



Government  
of  
Saskatchewan

**Minister's Order  
Saskatchewan Rate Review Panel  
SaskPower 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 SaskPower electricity 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 A: 2016 - SaskPower Rate Change Proposal Terms of Reference**" to the said Minister's Order.

Dated at Regina, Saskatchewan this 19 day of May, 2016

A handwritten signature in black ink, appearing to read "Dan McNeil".

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Minister of Crown Investments

## Schedule A

### **Schedule A: 2016 - SaskPower Rate Change Proposal Terms of Reference**

The Saskatchewan Rate Review Panel is requested to conduct a review of SaskPower's request for increases in its electricity rates targeted for implementation on July 1, 2016, and January 1, 2017

The July 1, 2016, increase will be implemented on an interim basis. Cabinet may implement any rate change adjustment on an interim basis pending receipt of the Panel's recommendation(s).

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 SaskPower's proposed 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 rate change on the competitiveness of the Crown Corporation related to other jurisdictions.

In conducting the a electricity rate change review, the Panel will consider the following factors:

- A) The reasonableness of the proposed changes to the rates in the context of SaskPower's forecasted cost of service over the period 2016-17 inclusive comprised of:
  - (i) anticipated costs for fuel;
  - (ii) anticipated hydro facilities availability;
  - (iii) load forecast;
  - (iv) planned maintenance programs;
  - (v) operating, administrative and maintenance expenses;
  - (vi) depreciation and finance expenses; and,
  - (vii) Corporate Capital Tax.
- B) The revenue requirement resulting from the cost of service.
- C) The reasonableness of the current rate structure and all components (basic charge, energy charge and demand charge) comprising the rate.
- D) The future impact of the proposed rate change on different customer groups.
- E) The Panel shall consider the following parameters as given:
  - i. the budgeted capital allocation, the rate base, and established corporate policies over the period 2016 and 2017 inclusive;
  - ii. the targeted long term Return on Equity target of 8.5%;
  - iii. the existing service levels;
  - iv. any existing supply contract; and
  - v. the revenue to revenue requirement ratio target range of 0.95 to 1.05.

SaskPower will provide the Panel with its application package immediately. SaskPower will also provide the Panel with any supplementary information as the Panel may require in fulfilling its mandate and these terms of reference.

SaskPower will provide the Panel with a mid-application update, including any material updates to this application, by no later than September 16, 2016 if a business factor (or factors) vital to formulating this rate application has changed significantly from the original business factor (or factors) used in the application.

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 SaskPower's rate change submission outside any public meeting, to the extent reasonable and within the timeline for the review as established by the Minister of Crown Investments.

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

The Panel shall, in a timely and efficient manner, forward to SaskPower for response questions that the Panel receives from the public, individual Panel members and its technical consultant.

The Panel shall provide SaskPower 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 final report an explanation of how, in its opinion, implementation of the Panel's rate recommendations will allow SaskPower to achieve the performance inherent in the parameters outlined in section (E), where the Panel's recommendations are different from SaskPower's proposed rate changes.

Consistent with the "Confidentiality Guidelines" for the Panel (March 11, 2010), the Panel will not publicly release or require SaskPower to publicly release Confidential Information supplied by the Crown Corporation to the Panel during the course of the rate change application review.

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

### **Conduct of the Review**

The Panel will present its primary report detailing its analysis and recommendations on SaskPower's proposed electricity rate change request to the Minister of Crown Investments no later than November 7, 2016. The reporting date may be modified by the Minister of Crown Investments in consultation with the Panel Chair.