

SaskEnergy 2022 Delivery Service & Commodity Rate Application
Information Requests – Round 1

1. **Reference: Delivery Service Rate Overview and Corporate Plan**

- a) With reference to the financial summary provided on page 32 of Tab 4 – please indicate if a similar summary can be made available for the Distribution Division. If so, please provide. If possible, please also include a column showing the most recent year of actuals for the Distribution Division.

Yes, a similar summary is available and is included below for your reference.



FINANCIAL SUMMARY - LOCAL DISTRIBUTION DIVISION

For the year ended March 31

	Forecast 2021/22	Actual 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
	Apr to Mar	Apr to Mar	Apr to Mar	Apr to Mar	Apr to Mar	Apr to Mar	Apr to Mar
	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)
CONSOLIDATED STATEMENT OF OPERATIONS							
Revenues							
Natural Gas Sales	337.3	505.0	273.2	250.6	245.1	236.4	242.8
Delivery revenue	302.9	310.7	319.1	338.4	356.2	374.6	386.5
Customer Contributions	13.2	21.5	13.4	13.9	13.5	14.3	17.2
	653.4	837.1	605.7	602.9	614.7	625.2	646.5
Expenses							
Natural Gas Purchases	338.6	506.3	260.0	247.4	242.0	233.2	239.6
Operating and Maintenance	188.9	190.9	219.6	224.3	227.7	232.0	237.8
Depreciation	59.7	59.9	63.1	65.0	67.6	71.3	73.9
Interest	29.9	30.2	30.1	32.5	34.1	36.5	38.3
Taxes	7.7	8.0	8.3	8.7	9.0	9.1	9.1
	624.9	795.3	581.1	577.9	580.4	582.1	598.6
Gain and/or Loss	0.7	22.1					
Net Income from Operations	28.5	63.9	24.6	24.9	34.4	43.2	47.8
CONSOLIDATED STATEMENT OF FINANCIAL POSITION							
Assets							
Current assets	205.0	315.2	206.5	204.1	203.5	202.7	205.4
Capital assets and Investments	1,506.4	1,490.3	1,596.6	1,707.3	1,818.5	1,886.7	1,940.9
Debt Retirement Funds	69.4	65.5	77.8	86.4	89.6	99.3	109.9
	1,780.8	1,871.0	1,880.9	1,997.9	2,111.5	2,188.7	2,256.2
Liabilities and Province's Equity							
Short Term Debt	76.1	73.8	168.5	203.3	279.7	264.5	226.6
Current liabilities	315.3	314.4	307.0	323.0	337.9	352.3	376.6
Long-term debt (including current position)	677.9	677.9	677.9	727.9	727.9	777.9	827.8
Equity advances	166.9	166.9	166.9	166.9	166.9	166.9	166.9
Retained earnings	544.5	638.0	560.5	576.7	599.0	627.1	658.2
	1,780.8	1,871.0	1,880.9	1,997.9	2,111.5	2,188.7	2,256.2
CONSOLIDATED STATEMENT OF CASH FLOWS							
Operating Activities							
Net earnings	28.5	63.9	24.6	24.9	34.4	43.2	47.8
Items not affecting cash from operations	59.7	59.9	63.1	65.0	67.6	71.3	73.9
Net change in non-cash working capital & other	(8.6)	(48.2)	(17.8)	9.7	11.5	4.4	10.4
Cash provided by (used in) operating activities	79.5	75.6	69.9	99.6	113.4	118.9	132.1
Investing Activities							
Capital expenditures	(93.9)	(87.5)	(153.4)	(175.7)	(178.7)	(139.5)	(128.1)
Cash provided by (used in) investing activities	(93.9)	(87.5)	(153.4)	(175.7)	(178.7)	(139.5)	(128.1)
Financing Activities							
Proceeds from long-term debt	-	-	-	50.0	50.0	50.0	50.0
Repayment of long-term debt	-	-	-	-	(50.0)	-	-
Dividend paid	(10.2)	(10.4)	(8.9)	(8.7)	(11.2)	(14.1)	(16.2)
Cash provided by (used in) financing activities	(10.2)	(10.4)	(8.9)	41.3	(11.2)	35.9	33.8
Change in cash	(24.6)	(22.3)	(92.4)	(34.8)	(76.5)	15.3	37.8
Cash, beginning of year	(51.5)	(51.5)	(76.1)	(168.5)	(203.3)	(279.7)	(264.5)
Cash, end of year	(76.1)	(73.8)	(168.5)	(203.3)	(279.7)	(264.5)	(226.6)
FINANCIAL TARGETS							
Debt/Equity Ratio	49/51	46/54	51/49	53/47	55/45	54/46	53/47
Return on Average Equity (%)	4.1%	8.6%	3.4%	3.4%	4.6%	5.5%	5.9%
Dividend Declared	10.0	15.1	8.6	8.7	12.0	15.1	16.7
Debt/Equity % Calculation							
Debt	685	686	769	845	918	943	945
Equity	711	805	727	744	766	794	825
Debt + Equity	1,396	1,491	1,496	1,588	1,684	1,737	1,770
Debt/Equity %	49%	46%	51%	53%	55%	54%	53%
Return on Average Equity % Calculation							
Average Equity	698	745	719	736	755	780	810
Return on Equity	4.1%	8.6%	3.4%	3.4%	4.6%	5.5%	5.9%

- b) Please indicate if there have been any changes to the chart of accounts or accounting practices since the previous Delivery Service Rate Application, and provide a list of any changes, as well as a summary of the impact of those changes to revenue requirement categories.

No, there have not been any changes to the chart of accounts or accounting practices since the previous Delivery Rate Application.

- c) Please provide the date the business plan underlying the delivery service application was prepared and the date of the economic assumptions used for the application, and discuss if any updates were made prior to the application being made public.

The business plan underlying the delivery service application was approved by SaskEnergy's Board of Directors in November 2021. The economic assumptions used for the delivery application are as June and/or July 2021. Since those dates, the following updates were made prior to the application being made public.

- Revision to the distribution toll revenues after completion of a formal distribution toll cost of service review
- Revision to the effective date of the 2022 proposed delivery rate increase to August 1, 2022 compared to September 1, 2022
- Revision to the effective date of the 2023 proposed delivery rate increase to June 1, 2023 compared to April 1, 2023
- Revision to the effective date of the 2024 proposed delivery rate increase to June 1, 2024 compared to April 1, 2024

- d) Please provide a table that summarizes what SaskEnergy views as the largest financial risks faced by the company (e.g. inflation, interest rates, environmental regulation, sales volumes) and provide an estimate of the potential impact on the delivery service revenue requirement in each test year.

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Financial Risk	Risk Detail	Estimated Impact to Delivery Revenue Requirement
Weather	The risk that weather significantly affects customer load demand and the impact on financial results.	<p>As per the warmer weather scenario (10% warmer than normal) included in Schedule 5.3 pages 91-93 of the delivery rate application, the delivery revenue would be unfavourably impacted in comparison to the base revenue (weather consistent to the 30 year average) as follows:</p> <p>2022-23 - \$32.2 million lower 2023-24 - \$34.4 million lower 2024-25 - \$35.6 million lower</p>
Interest Rates	The risk of a significant financial loss due to exposure to market risks	<p>Every 2% increase in short term interest rates in comparison to what was assumed in the delivery rate application will cause an estimated impact to short term interest expense as follows:</p> <p>2022-23 - \$2.8 million higher 2023-24 - \$3.3 million higher 2024-25 - \$5.0 million higher</p> <p>A 2% increase in long term borrowing rates in comparison to what was assumed in the delivery rate application will cause an estimated impact to long term interest expense as follows:</p> <p>2022-23 – no impact 2023-24 - \$1.0 million higher 2024-25 - \$1.8 million higher</p>

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Inflationary Risk	The risk of exposure to significant financial loss due to exposure to inflation	<p>Every 1% increase in inflation in comparison to what was assumed in the delivery rate application will cause an estimated impact to operating maintenance, and administrative expense as follows:</p> <p>2022-23 - \$0.7 million higher</p> <p>2023-24 - \$0.7 million higher</p> <p>2024-25 - \$0.7 million higher</p>
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The interest risk impacts were calculated using the same assumptions included in the delivery rate application for long and short term debt balances.

The increasing regulatory requirements are difficult to predict and therefore not easily quantifiable.

e) Please provide a table that compares the total delivery service revenues; net earnings; and return on equity for 2022-23; 2023-24 and 2024-25 for the following scenarios:

i. The delivery service rates are approved as requested in the application;

Component	2022-23	2023-24	2024-25
Delivery Revenues	\$291.3 million	\$310.0 million	\$325.9 million
Net Earnings	\$9.7 million	\$20.0 million	\$30.1 million
Return on Equity	2.3%	4.3%	6.9%

ii. Delivery service rates increase by 8% effective August 1, 2022; 4% June 1, 2023 and 4% June 1, 2024.

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Component	2022-23	2023-24	2024-25
Delivery Revenues	\$291.3 million	\$307.4 million	\$320.1 million
Net Earnings	\$9.7 million	\$17.4 million	\$24.3 million
Return on Equity	2.3%	4.1%	5.5%

- iii. Delivery service rates increase by 8% effective August 1, 2022; 2.5% June 1, 2023 and 2.5% June 1, 2024.

Component	2022-23	2023-24	2024-25
Delivery Revenues	\$291.3 million	\$303.5 million	\$311.5 million
Net Earnings	\$9.7 million	\$13.5 million	\$15.7 million
Return on Equity	2.3%	3.2%	3.6%

- iv. Delivery service rates increase by 8% effective August 1, 2022; 0% June 1, 2023; and 0% June 1, 2024.

Component	2022-23	2023-24	2024-25
Delivery Revenues	\$291.3 million	\$297.1 million	\$297.5 million
Net Earnings	\$9.7 million	\$7.1 million	\$1.7 million
Return on Equity	2.3%	1.7%	0.4%

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- v. Delivery service rates increase 8% effective August 1, 2022; and by the percentage necessary to achieve the long-term target ROE of 8.3% effective June 1, 2023 for 2023-24 and June 1, 2024 for 2024-25.

Component	2022-23	2023-24	2024-25
Delivery Revenues	\$291.3 million	\$325.5 million	\$332.2 million
Net Earnings	\$9.7 million	\$35.5 million	\$36.4 million
Return on Equity	2.3%	8.3%	8.3%

- f) Please provide the 1st Quarter 2022-23 (April-June) financial results for the distribution division.

The 1st Quarter 2022-23 (April-June) financial results are presented consistent to the information provided in the 2022 Delivery Rate Application.

Component	\$ in millions
Delivery Revenue	63.9
Operating & Maintenance	34.0
Transportation and Storage	15.9
Depreciation Expense	12.6
Tax Expense	2.7
Interest Expense	8.3
Net Earnings	(9.6)

- g) Please provide audited financial statements for the Distribution Division for the 2021-22 fiscal year.

The Distribution Division does not have audited financial statements. The information provided below is audited within the consolidated financial statements.

Please see Attachment 1

2. Reference: OM&A Costs

- a) Have there been any changes to SaskEnergy’s OM&A budget process, including the review and approval process, since the last Delivery Service Rate Application? If so, please summarize the changes.

No, there are no changes to SaskEnergy’s OM&A budget process including the review and approval process since the last Delivery Service Rate Application.

- b) Please provide a summary of any inflation assumptions used in preparing the Application and comment on whether SaskEnergy continues to believe such assumptions are reasonable.

A summary of inflation assumptions used in preparing the application are as follows:

Component	2022-23 Inflation Assumption	2023-24 Inflation Assumption	2024-25 Inflation Assumption
Economic	2%	2%	2%
Out-of-Scope Merit	3%	3%	3%
Hosting Costs (Business & Technology Optimization)	-	3%	3%
Software Lease and Maintenance Costs	-	5%	5%

The assumptions pertaining to economic and merit increases are reasonable in that they are consistent to the current collective bargaining agreement for in-scope economic increases and to the 2021-22 board approved average out-of-scope economic and merit increases.

The assumptions pertaining to hosting costs are above what SaskEnergy has spent between 2019-20 and 2021-22. Hosting costs decreased by 1% in 2020-21 compared to 2019-20 and decreased by 10% in 2021-22 compared to 2020-21.

The assumptions pertaining to software lease and maintenance costs are below what SaskEnergy has spent between 2019-20 and 2021-22. Software lease and maintenance costs increased by 17% in 2020-21 compared to 2019-20 and by 8% in 2021-22 compared to 2020-21.

Overall if you consolidate software lease and maintenance costs and hosting costs, the change has been an increase of approximately 3% in 2021-22 compared to 2019-20 therefore an average increase of 4% is a reasonable assumption.

- c) With reference to Tab 11, page 9, please provide an explanation for changes in 2021-22 through 2024-25 forecasts compared to 2020-21 actuals for each executive.

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.

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.

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.

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.

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.

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.

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.

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.

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.

Executive VP, Corporate Planning

Strategy planning and implementation is within the 2022-23 corporate plan. SaskEnergy will continue to strengthen alignment of its structure with its desired outcomes. Strategy development, facilitation and monitoring requires additional resourcing which is planned to be staffed in 2022-23.

- d) With reference to Tab 11, page 10, please explain further the “technology enhancements” discussed in note 3, and what OM&A costs are anticipated to be reduced from the enhancements.

Technology enhancements form a key pillar of SaskEnergy’s customer experience roadmap which includes foundational projects to implement a new customer portal including the ability for customers to book appointments online.

The OM&A costs anticipated to be reduced from this enhancement are as follows:

- Reduced bill print and postage – customer portal would provide the opportunity to increase the amount of customers on paperless billing by 15% after three years. Estimated savings would be \$487 thousand. Further to this, almost 100,000 letters are sent to customers each year ranging from collection letters to meter exchange requests. If 30% of

these letters could be emailed and accessed through the new portal estimated savings would be \$29 thousand.

- Reduced labour costs - enhancement of accepting pre-authorized payment plan (PPP) applications online is anticipated to free up 1.5 Billing Services full time equivalents. Additional savings could also be extracted from the efficiencies of timely bill payments and future potential of providing customers with easy pay plan arrangements. Estimated savings derived from enhanced PPP applications is \$123 thousand.
- e) Have anticipated technology enhancement savings been reflected in forecasts for 2021-22 and future years? If so, please provide an explanation and quantification of how such savings are reflected.

Operational cost reductions are anticipated when SaskEnergy replaces its one work management system in 2023-24. Clicksoft which is SaskEnergy's current work management system is nearing its end of life and will lose support in December 2023. The planned replacement is anticipated to have licensing cost reductions per service technician totalling \$168,000 annually for SaskEnergy.

- f) With reference to Tab 11, page 10, please discuss the large variances for external services and external recoveries and provide an explanation of how "contractor conversion" results in lower external services costs.

The collapse in global oil prices, along with the COVID-19 pandemic, negatively impacted SaskEnergy's customers and created uncertainty around how financial results would be affected. In response, SaskEnergy re-organized its resources to focus efforts on essential core work, reducing the number of embedded contractors. This action resulted in significant savings in external services. Further to focusing on core work, SaskEnergy continued to execute contractor conversions to realize savings in reducing external services as those services and skill sets contractors once provided are transitioned to a SaskEnergy employee at a lower cost. Those lower costs are now reflected in the labour category vs. the external services category shown in Tab 11 page 10.

SaskEnergy receives external cost recoveries from other crown

corporations to administer Express Address. These cost recoveries were not budgeted in 2020-21. SaskEnergy also receives cost recoveries directly from the customer for line hits. Line hits are of one of the top three risks that SaskEnergy focuses on minimizing through its risk-based approach in managing the full life cycle of its assets. In 2020-21, the amount of cost recoveries for line hits exceeded the forecast.

- g) Please provide an explanation for the changes in FTE by executives/division [Tab 10, page 2] in 2021-22 and 2022-23 forecast compared to 2020-21 actuals. Please explain and quantify how these changes impact labour costs, if any, for the 2021-22 and 2022-23 forecast periods.

The changes in 2021-22 and 2022-23 forecast in comparison to the 2020-21 actuals were a combination of filling vacant positions and new positions required which increases the total FTEs. The determination of which vacancies filled were based on the strategy to right size the specific areas based on need and continuous improvements. 2021-22 was consistent to 2020-21, however, the forecast in 2022-23 reflect the plan to fill vacancies required to execute the 2022-23 business plan.

President and CEO

There are no changes in 2021-22 and 2022-23 forecast in comparison to the 2020-21 actuals.

Executive VP, Customer Service Operations

Consistent to what was stated in question 2c, 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.

Executive VP, Corporate Planning

Strategy planning and implementation is within the 2022-23 corporate plan. SaskEnergy will continue to strengthen alignment of its structure with its desired outcomes. Strategy development, facilitation and monitoring

requires additional resourcing which is planned to be staffed in 2022-23.

Executive VP, Infrastructure, Delivery and Reliability

SaskEnergy began a significant contractor conversion applicable to Regina and Saskatoon Construction in 2021-22. Approximately 29 equipment operators are planned to be staffed internally vs. contracted externally to execute capital projects at a lower cost overall into the future.

Executive VP and Chief Information Officer

SaskEnergy is increasing resourcing to address optimizing the existing application portfolio, support the technological enhancements that will address customer convenience and self-service, develop analytics streams that enable the business divisions to make informed decisions and to address security improvements which will minimize security threats to the operational stability of SaskEnergy.

Executive VP and Chief Financial Officer

Attrition, efficiencies, and alignment to the corporate plan drive a planned resource decline in 2022-23 compared to 2020-21.

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

Consistent to question 2c, increased resourcing in strategic communications is 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. Strategic communications along with Land Services plan 3 contractor conversions in 2022-23 to realize cost savings.

Executive VP, Human Resources & Safety

There are no significant changes in 2021-22 and 2022-23 forecast in comparison to the 2020-21 actuals.

Overall, these changes increase labour costs \$2.3 million when comparing the 2020-21 actuals to the 2021-22 forecast and \$4.9 million when comparing the 2020-21 actuals to the 2022-23 forecast.

- h) With reference to Tab 11, page 2, please provide a detailed breakdown and explanation for the increase in Computer costs in the 2022-23 forecast compared to 2020-21 actuals [increase to \$9.4 million from \$6.8 million in 2020-21].

A detailed breakdown of the computer costs is as follows:

Computer Costs			
\$ in thousands			
Component	2020-21 Actual	2022-23 Forecast	Variance
Hardware Maintenance	\$ 279	\$ 776	\$ 497
Hardware Purchases/Upgrades	7	36	29
Software Purchase	13	40	27
Software Lease and Maintenance	6,452	8,581	2,129
Total Computer Costs	\$ 6,751	\$ 9,433	\$ 2,682

The primary driver of the computer cost increase is software lease and maintenance costs. SaskEnergy is forecasting vendor increases for workstation support (\$0.6 million), enterprise security (\$0.6 million), geographical information system (\$0.4 million), distribution work management system (\$0.1 million), records information management system (\$0.1 million), customer information system (\$0.1 million), enterprise architecture (\$0.1 million), and JD Edwards (E1) (\$0.1 million).

- i) The previous review noted material activities and increased cost related to technology transformation/use of third party hosting services. Please provide an update on progress in this regard that has been made since the last application.

Since 2017-18 and the last application, third party hosting services have increased from \$6.3 million to a forecast of \$7.5 million in 2021-22. The most significant drivers of that increase were as follows:

Distribution Work Management Systems - \$1.4 million

Human Resources Transformation System - \$0.8 million

Enterprise Security - \$0.6 million

TransGas Customer Information System - \$0.3 million

Voice Services - \$0.2 million

This overall increase is partially offset by SaskEnergy’s decision to realize cost savings and discontinue the third-party hosting services for Record Information Management (\$2.1 million) instead internalizing those services.

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. The pandemic slowed progress in these enhancements. 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.

- j) With reference to Tab 11, page 2, please provide a detailed breakdown and explanation for the increase in Sustenance and Transportation costs in the 2022-23 forecast compared to 2020-21 actuals [increase to \$3.9 million from \$2.9 million in 2020-21].

A detailed breakdown is as follows:

Sustenance and Transportation		
	Actual	Forecast
	2020/21	2022/23
Meals and Per Diems	\$ 1,333	\$ 1,665
Accomodations	984	1,276
Vehicle and Airline Travel	299	700
Vehicle Allowance and Rental	270	300
Total	\$ 2,886	\$ 3,941

SaskEnergy significantly reduced its travel costs in 2020-21 mainly driven by the pandemic. Meals, accommodations, vehicle mileage were all significantly lower than normal as SaskEnergy employees had less face to face meetings. Sustenance and transportation costs were primarily driven

by front-line staff.

- k) With reference to Tab 11, page 2, please provide a detailed breakdown and explanation for the increase in Public Relations costs from the 2020-21 actuals and 2021-22 forecast compared to the 2022-23 forecast [increase from \$4.3 million level in 2020-21 to \$8.6 million in 2022-23].

Consistent to what is shown in Tab 11 page 6, the primary driver of the increase in 2022-23 in comparison to 2020-21 and 2021-22 is the energy efficiency programs and awareness (approximate \$4 million increase). Please see Question 4 a. for additional information. To help customers meet their evolving environment goals, SaskEnergy has increased the spend in 2022-23 to expand the size and scope of its energy efficiency programs with the recent enhancements to its Residential Equipment Replacement Rebate Program and the extension of its commercial programs.

- l) With reference to Tab 11, page 5, please provide a breakdown and explanation for the material decrease in Contracts - General [decrease from \$5.2 million in 2020-21 to \$2.5 million in 2022-23].

The material decrease in Contracts – General is the result of a reclassification of expenses. The costs to contract line locating with Shermco is now reported in Other Contract Services vs. Contracts – General.

- m) With reference to Tab 11, page 5, please provide a breakdown and explanation for the increase in forecast Consulting Services costs from 2021-22 (\$2.6 million) to 2022-23 (\$3.7 million).

SaskEnergy has historically had strategic alliance agreements with several Tribal Council communities that encourage partnership and foster partnership in the areas of employment, education and training and business development. In 2021-22, the pandemic put this on hold. SaskEnergy spent approximately \$70K in 2021-22 and it plans to increase expenditure to approximately \$361K in 2022-23.

Similar to Indigenous engagement's challenges driven by the pandemic, Legal's investment in third party legal consulting was reduced significantly

in 2021-22 to approximately \$0.5 million. It averages approximately \$1.1 million per year with a plan to resume as normal in 2022-23.

- n) With reference to Tab 11, page 5, please provide a breakdown and explanation for the increase in forecast Contract Analyst costs from 2021-22 (\$10.6 million) to 2022-23 (\$12.4 million).

Security responsibility for both the information technology and operating technology environments have been recently brought together to further strengthen the security controls in place and ensure future cyber-attacks are not easily transferrable between environments. Further security improvements are planned in 2022-23 and will focus on addressing recommendations from the CIC-initiated Crown sector security assessment in which SaskEnergy was a participant (approximate \$1.2 million increase).

SaskEnergy is focused on customer convenience and self-service and optimizing the existing application portfolio which includes customer and work management systems. Maintenance of this growing business application portfolio involves increased contract analyst costs (approximate \$0.6 million increase).

- o) With reference to Tab 11, page 5, please provide a breakdown and explanation for the increase in forecast Other Contract Services from 2021-22 (\$2.3 million) to 2022-23 (\$4.9 million).

The material increase in Other Contract Services is the result of a reclassification of expenses. The costs to contract line locating with Shermco is now reported in Other Contract Services vs. Contracts – General. Please reference the response to Question 2 (l).

- p) With reference to Tab 11, page 7, please provide the rationale and breakdown for the increase to Routine Maintenance [increase from \$2.5 million in 2020-21 forecast to \$5.0 million in 2022-23].

The material increase in Other Contract Services is the result of a reclassification of expenses. The costs to contract line locating with Shermco is now reported in Other Contract Services within Routine Maintenance vs. Contracts – General which is within Contract Services. Please reference the response to Question 2 (l).

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- q) With reference to the table on page 2 of Tab 11, please provide a breakdown of the items included in each of external recoveries and internal recoveries for each year in the table. Please explain notable year-to-year changes.

External and Internal Recoveries												
(\$ 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	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
External Recoveries												
Labour	\$ (1,916)	\$ (1,377)	\$ (1,636)	\$ (1,295)	\$ (1,249)	\$ (2,028)	\$ (2,043)	\$ (880)	\$ (2,967)	\$ (1,984)	\$ (2,024)	\$ (2,064)
Customer Contributions for Service Alterations*	(1,294)	(907)	(890)	(1,219)	(871)	(1,208)	(1,141)	(702)	(1,432)	(1,694)	(1,728)	(1,763)
Vehicle and Equipment	(262)	(92)	(201)	(255)	(26)	(295)	(489)	(185)	(578)	(575)	(587)	(598)
General Supplies	(64)	(46)	(60)	(50)	(11)	(40)	(85)	(28)	(150)	(120)	(122)	(125)
Total	\$ (3,535)	\$ (2,422)	\$ (2,787)	\$ (2,819)	\$ (2,157)	\$ (3,570)	\$ (3,759)	\$ (1,794)	\$ (5,128)	\$ (4,373)	\$ (4,460)	\$ (4,550)
Internal Recoveries												
Labour	\$ (1,741)	\$ (2,008)	\$ (1,624)	\$ (1,482)	\$ (1,573)	\$ (679)	\$ (1,544)	\$ (1,432)	\$ (1,240)	\$ (1,220)	\$ (1,212)	\$ (1,204)
Service Retirement Costs/Cutbacks	(984)	(1,118)	(1,017)	(911)	(995)	(2,324)	(870)	(1,906)	(1,518)	(2,109)	(2,157)	(2,205)
Vehicle and Equipment	111	(102)	(3)	9	(6)	61	(12)	32	80	1	7	14
General Supplies	(106)	(97)	(84)	(81)	(73)	(80)	(188)	(95)	(86)	(190)	(194)	(198)
Total	\$ (2,720)	\$ (3,326)	\$ (2,728)	\$ (2,465)	\$ (2,646)	\$ (3,021)	\$ (2,615)	\$ (3,402)	\$ (2,784)	\$ (3,517)	\$ (3,555)	\$ (3,593)

The most significant difference is the increase in internal construction crews vs. third party contracting. The majority of the labour and non-labour costs in North and South construction are recovered from those requesting their service which in most cases is operations.

- r) Please provide the O&M cost per customer for the five most recent years of actuals and for the application test years (2022-23 to 2024-25).

Please reference Tab 11 page 8 for the OM&A cost per customer for the five most recent years of actuals and for the application test years.

3. Reference: Labour Costs

- a) With reference to Tab 10, page 2, please explain the increase of 40 Full Time Equivalents (FTE) (increase from 862 in 2020-21 actuals to 902 in 2022-23).

The changes in 2022-23 forecast in comparison to the 2020-21 actuals were a combination of filling vacant positions and new positions required which increases the total FTEs. The determination of which vacancies filled were based on the strategy to right size the specific areas based on need and continuous improvements. The forecast in 2022-23 reflect the plan to fill vacancies required to complete the 2022-23 plan. The three most significant drivers of the increase of 40 full time equivalents in 2022-23 to 2020-21 are as follows:

Executive VP, Customer Service Operations

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.

Executive VP, Infrastructure, Delivery and Reliability

Gas Construction within SaskEnergy has utilized contractors over the years to supplement its internal resource base to deliver and maintain safe and reliable natural gas service to our customers. These contractors have supplied labour and equipment resources to support peak construction activity primarily related to customer connect and system integrity work. Although SaskEnergy can manage the workload with the support of contractors, there is a cost premium relative to the use of internal crews.

As a result, additional internal resources were added to the Construction staff complement in 2020-21 which resulted in cost savings of approximately \$700,000. SaskEnergy will continue to strategically balance its construction resource base to effectively manage the work with internal and contractor resources. However, additional construction resources are targeted to be added onto the internal base in 2021-22 through 2022-23 that will translate into capital cost savings of approximately \$3.6 million. Construction workload will continue to include customer connect activities and integrity related work for its distribution and transmission system.

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.

SaskEnergy is developing road maps for other legacy enterprise systems

applications, optimizing the existing application portfolio, and clearing the direction for further cloud adoptions.

Beyond addressing business system needs SaskEnergy is drafting action plans to develop analytics streams with a vision of enabling all business divisions to make informed decisions. A structured approach to data driven insights for business units is planned for 2022-23 with an initiative to drive insights from Advanced Metering Infrastructure data targeted as the foundation of the Enterprise Analytics roadmap.

As emphasized in other responses, the pandemic has been challenging applicable to resources in this area. This combined with changes in senior leadership have led to delays in technological enhancements. These challenges are slowly being addressed with intent to normalize which suggests improved focus and execution in this area on the corporate objectives SaskEnergy plans to achieve in 2022-23.

- b) Please provide a list of FTE additions by position and department for 2020-21, 2021-22 and 2022-23.

Following is a list of FTE's by position. Please note this does not include FTE reductions.

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2020 - 2021 FTE ADDITIONS		
Position	Department	# of Positions
Community Involvement Leader	Indigenous & Community Engagement	1
Management of Change	Environment & Sustainability	1
Solutions & Adoption Advisor	Digital, Technology and Security	2
Team Lead Service Desk	Digital, Technology and Security	1
Team Lead Deskside Support	Digital, Technology and Security	1
Specialist, Cyber Security	Digital, Technology and Security	2
Physical Security Coordinator	Digital, Technology and Security	1
Security Architect	Digital, Technology and Security	1
Supervisor, Buildings	Corporate Support	1
Analyst, Business Applications	Digital, Technology and Security	1
Senior Analyst, System Support	Digital, Technology and Security	1
Supervisor, CIS	Digital, Technology and Security	1
Senior Analyst, Accounting	Finance	1
Customer Connect Technician	Distribution Customer Services	6
Customer Solutions Leader	Customer Solutions	1
Service Technician I	Distribution	1
Maintenance / Service Technician	Distribution	2
Manager, Operations Emissions	Transmission	1
Operations Leads	Transmission	1
Gas Controller	System Control & Automation	1
Senior Engineer, Facilities Engineering	Engineering, Integrity	1
Senior Engineer, Pipeline Engineering	Engineering, Integrity	1
Engineer, Pipeline Engineering	Engineering, Integrity	3
Senior Engineer, Pipeline Integrity	Engineering, Integrity	1
Labour & Materials Administrator	Distribution, Construction & Metershop	1

2021 - 2022 FTE ADDITIONS		
Position	Department	# of Positions
Manager, Business System Support	Digital, Technology and Security	1
Project Manager II	Digital, Technology and Security	4
Business Solutions Integrator	Digital, Technology and Security	1
Supervisor, Fleet Services	Corporate Support	1
Manager, Strategic Planning	Corporate Planning	1
Planning & Dispatch Representative I	Distribution Customer Services	2
Senior Engineer, Operations Planning	System Control & Automation	1
Manager, Construction Services	Engineering, Integrity & Construction	1
Construction Superintendent	Dist. Engineering, Construction & Meter shop	2
Labour & Materials Administrator	Dist. Engineering, Construction & Meter shop	1
Pipeline Welder	Dist. Engineering, Construction & Meter shop	2

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2022 - 2023 FTE ADDITIONS		
Position	Department	# of Positions
Manager, Regulatory Compliance	Legal/Land	1
Public Awareness Administrator	Legal/Land	1
Land Acquisition Agent	Legal/Land	1
Communication Specialist	Strategic Communications	1
Engineer, Emissions	Environment & Sustainability	1
Leader, Emergency Management & Reg. Affairs	Human Resources & Safety	1
Data Analyst	Digital Technology & Security	1
Senior Analyst, CPMO	Finance	2
Manager, Billing Services	Finance	1
Commodity Manager	Gas Supply & Planning Group	1
Manager, Strategic Planning	Corporate Planning	1
Engineer, Customer Solutions	Customer Solutions	1
Service Technician	Customer Service Operations	1
Utility Operator	Customer Service Operations	1
Planning & Dispatch Representative	Customer Service	1
Supervisor, Operations Support System	Customer Service	1
Manager, Operations Effectiveness	Customer Service Operations	1
Manager, Maintenance Delivery	Customer Service Operations	1
Engineer, Operations	System Control	2
Gas Controller	System Control	1
Engineer, Distribution	Technical Support & Construction	1
Manager, Automation & Measurement Eng.	Technical Support & Construction	1
Engineer, Asset Information	Technical Support & Construction	5
Analyst, GIS	Technical Support & Construction	5
Project Managers	Technical Support & Construction	4
Drawing Administrator	Technical Support & Construction	1
CAD Technologist	Technical Support & Construction	1
Engineer, Electrical	Technical Support & Construction	1
Engineer, Measurement Engineering	Technical Support & Construction	1
Senior Engineer, System Integrity	Technical Support & Construction	1
Engineer, System Integrity	Technical Support & Construction	4
Labour & Materials Administrator	Technical Support & Construction	1

- c) Please elaborate on the major types of projects or activities that necessitate the additional FTEs.

The major types of projects or activities that necessitate for additional FTE's are customer projects already underway for SaskPower's natural gas plant near Moose Jaw, system expansion projects Regina West Reinforcement and Regina East Expansion that will develop an enterprise level facility plan to increase available delivery capacity in West Regina, positioning SaskEnergy to meet new customer demand and to meet the short-term and long-term deliverability needs of the distribution system on the east side of the City of Regina. Capital investment for safety and integrity continues to be SaskEnergy's top priority. The network of distribution infrastructure requires regular monitoring and inspection, maintenance, upgrading, and

replacement to maintain service reliability for customers, avoid public safety incidents, and meet growing regulatory requirements. SaskEnergy has contracted some of this work in the past and is proposing an increase in FTE's mainly in the construction staff compliment to realize capital cost savings as stated in Tab 6 page 5.

d) On page 13 of the Application SaskEnergy states that “[d]espite the high levels of growth and activity over the past number of years, SaskEnergy has effectively managed the required change in staffing levels. Productivity efforts realized have been critical to this resourcing management.”

i. Please indicate and quantify the specific factors that are driving the changes in staffing levels noted in the above quote.

Over the last few years, SaskEnergy has been focused on improving our overall organizational performance and eliminating redundancies. To that end, SaskEnergy reorganized the company to enhance our focus on customers.

ii. Are further material changes in staffing levels expected to be required after the 2022-23 test year? Please discuss in detail.

In a post-covid world, like many organizations, SaskEnergy is experiencing greater turnover rates. This, coupled with baby boomer demographics, results in more employee movement than we have experienced historically. It is anticipated that will need to hire more employees with on-going instability (lesser tenure/commitment).

iii. Would continuing at the current staff level negatively impact safety and reliability of the service? Please discuss in detail.

Our ability to provide safe and reliable service is constantly monitored and we do not reduce staffing levels if this will negatively impact our response to customers.

iv. With reference to Tab 10, page 3, why are FTEs forecast to remain constant from 2022-23 through 2024-25 despite notable increases each year since 2019-20?

In response to shifting market conditions indicating a decline in natural gas demand over the next few years, SaskEnergy adjusted its staffing strategy from expansion to sustainability. Further, economic instability caused by the COVID-19 pandemic negatively impacted the energy industry and reinforced the imperative for cost containment by only increasing FTE where there is a critical need. Strategically, through attrition, resources are being reallocated to meet business needs and there have been numerous organizational changes over the past year that will enhance SaskEnergy's ability to meet strategic imperatives while streamlining operational capabilities to improve productivity. Examples of initiatives undertaken by the Company, include:

- Digital, Technology & Security continues their transformation with the objective of having a clear vision, stability and alignment with the goal of reducing contractor costs, improving processes and capturing cost efficiencies.
- Ensuring activities and programs are clearly aligned with organizational principles around Plan, Build, Operate, Stakeholder and Support areas.
- Continuation of repatriation of embedded contract resources to full-time equivalents will reduce business risk, create alignment of business functions and allow for attrition planning.

- e) How much of the increase in base labour cost in the 2022-23 test year over 2021-22 forecast [increase from \$93.8 million to \$100.7 million] is attributable to FTE increases? How much is attributable to increases in salaries and wages. Please discuss in detail.

The increase in base labour costs in 2022-23 test year over the 2021-22 forecast attributable to FTE increases and cost per FTE is \$3.9 million.

The increase in base labour costs in 2022-23 test year over the 2021-22 forecast attributable to increases in salaries and wages is \$3.0 million.

- f) In Tab 10, page 5 SaskEnergy summarizes the number of contractors to FTE conversions from 2018-19 to 2022-23. Please quantify where the savings are reflected.

In 2018-19 through to 2020-21, SaskEnergy converted primarily Information Systems contractors which generated cumulative savings of approximately \$1.1 million in the contract analyst line item within External Services.

In 2020-21, internal resources were added to the Construction staff compliment in 2020-21 which resulted in cost savings of approximately \$700 thousand which are shown in the customer connection and the distribution system improvement capital investment.

In 2021-22 and 2022-23, SaskEnergy is forecasting cumulative capital cost savings of \$3.6 million which are shown in the customer connection and the distribution system improvements capital investment reflecting conversions of construction resources.

- g) Are any additional contractor conversions planned for 2023-24 or 2024-25?

No, there are no additional contractor conversions planned for 2023-24 or 2024-25.

- h) Please explain the basis for the increase in average base labour costs per FTE in the 2022-23 test year over the 2021-22 forecast [\$111.6 million over \$105.8 million].

- i. Please list and describe the factors that make up the increase.

The basis for the increase is as follows:

- 2% economic increase for in-scope employees
- 2% economic increase for out-of-scope employees
- 3% merit increase for out-of-scope employees
- 15 incremental full-time equivalents in 2022-23

- ii. Do any of the increases for the 2023-24 and 2024-25 test years consider the renewal of the collective bargaining agreement? If yes, please describe and quantify the factors which were considered.

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Yes, the assumed increases are 2% in 2023-24 and 2% in 2024-25 which amount to approximately \$1.3 million per year.

- i) With reference to the net labour costs table on page 3 of Tab 10, please provide:
- i. A version of the table showing gross labour costs (i.e., labour costs before any capitalization of overheads, adjustments for vacancies or other adjustments).
 - ii. A reconciliation of gross labour costs to net labour costs itemizing any reductions for capitalization of overheads, vacancies or other adjustments.

SASKENERGY INCORPORATED												
Labour Details												
(\$ 000's)												
	Actual	Actual	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Labour Details	2016/17	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25
WAGES - REGULAR	31,890	31,610	31,366	34,626	32,717	34,357	33,684	36,143	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	2,944	2,755	2,810	2,866
WAGES - TEMPORARY	2,528	2,417	2,329	2,453	2,557	3,241	4,529	3,050	5,731	8,310	8,476	8,646
VACATION ENTITLEMENT	3,504	3,427	3,394	3,793	3,396	3,701	3,721	3,997	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	2,446	2,542	2,593	2,645
SUBSTITUTION	283	345	299	344	223	385	383	390	356	326	333	339
SHIFT DIFFERENTIAL	13	12	12	13	12	13	13	12	15	13	13	13
PREMIUM	91	89	99	100	93	118	90	100	111	101	103	105
HOLIDAY PAY EXTRA	876	966	1,057	975	1,050	997	1,110	1,032	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	8,763	8,217	8,381	8,549
BUDGET ADJUSTMENT	774	(1,322)	(345)	(111)	(416)	1,733	(302)	1,526	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	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	2,743	3,132	3,252	3,382
EDO ACCRUAL PROGRAM	572	627	765	607	801	654	952	700	885	962	1,016	1,057
INCONVENIENCE PAY	215	254	369	240	404	252	428	334	406	421	437	455
OVERTIME (O/S)	105	114	126	134	247	135	141	115	160	155	161	168
HONORARIUMS	367	352	351	440	354	360	355	380	366	365	380	395
BENEFITS (IN-SCOPE)	9,665	8,679	9,575	9,998	9,807	10,119	10,138	10,757	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	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	211	200	200	200
SICK LEAVE	33	63	18	-	22	-	-	-	-	-	-	-
SEVERANCE PAY	-	563	551	-	392	-	1,083	-	113	-	-	-
SETTLING IN PAY-O/S	3	9	7	20	7	20	4	19	7	-	-	-
Total Net Labour	87,666	88,900	92,415	95,258	97,801	100,965	101,191	105,545	108,014	114,424	117,693	121,273
Vacancy Adjustment	-	-	-	(1,463)	-	(929)	-	(1,849)	(1,333)	(6,746)	(6,887)	(7,003)
Total Gross Labour	87,666	88,900	92,415	96,721	97,801	101,894	101,191	107,394	109,347	121,170	124,580	128,276

- j) Please provide an explanation for the increase in overtime costs in 2021-22 (\$8.9 million) and 2022-23 (\$8.372 million) compared to 2020-21 actuals (\$7.9 million).

SaskEnergy actively monitors its overtime costs. Overtime hours are driven largely from customer appointments and safety service calls. To ensure SaskEnergy is meeting its customer expectations, appointments may need to be made during non-business hours when customers are home from work. In addition, SaskEnergy is required to respond to after hours safety service calls throughout the province. On average SaskEnergy responds to 14,000 safety service calls per year.

These business requirements along with CBA negotiated wage increases account for the increase in overtime costs.

System Overtime Actual - Hours			
	2020-21	2021-22	2022-23*
Appointments	4,417	4,776	4,597
Asset Callouts	1,374	1,160	1,267
Customer	40	23	32
Customer Work	2,277	2,383	2,330
Field Generated	1,300	858	1,079
Maintenance	501	379	440
Other Driven	328	265	297
Project	213	153	183
Safety Service	13,406	14,112	13,759
Grand Total	23,856	24,109	23,983
* Forecasted			

- k) Please provide an update on the status of any negotiations related to the Collective Bargaining Agreement including when SaskEnergy anticipates a new agreement could be finalized?

Confidential Response

4. Reference: Communication, Public Relations, Fees, Dues and Community Contribution Costs

a) With reference to Tab 11, page 6:

- i. Please explain the material increase in Energy Efficiency Programs and Awareness expense in the 2022-23 forecast compared to 2020-21 actuals [from \$4.2 million in 2020-21 to \$8.2 million in 2022-23].

SaskEnergy is committed to helping customers make their energy dollars go further and reduce their impact on the environment. SaskEnergy’s rebate programs support homeowners and businesses with investing in upgraded, energy-efficient equipment, helping customers save energy and money and reduce emissions. In 2021, SaskEnergy committed to doubling its annual investment in customer efficiency programs to increase the rebates SaskEnergy offers to customers as part of its commitment to customers and the environment.

Energy Efficiency Spending Per Capita by Province

Province	Year	Program Spending Per Capita
Prince Edward Island	2019	\$80.49
Nova Scotia	2019	\$64.75
Manitoba	2019	\$45.74
Ontario	2018	\$41.62
New Brunswick	2019	\$31.87
Newfoundland and Labrador	2019	\$30.73
British Columbia	2018	\$29.43
Quebec	2019	\$29.21
Alberta	2019	\$8.10
Saskatchewan	2019	\$5.91

- ii. Please discuss if this cost category will continue to increase, or if SaskEnergy is expecting to maintain a level of cost based on past experience.

SaskEnergy is currently expecting to maintain the level of cost shown in the forecast. The forecast is subject to change based on new information or direction.

- iii. Please discuss if SaskEnergy anticipates energy efficiency spending will generate cost savings in other areas of the delivery revenue requirement, and if so, please identify and quantify any of these anticipated savings.

Cost savings in other areas of the delivery revenue requirement as a result of energy efficiency spending are not expected.

- b) With reference to Tab 11, page 6, please explain the increase in Business Telephones, Cellular and Network Services [increase from \$2.1 million in 2020-21 to \$3.1 million in 2022-23].

The majority of this increase (\$0.6 million) is attributable to network services more specifically new fibre sites at compressor stations, and implementation of multiple redundant wide area network (WAN) connections as well as multiple data centre interconnects between Saskatoon and Regina. SaskEnergy also had extra WAN connections between SaskEnergy Place and Regina. The cost increase was realized in 2021-22 and remains relatively consistent in 2022-23.

- c) Is SaskEnergy continuing to use CIC Imagine Canada guidelines to guide sponsorship and donations? Please explain and provide details on the proportion of net income spent.

SaskEnergy adheres to guidelines provided by CIC in 2012 for sponsorship and donations, which are based on Imagine Canada's suggested level of giving. CIC established the guidelines for all Crown corporations to limit total sponsorship spending to 1% of net income.

In 2021/22, Community Investment spending was \$532,782. The calculation for the actual sponsorship and donation % of net income is based on a 5-year rolling average. SaskEnergy's sponsorship and donation activities continue to fall below the 1% limit of net income in CIC's guidelines.

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Sponsorship & Donation Budget Year	2017-18	2018-19	2019-20	2020-21	2021-22
Actual Expenditure	\$367,756	\$290,896	\$347,019	\$298,226	\$532,782
Actual % of Net Income (actual 5-year rolling average)	0.47%	0.30%	0.31%	0.26%	0.45%

5. Reference: External Services

- a) What is the impact of the forecast increase in the number of FTEs to the volume of External Services? Would any of the new added FTEs replace some portion of the External Services? If yes, please provide a list of added positions showing expected replacement of the External Services for each position in dollars.

No, the newly added FTE's will not replace some portion of the External Services. As per Tab 6 page 5, the majority of the cost savings attributable to contractor conversion will be capital cost savings not external services operating cost savings in 2022-23 through to 2024-25.

- b) On pages 23 and 24 of the 2018 application SaskEnergy states that as of "August 2018 AMI natural gas modules had been installed on approximately 96% of customer meters. These gas modules are communicating through SaskPower's AMI system, and are sending automated meter reads to SaskEnergy's billing system. Manual meter reads are no longer required for these customers."

- i. Please provide an update on the penetration percentage of the AMI technology. What percentage of customers currently have AMI installed?

As of July 2022, AMI natural gas modules had been installed on 30pprox.. 99.6% of customer meters.

- ii. Please explain the basis for the increase in meter reading costs from 2020-21 actuals (\$2.0 million) to 2022-23 forecasts (\$2.25 million).

Every four years, we incur additional cost related to server hardware and maintenance, storage hardware and maintenance and storage licensing.

- iii. Do the AMI natural gas modules provide data which can be used for developing tiered volumetric rates or other rate options?

Currently we received daily register reads and hourly interval data from the AMI modules. Our CIS System is currently designed to receive one register read/month for billing purposes. Our current CIS system does have various rate classes based on usage. They include:

- Residential Rates: for costumers who consume up to 10,000 m3 annually.
- Commercial Rates:
 - Small commercial customers who consume up to 100,000 m3 annually
 - Large commercial customers who consume up to 660,000 m3 annually
- Industrial Rates – Industrial customers who consumes more than 660,000 m3 annually.

6. Reference: Intercompany Allocations

- a) In Tab 12, page 2, SaskEnergy notes that each year “business units are asked to revisit their rationale or methodology for apportioning their costs to ensure it is based on the key cost drivers identified.” Were any methodology changes for apportioning costs identified as part of this process? Please identify and discuss.

The most significant methodology changes are explained in the response to Question 6d. Further to that response, SaskEnergy continues to implement organizational restructures to align to changes in leadership and to refined corporate strategies and objectives which does not significantly change the overall distribution of costs between subsidiary companies of SaskEnergy.

b) In Tab 12, page 2, SaskEnergy states “The manpower budgets for the Distribution Division and TransGas form the basis for the allocation of corporate costs. This results in a corporate allocation that apportions 73% of costs to the Distribution Division and 27% to TransGas”.

i. Please provide the data and calculations used to derive the 73%/27% split.

Please see answer to ii. below

ii. Please provide a summary of the business units where the allocations are based on the 73%/27% split.

The data, calculations and summary of the business units that derive the 73%/27% split is as follows:

LDC

Executive VP, Customer Service Operations = 478.3 FTE

Executive VP, Infrastructure Delivery & Reliability = 202.0 FTE

Executive VP, Corporate Planning = 6.0 FTE

Total FTE = 686.3 FTE

TGL

Executive VP, Customer Service Operations = 122.8 FTE

Executive VP, Infrastructure Delivery & Reliability = 118.0 FTE

Executive VP, Stakeholder Engagement, Chief Legal Officer and Corp. Secretary = 10.0 FTE

Executive VP, Corporate Planning = 6.0 FTE

Total = 256.8 FTE

$686.3 \text{ FTE} / (686.3 \text{ FTE} + 256.8 \text{ FTE}) = 73\%$

The business units where the allocations are based on the 73%/27% are those that exclude service groups, digital technology and security and finance. In addition, any positions of leadership with

oversight of both the LDC and TGL operations are excluded from this calculation.

- c) Please provide a table comparing the total inter-company allocations to the Distribution Division for 2022-23, 2023-24 and 2024-25 assuming:
- i. The intercompany allocations as proposed in the application.
 - ii. The 2020-21 actual allocations as shown on page 31 of Tab 12.
 - iii. The 2021-22 forecast allocations as shown on page 31 of Tab 12.

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Inter-Company Allocations Comparison									
	2021 Delivery Rate Application Allocation %			2020-21 Allocation %			2021-22 Allocation %		
	2022-23	2023-24	2024-25	2022-23	2023-24	2024-25	2022-23	2023-24	2024-25
Service Groups									
INDIGENOUS ENGAGEMENT	672,344	682,688	693,602	460,509	467,594	475,070	460,509	467,594	475,070
EXECUTIVE	1,967,475	2,049,282	2,135,082	1,656,366	1,725,237	1,797,470	1,656,366	1,725,237	1,797,470
POLICIES, SERVICES & RATES	340,542	426,858	442,093	361,180	452,728	468,886	361,180	452,728	468,886
GAS SUPPLY	978,373	853,283	877,207	978,373	853,283	877,207	978,373	853,283	877,207
AUDIT SERVICES	119,679	122,125	124,692	158,933	162,182	165,592	53,616	54,712	55,862
BOARD OF DIRECTORS	321,975	332,282	343,051	321,975	332,282	343,051	321,975	332,282	343,051
LEGAL	1,556,401	1,587,162	1,619,484	1,556,401	1,587,162	1,619,484	1,556,401	1,587,162	1,619,484
LAND	486,399	495,607	505,127	378,310	385,472	392,876	378,310	385,472	392,876
COMMUNITY ENGAGEMENT	730,815	730,288	729,772	730,815	730,288	729,772	730,815	730,288	729,772
STRATEGIC COMMUNICATIONS	1,182,829	1,221,602	1,261,888	1,182,829	1,221,602	1,261,888	1,182,829	1,221,602	1,261,888
SAFETY & EMERGENCY MGMT	714,680	727,738	741,475	714,680	727,738	741,475	714,680	727,738	741,475
HUMAN RESOURCES	-	-	-	-	-	-	-	-	-
PRESIDENT'S OFFICE	-	-	-	-	-	-	-	-	-
EVP, CORPORATE PLANNING	414,921	185,576	194,088	406,208	181,679	190,012	406,208	181,679	190,012
Digital, Technology & Security									
EXEC VP, DIGITAL, TECHNOLOGY & SECURITY	-	-	-	-	-	-	-	-	-
BUSINESS PROCESS & ANALYTICS	-	-	-	818,083	832,164	846,970	1,075,627	1,094,142	1,113,608
NETWORKS & INFRASTRUCTURE	4,886,674	4,959,160	5,088,173	4,244,725	4,307,688	4,419,753	5,581,027	5,663,812	5,811,157
ENTERPRISE SECURITY	651,684	659,709	668,221	651,684	659,709	668,221	651,684	659,709	668,221
BUSINESS APPLICATION	6,524,195	6,556,021	6,591,174	6,207,870	6,238,153	6,271,602	6,943,325	6,977,196	7,014,607
Finance									
FLEET & CORPORATE SERVICES	1,078,069	1,106,187	1,132,272	1,014,653	1,041,117	1,065,667	1,078,069	1,106,187	1,132,272
STORES AND SALVAGE	-	-	-	-	-	-	-	-	-
BUILDINGS & SECURITY	-	-	-	-	-	-	-	-	-
PURCHASING	628,144	646,215	664,890	628,144	646,215	664,890	628,144	646,215	664,890
EXEC VP, FINANCE & CFO	-	-	-	-	-	-	-	-	-
PAYMENT SERVICES	425,983	427,446	429,009	425,983	427,446	429,009	425,983	427,446	429,009
BUSINESS MGR, BILLING & SUPPORT	477,514	493,910	510,942	477,514	493,910	510,942	477,514	493,910	510,942
TREASURY	670,772	696,555	723,377	670,772	696,555	723,377	670,772	696,555	723,377
DISTN ACCTG, BILLING SERVICES	3,427,162	3,434,854	3,442,828	3,427,162	3,434,854	3,442,828	3,427,162	3,434,854	3,442,828
COLLECTIONS	308,426	311,935	315,539	308,426	311,935	315,539	308,426	311,935	315,539
FINANCIAL ACCOUNTING & REPORTING	850,879	879,802	909,795	850,879	879,802	909,795	850,879	879,802	909,795
PAYROLL	-	-	-	-	-	-	-	-	-
ACCOUNTS PAYABLE	-	-	-	-	-	-	-	-	-
FINANCIAL PLANNING	88,923	92,297	95,802	88,923	92,297	95,802	88,923	92,297	95,802
Distribution Utility									
DOWNSTREAM SERVICE OFFERINGS	6,972,900	6,972,665	6,972,429	6,972,900	6,972,665	6,972,429	6,972,900	6,972,665	6,972,429
NGV STATIONS	-	-	-	-	-	-	-	-	-
EXEC VP, CUSTOMER SERVICE OPERATIONS	(1,429,353)	(1,466,095)	(1,503,561)	(2,381,302)	(2,442,515)	(2,504,933)	(1,429,353)	(1,466,095)	(1,503,561)
OPERATIONS TRAINING	237,890	233,392	229,048	237,890	233,392	229,048	237,890	233,392	229,048
CUSTOMER SERVICE TRAINING/DEV	53,982	53,791	53,617	53,982	53,791	53,617	53,982	53,791	53,617
CUSTOMER SERVICES	425,318	444,196	464,311	425,318	444,196	464,311	425,318	444,196	464,311
CUSTOMER SERVICES - NORTH	3,277,333	3,346,288	3,416,808	3,277,333	3,346,288	3,416,808	3,277,333	3,346,288	3,416,808
CUSTOMER SERVICES - NB/PA DISTRICT	-	-	-	-	-	-	-	-	-
CUSTOMER BUSINESS	2,619,025	2,690,551	2,760,345	2,619,025	2,690,551	2,760,345	2,619,025	2,690,551	2,760,345
CUSTOMER SERVICES - REGINA DISTRICT	-	-	-	-	-	-	-	-	-
CUSTOMER SERVICES - YORKTON DISTRICT	-	-	-	-	-	-	-	-	-
CUSTOMER SERVICES - MJ/SC DISTRICT	-	-	-	-	-	-	-	-	-
REGINA AREA GENERAL	800,502	829,848	860,440	826,159	856,446	888,019	800,502	829,848	860,440
REGINA AREA	7,832,782	7,974,480	8,114,498	7,832,782	7,974,480	8,114,498	7,832,782	7,974,480	8,114,498
SOUTH EAST AREA GENERAL	711,787	738,842	767,019	760,539	789,448	818,555	711,787	738,842	767,019
SOUTH EAST AREA	8,255,909	8,404,186	8,549,678	8,255,909	8,404,186	8,549,678	8,255,909	8,404,186	8,549,678
SOUTH WEST AREA GENERAL	384,739	398,707	413,275	401,048	422,869	445,627	384,739	398,707	413,275
SOUTH WEST AREA	5,102,641	5,184,543	5,261,694	5,102,641	5,184,543	5,261,694	5,102,641	5,184,543	5,261,694
SASKATOON AREA GENERAL	783,473	814,031	845,833	880,847	915,204	950,958	820,408	852,407	885,708
SASKATOON AREA	8,035,000	8,180,000	8,317,759	8,035,000	8,180,000	8,317,759	8,035,000	8,180,000	8,317,759
NORTH AREA GENERAL	883,263	914,396	946,897	828,059	857,246	887,716	899,211	930,906	963,993
NORTH AREA	9,158,173	9,295,179	9,445,928	9,158,173	9,295,179	9,445,928	9,158,173	9,295,179	9,445,928
OPERATIONS	151,525	156,922	162,522	315,677	326,921	338,588	315,677	326,921	338,588
OPERATIONS PLANNING & MTCE	3,802,295	3,789,535	3,777,202	3,802,295	3,789,535	3,777,202	3,802,295	3,789,535	3,777,202
WORKFORCE MANAGEMENT	150,325	154,600	159,051	300,651	309,201	318,102	300,651	309,201	318,102
SCHEDULING & DISPATCH SOUTH	2,095,084	2,138,960	2,183,908	2,380,778	2,430,636	2,481,714	2,380,778	2,430,636	2,481,714
SCHEDULING & DISPATCH 24/7	674,868	688,238	701,875	702,988	716,914	731,119	702,988	716,914	731,119
SCHEDULING & DISPATCH NORTH	-	-	-	-	-	-	-	-	-
OPERATIONS EFFECTIVENESS	673,053	699,850	726,191	1,373,577	1,428,265	1,482,021	1,373,577	1,428,265	1,482,021
CUSTOMER SOLUTIONS	3,042,892	3,102,218	3,164,045	3,042,892	3,102,218	3,164,045	3,042,892	3,102,218	3,164,045
CONSTRUCTION NORTH	1,161,965	1,215,910	1,241,674	1,161,965	1,215,910	1,241,674	1,161,965	1,215,910	1,241,674
DISTRIBUTION ENGINEERING	1,036,801	1,081,242	1,128,230	1,036,801	1,081,242	1,128,230	1,036,801	1,081,242	1,128,230
CONSTRUCTION SOUTH	1,087,097	1,131,700	1,156,366	1,087,097	1,131,700	1,156,366	1,087,097	1,131,700	1,156,366
LDC ASSET INTEGRITY & RELIABILITY PROGRAMS	2,650,000	2,524,500	2,499,255	2,650,000	2,524,500	2,499,255	2,650,000	2,524,500	2,499,255
INSTRUMENTATION NORTH	1,691,897	1,721,739	1,750,927	1,515,197	1,541,923	1,568,062	1,524,032	1,550,914	1,577,205
INSTRUMENTATION SOUTH	1,379,757	1,401,436	1,422,293	1,252,001	1,271,674	1,290,599	1,272,077	1,292,065	1,311,294
METER SHOP	2,283,850	2,324,766	2,366,738	2,283,850	2,324,766	2,366,738	2,283,850	2,324,766	2,366,738
Alloc Corp BU39 -Audit	436,828	445,757	455,127	459,796	469,195	479,058	421,183	429,803	438,838
Alloc Corp BU48-Env (H&S)	208,687	212,489	216,511	205,828	209,588	213,545	208,687	209,588	213,545
Alloc Corp BU49-Human Res.	3,089,229	3,169,727	3,253,768	3,046,911	3,126,306	3,208,196	3,046,911	3,126,306	3,209,196
Alloc Corp BU55-President's Office	861,505	890,764	922,818	849,704	878,562	910,177	849,704	878,562	910,177
Alloc Corp BU201	632,539	620,528	608,262	623,874	612,028	599,930	623,874	612,028	599,930
Alloc Corp BU202	3,686,422	3,749,877	3,816,592	2,912,374	2,962,506	3,015,213	2,679,675	2,725,801	2,774,297
Alloc Corp BU203	14,814,220	15,033,965	15,425,075	15,111,220	15,335,370	15,734,322	13,903,832	14,110,072	14,477,148
Alloc Corp BU205	3,267,510	3,307,745	3,350,426	3,222,749	3,262,433	3,304,530	3,222,749	3,262,433	3,304,530
Alloc Corp BU213	232,235	232,346	232,390	229,054	229,163	229,207	229,054	229,163	229,207
Alloc Corp BU214	791,327	810,525	830,490	780,487	799,422	819,114	780,487	799,422	819,114
Alloc Corp BU227	362,984	375,323	388,118	358,012	370,182	382,801	358,012	370,182	382,801
Alloc Corp BU3900	6,913	7,160	7,415	-	-	-	-	-	-
Alloc Corp BU4600	577,292	580,109	583,219	814,220	818,191	822,578	290,386	291,803	293,367
Alloc Corp BU220 - VP Fin & Admin	(356,195)	(362,055)	(367,917)	(351,316)	(357,096)	(362,930)	(351,316)	(357,096)	(362,930)
Alloc Corp BU230 - Accounts Payable	311,190	321,271	331,712	306,927	316,870	327,168	306,927	316,870	327,168
Alloc Corp BU232 - Payroll	279,139	284,085	289,136	275,315	280,194	285,175	275,315	280,194	285,175
Alloc Corp BU233 - Financial Planning	633,865	657,912	682,898	625,182	648,900	673,543	625,182	648,900	673,543
	135,327,320	\$137,156,734	\$139,621,863	\$134,583,808	\$136,424,280	\$138,886,576	\$135,569,537	\$137,426,539	\$139,906,747

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Inter-Company Allocations Comparison									
	2021 Delivery Rate Application Allocation %			2020-21 Allocation %			2021-22 Allocation %		
	2022-23	2023-24	2024-25	2022-23	2023-24	2024-25	2022-23	2023-24	2024-25
TransGas									
ENVIRONMENT	660,595	671,194	673,531	679,469	690,371	692,774	679,469	690,371	692,774
TRANS GAS CUSTOMER SERVICES	-	-	-	-	-	-	-	-	-
TGL CUSTOMER DIALOGUE	-	-	-	-	-	-	-	-	-
SYSTEM DESIGN & PLANNING	-	-	-	-	-	-	-	-	-
System Control	-	-	-	-	-	-	-	-	-
SYSTEM CONTROL	388,105	398,733	406,369	388,105	398,733	406,369	388,105	398,733	406,369
Infrastructure Delivery & Reliability									
EXEC. VP. INFRASTRUCTURE DELIVERY & RELIABILITY	30,109	30,168	30,178	157,235	157,543	157,594	168,387	168,716	168,771
PIPELINE ENGINEERING	38,274	38,172	36,964	44,505	44,386	42,981	44,505	44,386	42,981
ASSET INTEGRITY & RELIABILITY PROGRAMS	654,713	648,165	641,684	681,573	674,757	668,009	634,568	628,222	621,940
FACILITY ENGINEERING	113,732	115,626	111,234	82,414	83,787	80,604	82,414	83,787	80,604
STORAGE ENGINEERING	-	-	-	96,108	98,300	99,016	80,731	82,572	83,173
SUPPORT SERVICES	190,395	191,183	185,745	284,104	285,281	277,167	285,592	286,774	278,618
COSTS CAPITALIZED	-	-	-	-	-	-	-	-	-
ASSET INTEGRITY & RELIABILITY	1,313,403	1,361,122	1,384,686	1,495,044	1,549,362	1,576,185	1,383,265	1,433,522	1,458,339
CONSTRUCTION	63,802	67,115	67,986	32,223	33,896	34,337	32,223	33,896	34,337
Customer Service Operations									
MEASUREMENT ENGINEERING AND OP SUPPORT	279,994	288,293	293,674	322,493	332,052	338,249	323,743	333,339	339,560
INSTRUMENTATION NORTH	-	-	-	-	-	-	-	-	-
INSTRUMENTATION SOUTH	-	-	-	-	-	-	-	-	-
EXEC DIR TRANSMISSION OPERS	-	-	-	-	-	-	-	-	-
MAINTENANCE DELIVERY	722,767	741,219	753,058	-	-	-	-	-	-
OPERATIONS TRAINING	-	-	-	-	-	-	-	-	-
NORTH AREA	-	-	-	-	-	-	-	-	-
SASKATOON AREA	-	-	-	-	-	-	-	-	-
REGINA AREA	-	-	-	-	-	-	-	-	-
SOUTH EAST AREA	-	-	-	-	-	-	-	-	-
SOUTH WEST AREA	-	-	-	-	-	-	-	-	-
Total TransGas									
Alloc Corp - North	67,291	67,919	68,481	66,369	66,989	67,543	66,369	66,989	67,543
Alloc Corp - Saskatoon	35,302	35,634	35,953	34,818	35,146	35,460	34,818	35,146	35,460
Alloc Corp - Regina	-	-	-	24,689	24,897	25,111	24,689	24,897	25,111
Alloc Corp - Southeast	25,903	26,039	26,179	25,548	25,682	25,821	25,548	25,682	25,821
Alloc Corp - Southwest	98,231	98,837	99,460	96,885	97,483	98,098	96,885	97,483	98,098
Alloc Corp - Environment	137,781	139,992	140,479	-	-	-	-	-	-
Alloc Corp BUS6001 - Exec Dir Trans Ops	-	-	-	351	347	344	351	347	344
Alloc Corp BUS6100 - Plant Maintenance	-	-	-	23,129	23,719	24,098	23,129	23,719	24,098
	4,820,395	\$ 4,919,411	\$ 4,955,661	\$ 4,535,063	\$ 4,622,732	\$ 4,649,760	\$ 4,374,791	\$ 4,456,583	\$ 4,483,942

d) Please provide the rationale provided by each Business unit for the following allocation changes to the Distribution Division from the 2021-22 forecast to the 2022-23 forecast (as shown on page 31 of Tab 12):

- i Indigenous Engagement increasing from 50% to 73%

The Indigenous Engagement business unit is charged with the overall development, implementation, and evaluation of programs and services designed to meet SaskEnergy's/TransGas' Indigenous Policy objectives, while also providing SaskEnergy/TransGas employees with the knowledge and capacity to deliver on corporate business planning objectives as they relate to the Indigenous customer and/or their communities. The increased allocation shows a decision to align to the corporate allocation of SaskEnergy's resources which is 73% LDC and 27% TGL.

- i Executive increasing from 57.5% to 68.3%

The corporate allocation of SaskEnergy's resources continues to increase moving to 73% LDC and 27% TGL. Executive focus as defined in the corporate plan includes alignment with resource optimization, alignment with innovation and technology which focuses in the near term on some key corporate initiatives such as its ongoing

safety commitment, customer convenience, customer self-service, enterprise security, and analytics which are corporate initiatives. In 2021-22, the distribution division generated 77% of SaskEnergy's consolidated net income from operations vs. 23% in TransGas. However, the net book value of assets managed in the distribution is approximately 52% in comparison to TransGas (48%). In revisiting this allocation, SaskEnergy considered a rebalance of our current position applicable to assets managed and resource oversight and our leadership focus into the future.

i. Land increasing from 35% to 45%

The services land provides include acquiring easements, leases, fee titles and pay damages for LDC, TGL and MIPL Capital projects (direct bill for these services), Land Administration - renew leases, process Treaty Land Entitlements and subdivisions/closures, lease rentals and pay property tax equivalences for LDC, TGL and MIPL and administer the mitigation program for TGL (direct bill for these services) and administration and/or maintenance of MIPL assets and/or documentation. Public Awareness - educate landowners, general public, R.M.'s and First Responders in pipeline incidence prevention/response by doing personal visitations, open houses and mail outs. Estimated workload and Pipeline ratio (45% of km of pipeline is LDC and 50% is TGL).

iv. I-tech North from 69% to 76.6%

SaskEnergy consolidated its instrumentation services and support for measurement, data transfer, SCADA, pressure regulation and quality control work related to the gas transmission and distribution systems and facilities. Distribution of resourcing in 2022-23, 2023-24, and 2024-25 has increased to address a higher ratio of distribution facilities in comparison to transmission facilities.

v. I-tech South from 69.7% to 75.6%

SaskEnergy consolidated its instrumentation services and support for measurement, data transfer, SCADA, pressure regulation and quality control work related to the gas transmission and distribution

systems and facilities. Distribution of resourcing in 2022-23, 2023-24, and 2024-25 has increased to address a higher ratio of distribution facilities in comparison to transmission facilities.

7. Reference: Transportation and Storage Expense

a) SaskEnergy notes that TransGas last adjusted its transportation and storage rates on April 1, 2022.

- i. Please confirm that 2022-23 test year transportation and storage expenses are forecast using TransGas April 1, 2022 rates.

The 2022-23 test year transportation and storage expenses are forecast using an 8.9% increase to TransGas rates as of April 1, 2022.

- ii. If not confirmed, please provide details of the rate increase assumed for TransGas and the impact to transportation and storage costs.

The 8.9% increase was assumed based on budget numbers.

- iii. Please provide any details on TransGas rate increases assumed for fiscal years 2023-24 and 2024-25 forecasts.

The 2023-24 forecast assumes a 3.6% increase and the 2024-25 forecast a 0% increase.

b) Please describe any measures that SaskEnergy is taking in the test years and going forward to achieve greater efficiencies and to reduce transportation costs?

In Saskatchewan's climate, it is critical that sufficient transportation is contracted to meet the coldest days of the year. The amount contracted is based on the load forecast, and sufficient transportation to meet a one in twenty five winter is contracted. The best way to achieve greater efficiencies is by optimizing the transportation contracts in the commodity market, when they are not required by the utility. SaskEnergy has included a 'Margin on Asset Optimization' in "Other Revenue" in the Revenue Requirement (see Schedule 1.7 in the application – Page 71). In each test year, SaskEnergy has included \$1,820,000 for Asset Optimization.

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- c) With reference to page 10 and Schedule 1.1 of the Application, please provide the proportion of the total transportation and storage expense for delivery service that is attributable to carbon emissions tax for each actual and forecast year from 2016-17 through 2024-25.

Like most large emitters, carbon tax paid by TransGas is included in its O&M budget, and is not a separate line item on the bill.

Following is the actual paid for 2019, when the carbon tax was first implemented for large emitters. The forecast amount included in 2022, 2023 and 2024 is based on the status quo and does not include reductions in emissions that SaskEnergy/TransGas is planning.

TransGas: OBPS Costs Actual and Forecast		<i>*Forecasts assume status quo emissions</i>	
	Emissions Year	Cost per tCO ₂ e	Total Owing*
Actual	2019	\$20	\$ 905,000
	2020	\$30	\$ 1,428,270
	2021	\$40	\$ 1,804,000
Forecast	2022	\$50	\$ 2,660,000
	2023	\$65	\$ 3,400,000
	2024	\$80	\$ 4,141,000

- d) Please quantify, if any, the amount of transportation and storage costs attributable to gas retailers as the total Transportation Contracted Demand of 608,000 GJ/day includes 35,000 GJ/day for gas retailers as per the figure on page 49 of the Application.

There are no transportation or storage costs attributable to gas retailers. The figure on page 49 of the Application refers to the source of gas supply to meet the deliveries that day. Gas retailers only impact the commodity costs and therefore the commodity rate. If there are fewer gas retailers, then SaskEnergy will be required to purchase more natural gas on the spot market on a peak day.

- e) Please explain and provide detail of the rationale for the 19.2% increase from 2022-23 forecast over the 2020-21 actual [increase of \$53.5 million in 2020-21 to 63.8 million in 2022-23]. Please provide an estimate of the proportion of the cost increase that is attributable to increased contracted

transportation demand and storage versus the proportion attributable to TransGas rate or toll increases.

The portion of the increase in expense from 2022-23 forecast over the 2020-21 actual attributable to an increase in contracted transportation demand is \$200,500. The remaining portion is due to increases to TransGas rates. After having no rate increases for three years, TransGas put in service major system expansion projects that were required to meet the growth in provincial demand. Over the past 10 years, provincial demand for natural gas has grown over 75%. In addition, Saskatchewan became a net importer of natural gas, which required more facilities to receive incremental gas at major Alberta interconnects. TransGas rates increased 8% in 2021-22 and 8.9% in 2022-23. In the three years prior, TransGas had no rate changes. Looking forward, TransGas forecasts any foreseeable rate changes to be inflationary in nature.

8. Reference: Depreciation Expense

- a) Please confirm that changes in year-over-year depreciation expense relate primarily to additions to property, plant and equipment and not to changes to depreciation rates or methods. If not, please provide an explanation and summary of the impact of any changes made to depreciation rates since the last Delivery Service application.

There have been no changes to any depreciation rates since the last Delivery Service application and any changes to year over year depreciation expenses relate to asset additions. The depreciation rates have not been changed since the previous depreciation study in 2018.

- b) On page 34 of the Application SaskEnergy notes that the last depreciation study was completed in 2018 and depreciation studies are typically performed every few years.
- i. When is the next depreciation study anticipated? How does SaskEnergy plan to deal with any recommended changes relative to the current three-year application.

The next depreciation study will be completed and implemented with an effective date of April 1, 2023 – five years subsequent to the previous depreciation study. There will be no adjustment made to the current application.

- ii. Are any material changes to rates or methods anticipated in the next depreciation study?

There are no material changes expected to rates or methods.

- iii. Please discuss any potential impact the change in depreciation rates or methods may have on the test years actual results.

There are no material changes expected.

- iv. Please confirm if SaskEnergy is planning to update the depreciation expense and revenue requirement for the test years to reflect new depreciation study results. If confirmed, please provide a timeframe for the update. If not confirmed, please explain why not.

SaskEnergy is not planning to update the new depreciation study results as the results are not expected to be materially different than current rates.

- c) Please provide details regarding how the amortization of customer contributions is calculated and details on how this calculation has changed over time, if applicable.

The amortization of customer contributions is calculated using a cumulative balance of customer contributions net of accumulated amortization. The amortization rate is consistent to prior delivery service rate applications at 3%. Overall, the methodology has remained the same.

- d) Please provide details regarding how decommissioning assets and plant-in-service depreciation was calculated.
 - i. Please provide this in a format with the balance, depreciation rate, and calculated depreciation expense.

This breakdown was provided on Tab 18, pages 4 through 6.

- e) Now that litigation is complete, please explain in detail how SaskEnergy taking legal possession of the head office building is reflected in financial statements, and how this impacts depreciation expense.

The position paper outlining the full accounting treatment of the building purchase is attached.

The position paper and accounting treatment was confirmed by the External Auditor for the year ended March 31, 2022.

Please see Attachment 2

9. Reference: Interest Expense

- a) Please provide the actual and forecast interest rates for short term and long term debt for 2018, 2019, 2020, 2021, 2022, 2023 and 2024.

Please reference Tab 14 Page 4.

- b) With reference to Tab 14, page 4, please explain the increases in the outstanding short-term debt balance from 2020-21 actual [\$38.9 million] compared to 2021-22 [\$66.8 million], 2022-23 [\$141.4 million], and 2024-25 [\$243.0 million].

SaskEnergy's increase in short term debt balance is mainly driven by its capital expenditure plan. Please reference the financial statements provided in Question 1a. Capital investment almost doubles in 2022-23 through to 2024-25 in comparison to 2021-22 considerably exceeding its cash from operations.

SaskEnergy's new long-term borrowing assumptions are as follows:

2021-22 - \$0

2022-23 - \$0

2023-24 - \$50 million

2024-25 - \$0 – SaskEnergy plans to reissue \$50 million in long term debt when its current long-term borrowing of \$50 million matures in this fiscal year.

- c) With reference to Tab 14, page 4, please explain in detail how the average interest rates of 0.58% in 2022-23, 1.10% in 2023-24, and 1.31% in 2024-25 were determined. In particular, please discuss when the short term interest rate forecasts were prepared and SaskEnergy's current view of the reasonableness of these forecasts in light of the Bank of Canada's current overnight rate.

The average interest rates of 0.58% in 2022-23, 1.10% in 2023-24, and 1.31% in 2024-25 are determined through a calculated average of short-term debt balances over a period of twelve months. The total annual interest expense is divided by an average short-term debt balance reflecting an average short-term interest rate. Consistent to what is shown in tab 14 page 5, the short-term interest rate forecasts were prepared using bank forecasts as of June and July 2021. SaskEnergy acknowledges that short-term interest rates have increased by approximately 1.8% as of July 31, 2022 in comparison to the average rate shown for 2022-23 in Tab 14 page 4. SaskEnergy would consider revisiting the reasonableness of these forecasts in light of the Bank of Canada's overnight rate during a mid-term review process along with all other components within the delivery cost of service.

- d) Please provide a table that compares the forecast long-term debt outstanding balance, interest rate and interest expense included in the previous Delivery Service application with the information on page 6 of Tab14. Please quantify and comment on the materiality of any differences.

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Calculation of Average Cost of Debt (2022-23)					
	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			7,903,127		(13,390)
Debt Retirement Funds			(77,750,993)		(1,648,425)
Total as at Mar 31, 2023			600,152,134		24,605,685
Calculated Average Cost of Long Term Debt				4.10%	

Calculation of Average Cost of Debt (2019-20)					
	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 #36	2-May-00	2-May-20	11,814,000	6.67%	787,994
Bond #37	2-Jun-00	2-Jun-20	13,572,000	6.70%	909,324
Bond #38	3-Jul-00	3-Jul-20	8,585,000	6.57%	564,035
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
Avg. Forecast	1-May-19	1-May-49	75,000,000	3.89%	2,677,705
Total Long Term Debt			618,971,000		26,284,058
Amortization of Debt Costs			(5,130,713)		226,878
Debt Retirement Funds			(65,062,000)		(2,360,790)
Total as at Mar 31, 2020			548,778,287		24,150,146
Calculated Average Cost of Long Term Debt				4.40%	

There are no material differences in interest expense when comparing what is included in this delivery rate application to what was included in the previous delivery rate application.

- e) Please explain the material reduction in capitalized interest in the 2021-22 forecast compared to 2020-21 actuals and 2022-23 forecast.

SaskEnergy capitalized the CIS upgrade project in January 2021 which significantly reduced interest capitalization. Consistent to Tab 8 page 8 information system expenditure declined significantly in 2021-22 which meant limited accumulation of work in process and interest capitalization. The majority of distribution capital investment is capitalized and depreciated within the year expenditure is incurred for SaskEnergy.

- f) Please explain the increase in accretion expense in the 2022-23 test year [\$4.6 million] and future years compared to 2020-21 actuals [\$3.9 million].

Consistent to what is shown in the schedule provided in the response to question 9g, is as follows:

The increase in 2022-23 accretion expense compared to 2020-21 actuals is mainly attributable to an approximate \$14 million increase in the decommissioning liability with a small increase of 0.2% to the average discount rate.

The increase in 2023-24 accretion expense compared to 2020-21 actuals is mainly attributable to an approximate \$30 million increase in the decommissioning liability with a small increase of 0.1% to the average discount rate.

The increase in 2024-25 accretion expense compared to the 2020-21 actuals is mainly attributable to an approximate \$47 million increase in the decommissioning liability with a small increase of 0.1% to the average discount rate.

- g) Please provide a schedule showing the calculation of accretion expense for 2020-21 through 2024-25. Please also discuss how the discount rate was determined.

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Component	2020-21 Actual \$ in thousands	2021-22 Forecast \$ in thousands	2022-23 Forecast \$ in thousands	2023-24 Forecast \$ in thousands	2024-25 Forecast \$ in thousands
Ending Balance Decommissioning Liability	\$179,540	\$174,060	\$193,160	\$209,560	\$226,260
Average Discount Rate	2.2%	2.5%	2.4%	2.3%	2.3%
Accretion Expense	\$3,917	\$4,327	\$4,600	\$4,900	\$5,200

Discount rates are determined by Treasury based on the credit adjusted risk free rate based on the yield of Government of Saskatchewan bonds.

- h) Please provide a schedule showing the calculation of sinking fund earnings for 2020-21 through 2024-25, including the fund balances in each year.

Component	2020-21 Actual \$ in thousands	2021-22 Forecast \$ in thousands	2022-23 Forecast \$ in thousands	2023-24 Forecast \$ in thousands	2024-25 Forecast \$ in thousands
Debt Retirement Fund Balance as at Mar. 31	\$61,099	\$69,403	\$77,751	\$86,438	\$89,593
Average Debt Retirement Fund Rate	3.60%	1.90%	2.10%	2.30%	2.50%
Debt Retirement Fund Earnings	\$2,212	\$1,316	\$1,648	\$1,987	\$2,201

- i) Have there been any changes to SaskEnergy's long term debt and short term debt rates and sinking fund revenue since the filing of the Application?
- i. Please provide any updates since the forecasts used to prepare the application.

The distribution division's short-term debt rate as at July 31, 2022 is 2.39%. The long-term rates currently available to SaskEnergy are approximately 2.80%.

- ii. Will any updates on long term and short term interest rates and sinking fund revenue be included in any anticipated updates?

Yes, an update will be provided within the mid-term review.

10. Reference: Tax Expense

- a) Please provide an explanation for the year over year changes in Grants in Lieu of Taxes from 2020-21 actuals through forecasts for 2022-23 through 2024-25.

Grants in Lieu of Taxes in 2020-21 was \$705,000 and increased to \$792,000 in 2021-22. The primary variance (\$75,000) relates to amounts paid to the RM of Edenwold in 2021. That increase was due to building improvements made at the Regina Service Centre coupled with a Mill Rate increase in 2021.

The forecast period Grants in Lieu of Taxes was forecasted to be relatively consistent with 2020-21 levels overall with slight adjustments that net to approximately a \$12 thousand increase.

- b) Please describe how Grants in Lieu of Taxes are calculated. Are they based on asset values, revenues or some other metric?

Grants in Lieu of Taxes are calculated consistent to what is charged to SaskEnergy by the applicable towns, cities, and rural municipalities of Saskatchewan.

- c) Please confirm that the corporate tax expenses included in the revenue requirement for the test years reflect the expenses attributable only for the Distribution Division. If not confirmed, please provide an explanation.

Confirmed.

- d) With reference to the information on page 2 of Tab 13, please:
 - i. Provide a breakdown of the total actual dollar value of municipal surcharges paid to each municipality for 2020-21.

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TOWN NAME	<u>TOTAL</u> <u>(pd to Municipalities)</u>
Abbey	4,754.97
Aberdeen	14,359.32
Abernethy	4,948.72
Alameda	8,269.34
Albertville	2,848.64
Alice Beach	2,232.54
Alida	4,580.77
Allan	13,752.94
Alvena	2,260.72
Annaheim	5,547.60
Aquadeo	2,594.90
Arborfield	8,289.94
Archerwill	5,426.35
Arcola	17,379.21
Arran	794.95
Asquith	12,516.76
Assiniboia	62,435.75
Avonlea	11,886.73
Aylesbury	1,230.54
Aylsham	2,331.63
Balcarres	16,434.21
Balgonie	29,113.64
Bangor	656.66
Battleford	85,245.40
Beatty	1,321.81
Beechy	6,312.01
Bengough	10,873.70
Bethune	9,295.97
Bienfait	14,712.00
Big River	20,207.05
Biggar	54,759.33
Birch Hills	21,880.36
Bjorkdale	4,735.51
Bladworth	1,629.39
Blaine Lake	15,014.66
Borden	7,158.62
Bracken	809.20
Bradwell	3,795.59
Bredenbury	7,749.07
Briercrest	3,333.09
Broadview	18,126.51
Brock	3,780.36
Broderick	2,008.48
Brownlee	1,830.24
Bruno	15,041.39
Buchanan	6,773.63
Buena Vista	12,327.49
Bulyea	3,137.69

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Burstall	9,514.48
Cabri	12,783.28
Cadillac	3,057.60
Calder	1,871.95
Canora	53,581.64
Canwood	9,897.79
Carievale	4,955.74
Carlyle	37,792.94
Carnduff	23,744.05
Carrot River	25,522.93
Central Butte	12,680.56
Ceylon	2,829.01
Chamberlain	2,823.68
Chaplin	7,744.45
Chitek Lake	10,661.90
Choiceland	10,582.32
Christopher Lake	7,369.21
Churchbridge	18,278.71
Clavet	7,208.84
Climax	5,238.40
Cochin	5,479.13
Coderre	1,630.55
Codette	5,284.88
Coleville	10,899.58
Colonsay	10,424.61
Consul	3,300.12
Coronach	15,835.96
Coteau Beach	690.66
Craik	12,854.97
Craven	4,715.43
Creelman	3,254.58
Cudworth	18,747.33
Cupar	14,432.75
Cut Knife	16,433.34
Dalmeny	31,435.36
Davidson	28,529.27
Debden	9,555.06
Delisle	23,037.36
Denzil	4,417.79
Dilke	2,118.06
Dinsmore	9,140.28
Disley	1,353.51
Drake	5,410.57
Dubuc	1,707.11
Duck Lake	16,716.88
Duff	554.58
Dundurn	13,348.53
Duval	2,902.34
Earl Grey	5,805.03
Eastend	17,046.50
Eatonia	13,445.09

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Ebenezer	3,608.44
Edenwold	4,748.66
Elfros	3,022.31
Elrose	14,208.09
Endeavour	2,921.66
Englefeld	11,515.83
Ernfold	678.35
Esterhazy	58,707.05
Estevan	248,549.45
Eston	32,197.09
Eyebrow	4,248.60
Fairlight	873.08
Fenwood	1,414.44
Fillmore	7,289.54
Findlater	1,442.32
Flaxcombe	2,942.14
Fleming	1,772.69
Foam Lake	31,695.66
Forget	932.76
Fort Qu'Appelle	51,969.84
Fosston	1,733.86
Fox Valley	7,166.74
Frobisher	3,887.77
Frontier	8,280.52
Gainsborough	6,006.31
Gerald	2,569.97
Glaslyn	11,705.10
Glen Ewen	2,820.90
Glen Harbour	2,578.73
Glenavon	6,019.47
Glenside	1,225.97
Golden Prairie	1,401.86
Goodeve	1,440.20
Goodsoil	8,806.27
Govan	6,348.82
Grandview Beach	1,726.59
Gravelbourg	30,867.74
Grayson	5,680.97
Grenfell	30,363.94
Gull Lake	24,274.22
Hafford	10,417.98
Hague	20,491.87
Halbrite	3,898.94
Hanley	12,259.74
Harris	5,617.39
Hawarden	1,850.03
Hazenmore	1,650.07
Hazlet	3,329.93
Hepburn	14,841.73
Herbert	19,411.21

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Heward	685.99
Hodgeville	4,934.31
Holdfast	4,841.31
Hubbard	908.62
Hudson Bay	44,149.87
Humboldt	151,916.14
Hyas	3,268.72
Imperial	10,388.55
Indian Head	47,699.92
Invermay	6,535.41
Island View	2,554.03
Ituna	17,859.91
Jansen	3,689.24
Kamsack	49,037.48
Kannata Valley	2,952.42
Keeler	317.91
Kelliher	7,340.67
Kelvington	24,747.56
Kenaston	8,157.73
Kendal	1,459.77
Kennedy	6,124.91
Kenosee	6,220.09
Kerrobert	29,179.87
Killaly	1,468.59
Kincaid	3,906.23
Kindersley	127,225.77
Kinistino	19,404.48
Kinley	1,302.36
Kipling	27,540.15
Kisbey	5,491.06
Kivimaa-Moonlit Bay	4,416.57
Krydor	782.60
Kyle	12,812.18
La Ronge	33,478.83
Lafleche	11,934.32
Laird	6,102.44
Lake Lenore	7,142.37
Lampman	16,881.64
Lancer	2,079.94
Landis	4,805.63
Lang	4,336.73
Langenburg	28,024.30
Langham	27,923.38
Lanigan	33,639.64
Lashburn	19,557.35
Leader	24,635.40
Leask	10,153.18
Lemberg	8,115.68
Leoville	8,575.91
Leross	1,407.25
Leroy	12,013.29

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Liberty	2,145.33
Lintlaw	4,525.46
Lipton	8,154.14
Loon Lake	8,148.09
Loreburn	4,213.18
Love	1,634.66
Lucky Lake	8,058.47
Lumsden	38,691.54
Luseland	17,646.69
Macklin	42,534.89
MacNutt	2,180.04
Macrorie	2,131.36
Maidstone	27,962.61
Major	2,190.42
Makwa	2,565.71
Manitou Beach	9,731.25
Mankota	5,710.95
Manor	7,487.17
Maple Creek	56,184.44
Marcelin	4,016.30
Margo	2,386.03
Markinch	1,471.56
Marquis	2,526.61
Marsden	7,324.00
Marshall	10,574.41
Martensville	171,210.26
Maryfield	6,431.18
Maymont	4,519.33
McTaggart	1,767.47
Meacham	2,608.23
Meadow Lake	110,636.19
Meath Park	4,676.68
Medstead	4,411.33
Melfort	148,069.16
Melville	117,329.27
Melville Beach	762.64
Mendham	828.86
Meota	9,134.82
Mervin	4,177.04
Metinota	2,988.87
Midale	13,679.23
Middle Lake	6,670.26
Milden	6,224.54
Milestone	13,235.65
Minton	1,662.52
Mistatim	2,732.59
Montmartre	13,921.96
Moose Jaw	768,065.93
Moosomin	57,234.18

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Morse	6,940.88
Mortlach	6,809.14
Mossbank	11,113.47
Muenster	8,870.67
Naicam	18,107.88
Netherhill	758.46
Neudorf	7,838.86
Neville	1,815.89
Nipawin	98,249.09
Nokomis	12,433.53
Norquay	12,107.90
North Battleford	331,601.96
North Portal	3,786.06
Odessa	5,708.70
Ogema	9,463.98
Osage	649.59
Osler	20,254.74
Outlook	52,344.79
Oxbow	32,046.49
Paddockwood	3,335.53
Pangman	6,465.07
Paradise Hill	12,050.72
Parkside	2,941.99
Paynton	3,147.26
Pebble Baye	2,104.52
Pelican Pointe	702.64
Pelly	7,183.14
Pennant	3,634.86
Perdue	9,999.24
Pilger	1,905.03
Pilot Butte	44,888.90
Pleasantdale	2,336.07
Plenty	4,360.54
Plunkett	1,641.08
Ponteix	15,094.93
Porcupine Plain	20,796.23
Preeceville	28,627.52
Prelate	3,725.47
Prince Albert	764,052.45
Prud'homme	3,880.89
Punnichy	6,482.12
Qu'Appelle	15,362.96
Quinton	2,520.42
Radisson	12,180.25
Radville	19,502.60
Rama	1,839.04
Raymore	17,368.84
Redvers	22,251.25
Regina	4,331,578.60
Regina Beach	25,609.90

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Rhein	3,866.22
Richard	561.20
Richmound	4,111.80
Ridgedale	1,845.14
Riverhurst	4,277.38
Rocanville	20,876.26
Roche Percee	1,341.97
Rockglen	9,469.82
Rose Valley	7,905.98
Rosetown	68,747.93
Rosthern	43,490.59
Rouleau	10,230.33
Rush Lake	1,712.75
Saltcoats	10,938.50
Saskatoon	5,297,681.56
Sceptre	3,443.03
Scott	2,281.78
Semans	6,538.17
Shaunavon	51,135.40
Sheho	3,324.24
Shellbrook	35,908.08
Silton	2,608.55
Simpson	4,210.39
Sintaluta	3,052.27
Smeaton	4,855.64
Smiley	2,108.55
South Lake	3,909.99
Southey	19,425.05
Spalding	6,485.76
Speers	1,889.30
Spiritwood	26,577.33
Springside	10,508.81
Spy Hill	4,994.57
St. Benedict	2,184.86
St. Brieux	13,571.59
St. Gregor	4,048.99
St. Louis	9,005.43
St. Walburg	20,226.54
Star City	9,501.84
Stenen	2,703.31
Stewart Valley	2,644.60
Storthoaks	2,528.93
Stoughton	18,598.05
Strasbourg	20,576.31
Strongfield	1,659.13
Sturgis	15,366.99
Success	1,221.94
Sunset Cove	702.56
Swift Current	410,290.08
Tantallon	2,420.54
Theodore	9,046.33

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Tisdale	74,533.70
Togo	2,126.86
Tompkins	4,885.74
Torquay	5,107.07
Tramping Lake	1,991.98
Tugaske	2,597.78
Turtleford	12,986.20
Unity	59,979.40
Val Marie	3,953.44
Valparaiso	444.57
Vanguard	5,102.76
Vanscoy	10,760.43
Vibank	9,950.77
Viscount	8,038.48
Vonda	8,841.28
Wadena	35,615.99
Wakaw	23,721.23
Waldeck	5,025.16
Waldheim	22,485.18
Waldron	497.84
Wapella	7,805.42
Warman	195,859.90
Waseca	2,891.21
Watrous	45,832.07
Watson	19,943.13
Wawota	12,833.98
Webb	1,660.93
Weekes	2,180.36
Weirdale	1,555.80
Weldon	3,627.17
Weyakwin	830.60
Weyburn	235,370.19
White Fox	8,768.38
Whitewood	22,643.96
Wilcox	7,293.56
Wilkie	32,324.04
Willow Bunch	8,007.97
Windthorst	6,135.92
Wiseton	2,219.56
Wynyard	47,219.79
Yarbo	1,479.17
Yellow Grass	9,670.78
Yorkton	384,852.18
Young	6,848.55
Zealandia	2,231.74
Zelma	531.66
Zenon Park	6,000.74
TOTAL	18,182,215.23

- i. Confirm whether or not the municipal surcharge applies only to the delivery service rates or also to the commodity rate?

The municipal surcharge applies to both the delivery service and the commodity rates.

- ii. Confirm that an increase in delivery service rates will result in an increase to municipal surcharge revenues, all else being equal?

Confirmed.

11. Reference: Other Revenue

- a) Please describe the source of the Margin on Asset Optimization revenues provided in Schedule 1.7.

The LDC contracts sufficient storage deliverability and transport capacity to meet its customers needs for the coldest day experienced in the last 20 years and because of this, SaskEnergy's assets are not fully utilized particularly during a normal year. In order to reduce rates for customers, SaskEnergy optimizes these assets during "off-peak" times which helps reduce delivery costs.

SaskEnergy utilizes these assets in a variety of different ways in order to extract value. SaskEnergy's storage asset is utilized to inject gas during times of low prices in order for that gas to be sold at a later time period at a higher price. This is typically done during various months in the summer. These transactions are done simultaneously so that there is no price risk. SaskEnergy's transportation assets are utilized to move gas from one market to another. SaskEnergy utilizes its excess NIT to TEP capacity to bring gas in from AECO to either be sold at TEP or Empress. Due to SaskEnergy contracting for delivery service to meet its winter heating needs, during the summer period this transportation can be transferred to deliver gas to Empress instead which allows that gas to be moved down East.

- b) Please discuss the factors underlying the decrease in Margin on Asset Optimization revenues from 2019-20 actuals through 2024-25 forecasts.

At the time that the rate application was prepared, it appeared that the NGTL transportation shortage that had plagued the system the last couple of years, was finally resolved and the margins between markets were minimal. However, since the application was filed, part of the NGTL transportation expansion project that was set to bring on the required capacity to move gas freely to markets downstream of AECO, has been delayed and is now projected to be completed in Q1 2023. Because of this delay, there has been elevated spreads between AECO and TEP/Empress for the current year. If sufficient transportation capacity comes online, SaskEnergy anticipates the spreads between AECO and TEP/Empress to reduce once again which would align with SaskEnergy's original rate application revenue forecast.

- c) Please provide an explanation for the increase in forecast connect revenues in 2021-22 compared to 2020-21 and 2022-23.

In 2020-21, SaskEnergy waived the re-connect fees to customers who usually will have their natural gas service disconnected in the summer months for non-pay due to the pandemic. Being that these customers did not lose natural gas service, there was minimal revenue generated from them to re-connect their service. In 2021-22, those fees charged to the customer resumed however the 2022-23 through 2024-25 forecast was prepared consistent to how we operated in 2020-21.

12. Reference: Tab 8: Capital Expenditure Program

- a) Please provide a description of SaskEnergy's capital planning process, including how forecasts are prepared and how the capital expenditure program is reviewed and approved.

Planning, monitoring and approval of SaskEnergy capital expenditure happens within the Enterprise Project Portfolio Management process. Each capital planning group develops and maintains a multi-year capital plan focused on customer requests for natural gas service, system expansion to address security of supply, system integrity and reliability, technology enhancements, building purchases and major enhancements, environmental stewardship, and sustainability of tangible and intangible assets. This information is reviewed and recommended by a senior governing body known as the Investment Governance Committee

accountable to prioritize, monitor and seek approval from the SaskEnergy Executive Committee and the SaskEnergy Board of Directors. The Enterprise Project Portfolio Management process is facilitated by the Capital Project Management Office (CPMO). Forecasts are prepared and input by project managers into the chosen technology and reviewed by sponsors accountable for planning and ensuring execution of the capital expenditure plan.

- b) Please provide a table comparing the forecast and actual capital expenditures for the test years from the previous Delivery Service Rate Application including an explanation for any material variances from forecasts.

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	2019/20 Actual	2019/20 Forecast	2019/20 Variance
DISTRIBUTION			
Customer Connections	\$ 34.9	\$ 55.6	\$ (20.8)
System Improvements	48.5	67.6	(19.1)
Gas Measurement	5.5	6.8	(1.3)
Green Energy Initiatives	-	-	-
Tools/ Stations/GIS	0.8	1.6	(0.8)
Sub-Total	89.6	131.6	(42.0)
GENERAL PLANT			
Information Systems	10.2	25.7	(15.5)
Enterprise Security	-	-	-
Vehicles	2.1	4.9	(2.8)
Building/Furniture	4.2	12.1	(7.9)
Regulators	1.1	0.7	0.4
Sub-Total	17.6	43.3	(25.7)
Total Capital Expenditures	\$ 107.2	\$ 174.9	\$ (67.7)
Customer Contributions	\$ (17.6)	\$ (24.4)	\$ 6.7
Net Capital Expenditures	\$ 89.6	\$ 150.5	\$ (61.0)
Material Variance Explanation:			
SaskEnergy forecasted 3,600 net new distribution customers however only 2,459 were added in 2019-20. SaskEnergy forecasted providing new natural gas service to the Sturgeon Lake First Nation located in the Prince Albert / North Battleford area estimated at \$12.5 million that did not proceed in 2019-20.			
The majority of the System Improvement variance is due to a Saskatoon service tee upgrade program which came in significantly under budget as a result of the work stoppage in October 2019 (\$20 million forecast vs. \$13.3 million actual) due to the labour disruption. Further to Service Tee upgrades, System Expansion proceeded as planned but at a lower cost/service in the Regina area (\$3.7 million budget vs. \$2.6 million actual), Saskatoon area (\$3.8 million budget vs. \$2.7 million actual), and the Prince Albert area (\$3.8 million budget vs. \$2.2 million actual) due to the process improvements implemented from the Constellation Initiative.			
Information systems was significantly under the forecast as projects were deferred due to labour disruption and the pandemic as supporting the essential services took priority. 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 were both lower than the forecast. Access database replacements, network upgrade and expansion, and architecture tools did not proceed as planned in 2019-20.			

- c) With reference to page 4 of Tab 8, please provide an explanation for the variability in Distribution Division Customer Connect spending for New First Nation Reserves and in particular the variance between 2019-20 forecasts and actuals.

First Nation Reserve forecasts are based on information that is available during the budget process. First Nations included in the budget are based on quote values and have been identified that they will be proceeding in future years. However as First Nation plans and funding changes, the First

Nation may not proceed in the forecast year which results in variances between actuals and forecast. There are also instances where a previously served community will request additional services that were not known at the time of budgeting.

During the budget process for 2019-20, three First Nation Reserves indicated they intended to proceed with gasification however during the 2019-20 year, they did not proceed.

- d) With reference to page 4 of Tab 8, please provide an explanation for the decrease in forecast customer connect spending for rural mains and services from 2022-23 through 2024-25.

The rural mains and services category includes distribution facilities for large industrial customers. When TransGas prepared the forecast in the summer/fall of 2021, many large industrial customers had slowed their capital programs. As TransGas prepares the forecast for the upcoming budget year, we are anticipating an increase in capital required for industrial distribution facilities.

- e) With reference to page 5 of Tab 8, please provide an explanation for why the system improvement categories were redefined. If possible, please provide a version of the table on page 5 that uses a consistent set of categories across all years to permit year over year comparisons.

SaskEnergy implemented a formal Enterprise Project Portfolio Management (EPPM) process since the last delivery rate application. The EPPM process triggered a decision by our senior leaders involved in capital planning and execution to restructure how we plan, monitor, and execute system improvement capital investment. The system improvement categories were redefined to clarify the asset and the type of investment required on that asset. For example, categories such as inspections and surveys, mitigation, repair & overhaul, asset replacement and/or system improvements and enhancements for all SaskEnergy's facilities' assets. SaskEnergy continues to explore asset management, and this change has progressed SaskEnergy towards that milestone.

SaskEnergy is unable to provide a version of the table on page 5 that uses a consistent set of categories across all years. Year over year comparisons

will be available beginning in 2021-22.

- f) With reference to page 5 of Tab 8, please provide an explanation for the variances between forecast and actual system improvement capital spending for 2019-20 and 2020-21. In particular, please explain the material variances in Service upgrade spending.

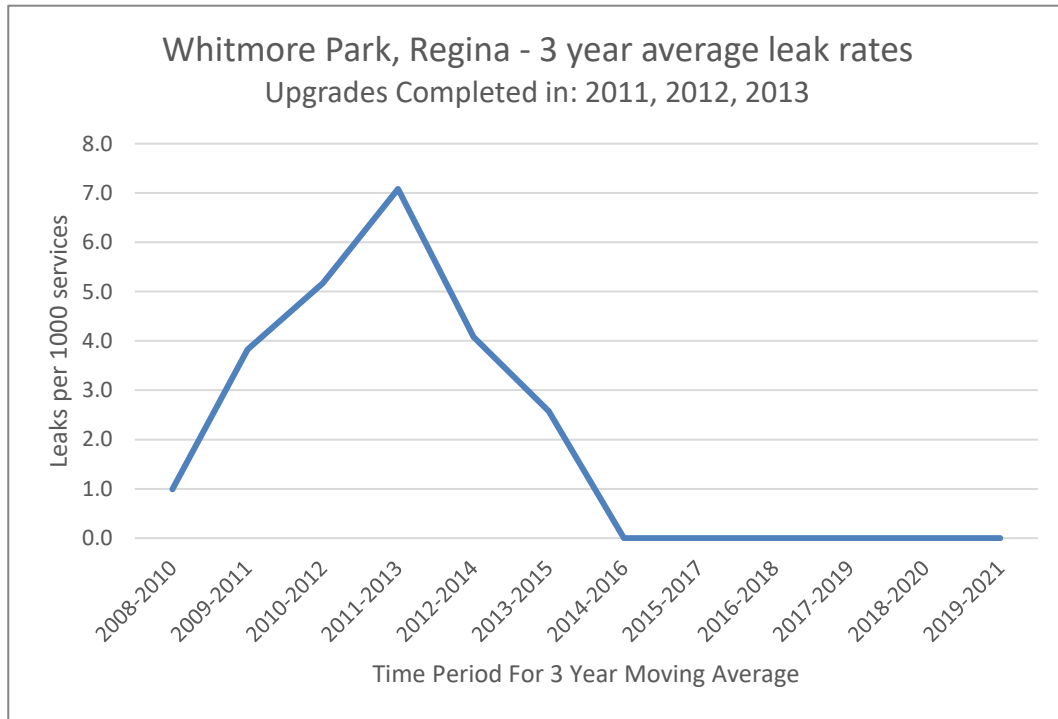
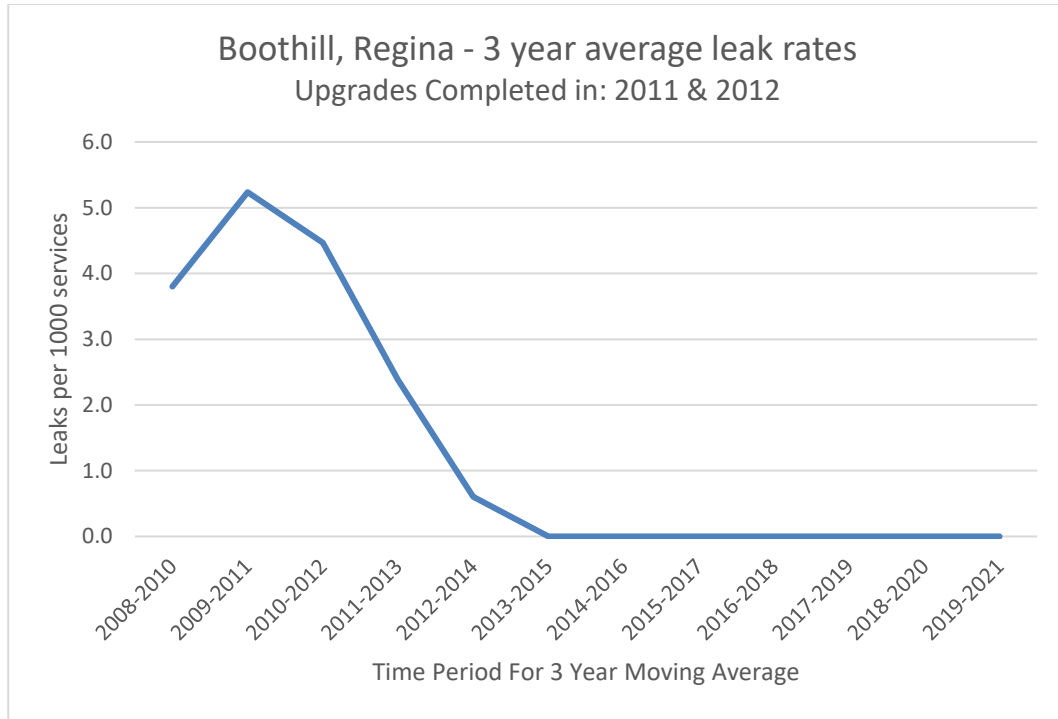
In 2019-20, The Saskatoon service tee upgrade program came in significantly under budget due to a work stoppage in October 2019.

Service upgrade investment involves a lot of direct interaction with customers in that work has to be done both inside and outside their homes.

In 2020-21, SaskEnergy recognized the sensitivities around its interaction with customers during the pandemic which meant this investment was put on hold for the majority of the fiscal year.

- g) With reference to page 6 of Tab 8, SaskEnergy states “The Service Upgrade Program is designed to produce a measurable decrease in gas leak incidents associated with service lines”. Please provide the data used to track these gas leak incidents for the most recent 5 years of actuals available and discuss the degree to which trends are attributable to the Service Upgrade Program.

When total gas leaks are viewed for entire distribution system it is difficult to see the decrease that is associated with the Service Upgrade Program, but it becomes obvious when a single neighbourhood is isolated and monitored over time. Neighbourhoods within Regina have been selected for upgrades due to higher leak rates and have now been fully upgraded which allows us to see the effect of the Service Upgrade Program over time. The neighbourhoods of Boothill, Regent Park and Whitmore Park had leak rates between 5 and 10 leaks per 1000 services when service upgrades were started. The upgrade removes the component prone to failure and also repairs other deficiencies found on the service line. After upgrades were completed the leak rate decreased to essentially 0 leaks per 1000 services as shown in the following graphs.



h) With reference to the table on page 8 of Tab 8 please provide an explanation for the increase in Gas Measurement capital spending for 2022-23 through 2024-25 compared to 2021-22 forecasts.

[The increase in Gas Measurement capital spending for 2022-23 through to](#)

2024-25 compared to 2021-22 is attributable to supply chain issues in 2021-22. Along with a shortage of material (i.e. computer chips), the industry is also experiencing a shortage of qualified labour at their factories in the United States and Mexico.

- i) With reference to the table on page 8 of Tab 8, please provide an explanation for the Green Energy Initiatives spending in 2022-23 through 2024-25.

Initiatives spending in 2022-23 – 2024-25 will focus on efforts to reduce our emissions from our Operations. SaskEnergy has identified and prioritized projects with three areas to reduce our emissions. Vent Gas Reduction is the first pillar and represents projects to conserve or flare natural gas vented at SaskEnergy facilities. The second pillar is Electricity Emission Reduction and includes reducing electricity consumption and utilizing renewable electricity generation. The third pillar is Optimization which includes design improvements, asset upgrades, procedure changes, and expansion of SaskEnergy's existing emission reduction initiatives.

- j) With reference to the table on page 8 of Tab 8, please provide an explanation for the increase in Building/Furniture capital spending forecast in 2022-23 through 2024-25 compared to 2021-22 forecasts.

The increase is mainly due to the assumption to purchase land and build a new Saskatoon Service Center. The plan is to purchase land in 2022-23 progressing to construction of the new facilities in 2023-24 and 2024-25.

The estimated total cost is approximately \$75 million.

- k) With reference to the table on page 8 of Tab 8, please provide an explanation for the decrease in customer contributions for 2022-23 through 2024-25 compared to 2021-22 forecasts when customer connections spending is forecast to increase for 2022-23 through 2024-25 relative to 2021-22.

As noted in question, 12 (d), distribution facilities for large industrial customers are included in this category. Because the forecast was for less growth in the large industrial sector, lower customer contributions were also forecast.

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- l) With reference to the table on page 8 of Tab 8, please provide and explanation for the decrease in spending on information systems in 2021-22 and the forecast increase in spending on information systems in 2022-23 to 2024-25.

In 2021-22, the digital, technology and security department was challenged with significant resource constraint. This reduced resource complement meant focusing primarily on projects that will enhance customer convenience and self-service (i.e., Customer Portal project) to deliver improved customer interactions and improving operational efficiency, revenue assurance, and customer experience (i.e., Install to Billing project). Technology modernization along with asset and information management have been delayed beyond 2021-22.

In 2022-23 through to 2024-25, SaskEnergy is planning to address the resource challenges and continue to address technology enhancements focused on physical asset management, information technology asset management, enterprise stakeholder relationship management, enterprise business technology platforms, customer convenience and self-service, operational efficiencies, revenue assurance, customer experience, and operational work management.

13. Reference: Tab 8: Planned Maintenance Program

- a) Please provide an estimate of the proportion of SaskEnergy’s total actual operations and maintenance expenses for 2018-19 to 2020-21, and forecasts for 2021-22 through 2024-25 that relate to the planned maintenance program.
- i. Please provide both the percentage of total O&M spending that relates to the planned maintenance program, as well as the total dollar amount each year.

	Planned Maintenance								
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23*	2023-24*	2024-25*
Planned Miantenance (Hours)	15,385	15,215	12,259	13,361	13,314	12,091	12,810	13,337	12,702
Total OM&A (Hours)	118,419	113,690	111,860	106,166	117,169	110,416	109,013	111,667	113,792
% of Total (\$)	13.0%	13.4%	11.0%	12.6%	11.4%	11.0%	10.7%	10.7%	10.7%
Planned Miantenance (\$)	\$ 15,038,535	\$ 15,079,899	\$ 13,980,642	\$ 16,493,898	\$ 14,954,187	\$ 14,184,985	\$ 16,524,566	\$ 16,524,566	\$ 16,524,566
OM&A Budget (\$)	\$ 115,752,000	\$ 112,680,000	\$127,569,000	\$ 131,062,000	\$131,603,000	\$129,542,000	\$154,962,000	\$154,962,000	\$154,962,000
*Forecasted									

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- i. Please provide the portion of O&M expense each year that relates to distribution mains and service lines vs. pressure regulation stations. Please also provide the portion of O&M expense each year that relates to maintenance of customer end point gas measuring equipment in compliance with Measurement Canada requirements.

	Regulator Stations vs Mains & Services								
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23*	2023-24*	2024-25*
Regulator Stations (Hrs)	11,813	11,813	8,697	8,623	8,337	7,597	8,660	8,480	7,967
Mains & Services (Hrs)	3,572	3,402	3,562	4,738	4,977	4,494	4,150	4,857	4,736
Total Planned Maintenance (Hrs)	15,385	15,215	12,259	13,361	13,314	12,091	12,810	13,337	12,702
Regulator Stations (\$)	\$ 11,546,975	\$ 11,708,107	\$ 9,918,307	\$ 10,645,227	\$ 9,363,899	\$ 8,912,564	2022-23*	2023-24*	2024-25*
% of Total (\$)	76.8%	77.6%	70.9%	64.5%	62.6%	62.8%	67.6%	63.6%	62.7%
Mains & Services (\$)	\$ 3,491,560	\$ 3,371,792	\$ 4,062,335	\$ 5,848,670	\$ 5,590,289	\$ 5,272,421	\$ 5,353,283	\$ 6,018,164	\$ 6,160,531
% of Total (\$)	23.2%	22.4%	29.1%	35.5%	37.4%	37.2%	32.4%	36.4%	37.3%
Total Planned Maintenance (\$)	\$ 15,038,535	\$ 15,079,899	\$ 13,980,642	\$ 16,493,898	\$ 14,954,187	\$ 14,184,985	\$ 16,524,566	\$ 16,524,566	\$ 16,524,566
*Forecasted									

Maintenance of customer end point gas measurement equipment through sample and recall meter exchanges for Measurement Canada compliance is now a capitalized cost.

14. Reference: Tab 9: Safety, Reliability and Environmental Issues

- a) Please provide a table that summarize the number of Third Party Line Hits by month each year since 2018.

Below Ground Line Hits with Gas Release													
Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
2017-18	6	16	22	32	19	26	30	13	6	3	2	3	178
2018-19	6	22	25	20	20	22	22	12	9	8	1	1	168
2019-20	9	23	21	32	21	25	27	10	2	2	2	6	180
2020-21	5	15	27	26	25	19	30	17	5	3	3	3	178
2021-22	8	23	23	23	26	22	32	17	7	5	2	6	194

- b) Please provide the annual costs for the damage prevention program (described in Tab 9, page 3-4) – actuals from 2018-19 through 2020-21 and forecasts for 2021-22 to 2024-25. What are key elements of these costs and where are these costs included in the capital or operating budgets?

Annual costs are summarized below. These costs are included in operating budgets.

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Damage Prevention Program Annual Costs							
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Line Locating†	\$4,003,740	\$3,931,319	\$4,679,320	\$4,844,455	\$4,500,000	\$4,500,000	\$4,500,000
External Interference General†	\$404,509	\$502,618	\$455,352	\$393,835	\$415,400	\$415,400	\$415,400
Total	\$4,408,249	\$4,433,937	\$5,134,673	\$5,238,291	\$4,915,400	\$4,915,400	\$4,915,400
† The annual forecast for line locating activities is based on an average from the actual costs incurred in prior years. † External Interference General budget category includes distribution focused activities such as: safety patrols, encroachment investigation, site protection / signage, public awareness initiatives, distribution crossings, and 0.5 of an FTE program lead dedicated to Damage Prevention.							

- c) Please provide further details regarding the incorporation of new leak survey technologies/processes as described at page 30 of the Application and how this has impacted the number, frequency, severity and/or types of leaks detected. Please provide further details and, if possible, quantify any impacts on fugitive emissions monitoring and reduction.

Specialized leak survey contractors have incorporated more advanced leak survey technology into their process. SaskEnergy has worked closely with them to trial, develop, and tailor this new technology to SaskEnergy’s system.

The number of leaks found each year is largely dependent on the actual number of leaks that have occurred since the last survey but can be affected by the capability of the leak surveyor and their equipment. In the past very small leaks may not have been detected unless they grew in size. Over the last five years, the number of leak survey found leaks versus the number of leaks reported by the public has increased by approximately four times. Due to the greater sensitivity of this equipment, SaskEnergy’s leak survey contractors can detect natural gas at very low concentrations before they have a strong enough odour to be detected by the public. This technology has also allowed SaskEnergy to detect very small leaks on welds completed during the original installation of the system decades ago. Earlier leak detection times will also have the added benefit of reducing the total volume of fugitive emissions present on SaskEnergy’s system.

Currently, our pipeline leak survey contractors are unable to quantify the total impact of fugitive emissions, however, SaskEnergy has inquired about this capability and will continue to work with leak survey going forward to further develop this function of the technology.

While the underground leak survey program has a safety and integrity

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focus, SaskEnergy completes above ground surveys as well. These leaks are surveyed under LDAR (Leak Detection and Repair) Program, which has an more singular emissions focus.

- d) Please describe and provide further details regarding the risk-based approach used by SaskEnergy to ensure that “all expenditures are evaluated and that the highest ranked risks are mitigated first” as described in Tab 9, page 3.

Asset integrity and reliability capital expenditures are approved under SaskEnergy’s Capital Investment Governance Policy. Work or expenditures that are of a similar nature (e.g. similar asset type or scope of work) are grouped into “programs”. These programs have a relative risk ranking to one another, which is used to determine prioritization at a high level. Examples of factors that establish this program risk ranking can be personal safety, failure/loss of pressure containment, reliability, and equipment obsolesce to name a few.

Within these programs, individual expenditures (projects) are prioritized at a more granular level, using similar factors as noted above. At a project level, some work is assessed using very detailed quantitative measures (for example pipeline integrity) while other programs may rely on more qualitative measures (for example civil improvements). These programs are reviewed on a yearly basis and assessment tools are continually being created and refined.

- e) Please provide the actual spending on safety and integrity measures for each year from 2019-20 to 2020-21 and forecast spending for 2021-22 and 2024-25.

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

The increase in the forecast of the outer years is rebalancing the focus on integrity spend. In 2019-20 and 2020-21, the spend was reduced and the priority was on immediate high-risk work. Now the forecast is returning to a more proactive plan – risk mitigation vs the reactive and immediate focus in those last two years. There is an immediate increase in spend to catch up on some deferred work and will level off to a more sustainable spend.

- f) Please provide information regarding how SaskEnergy’s safety and reliability measures compare with other available industry metrics (for target leak rate and level of spending directed at safety and integrity initiatives). If relevant, please explain any differences or changes in results between SaskEnergy and industry metrics provided.

2020 Third Party Damage Rate Per Thousand Locate Requests - SaskEnergy vs. Industry

Industry = 2.4

SaskEnergy = 1.6

- If SaskEnergy's third party damage per thousand locate request rate matched industry average, SaskEnergy would experience ~100 more third-party damages annually

*Only third party damages are being considered and compared as industry leak rate information due to other causes is not available

SaskEnergy - 2017-18 vs. 2021-22 Leak Rates

2017-18 Leak Rates

2021-22 Leak Rates

Per 1,000 Services

1.94

Per 1,000 Services

1.31

Per 1,000 km Mains

12.62

Per 1,000 km Mains

9.02

- Industry current leak rates are not published in the 2020 Canadian Gas Association Corporate Profile report therefore a direct comparison of company leak rates over a five-year period was noted.

- SaskEnergy's efforts towards improving the safety and reliability of the system has resulted in a reduction of ~3 leaks/1,000 km of mains (~25% reduction), where on a provincial scale equates to a total reduction of ~250 leaks annually.

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2020 System Improvement & O&M Total Spending - SaskEnergy vs. Industry

<i>Annual Spend per KM (Mains & Services)</i>		<i>Annual Spend per 10⁶m³ of Gas Throughput</i>	
SaskEnergy		SaskEnergy	
(\$ spend / km of dist. pipeline)	\$2,750	(\$ spend / 10⁶m³ of gas throughput)	\$123,510
SaskEnergy Plant Information (Distribution-only)		SaskEnergy Operational Information	
Mains (KM)	71,292	Total Gas Throughput (10 ⁶ m ³)	1,740
Services (KM)	6,997		
Total (KM)	78,289		
Industry		Industry	
(\$ spend / km of dist. pipeline)	\$5,050	(\$ spend / 10⁶m³ of gas throughput)	\$50,240
Industry Plant Information (Distribution-only)		SaskEnergy Operational Information	
Mains (KM)	302,491	Total Gas Throughput (10 ⁶ m ³)	49,900
Services (KM)	193,547		
Total (KM)	496,038		

Note: 10⁶m³ = Million Cubic Meters

- g) Please provide a table that updates information included in Pre-Ask #15 from the 2018 Commodity and Delivery Rate Application and that shows target and actual leak rates per 1000 km of main each year from 2018 to 2021 and provides an explanation for any year over year increase or decrease.

Target vs. Actual Combined Leak Rate per 1000 km of Main (2017-18 to 2021-22)

Year	Actual Leak Rate	Target Leak Rate	Explanation for Increase/Decrease
2017-18	12.62	5.52	This number is above target due to a new threat type being identified in Saskatoon in December 2017. An increased number of leaks were found due to the curb valve issue in Saskatoon.
2018-19	10.10	6.13	This number is above target due to the continuing curb valve issue in Saskatoon. This new threat type is being addressed through an expanded service upgrade program.
2019-20	8.53	5.3	This number is above target due to the continuing curb valve issue in Saskatoon and the increased number of 5/8 steel tubing leaks found in the Uplands neighborhood in Regina.
2020-21	8.72	6.4	This number is above target due to above average external interference and incorrect operation incidents, in addition to the full implementation of advanced mobile leak survey technology resulting in a higher number of leaks at lower concentrations being found by leak survey.
2021-22	9.02	6.4	Unfavourable weather was a contributing factor to the type of leaks found in both, Saskatoon and Regina. This resulted in a higher number of natural forces and degradation-type leaks being found.

- h) Please provide a table that updates the actual leak rates/1000 km of main in format similar to Pre-Ask #16 from the 2018 Commodity and Delivery Rate Application. Please include the leak cause and total annual spending each year from 2018 to 2021.

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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	10.1	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	2.4

* 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.

- i) Please provide more information regarding the annual customer satisfaction research referenced at page 3 of Tab 9. Please provide the most recent survey and results.

SaskEnergy contracted Inshtrix Research Inc. to conduct annual customer satisfaction research from July 13th to July 20th, 2021. A total of 803 surveys were completed through the SaskWatch Research® online panel. Demographic quotas were representative of Saskatchewan and SaskEnergy's customer base.

The following statements were rated on a 10-point scale where the higher the rating, the stronger the respondent agrees with the statement assessing SaskEnergy's commitment to safety. The results are:

- SaskEnergy has qualified employees who behave in a safe and responsible manner' scored 8.5/10.
- SaskEnergy places a high priority on safety' scored 8.7/10.
- SaskEnergy is makes improvements to their natural gas pipeline and distribution system to enhance safety' scored 8.3/10.
- SaskEnergy educates and informs the public on natural gas leaks' scored 8.2/10.

The following statements were rated on a 10-point scale where the higher the rating, the stronger the respondent agrees with the statement assessing SaskEnergy’s commitment to reliability. The results are:

- SaskEnergy invests in infrastructure to provide reliable services’ scored 8.4/10.
- SaskEnergy provides reliable service to your home’ scored 9.0/10.

The following statement was rated on a 10-point scale where the higher the rating, the stronger the respondent agrees with the statement assessing SaskEnergy’s commitment to addressing environmental issues. The results are:

- SaskEnergy provides energy in an environmentally responsible manner’ scored 8.1/10.

j) Please provide a table that updates the information provided in Pre-Ask #17 from the 2018 Commodity and Delivery Rate Application, please explain any factors underlying changes in Total Recordable Injury Frequency Rate and PVC Frequency Rate.

Times below are average travel times to safety service calls in minutes.

Actual Average Response Time and Location of Safety Calls

Year	Response Time (All Safety Calls)	Rural Response Time	Urban Response Time
2017	25	39	24
2018	25	39	23
2019	25	41	24
2020	25	40	24
2021	26	40	24
2022*	26	41	24

* Forecasted

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Actual Lost Time Injuries, Medical Aids and Preventable Vehicle Collisions

	2010	2011	2012	2013	2014	2015	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Lost Time Injuries	13	20	13	11	10	7	11	13	9	13	7	16
Medical Aids (MA)	11	11	15	13	12	11	4	9	10	9	7	9
Preventable Vehicle Collisions (PVC)	33	23	39	30	22	20	22	27	17	12	18	25
Total Recordable Injury Frequency Rate*	2.51	3.24	2.91	2.46	2.22	1.86	1.63	2.43	2.08	2.31	1.43	2.56
PVC Frequency Rate**	2.69	1.83	2.94	2.35	1.69	1.48	1.74	2.12	1.40	0.95	1.30	1.93

*Corporate Total Recordable Injury Frequency Rate is the sum of the Lost Time Injuries and Medical Aid multiplied by 200,000 and divided by total hours worked

**Corporate PVC Frequency Rate is the number of Preventable Vehicle Collisions by 1 million and divided by the total KMs driven

- k) With regard to Environmental Issues reviewed in Tab 9, page 5, it notes the primary measure for environmental protection in the distribution system is emissions from operations, the secondary measure is number of spills/gas releases, and the third relates to non-compliance to environmental regulations.
- i. Please indicate how continuous improvement for each of these measures is tracked, and if available provide results for prior actual years and targets for the test years.

Continuous improvement for all environmental measures within the environmental management system occur using the annual cycle of; plan, do, check, act. Annual plans are executed, any issues and/or gaps are identified and plans documented to address those gaps.

Emissions: Emissions are heavily regulated and compliance of these regulations is the standard. In addition to regulations, SaskEnergy has a target to reduce our emissions from our operations of 35% by 2030. The target was initiated this year, a roadmap has been completed and will be executed on over the next 7.5 years to achieve the goal. Actual emissions data will be compared to the 2019 baseline on an annual basis. Improvements in the roadmap and project plans will be adjusted if emission reductions are not being achieved.

First year target

Spills/Gas Releases: Spill and release are classified as an incident and are investigated accordingly. Any recommendations or corrective actions identified in the investigation are addressed and incorporated into procedure and process changes as required.

Target: Number of Spills/Gas Releases

2021: 3 2020: 3 2019: 5

Non-compliances: Non-compliances are identified through audits. Various audits are conducted annually both internally and from the regulator. Non-compliances identified in audits will have a corrective action assigned to the appropriate individual and assigned a due date. Corrective actions are completed which drive continuous improvement.

Target: Externally identified Non-Compliances (found by regulator)

2021: 1 2020: 8 2019: 13

- ii. Please discuss further the specific activities related to achieving continuous improvement of environmental protection within the distribution systems by each of the three key measures noted at page 5, and outline related costs (if available, actuals since 2019-20 and forecasts for the test years) and where these are itemized in the revenue requirement.

Continuous improvement for the emissions measure is found in the Green Energy Initiatives for capital expenditures and identifies the focus of emissions reductions with the forecasted spend. The three main focus areas for emissions reduction activities are: Vent Gas Reduction, Electricity Reduction & Optimization. The 2021-22 year spend, and focus was on the creation of the emissions reduction roadmap and the prioritization of projects in order to achieve the 2030 target. Future years spend will be on the execution of prioritized projects with in the three areas to achieve the target.

Continuous improvement in all other areas of environmental protection have costs within SaskEnergy's OM&A budget and accounts. SaskEnergy's GIS based Environmental Screening Tool was identified and implemented as a continuous improvement in 2020-21. The tool has been an effective improvement compared to paper-based checklists used previously by field technicians. The tool has reduced time to complete the environmental process and reduced non-compliances as the automation leaves less room for human error. Another area of continuous improvement within environmental protection is the 3-year review cycle for the Environmental Protection Standards (EPS). This internal standard is endorsed by SaskEnergy's environmental regulators and contains standards, procedures, and work instructions for SaskEnergy employees, construction crews and contractors who perform work at or on SaskEnergy sites and facilities. The formal review cycle is based on continuous improvement and incorporates any regulatory changes and/or audit findings. This allows SaskEnergy to be proactive and focus on spill prevention versus spill response in an effort to reduce our spills and gas releases. It is also an effective tool to reduce non-compliances in our environmental activities.

- l) With regard to emissions reductions, Tab 9, pages 5-6 notes the requirement for significant effort in three priority areas (Vent Gas Reduction, Renewable Electricity, and Optimization) over the next few years to achieve the 35% emissions reduction target.
- i. Please discuss further key activities being planned in each of the three priority areas, how planned actions will help meet the stated targets; and related costs for each of the three priority activities as included in the revenue requirement for the test years;

Vent Gas Reduction is the first priority area and represents projects to conserve or flare natural gas vented at SaskEnergy facilities. Venting emissions account for approximately 25% of SaskEnergy's annual greenhouse gas emissions. Reducing vented emissions is considered the highest priority category for emissions reduction. The second priority area is Electricity Emission Reduction and includes reducing electricity consumption and utilizing renewable electricity

generation. Electricity emissions currently account for about 5% of SaskEnergy's total annual emissions and can be totally eliminated over time by installing low or zero emissions technologies such as solar, wind, and pressure energy recovery systems. These projects can have higher up-front capital costs, however their lifetime return on investment is favourable. The third priority area is Optimization which includes design improvements, asset upgrades, procedure changes, and expansion of SaskEnergy's existing emission reduction initiatives, such as:

- Optimizing engine usage
- Converting conventional line heaters to CWT (Cold Weather Technologies) or other high efficiency heaters
- Compressor rod packing Slipstream systems
- Expand scope and frequency of LDAR (Leak Detection and Repair) program
- Instrument air conversions and lower bleed pneumatic devices
- Planned compressor station retirements

Full costs for each area are still being compiled based on priority to execute in order to achieve the 35% reduction by 2030. Costs for the 3 areas are found in the capital expenditure table for Green Energy Initiatives.

- ii. Please discuss further any issues or concerns related to achieving the 35% reduction target. Please describe the potential revenue requirement cost impacts related to making progress towards the target; as well as any risks/impacts related to the target not being achieved; and

The most significant challenge is the rapidly changing environment in regards to climate policy. Much of the work SaskEnergy has identified in emissions reductions to achieve the 35% by 2030 target

will most likely be regulatory requirements. This may require SaskEnergy to complete the emissions reduction work prior to 2030. To mitigate this risk, SaskEnergy has build a flexible roadmap with the three priority areas that will operate as a living document and will be adjusted and re-prioritized on a continual basis. There will be cost implications if SaskEnergy is required to reduce emissions in a condensed timeline due to regulatory requirements.

- iii. Please outline how both the progress on emissions and costs are to be tracked and confirmed on an annual basis.

Annual emissions inventory and reporting is a regulatory requirement for SaskEnergy and is reported in tonnes of carbon dioxide equivalent (CO₂e) This will continue to be tracked and compared to the 2019 emissions baseline in order to track SaskEnergy's results to the 35% by 2030 goal. This equates to approximately 3.5% tonnes CO₂e reduction per year. Costs related to emission reduction projects & activities will be tracked in SaskEnergy's capital expenditures Green Energy Initiatives report.

- m) Please outline any programs being implemented by SaskEnergy to assist customers on reducing their own use/emissions. What are the costs and/ or benefits of these programs to customers and to SaskEnergy?

SaskEnergy is currently in market with the Residential Equipment Replacement Rebate (RERR), the Commercial Boiler Rebate (CBR), and the Commercial Space and Water Heating Rebate (CSWHR).

Launched on July 1, 2022, the RERR is for homeowners who are upgrading existing space and water heating equipment in their homes with more efficient equipment. Replacing old equipment with newer, high-efficiency models will help lower customer energy bills, increase their homes' comfort, and reduce greenhouse gas (GHG) emissions. Rebate amounts vary depending on which equipment is being replaced (see table below). SaskEnergy has a residential program budget of \$3.9M for the 2022-23 fiscal.

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Eligible Equipment	Rebate
Furnace - 96.0% – 96.9% AFUE	\$325 per unit
Furnace - 97%+ AFUE	\$650 per unit
Boiler - 95%+ AFUE	\$10/MBH (up to \$2,000 per home)
Combi boiler - 95%+ AFUE	\$800 per unit
Heat Recovery Ventilator* (HRV) - ENERGY STAR® certified	\$100 per unit
Tankless Water Heater - ENERGY STAR® certified	\$1,000 per unit
Condensing Water Heater - ENERGY STAR® certified	\$1,000 per unit
Tank Water Heater - ENERGY STAR® certified	\$250 per unit

***For HRVs - The rebate applies to new installations in existing home (i.e. not new homes)**

The current CBR and CSWHR have been in market since December 2019 and are set to end August 31, 2022. On September 1, 2022, a new CBR and CSWHR will be launched, as well as a Hydronic Additive Rebate. SaskEnergy has a commercial program budget of \$0.85M for fiscal 2022-23.

The CBR encourages commercial building owners to install high-efficiency natural gas condensing boilers to maximize energy cost savings while reducing GHG emissions. This program is for large boilers or boiler plants over 400 MBH. Rebates are determined by the size of the boiler installed and are calculated at \$10/MBH for the first 600 MBH and then \$3/MBH above 600 MBH.

The CSWHR encourages commercial building owners to install high-efficiency equipment to maximize energy cost savings while reducing GHG emissions. The new program will offer rebates on multiple pieces of equipment with rebates varying depending on what equipment is being installed (see table below).

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Commercial Space & Water Heating Rebate		
Eligible Equipment	Equipment Requirements	Rebate Details
Furnaces	96.0% - 96.9% AFUE 97.0%+ AFUE	\$325 for 96.0% - 96.9% AFUE - Replacement only \$650 for 97.0%+ AFUE - Replacement only
Boilers	Boiler plants below 400 MBH	\$10 / MBH 90%+ *Thermal Efficiency - Replacement \$10/ MBH 95%+ *Thermal Efficiency - New
Heat Recovery Ventilator	Minimum sensible heat recovery effectiveness (SRE) of 65%.	\$0.75/CFM (up to \$5,000 per building or property) New & Replacement
Tankless Water Heaters	ENERGY STAR® certified	\$1,000 per unit - New & Replacement
Tank Water Heaters	ENERGY STAR® certified	\$250 per unit - Replacement only
Condensing Water Heaters	ENERGY STAR® certified	\$5 per MBH - Replacement only
Infrared Tube Heaters	Min. 40 MBH	\$600 / unit - Single stage heat \$1000 / unit - Dual stage / modulating heat \$1200 / unit - Condensing** heat New & Replacement

The Hydronic Additive Rebate is designed to stimulate investment in specific energy efficient products that will reduce natural gas usage and associated operating system costs in commercial buildings. The eligible products are added to a boiler system to boost the efficiency of the system by reducing surface tension; leading to an increase of heat transfer and overall, a more efficient system with a reduction of natural gas used. A rebate of \$200/gallon of additive added into the boiler system will be paid to customers.

15. Reference: Net Income

- a) Please identify, explain, and quantify the specific factors contributing to the higher actual net income for 2018-19 (\$68,117 million), 2019-20 (\$41.9 million) and 2020-21 (\$40.2 million) compared to the forecasts for 2018-19 (\$29,982 million), 2019-20 (\$33.5 million) and 2020-21 (\$28.9 million).

The specific factors contributing to the higher net income for 2018-19 compared to the 2018-19 forecast are as follows:

- Significantly colder than normal weather which increased delivery revenues by approximately \$26.7 million.
- Significantly higher asset optimization sales volumes which increase the margin by approximately \$5.0 million.

- Lower growth in rate base which meant lower depreciation, tax, and interest expense of approximately \$3.2 million.
- Lower labour costs driven by strategic vacancy management led to lower operating and maintenance expense of approximately of \$2.8 million.

The specific factors contributing to the higher net income for 2019-20 compared to the 2019-20 forecast are as follows:

- Lower external services costs driven by contractor conversion led to lower operating and maintenance expense of approximately \$5.2 million.
- Lower growth in rate base which meant lower depreciation, tax and interest expense of approximately \$4.9 million.
- These factors above were partially offset by a lower delivery rate increase of 3.4% in comparison to 3.7% proposed in the 2018 delivery rate application and a lower use per customer which leads to lower delivery revenue of approximately \$2.1 million.

The specific factors contributing to the higher net income for 2020-21 compared to the 2020-21 forecast are as follows:

- Lower labour costs driven by strategic vacancy management, lower external services driven by contractor conversion, operating cost management of training, travel, communication, and professional fees, and delays in implementation of technology enhancements led to lower operating and maintenance expense of \$10.4 million.

- b) Please explain the basis for the materially lower forecast net income for 2021-22 (\$30.1 million), 2022-23 (\$9.7 million), 2023-24 (\$20.0 million), and 2024-25 (\$30.1 million) compared to the actual net income for 2020-21 (\$40.2 million). Please discuss and quantify the specific factors contributing to the lower net income forecasts in each year.

The most significant factors explaining the difference between the 2020-21 actual of \$40.2 million and the 2021-22 forecast of \$30.1 million are as follows:

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- Effective Apr 1, 2021 TransGas implemented a 8.0% rate increase which increases the Transportation and Storage expense by approximately \$4.9 million
- Weather was 2% colder than normal in 2020-21 and the weather was 1% warmer than normal when the 2021-22 forecast was prepared for this application which has an unfavourable impact to delivery revenue by approximately \$4.7 million.

The most significant factors explaining the difference between the 2020-21 actual of \$40.2 million and the 2022-23 forecast of \$9.7 million are as follows:

- Effective Apr 1, 2022 TransGas is forecast to implement a 8.9% rate increase which increases the Transportation and Storage Expense by \$5.4 million in addition to the \$4.9 million increase effective April 1, 2021.
- SaskEnergy continues to enhance its support for customer efficiency programs, such as the residential equipment replacement rebate, to help customers reduce their heating bills, as well as their impact on the environment through purchase and installation of energy efficient equipment. SaskEnergy has also been expanding its customer experience initiatives. This increases operating and maintenance expense by approximately \$4.0 million.
- SaskEnergy increased its full-time equivalent complement by 40 and implemented compensation increase assumptions in 2021-22 and 2022-23 which results in a gross labour increase of approximately \$13.2 million.
- SaskEnergy is forecasting increases to external services such as meter reading, digital, technology and security contract analysts, consulting and hosting of approximately of \$3.3 million.

The most significant factors explaining the difference between the 2020-21 actual of \$40.2 million and the 2023-24 forecast of \$20.0 million are as follows:

- Effective Apr 1, 2023, TransGas is forecast to implement an approximate 3.6% rate increase which increases the Transportation and Storage expense by \$2.3 million in addition to the \$10.3 million increase effective Apr 1, 2021 and Apr 1, 2022.
- SaskEnergy has 2% economic and 3% merit increase assumptions in 2023-24 which is primary driver of the approximate \$3.3 million increase in gross labour cost.

The most significant factors explaining the difference between the 2020-21 actual of \$40.2 million and the 2023-24 forecast of \$30.1 million are as follows:

- SaskEnergy has incorporated 3 years (2021-22, 2022-23, and 2023-24) of Transportation and Storage expense increase assumptions which accumulate to a total impact of \$12.6 million.

- c) Please provide the dollar value of the net income required in 2022-23, 2023-24 and 2024-25 to achieve the long-term ROE target in each year.

The dollar value of the net income required in 2022-23, 2023-24 and 2024-25 to achieve the long-term ROE target in each year is as follows:

2022-23 - \$34.4 million

2023-24 - \$35.5 million

2024-25 – \$36.4 million

- d) Please provide the average percentage delivery service rate increase that would be required to achieve the long-term ROE target in each of 2022-23, 2023-24 and 2024-25.

The average percentage delivery service rate increase and/or decrease that would be required to achieve the long-term ROE target in each of 2022-23, 2023-24, and 2024-25 is as follows:

2022-23 – 19.8% increase effective August 1, 2022

2023-24 – (1.4%) decrease effective June 1, 2023 – if a 19.8% delivery rate increase is implemented August 1, 2022

2024-25 – 2.4% increase effective June 1, 2024 – if a 19.8% delivery rate increase is implemented August 1, 2022 and if a 1.4% decrease was implemented June 1, 2023

- e) Please provide the weather adjusted net income for 2019-20, and 2020-21 showing both the dollar value and the ROE percentage.

The weather adjusted net income and ROE for 2019-20 is as follows:

Net Income = \$33.1 million

ROE = 8.9%

The weather adjusted net income and ROE for 2020-21 is as follows:

Net Income = \$38.3 million

ROE = 9.8%

16. Reference: Tabs 15 and 16 – Working Capital and Calculation of Rate base

- a) With reference to the calculation of working capital requirements on page 3 of Tab 15, please provide an explanation for the differences between the two lead/lag days columns and indicate how each column is used in calculating the cash working capital requirements.

Consistent to the note provided on page 3 of Tab 15, Lead/Lag days were revisited in 2018-19 for revenue (or expenses) involving SaskEnergy's transactions with TransGas. The first column to the far left on page 3 Tab 15 shows the lead/lag days that were used to calculate the 2016-17 and the 2017-18 working capital requirements. The second column to the far left on page 3 Tab 15 shows the lead/lag days that were used to calculate the 2018-19 through to 2020-21 actuals and the 2021-22 through to 2024-25 forecast.

- b) Please provide an explanation for the increase in the Revenue Non Farm cash working capital requirement for 2022-23 through 2024-25 compared to 2021-22 forecasts and indicate what makes us Non Farm Revenue versus Distribution Tolls revenue.

The revenue non-farm cash working capital requirement increases are due to the increase in delivery revenue through rate adjustment in 2022-23, 2023-24, and 2024-25. Non Farm Revenue includes delivery revenue (basic monthly charge & volumetric) plus other revenue such as late payment charge revenue, connect fees, miscellaneous revenue, and customer financing revenue.

The largest component of Other Revenue is Distribution Tolls. Large in-province natural gas users purchase their natural gas directly from a natural gas producer or gas retailer, and contract transportation service for this natural gas directly with TransGas. Although these are not SaskEnergy customers, most of these users require the use of SaskEnergy's distribution facilities to regulate and adjust the pressure of their natural gas from the TransGas high-pressure transmission pipeline system to the users' metering location. As part of its franchise, SaskEnergy provides this service and assesses a toll which is charged to TransGas.

17. Reference: Capital Structure and Cost of Capital

- a) Please provide the impact to the revenue requirement of including the total decommissioning asset net book value in the rate base.

The impact to the revenue requirement to include the total decommissioning asset net book value would be an increase of approximately \$3.5 million.

18. Reference: Cost of Service Study

- a) With reference to the cost of service and rate design review completed by Chymko dated March 14, 2022, please provide a table summarizing each of Chymko's recommendations, whether SaskEnergy accepts the recommendation or not and why.

The recommendations are as follows:

1. Rationalize and simplify the proration assumptions behind OM&A revenue requirement component.

2. Simplify the OM&A Functional Design model and consolidate all assumptions onto a single tab which is then applied accordingly to each account and business unit.
3. Review its 'minimum plant analysis' that determines what percentage of the mains network is attributable to peak demand and site allocation factors.
4. Study the viability of using a demand charge for the Commercial-Large rate class to help reduce reliance on revenue derived from volume, and to make cost recovery fairer within this rate class.
5. Recover TransGas revenue through an annual fixed payment.
6. Consider allocating costs according to natural gas volume and billing customers in recognition of natural gas energy content.

SaskEnergy will begin to review and document its assumptions and simplify the cost of service model (recommendations 1 – 3) in the fall of 2022. Further review of recommendations 4 and 5 will be completed to determine if any changes are required. The Heat Value Project is currently looking at billing customers in recognition of natural gas energy content (recommendation 6) and implementation will be determined as a result of the project.

- b) Please confirm which of Chymko's recommendations have been implemented in the 2022-23, 2023-24 and 2024-25 cost of service studies. Where SaskEnergy accepts any of Chymko's recommendations but has not yet implemented them, please provide an estimate of the impact on class revenue requirements that would arise in each year from implementing the recommendation. Please also provide a timeline by which SaskEnergy expects to have implemented all the recommendations.

Chymko's recommendations were not implemented in any of the 2022-23, 2023-24 and 2024-25 cost of service documents. Chymko's report was submitted during the rate application process and after the cost of service documents were completed.

SaskEnergy expects to implement the recommendations within the year and the recommendation will inform the next cost of service. Impacts will

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be provided during the next cost of service.

19. Reference: Customer Bill Impacts

- a) With reference to Tab 21, pages 1 through 4, please provide a version of the tables separately showing annual bill impacts of the commodity rate change and delivery service rate change effective April 1 each year.

Year 1: April 1, 2022 – March 31, 2023

	Delivery Bill			Bill Impact		Commodity Bill		Bill Impact	
	Avg Use m ³ /year	Current \$/year	Proposed \$/year	\$/year	%/year	Current \$/year	Proposed \$/year	\$/year	%/year
Residential	2,542	\$531	\$574	\$43	8%	\$325	\$425	\$101	31%
Commercial Small	12,772	\$1,498	\$1,614	\$116	8%	\$1,632	\$2,138	\$506	31%
Commercial Large	159,953	\$12,590	\$13,623	\$1,033	8%	\$20,442	\$26,776	\$6,334	31%

Customers by Consumption		Delivery Bill			Bill Impact		Commodity Bill		Bill Impact	
% Customers	Use m ³ /year	Avg Use m ³ /year	Current \$/year	Proposed \$/year	\$/year	%/year	Current \$/year	Proposed \$/year	\$/year	%/year
72%	(0 - 3,000)	2,043	\$481	\$519	\$37	8%	\$261	\$342	\$81	31%
27%	(3,001 - 7,000)	3,922	\$668	\$725	\$58	9%	\$501	\$657	\$155	31%
2%	(Over 7,000)	9,687	\$1,240	\$1,360	\$119	10%	\$1,238	\$1,622	\$384	31%
65%	(0 - 10,000)	4,388	\$714	\$777	\$63	9%	\$561	\$735	\$174	31%
31%	(10,000 - 50,000)	21,036	\$2,367	\$2,608	\$241	10%	\$2,688	\$3,521	\$833	31%
5%	(Over 50,000)	84,447	\$8,664	\$9,583	\$919	11%	\$10,792	\$14,137	\$3,344	31%
75%	(0 - 200,000)	102,373	\$10,444	\$11,555	\$1,111	11%	\$13,083	\$17,137	\$4,054	31%
20%	(200,001 - 400,000)	272,630	\$27,351	\$30,283	\$2,933	11%	\$34,842	\$45,638	\$10,796	31%
5%	(Over 400,000)	529,373	\$52,845	\$58,525	\$5,680	11%	\$67,654	\$88,617	\$20,963	31%

Year 2: April 1, 2023 – March 31, 2024

	Delivery Bill			Bill Impact		Commodity Bill		Bill Impact	
	Avg Use m ³ /year	Current \$/year	Proposed \$/year	\$/year	%/year	Current \$/year	Proposed \$/year	\$/year	%/year
Residential	2,520	\$571	\$600	\$29	5%	\$422	\$422	\$0	0%
Commercial Small	12,670	\$1,605	\$1,681	\$75	5%	\$2,121	\$2,121	\$0	0%
Commercial Large	159,610	\$13,597	\$14,288	\$691	5%	\$26,719	\$26,719	\$0	0%

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	Customers by Consumption			Delivery Bill		Bill Impact		Commodity Bill		Bill Impact	
	% Customers	Use m ³ /year	Avg Use m ³ /year	Current \$/year	Proposed \$/year	\$/year	%/year	Current \$/year	Proposed \$/year	\$/year	%/year
Residential											
Low	72%	(0 - 3,000)	2,043	\$519	\$545	\$27	5%	\$342	\$342	\$0	0%
Medium	27%	(3,001 - 7,000)	3,922	\$725	\$762	\$37	5%	\$657	\$657	\$0	0%
High	2%	(Over 7,000)	9,687	\$1,360	\$1,427	\$68	5%	\$1,622	\$1,622	\$0	0%
Commercial Small											
Low	65%	(0 - 10,000)	4,388	\$777	\$816	\$39	5%	\$735	\$735	\$0	0%
Medium	31%	(10,000 - 50,000)	21,036	\$2,608	\$2,737	\$129	5%	\$3,521	\$3,521	\$0	0%
High	5%	(Over 50,000)	84,447	\$9,583	\$10,055	\$472	5%	\$14,137	\$14,137	\$0	0%
Commercial Large											
Low	75%	(0 - 200,000)	102,373	\$11,555	\$12,123	\$568	5%	\$17,137	\$17,137	\$0	0%
Medium	20%	(200,001 - 400,000)	272,630	\$30,283	\$31,771	\$1,488	5%	\$45,638	\$45,638	\$0	0%
High	5%	(Over 400,000)	529,373	\$58,525	\$61,399	\$2,874	5%	\$88,617	\$88,617	\$0	0%

Year 3: April 1, 2024 – March 31, 2025

	Delivery Bill		Bill Impact		Commodity Bill		Bill Impact		
	Avg Use m ³ /year	Current \$/year	Proposed \$/year	\$/year	%/year	Current \$/year	Proposed \$/year	\$/year	%/year
Residential	2,497	\$598	\$628	\$30	5%	\$418	\$418	\$0	0%
Commercial Small	12,570	\$1,672	\$1,752	\$80	5%	\$2,104	\$2,104	\$0	0%
Commercial Large	159,268	\$14,262	\$14,987	\$725	5%	\$26,661	\$26,661	\$0	0%

	Customers by Consumption			Delivery Bill		Bill Impact		Commodity Bill		Bill Impact	
	% Customers	Use m ³ /year	Avg Use m ³ /year	Current \$/year	Proposed \$/year	\$/year	%/year	Current \$/year	Proposed \$/year	\$/year	%/year
Residential											
Low	72%	(0 - 3,000)	2,043	\$545	\$574	\$29	5%	\$342	\$342	\$0	0%
Medium	27%	(3,001 - 7,000)	3,922	\$762	\$798	\$35	5%	\$657	\$657	\$0	0%
High	2%	(Over 7,000)	9,687	\$1,427	\$1,483	\$56	4%	\$1,622	\$1,622	\$0	0%
Commercial Small											
Low	65%	(0 - 10,000)	4,388	\$816	\$853	\$37	5%	\$735	\$735	\$0	0%
Medium	31%	(10,000 - 50,000)	21,036	\$2,737	\$2,832	\$95	3%	\$3,521	\$3,521	\$0	0%
High	5%	(Over 50,000)	84,447	\$10,055	\$10,372	\$317	3%	\$14,137	\$14,137	\$0	0%
Commercial Large											
Low	75%	(0 - 200,000)	102,373	\$12,123	\$12,503	\$380	3%	\$17,137	\$17,137	\$0	0%
Medium	20%	(200,001 - 400,000)	272,630	\$31,771	\$32,747	\$976	3%	\$45,638	\$45,638	\$0	0%
High	5%	(Over 400,000)	529,373	\$61,399	\$63,274	\$1,874	3%	\$88,617	\$88,617	\$0	0%

b) Please confirm whether the bill impacts shown in Tab 21 are before or after taxes.

The bill impacts shown in Tab 21 are before taxes.

c) For each of the total annual bills provided in Tab 21, please provide a breakdown of the bill by component (e.g., basic monthly charge, delivery service variable rate, commodity service).

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Year 1: April 1, 2022 – March 31, 2023

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Residential		2,542	2,043	3,922	9,687
Current	Basic Monthly Charge	\$ 278.40	\$ 278.40	\$ 278.40	\$ 278.40
	Delivery Charge	\$ 252.42	\$ 202.92	\$ 389.47	\$ 961.92
	Commodity Charge	\$ 324.87	\$ 261.16	\$ 501.25	\$ 1,238.00
	Total	\$ 855.69	\$ 742.47	\$ 1,169.13	\$ 2,478.32

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Commercial Small		12,772	4,388	21,036	84,447
Current	Basic Monthly Charge	\$ 462.00	\$ 462.00	\$ 462.00	\$ 462.00
	Delivery Charge	\$ 1,035.84	\$ 355.88	\$ 1,706.01	\$ 6,848.69
	Commodity Charge	\$ 1,632.30	\$ 560.81	\$ 2,688.39	\$ 10,792.39
	Total	\$ 3,130.14	\$ 1,378.68	\$ 4,856.39	\$ 18,103.08

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Commercial Large		159,953	102,373	272,630	529,373
Current	Basic Monthly Charge	\$ 1,648.80	\$ 1,648.80	\$ 1,648.80	\$ 1,648.80
	Delivery Charge	\$ 11,513.70	\$ 7,002.30	\$ 18,647.89	\$ 36,209.08
	Commodity Charge	\$ 21,512.45	\$ 13,083.24	\$ 34,842.11	\$ 67,653.81
	Total	\$ 34,674.95	\$ 21,734.34	\$ 55,138.80	\$ 105,511.69

SaskEnergy 2022 Delivery Service & Commodity Rate Application
Information Requests – Round 1

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
	Residential	2,542	2,043	3,922	9,687
Proposed	Basic Monthly Charge	\$ 294.00	\$ 294.00	\$ 294.00	\$ 294.00
	Delivery Charge	\$ 279.59	\$ 224.78	\$ 431.44	\$ 1,065.57
	Commodity Charge	\$ 425.49	\$ 342.08	\$ 656.57	\$ 1,621.60
	Total	\$ 999.08	\$ 860.86	\$ 1,382.01	\$ 2,981.17

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
	Commercial Small	12,772	4,388	21,036	84,447
Proposed	Basic Monthly Charge	\$ 498.00	\$ 498.00	\$ 498.00	\$ 498.00
	Delivery Charge	\$ 1,116.30	\$ 482.70	\$ 2,313.95	\$ 9,289.22
	Commodity Charge	\$ 2,138.09	\$ 734.58	\$ 3,521.41	\$ 14,136.51
	Total	\$ 3,752.39	\$ 1,715.27	\$ 6,333.35	\$ 23,923.73

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
	Commercial Large	159,953	102,373	272,630	529,373
Proposed	Basic Monthly Charge	\$ 1,914.00	\$ 1,914.00	\$ 1,914.00	\$ 1,914.00
	Delivery Charge	\$ 11,708.59	\$ 7,493.69	\$ 19,956.51	\$ 38,750.07
	Commodity Charge	\$ 26,776.21	\$ 17,137.20	\$ 45,638.26	\$ 88,616.96
	Total	\$ 40,398.81	\$ 26,544.89	\$ 67,508.77	\$ 129,281.03

SaskEnergy 2022 Delivery Service & Commodity Rate Application
Information Requests – Round 1

Year 2: April 1, 2023 – March 31, 2024

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
	Residential	2,520	2,043	3,922	9,687
Current	Basic Monthly Charge	\$ 294.00	\$ 294.00	\$ 294.00	\$ 294.00
	Delivery Charge	\$ 277.24	\$ 224.78	\$ 431.44	\$ 1,065.57
	Commodity Charge	\$ 421.91	\$ 342.08	\$ 656.57	\$ 1,621.60
	Total	\$ 993.15	\$ 860.86	\$ 1,382.01	\$ 2,981.17

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
	Commercial Small	12,670	4,388	21,036	84,447
Current	Basic Monthly Charge	\$ 498.00	\$ 498.00	\$ 498.00	\$ 498.00
	Delivery Charge	\$ 1,107.38	\$ 383.52	\$ 1,838.54	\$ 7,380.71
	Commodity Charge	\$ 2,120.99	\$ 734.58	\$ 3,521.41	\$ 14,136.51
	Total	\$ 3,726.37	\$ 1,616.10	\$ 5,857.94	\$ 22,015.22

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
	Commercial Large	159,610	102,373	272,630	529,373
Current	Basic Monthly Charge	\$ 1,914.00	\$ 1,914.00	\$ 1,914.00	\$ 1,914.00
	Delivery Charge	\$ 11,683.48	\$ 7,493.69	\$ 19,956.51	\$ 38,750.07
	Commodity Charge	\$ 26,718.78	\$ 17,137.20	\$ 45,638.26	\$ 88,616.96
	Total	\$ 40,316.26	\$ 26,544.89	\$ 67,508.77	\$ 129,281.03

SaskEnergy 2022 Delivery Service & Commodity Rate Application
Information Requests – Round 1

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
	Residential	2,520	2,043	3,922	9,687
Proposed	Basic Monthly Charge	\$ 309.60	\$ 309.60	\$ 309.60	\$ 309.60
	Delivery Charge	\$ 290.85	\$ 235.82	\$ 452.62	\$ 1,117.88
	Commodity Charge	\$ 421.91	\$ 342.08	\$ 656.57	\$ 1,621.60
	Total	\$ 1,022.36	\$ 887.49	\$ 1,418.79	\$ 3,049.08

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
	Commercial Small	12,670	4,388	21,036	84,447
Proposed	Basic Monthly Charge	\$ 534.00	\$ 534.00	\$ 534.00	\$ 534.00
	Delivery Charge	\$ 1,146.65	\$ 397.13	\$ 1,903.75	\$ 7,642.50
	Commodity Charge	\$ 2,120.99	\$ 734.58	\$ 3,521.41	\$ 14,136.51
	Total	\$ 3,801.65	\$ 1,665.70	\$ 5,959.15	\$ 22,313.00

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
	Commercial Large	159,610	102,373	272,630	529,373
Proposed	Basic Monthly Charge	\$ 2,094.00	\$ 2,094.00	\$ 2,094.00	\$ 2,094.00
	Delivery Charge	\$ 12,194.23	\$ 7,821.28	\$ 20,828.93	\$ 40,444.06
	Commodity Charge	\$ 26,718.78	\$ 17,137.20	\$ 45,638.26	\$ 88,616.96
	Total	\$ 41,007.02	\$ 27,052.48	\$ 68,561.18	\$ 131,155.02

SaskEnergy 2022 Delivery Service & Commodity Rate Application
Information Requests – Round 1

Year 3: April 1, 2024 – March 31, 2025

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Residential		2,497	2,043	3,922	9,687
Current	Basic Monthly Charge	\$ 309.60	\$ 309.60	\$ 309.60	\$ 309.60
	Delivery Charge	\$ 288.12	\$ 235.82	\$ 452.62	\$ 1,117.88
	Commodity Charge	\$ 417.95	\$ 342.08	\$ 656.57	\$ 1,621.60
	Total	\$ 1,015.67	\$ 887.49	\$ 1,418.79	\$ 3,049.08

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Commercial Small		12,570	4,388	21,036	84,447
Current	Basic Monthly Charge	\$ 534.00	\$ 534.00	\$ 534.00	\$ 534.00
	Delivery Charge	\$ 1,137.60	\$ 397.13	\$ 1,903.75	\$ 7,642.50
	Commodity Charge	\$ 2,104.25	\$ 734.58	\$ 3,521.41	\$ 14,136.51
	Total	\$ 3,775.84	\$ 1,665.70	\$ 5,959.15	\$ 22,313.00

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Commercial Large		159,268	102,373	272,630	529,373
Current	Basic Monthly Charge	\$ 2,094.00	\$ 2,094.00	\$ 2,094.00	\$ 2,094.00
	Delivery Charge	\$ 12,168.07	\$ 7,821.28	\$ 20,828.93	\$ 40,444.06
	Commodity Charge	\$ 26,661.46	\$ 17,137.20	\$ 45,638.26	\$ 88,616.96
	Total	\$ 40,923.53	\$ 27,052.48	\$ 68,561.18	\$ 131,155.02

SaskEnergy 2022 Delivery Service & Commodity Rate Application
Information Requests – Round 1

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
	Residential	2,497	2,043	3,922	9,687
Proposed	Basic Monthly Charge	\$ 331.20	\$ 331.20	\$ 331.20	\$ 331.20
	Delivery Charge	\$ 296.86	\$ 242.97	\$ 466.35	\$ 1,151.78
	Commodity Charge	\$ 417.95	\$ 342.08	\$ 656.57	\$ 1,621.60
	Total	\$ 1,046.00	\$ 916.24	\$ 1,454.12	\$ 3,104.59

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
	Commercial Small	12,570	4,388	21,036	84,447
Proposed	Basic Monthly Charge	\$ 570.00	\$ 570.00	\$ 570.00	\$ 570.00
	Delivery Charge	\$ 1,181.60	\$ 412.49	\$ 1,977.37	\$ 7,938.06
	Commodity Charge	\$ 2,104.25	\$ 734.58	\$ 3,521.41	\$ 14,136.51
	Total	\$ 3,855.84	\$ 1,717.06	\$ 6,068.78	\$ 22,644.57

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
	Commercial Small	159,268	102,373	272,630	529,373
Proposed	Basic Monthly Charge	\$ 2,214.00	\$ 2,214.00	\$ 2,214.00	\$ 2,214.00
	Delivery Charge	\$ 12,773.29	\$ 8,210.30	\$ 21,864.92	\$ 42,455.68
	Commodity Charge	\$ 26,661.46	\$ 17,137.20	\$ 45,638.26	\$ 88,616.96
	Total	\$ 41,648.75	\$ 27,561.50	\$ 69,717.18	\$ 133,286.64

- d) For each of the total annual bills provided in Tab 21, please show the dollar value of any taxes that apply to the bills, including but not limited to PST, GST, carbon taxes and municipal surcharges.

SaskEnergy 2022 Delivery Service & Commodity Rate Application
Information Requests – Round 1

Year 1: April 1, 2022 – March 31, 2023

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Residential		2,542	2,043	3,922	9,687
Current	Basic Monthly Charge	\$ 278.40	\$ 278.40	\$ 278.40	\$ 278.40
	Delivery Charge	\$ 252.42	\$ 202.92	\$ 389.47	\$ 961.92
	Commodity Charge	\$ 324.87	\$ 261.16	\$ 501.25	\$ 1,238.00
	Municipal Surcharge	\$ 42.78	\$ 37.12	\$ 58.46	\$ 123.92
	Carbon Tax	\$ 248.86	\$ 200.06	\$ 383.98	\$ 948.36
	Subtotal	\$ 1,147.33	\$ 979.65	\$ 1,611.56	\$ 3,550.59
	GST	\$ 57.37	\$ 48.98	\$ 80.58	\$ 177.53
	Total	\$ 1,204.70	\$ 1,028.63	\$ 1,692.14	\$ 3,728.12

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Commercial Small		12,772	4,388	21,036	84,447
Current	Basic Monthly Charge	\$ 462.00	\$ 462.00	\$ 462.00	\$ 462.00
	Delivery Charge	\$ 1,035.84	\$ 355.88	\$ 1,706.01	\$ 6,848.69
	Commodity Charge	\$ 1,632.30	\$ 560.81	\$ 2,688.39	\$ 10,792.39
	Municipal Surcharge	\$ 156.51	\$ 68.93	\$ 242.82	\$ 905.15
	Carbon Tax	\$ 1,250.41	\$ 429.60	\$ 2,059.41	\$ 8,267.41
	Subtotal	\$ 4,537.06	\$ 1,877.22	\$ 7,158.63	\$ 27,275.64
	GST	\$ 226.85	\$ 93.86	\$ 357.93	\$ 1,363.78
	Total	\$ 4,763.91	\$ 1,971.08	\$ 7,516.56	\$ 28,639.42

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Commercial Large		159,953	102,373	272,630	529,373
Current	Basic Monthly Charge	\$ 1,648.80	\$ 1,648.80	\$ 1,648.80	\$ 1,648.80
	Delivery Charge	\$ 11,513.70	\$ 7,002.30	\$ 18,647.89	\$ 36,209.08
	Commodity Charge	\$ 21,512.45	\$ 13,083.24	\$ 34,842.11	\$ 67,653.81
	Municipal Surcharge	\$ 1,733.75	\$ 1,086.72	\$ 2,756.94	\$ 5,275.58
	Carbon Tax	\$ 16,479.41	\$ 10,022.29	\$ 26,690.47	\$ 51,825.57
	Subtotal	\$ 52,888.11	\$ 32,843.35	\$ 84,586.21	\$ 162,612.84
	GST	\$ 2,644.41	\$ 1,642.17	\$ 4,229.31	\$ 8,130.64
	Total	\$ 55,532.51	\$ 34,485.52	\$ 88,815.52	\$ 170,743.49

SaskEnergy 2022 Delivery Service & Commodity Rate Application

Information Requests – Round 1

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Residential		2,542	2,043	3,922	9,687
Proposed	Basic Monthly Charge	\$ 294.00	\$ 294.00	\$ 294.00	\$ 294.00
	Delivery Charge	\$ 279.59	\$ 224.78	\$ 431.44	\$ 1,065.57
	Commodity Charge	\$ 425.49	\$ 342.08	\$ 656.57	\$ 1,621.60
	Municipal Surcharge	\$ 49.95	\$ 43.04	\$ 69.10	\$ 149.06
	Carbon Tax	\$ 248.84	\$ 200.06	\$ 383.98	\$ 948.36
	Subtotal	\$ 1,297.87	\$ 1,103.96	\$ 1,835.09	\$ 4,078.59
	GST	\$ 64.89	\$ 55.20	\$ 91.75	\$ 203.93
	Total	\$ 1,362.76	\$ 1,159.15	\$ 1,926.85	\$ 4,282.52

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Commercial Small		12,772	4,388	21,036	84,447
Proposed	Basic Monthly Charge	\$ 498.00	\$ 498.00	\$ 498.00	\$ 498.00
	Delivery Charge	\$ 1,116.30	\$ 482.70	\$ 2,313.95	\$ 9,289.22
	Commodity Charge	\$ 2,138.09	\$ 734.58	\$ 3,521.41	\$ 14,136.51
	Municipal Surcharge	\$ 187.62	\$ 85.76	\$ 316.67	\$ 1,196.19
	Carbon Tax	\$ 1,250.41	\$ 429.60	\$ 2,059.41	\$ 8,267.41
	Subtotal	\$ 5,190.42	\$ 2,230.64	\$ 8,709.43	\$ 33,387.33
	GST	\$ 259.52	\$ 111.53	\$ 435.47	\$ 1,669.37
	Total	\$ 5,449.94	\$ 2,342.17	\$ 9,144.90	\$ 35,056.69

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Commercial Large		159,953	102,373	272,630	529,373
Proposed	Basic Monthly Charge	\$ 1,914.00	\$ 1,914.00	\$ 1,914.00	\$ 1,914.00
	Delivery Charge	\$ 11,708.59	\$ 7,493.69	\$ 19,956.51	\$ 38,750.07
	Commodity Charge	\$ 26,776.21	\$ 17,137.20	\$ 45,638.26	\$ 88,616.96
	Municipal Surcharge	\$ 2,019.94	\$ 1,327.24	\$ 3,375.44	\$ 6,464.05
	Carbon Tax	\$ 15,659.44	\$ 10,022.29	\$ 26,690.47	\$ 51,825.57
	Subtotal	\$ 58,078.19	\$ 37,894.43	\$ 97,574.68	\$ 187,570.65
	GST	\$ 2,903.91	\$ 1,894.72	\$ 4,878.73	\$ 9,378.53
	Total	\$ 60,982.10	\$ 39,789.15	\$ 102,453.41	\$ 196,949.18

SaskEnergy 2022 Delivery Service & Commodity Rate Application

Information Requests – Round 1

Year 2: April 1, 2023 – March 31, 2024

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Residential		2,520	2,043	3,922	9,687
Current	Basic Monthly Charge	\$ 294.00	\$ 294.00	\$ 294.00	\$ 294.00
	Delivery Charge	\$ 277.24	\$ 224.78	\$ 431.44	\$ 1,065.57
	Commodity Charge	\$ 421.91	\$ 342.08	\$ 656.57	\$ 1,621.60
	Municipal Surcharge	\$ 49.66	\$ 43.04	\$ 69.10	\$ 149.06
	Carbon Tax	\$ 312.27	\$ 253.19	\$ 485.96	\$ 1,200.22
	Subtotal	\$ 1,355.09	\$ 1,157.09	\$ 1,937.07	\$ 4,330.45
	GST	\$ 67.75	\$ 57.85	\$ 96.85	\$ 216.52
	Total	\$ 1,422.84	\$ 1,214.94	\$ 2,033.92	\$ 4,546.97

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Commercial Small		12,670	4,388	21,036	84,447
Current	Basic Monthly Charge	\$ 498.00	\$ 498.00	\$ 498.00	\$ 498.00
	Delivery Charge	\$ 1,107.38	\$ 383.52	\$ 1,838.54	\$ 7,380.71
	Commodity Charge	\$ 2,120.99	\$ 734.58	\$ 3,521.41	\$ 14,136.51
	Municipal Surcharge	\$ 186.32	\$ 80.81	\$ 292.90	\$ 1,100.76
	Carbon Tax	\$ 1,569.84	\$ 543.69	\$ 2,606.35	\$ 10,463.04
	Subtotal	\$ 5,482.52	\$ 2,240.60	\$ 8,757.18	\$ 33,579.02
	GST	\$ 274.13	\$ 112.03	\$ 437.86	\$ 1,678.95
	Total	\$ 5,756.65	\$ 2,352.63	\$ 9,195.04	\$ 35,257.97

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Commercial Large		159,610	102,373	272,630	529,373
Current	Basic Monthly Charge	\$ 1,914.00	\$ 1,914.00	\$ 1,914.00	\$ 1,914.00
	Delivery Charge	\$ 11,683.48	\$ 7,493.69	\$ 19,956.51	\$ 38,750.07
	Commodity Charge	\$ 26,718.78	\$ 17,137.20	\$ 45,638.26	\$ 88,616.96
	Municipal Surcharge	\$ 2,015.81	\$ 1,327.24	\$ 3,375.44	\$ 6,464.05
	Carbon Tax	\$ 19,775.73	\$ 12,683.99	\$ 33,778.85	\$ 65,589.26
	Subtotal	\$ 62,107.80	\$ 40,556.12	\$ 104,663.06	\$ 201,334.34
	GST	\$ 3,105.39	\$ 2,027.81	\$ 5,233.15	\$ 10,066.72
	Total	\$ 65,213.19	\$ 42,583.93	\$ 109,896.21	\$ 211,401.05

SaskEnergy 2022 Delivery Service & Commodity Rate Application

Information Requests – Round 1

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
	Residential	2,520	2,043	3,922	9,687
Proposed	Basic Monthly Charge	\$ 309.60	\$ 309.60	\$ 309.60	\$ 309.60
	Delivery Charge	\$ 290.85	\$ 235.82	\$ 452.62	\$ 1,117.88
	Commodity Charge	\$ 421.91	\$ 342.08	\$ 656.57	\$ 1,621.60
	Municipal Surcharge	\$ 51.12	\$ 44.37	\$ 70.94	\$ 152.45
	Carbon Tax	\$ 312.27	\$ 253.19	\$ 485.96	\$ 1,200.22
	Subtotal	\$ 1,385.76	\$ 1,185.05	\$ 1,975.69	\$ 4,401.75
	GST	\$ 69.29	\$ 59.25	\$ 98.78	\$ 220.09
	Total	\$ 1,455.04	\$ 1,244.31	\$ 2,074.47	\$ 4,621.84

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
	Commercial Small	12,670	4,388	21,036	84,447
Proposed	Basic Monthly Charge	\$ 534.00	\$ 534.00	\$ 534.00	\$ 534.00
	Delivery Charge	\$ 1,146.65	\$ 397.13	\$ 1,903.75	\$ 7,642.50
	Commodity Charge	\$ 2,120.99	\$ 734.58	\$ 3,521.41	\$ 14,136.51
	Municipal Surcharge	\$ 190.08	\$ 83.29	\$ 297.96	\$ 1,115.65
	Carbon Tax	\$ 1,569.84	\$ 543.69	\$ 2,606.35	\$ 10,463.04
	Subtotal	\$ 5,561.57	\$ 2,292.68	\$ 8,863.46	\$ 33,891.70
	GST	\$ 278.08	\$ 114.63	\$ 443.17	\$ 1,694.58
	Total	\$ 5,839.64	\$ 2,407.31	\$ 9,306.63	\$ 35,586.28

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
	Commercial Large	159,610	102,373	272,630	529,373
Proposed	Basic Monthly Charge	\$ 2,094.00	\$ 2,094.00	\$ 2,094.00	\$ 2,094.00
	Delivery Charge	\$ 12,194.23	\$ 7,821.28	\$ 20,828.93	\$ 40,444.06
	Commodity Charge	\$ 26,718.78	\$ 17,137.20	\$ 45,638.26	\$ 88,616.96
	Municipal Surcharge	\$ 2,050.35	\$ 1,352.62	\$ 3,428.06	\$ 6,557.75
	Carbon Tax	\$ 19,775.73	\$ 12,683.99	\$ 33,778.85	\$ 65,589.26
	Subtotal	\$ 62,833.10	\$ 41,089.09	\$ 105,768.09	\$ 203,302.03
	GST	\$ 3,141.65	\$ 2,054.45	\$ 5,288.40	\$ 10,165.10
	Total	\$ 65,974.75	\$ 43,143.55	\$ 111,056.50	\$ 213,467.13

SaskEnergy 2022 Delivery Service & Commodity Rate Application

Information Requests – Round 1

Year 3: April 1, 2024 – March 31, 2025

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Residential		2,497	2,043	3,922	9,687
Current	Basic Monthly Charge	\$ 309.60	\$ 309.60	\$ 309.60	\$ 309.60
	Delivery Charge	\$ 288.12	\$ 235.82	\$ 452.62	\$ 1,117.88
	Commodity Charge	\$ 417.95	\$ 342.08	\$ 656.57	\$ 1,621.60
	Municipal Surcharge	\$ 50.78	\$ 44.37	\$ 70.94	\$ 152.45
	Carbon Tax	\$ 380.75	\$ 311.63	\$ 598.13	\$ 1,477.27
	Subtotal	\$ 1,447.20	\$ 1,243.50	\$ 2,087.86	\$ 4,678.80
	GST	\$ 72.36	\$ 62.17	\$ 104.39	\$ 233.94
	Total	\$ 1,519.56	\$ 1,305.67	\$ 2,192.26	\$ 4,912.74

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Commercial Small		12,570	4,388	21,036	84,447
Current	Basic Monthly Charge	\$ 534.00	\$ 534.00	\$ 534.00	\$ 534.00
	Delivery Charge	\$ 1,137.60	\$ 397.13	\$ 1,903.75	\$ 7,642.50
	Commodity Charge	\$ 2,104.25	\$ 734.58	\$ 3,521.41	\$ 14,136.51
	Municipal Surcharge	\$ 188.79	\$ 83.29	\$ 297.96	\$ 1,115.65
	Carbon Tax	\$ 1,916.95	\$ 669.19	\$ 3,207.97	\$ 12,878.24
	Subtotal	\$ 5,881.59	\$ 2,418.18	\$ 9,465.08	\$ 36,306.90
	GST	\$ 294.08	\$ 120.91	\$ 473.25	\$ 1,815.34
	Total	\$ 6,175.67	\$ 2,539.09	\$ 9,938.34	\$ 38,122.24

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Commercial Large		159,268	102,373	272,630	529,373
Current	Basic Monthly Charge	\$ 2,094.00	\$ 2,094.00	\$ 2,094.00	\$ 2,094.00
	Delivery Charge	\$ 12,168.07	\$ 7,821.28	\$ 20,828.93	\$ 40,444.06
	Commodity Charge	\$ 26,661.46	\$ 17,137.20	\$ 45,638.26	\$ 88,616.96
	Municipal Surcharge	\$ 2,046.18	\$ 1,352.62	\$ 3,428.06	\$ 6,557.75
	Carbon Tax	\$ 24,288.36	\$ 15,611.85	\$ 41,576.07	\$ 80,729.31
	Subtotal	\$ 67,258.07	\$ 44,016.96	\$ 113,565.31	\$ 218,442.08
	GST	\$ 3,362.90	\$ 2,200.85	\$ 5,678.27	\$ 10,922.10
	Total	\$ 70,620.97	\$ 46,217.80	\$ 119,243.58	\$ 229,364.19

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		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Residential		2,497	2,043	3,922	9,687
Proposed	Basic Monthly Charge	\$ 331.20	\$ 331.20	\$ 331.20	\$ 331.20
	Delivery Charge	\$ 296.86	\$ 242.97	\$ 466.35	\$ 1,151.78
	Commodity Charge	\$ 417.95	\$ 342.08	\$ 656.57	\$ 1,621.60
	Municipal Surcharge	\$ 52.30	\$ 45.81	\$ 72.71	\$ 155.23
	Carbon Tax	\$ 380.75	\$ 311.63	\$ 598.13	\$ 1,477.27
	Subtotal	\$ 1,479.05	\$ 1,273.69	\$ 2,124.96	\$ 4,737.08
	GST	\$ 73.95	\$ 63.68	\$ 106.25	\$ 236.85
	Total	\$ 1,553.00	\$ 1,337.37	\$ 2,231.21	\$ 4,973.94

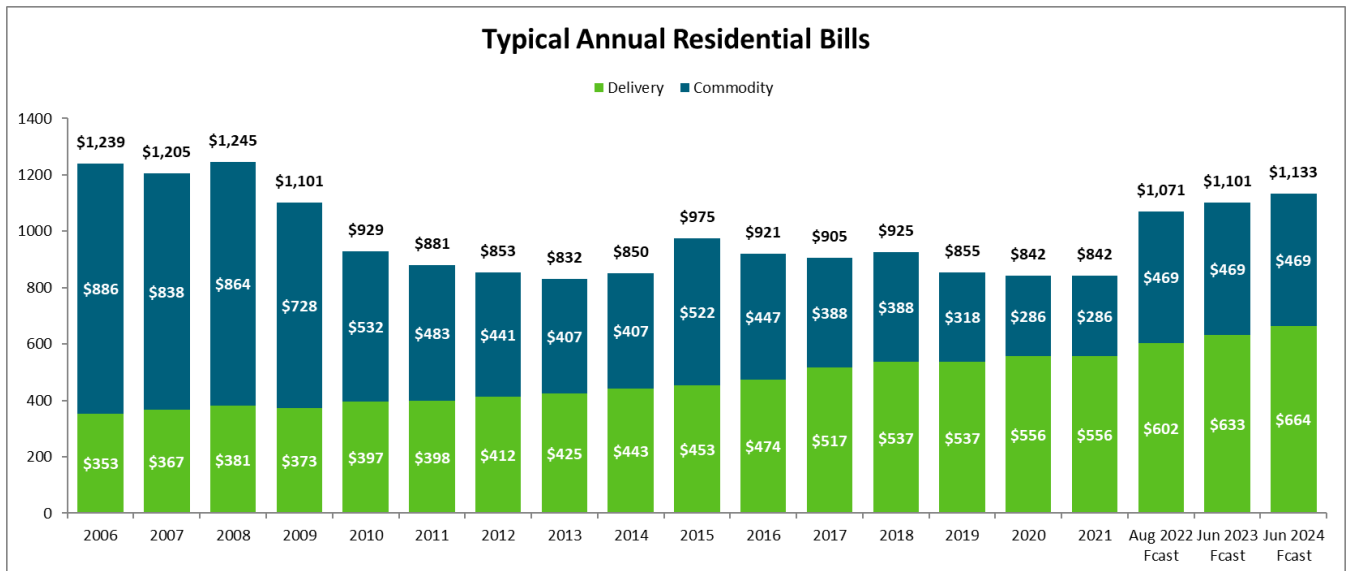
		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Commercial Small		12,570	4,388	21,036	84,447
Proposed	Basic Monthly Charge	\$ 570.00	\$ 570.00	\$ 570.00	\$ 570.00
	Delivery Charge	\$ 1,181.60	\$ 412.49	\$ 1,977.37	\$ 7,938.06
	Commodity Charge	\$ 2,104.25	\$ 734.58	\$ 3,521.41	\$ 14,136.51
	Municipal Surcharge	\$ 192.79	\$ 85.85	\$ 303.44	\$ 1,132.23
	Carbon Tax	\$ 1,916.95	\$ 669.19	\$ 3,207.97	\$ 12,878.24
	Subtotal	\$ 5,965.58	\$ 2,472.11	\$ 9,580.19	\$ 36,655.04
	GST	\$ 298.28	\$ 123.61	\$ 479.01	\$ 1,832.75
	Total	\$ 6,263.86	\$ 2,595.71	\$ 10,059.20	\$ 38,487.79

		Avg	Low	Med	High
		Avg Use m3/year	Avg Use m3/year	Avg Use m3/year	Avg Use m3/year
Commercial Small		159,268	102,373	272,630	529,373
Proposed	Basic Monthly Charge	\$ 2,214.00	\$ 2,214.00	\$ 2,214.00	\$ 2,214.00
	Delivery Charge	\$ 12,773.29	\$ 8,210.30	\$ 21,864.92	\$ 42,455.68
	Commodity Charge	\$ 26,661.46	\$ 17,137.20	\$ 45,638.26	\$ 88,616.96
	Municipal Surcharge	\$ 2,082.44	\$ 1,378.07	\$ 3,485.86	\$ 6,664.33
	Carbon Tax	\$ 24,288.36	\$ 15,611.85	\$ 41,576.07	\$ 80,729.31
	Subtotal	\$ 68,019.55	\$ 44,551.42	\$ 114,779.11	\$ 220,680.28
	GST	\$ 3,400.98	\$ 2,227.57	\$ 5,738.96	\$ 11,034.01
	Total	\$ 71,420.52	\$ 46,778.99	\$ 120,518.06	\$ 231,714.29

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- e) Please update Table 2-1 and Figure 2-1 from the 2018-19 Consultant's Report. If possible, please show the impact of proposed rate changes effective August 1, 2022, April 1, 2023, and proposed final rate changes effective April 1, 2024.

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%



Note: Annual bills are calculated using average consumption of 2,800 m³/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.

- f) Please quantify and describe the impact that the carbon tax will have on customer bills in 2022, 2023, 2024 and 2025 and discuss how SaskEnergy collects and remits any carbon tax charges.

This answer has been prepared to align with the rate application time periods as found in Tab 21. The 2025 year assumes no delivery rate increase but recognizes the increase to the carbon tax on April 1, 2025.

The carbon tax increases annually on April 1 and will have an increasingly

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negative impact on customers as they will pay more in carbon tax in each of the next three years.

The carbon tax is a part of the federal government’s carbon pricing system and applies to natural gas. SaskEnergy bills customers the federal carbon charge based on their consumption. At the end of each month, consumption reports are ran to determine the amount of gas delivered to customers for that reporting period. Based on those reports SaskEnergy remits the carbon charge to Canada Revenue Agency.

2022 Year - Delivery Rates Effective August 1, 2022

	Total bill (Excluding Taxes)	Carbon Tax (\$0.0979/m ³)
Residential	\$ 999	\$ 249
Commercial Small	\$ 3,752	\$ 1,250
Commercial Large	\$ 40,399	\$ 15,659

2023 Year - Delivery Rates Effective June 1, 2023

	Total bill (Excluding Taxes)	Carbon Tax (\$0.1239/m ³)
Residential	\$ 1,022	\$ 312
Commercial Small	\$ 3,802	\$ 1,570
Commercial Large	\$ 41,007	\$ 19,776

2024 Year - Delivery Rates Effective June 1, 2024

	Total bill (Excluding Taxes)	Carbon Tax (\$0.1525/m ³)
Residential	\$ 1,046	\$ 381
Commercial Small	\$ 3,856	\$ 1,917
Commercial Large	\$ 41,649	\$ 24,288

2025 Year - Delivery Rates Effective June 1, 2024

	Total bill (Excluding Taxes)	Carbon Tax (\$0.1811/m ³)
Residential	\$ 1,046	\$ 452
Commercial Small	\$ 3,856	\$ 2,276
Commercial Large	\$ 41,649	\$ 28,843

- g) With reference to the Application at page 4, please explain and provide a calculation that details how was the delivery rate increase residential bill impact of 5% was generated?

The calculation is based on revenues and is as follows:

Total annual impact per customer = Total Bill Impact

Total annual cost at current rates

$$\$42.80 / \$855.63 = 5\%$$

- h) With reference to a typical customer bill, please explain in detail how a typical customer bill is impacted by delivery rate increases by each bill category?

The delivery bill is comprised of two components: a basic monthly charge and a delivery charge. The basic monthly charge is a fixed dollar amount per month. The delivery charge is a volumetric charge that applies to each cubic metre of natural gas used by the customer. As the customer's usage varies from month to month, so will the delivery charges on the bill. By contrast, the basic monthly charge remains the same each month.

When the basic monthly charge increases, the customer is unable to mitigate the increase through their usage because it is a fixed amount each month. A customer could mitigate a delivery charge increase by reducing their consumption. Weather however could also affect the delivery charge as typically during periods of cold weather, consumption is higher compared to warmer weather periods.

20. Reference: Competitiveness

- a) With reference to the bill comparisons across jurisdictions on pages 4 through 9 of Tab 22, please:

- i. Provide the rates used to calculate each of the bills in each chart.

Please see Attachment 3

- ii. Confirm the bills shown in the chart are calculated before applicable taxes. If so, please provide versions of the charts that include taxes.

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The bills shown are before taxes. SaskEnergy does not track the tax information for other jurisdictions.

21. Reference: Load Forecast and Peak Load Requirements

- a) Please provide a version of the load forecast model and regression analysis in Microsoft excel format with all formulae intact.

Confidential Response

- b) Please provide an updated version of the response to Round 1 Information Request 23 (b) from the previous application. Please provide an update on the impact of AMI on load forecast accuracy.

Comparison of Weather Normalized Loads (Forecast to Actual)

	2017/2018			2018/2019			2019/2020			2020/2021			2021/2022		
	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance
000's / GJs															
Residential	37,357	36,158	3%	36,754	37,644	-2%	36,586	37,477	-2%	38,213	37,170	3%	37,987	37,061	2%
Commercial Small	20,254	20,439	-1%	20,370	20,423	0%	21,371	20,474	4%	21,003	20,946	0%	22,040	21,134	4%
Commercial Large	9,667	9,895	-2%	10,051	9,675	4%	10,026	10,050	0%	9,671	10,018	-3%	10,101	9,677	4%
Small Industrial	910	810	12%	784	892	-12%	715	784	-9%	613	715	-14%	689	613	12%
Total	68,188	67,303	1%	67,959	68,634	-1%	68,698	68,785	0%	69,500	68,851	1%	70,817	68,485	3%

Comparison of Number of Customers (Forecast to Actual)

	2017/2018			2018/2019			2019/2020			2020/2021			2021/2022		
	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance
Residential	349,789	349,874	0%	352,774	353,190	0%	354,848	355,102	0%	358,001	356,578	0%	359,757	360,123	0%
Commercial Small	39,658	39,761	0%	40,003	39,937	0%	40,379	40,317	0%	40,767	40,731	0%	41,055	41,129	0%
Commercial Large	1,468	1,440	2%	1,487	1,473	1%	1,502	1,490	1%	1,511	1,504	0%	1,526	1,513	1%
Small Industrial	29	30	-3%	26	29	-10%	26	29	-10%	26	26	0%	27	26	4%
Total	390,944	391,105	0%	394,290	394,629	0%	396,754	396,937	0%	400,305	398,838	0%	402,364	402,791	0%

SaskEnergy is currently working through a data analytics project to improve its load forecasting accuracy by utilizing actual volumes of natural gas consumed in a specific month. This project is reviewing the data available and how users are able to access the data in a useful format for their needs. For the purpose of forecasting, it is expected that at least five years of accurate historical AMI data will first be required in order to show an improvement to load forecasting.

The Small Industrial class is based on historical years and the larger variances are attributed to changes in customers within the class which has changed the customer consumption. When there are only 26 customers in the class, the variance appears larger for a small volume change.

- c) Please discuss if there have any changes to forecast method for new customer additions. If so, please summarize those changes and the reason the change was made.

No, there have not been any changes to forecast methods from previous years.

- d) Please provide the calculation showing the derivation of the forecast peak shown in Schedule 5.4.

Heating Load (Residential, Commercial)	609,040 GJ
Small Industrial	<u>2,014 GJ</u>
Total Peak	611,054 GJ
Peak Day	608,000 GJ

The heating load is forecast using regression analysis based on last 30 years of data to estimate the heating load.

- e) Please discuss how SaskEnergy forecasts the average use per customer figures provided in Schedule 6.0.

The average use per customer figures are forecast by using trend analysis of the last five years of historical data.

22. Reference: Rate Design Principles and Objectives

- a) Please confirm whether the revenue to cost ratios chart on page 38 of the Application are for Delivery Service rates only, or for both Delivery Service and Commodity Service.

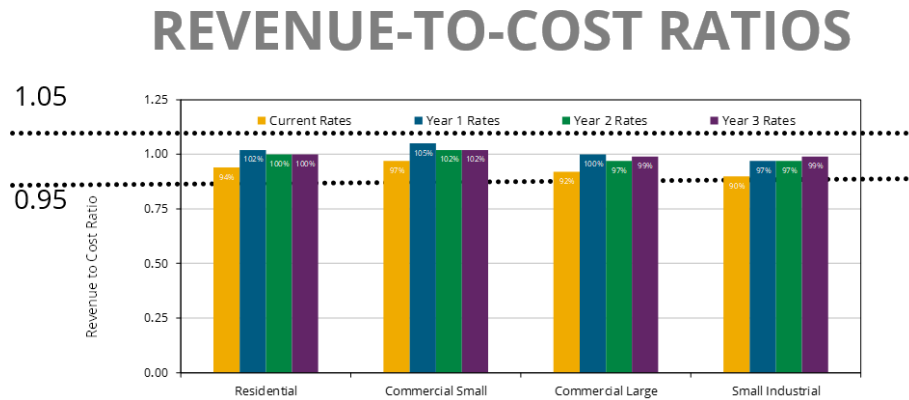
These are confirmed to be for Delivery Service rates only.

- b) Please explain why SaskEnergy appears to be targeting a revenue to cost ratio of greater than 100% for Commercial Small and Small Industrial customers and lower than 100% for Commercial Large customers in Year 3?

SaskEnergy's long-term objective is to have rates that achieve a revenue-to-cost ratio between 0.95 and 1.05, which all revenue to cost ratios for this rate application fall within.

When SaskEnergy is modelling proposed rates, at times it is difficult to get precision, particularly in a rate class as small as the Commercial Large customer class. Small changes to the delivery charge or BMC, can have a large impact on the customer class. It was not intentional to have a lower revenue to cost ratio for Commercial Large, compared to Commercial Small.

- c) Please provide a version of the Revenue to Cost ratios chart on Page 38 of the Application assuming equal percentage increases in Delivery Service rates were applied to all customer classes.



- d) Please provide a table that compares the basic monthly charge and the delivery service rate that would be calculated based on their average unit costs and the proposed rates for each test year.

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Year 1: April 1, 2022 - March 31, 2023

	Proposed Rates	Unit Customer Cost
<i>Basic Monthly Charge (\$)</i>		
Residential	24.50	32.35
Commercial Small	41.50	55.35
Commercial Large	159.50	212.81
Small Industrial	216.00	238.56
<i>Delivery Charge (\$/m³)</i>		
Residential	0.1100	0.0692
Commercial Small	0.0874	0.0692
Commercial Large	0.0732	0.0692
Small Industrial		
first 40,000 m ³ /month	0.0482	0.0455
over 40,000 m ³ /month	0.0421	0.0455

Year 2: April 1, 2023 - March 31, 2024

	Proposed Rates	Unit Customer Cost
<i>Basic Monthly Charge (\$)</i>		
Residential	25.80	34.51
Commercial Small	44.50	59.75
Commercial Large	174.50	231.96
Small Industrial	216.00	262.77
<i>Delivery Charge (\$/m³)</i>		
Residential	0.1154	0.0743
Commercial Small	0.0905	0.0743
Commercial Large	0.0764	0.0743
Small Industrial		
first 40,000 m ³ /month	0.0519	0.0477
over 40,000 m ³ /month	0.0458	0.0477

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Year 3: April 1, 2024 - March 31, 2025

	Proposed Rates	Unit Customer Cost
<i>Basic Monthly Charge (\$)</i>		
Residential	27.60	36.54
Commercial Small	47.50	63.79
Commercial Large	184.50	244.49
Small Industrial	216.00	277.87
<i>Delivery Charge (\$/m³)</i>		
Residential	0.1189	0.0766
Commercial Small	0.0940	0.0766
Commercial Large	0.0802	0.0766
Small Industrial		
first 40,000 m ³ /month	0.0550	0.0486
over 40,000 m ³ /month	0.0489	0.0486

- e) Given the declining average use per customer shown in Schedule 6.0, has SaskEnergy considered increasing the percentage of fixed customer care related costs recovered through the basic monthly charge? Why or why not?

Yes, SaskEnergy has engaged an external consultant to review its internal objective of recovering 75% of costs through the basic monthly charge to determine if it is still reasonable. SaskEnergy will determine whether the percentage of fixed customer care related costs should be changed after review of the final report and will take into consideration the declining average use per customer. If SaskEnergy does change its objective, it will incorporate it into future rate applications.

23. Reference: Implementation of Previous Panel Recommendations

- a) Please provide the response to Panel Recommendations to SaskEnergy #8 through #13 as provided in the Panel Report submitted February 4, 2019 regarding the 2018 Commodity and Delivery Service Rate Application.

8. That SaskEnergy file the new depreciation study with the Panel along with the corporation's response as soon as reasonably possible.

A copy of the new depreciation study is included in the rate application. A presentation was provided to the Panel on September 11, 2019.

9. That SaskEnergy review the calculations and methodology for the corporate capital tax to the operating division and the holding division of SaskEnergy Incorporated. This review should also consider the effect that IFRS accounting treatment for customer contributions has on corporate tax calculations and update the Panel in the next application.

This is currently being reviewed and nothing has been implemented at this time.

10. That SaskEnergy reduce the cash working capital allowance in rate base by \$2.1 million to reflect revenue lag days from distribution tolls that use 45.6 days.

The working capital allowance was reduced.

11. That SaskEnergy review how future asset removal costs (decommissioning cost, asset retirement obligations or negative salvage) that are collected from customers are reflected in utility rate base. It is recommended that customer provided capital for future decommissioning (accumulated balance of depreciation of decommissioning assets and accretion expenses, less amounts used) be included in the financing portion of rate base as no cost capital.

It is included in the financing portion of rate base. SaskEnergy has restated the rate base to include the decommissioning depreciation.

12. That SaskEnergy provide more detailed explanations in future delivery rate applications regarding intercompany allocations, productivity and efficiency measures, capital expenditures, and load forecast.

SaskEnergy included additional details in the current application and will continue to work with the Panel to ensure their needs are met.

13. That SaskEnergy pursue measures required to shift to billing in energy as soon as possible.

SaskEnergy has developed a business case assessing the options to address billing in energy. The business case is going through the internal governance process for review and decision.

b) Please provide any response to the Panel Recommendations to the Minister #1 to #4 as provided in the Panel Report submitted on October 13, 2021 regarding the 2021 Commodity Rate Application.

1. That the proposed commodity rate increase of 28.1% to 12.78 cents per cubic metre (\$3.20 per Gigajoule) effective November 1, 2021, be approved to eliminate the outstanding balance in the GCVA by October 31, 2023, and recover forecast commodity purchases over the same period.

The proposed commodity rate of 28.1% to 12.78 cents per cubic metre (\$3.20 per Gigajoule) was implemented on November 1, 2021 as per the Saskatchewan Rate Review Panel's recommendation.

2. That SaskEnergy review the basis for the \$20 million threshold for triggering an application for amounts owing to or from customers.

As SaskEnergy's customer base has grown over the years, use per customer continues to decrease. This has resulted in SaskEnergy's gas purchases to remain relatively equal. Therefore, SaskEnergy believes the \$20 million threshold is still appropriate.

3. That SaskEnergy continue efforts to bill in energy, which would eliminate the need for forecasting heat value and the associated risks related to heat value variance.

SaskEnergy has developed a business case assessing the options to address billing in energy. The business case is going through the internal governance process for review and decision.

4. That SaskEnergy provide a report in its next application on its renewable gas efforts in order that the Panel may consider the potential benefits, costs or other issues that such a program may present.

SaskEnergy continues to complete a report on renewable natural gas and will provide a copy to the Panel during the next application.

- c) With regard to the response to Panel Recommendation #3 – please describe any measures taken by SaskEnergy since the 2018 review to monitor and manage and reduce areas of controllable costs such as professional membership, dues, training and conferences as well as discretionary spending in areas such as sponsorships and donations.

SaskEnergy encourages advanced education in all areas applicable to future benefit for their staff and the company. The workforce changes with higher number of employees realizing their potential leading to higher professional memberships and dues as the company will pay the annual cost associated with professional designations.

Training and conferences are evaluated to determine what fits with the business needs and requirements. SaskEnergy has taken advantage of remote attendance options to maintain costs when available. SaskEnergy has also provided access to LinkedIn Learning for staff which is a cost effective alternative for training and development and continues to monitor its spending.

SaskEnergy has evaluated its sponsorships and donations to ensure alignment with its goals and strategic imperatives while continuing to support the communities in which it serves. Please see Question 4 c for additional information.

- d) With regard to the response to Panel Recommendation #4:
- i) Please describe specifically any actions taken by SaskEnergy in response to the recommendation to develop a plan to limit future increases in O&M expenses to a measurable target/average cost per customer, such as a percentage related to annual rate of Saskatchewan Consumer Price Index.

As part of the planning development process SaskEnergy has continued to focus on O&M expenses and controlling increases associated with them, however, utilizing a comparison rate to track the change in O&M has not been implemented.

- i. If no plans have been initiated to date, please explain why not.

No plans have been initiated to date, primarily due to lack of capacity to research options. However, with the addition of a resource in strategic planning, a metric is being developed for proposal to include in the Balanced Scorecard for 2023-24, that will link to inflation to O&M expenses.

- ii. Please identify any specific areas where targets can be established and any specific targets that SaskEnergy may consider going forward.

Consideration of implementing a comparison metric for indexing, such as Saskatchewan CPI, for O&M expenses will be part of the annual corporate plan development for 2023-24.

24. Reference: Heat Value

- a) Please update the response to Round 1 Information Request 26(a) in relation to the 2018 Delivery Service Rate Application, and provide the range (maximum and minimum) of heating values that SaskEnergy has observed in its system in the past 5 years by major centres and the total for the system, including for each major centre the number of customers, total annual sales, heat value, and the average bill for residential and commercial customers based on average usage per customer. Please also include sales in cubic metres for each of the ten major centres provided; and break out the basic monthly charge, delivery and commodity portion of average customer bills.

The following table summarizes the available information. The actual number of customers being served in each heat value region is not available, as customers are not currently attached to heat values. To estimate the number of customers in each region, the number of current customers being served in each of the ten major centers was extrapolated to include rural customers in each area. This profile was then applied to the average number of customers outstanding each year.

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2017-18	Heat Value			Estimated Average Number of Customers
	Weighted Average	Minimum	Maximum	
Regina	38.74	39.71	38.41	132,064
Moose Jaw	37.74	38.43	37.55	22,253
Weyburn	39.18	40.45	38.92	8,243
Estevan	42.29	43.52	41.79	8,356
Swift Current	37.81	38.20	37.58	13,489
Yorkton	41.64	43.34	40.57	12,377
Melville	39.18	42.72	38.13	4,098
Saskatoon	38.10	38.42	37.93	152,673
Prince Albert	38.90	39.10	38.50	25,865
North Battleford	38.65	39.13	37.76	11,498
System Average	39.03	39.28	38.15	390,915

2018-19	Heat Value			Estimated Average Number of Customers
	Weighted Average	Minimum	Maximum	
Regina	39.46	38.83	40.63	132,026
Moose Jaw	37.81	37.69	39.14	22,717
Weyburn	40.77	38.83	41.38	8,133
Estevan	42.16	41.52	42.55	8,484
Swift Current	37.72	37.56	38.20	13,304
Yorkton	42.47	41.47	43.40	12,556
Melville	38.77	37.87	41.84	4,065
Saskatoon	38.03	37.89	38.81	155,812
Prince Albert	39.24	39.03	39.43	25,897
North Battleford	38.93	37.84	39.36	11,269
System Average	38.86	38.64	39.32	394,264

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2019-20	Heat Value			Estimated Average Number of Customers
	Weighted Average	Minimum	Maximum	
Regina	40.21	39.82	41.35	130,820
Moose Jaw	38.32	37.69	39.20	22,637
Weyburn	41.43	40.50	41.70	8,329
Estevan	42.09	41.44	42.47	8,605
Swift Current	37.72	37.56	37.92	13,765
Yorkton	42.91	42.14	43.46	12,774
Melville	40.09	38.18	43.33	4,155
Saskatoon	38.23	38.09	38.61	157,250
Prince Albert	39.46	39.01	39.78	26,043
North Battleford	38.47	38.08	39.24	12,351
System Average	39.19	39.05	39.63	396,728

2020-21	Heat Value			Estimated Average Number of Customers
	Weighted Average	Minimum	Maximum	
Regina	41.09	40.11	43.18	129,829
Moose Jaw	38.54	37.73	38.75	22,774
Weyburn	43.28	43.08	43.32	7,836
Estevan	42.77	42.16	43.16	8,180
Swift Current	38.40	37.50	38.70	13,600
Yorkton	41.61	40.50	42.68	13,109
Melville	39.42	38.07	40.84	4,246
Saskatoon	38.48	37.88	38.77	163,460
Prince Albert	39.92	39.48	40.72	26,959
North Battleford	38.69	37.59	39.30	10,287
System Average	39.63	39.26	39.93	400,279

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2021-22	Heat Value			Estimated Average Number of Customers
	Weighted Average	Minimum	Maximum	
Regina	40.40	39.79	41.58	135,028
Moose Jaw	38.62	38.15	38.78	22,921
Weyburn	42.05	41.68	42.21	8,113
Estevan	42.99	42.61	43.16	8,298
Swift Current	38.61	38.15	39.39	13,766
Yorkton	40.68	39.17	43.20	13,064
Melville	39.91	38.73	42.21	3,934
Saskatoon	38.79	38.30	39.05	160,223
Prince Albert	40.09	39.90	40.45	26,121
North Battleford	39.00	38.22	39.44	10,869
System Average	39.44	38.75	39.91	402,337

Total annual sales by heat value region are also not available, as there is no heat value attached to customers in the billing system.

Sales by major centre for 2017-18 – 2021-22 are shown below. Please note this data is for the centre only, and does not include the entire region.

Customer Sales (m ³)					
City Center	2017-18	2018-19	2019-20	2020-21	2021-22
Regina	351,793,377	383,964,735	346,655,367	336,094,510	351,883,862
Moose Jaw	59,279,164	66,065,921	59,985,085	58,955,184	59,731,018
Weyburn	21,957,179	23,652,172	22,070,446	20,284,411	21,142,052
Estevan	22,258,942	24,673,227	22,800,828	21,176,245	21,625,098
Swift Current	35,932,964	38,692,514	36,475,371	35,206,828	35,873,874
Yorkton	32,969,669	36,517,058	33,849,622	33,934,903	34,043,940
Melville	10,915,068	11,822,218	11,010,233	10,990,930	10,252,493
Saskatoon	406,692,301	453,139,460	416,693,064	423,154,201	417,542,528
Prince Albert	68,899,433	75,314,078	69,010,022	69,789,273	68,071,641
North Battleford	30,629,030	32,774,133	32,728,647	26,630,993	28,324,552

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Following are the Average Bills by Heat Value:

Average 2017-18 Residential Bill by Heat Value											
Residential	Regina	Moose Jaw	Weyburn	Estevan	Swift Current	Yorkton	Melville	Saskatoon	Prince Albert	North Battleford	System Average
BMC (\$)	273	273	273	273	273	273	273	273	273	273	273
Delivery (\$)	262	269	259	240	268	243	259	266	261	262	262
Commodity (\$)	397	408	393	364	407	370	393	404	396	398	399
Total Bill (\$)	\$ 932	\$ 950	\$ 925	\$ 877	\$ 948	\$ 886	\$ 925	\$ 943	\$ 929	\$ 934	\$ 934
Total Bill Variance (\$)	\$ (2)	\$ 15	\$ (10)	\$ (58)	\$ 14	\$ (48)	\$ (10)	\$ 9	\$ (5)	\$ (1)	\$ -
Total Bill Variance (%)	0%	2%	-1%	-6%	1%	-5%	-1%	1%	-1%	0%	0%
Weighted Average HV (MJ/m3)	38.74	37.74	39.18	42.29	37.81	41.64	39.18	38.10	38.90	38.65	38.61

Average 2017-18 Commercial Small Bill by Heat Value											
Commercial Small	Regina	Moose Jaw	Weyburn	Estevan	Swift Current	Yorkton	Melville	Saskatoon	Prince Albert	North Battleford	System Average
BMC (\$)	462	462	462	462	462	462	462	462	462	462	462
Delivery (\$)	1,045	1,073	1,034	958	1,071	973	1,034	1,063	1,041	1,048	1,049
Commodity (\$)	1,901	1,952	1,880	1,742	1,948	1,769	1,880	1,933	1,893	1,906	1,908
Total Bill (\$)	\$ 3,409	\$ 3,487	\$ 3,375	\$ 3,161	\$ 3,481	\$ 3,203	\$ 3,375	\$ 3,458	\$ 3,396	\$ 3,415	\$ 3,418
Total Bill Variance (\$)	\$ (10)	\$ 68	\$ (43)	\$ (257)	\$ 63	\$ (215)	\$ (43)	\$ 40	\$ (22)	\$ (3)	\$ -
Total Bill Variance (%)	0%	2%	-1%	-8%	2%	-6%	-1%	1%	-1%	0%	0%
Weighted Average HV (MJ/m3)	38.74	37.74	39.18	42.29	37.81	41.64	39.18	38.10	38.90	38.65	38.61

Average 2017-18 Commercial Large Bill by Heat Value											
Commercial Large	Regina	Moose Jaw	Weyburn	Estevan	Swift Current	Yorkton	Melville	Saskatoon	Prince Albert	North Battleford	System Average
BMC (\$)	1,649	1,649	1,649	1,649	1,649	1,649	1,649	1,649	1,649	1,649	1,649
Delivery (\$)	11,634	11,942	11,503	10,657	11,920	10,824	11,503	11,829	11,586	11,661	11,673
Commodity (\$)	24,249	24,892	23,977	22,214	24,846	22,560	23,977	24,657	24,149	24,306	24,331
Total Bill (\$)	\$ 37,532	\$ 38,483	\$ 37,129	\$ 34,520	\$ 38,415	\$ 35,033	\$ 37,129	\$ 38,135	\$ 37,384	\$ 37,615	\$ 37,653
Total Bill Variance (\$)	\$ (121)	\$ 830	\$ (524)	\$ (3,133)	\$ 762	\$ (2,620)	\$ (524)	\$ 482	\$ (268)	\$ (37)	\$ -
Total Bill Variance (%)	0%	2%	-1%	-8%	2%	-7%	-1%	1%	-1%	0%	0%
Weighted Average HV (MJ/m3)	38.74	37.74	39.18	42.29	37.81	41.64	39.18	38.10	38.90	38.65	38.61

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		Average 2018-19 Residential Bill by Heat Value										
Residential	Regina	Moose Jaw	Weyburn	Estevan	Swift Current	Yorkton	Melville	Saskatoon	Prince Albert	North Battleford	System Average	
BMC (\$)	278	278	278	278	278	278	278	278	278	278	278	
Delivery (\$)	275	287	266	257	287	255	280	285	276	279	279	
Commodity (\$)	357	373	346	334	374	332	364	371	359	362	363	
Total Bill (\$)	\$ 910	\$ 938	\$ 890	\$ 870	\$ 940	\$ 866	\$ 922	\$ 934	\$ 914	\$ 919	\$ 920	
Total Bill Variance (\$)	\$ (10)	\$ 18	\$ (30)	\$ (50)	\$ 19	\$ (55)	\$ 2	\$ 14	\$ (6)	\$ (1)	\$ -	
Total Bill Variance (%)	-1%	2%	-3%	-5%	2%	-6%	0%	2%	-1%	0%	0%	
Weighted Average HV (MJ/m3)	39.46	37.81	40.77	42.16	37.72	42.47	38.77	38.03	39.24	38.93	38.86	

		Average 2018-19 Commercial Small Bill by Heat Value										
Commercial Small	Regina	Moose Jaw	Weyburn	Estevan	Swift Current	Yorkton	Melville	Saskatoon	Prince Albert	North Battleford	System Average	
BMC (\$)	462	462	462	462	462	462	462	462	462	462	462	
Delivery (\$)	1,739	1,815	1,683	1,628	1,819	1,616	1,770	1,804	1,749	1,762	1,766	
Commodity (\$)	2,717	2,835	2,630	2,543	2,842	2,524	2,765	2,819	2,732	2,754	2,759	
Total Bill (\$)	\$ 4,917	\$ 5,112	\$ 4,775	\$ 4,632	\$ 5,123	\$ 4,602	\$ 4,997	\$ 5,085	\$ 4,943	\$ 4,978	\$ 4,986	
Total Bill Variance (\$)	\$ (69)	\$ 126	\$ (212)	\$ (354)	\$ 137	\$ (385)	\$ 11	\$ 99	\$ (44)	\$ (8)	\$ -	
Total Bill Variance (%)	-1%	3%	-4%	-7%	3%	-8%	0%	2%	-1%	0%	0%	
Weighted Average HV (MJ/m3)	39.46	37.81	40.77	42.16	37.72	42.47	38.77	38.03	39.24	38.93	38.86	

		Average 2018-19 Commercial Large Bill by Heat Value										
Commercial Large	Regina	Moose Jaw	Weyburn	Estevan	Swift Current	Yorkton	Melville	Saskatoon	Prince Albert	North Battleford	System Average	
BMC (\$)	1,649	1,649	1,649	1,649	1,649	1,649	1,649	1,649	1,649	1,649	1,649	
Delivery (\$)	12,664	13,217	12,258	11,854	13,249	11,767	12,891	13,140	12,736	12,836	12,860	
Commodity (\$)	22,840	23,837	22,108	21,379	23,895	21,222	23,249	23,699	22,970	23,150	23,193	
Total Bill (\$)	\$ 37,152	\$ 38,703	\$ 36,015	\$ 34,881	\$ 38,792	\$ 34,637	\$ 37,788	\$ 38,488	\$ 37,354	\$ 37,634	\$ 37,702	
Total Bill Variance (\$)	\$ (549)	\$ 1,001	\$ (1,687)	\$ (2,820)	\$ 1,090	\$ (3,065)	\$ 87	\$ 786	\$ (347)	\$ (67)	\$ -	
Total Bill Variance (%)	-1%	3%	-4%	-7%	3%	-8%	0%	2%	-1%	0%	0%	
Weighted Average HV (MJ/m3)	39.46	37.81	40.77	42.16	37.72	42.47	38.77	38.03	39.24	38.93	38.86	

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		Average 2019-20 Residential Bill by Heat Value										
Residential	Regina	Moose Jaw	Weyburn	Estevan	Swift Current	Yorkton	Melville	Saskatoon	Prince Albert	North Battleford	System Average	
BMC (\$)	278	278	278	278	278	278	278	278	278	278	278	
Delivery (\$)	259	272	252	248	276	243	260	273	264	271	266	
Commodity (\$)	260	273	253	249	278	244	261	274	265	272	267	
Total Bill (\$)	\$ 798	\$ 824	\$ 783	\$ 775	\$ 832	\$ 765	\$ 800	\$ 825	\$ 808	\$ 822	\$ 811	
Total Bill Variance (\$)	\$ (13)	\$ 12	\$ (29)	\$ (37)	\$ 21	\$ (46)	\$ (12)	\$ 14	\$ (4)	\$ 10	\$ -	
Total Bill Variance (%)	-2%	2%	-4%	-5%	3%	-6%	-1%	2%	0%	1%	0%	
Weighted Average HV (MJ/m3)	40.21	38.32	41.43	42.09	37.72	42.91	40.09	38.23	39.46	38.47	39.19	

		Average 2019-20 Commercial Small Bill by Heat Value										
Commercial Small	Regina	Moose Jaw	Weyburn	Estevan	Swift Current	Yorkton	Melville	Saskatoon	Prince Albert	North Battleford	System Average	
BMC (\$)	462	462	462	462	462	462	462	462	462	462	462	
Delivery (\$)	1,083	1,136	1,051	1,034	1,154	1,014	1,086	1,139	1,103	1,132	1,111	
Commodity (\$)	1,332	1,398	1,293	1,273	1,420	1,248	1,336	1,401	1,358	1,393	1,367	
Total Bill (\$)	\$ 2,877	\$ 2,996	\$ 2,806	\$ 2,769	\$ 3,036	\$ 2,725	\$ 2,884	\$ 3,002	\$ 2,923	\$ 2,986	\$ 2,939	
Total Bill Variance (\$)	\$ (63)	\$ 57	\$ (133)	\$ (171)	\$ 97	\$ (215)	\$ (55)	\$ 63	\$ (17)	\$ 47	\$ -	
Total Bill Variance (%)	-2%	2%	-5%	-6%	3%	-7%	-2%	2%	-1%	2%	0%	
Weighted Average HV (MJ/m3)	40.21	38.32	41.43	42.09	37.72	42.91	40.09	38.23	39.46	38.47	39.19	

		Average 2019-20 Commercial Large Bill by Heat Value										
Commercial Large	Regina	Moose Jaw	Weyburn	Estevan	Swift Current	Yorkton	Melville	Saskatoon	Prince Albert	North Battleford	System Average	
BMC (\$)	1,649	1,649	1,649	1,649	1,649	1,649	1,649	1,649	1,649	1,649	1,649	
Delivery (\$)	11,679	12,257	11,337	11,157	12,450	10,944	11,714	12,285	11,901	12,209	11,982	
Commodity (\$)	17,041	17,883	16,541	16,279	18,165	15,967	17,092	17,925	17,365	17,813	17,482	
Total Bill (\$)	\$ 30,369	\$ 31,789	\$ 29,526	\$ 29,084	\$ 32,263	\$ 28,560	\$ 30,455	\$ 31,860	\$ 30,915	\$ 31,670	\$ 31,113	
Total Bill Variance (\$)	\$ (743)	\$ 676	\$ (1,587)	\$ (2,028)	\$ 1,150	\$ (2,553)	\$ (658)	\$ 747	\$ (198)	\$ 558	\$ -	
Total Bill Variance (%)	-2%	2%	-5%	-7%	4%	-8%	-2%	2%	-1%	2%	0%	
Weighted Average HV (MJ/m3)	40.21	38.32	41.43	42.09	37.72	42.91	40.09	38.23	39.46	38.47	39.19	

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Residential	Average 2020-21 Residential Bill by Heat Value										
	Regina	Moose Jaw	Weyburn	Estevan	Swift Current	Yorkton	Melville	Saskatoon	Prince Albert	North Battleford	System Average
BMC (\$)	278	278	278	278	278	278	278	278	278	278	278
Delivery (\$)	262	279	248	251	280	258	273	279	269	278	271
Commodity (\$)	263	280	250	253	281	260	274	281	271	279	273
Total Bill (\$)	\$ 803	\$ 838	\$ 777	\$ 783	\$ 840	\$ 797	\$ 825	\$ 839	\$ 819	\$ 836	\$ 823
Total Bill Variance (\$)	\$ (19)	\$ 15	\$ (46)	\$ (40)	\$ 17	\$ (26)	\$ 3	\$ 16	\$ (4)	\$ 13	\$ -
Total Bill Variance (%)	-2%	2%	-6%	-5%	2%	-3%	0%	2%	0%	2%	0%
Weighted Average HV (MJ/m3)	41.09	38.54	43.28	42.77	38.40	41.61	39.42	38.48	39.92	38.69	39.63

Commercial Small	Average 2020-21 Commercial Small Bill by Heat Value										
	Regina	Moose Jaw	Weyburn	Estevan	Swift Current	Yorkton	Melville	Saskatoon	Prince Albert	North Battleford	System Average
BMC (\$)	462	462	462	462	462	462	462	462	462	462	462
Delivery (\$)	1,037	1,106	985	996	1,110	1,024	1,081	1,108	1,068	1,102	1,075
Commodity (\$)	1,276	1,361	1,212	1,226	1,366	1,261	1,331	1,363	1,314	1,356	1,323
Total Bill (\$)	\$ 2,775	\$ 2,929	\$ 2,658	\$ 2,685	\$ 2,938	\$ 2,747	\$ 2,874	\$ 2,932	\$ 2,843	\$ 2,919	\$ 2,861
Total Bill Variance (\$)	\$ (86)	\$ 68	\$ (202)	\$ (176)	\$ 77	\$ (114)	\$ 13	\$ 71	\$ (18)	\$ 58	\$ -
Total Bill Variance (%)	-3%	2%	-7%	-6%	3%	-4%	0%	2%	-1%	2%	0%
Weighted Average HV (MJ/m3)	41.09	38.54	43.28	42.77	38.40	41.61	39.42	38.48	39.92	38.69	39.63

Commercial Large	Average 2020-21 Commercial Large Bill by Heat Value										
	Regina	Moose Jaw	Weyburn	Estevan	Swift Current	Yorkton	Melville	Saskatoon	Prince Albert	North Battleford	System Average
BMC (\$)	1,649	1,649	1,649	1,649	1,649	1,649	1,649	1,649	1,649	1,649	1,649
Delivery (\$)	10,699	11,410	10,159	10,280	11,450	10,568	11,155	11,425	11,014	11,366	11,095
Commodity (\$)	15,611	16,647	14,822	14,999	16,707	15,419	16,276	16,670	16,070	16,583	16,189
Total Bill (\$)	\$ 27,960	\$ 29,706	\$ 26,630	\$ 26,928	\$ 29,806	\$ 27,635	\$ 29,079	\$ 29,745	\$ 28,732	\$ 29,597	\$ 28,933
Total Bill Variance (\$)	\$ (973)	\$ 773	\$ (2,303)	\$ (2,004)	\$ 873	\$ (1,297)	\$ 146	\$ 812	\$ (201)	\$ 665	\$ -
Total Bill Variance (%)	-3%	3%	-8%	-7%	3%	-4%	1%	3%	-1%	2%	0%
Weighted Average HV (MJ/m3)	41.09	38.54	43.28	42.77	38.40	41.61	39.42	38.48	39.92	38.69	39.63

b) Please provide the actual heat rates compared to test year forecast heat rates for 2018; please also discuss heat value ranges in the last year, compared to the last 3 years.

The heat value forecast for 2018-19 was 38.50 MJ/m³ while the actual heat value was 38.86 MJ/m³.

Over the past three years, the actual heat value was:

2019-20 39.19 MJ/m³

2020-21 39.63 MJ/m³

2021-22 39.44 MJ/m³

The actual heat value increased on an annual basis until 2021-22 (39.44 MJ/m³) when it dropped slightly compared to 2020-21 (39.63 MJ/m³) and 2019-20 (39.19 MJ/m³). What appears to be the primary reason for this decline in heat value, was the decline in associated gas production in southeast Saskatchewan last year. Natural gas produced with oil has a much higher heat content than other sources of natural gas. However, with oil drilling and production slowing down in Saskatchewan, less natural gas was produced with oil. This was replaced with a lower heat value supply from Alberta.

- c) Please estimate the impacts of heat value to Delivery Revenue/Net Income and to the Commodity Revenue/GCVA balance for the three most recent actual years. Please also provide the potential impact that may result from actual variations in heat value from forecast in 2022-23 through 2024-25.

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

Delivery Revenue

Year	Millions
2019-20	\$ (2.93)
2020-21	\$ (4.72)
2021-22	\$ (3.93)

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

Year	Millions	
	+2% Heat Value	-2% Heat Value
2022-23	\$ (3.30)	\$ 3.31
2023-24	\$ (3.47)	\$ 3.49
2024-25	\$ (3.60)	\$ 3.62

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

Commodity Revenue

Year	Millions
2019-20	\$ (1.67)
2020-21	\$ (3.27)
2021-22	\$ (0.06)

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

Year	Millions	
	+2% Heat Value	-2% Heat Value
2022-23	\$ (4.29)	\$ 4.41
2023-24	\$ (4.58)	\$ 4.71
2024-25	\$ (4.59)	\$ 4.70

- d) Please provide any updates regarding what the actual heat value in 2022-23 is expected to be. Please discuss any expectation regarding future variations in heat value in future years.

Because the actual heat value for 2021-22 came in slightly lower than the previous year (39.44 MJ/m³ compared to 39.63 MJ/m³), as SaskEnergy prepares its budget for 2023-24, it now expects the heat value for 2022-23 to be around or above 39.5 MJ/m³, rather than the 39.90 MJ/m³ included in the application.

Heat value is difficult to forecast, particularly when gas supply is sourced from many different areas. Looking forward, SaskEnergy does expect Saskatchewan supply to continue to decline, and this would be replaced with Alberta supply. Alberta supply has a higher heat value than conventional Saskatchewan production, but a much lower heat value than Saskatchewan gas produced with oil. Due to various reasons, including the challenge of getting drilling rigs and workers, oil drilling has not returned to pre-pandemic levels yet in Saskatchewan. This means there will be less natural gas produced with oil, and would suggest the heat value may slightly decline in future years.

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- e) Please update the response to Round 1 Information Request 26(e) in relation to the 2018 Delivery Service Rate Application, and provide a table or chart for the past 5 years that shows the quantity of natural gas sourced from outside Saskatchewan and from locally extracted sources and provide estimates of the associated heat values from each source.

The table below lists the quantity of gas sourced externally (Alberta) and from Saskatchewan for each of the past five years as well as the forecasted amounts for the test period. The quantity of gas “sourced” from storage is zero, as all gas in storage is a blend of Alberta and Saskatchewan sourced gas.

All Volumes in Petajoules			
Period	Alberta	Saskatchewan	Total
Nov 2016 – Oct 2017	30.8	21.5	52.3
Nov 2017 – Oct 2018	35.1	27.0	62.1
Nov 2018 – Oct 2019	44.4	16.9	61.3
Nov 2019 – Oct 2020	47.1	12.9	60.0
Nov 2020 – Oct 2021	46.7	8.1	54.8
*Nov 2021 – Oct 2022	53.6	9.8	63.4

The estimated heat value of Alberta and Saskatchewan sourced gas is provided in the table below. Please note that these estimated heat values are not limited to SaskEnergy’s gas purchases. These estimated heat values are based on all of the gas received onto the TransGas transportation system for both the Saskatchewan gas as well as the gas imported from Alberta.

Year	Estimated Heat Value	
	Sask. Production (MJ/m ³)	Alberta Imports (MJ/m ³)
2016	38.50	38.70
2017	38.70	38.60
2018	38.02	38.80
2019	38.46	38.90
2020	39.17	39.10
2021	38.97	39.20

25. Reference: Productivity and Efficiency Update

- a) Please provide the targeted productivity and efficiency savings for each test year. Please provide a total and breakdown by key categories: Crown Collaboration; Innovation and Business Processes; Leveraging Technology.

Productivity and Efficiency			
	2022-23	2023-24	2024-25
Crown Collaboration	\$ 6,496,000	\$ 6,352,000	\$ 6,303,000
Innovation and Business Processes	4,179,000	4,179,000	4,179,000
Leveraging Technology	3,225,000	3,225,000	3,225,000
Total	\$ 13,900,000	\$ 13,756,000	\$ 13,707,000

- b) For productivity and efficiency measures described in Tab 6 – please confirm that each program results in a permanent spending reduction; and that targeted savings for each program are reflected in the forecast revenue requirement.

Yes, these programs resulted in permanent savings and are reflected in the forecast.

- c) Please provide a breakdown of actual productivity and efficiency savings for each year since the 2018 Commodity and Delivery Service Rate Application. Please provide total savings for each year and break down savings by key categories: Crown Collaboration; Innovation and Business Processes; Leveraging Technology.

Productivity and Efficiency		
	2020-21	2021-22
Crown Collaboration	\$ 100,000	\$ 6,761,859
Innovation and Business Processes	1,000,000	1,064,000
Leveraging Technology	100,000	100,000
Total	\$ 1,200,000	\$ 7,925,859

- d) Section 1.4 of the Application describes changes in business operations in 2020 and 2021 related to the COVID-19 pandemic. Please describe further and quantify the specific changes in operation due to the pandemic that occurred in 2020 and 2021; and resulting changes in operation due to the pandemic that will be maintained going forward and result in permanent efficiency cost savings.

The global pandemic changed how SaskEnergy operated in 2020 and 2021 by working remotely from home to ensure well-being. The front line staff adopted safety measures (i.e. mask wearing and social distancing) when addressing customers.

The technology enhancements such as virtual meeting and paperless processes are now incorporated into SaskEnergy's normal course of business. The investment in technology allows employees to interact with other employees in different locations without having to travel and sustain other sustenance expenses.

- e) With reference to the notes on Tab 11, page 10 – it is noted that a favourable variance of \$10.4 million for 2020-21 actuals compared to forecast was achieved through strategic vacancy management, operating cost management, and technology enhancements.

- i. Please quantify the value of each of the identified restraint measures in 2020-21.

Vacancy Management realized \$4.4 million

Operating Cost Management realized \$6.0 million

- ii. Were these measures able to be carried forward and applied in 2021- 22? Please detail and quantify the impact.

Yes, 2021-22 was very consistent to 2020-21 due to status quo during the pandemic

Vacancy Management realized \$3.3 million

Operating Cost Management realized \$2.8 million

- iii. Are these restraint measures able to be applied in the test years? Please provide any details and quantify the impact on revenue requirement. If these measures were not able to be applied in the test years, please explain.

No, SaskEnergy has removed the restraint measure as the intention is to return to normal course of business and deliver improvements to processes and customer experience that is sustainable into the future.