

Minimum Filing Requirement 14 – Capital Structure and Cost of Capital

SaskEnergy monitors the target capital structures and return levels approved in other Canadian jurisdictions. SaskEnergy's capital structure and long-term target return on equity of 8.30% are comparable to these jurisdictions. The amounts and percentages used in these calculations are provided below:

Delivery Rate Application					
<i>Local Distribution Company (LDC) Financial Summary</i>					
<i>2019 Delivery Rate Application Review - April 1, 2019 to March 31, 2020</i>					
<i>Average Rate Base</i>		<i>Deemed Debt</i>	<i>Deemed Debt</i>	<i>Cost of Debt</i>	<i>Interest</i>
1,089,502	=	63%	=	686,386	4.58%
	=	37%	=	403,116	8.30%
				<i>Deemed Equity</i>	<i>Return on Equity</i>
				<i>Cost of Financing</i>	<i>Net Income</i>
	63%	X	=	4.6%	2.9%
	37%	X	=	8.3%	3.1%
				<i>Return on Rate Base</i>	6.0%
Business Plan					
<i>Local Distribution Company (LDC) Financial Summary</i>					
<i>2019 Delivery Rate Application Review - April 1, 2019 to March 31, 2020</i>					
<i>Average Rate Base</i>		<i>Deemed Debt</i>	<i>Deemed Debt</i>	<i>Cost of Debt</i>	<i>Interest</i>
1,067,719	=	63%	=	672,663	4.55%
	=	37%	=	395,056	8.14%
				<i>Deemed Equity</i>	<i>Return on Equity</i>
				<i>Cost of Financing</i>	<i>Net Income</i>
	63%	X	=	4.6%	2.9%
	37%	X	=	8.1%	3.0%
				<i>Return on Rate Base</i>	5.9%

Debt & Finance Charges – Average Cost of Debt

	Distribution Utility Cost of Debt (\$000's)	Business Plan	2019/20
	Delivery Rate Application	2019/2020	Variance
	2019/2020	Forecast	
	Forecast	Forecast	
	<i>in \$ 000's</i>	<i>in \$ 000's</i>	<i>in \$ 000's</i>
Average Outstanding Long Term Debt	545,332	578,999	33,667
Average Interest Rate	4.43%	4.40%	0.0%
Average Outstanding Short Term Debt	220,295	125,610	(94,685)
Average Interest Rate	2.22%	2.19%	0.0%
Weighted Average cost of debt	3.79%	4.00%	0.2%
Interest on Notes Payable to Holdings Division	26,289	27,596	1,307
Interest on Bank Indebtedness	4,880	2,756	(2,124)
Accretion Expense	3,096	3,100	4
Amortization of Deferred Charges	227	227	-
Debt Retirement Fund Earnings	(2,361)	(2,361)	-
Capitalized Interest	(234)	(234)	-
Interest Allocated to Commodity	(446)	(446)	-
Total Interest Expense	31,450	30,638	(812)

Minimum Filing Requirement 17 – Rate Base and its Derivation

Description	Rate Base and its Derivation		
	(\$000's)		
	Delivery Rate Application	Business Plan	2019/20
	2019/2020	2019/2020	Variance
	Forecast	Forecast	
	<i>in \$ 000's</i>	<i>in \$ 000's</i>	<i>in \$ 000's</i>
Plant In Service At Cost	1,586,009	1,564,296	(21,713)
Accumulated Depreciation	548,009	547,165	(844)
Net Book Value	1,038,000	1,017,131	(20,869)
Natural Gas in Storage	26,863	26,516	(347)
Inventories of Materials	8,403	8,416	14
Cash Working Capital Allowance	16,237	15,655	(582)
Total	1,089,502	1,067,719	(21,783)

April 1, 2019 - March 31, 2020