



ROUND ONE  
INTERROGATORY  
UPDATES AT  
MID-APPLICATION

[2016 and 2017 Rate Application]





2016 and 2017 RATE APPLICATION  
SRRP INTERROGATORIES – MID-APPLICATION UPDATE

**SRRP Q2 UPDATE:**

Reference: Application

Please discuss what SaskPower considers to be the 4 largest financial risks it faces (e.g. natural gas prices; interest rates; sales growth or decline) and provide an estimate of the potential upper and lower range of effects of these risks on operating income and return on equity in 2016-17 and 2017-18.

**Response:**

SaskPower considers the following items to be the largest financial risks to the Corporation over the two-year period covered by the Rate Application.

1. Rate increase
2. Electricity sales
3. Natural gas prices
4. Hydro levels

**Rate increase**

SaskPower's Business Plan assumes rate increases of 5% effective July 1, 2016, and a second rate increase of 5% effective January 1, 2017. The rate increase is subject to review by the Saskatchewan Rate Review Panel with final approval by Cabinet.

Each 1% change in the recommended rate increase is estimated to have a \$22 million annual impact on SaskPower's net income.

**Saskatchewan electricity sales volumes** (updated numbers in orange)

SaskPower is forecasting Saskatchewan electricity sales growth of 3.4% in 2016-17 for total annual electricity sales of 22,352 gigawatt hours (GWh). In 2017-18, the Corporation is forecasting 1.9% growth for a total annual sales volume of 22,781 GWh. However, actual sales volumes are subject to a number of variables including economic conditions, number of customers and weather.

The impact of a change in the sales volumes forecast will differ by customer class. For example, the financial impact of a 100 GWh change in sales volumes to the Residential customer class is forecast to have a \$9 million impact on SaskPower's bottom line. A 100 GWh change in the Power Class sales is estimated to have a \$4 million impact on SaskPower's financial results. These estimates were calculated before applying the impact of the proposed rate increases.

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### **Natural gas prices** (updated numbers in orange)

SaskPower uses a diversified fleet of generation and fuel sources to produce electricity in Saskatchewan. This includes natural gas, coal, hydro, wind, and imports. Natural gas generation is forecast to provide about 35% of the Corporation's electrical needs in 2016-17 and 2017-18, which is second only to coal generation in terms of percentage of electricity supplied. SaskPower is forecasting to consume 73.8 million gigajoules (GJ) of natural gas in 2016-17 and 72.4 million GJ in 2017-18.

Natural gas prices are subject to significant volatility due to fluctuations in the market price. To mitigate that risk, the Corporation has hedges in place to fix the price of natural gas on up to 80% of its forecasted natural gas purchases in the coming calendar year.

The estimated impact of a \$1/GJ change in the price of natural gas is a \$16 million change in SaskPower's fuel and purchased power costs in 2016-17 and \$23 million in 2017-18.

### **Hydro volumes**

Hydro generation is forecast to provide approximately 12% - 15% of SaskPower's generation needs in 2016-17 and 2017-18. Next to wind, hydro generation is the least expensive marginal cost source of electricity in SaskPower's fleet. When hydro generation is lower than expected, it must be replaced by other, more expensive sources of electricity such as natural gas or imports.

The actual amount of hydro generation is largely dependent on water levels in the rivers that feed our hydro generation facilities. A 10% change in the level of hydro generation is estimated to have a \$13 million impact on SaskPower's fuel and purchased power budget.

The attached sensitivity analysis provides some additional information on the financial impact of changes in the Corporation's planning assumptions.

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| Business Plan Sensitivity Analysis              |             |          |   |                            |
|---|-------------|----------|---|----------------------------|
| Item  | Assumptions |          | Sensitivity Analysis (Annual Impact)      | NI Impact<br>(Millions \$) |
|   | 2016-17     | 2017-18  |   |                            |
| <b>Revenue</b>                                  |             |          |   |                            |
| Rate Increase (%)*                              | 10.0%       | 4.8%     | 1% change in the rate increase assumption | \$ 22                      |
| Sask Sales Growth (%)                           | 3.4%        | 1.9%     | 100 GWh change in Power Class             | \$ 4                       |
|   |             |          | 100 GWh change in Residential Class       | \$ 9                       |
| Export Profit & Trading<br>Margin (Millions \$) | \$ 6        | \$ 8     | \$10 million change in export sales       | \$ 5                       |
| <b>Fuel &amp; Purchased Power</b>               |             |          |   |                            |
| Natural Gas Price (\$/GJ)                       | \$ 3.96     | \$ 4.22  | \$1 / GJ change in the natural gas price  | \$ 16                      |
| Hydro Generation (GWh)                          | 3,234       | 3,634    | 10% change in the hydro assumption        | \$ 13                      |
| Coal Generation (GWh)                           | 856         | 10,932   | 10% change in the coal generation         | \$ 18                      |
| <b>Capital</b>                                  |             |          |   |                            |
| Capital Spending (Millions \$)                  | \$ 965      | \$ 1,336 | \$100 million change in capital budget    | \$ 7                       |
| Short-Term Interest Rates                       | 0.5%        | 0.8%     | 1% change in short-term interest rates    | \$ 11                      |
| Long-Term Interest Rates                        | 3.1%        | 3.3%     | 1% change in interest rate assumption     | \$ 4                       |

\* 4.8% rate increase in 2017-18 assumed to be effective January 1, 2018

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**SRRP Q4 UPDATE:**

Reference: Application

Please provide a schedule showing SaskPower's total domestic electricity sales revenue; operating income; return on equity and debt to equity ratio for 2016/17 and 2017/18 assuming for each of the following potential rate scenarios:

- i) Confirmation of a 5% average rate increase effective July 1, 2016 and no rate increase in 2017.
- ii) Confirmation of a 5% average rate increase effective July 1, 2016 and a 2.5% average rate increase effective January 2017.
- iii) Confirmation of a 5% average rate increase effective July 1, 2016 and a 5% average rate increase effective April 1, 2017
- iv) A 10% average rate increase effective September 1, 2016 and no other rate increases in 2016/17 or 2017/18.

**Response:**

The following is a summary of the various rate increase scenarios noted above:

**SRRP Q4 i) - 5% Jul 1, 2016; 0% in 2017; 5% Jan 1, 2018**

| Financial/Productivity Indicators        | December<br>2014 | December<br>2015 | 2016/17 | 2017/18 |
|--|------------------|------------------|---------|---------|
| Avg customer rate increase (%)           | 5.5              | 5.0              | 5.0     | -       |
| Operating income (millions \$)           | 43.2             | 103.6            | 54.1    | 49.6    |
| Net Income (millions \$)                 | 59.6             | 39.7             | 120.3   | 49.6    |
| Total Domestic electricity sales revenue | 2,042.7          | 2,127.7          | 2,296.9 | 2,352.4 |
| Return on equity (%)                     | 2.0              | 4.7              | 2.6     | 2.3     |
| Debt ratio incl. capital leases (%)      | 73.1             | 74.8             | 76.5    | 77.7    |

**SRRP Q4 ii) - 5% Jul 1, 2016; 2.5% Jan 1, 2017**

| Financial/Productivity Indicators        | December<br>2014 | December<br>2015 | 2016/17 | 2017/18 |
|--|------------------|------------------|---------|---------|
| Avg customer rate increase (%)           | 5.5              | 5.0              | 7.5     | -       |
| Operating income (millions \$)           | 43.2             | 103.6            | 68.6    | 108.8   |
| Net Income (millions \$)                 | 59.6             | 39.7             | 134.8   | 108.8   |
| Total Domestic electricity sales revenue | 2,042.7          | 2,127.7          | 2,311.4 | 2,411.2 |
| Return on equity (%)                     | 2.0              | 4.7              | 3.2     | 4.9     |
| Debt ratio incl. capital leases (%)      | 73.1             | 74.8             | 76.4    | 77.0    |

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**SRRP Q4 iii) - 5% Jul 1, 2016; 5.0% rate increase Apr 1, 2017**

| Financial/Productivity Indicators        | December<br>2014 | December<br>2015 | 2016/17 | 2017/18 |
|--|------------------|------------------|---------|---------|
| Avg customer rate increase (%)           | 5.5              | 5.0              | 5.0     | 5.0     |
| Operating income (millions \$)           | 43.2             | 103.6            | 54.1    | 167.9   |
| Net Income (millions \$)                 | 59.6             | 39.7             | 120.3   | 167.9   |
| Total Domestic electricity sales revenue | 2,042.7          | 2,127.7          | 2,296.9 | 2,470.0 |
| Return on equity (%)                     | 2.0              | 4.7              | 2.6     | 7.5     |
| Debt ratio incl. capital leases (%)      | 73.1             | 74.8             | 76.5    | 76.6    |

**SRRP Q4 iv) - 10% Sept 1, 2016; 0% for remainder of 2016/17 and 2017/18**

| Financial/Productivity Indicators        | December<br>2014 | December<br>2015 | 2016/17 | 2017/18 |
|--|------------------|------------------|---------|---------|
| Avg customer rate increase (%)           | 5.5              | 5.0              | 10.0    | -       |
| Operating income (millions \$)           | 43.2             | 103.6            | 100.2   | 161.7   |
| Net Income (millions \$)                 | 59.6             | 39.7             | 166.4   | 161.7   |
| Total Domestic electricity sales revenue | 2,042.7          | 2,127.7          | 2,343.0 | 2,464.4 |
| Return on equity (%)                     | 2.0              | 4.7              | 4.7     | 7.1     |
| Debt ratio incl. capital leases (%)      | 73.1             | 74.8             | 76.0    | 76.2    |

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**SRRP Q4 UPDATE 2:**

Reference: Application

Please show a scenario that confirms the July 1, 2016, 5% rate increase and also shows the percentage increase effective April 1, 2017, that would be required to achieve an ROE of 7% in 2017-18.

**Response:**

The following table summarizes the financial impact of a 5% rate increase effective July 1, 2016, and the rate increase required to achieve a 7% return on equity (ROE) in 2017-18:

**SRRP Q4 Update 2 - 5% July 1, 2016; 4.5% rate increase April 1, 2017**

| <b>Financial/Productivity Indicators</b> | <b>December<br/>2014</b> | <b>December<br/>2015</b> | <b>2016/17</b> | <b>2017/18</b> |
|--|--------------------------|--------------------------|----------------|----------------|
| Avg customer rate increase (%)           | 5.5                      | 5.0                      | 5.0            | 4.5            |
| Operating income (millions \$)           | 43.2                     | 103.6                    | 54.1           | 156.0          |
| Net Income (millions \$)                 | 59.6                     | 39.7                     | 120.3          | 156.0          |
| Total Domestic electricity sales revenue | 2,042.7                  | 2,127.7                  | 2,296.9        | 2,458.3        |
| Return on equity (%)                     | 2.0                      | 4.7                      | 2.6            | 7.0            |
| Debt ratio incl. capital leases (%)      | 73.1                     | 74.8                     | 76.5           | 76.7           |



2016 and 2017 RATE APPLICATION  
SRRP INTERROGATORIES

**SRRP Q17 UPDATE:**

**Reference: Forecast Saskatchewan Sales Revenues**

- a) Please confirm whether the revenues for 2016-17 and 2017-18 in the table on page 23 of the application are at existing rates or proposed rates.
- b) Please provide a proof of revenue schedule showing the billing determinants (e.g. number of customers, billed demand, energy), rates and revenues for the existing rates and SaskPower's proposed rates for each customer class for 2016/17 and 2017/18.

**Response:**

- a) The fiscal year forecasts for 2016-17 and 2017-18 are based on proposed rates.
- b) Please see the following tables.

## 2016 and 2017 RATE APPLICATION SRRP INTERROGATORIES

### Proof of Revenue 2016/2017 - Annualized Basis

| Rate Code  | Residential   | Determinant  | Revenue 2015 Rates   | Blended Rate                         | Revenue 2016 July 1 Rates   | Blended Rate                         | Difference  | Blended Rate Pct Diff | Revenue Pct Difference |
|--|---|--|--|--------------------------------------|---|--------------------------------------|---|-----------------------|------------------------|
| <b>Rate Code</b><br>E01, E02                               | Residential<br>Basic (Customers)<br>Energy (Gwh)                                    | 306,314  | \$ 79,179,010  | \$ 20.22                             | \$ 83,212,362   | \$ 21.25                             | \$ 4,033,352  | 5.1%                  | 5.1%                   |
|  |   | 2,522  | \$ 318,348,923   | \$ 0.12623                           | \$ 324,590,443  | \$ 0.13262                           | \$ 16,241,520   | 5.1%                  | 5.1%                   |
| E03, E04   | Basic (Customers)<br>Energy (Gwh)   | 60,505   | \$ 21,193,578  | \$ 29.19                             | \$ 22,275,402   | \$ 30.68                             | \$ 1,081,824  | 5.1%                  | 5.1%                   |
|  |   | 752  | \$ 94,952,575  | \$ 0.12624                           | \$ 99,753,334   | \$ 0.13262                           | \$ 4,800,759  | 5.1%                  | 5.1%                   |
|  | Total Residential   |  | \$ 513,674,087   |                                      | \$ 539,831,542  |                                      | \$ 26,157,455   |                       | 5.1%                   |
| <b>Rate Code</b><br>E05, E06, E07, E08, E10, E12           | Commercial<br>Basic (Customers)<br>Energy (Gwh)<br>Demand (Mva)                     | 2,978<br>2,177<br>6,497,615                          | \$ 2,244,062<br>\$ 160,546,403<br>\$ 69,117,246                                    | \$ 62.80<br>\$ 0.07375<br>\$ 10.64   | \$ 2,358,440<br>\$ 168,683,199<br>\$ 72,637,395   | \$ 66.01<br>\$ 0.07749<br>\$ 11.18   | \$ 114,378<br>\$ 8,136,796<br>\$ 3,525,149                                  | 5.1%                  | 5.1%                   |
| E15, E16, E17, E18, E35, E36, E37, E38                     | Basic (Customers)<br>Energy (Gwh)   | 2,574,25<br>10.8                                     | \$ 622,728<br>\$ 1,281,754   | \$ 20.16<br>\$ 0.11893               | \$ 654,499<br>\$ 1,347,066  | \$ 21.19<br>\$ 0.12499               | \$ 31,772<br>\$ 65,312  | 5.1%                  | 5.1%                   |
| E75, E76, E77, E78   | Basic (Customers)<br>Energy (Gwh)<br>Demand Block1<br>Demand Block1<br>Total Demand | 56,114<br>1,618<br>2,334,310<br>494,632<br>2,828,942 | \$ 20,132,168<br>\$ 184,903,704<br>\$ 6,676,115                                    | \$ 29.90<br>\$ 0.11430<br>\$ 13.50   | \$ 21,160,056<br>\$ 194,327,151<br>\$ 7,016,401   | \$ 31.42<br>\$ 0.12013<br>\$ 14.19   | \$ 1,027,888<br>\$ 9,423,446<br>\$ 340,286                                  | 5.1%                  | 5.1%                   |
| Streetlights   | Basic (Customers)<br>Energy (Gwh)   | 2,872<br>60.2  | \$ 15,339,229<br>\$  | \$ 445.08<br>\$                      | \$ 16,114,526<br>\$   | \$ 467.58<br>\$                      | \$ 775,297<br>\$  | 5.1%                  | 5.1%                   |
| <b>Rate Code</b><br>E34, E19, E41                          | Total Commercial<br>Farm<br>Basic (Customers)<br>Energy (Gwh)<br>Demand (Mva)       |  | \$ 460,858,410<br>\$ 22,346,425.35<br>\$ 59,151<br>\$ 136,580,090.77<br>\$ 955,057 |                                      | \$ 484,298,733<br>\$ 23,484,295.55<br>\$ 131.48<br>\$ 143,536,061.41<br>\$ 4,662,368.72 |                                      | \$ 23,440,323<br>\$ 1,137,870<br>\$ 1,377,870<br>\$ 6,936,971<br>\$ 216,396 | 5.1%                  | 5.1%                   |
|  | Total Farm  |  | \$ 163,181,489.19  |                                      | \$ 171,472,725.68   |                                      | \$ 8,291,236.49   |                       | 5.1%                   |
| <b>Rate Code</b><br>E43                                    | Offfield<br>Basic (Customers)<br>Energy (Gwh)<br>Demand (Mva)                       | 19,258<br>2,692                                      | \$ 12,629,361<br>\$ 180,573,503  | \$ 54.65<br>\$ 0.00760               | \$ 13,272,984<br>\$ 189,778,561   | \$ 57.43<br>\$ 0.07050               | \$ 643,623<br>\$ 9,201,059  | 5.1%                  | 5.1%                   |
| E46, E47, E48, E86, E87, E88                               | Basic (Customers)<br>Energy (Gwh)<br>Demand (Mva)                                   | 6,732,781<br>35<br>793                               | \$ 79,998,905<br>\$ 2,346,240<br>\$ 45,433,353                                     | \$ 11.88<br>\$ 0.08901<br>\$ 8.76    | \$ 84,078,971<br>\$ 2,465,864<br>\$ 47,747,733  | \$ 12.49<br>\$ 5.87110<br>\$ 0.06066 | \$ 4,080,065<br>\$ 119,624<br>\$ 2,314,379                                  | 5.1%                  | 5.1%                   |
|  | Total Offfield  |  | \$ 333,294,851   |                                      | \$ 350,281,027  |                                      | \$ 16,986,176   |                       | 5.1%                   |
| <b>Rate Code</b><br>E31, E32, E33                          | Reseller<br>Basic (Customers)<br>Energy (Gwh)<br>Demand (Mva)                       | 3<br>1,282<br>2,503,035                              | \$ 296,064<br>\$ 52,375,682<br>\$ 44,488,204                                       | \$ 8.22400<br>\$ 0.04085<br>\$ 16.97 | \$ 311,159<br>\$ 55,059,920<br>\$ 44,655,582  | \$ 8.64330<br>\$ 0.04294<br>\$ 17.94 | \$ 15,095<br>\$ 2,675,239<br>\$ 2,167,379                                   | 5.1%                  | 5.1%                   |
|  | Total Reseller  |  | \$ 95,159,949  |                                      | \$ 100,017,662  |                                      | \$ 4,857,712  |                       | 5.1%                   |
| <b>Rate Code</b><br>E22, E23, E24, E25, E32, E83, E94, E85 | Power<br>Basic (Customers)<br>Energy (Gwh)<br>Demand (Mva)                          | 89<br>6,709<br>13,302,890                            | \$ 6,887,996<br>\$ 367,228,228<br>\$ 99,943,542                                    | \$ 6.26217<br>\$ 0.08474<br>\$ 7.51  | \$ 7,028,986<br>\$ 385,934,693<br>\$ 105,043,172  | \$ 6.58145<br>\$ 0.05752<br>\$ 7.90  | \$ 340,990<br>\$ 18,706,465<br>\$ 5,097,630                                 | 5.1%                  | 5.1%                   |
| E50  | Power - Contract<br>Basic (Customers)<br>Energy (Gwh)<br>Demand (Mva)               | 14<br>2,405<br>5,334,566                             | \$ 708,552<br>\$ 136,343,542<br>\$ 36,723,218                                      | \$ 4.21757<br>\$ 0.05668<br>\$ 6.88  | \$ 744,688<br>\$ 141,634,542<br>\$ 38,596,102   | \$ 4.43267<br>\$ 0.05889<br>\$ 7.24  | \$ 36,136<br>\$ 5,293,001<br>\$ 1,872,884                                   | 5.1%                  | 5.1%                   |
|  | Total Power   |  | \$ 647,628,078   |                                      | \$ 678,989,184  |                                      | \$ 31,363,106   |                       | 4.8%                   |
| <b>Total</b>   | Basic (Customers)<br>Energy (Gwh)<br>Demand (Mva)                                   | 529,907<br>22,322<br>39,560,897                      | \$ 183,725,415<br>\$ 1,678,571,758<br>\$ 351,497,691                               | \$ 2.889<br>\$ 0.07520<br>\$ 8.88    | \$ 193,083,262<br>\$ 1,762,382,705<br>\$ 369,424,906                                    | \$ 30.36<br>\$ 0.07895<br>\$ 9.34    | \$ 9,357,848<br>\$ 83,810,946<br>\$ 17,927,215                              | 5.1%                  | 5.0%                   |
|  | <b>Total</b>  |  | \$ 2,234,794,864   |                                      | \$ 2,324,890,873  |                                      | \$ 111,096,009  |                       | 5.0%                   |

## 2016 and 2017 RATE APPLICATION SRRP INTERROGATORIES

### 2017/2018 - Annualized Basis

| Rate Code   | Residential       | Determinant | Revenue July 1, 2016 Bases |             | Revenue 2017 Jan 1 Bases |             | Difference      |  | PctDifference |
|---|-------------------|-------------|----------------------------|-------------|--------------------------|-------------|-----------------|--|---------------|
| E01, E02  | Basic (Customers) | 326,314     | \$ 83,212,362              | \$ 21.25    | \$ 87,241,908            | \$ 22.33    | \$ 4,229,146    |  | 5.1%          |
|   | Energy (Gwh)      | 2,522       | \$ 334,990,443             | 0.13267     | \$ 351,638,995           | 0.13943     | \$ 17,048,552   |  | 5.1%          |
| E03, E04  | Basic (Customers) | 60,905      | \$ 22,275,402              | \$ 30.68    | \$ 23,408,049            | \$ 32.24    | \$ 1,132,648    |  | 5.1%          |
|   | Energy (Gwh)      | 752         | \$ 99,759,334              | 0.13262     | \$ 104,951,035           | 0.13940     | \$ 5,097,701    |  | 5.1%          |
|   | Total Residential |             | \$ 539,831,542             |             | \$ 567,339,989           |             | \$ 27,508,047   |  | 5.1%          |
| Rate Code<br>E05, E06, E07, E08, E10, E12           | Commercial        |             |                            |             |                          |             |                 |  |               |
|   | Basic (Customers) | 2,978       | \$ 2,398,440               | \$ 66.01    | \$ 2,478,541             | \$ 69.37    | \$ 120,101      |  | 5.1%          |
|   | Energy (Gwh)      | 2,177       | \$ 168,683,199             | 0.00749     | \$ 177,263,225           | 0.00843     | \$ 8,580,027    |  | 5.1%          |
|   | Demand (kVa)      | 6,497,615   | \$ 72,637,395              | 11.18       | \$ 76,337,806            | 12          | \$ 3,700,431    |  | 5.1%          |
| E15, E16, E17, E18, E35, E36, E37, E38              | Basic (Customers) | 2,574       | \$ 654,499                 | \$ 21.19    | \$ 687,826               | \$ 22.27    | \$ 33,327       |  | 5.1%          |
|   | Energy (Gwh)      | 11          | \$ 1,347,066               | 0.02899     | \$ 1,415,765             | 0.03136     | \$ 68,699       |  | 5.1%          |
| E75, E76, E77, E78                                  | Basic (Customers) | 56,114      | \$ 21,160,056              | \$ 31.42    | \$ 22,238,419            | \$ 33.03    | \$ 1,078,363    |  | 5.1%          |
|   | Energy (Gwh)      | 1,618       | \$ 194,327,151             | 0.012013    | \$ 204,217,885           | 0.012624    | \$ 9,890,734    |  | 5.1%          |
|   | Block 1 Demand    | 2,334,310   |                            |             |                          |             |                 |  |               |
|   | Block 2 Demand    | 494,632     | \$ 7,016,401               | 14.19       | \$ 7,373,994             | 14.91       | \$ 357,593      |  | 5.1%          |
|   | Total Demand      | 2,828,942   |                            |             |                          |             |                 |  |               |
| Streetlights  | Basic (Customers) | 2,872       | \$ 16,114,526              | \$ 467.58   | \$ 16,940,051            | \$ 491.53   | \$ 825,525      |  | 5.1%          |
|   | Energy (Gwh)      | 60          |                            |             |                          |             |                 |  |               |
|   | Total Commercial  |             | \$ 484,298,733             |             | \$ 508,953,534           |             | \$ 24,654,801   |  | 5.1%          |
| Rate Code<br>E34, E19, E41                          | Farm              |             |                            |             |                          |             |                 |  |               |
|   | Basic (Customers) | 59,151      | \$ 23,484,296              | \$ 33.09    | \$ 24,679,764.25         | \$ 34.77    | \$ 1,195,469    |  | 5.1%          |
|   | Energy (Gwh)      | 1,311       | \$ 143,526,061             | 0.00999     | \$ 150,868,044.32        | 0.011509    | \$ 7,341,983    |  | 5.1%          |
|   | Demand (kVa)      | 955,057     | \$ 4,462,369               | 4.67        | \$ 4,689,565.52          | 4.91        | \$ 227,197      |  | 5.1%          |
|   | Total Farm        |             | \$ 171,472,726             |             | \$ 180,237,374.09        |             | \$ 8,764,648.41 |  | 5.1%          |
| Rate Code<br>E43                                    | Oilfield          |             |                            |             |                          |             |                 |  |               |
|   | Basic (Customers) | 19,258      | \$ 13,272,984              | \$ 57.43    | \$ 13,949,020            | \$ 60.36    | \$ 676,035      |  | 5.1%          |
|   | Energy (Gwh)      | 2,692       | \$ 189,778,561             | 0.00050     | \$ 199,436,883           | 0.007409    | \$ 9,658,421    |  | 5.1%          |
|   | Demand (kVa)      | 6,322,781   | \$ 84,078,971              | 12.49       | \$ 88,360,019            | 13.12       | \$ 4,282,049    |  | 5.1%          |
| E46, E47, E48, E86, E87, E88                        | Basic (Customers) | 35          | \$ 2,465,864               | \$ 5,871.10 | \$ 2,591,474             | \$ 6,170.18 | \$ 1,25,610     |  | 5.1%          |
|   | Energy (Gwh)      | 783         | \$ 47,747,733              | 0.00696     | \$ 50,180,075            | 0.00407     | \$ 2,432,342    |  | 5.1%          |
|   | Demand (kVa)      | 1,405,962   | \$ 12,958,914              | 9.20        | \$ 13,956,128            | 9.67        | \$ 659,214      |  | 5.1%          |
|   | Total Oilfield    |             | \$ 350,281,027             |             | \$ 368,114,698           |             | \$ 17,833,671   |  | 5.1%          |
| Rate Code<br>E31, E32, E33                          | Reseller          |             |                            |             |                          |             |                 |  |               |
|   | Basic (Customers) | 3           | \$ 311,159                 | \$ 8,663.30 | \$ 327,099               | \$ 9,083.59 | \$ 15,951       |  | 5.1%          |
|   | Energy (Gwh)      | 1,282       | \$ 55,050,930              | 0.04294     | \$ 57,957,128            | 0.04513     | \$ 2,806,208    |  | 5.1%          |
|   | Demand (kVa)      | 2,503,035   | \$ 44,659,582              | 17.84       | \$ 46,929,652            | 18.75       | \$ 2,279,870    |  | 5.1%          |
|   | Total Reseller    |             | \$ 100,017,662             |             | \$ 105,113,990           |             | \$ 5,095,928    |  | 5.1%          |
| Rate Code<br>E22, E23, E24, E25, E82, E83, E84, E85 | Power             |             |                            |             |                          |             |                 |  |               |
|   | Basic (Customers) | 89          | \$ 7,028,986               | \$ 6,581.45 | \$ 7,387,041             | \$ 6,916.70 | \$ 358,055      |  | 5.1%          |
|   | Energy (Gwh)      | 6,709       | \$ 385,934,693             | 0.00752     | \$ 405,629,713           | 0.00946     | \$ 19,695,020   |  | 5.1%          |
|   | Demand (kVa)      | 13,302,890  | \$ 105,041,172             | 7.90        | \$ 110,996,623           | 8.30        | \$ 5,355,451    |  | 5.1%          |
| E50   | Power/Contract    | 14          | \$ 744,688                 | \$ 4,432.67 | \$ 782,667               | \$ 4,658.73 | \$ 37,979       |  | 5.1%          |
|   | Basic (Customers) | 2,405       | \$ 141,643,542             | 0.00889     | \$ 147,209,239           | 0.006120    | \$ 5,565,696    |  | 3.9%          |
|   | Energy (Gwh)      | 5,334,566   | \$ 38,954,102              | 7.24        | \$ 40,564,503            | 7.60        | \$ 1,968,401    |  | 5.1%          |
|   | Demand (kVa)      |             |                            |             |                          |             |                 |  |               |
|   | Total Power       |             | \$ 678,989,184             |             | \$ 711,969,786           |             | \$ 32,980,602   |  | 4.9%          |
| Total   | Basic (Customers) | 529,937     | \$ 193,083,262             | \$ 30.36    | \$ 202,911,371           | \$ 31.91    | \$ 9,828,109    |  | 5.1%          |
|   | Energy (Gwh)      | 22,322      | \$ 1,762,386,705           | 0.00285     | \$ 1,850,568,088         | 0.00290     | \$ 88,185,383   |  | 5.0%          |
|   | Demand (kVa)      | 39,550,917  | \$ 369,429,906             | 9.34        | \$ 388,249,111           | 9.81        | \$ 18,824,205   |  | 5.1%          |
|   | Total             |             | \$ 2,324,890,873           |             | \$ 2,441,728,570         |             | \$ 116,837,697  |  | 5.0%          |

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**SRRP Q34 UPDATE:**

Reference: Business Plan

Please discuss any changes to inputs or assumptions between the March 2016 Business Plan and the May 2016 update.

**Response:**

The following is a summary of significant changes between the 2016-17 Business Plan Update and the 2017-18 Business Plan:

**A. Capital expenditures:**

- Capital spending has increased in each of the next 3 years, as compared to the 2016-17 business plan update due primarily to the Chinook Power Station being classified as a SaskPower capital project rather than an independent power producer (IPP) capital project.
- The annual increase is as follows:
  - 2016-17 - \$66 million;
  - 2017-18 - \$384 million;
  - 2018-19 - \$194 million

Total increase - \$644 million

**B. Operating, maintenance and administration expense (OM&A):**

- The annual change in OM&A budgets between the 2016-17 Business Plan Update and 2017-18 Business Plan is as follows:
  - 2016-17 - \$8.4 million increase;
  - 2017-18 – no change;
  - 2018-19 – no change

Total increase - \$8.4 million

**C. Weighted average cost of gas:**

- The annual change in the assumed \$/GJ between the 2016-17 Business Plan Update and the 2017-18 Business Plan is as follows:
  - 2016-17 - \$0.17/GJ increase
  - 2017-18 - \$0.03/GJ decrease
  - 2018-19 - \$0.22/GJ decrease

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**D. Load forecast – Saskatchewan sales:**

- The annual decline in Saskatchewan sales volumes (in GWh) between the 2016-17 Business Plan Update and the 2017-18 Business Plan is as follows:
  - 2016-17 – 66.7 GWh decrease
  - 2017-18 – 47.0 GWh decrease
  - 2018-19 – 68.7 GWh decrease

**E. Export and trading revenues:**

- Export and trading revenues have been reduced in each of the next three years, as compared to the 2016-17 Business Plan Update as follows:
  - 2016-17 - \$8.2 million
  - 2017-18 - \$7.9 million
  - 2018-19 - \$4.1 million

**F. Hydro assumptions:**

- Hydro generation has increased by 166 GWh, or 5.4% as compared to the 2016-17 Business Plan Update.
- Hydro levels are assumed to be median for 2017-18 and 2018-19, consistent with the assumptions previously assumed.

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**SRRP Q67 UPDATE:**

Reference: Operating, Maintenance and Administration (OM&A)

Please provide a table or chart depicting the actual or forecast OM&A spending per customer for the period 2010 to 2017/18.

**Response:**

| OM&A/Customer                           |         |         |         |         |         |         |           |           |
|---|---------|---------|---------|---------|---------|---------|-----------|-----------|
|   | Actual  | Actual  | Actual  | Actual  | Actual  | Actual  | Forecast  | Forecast  |
|   | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016/2017 | 2017/2018 |
| OM&A (millions)                         | 512     | 577     | 616     | 618     | 656     | 634     | 691       | 708       |
| Total of Saskatchewan customer accounts | 473,007 | 481,985 | 490,611 | 500,879 | 511,941 | 520,315 | 530,449   | 538,834   |
| OM&A per Saskatchewan customer account  | 1,082.4 | 1,197.1 | 1,255.6 | 1,233.8 | 1,281.4 | 1,218.5 | 1,302.7   | 1,313.9   |

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SRRP INTERROGATORIES – MID-APPLICATION UPDATE

**SRRP Q69 UPDATE:**

Reference: Operating, Maintenance and Administration (OM&A)

Please provide a schedule that breaks out actual and forecast total OM&A costs (i.e. before any amounts that are capitalized or any offsetting revenues or transfers) for standard time salaries and wages; overtime; vacation; retirement expenses; benefits; pension expense; external services; materials & supplies; travel and accommodation; marketing and communications; donations and sponsorships; and other administration for the period 2013 to 2017/18. Please separately show any reductions to OM&A for amounts that are capitalized or offset by additional sources of revenue to reconcile to the total annual OM&A shown on page 31 of the application.

**Response:**

On August 31, 2016, the SaskPower Executive approved a plan to reduce core OM&A costs by approximately \$23.8 million.

These reductions will be partially offset by increased costs in three areas: bad debt expense (\$2.5 million), a new Commercial Lighting Program as part of SaskPower's Demand Side Management Program (\$4.0 million) and external consulting and legal fees (\$5.5 million). Total OM&A for 2016-17 is now forecast to be \$690.5 million.

While the budget adjustments will not be completed in SAP until later in September, the following is an estimate based on YTD actuals for 2016-17 and 2017-18.

2016 and 2017 RATE APPLICATION  
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**Operating, Maintenance and Administration by Category**  
**(millions)**

|                              | 2013         | 2014         | 2015         | 2016*        | 2016/17       | 2017/18       |
|------------------------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Salaries and wages           | \$277        | \$304        | \$305        | \$ 75        | \$ 331        | \$ 341        |
| Premium pay                  | 44           | 53           | 40           | 7            | 38            | 39            |
| Benefits                     | 62           | 66           | 67           | 24           | 73            | 75            |
| Wages and salaries           | 383          | 423          | 412          | 106          | 442           | 455           |
| Labour credits               | (69)         | (81)         | (78)         | (18)         | (75)          | (78)          |
| Subtotal wages & salaries    | 314          | 342          | 334          | 88           | 367           | 377           |
| Materials and supplies       | 24           | 30           | 30           | 9            | 39            | 32            |
| Contract services            | 174          | 185          | 182          | 39           | 191           | 197           |
| Consulting services          | 27           | 24           | 18           | 5            | 18            | 19            |
| Advertising expenses         | 5            | 5            | 3            | -            | 4             | 4             |
| External services            | 206          | 214          | 203          | 44           | 213           | 219           |
| Training expenses            | 3            | 4            | 2            | 1            | 4             | 4             |
| Travel expenses              | 16           | 14           | 12           | 2            | 12            | 14            |
| Administrative expenses      | 24           | 21           | 22           | 7            | 21            | 23            |
| Insurance expenses           | 6            | 5            | 5            | 1            | 6             | 6             |
| Bad debt expense             | 3            | 3            | 6            | 2            | 6             | 6             |
| Tools and equipment expenses | 3            | 3            | 3            | 1            | 3             | 3             |
| Vehicle expenses             | 12           | 12           | 9            | 2            | 11            | 13            |
| Property expenses            | 7            | 8            | 8            | 2            | 9             | 10            |
| Other                        | 74           | 70           | 67           | 18           | 72            | 79            |
| <b>TOTAL OM&amp;A</b>        | <b>\$618</b> | <b>\$656</b> | <b>\$634</b> | <b>\$159</b> | <b>\$ 691</b> | <b>\$ 708</b> |

\* 2016 - Three month reporting period to accommodate fiscal yearend change







**Saskatchewan Power Corporation**  
2025 Victoria Avenue | Regina, Saskatchewan  
Canada S4P 0S1  
[saskpower.com](http://saskpower.com)