

**Minister's Order**

**Saskatchewan Rate Review Panel  
SaskEnergy Natural Gas Delivery Rate Change Proposal**

**Terms of Reference**

**WHEREAS** by an Order dated December 16, 2015, issued pursuant to Section 15 of *The Executive Government Administration Act*, the Minister of Crown Investments appointed a Ministerial Advisory Committee known as the Saskatchewan Rate Review Panel;

**AND WHEREAS** that Order provides for specific terms of reference for particular Crown Corporation rate change reviews to be attached by further Minister's Order;

**AND WHEREAS** it is desirable to establish terms of reference for a SaskEnergy delivery rate change review and to attach the terms of reference to the previously mentioned Minister's Order;

**NOW THEREFORE**, I hereby amend the said Minister's Order by attaching Appendix A affixed hereto as "**Schedule C: SaskEnergy Natural Gas Delivery Rate Change and Terms of Reference**" to the said Minister's Order.

Dated at Regina, Saskatchewan this 11<sup>th</sup> day of July, 2017



Minister of Crown Investments

**Schedule C:  
SaskEnergy Natural Gas Delivery Rate Change**

**Terms of Reference**

The Saskatchewan Rate Review Panel (the Panel) is requested to conduct a review of SaskEnergy's request for an increase in its delivery rates targeted to take effect on November 1, 2017.

The Panel shall function within its mandate and operational terms of reference as specified in the Minister's Order dated December 16, 2015. The Panel shall provide an opinion of the fairness and reasonableness of SaskEnergy's proposed delivery rate change having consideration for the following:

- The interests of the Crown corporation, its customers and the public;
- Consistency with the Crown corporation's mandate, objectives and methodologies;
- Relevant industry practices and principles; and
- The effect of the proposed delivery rate change on the competitiveness of the Crown corporation related to other jurisdictions.

**DELIVERY RATE REVIEW**

In conducting its **Delivery Rate Review**, the Panel will consider the following factors:

- A) The reasonableness of the proposed changes to the rates in the context of SaskEnergy's forecasted delivery cost of service, comprised of:
  - (i) load forecast;
  - (ii) contracted transportation and storage service;
  - (iii) planned maintenance program;
  - (iv) operating, maintenance and administrative expenses;
  - (v) depreciation and finance expense; and,
  - (vi) corporate capital tax.
- B) The revenue requirement resulting from the delivery cost of service.
- C) The Panel shall consider the following parameters as given:
  - (i) the rate structure (i.e. components and classifications);
  - (ii) the budgeted capital allocation, the rate base, and established corporate policies;
  - (iii) the long-term target rate of return on equity of 8.30%, as approved in the 2017-18 business plan, and the existing service levels;
  - (iv) the revenue-to-cost ratio target range of 0.95 to 1.05;
  - (v) all transportation and storage rates, including those set by TransGas Limited.

SaskEnergy will provide the Panel with its application package immediately. SaskEnergy will also provide the Panel with any supplementary information as the Panel may require to fulfill its mandate and these Terms of Reference.

The Panel shall determine a public consultation process for this rate change application appropriate and cost effective under the circumstances and within the timeline for the review as established by the Minister of Crown Investments.

The Panel shall provide members of the public with the opportunity to review and comment on SaskEnergy's delivery rate change submission outside any public meeting, to the extent reasonable and within the timeline for the review assigned by the Minister of Crown Investments.

The Panel shall provide an opportunity to SaskEnergy to make a presentation to it and to the public as they consider appropriate to discuss noteworthy rate application issues.

Questions from the public, the Panel members and its technical consultant(s) that require a response from SaskEnergy shall be received and organized by the Panel in a timely and efficient manner and forwarded to SaskEnergy for response.

The Panel shall provide SaskEnergy with the opportunity and reasonable time to review the Panel's technical consultant's preliminary report prior to its finalization to ensure there is no error in data or in the interpretation of data. The preliminary report shall include the consultant's observations (e.g. outstanding issues and questions), but will not include the consultant's recommendations to the Panel.

The Panel must include in its report an explanation of how, in its opinion, implementation of the Panel's rate recommendations will allow SaskEnergy to achieve the performance inherent in the parameters outlined in section (C), where the Panel's recommendations differ from SaskEnergy's proposed delivery rate change.

### **CONFIDENTIALLY**

Consistent with the "Confidentiality Guidelines" for the Panel (January 19, 2010), the Panel will not publicly release or require SaskEnergy to publicly release Confidential Information supplied by the Crown corporation to the Panel during the course of the combined rate change application review.

The Panel will release, as part of its final report, the results of the review of SaskEnergy's delivery rate change request as conducted by an independent third party. By doing so the Panel shall ensure there has been no indirect release of any of SaskEnergy's Confidential Information.

### **CONDUCT OF THE REVIEW**

The Panel will present its report to the Minister of Crown Investments no later than October 4, 2017.