years 2022-23, 2023-24, and 2024-25 compared to the 2020-21 actuals is due to a reclassification of expenses as outlined in SaskEnergy's response to Delivery 1st Round Information Request 2 (I). The costs to contract line locating with Shermco is now reported in Other Contract Services vs. Contracts – General. Contracts – General is included in the Contract Services line item in Tab 11 page 7 and Other Contract Services is included in the Routine Maintenance line item in Tab 11 Page 7.

The 2021-22 actual for routine maintenance is \$2.6 million compared to the 2021-22 forecast of \$2.3 million. The variance to forecast is primarily attributable to higher operating costs for leak surveys within our distribution safety and integrity programs.

- e) Please explain in detail and quantify the impact that contractor conversions have had on External Services expenses since 2018-19.

Contractor conversions since 2018-19 applicable to external services expense have been primarily in SaskEnergy's digital technology and security department. There has been a variety of different positions such as 8 business process advisors, 2 managers, 2 specialists, 1 analyst, 1 business solutions integrator, 1 solutions and adoption advisor, and 1 project manager. Since 2018-19, specific areas of external services in digital, technology and security have significantly reduced their costs. These specific areas are project delivery and enterprise architecture. Overall, savings in the external services expenses since 2018-19 equate to approximately \$1.5 million in the distribution division.

Consistent to the corporate plan in 2022-23, mitigating ongoing security

threats is high priority to which external services is impacted thus the reason there are relatively flat costs year to year in the contract analyst line item vs. savings identified through contractor conversions.

**6. Reference: 1<sup>st</sup> Round Information Request #6 [Intercompany Allocations]**

a) Please provide a detailed discussion regarding the principles/ methodology developed and used by SaskEnergy for the Intercompany Allocations used in the Application. In the response please comment on the following:

- i. Detail the basis/ rationale for using FTEs to determine the 73%/27% split.

The FTE split of 73%/27% is only applied to “Corporate” allocations. The rationale for using FTE’s to determine the

“Corporate” allocations between the Distribution Division and TransGas is that the majority of expenses that are allocated to “Corporate” are driven by the number of employees required to run each utility. The larger budgets typically included in “Corporate” are Human Resources, Payroll and Buildings and Security. The work in these areas is directly related to the number of employees.

- ii. Please discuss whether other factors may be applicable to determining Intercompany Allocations; how these are considered; and/or why they are not considered.

When reviewing inter-company allocations, each business unit considers their workplans, and charge directly or allocate to the subsidiary whenever they are able to do so. Allocating to “Corporate” is used only when it is difficult to determine which subsidiary is driving their costs, and should be considered last when doing annual allocations.

- iii. Please detail any material changes in principles/ methodology that have occurred since 2017/18 regarding the allocation process.

There have been no changes to principles or methodology. Only the allocation percentages in some cases have been adjusted to better reflect the true allocation of costs.

- iv. Has an independent review of the allocation process/ methodology ever been undertaken? If so, please provide the results. If not, please explain why not?

No, an independent review of the allocation process/methodology has not been undertaken, however, an independent review is something that management will consider.

- b) With reference to the table provided in 1st Round Information Request 6(c) – please provide an updated version that includes the forecast and actual allocations used for the 2017/18 and 2018/19 delivery rate application test years.



SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

Inter-Company Allocations Comparison				
	2017/18 Delivery Rate Application		2018/19 Delivery Rate Application	
	Forecast Test Year	Actual Fiscal	Forecast Fiscal	Actual Fiscal
<b>Service Groups</b>				
INDIGENOUS ENGAGEMENT	261,411	239,762	255,404	274,894
EXECUTIVE	1,884,961	1,566,346	1,537,021	1,563,522
POLICIES, SERVICES & RATES				
GAS SUPPLY	1,564,273	885,001	1,158,432	893,161
AUDIT SERVICES	150,858	115,482	142,790	123,511
BOARD OF DIRECTORS	386,926	266,023	348,811	269,910
LEGAL	1,203,717	1,117,785	1,345,757	1,378,651
LAND	263,143	178,622	344,849	191,926
COMMUNITY ENGAGEMENT	2,370,578	2,149,256	2,522,649	2,058,950
STRATEGIC COMMUNICATIONS	-	-	-	-
SAFETY & EMERGENCY MGMT	304,311	306,175	479,671	387,236
HUMAN RESOURCES	-	-	-	-
PRESIDENT'S OFFICE	-	-	-	-
EVP, CORPORATE PLANNING	1,197,873	1,144,254	1,023,627	1,025,485
EXEC VP, DIGITAL, TECHNOLOGY & SECURITY	-	-	-	-
BUSINESS PROCESS & ANALYTICS	-	-	-	-
NETWORKS & INFRASTRUCTURE	5,651,732	5,267,004	6,725,643	6,037,552
ENTERPRISE SECURITY	-	-	-	-
BUSINESS APPLICATION	4,047,287	3,648,753	4,041,894	3,656,141
FLEET & CORPORATE SERVICES	798,617	643,968	783,123	608,003
STORES AND SALVAGE	-	-	-	-
BUILDINGS & SECURITY	-	-	-	-
PURCHASING	461,155	411,611	359,291	349,880
EXEC VP, FINANCE & CFO	-	29,511	-	-
PAYMENT SERVICES	814,203	764,034	816,726	733,674
BUSINESS MGR. BILLING & SUPPORT	555,098	348,802	278,074	296,321
TREASURY	645,872	634,149	665,069	665,666
DISTN ACCTG, BILLING SERVICES	3,199,770	3,115,668	3,304,597	2,963,161
COLLECTIONS	636,736	507,585	607,110	515,142
FINANCIAL ACCOUNTING & REPORTING	801,627	753,785	803,718	760,320
PAYROLL	-	-	-	-
ACCOUNTS PAYABLE	-	-	-	-
FINANCIAL PLANNING	59,799	50,142	56,394	50,253
DOWNSTREAM SERVICE OFFERINGS	-	-	1,533,200	902,825
NGV STATIONS	-	-	-	-
EXEC VP, CUSTOMER SERVICE OPERATIONS	(359,460)	1,042,582	(628,444)	319,461
OPERATIONS TRAINING	328,569	270,239	255,006	304,149
CUSTOMER SERVICE TRAINING/DEV	-	60,024	95,574	182,033
CUSTOMER SERVICES	-	-	(299,550)	-
CUSTOMER SERVICES - NORTH	-	4,359,674	3,439,398	3,029,543
CUSTOMER SERVICES - NB/PA DISTRICT	-	-	2,196,657	1,388,695
CUSTOMER BUSINESS	-	-	-	-
CUSTOMER SERVICES - REGINA DISTRICT	-	6,492,206	3,416,016	3,328,033
CUSTOMER SERVICES - YORKTON DISTRICT	-	-	1,711,984	1,548,181
CUSTOMER SERVICES - MJ/SC DISTRICT	-	-	1,777,630	1,586,630
REGINA AREA GENERAL	-	-	632,028	729,045
REGINA AREA	12,108,390	8,173,669	9,300,752	8,393,182
SOUTH EAST AREA GENERAL	-	-	640,837	640,780
SOUTH EAST AREA	10,087,845	8,310,695	8,687,360	8,017,212
SOUTH WEST AREA GENERAL	-	-	523,288	589,818
SOUTH WEST AREA	8,520,160	4,768,768	4,028,507	4,047,345
SASKATOON AREA GENERAL	-	-	724,724	659,569
SASKATOON AREA	13,032,861	9,021,564	9,520,293	8,030,893
NORTH AREA GENERAL	-	-	789,533	859,892
NORTH AREA	11,387,100	8,887,881	9,144,254	8,393,573
OPERATIONS	-	-	-	-
OPERATIONS PLANNING & MTCE	2,263,838	1,757,337	2,764,541	2,620,921
WORKFORCE MANAGEMENT	-	-	-	-
SCHEDULING & DISPATCH SOUTH	-	-	-	-
SCHEDULING & DISPATCH 24/7	-	-	-	-
SCHEDULING & DISPATCH NORTH	-	-	-	-
OPERATIONS EFFECTIVENESS	-	-	-	-
CUSTOMER SOLUTIONS	1,802,967	1,127,016	1,465,662	1,377,444
CONSTRUCTION NORTH	539,177	570,842	682,826	606,439
DISTRIBUTION ENGINEERING	874,604	729,620	924,839	801,380
CONSTRUCTION SOUTH	541,035	527,023	652,881	580,308
LDC ASSET INTEGRITY & RELIABILITY PROGRAMS	3,430,757	2,658,738	3,050,000	2,773,856
INSTRUMENTATION NORTH	154,375	153,505	510,224	693,118
INSTRUMENTATION SOUTH	154,375	149,022	541,524	623,813
METER SHOP	2,100,249	1,836,034	2,063,353	1,958,847
Alloc Corp BU39 -Audit	316,403	242,207	373,001	322,760
Alloc Corp BU48-Env (H&S)	144,670	145,556	199,543	161,146
Alloc Corp BU49-Human Res.	3,029,853	2,411,720	2,955,813	2,907,205
Alloc Corp BU55-President's Office	802,489	654,551	762,716	716,588
Alloc Corp BU201	752,310	626,115	748,988	682,146
Alloc Corp BU202	-	-	-	-
Alloc Corp BU203	14,207,092	13,239,977	16,990,277	15,257,945
Alloc Corp BU205	-	-	-	-
Alloc Corp BU213	686,515	530,760	617,795	568,354
Alloc Corp BU214	368,142	311,641	361,973	424,674
Alloc Corp BU227	357,120	335,807	377,947	381,553
Alloc Corp BU3900	-	-	-	-
Alloc Corp BU4600	-	-	-	-
Alloc Corp BU220 - VP Fin & Admin	31,804	31,377	236,280	71,549
Alloc Corp BU230 - Accounts Payable	319,279	291,811	309,271	293,790
Alloc Corp BU232 - Payroll	281,113	244,217	280,645	236,531
Alloc Corp BU233 - Financial Planning	415,892	348,729	400,407	357,164
	115,939,473	104,454,627	122,360,203	112,171,747

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

Inter-Company Allocations Comparison				
	2017/18 Delivery Rate Application		2018/19 Delivery Rate Application	
	Forecast	Actual	Forecast	Actual
	Test Year	Fiscal	Fiscal	Fiscal
<b>TransGas</b>				
ENVIRONMENT	630,366	395,407	625,427	400,524
TRANSGAS CUSTOMER SERVICES	-	9,952	-	-
TGL CUSTOMER DIALOGUE	11,848	637	-	-
SYSTEM DESIGN & PLANNING	-	-	-	-
SYSTEM CONTROL	343,806	369,892	396,347	405,773
SCADA	811,158	374,547	-	-
EXEC. VP. INFRASTRUCTURE DELIVERY & RELIABILITY	241,966	389,817	400,172	358,154
PIPELINE ENGINEERING	543,936	622,299	176,530	184,569
ASSET INTEGRITY & RELIABILITY PROGRAMS	834,685	717,830	828,618	667,721
FACILITY ENGINEERING	59,895	64,542	-	-
STORAGE ENGINEERING	-	-	789,510	657,326
SUPPORT SERVICES	129,201	108,438	452,579	389,302
COSTS CAPITALIZED	-	-	-	-
ASSET INTEGRITY & RELIABILITY	551,079	349,554	987,016	653,925
CONSTRUCTION	-	-	-	-
MEASUREMENT ENGINEERING AND OP SUPPORT	98,427	96,029	327,139	304,590
INSTRUMENTATION NORTH	-	-	-	-
INSTRUMENTATION SOUTH	-	-	-	-
EXEC DIR TRANSMISSION OPERS	-	-	32,994	30,744
MAINTENANCE DELIVERY	-	-	-	-
OPERATIONS TRAINING	-	-	-	-
NORTH AREA	-	-	-	-
SASKATOON AREA	-	-	-	-
REGINA AREA	-	-	-	-
SOUTH EAST AREA	-	-	-	-
SOUTH WEST AREA	-	-	-	-
<b>Total TransGas</b>				
Alloc Corp - North	46,467	46,960	-	-
Alloc Corp - Saskatoon	-	-	-	-
Alloc Corp - Regina	51,990	52,273	122,369	107,010
Alloc Corp - Southeast	-	-	-	-
Alloc Corp - Southwest	-	-	-	-
Alloc Corp - Environment	-	-	-	-
Alloc Corp BU56001 - Exec Dir Trans Ops	27,679	24,301	-	-
Alloc Corp BU56100 - Plant Maintenance	-	-	-	-
	4,382,503	3,622,478	5,138,701	4,159,639

- c) With reference to table provided in response to Delivery 1<sup>st</sup> Round Information Request 6(c), please confirm the first set of columns is for the 2022 Delivery Rate Application, as it says 2021 Delivery Rate Application Allocation %.

Confirmed. The first two columns are for the 2022 Delivery Rate Application.

**7. Reference: 1<sup>st</sup> Round Information Request #7 [Transportation and Storage Expense]**

- a) Please provide a table that updates the information provided in Pre-Ask #7 (Transportation and Storage Rate Changes) from the 2018 Delivery and Commodity Rate Application. Please include actuals since 2019, as well as

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

test year forecasts.

Effective Date	L11 Delivery Transportation				Storage		
	Demand Charge, \$ per GJ/d per month	% Change	Impact on Expenses, \$ million	Withdrawal Charge, \$ per GJ/d per month	Capacity Charge, \$ per GJ/d per month	% Change	Impact on Expenses, \$ million
February 1, 2009	\$3.7976			\$1.3943	0.0295		
February 1, 2012	\$4.0830	7.5%	\$1.8	\$1.6939	0.0250	1.0%	\$0.2
March 1, 2013	\$4.1405	1.4%	\$0.3	\$1.8026	0.0266	6.4%	\$0.8
January 1, 2014	\$4.2813	3.4%	\$1.0	\$1.8855	0.0278	4.6%	\$0.7
January 1, 2015	\$4.4269	3.4%	\$1.0	\$1.9579	0.0289	3.9%	\$0.7
January 1, 2016	\$4.4269	0.0%	\$0.0	\$1.7955	0.0352	5.8%	\$1.0
January 1, 2017	\$4.4269	0.0%	\$0.0	\$1.7955	0.0352	0.0%	\$0.0
May 1, 2018	\$4.6881	5.9%	\$1.9	\$1.9014	0.0373	5.9%	\$0.8
April 1, 2021	\$5.1100	9.0%	\$3.2	\$2.0725	0.0407	9.1%	\$1.8
April 1, 2022 (22-23 Year)	\$5.5699	8.9%	\$3.4	\$2.2570	0.0443	8.8%	\$1.9
2023-24 Forecast	\$5.7704	3.6%	\$1.5	\$2.3383	\$0.0459	3.6%	\$0.8
2024-25 Forecast	\$5.7704	0%	\$0	\$2.3383	\$0.0459	0%	\$0

- b) With reference to table provided in response to Delivery 1<sup>st</sup> Round Information Request 7 (c), please confirm the amounts noted are included in the total transportation and storage expense included in Schedule 1.1 of the current Application.

Confirmed.

**8. Reference: 1<sup>st</sup> Round Information Request #9 [Interest Expense]**

- a) Please provide the calculation of short-term debt interest expense in a format similar to the response provided to 2nd Round Information Request 9(b) from the 2018 Delivery and Commodity Rate Application. Please include 2021/22, 2022/23, 2023/24, and 2024/25.

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

2021-22 Forecast

<b>Calculation of Short Term Interest Expense</b>				
<b>\$ in thousands</b>				
		Short Term Debt	Short Term Interest Rate	Short Term Interest Expense
April	2021	\$ (6,909)	0.13%	\$ -
May	2021	29,688	0.12%	1
June	2021	46,289	0.11%	3
July	2021	60,806	0.16%	7
August	2021	69,731	0.18%	10
September	2021	87,616	0.17%	11
October	2021	112,533	0.16%	13
November	2021	84,161	0.16%	13
December	2021	92,851	0.16%	12
January	2022	79,019	0.23%	16
February	2022	69,594	0.23%	14
March	2022	76,143	0.23%	14
Average Short Term Debt		\$ 66,793		\$ 115
Average Short Term Interest Rate			0.17%	
Bank Fees (included in Interest on Bank Debtedness - Tab 14 Page 4)				\$ 184
Interest on Bank Indebtedness as per Tab 14 Page 4			0.45%	\$ 299

2022-23 Forecast

<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	\$ 81,568	0.26%	\$ 17
May	2022	87,380	0.26%	18
June	2022	119,093	0.26%	22
July	2022	135,352	0.36%	38
August	2022	140,921	0.36%	41
September	2022	133,821	0.36%	41
October	2022	178,232	0.53%	69
November	2022	156,066	0.53%	74
December	2022	169,027	0.53%	72
January	2023	167,184	0.78%	109
February	2023	159,350	0.78%	106
March	2023	168,479	0.78%	107
Average Short Term Debt		\$ 141,373		\$ 715
Average Short Term Interest Rate			0.51%	
Bank Fees (included in Interest on Bank Debtedness - Tab 14 Page 4)				\$ 109
Interest on Bank Indebtedness as per Tab 14 Page 4			0.58%	\$ 824

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

2023-24 Forecast

<b>Calculation of Short Term Interest Expense</b>				
<b>\$ in thousands</b>				
		Short Term Debt	Short Term Interest Rate	Short Term Interest Expense
April	2023	\$ 122,222	1.03%	\$ 125
May	2023	105,703	1.03%	98
June	2023	134,975	1.03%	103
July	2023	149,483	1.03%	122
August	2023	153,670	1.03%	130
September	2023	140,992	1.03%	126
October	2023	187,400	1.03%	141
November	2023	167,498	1.03%	152
December	2023	188,147	1.03%	153
January	2024	191,743	1.03%	163
February	2024	188,901	1.03%	163
March	2024	203,258	1.03%	168
Average Short Term Debt		\$ 161,166		\$ 1,645
Average Short Term Interest Rate			1.02%	
Bank Fees (included in Interest on Bank Debtedness - Tab 14 Page 4)				\$ 122
Interest on Bank Indebtedness as per Tab 14 Page 4			1.10%	\$ 1,767

2024-25 Forecast

<b>Calculation of Short Term Interest Expense</b>				
<b>\$ in thousands</b>				
		Short Term Debt	Short Term Interest Rate	Short Term Interest Expense
April	2024	\$ 207,113	1.28%	\$ 219
May	2024	191,476	1.28%	213
June	2024	214,362	1.28%	216
July	2024	228,776	1.28%	236
August	2024	232,520	1.28%	246
September	2024	225,975	1.28%	245
October	2024	273,375	1.28%	266
November	2024	252,513	1.28%	280
December	2024	271,535	1.28%	279
January	2025	271,933	1.28%	290
February	2025	266,397	1.28%	287
March	2025	279,657	1.28%	291
Average Short Term Debt		\$ 242,969		\$ 3,069
Average Short Term Interest Rate			1.26%	
Bank Fees (included in Interest on Bank Debtedness - Tab 14 Page 4)				\$ 119
Interest on Bank Indebtedness as per Tab 14 Page 4			1.31%	\$ 3,188

The short-term interest expense is calculated each month based on a simple average of opening and closing debt.

- b) With reference to the response to Delivery 1st Round Information Request 9(i), please provide any updates since the application for forecasts to the sinking fund revenue.

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

SaskEnergy is forecasting sinking fund earnings of \$0.9 million for 2022-23 compared to the forecast provided in the rate application which was \$1.6 million. In the first quarter of 2022-23, SaskEnergy incurred a loss of approximately \$0.3 million realized on the sale of bonds due to increases in bond yields. As the interest rates continue to increase, the value of the sinking fund investments decrease (reflected immediately in the decrease in fair value of the units). When the bonds are sold, these losses are recognized and reflected for accounting purposes.

SaskEnergy has recognized earnings in July and August 2022 and will forecast similar earnings for the remainder of the year consistent to the 2022-23 forecast included in the rate application.

- c) With reference to the response to Delivery 1st Round Information Request 9(g), please provide actuals and forecast amounts for 2018/19, 2019/20, and 2020/21.

Component	2018-19 Actual \$ in thousands	2018-19 Forecast \$ in thousands	2019-20 Actual \$ in thousands	2019-20 Forecast \$ in thousands	2020-21 Actual \$ in thousands	2020-21 Forecast \$ in thousands
Ending Balance Decommissioning Liability	\$158,560	100,743	\$247,417	101,135	\$179,540	\$196,018
Average Discount Rate	1.9%	2.7%	1.5%	3.1%	2.2%	2.0%
Accretion Expense	\$2,956	\$2,694	\$3,798	\$3,096	\$3,917	\$3,840

**9. Reference: 1<sup>st</sup> Round Information Request #10 [Tax Expense]**

- a) In a manner similar to 2<sup>nd</sup> Round 2018 Commodity and Delivery Service Rate Application Delivery Information Requests 10(b) and (c) please provide:
- i. A corporate tax calculation table that includes only the Distribution Division paid up capital amount, including removing expenses

related to loans and advances for Holdco and subsidiaries.

The calculation of capital tax, as legislated by the Capital Tax Act, is based on the corporate structure of the paying entity. A calculation table based on the information provided in this question is not an accurate representation of corporate capital tax.

SaskEnergy is part of a collaboration initiative with other Crown Corporations that is reviewing the Corporate Capital Tax with the Ministry of Finance. While there is currently no appetite within the Ministry to eliminate the tax, progress is being made to simplify the calculation and make it more transparent. This is not expected to have a material effect on the amount of capital paid.

- ii. A corporate tax calculation table that provides net book value and undepreciated capital cost net of customer contributions.

Please see response above for 9 a) i.

**10. Reference: 1<sup>st</sup> Round Information Request #11 [Other Revenue]**

- a) Please detail and explain any material variances in Other Revenue 2021/22 actuals compared to 2021/22 forecasts.

The most significant variances in Other Revenue in 2021/22 actuals compared to 2021/22 forecast are late payment charges (\$0.6 million higher) and distribution tolls revenues (\$0.5 million higher). The higher late payment charge revenue is attributable to more customers than expected in arrears. The distribution toll revenue increase is attributable to higher than anticipated volumes of sales from industrial customers.

- b) Please provide an update for 2022/23 Other Revenues actuals to date and detail any material changes regarding expected actuals for 2022/23 compared to the test year forecast.

The 2022/23 Other Revenue actuals to date indicate that the expected actuals for 2022/23 will be higher than the forecast. The connect fees and the asset optimization margins are the primary drivers of a higher

anticipated result in comparison to the test year forecast. With similar growth in net new distribution customers at approximately 3,000 expected in 2022-23 in comparison to approximately 2,800 in 2021-22, SaskEnergy anticipates approximately \$2.6 million in revenue compared to the \$1.8 million forecast. The asset optimization forecast is anticipated to be approximately \$5 million higher as unforeseen market volatility has allowed for significant margins realized as of August 31, 2022. An NGTL expansion that was anticipated in 2022 has now been delayed to Q1 of 2023. This, along with planned and unplanned maintenance in Alberta, caused Alberta to become oversupplied with gas with limited ability for that gas to move to global markets causing the price to decrease in Alberta and creating marketing opportunities downstream. Once the NGTL pipeline expansion comes online, SaskEnergy anticipates prices to move back to normal in Alberta.

- c) With reference to the response to Delivery 1st Round Information Request 11 (c) regarding connect revenues, please discuss if in SaskEnergy's view using 2020/21 as a basis for the 2022-23 through 2024-25 forecasts is likely to result in a forecast of other revenues that is too low.

In SaskEnergy's view, using the 2020-21 as a basis for the 2022-23 through 2024-25 forecasts is likely to result in a forecast of connect fees that is too low. In 2020-21, SaskEnergy waived the reconnect fee for those customers who were disconnected for non-pay in the summer months in consideration of challenging times tied to COVID-19. This information was missed when the 2022-23 through to 2024-25 forecasts were prepared for connect revenues, resulting in understating revenue by approximately \$0.8 million. This has been adjusted in the mid application update for 2022-23 and will be considered in the financial update for 2023-24 and 2024-25 to be completed in February.

- 11. Reference: 1<sup>st</sup> Round Information Request #12 [Tab 8: Capital Expenditure Program]**



SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

- a) With reference to the response to 1st Round Information Request 12(b), please provide a similar table for 2018/19, 2020/21 and 2021/22 which provides: (1) actual spending and forecast spending each year; (2) the variance; and (3) an explanation for material variances.

2018-19

	2018/19 Actual	2018/19 Forecast	2018/19 Variance
<b>DISTRIBUTION</b>			
Customer Connections	\$ 45.0	\$ 53.8	\$ (8.8)
System Improvements	54.8	56.8	(1.9)
Gas Measurement	4.8	7.7	(2.9)
Green Energy Initiatives	-	-	-
Tools/ Stations/GIS	1.0	1.4	(0.4)
Sub-Total	105.7	119.7	(14.0)
<b>GENERAL PLANT</b>			
Information Systems	13.8	21.9	(8.1)
Enterprise Security	-	-	-
Vehicles	5.2	5.3	(0.0)
Building/Furniture	19.4	22.8	(3.4)
Regulators	0.9	0.7	0.2
Sub-Total	39.3	50.6	(11.3)
<b>Total Capital Expenditures</b>	<b>\$ 144.9</b>	<b>\$ 170.3</b>	<b>\$ (25.3)</b>
<b>Customer Contributions</b>	<b>\$ (23.9)</b>	<b>\$ (23.1)</b>	<b>\$ (0.8)</b>
<b>Net Capital Expenditures</b>	<b>\$ 121.0</b>	<b>\$ 147.1</b>	<b>\$ (26.1)</b>

**Material Variance Explanation:**

SaskEnergy forecasted 4,000 net new distribution customers however only 2,775 were added in 2018-19 which impacted customer connections and gas measurement as the capital investment for meters for new customers is included in gas measurement.

Information systems was significantly under the forecast. Actual spend on numerous projects such as Desktop Refresh II, Report Everything Online (REO) Upgrade, OneWorld Upgrade, Website Rebuild and Unified Communications and Collaboration Infrastructure were lower than budget as capital costs have been deferred to 2019-20.

The building variance is primarily attributable to the lower planned investment in the new Regina Service Center which forecasted expenditure of \$19.4 million and incurred cost of \$17.7 million. The remaining planned expenditure occurred in 2019-20 (\$3.4 million).

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

2020-21

	2020/21 Actual	2020/21 Forecast	2020/21 Variance
<b>DISTRIBUTION</b>			
Customer Connections	\$ 36.8	\$ 36.1	\$ 0.8
System Improvements	30.8	60.1	(29.3)
Gas Measurement	5.6	7.1	(1.5)
Green Energy Initiatives	-	-	-
Tools/ Stations/GIS	0.9	1.0	(0.1)
Sub-Total	74.1	104.2	(30.1)
<b>GENERAL PLANT</b>			
Information Systems	11.8	13.5	(1.7)
Enterprise Security	0.6	0.8	(0.2)
Vehicles	2.2	1.9	0.3
Building/Furniture	3.9	6.6	(2.8)
Regulators	0.8	0.7	0.2
Sub-Total	19.3	23.5	(4.2)
<b>Total Capital Expenditures</b>	<b>\$ 93.4</b>	<b>\$ 127.7</b>	<b>\$ (34.3)</b>
<b>Customer Contributions</b>	<b>\$ (17.9)</b>	<b>\$ (15.9)</b>	<b>\$ (2.0)</b>
<b>Net Capital Expenditures</b>	<b>\$ 75.5</b>	<b>\$ 111.8</b>	<b>\$ (36.3)</b>
<b>Material Variance Explanation:</b>			
<p>The budget assumed 2,300 net new customers in 2020-21 compared to the actual number of 3,001. Rural mains and services were higher than budget. This increased growth was more than offset by urban mains, large industrial and gas measurement being lower than planned due to lower investment in rotary and turbine meters along with electronic integrators.</p> <p>System improvements includes service upgrades and alterations. Service upgrades and alterations across the province decreased significantly in 2020-21. The cost per upgrade remained the same but the number of upgrades performed was significantly lower which was mainly driven by COVID-19. SaskEnergy did not proceed at activity levels identified in the plan as it involves close contact with customers. Only urgent and/or high priority investments, considering resource capacity impacts in light of COVID-19, proceeded in 2020-21. Buildings/Furniture had planned investment in a new Kindersley Service Centre (\$1.5 million) which did not proceed in 2020-21.</p>			

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

2021-22

	2021/22 Actual	2021/22 Forecast	2021/22 Variance
<b>DISTRIBUTION</b>			
Customer Connections	\$ 35.9	\$ 34.9	\$ 1.0
System Improvements	38.3	41.0	(2.6)
Gas Measurement	4.8	7.7	(2.9)
Green Energy Initiatives	0.1	0.2	(0.1)
Tools/ Stations/GIS	0.6	0.7	(0.1)
Sub-Total	79.8	84.6	(4.8)
<b>GENERAL PLANT</b>			
Information Systems	2.6	3.6	(1.0)
Enterprise Security	0.5	0.7	(0.3)
Vehicles	2.4	2.3	0.1
Building/Furniture	2.4	2.7	(0.3)
Regulators	-	-	-
Sub-Total	7.8	9.3	(1.5)
<b>Total Capital Expenditures</b>	<b>\$ 87.6</b>	<b>\$ 93.9</b>	<b>\$ (6.3)</b>
<b>Customer Contributions</b>	<b>\$ (22.9)</b>	<b>\$ (19.9)</b>	<b>\$ (3.0)</b>
<b>Net Capital Expenditures</b>	<b>\$ 64.7</b>	<b>\$ 73.9</b>	<b>\$ (9.3)</b>
<b>Material Variance Explanation:</b>			
<p>Lower investment applicable to Gas Measurement (i.e. meter purchases) was due to supply issues. Along with a shortage of material (i.e. computer chips), the industry also experienced a shortage of qualified labour at their factories in the United States and Mexico. Measurement expenditures are delayed into 2022-23.</p> <p>The Dulwich TBS station relocation, the Coleville TBS Rebuild, and the Yellow Grass TBS upgrade did not proceed in 2021-22. Saskatoon South facility system improvements and enhancements, enterprise security, and mobile equipment proceeded but the majority of the planned investment was deferred to 2022-23. Investment in pressure monitoring, odorant and system isolation valves was lower than expected in 2021-22.</p>			

- b) With reference to the response to Delivery 1<sup>st</sup> Round Information Request 12(c), please provide an update on Distribution Customer Connect spending on New First Nations Reserves since 2019/20 and whether any of the gasification projects that did not proceed in 2019-20 have now been completed or are planned for the test years. If further delays are expected, please explain. Please explain how these costs are forecast.

None of the gasification projects that were forecast in 2019-20 have proceeded and therefore have not been completed at this time.

SaskEnergy reviews its capital budget every year and determines what projects will be proceeding in the next year. SaskEnergy works with First

Nations on a regular basis to determine their gasification needs. When a First Nation approaches SaskEnergy to inquire about gasification, information is gathered regarding the requirements of each individual First Nation. The costs are forecast based on the requirements that have been determined for each individual First Nation (load requirements for residential and commercial properties and infrastructure required to serve the First Nation). The costs are quoted and presented with SaskEnergy's investment in the project.

Over the last couple of years, when budgets were being finalized, the First Nations communicated they were proceeding with gasification. First Nations are able to apply for Federal funding to help them with their gasification requirements which could change the final decision of whether the First Nation proceeds. The final approval of federal funding isn't until after SaskEnergy sets their budget and when a First Nation does not receive any federal funding, it most often resulted in planned projects not proceeding.

At this time, SaskEnergy is forecasting that previously quoted projects will proceed in future years. Upon discussions with SaskEnergy employees and each First Nation, capital projects are forecast in each year based on when SaskEnergy expects the project to proceed and the likelihood of that project proceeding. For every capital project, there is a corresponding customer contribution.

- c) With reference to the table on Tab 8, page 8, please provide an update on 2022/23 actual results to date. Does SaskEnergy expect to spend the 2022/23 amounts forecast in the application? Please detail and explain any expected material variances from the forecast included in the Application.

SaskEnergy has spent \$38.3 million as at Aug 31, 2022. This is approximately 25% of the 2022-23 forecast (IE: \$153.4 million in gross capital expenditures as shown in Tab 8 page 8). However, this is likely understated due to the timing of when invoices are paid and reported in

the financial statements.

At this time, there are a few factors that may impede progress on what is forecast as shown on Tab 8 page 8.

There are currently resource constraints in digital, technology, and security. As communicated in the corporate plan, SaskEnergy is focused on improving the customer experience through customer convenience and self-service, enterprise analytics, install to billing and work management system replacement. The other planned initiatives within technology modernization more specifically information and asset management along with bill presentment and gas retailer replacement are at risk of not proceeding in 2022-23.

As mentioned in SaskEnergy's response to Delivery 2<sup>nd</sup> Round Information Request 11 (f) SaskEnergy is currently in the process of preparing alternatives for a new Saskatoon Service Centre. The alternatives will be presented to the executive in the very near future (September/October 2022) to which they will determine how SaskEnergy will proceed with this investment. There is a low probability SaskEnergy will spend the amount forecast in 2022-23. However, there is a high probability any remaining investment planned in 2022-23 will get spent in 2023-24.

Lastly, SaskEnergy has prioritized environmental social governance (ESG) initiatives including the commitment of 35% emission reduction by 2030 and has successfully developed a plan to execute however more of the near-term execution will be on transmission assets as opposed to distribution assets. There are plans to invest in additional emissions reduction initiatives beyond what is currently in flight (GreenWave Installation at Regina Service Centre and Solar Photovoltaic Installation at Town Border Station #1) applicable to line heaters, service centers, and town border stations in 2023-24.

- d) With reference to the Green Energy Initiatives described in the response to

1st Round Information Request 12(i):

- i. Please detail the specific Vent Gas Reduction, Electricity Emissions Reduction and Optimization expenditures forecast in each year from 2022-23 to 2024-25 (i.e., spending by category and spending on any specific material initiatives for each category).

- 2022-23 forecast = \$470,000

- Vent Gas Reduction = \$0
- Electricity = \$360,000 (Solar projects)
- Optimization = \$110,000 (line heater upgrades)

- 2023-24 forecast = \$1,970,000

- Vent Gas Reduction = \$0
- Electricity = \$640,000 (solar power projects)
- Optimization = \$1,330,000 (line heater upgrades)

- 2024-25 forecast = \$2,230,000

- Vent Gas Reduction = \$0
- Electricity = \$700,000 (solar power projects)
- Optimization = \$1,530,000 (line heater upgrades)

- ii. Is spending on Green Energy Initiatives expected to be maintained at 2022-23 to 2024-25 levels or increase over the period from 2024-25 to 2030? Please explain in detail.

It is estimated that Green Energy Initiative spending will be maintained at similar levels as 2022-25 (\$2 - \$2.5 million/year).

- iii. Please provide the detailed road map SaskEnergy is initiating to meet the objective to reduce GHG emissions by 35% by 2030. Please provide the following in this regard:

- A. Actions/ plans implemented to date; spending incurred; and any quantifiable results (i.e., emissions reductions).

- The most up to date confidential roadmap and emissions model is found in Attachment 2.
  - Completed projects in 2021-22 cost \$400,000 and resulted in ≈3,670 tCO<sub>2</sub>e reduction/year
  - 2022-23 projects are in progress
  - SaskEnergy (corporate) emissions have decreased by 32,920 tCO<sub>2</sub>e (9.8%) since 2019, primarily due to system improvements and modernization.
- B. Programs/ plans that SaskEnergy plans to implement in each year to meet the 2030 target (specific actions and targets by year and expected results each year);
- The Emissions Reduction roadmap identifies the plans to implement annual projects to reduce emissions.
  - SaskEnergy has set a target to reduce emissions by 3.5% per year over ten years from 2020 to 2030.
- C. Current actual and forecast spending on programs/ plans each year to meet the 2030 target;
- 2022-23 forecast = \$470,000
    - Vent Gas Reduction = \$0
    - Electricity = \$360,000 (Solar projects)
    - Optimization = \$110,000 (line heater upgrades)
  - 2023-24 forecast = \$1,970,000
    - Vent Gas Reduction = \$0
    - Electricity = \$640,000 (solar power projects)
    - Optimization = \$1,330,000 (line heater upgrades)
  - 2024-25 forecast = \$2,230,000
    - Vent Gas Reduction = \$0

- Electricity = \$700,000 (solar power projects)
- Optimization = \$1,530,000 (line heater upgrades)
- Forecasts beyond the 2024-25 year are high level estimates. Plans over the next couple of years will focus on determining the forecast costs out to 2030.

D. Current and forecast year over year reductions in GHG emissions.

- SaskEnergy (corporate) emissions have decreased by 32,920 tCO<sub>2</sub>e (9.8%) since 2019.
- SaskEnergy will look to reduce emissions by 3.5% per year over ten years from 2020 to 2030.
- The bar graph attached at the end of this submission shows the year over year emission reductions required to achieve the 2030 goal.

- iv. With regard to the Green Energy Initiatives and climate change plans, to the extent a corporate plan or program is available please provide this. If an approved plan or program is not currently available, please indicate if this can be provided to the Panel once available.

The Green Energy Initiatives and Climate change plans are part of the Corporate Strategic Plan, shown in Tab 4 of the Rate Application. The road map to reduce emissions from internal operations is linked to SaskEnergy's Corporate Vision to reduce emissions from operations by 35% by 2030. Other Greener Energy Provider initiatives are outlined in 2.5 of the Strategy Map included within Tab 4. There is not a single document that summarizes all the actions outside the Corporate Plan.

- e) Please provide the actual and forecast customer connections by year from 2018-19 to 2021-22; and the forecast connections for the test years.



SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

Year	Customer Connections	
	Actual	Forecast
2018-19	2,775	4,000
2019-20	2,459	3,600
2020-21	3,001	2,300
2021-22	2,845	2,000
2022-23		3,000
2023-24		2,500
2024-25		2,500

- f) With reference to the response to Delivery 1<sup>st</sup> Round Information Request 12 (j): please provide any updates on progress regarding the new Saskatoon Service Centre. Are amounts forecast for 2022-23 to 2024-25 expected to be spent in those years?

SaskEnergy is currently in the process of preparing alternatives for a new Saskatoon Service Centre. The alternatives will be presented to the executive in the very near future (September/October 2022) to which they will make a decision as to how SaskEnergy will proceed with this investment. There is a low probability SaskEnergy will spend the amount forecast in 2022-23. However, there is a high probability any remaining investment planned in 2022-23 will get spent in 2023-24.

- g) Please break out Building/ Furniture expense provided in Tab 8, page 8, by spending in major cost categories for each year (e.g., New Saskatoon Service Centre, Building Maintenance, Furniture, etc).

Capital Expenditure Actual/Forecast - Buildings/Furniture													
(\$ millions)													
	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
Saskatoon Service Center	-	-	-	-	-	-	-	0.3	-	-	13.0	23.2	35.8
Regina Service Center	-	-	17.7	19.4	3.4	-	1.3	-	-	-	1.0	1.0	-
SaskEnergy Place	-	-	-	-	-	-	-	-	-	-	-	0.6	2.1
Kindersley Service Center	-	-	-	-	-	-	0.1	1.5	-	-	0.1	1.5	-
Building Maintenance	1.5	1.7	1.2	3.0	0.5	11.8	2.2	4.4	2.2	2.5	3.4	4.9	10.1
Furniture	0.2	0.4	0.5	0.4	0.3	0.3	0.3	0.4	0.2	0.2	0.2	0.3	0.3
Total	1.7	2.1	19.4	22.8	4.2	12.1	3.9	6.6	2.4	2.7	17.7	31.5	48.3

As per SaskEnergy's response to 2018 Delivery Rate Application Round 14 (u) Information Request, the following note was provided in the response.

\* Note beginning in 2019-20 – SaskEnergy in compliance with International Financial Reporting Standard 16, will recognize building leases as capital leases as opposed to operating leases.

Below is the breakdown of what was assumed in 2019-20 consistent to what was provided in the response noted above.

- Building Maintenance - \$3.0 million
- Building Capital Leases - \$8.8 million
- Furniture - \$0.3 million
- Total = \$12.1 million

As implementation of the new Standard progressed, the decision was made to remove them from the capital expenditure reports because the cash flow associated with the payment of the leases did not change on adoption. This is the primary reason for the significant variance between actual and forecast in 2019/20.

- h) Please explain and provide a breakdown of key Information Systems cost areas, provide key drivers for year over year variances in forecast and actual costs in these areas, and identify any risks should the spending in any cost area not proceed as forecast.

Below is a breakdown of key Information cost areas

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

Information Systems Capital Expenditure Forecast (\$ millions)											
	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25
	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
CIS 2.6 Upgrade	5.9	7.3	2.1	2.5	4.8	1.2	0.1	0.1	-	-	-
Hardware/Infrastructure	2.2	2.3	1.4	3.0	1.4	1.7	0.7	0.7	1.8	1.1	1.6
Mail Calendar & Messaging	1.4	-	-	-	-	-	-	-	-	-	-
Management of Change	0.7	2.1	0.5	0.3	-	-	-	-	-	-	-
Human Resources Service Transformation	-	-	2.4	3.0	0.7	1.0	-	-	-	-	-
AMI Replatforming	-	-	1.1	-	1.2	-	0.1	0.1	-	-	-
Website Rebuild	-	0.9	0.5	0.4	1.2	-	-	-	-	-	-
JDE E1 Upgrade	-	0.6	0.5	0.4	-	-	-	-	-	-	-
Desktop Refresh II	-	1.0	0.5	0.4	-	-	-	-	-	-	-
Corporate Data Historian	-	0.4	-	0.6	0.7	0.1	0.2	0.2	-	-	-
Customer Portal	-	-	-	-	-	1.8	0.2	0.2	3.0	-	-
Enterprise Information Management	-	-	-	-	-	0.9	-	-	-	-	-
Access Database Replacements	-	-	-	-	0.1	0.7	-	-	-	-	-
Install to Billing	-	-	-	-	-	-	0.2	0.2	2.6	3.2	1.5
Field Service Management Replacement	-	-	-	-	-	-	-	-	5.0	0.7	-
Bill Presentment	-	-	-	-	-	-	-	-	1.9	-	-
Meter Data Analytics - Capital revenue analysis - Operat	-	-	-	-	-	-	-	-	0.7	0.4	-
Financial Planning and Project Management	-	-	-	-	-	-	-	-	0.4	0.7	-
CIS 2.8 Upgrade	-	-	-	-	-	-	-	-	-	6.0	3.0
Enterprise Data Analytics	-	-	-	-	-	-	-	-	-	1.1	-
Gas Retailer Replacement	-	-	-	-	-	-	-	-	0.7	-	-
External Access	-	-	-	-	-	-	-	-	-	-	-
Information Technology Asset Management	-	-	-	-	-	-	-	-	0.7	-	-
CIS Archiving Strategy	-	-	-	-	-	-	-	-	0.8	-	-
Projects Under \$500K	3.6	7.3	1.2	15.1	1.7	6.1	1.1	2.1	4.5	12.7	14.0
<b>Total</b>	<b>13.8</b>	<b>21.9</b>	<b>10.2</b>	<b>25.7</b>	<b>11.8</b>	<b>13.5</b>	<b>2.6</b>	<b>3.6</b>	<b>22.0</b>	<b>25.9</b>	<b>20.1</b>

Year over Year Variances of actual and forecast costs are as follows:

2018-19

Actual spend on numerous projects such as Desktop Refresh II, Report Everything Online (REO) Upgrade, OneWorld Upgrade, Website Rebuild and Unified Communications and Collaboration Infrastructure were lower than forecast as capital costs have been deferred to 2019-20.

2019-20

Anticipated upgrades to existing software solutions did not move ahead as planned in 2019-20. Infrastructure modernization focused on workplace productivity along with workstation support are both lower than forecast (hardware/infrastructure). Network upgrade and expansion, and architecture tools did not proceed as planned. Partially offsetting this under expenditure to forecast is the AMI re-platforming project which was not anticipated in the forecast.

2020-21

Total spend for Business and Technology Optimization was less than forecast. Modern Workplace, Project Server upgrade, software lifecycle

upgrades, and the Customer Portal project have all either been deferred or had actual spend significantly lower than forecast. AMI Re-Platforming, the CIS upgrade, Website Rebuild and Corporate Data Historian were all higher than planned.

#### 2021-22

Total spend for Business and Technology Optimization is less than forecast mainly due to deferrals to 2022-23. Planned deferrals are bill presentment, a field service management replacement, electronic as-built for field staff, information management, enterprise business technology platform and enterprise asset management. Some of the planned initiatives such as the lotus notes domino decommission proceeded but with a reduced scope recognized as on operating expenditure.

#### **The risks of any cost area not proceeding tie to the corporate risk registry as follows:**

Cyber Security - The possibility of a cyberattack against our operating or information technology systems that results in a loss of control or breach of data.

Gas Line or Facility Failure - The possibility of a gas line or facility failure and the impact to public safety.

Customer Service Timeliness - The potential that customer expectations for timely and cost-effective infrastructure and service delivery are not met.

Decision-Making Processes - The risk to corporate performance resulting from incomplete, inaccurate, unreliable, or unavailable critical information.

Confidential Information - The possibility of an inappropriate use or release of confidential or private information.

- i) With reference to the response to the 2018 Delivery 1<sup>st</sup> Round Information Request 14 (c), please provide an update regarding the work and projected capital requirements defined by the Major Growth Infrastructure (MGI) program over the period from 2019/20 through

2025/26. Please identify, quantify and explain any material changes since the 2018 Delivery Service Rate Application review.

### **Saskatoon**

#### ***TBS #2***

The plan for TBS 2 as outlined in the 2018 application included the relocation of the existing TBS, including the relocation of bulk odorant facilities, installation of new large-diameter IP piping and the decommissioning and reclamation of the existing TBS site. The main driver for this plan was integrity concerns related to high pressure piping located in close proximity to residential areas within the city. Since the 2018 rate application, the integrity concerns related to the operation of the high-pressure pipeline have been addressed without the need for a capital infrastructure solution. As a result, the project plan as submitted in the 2018 rate application has been deferred indefinitely.

The additional work around TBS #2 that was proposed in the 2018 rate application included the installation of new IP piping running south from TBS #2 and the conversion of existing high-pressure pipeline to IP. This new infrastructure was planned to address continued growth to the south of Saskatoon. This work, estimated at \$850,000 in the 2018 application, has been completed at a total cost of \$890,000.

#### ***Central Avenue IP Main***

The proposed plan for Central Avenue as outlined in the 2018 rate application has essentially been completed. The first 2 phases of the IP pipeline, estimated to cost \$4.55 million in the 2018 application, have been completed at a total cost of \$3.5 million. The 3rd phase, estimated to cost \$2 million, is currently underway and will be complete this fall.

### **North-East**

Since the 2018 rate application, the Saskatoon infrastructure plan has been further developed and expanded as continuous analysis of the

natural gas system identifies areas that need support. The following plan was developed to meet the needs of new development that has been discussed in the University area. As the University continues to develop and add developments such as the new rink, housing, or commercial buildings, the IP system will need additional support to maintain adequate pressure for City DRS'. The following projects have been planned to meet the anticipated growth:

- 2023-24: \$2.7 million for the installation of 1,300m of NPS 12 EP and 1,300m of NPS 12 IP
- 2024-25: \$8.0 million for the installation of 3,000m of NPS 16 EP for the river crossing and tie-in to new McOrmond Drive DRS
- 2025-26: \$6.0 million to modify TBS 3 to increase capacity and add an EP pressure cut
- 2025-26: \$2.5 million for the installation of McOrmond Drive DRS and Central Ave DRS

### East

The Saskatoon infrastructure plan has also expanded to include new infrastructure to address growing subdivisions, such as Brighton and Holmwood, on the east side of the city. The Saskatoon East projects will also improve system reliability through the installation of additional sources of supply for new subdivisions. The following projects have been planned to meet the anticipated growth:

- 2023-24: \$5.9 million for the installation of 4,300m of NPS 12 EP and 1,650m of NPS 12 IP
- 2024-25: \$2.0 million for the installation of and EP pressure cut at TBS #4 and the installation of the Holmwood DRS
- 2025-26: \$0.6 million to add an additional pressure cut to the Lakewood DRS

### **Regina**

The City of Regina has developed a number of subdivisions in recent years through the expansion of existing distribution infrastructure leveraging the core distribution system. The assessment indicated that continued development will reduce system capabilities and limit growth within the next five years. In addition, the high pressure (HP) lines that supply gas to Regina TBS #1 and TBS #2 are within close proximity to residential and commercial areas within the City limits. The Major Growth Infrastructure (MGI) review identified the need for an expansion of the elevated pressure (EP) system, a 4th TBS in northwest Regina to accommodate load growth within this area, and the relocation of TBS #1 and TBS #2. The work required to accomplish these objectives has been reviewed and separated into the following project areas as part of the MGI budget.

### **South-East**

This project includes the expansion of the EP pipeline system to provide capacity for future growth and to facilitate relocating Regina TBS #2. The operating pressure of the existing HP pipelines within the residential and commercial areas will be reduced to EP and will support the existing distribution infrastructure.

The plan for South East Regina as outlined in the 2018 application has largely been completed. The new NPS 12 EP pipeline connecting to the existing EP system has been constructed at a total cost of \$7.5 million. Since the 2018 rate application, a reduction in the growth rate of the City of Regina has allowed for the deferral of some work as previously outlined in 2018. That plan has been further refined and is now planned as indicated below.

- 2024-25: \$5.0 million to relocate Regina TBS #2
- 2024-25: \$4.0 million to convert the existing TBS to a district regulator station and install the required EP pipeline that connects

the new DRS with the relocated TBS #2

The capital requirement for this project from 2022-23 through 2024-25 is estimated to be \$9.0 million.

### **South-West**

As submitted in 2017, the plan for this project includes the relocation of Regina TBS #1 and reducing the operating pressure of the existing HP pipelines within the residential and commercial areas to EP to support the existing distribution infrastructure. Since the 2018 application, the risk associated with the high-pressure pipelines and the capital cost of the required high-pressure infrastructure has resulted in the deferral of this project. At this time, the relocation of TBS 1 is not included in future plans. TBS #4, which is discussed in the North West Section below, has the potential to provide reliability and support for an operational outage at TBS #1.

### **North-West and TBS #4**

This project includes the installation of a 4th TBS in northwest Regina and the associated pipeline to connect to the existing distribution infrastructure.

Since the 2018 rate application, there has been a reduction in the growth rate of the City of Regina. Operational changes have also been implemented which, when combined with the reduction in growth, allow for the deferral of the work as outlined in 2018.

Significant industrial customer load growth in West Regina resulted in the need to adapt the 2017/18 plan to meet new customer needs. As such, portions of North West project have been advanced. To date, the following has been completed:

- 2017-18: \$0.9 million for land acquisition for the new pipeline and a TBS (completed prior to new customer growth)
- 2022-23: \$4 million for initial work on TBS #4 (estimated total, work is currently in progress)



- 2022-23: \$0.4 million for the initial design of the NPS 12 EP pipeline and easement modifications

The planned future scope of work submitted in the 2018 rate application has been further refined as indicated below:

- 2023-24: \$7.1 million for the construction of a new NPS 12 and NPS 6 EP pipeline, along with the installation of a district regulator station for Coopertown
- 2024-25: \$6.6 million to complete TBS 4 and for the installation of an NPS 12 pipeline to connect TBS 4 to the existing EP pipeline system
- 2025-26: \$9.5 million to complete the NPS 12 EP pipeline

The capital requirement for this project from 2023-24 to 2025-26 is estimated to be \$23.2 million.

### **North Battleford**

#### ***NB TBS #3***

As outlined in the 2018 rate application, the plan in North Battleford is to install a 3rd TBS and the associated infrastructure required to interconnect the new TBS with the existing gas distribution system. Since the 2018 rate application, slowing growth rates and integrity evaluations have allowed for the deferral of planned work. The refined plan for the project is as follows:

- 2023-24: \$500k for TBS #3 land purchase and easements
- 2024-25: \$1.0 million for the installation of 2.5km of IP pipeline
- 2025-26: \$1.2 million for the installation of TBS 3 and the IP interconnect with the existing city IP system
- 2026-27: \$2.5 million for new NPS 12 IP pipeline from TBS 3 and a new DRS

***NB TBS #1***

The plan for TBS #1 as outlined in the 2018 rate application was to rebuild the station in 2023-24 to mitigate flood risk at a total cost of \$2.0 million. The proposed project has been further evaluated and has been removed from the Major Growth budget. The project has been allocated to an Asset Integrity budget.

**Prince Albert**

***PA TBS #2***

The project to install a new TBS in the city of PA, as outlined in the 2018 rate application, has been completed. The total cost of the completed work was approximately \$1 million less than the 2018 rate application identified, totaling \$6.6 million.

**IP Enhancement**

The City of PA is developing a utility corridor to serve new development on the west side of the city. This project would install new IP main to serve new development and the work would be complete to align with the City's proposed projects and landscaping schedule. The project is currently planned for 2023-24 at an estimated cost of \$450,000.

**Moose Jaw**

The plan submitted in the 2018 rate application has been adjusted based on customer growth for the Moose Jaw area and corporate alignment of infrastructure projects. The project for the new TBS and associated IP pipeline is proposed to proceed in stages as indicated below:

- 2022-23: \$750k to fabricate TBS 2 buildings and above ground piping
- 2023-24: \$3.3 million to install TBS 2 and Phase 1 of the IP pipeline
- 2024-25: \$950k to install phase 2 of the IP pipeline
- 2025-26: \$800k to install phase 3 of the IP pipeline and complete

the interconnect between the City of Moose Jaw distribution system and TBS #2

**Humboldt**

The TBS #2 project for Humboldt outlined in the 2018 rate application has been completed. The total capital spend for the project was \$1.2 million.

- j) With reference to the response to the 2018 Delivery 1<sup>st</sup> Round Information Request 14 (x), please provide an update and detail the impact of the annual safety and infrastructure renewal expenditures to rate increases and to capital structure [actual debt/ equity ratio] of the Corporation since 2017/18, including forecast for 2021/22, 2022/23, 2023/24, and 2024/25.

Annual Safety and Infrastructure Renewal Impact to Rate Changes and Debt/Equity Since 2017/18												
Impacts by Year												
	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25
	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
Impact to Rate Changes - Increase/(Decrease)	1.5%	1.5%	1.6%	1.3%	1.9%	0.8%	1.6%	1.0%	1.1%	1.4%	1.3%	1.1%
Impact to Debt/Equity - Increase/(Decrease)	2.1%	2.1%	2.1%	1.7%	2.3%	1.0%	2.0%	1.2%	1.3%	1.8%	1.7%	1.6%

**12. Reference: 1<sup>st</sup> Round Information Request #13 [Tab 8: Planned Maintenance Program]**

- a) With reference to the response to 13(a)(i), please explain the lower forecast planned maintenance hours starting in 2018-19 compared to 2016-17 and 2017-18.

The visible step change in 2018-19 and forward corresponds to the implementation of Click software as the workforce management application at SaskEnergy. Through a combination of the Click application and business processes, all of Operations field work is brought in, organized, and funnelled to the Operations technicians distributed through the province. Technology in the application effectively clocks each job completed, providing the business with improved insights into productivity and ability to refine accepted standard job times. There have been no material changes to maintenance programs over this period.

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

The budgetary figures have been updated below to represent the costs for the Distribution Operations only, as this business unit represents the direct costs to OMA maintenance programs. The original response included a version that included total corporate budget, and errantly extrapolated maintenance costs directly from those figures.

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23*	2023-24*	2024-25*
Planned Mianenance (Hours)	15,215	12,259	13,361	13,314	12,091	12,702	12,396	12,549
Total OM&A (Hours)	113,690	111,860	106,166	117,169	110,416	113,792	112,104	112,948
% of Total (\$)	13.4%	11.0%	12.6%	11.4%	11.0%	10.7%	10.7%	10.7%
Planned Mianenance (\$)	\$ 5,543,055	\$ 4,811,208	\$ 5,468,576	\$ 5,033,320	\$ 5,239,115	\$ 5,435,249	\$ 5,488,567	\$ 5,598,339
OM&A Budget (\$)	\$ 41,366,081	\$ 43,900,774	\$ 43,453,801	\$ 44,295,288	\$ 47,845,336	\$ 50,970,000	\$ 51,470,000	\$ 52,499,400
*Distribution Operations Only costs								
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23*	2023-24*	2024-25*
Regulator Stations (Hrs)	11,813	8,697	8,623	8,337	7,597	7,967	7,782	7,874
Mains & Services (Hrs)	3,402	3,562	4,738	4,977	4,494	4,736	4,615	4,675
Total Planned Mainenance (Hrs)	15,215	12,259	13,361	13,314	12,091	12,702	12,396	12,549
Regulator Stations (\$)	\$ 4,303,655	\$ 3,413,222	\$ 3,529,441	\$ 3,151,726	\$ 3,291,786	\$ 3,408,932	\$ 3,445,370	\$ 3,512,730
% of Total (\$)	77.6%	70.9%	64.5%	62.6%	62.8%	62.7%	62.8%	62.7%
Mains & Services (\$)	\$ 3,371,792	\$ 1,397,986	\$ 1,939,135	\$ 1,881,594	\$ 1,947,328	\$ 2,026,318	\$ 2,043,197	\$ 2,085,609
% of Total (\$)	22.4%	29.1%	35.5%	37.4%	37.2%	37.3%	37.2%	37.3%
Total Planned Maintenance (\$)	\$ 5,543,055	\$ 4,811,208	\$ 5,468,576	\$ 5,033,320	\$ 5,239,115	\$ 5,435,249	\$ 5,488,567	\$ 5,598,339

- b) With reference to 13(a)(ii), please provide an updated version of the table with correction to the Regulator Stations (\$) line (line error provides year where dollar totals by year should be).

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23*	2023-24*	2024-25*
Regulator Stations (Hrs)	11,813	8,697	8,623	8,337	7,597	7,967	7,782	7,874
Mains & Services (Hrs)	3,402	3,562	4,738	4,977	4,494	4,736	4,615	4,675
Total Planned Mainenance (Hrs)	15,215	12,259	13,361	13,314	12,091	12,702	12,396	12,549
Regulator Stations (\$)	\$ 4,303,655	\$ 3,413,222	\$ 3,529,441	\$ 3,151,726	\$ 3,291,786	\$ 3,408,932	\$ 3,445,370	\$ 3,512,730
% of Total (\$)	77.6%	70.9%	64.5%	62.6%	62.8%	62.7%	62.8%	62.7%
Mains & Services (\$)	\$ 3,371,792	\$ 1,397,986	\$ 1,939,135	\$ 1,881,594	\$ 1,947,328	\$ 2,026,318	\$ 2,043,197	\$ 2,085,609
% of Total (\$)	22.4%	29.1%	35.5%	37.4%	37.2%	37.3%	37.2%	37.3%
Total Planned Maintenance (\$)	\$ 5,543,055	\$ 4,811,208	\$ 5,468,576	\$ 5,033,320	\$ 5,239,115	\$ 5,435,249	\$ 5,488,567	\$ 5,598,339

**13. Reference: 1<sup>st</sup> Round Information Request #14 [Tab 9: Safety, Reliability and Environmental Issues]**

- a) Please provide a table which provides the total safety and awareness cost and the average number of customers for 2018/19, 2019/20, 2020/21, and 2021/22 actuals and the forecast for 2018/19, 2019/20, 2020/21, 2021/22, 2022/23, 2023/24, and 2024/25.

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

	Safety and Awareness Cost (\$ in thousands)	Average number of Customers
2018-19 Actual	58,546	397,367
2018-19 Forecast	60,530	398,434
2019-20 Actual	51,201	399,826
2019-20 Forecast	70,698	402,069
2020-21 Actual	33,433	402,827
2020-21 Forecast	62,734	401,405
2021-22 Actual	40,930	405,672
2021-22 Forecast	43,579	402,791
2022-23 Forecast	57,490	405,791
2023-24 Forecast	57,082	408,457
2024-25 Forecast	54,751	410,957

\*SaskEnergy safety and awareness cost includes capital investment in safety and integrity as per Tab 8 page 5, direct operating and maintenance cost in safety and integrity as per SaskEnergy's response to Information Request Round #1 14e and safety communication and awareness as per Tab 11 page 6.

- b) With reference to the response to 14(d) – please provide the Capital Investment Governance Policy. Please describe core elements of the policy in detail and outline how it governs spending on asset integrity and reliability capital.

Please see confidential Attachment 3.

Management continues to improve its project management processes and the capital budget provides greater transparency and improves governance and oversight for both planning and execution.

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

Beginning in 2021-22, SaskEnergy’s capital work has been categorized as Strategic or Operational investment to clearly differentiate between spending that adds to the Corporation’s capabilities (Strategic) versus spending that is required to maintain the existing infrastructure necessary to deliver natural gas to SaskEnergy customers (Operational).

SaskEnergy uses a formal governance process to prioritize capital projects that formulates the annual Capital Budget requirement. Individual projects are prioritized based on criteria consistent with the corporation’s strategic direction, SaskEnergy’s risk ranking and the Crown sector strategic priorities. In addition, financial implications such as customer rate impacts and the Corporation’s capital structure are key considerations in determining annual capital spending.

The safe and reliable operation of SaskEnergy’s infrastructure is the primary goal and the ongoing capital investment and annual system improvement plans reflect this commitment. SaskEnergy utilizes a risk-based approach to ensure that all expenditures are evaluated and that the highest ranked risks are mitigated first.

The set of guidelines, within the Capital Investment Governance Policy, articulate how the enterprise capital investment will be monitored and governed throughout the fiscal year, during long term planning and throughout the life of the project.

- c) With reference to 14(e), please provide an updated version of the table that includes:
  - i. Both forecast and actual from 2019/20 to 2021/22 and forecasts for 2022-23 to 2024/25;

Safety and Integrity Spending									
\$ in thousands									
	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25
GENERAL OPERATING	140	250	101	175	212	130	350	248	245
CATHODIC PROTECTION	464	1,000	468	570	478	650	500	495	490
LEAK SURVEYS	1,990	1,700	1,968	1,700	1,890	1,700	1,800	1,782	1,764
<b>TOTAL</b>	<b>\$ 2,594</b>	<b>\$ 2,950</b>	<b>\$ 2,537</b>	<b>\$ 2,445</b>	<b>\$ 2,579</b>	<b>\$ 2,480</b>	<b>\$ 2,650</b>	<b>\$ 2,525</b>	<b>\$ 2,499</b>

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

ii. Integrity Capital spending for each year

See Table below

Distribution Division	2018/19		2019/20		2020/21		2021/22		2022/23	2023/24	2024/25
	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast
Regulator/Meter Station Upgrades	7,592	6,320	6,236	5,017	6,055	2,500	6,280	-	-	-	-
In/Out Meter Moves	274	453	502	377	500	-	-	-	-	-	-
Line Heater Upgrades	2,575	1,835	2,122	1,872	2,000	1,601	1,970	-	-	-	-
Service Upgrades	16,808	23,855	21,894	13,257	20,000	3,711	14,000	-	-	-	-
Area - Misc. Projects	837	824	562	1,032	650	555	2,030	-	-	-	-
DSRM Program	237	92	109	29	250	136	-	-	-	-	-
U/G Entrance Program	534	383	715	252	500	11	350	-	-	-	-
U/G Valve Isolation	416	799	1,058	1,153	1,300	374	1,000	-	-	-	-
CP System Upgrades	643	1,279	1,134	972	1,450	676	1,550	-	-	-	-
Mapping Conversion Program	1	26	50	63	500	248	500	-	-	-	-
Major Infrastructure	9,113	4,060	6,642	7,509	11,300	6,340	8,600	2,730	4,594	17,267	5,750
Service Protection and Retirements	39	137	425	78	380	11	-	-	-	-	-
Rodent Infestation	41	20	83	22	80	0	-	-	-	-	-
Dist. System Integrity	195	103	225	45	75	5	-	-	-	-	-
Crossing Upgrades and Removals	157	270	258	176	350	5	350	-	-	-	-
Odorization Upgrades	1,392	954	1,108	1,358	2,000	946	2,400	-	-	-	-
Distribution Main Replacements	2,107	5,118	5,453	8,773	11,723	7,183	11,500	-	-	-	-
Service Alterations	6,280	5,232	4,817	3,431	4,500	3,942	5,000	-	-	-	-
Meter Exchange Program	3,029	1,833	2,403	1,752	3,250	1,411	2,835	-	-	-	-
STEP/IP Pipe Inspections	701	420	413	461	650	559	500	-	-	-	-
Measurement Upgrades	93	146	172	55	50	404	350	-	-	-	-
CNG TRAILER CYLINDERS & DISPENSING	-	664	-	808	-	221	875	-	-	-	-
Cathodic Protection - Mitigation, Repair and Overhaul	-	-	-	-	-	-	10	61	200	300	300
Cathodic Protection - Asset Replacement	-	-	-	-	-	-	306	777	1,371	1,050	-
Cathodic Protection - System Improvements and Enhancements	-	-	-	-	-	-	-	-	300	100	-
Facilities - Asset Replacement	-	-	-	-	-	-	3,499	4,445	5,028	5,544	3,119
Facilities - System Improvements and Enhancements	-	-	-	-	-	-	1,705	1,925	1,921	3,750	3,500
Facilities - Inspections and Survey	-	-	-	-	-	-	1,725	1,952	30	-	-
Facilities - Mitigation, Repair and Overhaul	-	-	-	-	-	-	422	795	1,455	3,188	1,600
LDC System Improvements	-	-	-	-	-	-	6	50	-	-	-
Line Heater - Mitigation, Repair and Overhaul	-	-	-	-	-	-	501	502	823	618	500
Line Heater - Asset Replacement	-	-	-	-	-	-	495	663	1,668	2,820	1,620
Mains - Asset Replacement	-	-	-	-	-	-	2,789	2,898	3,210	3,555	2,870
Mains - Inspection and Survey	-	-	-	-	-	-	446	340	335	425	335
Mains - System Improvements and Enhancements	-	-	-	-	-	-	1,388	1,617	2,390	3,000	3,000
Mains - Mitigation, Repair, and Overhaul	-	-	-	-	-	-	238	756	1,011	1,150	2,150
Service - Asset Replacement	-	-	-	-	-	-	12,467	10,510	11,665	14,395	14,395
Service - Mitigation, Repair and Overhaul	-	-	-	-	-	-	252	355	988	1,190	1,190
Service - System Improvements and Enhancements	-	-	-	-	-	-	-	155	200	200	-
Mobile Equipment - Inspections & Survey	-	-	-	-	-	-	-	150	-	330	-
Mobile Equipment - Mitigation, Repair & Overhaul	-	-	-	-	-	-	-	62	72	72	72
Mobile Equipment - Asset Replacement	-	-	-	-	-	-	105	16	50	265	-
Drawing Maintenance	-	-	-	-	-	-	3	45	100	100	100
Alterations	-	-	-	-	-	-	8,729	8,259	5,000	5,500	5,500
Facility Surface Mitigation	-	-	-	-	-	-	315	333	235	305	300
Mapping-Drawing Conversion	-	-	-	-	-	-	231	270	300	300	300
<b>Total</b>	<b>53,065</b>	<b>54,823</b>	<b>56,771</b>	<b>48,494</b>	<b>67,563</b>	<b>30,839</b>	<b>60,090</b>	<b>38,342</b>	<b>40,991</b>	<b>54,689</b>	<b>54,406</b>

d) With reference to the response to Delivery 1<sup>st</sup> Round Information Request 14 (h):

- i. Please update the information provided in response to Pre-Ask #16 from the 2018 Delivery and Commodity Consultant's Report (i.e., where there have been changes, reconcile information provided in 2018 to current reporting and explain any differences).
- ii. Please provide the definitions and examples for classification of external interference, incorrect operation, natural forces, and MMC leak causes.

**Total Leaks and Leak Cause: 2017-18 to 2021-22 (5 years)**

Year	Leaks / 1,000 km of Mains	KMs of Main	External Interference	Incorrect Operation*	Corrosion / Degradation†	Natural Forces‡	MMC	Other**	Total Leaks***	Spending included in OM&A**** (millions)
2017-18	12.62	69,870	191	12	16	525	46	92	882	\$2.49
2018-19	10.10	70,180	160	15	27	387	36	84	709	\$2.52
2019-20	8.53	70,707	169	23	20	284	33	74	603	\$2.22
2020-21	8.72	70,996	175	33	156	172	68	15	619	\$2.36
2021-22	9.02	71,270	161	36	329	46	68	3	643	\$2.40

\*Incorrect Operation incidents include: operator error, missed locates, and mapping issues

\*\* Other includes equipment malfunctions and incidents that were unable to be classified under a specific incident type

\*\*\* Total Leaks includes all company found and publicly reported leaks and line hits

\*\*\*\* Safety and Integrity spending included in OM&A for cathodic protection and leak surveys

† The classification of Saskatoon curb valve leaks changed in 2020-21 from Natural Forces to Corrosion/Degradation when the main cause was determined to be degradation of the sealing components, not from ground or soil movement.

‡ The 2017 to 2022 incident causes are categorized according to standard industry reporting. The 2013 to 2017 information previously provided is now contained within these categories.

- 'Pulled Service' is a Natural Forces failure
- 'Material Defect' is a Materials, Manufacturing, or Construction failure
- 'Corrosion' is a Corrosion/Degradation failure

**Incident Cause Definitions**

**External Interference** – an unintentional or intentional, above or below ground, contact made with Company pipeline infrastructure by a company employee, a company contractor, or a 3rd party resulting in damage or failure

**Incorrect Operations** – post-commission failure due to improper operation (e.g. not following procedures, not having competency/training) or insufficient procedures (e.g. insufficient procedure provided, inadequate documentation and/or records)

**Natural Forces** – incident caused by geotechnical forces (e.g. soil erosion, ground movement, frost heave), weather-related issues, wildfire, or other natural causes.



**Material, Manufacturing or Construction Defect**

- defective pipe body (e.g. leaks caused by manufacturing or delivery of the pipe)
- defective joining method (e.g. leaks caused by improper welds, improper fusion, and improper installation of mechanical fittings)
- other pre-commission construction issues (e.g. not following procedures, not having competency/training, cross bore, loose tee cap, cracked tee cap due to over tightening)

e) Please provide a table that summarizes underground leaks from 2016/17 to 2021/22. If applicable, please break out line hits with escaping gas, line hits and Saskatoon Services in manner similar to the Power Point Presentation provided by SaskEnergy at the October 17, 2018 public meeting in Regina, Slide 15.

**Underground Leaks by Fiscal Year**

Fiscal Year	Line Hits w/ Escaping Gas †	Total Line Hits †	Saskatoon Leaks	Totals Leaks
2016-17	172	196	38	363
2017-18	178	243	487	882
2018-19	168	186	327	709
2019-20	180	209	293	603
2020-21	178	212	142	619
2021-22	194	227	263	643

Note:

† Line hits displayed consist only of those that were below ground

f) How much of the service upgrade program activities and related spending is targeted on Regina? How much is targeted in Saskatoon or other areas? How does spending relate to total leaks or leak rate for these communities over the past 5 years. Please discuss.

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

Service Upgrade Program Spending (5 Years)

Fiscal Year	Saskatoon Spend	Saskatoon Spend (% of total)	Regina Spend	Regina Spend (% of total)	Other Community Spend	Other Community Spend (% of total)	Total Spend
2017-18	\$0	0%	\$12,264,000	73%	\$4,536,000	27%	\$16,800,000
2018-19	\$8,843,000	37%	\$9,560,000	40%	\$5,497,000	23%	\$23,900,000
2019-20	\$6,492,500	49%	\$6,360,000	48%	\$397,500	3%	\$13,250,000
2020-21	\$1,720,000	43%	\$1,840,000	46%	\$440,000	11%	\$4,000,000
2021-22	\$6,672,000	48%	\$6,950,000	50%	\$278,000	2%	\$13,900,000
Total							\$71,850,000

Service upgrades are prioritized with a risk-based approach that considers probability and consequence. The probability of failure is determined from previous leak rates and the consequence is determined by the characteristics of a typical failure. Leak rate is a major consideration in prioritizing areas scheduled for upgrade across the province. Saskatoon leaks have a 4x higher probability than Regina, but they have also been determined to have a much lower consequence and therefore, are upgraded at an equal rate to that of Regina.

**14. Reference: 1<sup>st</sup> Round Information Request #15 [Net Income]**

- a) With reference to 1st Round Information Request 15(a), please provide the actual net income for 2021/22 and provide a detailed explanation for any material variances in 2021/22 actuals compared to forecast.

The actual net income is \$34.5 million in 2021-22 as compared to the forecast net income of \$30.1 million in 2021-22.

SaskEnergy had 3% colder than normal weather in 2021-22. This is partially offset by increased operating costs of \$3 million.

- b) With reference to the factors resulting in the higher net income in 2020-21 compared to forecast as noted in 1st Round Information Request 15(a), please explain what factors can be carried forward in order to reduce costs on an ongoing basis:

- i. Which factors also provided for savings in 2021/22.

In almost all categories, SaskEnergy exceeded its forecast for 2021-22. SaskEnergy forecasted as per Tab 11 page 2 \$129.5 million to which the actual operating and maintenance expense was \$132.5 million. In comparison to the forecast, there were no material savings realized in 2021-22.

- ii. Can any of the factors that resulted in savings in 2020-21 or 2021-22 be applied in 2022-23 to reduce costs in that year. If not, please provide a detailed explanation why not.

No, SaskEnergy has aligned their operating and maintenance forecast to their corporate strategy which indicates approximately \$22 million more cost is necessary in 2022-23 to execute it in comparison to 2021-22.

- iii. With reference to the \$10.4 million lower O&M expense noted in 2020-21 actuals in the response to 15(a) – please provide a breakdown of savings by the categories noted and indicate whether these are one time cost savings or programs that have or could feasibly be continued in subsequent years:

- i. Lower labour costs driven by strategic vacancy management

These savings equate to \$4.4 million – one time cost savings

- ii. Lower external services driven by contractor conversion

These savings equate to \$8.1 million. These cost savings will continue at approximately \$456 thousand per year.

- iii. Operating cost management of training, travel, communication and professional fees

These savings equate to \$2.3 million – one time cost savings

- iv. Delays in implementation of technology enhancements.

These savings equate to \$1.3 million – one time cost savings

- c) Please provide an update regarding any expected changes in 2022-23 actual net income and ROE compared to forecast based on Q1 results. Please detail and describe any material expected variances.

Weather to date as of August 31, 2022 is 2% colder than normal therefore if weather is normal for the remainder of the year, delivery revenue will be higher by approximately \$4 million.

The heat value is assumed to decline from 39.9 to 39.5 which for the remaining forecast months of September 2022 to March 2023 would generate approximately \$2 million more delivery revenue assuming weather is normal.

The asset optimization forecast is anticipated to be approximately \$5 million higher as unforeseen market volatility has allowed for significant margins realized as of August 31, 2022. An NGTL expansion that was anticipated to be on sometime in 2022 has now been delayed to Q1 of 2023. This, along with planned and unplanned maintenance in Alberta caused Alberta to become oversupplied with gas with limited ability for that gas to move to global markets causing the price to decrease in Alberta and creating marketing opportunities downstream. Once the NGTL pipeline expansion comes online, SaskEnergy anticipates prices to move back to normal in Alberta.

The estimated ROE based on Q1 results is 5.8%.

- d) With reference to 1st Round Information Request 15(d), please provide the response assuming the 8% rate increase as approved effective August 1, 2022, i.e., assuming the approved 2022/23 rate increase what would be required to achieve the long term ROE target in 2023-24 and 2024-25.

The rate increase required to achieve the long-term ROE target of 8.3% in 2023-24 and 2024-25 if 8% was approved in 2022-23 is as follows:

- 2023-24 = 11.0% effective June 1, 2023

- 2024-25 = 0.7% effective June 1, 2024 (if 11.0% was approved effective June 1, 2023)

- e) With reference to 1st Round Information Request 15(e) please provide the weather adjusted actual net income and ROE for 2021/22.

The actual weather adjusted results are as follows for 2021-22:

Net Income = \$28.4 million

ROE = 7.0%

Weather in 2021-22 was 3% colder than normal.

**15. Reference: 1<sup>st</sup> Round Information Request #17 [Capital Structure and Cost of Capital]**

- a) With reference to the response to 1<sup>st</sup> Round Information Request 17 (a), please provide a detailed calculation showing how SaskEnergy calculated the increase of \$3.5 million. Please detail all assumptions and estimates used.

The calculation is as follows:

The approximate gross decommissioning asset as at July 31, 2022 is \$112.5 million.

$\$112.5 \text{ million} \times 37\% \text{ equity thickness} \times 8.3\% \text{ return on equity} = \$3.5 \text{ million}$

Please remember that the accumulated depreciation of the decommissioning asset is already included in the revised rate base therefore the only difference would be to include the gross asset value in the rate base.

- b) Please provide a version of the table in Tab 16 that compares the restated rate base to reflect the inclusion of accumulated depreciation with the decommissioning assets and a version of the ratebase table assuming the prior treatment. Please quantify and explain the reasons for any differences between the two versions in each year.

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

Consistent to Tab 16, below is the restated rate base that reflects inclusion of accumulated depreciation with decommissioning assets now including 2021-22 actual results.

SaskEnergy Distribution Division Rate Base and its Derivation													
Description	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)
Plant In Service At Cost	1,239,323	1,323,606	1,407,118	1,432,460	1,512,482	1,586,009	1,592,695	1,613,963	1,668,263	1,668,061	1,748,852	1,843,086	1,929,792
Accumulated Depreciation	457,045	488,994	522,704	506,216	551,948	548,009	594,511	600,025	632,837	636,931	688,193	744,723	802,341
<b>Net Book Value</b>	<b>782,278</b>	<b>834,613</b>	<b>884,414</b>	<b>926,244</b>	<b>960,534</b>	<b>1,038,000</b>	<b>998,184</b>	<b>1,013,938</b>	<b>1,035,426</b>	<b>1,031,130</b>	<b>1,060,659</b>	<b>1,098,364</b>	<b>1,127,451</b>
Natural Gas in Storage	42,674	36,092	24,330	25,959	22,324	26,863	32,154	25,288	37,541	35,227	34,280	31,849	30,745
Inventories of Materials	8,842	8,536	9,582	8,653	10,172	8,403	10,061	9,011	11,181	10,014	10,080	10,009	9,937
Cash Working Capital Allowance	12,997	14,942	16,448	15,431	15,277	16,237	15,994	15,388	16,249	15,543	15,142	17,035	18,825
<b>Total</b>	<b>846,791</b>	<b>894,182</b>	<b>934,774</b>	<b>976,287</b>	<b>1,008,307</b>	<b>1,089,502</b>	<b>1,056,393</b>	<b>1,063,625</b>	<b>1,100,397</b>	<b>1,091,914</b>	<b>1,120,160</b>	<b>1,157,256</b>	<b>1,186,958</b>
<b>*April 1, 2022 - March 31, 2025</b>													

Below is a version of the rate base table assuming the prior treatment.

SaskEnergy Distribution Division Rate Base and its Derivation													
Description	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)
Plant In Service At Cost	1,239,323	1,323,606	1,407,118	1,432,460	1,512,482	1,586,009	1,592,695	1,613,963	1,668,263	1,668,061	1,748,852	1,843,086	1,929,792
Accumulated Depreciation	445,519	473,314	502,864	506,216	527,187	548,009	564,168	569,681	597,182	601,276	647,326	698,208	749,879
<b>Net Book Value</b>	<b>793,804</b>	<b>850,292</b>	<b>904,254</b>	<b>926,244</b>	<b>985,295</b>	<b>1,038,000</b>	<b>1,028,528</b>	<b>1,044,282</b>	<b>1,071,080</b>	<b>1,066,784</b>	<b>1,101,525</b>	<b>1,144,878</b>	<b>1,179,914</b>
Natural Gas in Storage	42,674	36,092	24,330	25,959	22,324	26,863	32,154	25,288	37,541	35,227	34,280	31,849	30,745
Inventories of Materials	8,842	8,536	9,582	8,653	10,172	8,403	10,061	9,011	11,181	10,014	10,080	10,009	9,937
Cash Working Capital Allowance	12,997	14,942	16,448	15,431	15,277	16,237	15,994	15,388	16,249	15,543	15,142	17,035	18,825
<b>Total</b>	<b>858,317</b>	<b>909,861</b>	<b>954,614</b>	<b>976,287</b>	<b>1,033,068</b>	<b>1,089,502</b>	<b>1,086,737</b>	<b>1,093,969</b>	<b>1,136,051</b>	<b>1,127,568</b>	<b>1,161,026</b>	<b>1,203,771</b>	<b>1,239,420</b>
Accumulated Depreciation - Decommissioning Asset (Average)	11,526	15,679	19,840	-	24,761	-	30,344	30,344	35,654	35,654	40,866	46,515	52,463

The difference is quantified each year (below the version of the rate base table shown) assuming the prior treatment. SaskEnergy assumed the prior treatment in the 2018 Delivery Rate Application and therefore what is presented in both schedules for the 2018-19 forecast and the 2019-20 forecast are the same. After completion of the 2018 Delivery Rate Application process, SaskEnergy received feedback that it be appropriate to include the accumulated depreciation of the decommissioning asset in the rate base therefore that is the only difference between the restated rate base and the prior treatment.

- c) Please provide an updated version of Pre-Ask #12 from the 2018 Delivery and Commodity Rate Application.

As requested, below is an updated version of Pre-Ask #12 from the 2018 Delivery and Commodity Rate Application including the 2021-22 actual results.

<b>Continuity Schedule of Decommissioning Liability (\$000s)</b>						
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Opening Balance	\$ 104,292	\$ 100,089	\$ 100,428	\$ 158,560	\$ 247,417	\$ 179,540
Additions/Disposals	(6,269)	(2,088)	55,177	85,059	(71,794)	(48,063)
Accretion	2,066	2,428	2,956	3,798	3,917	4,368
Ending Balance	<u>\$ 100,089</u>	<u>\$ 100,428</u>	<u>\$ 158,560</u>	<u>\$ 247,417</u>	<u>\$ 179,540</u>	<u>\$ 135,845</u>
	100,089	100,428	158,560	247,417	179,540	135,845
<b>Continuity Schedule of Decommissioning Asset (\$000s)</b>						
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Opening Balance	\$ 96,383	\$ 88,436	\$ 86,155	\$ 139,541	\$ 229,003	\$ 156,163
Additions/Disposals	(3,652)	1,744	57,979	94,493	(67,044)	(40,076)
Depreciation	(4,296)	(4,025)	(4,593)	(5,031)	(5,796)	(5,025)
Ending Balance	<u>\$ 88,436</u>	<u>\$ 86,155</u>	<u>\$ 139,541</u>	<u>\$ 229,003</u>	<u>\$ 156,163</u>	<u>\$ 111,063</u>

**16. Reference: 1<sup>st</sup> Round Information Request #18 [Cost of Service Study]**

- a) With reference to the response to 1<sup>st</sup> Round Information Request 18(a) – please provide an update regarding the status of the heat value project being undertaken. If available, please provide the results of the study or an update on when such results will be available.

The heat value project is going through the internal governance process for review and decision. It is at the Business Case stage waiting for review and prioritization. The Investment Governance Committee (IGC) is recommending deferring the business case as it overlaps in both scope and resources, with possible dependencies of other projects including the

Customer Portal. The IGC is in agreement that the need identified in the business case is important and should proceed. However, there is an opportunity to potentially combine scope and deliverables within these projects due to the overlap of limited resources. This review will help commit to an accurate implementation date to successfully complete these deliverables. The business case can be found in confidential Attachment 4, but is marked draft at this time. Because it is draft, and subject to change by information that may be requested by ICG, we ask that it be kept confidential at this time.

- b) With reference to the response to 1<sup>st</sup> Round Information Request 18(a) please provide an update regarding whether SaskEnergy is proceeding to implement recommendation #5 (i.e., recover TransGas revenue through an annual fixed payment). Please provide any updates regarding when this recommendation would be implemented and details regarding how the recommendation would be implemented (i.e., under what arrangements with TransGas?).

SaskEnergy has not completed a review to determine whether recommendation #5 will result in a change. The review will include how this would be implemented and how this will affect both SaskEnergy and TransGas.

SaskEnergy will begin its review this fall. Implementation will be determined once the review is complete. If the decision is to implement a change, then the change would likely be implemented in the following fiscal year.

- c) With regard to the response to 1<sup>st</sup> Round Information Request 18(b) – please confirm whether or not an updated cost of service study that implements the Chymko recommendations would be part of the 2023-24 update filing?

SaskEnergy was not planning to submit an updated cost of service study. Rather the Mid-Application update would focus on financial updates and



material updates to the business.

- d) Please explain why the total RC Ratio in 2022-23 is 102.1% (section 17.1 of Tab 17) and quantify the impact on net income and return on equity.

The RC Ratio in 2022-23 appears higher because the model is structured for annual rate changes and not a rate change within the test period. SaskEnergy's three-year application maintained the fiscal year as test periods for all three years although the implementation date was within the test period. The model is calculating the incremental revenue as if it is receiving it from April 2022 to March 2023 rather than November 2022 to March 2023. Also, SaskEnergy's cost of service models were prepared for a November 1, 2022 implementation date and there was not sufficient time to re-do the cost of service models for the August 1, 2022 implementation.

There is no impact on net income or return on equity. The model assumes more revenues are generated than actually are generated. The difference between the incremental revenues shown on this tab is \$5.2 million (\$22.0 million on section 17.1 less \$16.8 million on Schedule 1.9 of the application).

**17. Reference: 1<sup>st</sup> Round Information Request #19 [Customer Bill Impacts]**

- a) With reference to the response to the 2018 Delivery 1<sup>st</sup> Round Information Request 21 (b), please provide updated versions of the figures showing the commodity rate change and delivery rate change effective August 1, 2022 and the delivery rate changes effective June 1, 2023, and June 1, 2024, both with and without the commodity rate change.

All bill impacts are based on an annualized bill increase, and therefore there are no changes with effective start dates of August 1, 2022, June 1, 2023, June 1, 2024 from the tables found in Tab 21.

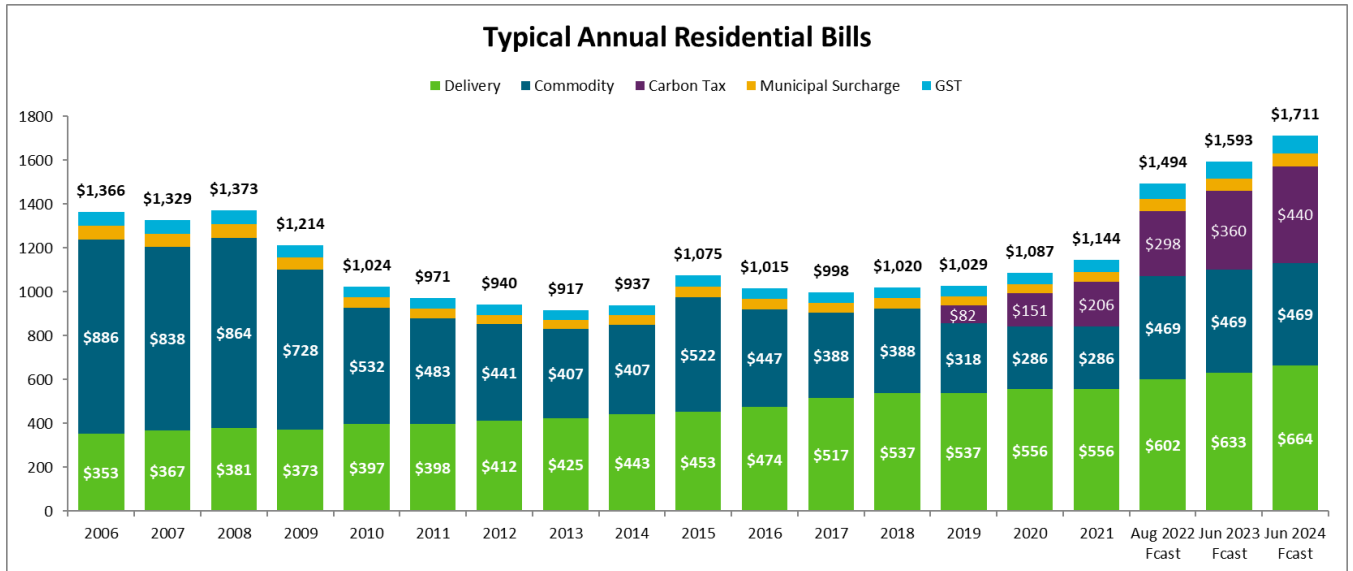
- b) With reference to the response to 1<sup>st</sup> Round Information Request 19(e), please update the table and figure to include the impact of municipal

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

surcharges, carbon tax and GST each year.

Average Residential Delivery Service Bill Increases									
	1-Sep-13	1-Sep-14	1-Jan-16	1-Nov-16	1-Nov-17	1-Apr-19	1-Aug-22 Proposed	1-Jun-23 Proposed	1-Jun-24 Proposed
Average Monthly Delivery Service Bill (\$/month)	\$36.89	\$37.77	\$39.52	\$43.05	\$44.76	\$46.37	\$50.17	\$52.73	\$55.34
Change in Bill (\$/month)	\$1.47	\$0.89	\$1.75	\$3.53	\$1.71	\$1.61	\$3.80	\$2.56	\$2.62
Delivery Service Bill Impact (%)	4.2%	2.4%	4.6%	8.9%	4.0%	3.6%	8.2%	5.1%	5.0%
Average Monthly Carbon Tax Bill (\$/month)	-	-	-	-	-	\$9.12	\$24.87	\$30.02	\$36.70
Average Monthly Municipal Surcharge Bill*	\$1.84	\$1.89	\$1.98	\$2.15	\$2.24	\$2.32	\$2.51	\$2.64	\$2.77
Average Monthly GST Bill* (\$/month)	\$1.94	\$1.98	\$2.07	\$2.26	\$2.35	\$2.43	\$2.63	\$2.77	\$2.91

\*Based on Municipal Surcharge and GST applied only to the Delivery Service portion of the bill



Note: Annual bills are calculated using average consumption of 2,800 m<sup>3</sup>/year. Annual Bills are as of January of the respective year. The forecast years annualized based on proposed rate changes effective August 1, 2022, June 1, 2023, and June 1, 2024.

- c) Please provide an estimate of the number of customers who do not pay a municipal surcharge.

The Municipal Payments program is administered by SaskEnergy on behalf of the Province. The amounts collected are a flow-through and are remitted in their entirety to the municipalities participating in the program.

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

SaskEnergy currently issues payments to 396 municipalities each month as part of the Municipal Payments Program. Approximately 75,000 properties were not billed the Municipal Surcharge in August.

**18. Reference: 1<sup>st</sup> Round Information Request #20 [Competitiveness]**

- a) With reference to Tab 22, please:
- i. Provide a table with comparisons of the basic monthly charge across jurisdictions for each rate class. Please separately indicate the impact of the proposed rate increase on the basic monthly charge on Aug 1, 2022, June 1, 2023, and June 1, 2024.

Basic Monthly Charge - Residential								
Date	Vancouver	Edmonton	Calgary	Regina	Winnipeg	Hamilton	Toronto	Montreal
May 1, 2022	\$ 12.82	\$ 44.35	\$ 41.09	\$ 23.20	\$ 14.00	\$ 22.12	\$ 23.18	\$ 17.37
Aug 1, 2022				\$ 24.50				
Jun 1, 2023				\$ 25.80				
Jun 1, 2024				\$ 27.60				

Basic Monthly Charge - Commercial Small								
Date	Vancouver	Edmonton	Calgary	Regina	Winnipeg	Hamilton	Toronto	Montreal
May 1, 2022	\$ 29.25	\$ 35.41	\$ 32.15	\$ 38.50	\$ 14.00	\$ 23.18	\$ 74.91	\$ 17.37
Aug 1, 2022				\$ 41.50				
Jun 1, 2023				\$ 44.50				
Jun 1, 2024				\$ 47.50				

Basic Monthly Charge - Commercial Large								
Date	Vancouver	Edmonton	Calgary	Regina	Winnipeg	Hamilton	Toronto	Montreal
May 1, 2022	\$ 146.08	\$ 67.34	\$ 71.48	\$ 137.40	\$ 77.00	\$ 74.92	\$ 74.91	\$ 44.56
Aug 1, 2022				\$ 159.50				
Jun 1, 2023				\$ 174.50				
Jun 1, 2024				\$ 184.50				

- ii. Provide tables with comparisons of the commodity, delivery, and total bill impact for each rate class across jurisdictions with the impact of the rate increases on Aug 1, 2022, June 1, 2023, and June 1, 2024.

**SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2**

Bill Comparison including Rate Increases - Residential								
	Vancouver	Edmonton	Calgary	Regina	Winnipeg	Hamilton	Toronto	Montreal
Commodity	\$587.80	\$477.75	\$477.75	\$324.87	\$342.12	\$458.90	\$369.10	\$726.66
Delivery	\$708.75	\$754.98	\$712.71	\$530.82	\$472.02	\$445.65	\$634.01	\$1,115.72
Aug 1, 2022				\$143.46				
Jun 1, 2022				\$29.33				
Jun 1, 2023				\$30.50				
<b>Total</b>	<b>\$1,296.55</b>	<b>\$1,232.73</b>	<b>\$1,190.46</b>	<b>\$1,058.97</b>	<b>\$814.14</b>	<b>\$904.56</b>	<b>\$1,003.11</b>	<b>\$1,842.38</b>

Bill Comparison including Rate Increases - Commercial Small								
	Vancouver	Edmonton	Calgary	Regina	Winnipeg	Hamilton	Toronto	Montreal
Commodity	\$2,969.93	\$2,400.36	\$2,400.36	\$1,632.26	\$1,718.95	\$2,305.72	\$1,860.41	\$3,651.00
Delivery	\$2,488.00	\$1,651.63	\$1,596.43	\$1,497.81	\$1,695.53	\$1,058.47	\$2,607.37	\$4,323.00
Aug 1, 2022				\$514.95				
Jun 1, 2022				\$75.59				
Jun 1, 2023				\$80.70				
<b>Total</b>	<b>\$5,457.94</b>	<b>\$4,052.00</b>	<b>\$3,996.80</b>	<b>3,801.32</b>	<b>\$3,414.48</b>	<b>\$3,364.19</b>	<b>\$4,467.78</b>	<b>\$7,974.00</b>

Bill Comparison including Rate Increases - Commercial Large								
	Vancouver	Edmonton	Calgary	Regina	Winnipeg	Hamilton	Toronto	Montreal
Commodity	\$35,887.04	\$26,978.75	\$26,978.75	\$20,441.99	\$21,527.59	\$28,868.08	\$23,299.23	\$35,815.08
Delivery	\$24,833.11	\$15,183.71	\$13,767.54	\$12,589.59	\$14,743.94	\$10,754.05	\$17,559.51	\$22,739.73
Aug 1, 2022				\$6,023.51				
Jun 1, 2022				\$691.85				
Jun 1, 2023				\$727.82				
<b>Total</b>	<b>\$60,720.15</b>	<b>\$42,162.46</b>	<b>\$40,746.29</b>	<b>40,474.76</b>	<b>\$36,271.53</b>	<b>\$39,622.13</b>	<b>\$40,858.75</b>	<b>\$58,554.80</b>

**19. Reference: Rate Design and 1<sup>st</sup> Round Information Request #22**

- a) Please confirm whether the “revenue at current rates” for 2023-24 and 2024-25 reflect rates in place prior to August 1, 2022, or rates proposed for the previous fiscal year (e.g., effective August 1, 2022 for 2023-24 and proposed for June 1, 2023 for 2024-25). If the latter, please provide versions of Schedule 1.9 where the “Delivery Revenue at Current Rates” for all years reflect rates in place prior to August 1, 2022.

The “revenue at current rates” for 2023-24 and 2024-25 reflect the rates proposed for each previous fiscal year.

The following schedules reflect revenue at rates that were in place prior to August 1, 2022 for the 2023-24 and 2024-25 years.

## SaskEnergy 2022 Delivery Service & Commodity Rate Application Information Requests – Round 2

### 2023-24

#### Delivery Revenue at Current Rates (\$ millions)

Rate Class	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
Residential	14.3	11.3	11.2	9.9	10.0	11.3	15.1	19.7	23.9	25.3	21.9	19.1	193.0
Commercial Small	4.8	3.1	2.8	2.5	2.4	3.0	4.4	6.6	8.7	8.9	8.2	7.0	62.3
Commercial Large	1.4	1.3	0.8	0.7	0.6	0.6	1.5	1.7	2.6	2.7	2.4	2.6	19.1
Small Industrial	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.7
<b>Total Delivery</b>	<b>20.5</b>	<b>15.8</b>	<b>14.8</b>	<b>13.1</b>	<b>13.1</b>	<b>15.0</b>	<b>21.0</b>	<b>28.2</b>	<b>35.2</b>	<b>36.9</b>	<b>32.6</b>	<b>28.8</b>	<b>275.1</b>

#### Delivery Revenues at Recommended Rates (\$ millions)

Rate Class	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
Residential	14.3	11.3	12.7	11.3	11.4	12.8	17.1	22.4	27.1	28.6	24.8	21.7	215.5
Commercial Small	4.8	3.1	3.2	2.8	2.7	3.4	5.0	7.5	9.9	10.1	9.2	7.9	69.6
Commercial Large	1.4	1.3	1.0	0.8	0.7	0.7	1.7	2.0	2.9	3.0	2.8	2.9	21.2
Small Industrial	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.7
<b>Total Delivery</b>	<b>20.5</b>	<b>15.8</b>	<b>16.9</b>	<b>14.9</b>	<b>14.8</b>	<b>17.0</b>	<b>23.8</b>	<b>32.0</b>	<b>40.0</b>	<b>41.8</b>	<b>36.9</b>	<b>32.6</b>	<b>307.0</b>

Rate Change	0.0	0.0	2.1	1.8	1.7	2.0	2.8	3.8	4.8	4.9	4.3	3.8	32.0
-------------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	------

Note: Tables may not add precisely due to rounding

### 2024-25

#### Delivery Revenue at Current Rates (\$ millions)

Rate Class	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Total
Residential	14.3	11.4	11.2	10.0	10.1	11.3	15.1	19.7	23.9	25.2	21.9	19.1	193.3
Commercial Small	4.8	3.2	2.8	2.5	2.4	3.0	4.4	6.6	8.7	8.9	8.2	7.0	62.4
Commercial Large	1.4	1.3	0.8	0.7	0.6	0.6	1.5	1.7	2.6	2.7	2.4	2.6	19.1
Small Industrial	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.7
<b>Total Delivery</b>	<b>20.6</b>	<b>15.9</b>	<b>14.9</b>	<b>13.2</b>	<b>13.2</b>	<b>15.0</b>	<b>21.0</b>	<b>28.2</b>	<b>35.2</b>	<b>36.9</b>	<b>32.6</b>	<b>28.8</b>	<b>275.5</b>

#### Delivery Revenues at Recommended Rates (\$ millions)

Rate Class	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Total
Residential	14.3	11.4	13.4	11.9	12.0	13.5	18.0	23.5	28.5	30.1	26.1	22.8	225.5
Commercial Small	4.8	3.2	3.3	2.9	2.9	3.6	5.2	7.9	10.4	10.6	9.7	8.3	72.8
Commercial Large	1.4	1.3	1.0	0.8	0.7	0.8	1.8	2.1	3.0	3.2	2.9	3.1	22.1
Small Industrial	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.2	0.9
<b>Total Delivery</b>	<b>20.6</b>	<b>15.9</b>	<b>17.7</b>	<b>15.7</b>	<b>15.7</b>	<b>17.9</b>	<b>25.0</b>	<b>33.6</b>	<b>41.9</b>	<b>44.0</b>	<b>38.8</b>	<b>34.3</b>	<b>321.0</b>

Rate Change	0.0	0.0	2.8	2.5	2.5	2.9	4.0	5.4	6.7	7.1	6.2	5.5	45.6
-------------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	------

Note: Tables may not add precisely due to rounding

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

- b) Please provide versions of schedule 1.9 that show the billing determinants (e.g., customer numbers and sales volumes) and rates that were used to calculate the class revenues for each month.

The customer numbers and sales volumes that are used in Schedule 1.9 are found in Schedule 5.0. These are then multiplied by the rates to determine the class revenues for each month.

The rates used for Schedule 1.9 are as follows:

Rate Class	Apr 1, 2022 - Jul 31, 2022		Aug 1, 2022 - May 31, 2023		Jun 1, 2023 - May 31, 2024		Jun 1, 2024 - Mar 31, 2025	
	BMC	Delivery Charge	BMC	Delivery Charge	BMC	Delivery Charge	BMC	Delivery Charge
Residential	\$ 23.20	\$ 0.0993	\$ 24.50	\$ 0.1100	\$ 25.80	\$ 0.1154	\$ 27.60	\$ 0.1189
Commercial Small	\$ 38.50	\$ 0.0811	\$ 41.50	\$ 0.0874	\$ 44.50	\$ 0.0905	\$ 47.50	\$ 0.0940
Commercial Large	\$ 137.40	\$ 0.0684	\$ 159.50	\$ 0.0732	\$ 174.50	\$ 0.0764	\$ 184.50	\$ 0.0802
Small Industrial	\$ 216.00		\$ 216.00		\$ 216.00		\$ 216.00	
- First 40,000 m <sup>3</sup>		\$ 0.0442		\$ 0.0482		\$ 0.0519		\$ 0.0550
- Over 40,000 m <sup>3</sup>		\$ 0.0381		\$ 0.0421		\$ 0.0458		\$ 0.0489

- c) With respect to the proportion of costs recovered through fixed versus variable portions of the rate structure, please provide a summary of any information on recent trends for utilities in other jurisdictions in Canada available to SaskEnergy. Are other gas distribution utilities increasing the fixed component of their rate structures?

Many other gas distribution utilities have increased the fixed component of their rate structures over the last couple of years. There are no public documents supporting recent trends for the proportion of costs recovered through fixed versus variable costs.

However, through a comparison of fixed cost recoveries disclosed in the 2018 Rate Application and the 2022 Rate Application is summarized in the table below showing increases have occurred in most jurisdictions since the last rate application.

Canadian Gas Utilities - Fixed Cost Recovery: 2018 vs 2022									
	Vancouver	Edmonton	Calgary	Regina	Winnipeg	Toronto	Hamilton	Montreal	
Aug 1, 2018	\$ 11.83	\$ 33.31	\$ 31.21	\$ 23.20	\$ 14.00	\$ 20.00	\$ 21.00	\$ 16.46	
Sep 1, 2022	\$ 12.82	\$ 44.36	\$ 41.09	\$ 24.50	\$ 14.00	\$ 22.12	\$ 23.18	\$ 17.37	
Increase	8%	33%	32%	6%	0%	11%	10%	6%	

- d) With respect to the statement on page 38 of the application that “For SaskEnergy to maintain financial integrity, it requires an additional \$16.8 million in revenue in year one, \$12.9 million in year two, and \$13.6 million year three, over the application period”, please provide a description of how SaskEnergy defines ‘financial integrity’. In particular, are there metrics such as interest coverage ratios, debt to equity ratios or other financial indicators SaskEnergy considers in evaluating rates that are sufficient to maintain financial integrity?

SaskEnergy obtains approval from the Crown Investments Corporation Board of Directors for a target return on equity. SaskEnergy’s target return on equity is 8.3%. With careful consideration of a balance between rate adjustment implications to the customer and desired returns from the Province of Saskatchewan, SaskEnergy measures financial integrity to be a profitable progression towards that target return on equity. The additional revenue through rates as defined above in the question identifies that progression over the next three years. SaskEnergy’s return on equity improves from 2.3% in 2022-23 to 4.7% in 2023-24 to 6.9% in 2024-25.

- e) With respect to the revenue to cost ratios by class provided on page 38 of the application, please confirm that the revenue to cost ratios are based on a full year of revenue at the proposed rates, while SaskEnergy is proposing to implement rate changes part way through each of the fiscal years. If not confirmed, please provide an explanation.

Confirmed.

- f) With reference to the response to the 1<sup>st</sup> Round Information Request 22 (c), please provide the average bill impacts for each rate class if the rate increase is applied equally to all classes for each test year (i.e., 8% in 2022/23, 5% in 2023/24, and 5% in 2024/25).

The average bill impacts for each rate class are as follows:

Rate Class	Test Year		
	2022-23	2023-24	2024-25
Residential	4.4%	2.9%	3.0%
Commercial Small	3.3%	2.2%	2.2%
Commercial Large	2.6%	1.7%	1.7%
Small Industrial	1.7%	1.2%	1.2%

- g) With reference to the response to 1<sup>st</sup> Round Information Request 22(e), please provide an update regarding the status of the external consultant report referenced and, if available, a summary of any preliminary results.

The report was completed in September 2022.

Overall Chymko found that SaskEnergy’s current basic monthly charge target is satisfactory and recommends that SaskEnergy consider raising its charge target, subject to further study and the principle of gradualism for the following reasons:

- Raising the basic monthly charge target aligns with several aspects of the rate design principles, particularly the financial, short-term efficiency, and feasibility principles.
- Raising the basic monthly charge target allows a greater degree of cost recovery from net-zero-emission communities that may otherwise not generate enough revenue through usage charges to recover the cost of fixed infrastructure.
- Raising the basic monthly charge target is reasonable within the context of other utility services in Saskatchewan and the comparable rural Alberta natural gas utilities.
- Raising the basic monthly charge target is a more suitable option than developing a rate design alternative, such as a residential demand charge or implementing one hundred percent fixed charges.

SaskEnergy will study the impacts of raising its BMC recovery objective and make a decision regarding the matter once this study is complete.

Please see Attachment 5 for the full report.



**20. Reference: 1<sup>st</sup> Round Information Request #24 [Heat Value]**

a) With reference to the response to 1<sup>st</sup> Round Information Request 24 (a) to (d):

i. Please confirm if the heat value in the 2018 Delivery and Commodity Rate application was updated in a mid-Application update provided November 26, 2018 (updated from 8.50 MJ/M<sup>3</sup> to 8.75 MJ/M<sup>3</sup>.)

[Confirmed.](#)

ii. If (i) is confirmed please update the responses provided with reference to the updated forecast heat value for the 2018 Application.

[Please see updated answers below for all applicable questions.](#)

iii. Please provide any updates to the 1<sup>st</sup> round responses for 25(a) through (d) based on the updated heat value provided in the mid-Application update (anticipated on September 29, 2022).

[Please see updated answers below for all applicable questions.](#)

[The heat value forecast for 2018-19 was 38.75 MJ/m<sup>3</sup> while the actual heat value was 38.86 MJ/m<sup>3</sup>.](#)

[Impact on Delivery Revenue due to actual vs budget heat value variance.](#)

**Delivery Revenue**

Year	Millions
2019-20	\$ (1.89)
2020-21	\$ (3.66)
2021-22	\$ (2.86)

[Potential Impact on Delivery Revenue due to actual vs budget heat value variance. The 2% was determined based on the heat value % variance in 2021-22.](#)

Delivery Revenue		
	Millions	
Year	+2% Heat Value	-2% Heat Value
2022-23	\$ (3.30)	\$ 3.35
2023-24	\$ (3.48)	\$ 3.54
2024-25	\$ (3.61)	\$ 3.68

Impact on Commodity Revenue due to actual vs budget heat value variance.

Commodity Revenue	
Year	Millions
2019-20	\$ 2.20
2020-21	\$ 2.80
2021-22	\$ (3.20)

Potential Impact on Commodity Revenue due to actual vs budget heat value variance. The 2% was determined based on the heat value % variance in 2021-22.

Commodity Revenue		
	Millions	
Year	+2% Heat Value	-2% Heat Value
2022-23	\$ (4.33)	\$ 4.45
2023-24	\$ (4.62)	\$ 4.76
2024-25	\$ (4.64)	\$ 4.75

As SaskEnergy has prepared its budget for 2023-24, it now expects the heat value for 2022-23 to be around or above 39.50 MJ/m<sup>3</sup>. SaskEnergy has updated its forecast for the 2023-24 year to be 39.50 MJ/m<sup>3</sup>. This is a decrease from the 39.90 MJ/m<sup>3</sup> initially forecast in the application.

**21. Reference: 1<sup>st</sup> Round Information Request #25 [Productivity and Efficiency Update]**

- a) With reference to the response to 1st Round Information Request 25(a) and (c):
  - i Please identify and summarize the key programs/ activities that make up the actual and targeted productivity and efficiency savings

SaskEnergy 2022 Delivery Service & Commodity Rate Application  
Information Requests – Round 2

in each year for each of the categories noted: Crown Collaboration, Innovation and Business Processes and Leveraging Technology. If possible, please quantify the anticipated savings for each activity/program.

	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Crown Collaboration</b>					
Enhanced Public Safety	-	-	27,000	27,000	27,000
Express Address	-	122,012	123,000	124,000	125,000
Joint Infrastructure	-	2,131,200	2,135,000	1,955,000	1,955,000
Line Locating	-	3,767,400	3,838,000	3,838,000	3,838,000
Mapping	-	76,513	77,000	77,000	77,000
Natural Gas Optimization	-	70,000	50,000	50,000	50,000
Microsoft Licencing	-	186,234	186,000	186,000	186,000
SCADA Leverage	-	147,500	-	-	-
New Bill and Letter Print Service	100,000	250,000	-	-	-
GIS and Work Management Integration	-	1,000	25,000	60,000	10,000
Workday - HRIS	-	10,000	10,000	10,000	10,000
Vegetation Management	-	-	25,000	25,000	25,000
Corporate Purchase Cards	-	-	-	-	-
Fleet Lease Collaboration	-	-	-	-	-
	<b>\$ 100,000</b>	<b>\$ 6,761,859</b>	<b>\$ 6,496,000</b>	<b>\$ 6,352,000</b>	<b>\$ 6,303,000</b>
<b>Innovation and Business Processes</b>					
Construction Work Management System	300,000	300,000	320,000	320,000	320,000
Contract Conversion	700,000	764,000	3,600,000	3,600,000	3,600,000
Customer Connect Collaboration with Operations	-	-	59,000	59,000	59,000
Mercury Modem Replacement	-	-	-	-	-
Operations Work Management Alignment Project	-	-	200,000	200,000	200,000
Regulator and Relief Valve Purchase Agreement	-	-	-	-	-
	<b>\$ 1,000,000</b>	<b>\$ 1,064,000</b>	<b>\$ 4,179,000</b>	<b>\$ 4,179,000</b>	<b>\$ 4,179,000</b>
<b>Leveraging Technology</b>					
Telecom Savings & Process Efficiencies	100,000	100,000	-	-	-
Customer Connect	-	-	-	-	-
Customer Portal/Website Enhancements	-	-	700,000	700,000	700,000
Cyber Security	-	-	-	-	-
Install to Bill	-	-	2,100,000	2,100,000	2,100,000
Procure To Pay	-	-	425,000	425,000	425,000
	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 3,225,000</b>	<b>\$ 3,225,000</b>	<b>\$ 3,225,000</b>

- i) Please identify which initiatives have been in place since the last application; and which initiatives are new (and the year in which the initiatives were initiated).

The timing of the initiatives is shown above. Many of these initiatives started as process improvements in previous years which developed into a specific project(s) listed above. The initiative may be listed above, but savings are not anticipated until implementation is determined.

- b) With reference to the response to Delivery 1<sup>st</sup> Round Information Request 25 (c)(iii):

- i) Please provide a table which summarizes restraint measures in

place each year from 2019/20 test year to 2021/22. Please provide a format similar to the response to 1<sup>st</sup> Round Information Request 1 (i) from the 2018 Delivery and Commodity Rate Application.

As the Table in Request 1(i) from 2018 Delivery and Commodity Rate Application illustrates, there were no restraint measures in place after 2017/18. There are no restraint measures from 2019/20 test year to 2021/22.

- i. Please provide any updates regarding restraint measures based on 2022/23 Q1 actuals. Please confirm the understanding that no vacancy management, operation cost management savings or savings from other restraint measures are expected for 2022/23, 2023/24 and 2024/25.

Based on 2022/23 Q1 actuals, there will be vacancy management savings of \$2.1 million and \$1.5 million in operation cost savings anticipated for 2022/23. However, there is still no savings expected for 2023/24 and 2024/25.

There are no restraint measures expected for 2022/23, 2023/24 and 2024/25.