

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.
- 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.
- 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.
- 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.
- 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;
 - ii. Delivery service rates increase by 8% effective August 1, 2022; 4% June 1, 2023 and 4% June 1, 2024.
 - iii. Delivery service rates increase by 8% effective August 1, 2022; 2.5% June 1, 2023 and 2.5% June 1, 2024.
 - iv. Delivery service rates increase by 8% effective August 1, 2022; 0% June 1, 2023; and 0% June 1, 2024.

- 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.
- f) Please provide the 1st Quarter 2022-23 (April-June) financial results for the distribution division.
- g) Please provide audited financial statements for the Distribution Division for the 2021-22 fiscal year.

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.
- 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.
- 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.
- 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.
- 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.
- 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

- 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.
- 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].
- 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.
- 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].
- 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].
- 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].
- 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).
- 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).

- 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).
- 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].
- 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.
- 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).

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).
- b) Please provide a list of FTE additions by position and department for 2020-21, 2021-22 and 2022-23.
- c) Please elaborate on the major types of projects or activities that necessitate the additional FTEs.
- 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.
 - ii. Are further material changes in staffing levels expected to be required after the 2022-23 test year? Please discuss in detail.

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

- 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).
- 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?

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].
 - 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.
 - 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.
- 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].
- 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.

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

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.
- 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.

- ii. Please provide a summary of the business units where the allocations are based on the 73%/27% split.
- 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.
- 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%
 - ii. Executive increasing from 57.5% to 68.3%
 - iii. Land increasing from 35% to 45%
 - iv. I-tech North from 69% to 76.6%
 - v. I-tech South from 69.7% to 75.6%

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.
 - ii. If not confirmed, please provide details of the rate increase assumed for TransGas and the impact to transportation and storage costs.
 - iii. Please provide any details on TransGas rate increases assumed for fiscal years 2023-24 and 2024-25 forecasts.

- 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?
- 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.
- 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.
- 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.

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.
- 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.

- ii. Are any material changes to rates or methods anticipated in the next depreciation study?
 - iii. Please discuss any potential impact the change in depreciation rates or methods may have on the test years actual results.
 - 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.
- 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.
- 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.
- 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.

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.
- 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].
- 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.
- 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 Tab 14. Please quantify and comment on the materiality of any differences.
 - e) Please explain the material reduction in capitalized interest in the 2021-22 forecast compared to 2020-21 actuals and 2022-23 forecast.
 - 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].
 - 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.
 - 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.
 - 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.
 - ii. Will any updates on long term and short term interest rates and sinking fund revenue be included in any anticipated updates?

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

- 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.
- 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.
 - ii. Confirm whether or not the municipal surcharge applies only to the delivery service rates or also to the commodity rate?
 - iii. Confirm that an increase in delivery service rates will result in an increase to municipal surcharge revenues, all else being equal?

11. Reference: Other Revenue

- a) Please describe the source of the Margin on Asset Optimization revenues provided in Schedule 1.7.
- b) Please discuss the factors underlying the decrease in Margin on Asset Optimization revenues from 2019-20 actuals through 2024-25 forecasts.
- c) Please provide an explanation for the increase in forecast connect revenues in 2021-22 compared to 2020-21 and 2022-23.

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.
- 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.

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.

- 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.
- 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.

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.
 - ii. 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.

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.
- 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?

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.

- 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.
- 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.
 - 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.
- 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;
 - 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

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

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

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.

- 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.

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.

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.
- 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.

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

- 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.
- 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.
- 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.
- 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?
- 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?

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

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.
- 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.

- 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.
- d) Please provide the calculation showing the derivation of the forecast peak shown in Schedule 5.4.
- e) Please discuss how SaskEnergy forecasts the average use per customer figures provided in Schedule 6.0.

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.
- 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?
- 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.
- 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?

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.

- 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.
- 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.
- 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.
 - ii. If no plans have been initiated to date, please explain why not.
 - iii. Please identify any specific areas where targets can be established and any specific targets that SaskEnergy may consider going forward.

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.

- 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.
- 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.
- 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.
- 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.

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.
- 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.
- 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.

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