

THE SASKATCHEWAN RATE REVIEW PANEL

Transcript of Proceedings
of
A PUBLIC MEETING
held by the
Saskatchewan Rate Review Panel
at the Tropical Inn
at
North Battleford, Saskatchewan
on Tuesday, November 26, 2013

Panel Members:

- | | |
|----------------------------|--|
| Kathy Weber | - Chairperson |
| Bill Barzeele | - Vice Chairperson |
| Daryl Hasein | - Member |
|
 | |
| Brittany Evans-Davies, CSR | - Official Queen's Bench
Court Reporter |

1 (COMMENCED AT 7:30 P.M.)

2 CHAIRPERSON: Just to give you -- is that
3 on?

4 MR. KING: Yeah.

5 CHAIRPERSON: Yeah. Okay. Just to give
6 you a little bit of information about the
7 process that the panel goes through, there's
8 three of us that are represented here tonight
9 from the -- from the Rate Review Panel. And
10 Daryl is from Biggar, and Bill is from Little
11 Bear Lake, and I'm from Saskatoon. So there
12 is a total of seven of us on the panel.

13 And I think you're aware
14 that the reason why we're here tonight is to
15 review the SaskPower rate application. It is
16 a three-year application.

17 And I also wanted to mention
18 to you that a big part of the process that the
19 panel goes through during a rate application,
20 whether it's SaskPower or one of the other
21 Crowns that we review, is that we do hire
22 independent expert consultants that do a
23 technical review and provide us with a report,
24 so that does provide a fairly high level of
25 expertise to the process. We've hired two

1 consultants for this review, and both of them
2 are from out of province. We try and do that
3 to maintain impartiality. And one is Forkast
4 Consulting, and the other one is Kostelnyk
5 Consulting. And as I mentioned, they're both
6 from Manitoba.

7 We are going to be preparing
8 a verbatim transcript of tonight's meeting
9 simply for -- to maintain a record. And,
10 also, that will be on our website.

11 You're probably aware as
12 well that the Rate Review Panel has a website,
13 and it's Saskratereview.ca. And we have a
14 number of different items on that website,
15 including the rate application itself. And
16 during the review process, we also add a
17 number of other items as they became
18 available. It can be anything from
19 submissions -- it can be information that we
20 receive through e-mail, Facebook, Twitter, or
21 any other means that we provide to the public
22 to contact the panel.

23 So tonight we're -- at all
24 of our public meetings with -- during a
25 SaskPower rate application is that we have

1 some people from SaskPower to present their
2 application, and I think we'll just move into
3 that. And then I think at any point if you
4 have any questions, as we're doing this on a
5 fairly informal basis, just please feel free
6 to ask at any particular moment. I don't
7 think you have to wait until the end of the
8 presentation. So as we go along, if that
9 works for you --

10 MR. KALRA: Yeah, that's good.

11 CHAIRPERSON: Okay. Do you want me to
12 start on my --

13 MR. RICE: Is it fair to do that?

14 CHAIRPERSON: Pardon me?

15 MR. RICE: You know, I just want to --
16 just with one, lone resident from the
17 community, is it fair to your expertise and
18 time to do that?

19 CHAIRPERSON: Yes, absolutely.

20 MR. RICE: Because -- but, I mean, in
21 terms of -- I don't -- may I ask how long
22 might it take you to do this, to give your
23 version of things?

24 MR. KING: Well --

25 MR. KALRA: Half an hour.

1 MR. KING: If you prefer to --

2 MR. RICE: Yeah.

3 MR. KING: -- prefer to go to your
4 questions?

5 MR. RICE: Yeah.

6 MR. KING: Yeah, that's fine.

7 MR. RICE: I would because I'm
8 disappointed in the -- you know, obviously in
9 the lack of turn out, and I'm not here, you
10 know, in -- from the point of view of an
11 organization, just as an ordinary consumer.

12 Like you've mentioned
13 kindly, I could maybe mention things that
14 maybe someone might feel appropriate to give
15 me a kinder point or enlighten me on it,
16 right? Okay?

17 MR. KING: Sure.

18 CHAIRPERSON: Well, the presentation that
19 they provide just provides basic information
20 that is part of the application.

21 MR. RICE: Right.

22 CHAIRPERSON: So if you want, they're more
23 than happy to do that.

24 MR. RICE: No. I realize that.

25 CHAIRPERSON: Okay.

1 MR. RICE: And I -- you know what I
2 mean, I've got --

3 CHAIRPERSON: Okay.

4 MR. RICE: -- no negative agenda here.

5 CHAIRPERSON: No.

6 MR. RICE: I'm willing to forgo that.

7 I know, for example, you're telling us at the
8 end of the three years, it's going to be \$156
9 for the average, you know, consumer or
10 household. And I was just going to react with
11 some points.

12 Obviously I'm less than
13 pleased about it, a little degree of concern,
14 because with energy, we're all trying to
15 reduce and hopefully reduce not only in terms
16 of quantity, but secondly in terms of what it
17 costs us.

18 And, you know -- and I know
19 you've heard this before, but as an
20 individual, I've used timers. I've gone back
21 to -- or gone to the new type of electric
22 light bulb. We even built a garage and got
23 rid of the block heater for the vehicle,
24 battery blanket, and interior car warmer. And
25 as you can tell from my age, we're not big

1 into Christmas lights anymore. And all things
2 combined, I'm still finding that our bills are
3 going up, you know, so -- and I find that this
4 incentive -- because here we are trying
5 to -- and I know it's going to be part of your
6 strategy, is to encourage consumers to reduce
7 their consumption, but as I said, having tried
8 that, I'm still finding that our bills are
9 going up, not dramatically so, but still, you
10 know, moving upward.

11 And I -- the other point I
12 would make is I realize that your political
13 masters are less than kind because all the
14 times the dividend with SaskPower, it goes to
15 the general revenue of the government; whereas
16 if you were allowed to keep that, that would
17 be good for both you in terms of your
18 long-term, you know, planning and, secondly,
19 maybe for us too in terms of what you would
20 have to charge in the way of price or increase
21 rates, right?

22 And the third point I have
23 is -- and I -- this might be beyond your
24 jurisdiction, but somewhere along the line, it
25 would be nice if someone made available solar

1 power options. My information is -- I have
2 brothers in the United Kingdom, and they tell
3 me they can phone up someone and say, we would
4 like to have installed a solar power water
5 heater. And there's a company that comes out
6 and sets up someone in the way of solar power
7 that supplements or complements what they're
8 doing for their heating system. I don't
9 think -- I don't know if I'm right in this,
10 but North Battleford certainly -- I don't
11 think I can phone up someone and say, you
12 know, come set me up with solar systems [sic]
13 that's going to help provide a percentage of
14 my water heat through, you know, solar means.

15 And I don't want to be mean
16 here. One or two words that might scare
17 SaskPower are from Murray Mandryk. I know he
18 had an article there where he claimed that, as
19 a Crown corporation, you have the unique
20 features where a large member of personnel are
21 in the -- you know, the high end of the scale.
22 He claims that in terms of actual number and
23 average salary, it's a little higher than the
24 other corporations. And, you know, I'm not
25 against anybody earning, you know, good money,

1 but maybe if, on the one hand, you want to
2 increase the rate to us as consumers,
3 hopefully that plan might include something
4 that might keep wages -- so we all have to
5 bite the bullet, so to speak. As consumers,
6 pay you a little more, but as a corporation
7 maybe -- I know you talked about this -- I saw
8 the paper last night -- trimming costs by 124
9 million, but maybe, you know, to keep that so
10 that we're all on the -- making the same
11 sacrifice, so to speak, all right?

12 And those are just, you
13 know, my points as a consumer to present to
14 you, the panel, or make SaskPower aware of it
15 with the idea that it could be integrated into
16 all your thinking and planning and decision
17 making both in the short and long term.

18 CHAIRPERSON: Okay.

19 MR. RICE: And I'm happy for the
20 opportunity for all of you coming here to
21 listen to me say this, even though I'm the
22 lone resident here.

23 CHAIRPERSON: Well, you're the most
24 important person here, so thank you for that.
25 So I think I will turn it over to the

1 gentlemen from SaskPower?

2 MR. RICE: Okay.

3 CHAIRPERSON: -- to respond to each of
4 your points, and I'm not sure who wants to
5 start.

6 MR. KALRA: Okay. I can start. My name
7 is --

8 CHAIRPERSON: You want to use the mic?

9 MR. KALRA: Sure. My name is Sandeep
10 Kalra. I'm the chief financial officer at
11 SaskPower. And my colleagues here are Troy
12 King, he's the director of corporate planning;
13 and Peter Lawn, he is manager of energy
14 pricing and focus.

15 So I'll go by -- you had
16 three, four points, and I'll try and cover
17 them. You can see if I remember them all.

18 So for, first of all, the
19 solar, what we have is a metering program. So
20 what it does is the individuals, the
21 households, can install, in this case, a solar
22 panel, you know, in their houses and reduce
23 the consumption, and they can reduce the bill
24 that they pay with SaskPower.

25 What's not there -- we

1 haven't really advertised this. And we don't
2 do it. We don't go out and install panels on
3 households, but we're looking into it and
4 maybe, you know, creating more awareness, so
5 maybe create some sort of movement. So there
6 are contractors out there who would be able to
7 go out and do it. At the end of the day, the
8 agreement would be between the contractor and
9 the household, and the other agreement would
10 be between SaskPower and household to reduce
11 the consumption, okay? But that option is
12 already available, it's happening. Maybe it's
13 not happening to the extent that you have --
14 you have the -- you mentioned.

15 THE COURT REPORTER: You have to speak up. I'm
16 having a hard time hearing you.

17 MR. KALRA: Sure, okay.

18 So more on this is coming,
19 but we're now looking into it.

20 And I'll address your last
21 point about the salaries at SaskPower. What
22 we have done over the last few years is we
23 have compared our salaries with the ones being
24 paid out in the market place because we are
25 competing for some very skilled resources.

1 And many of these, the competition is not with
2 the other Crowns, it's not with the other
3 companies in the province, it's -- it's, for
4 example, with Alberta. People, you know,
5 skilled people, go to the oil sands. They
6 find work with the oil and gas companies in
7 Saskatchewan. So to be able to attract and
8 retain these people, we need to pay
9 competitive wages. Our wages, you know, if we
10 compare ourselves with the others and compare
11 them on an annual basis, we try and model
12 ourselves sort of a P-50, which is in the
13 middle. So we don't pay -- we're not the
14 lowest payer, we're not the highest payer. We
15 try and model our salary, which is in the
16 middle of this -- in the group of competitors.
17 So we continue to do it. We continue to
18 refine it. If you go to market, then you'll
19 find in some cases you're paying a little bit
20 less, and in some cases, you're paying a
21 little bit more. We continue to refine it.
22 So over time, you get back to that, you know,
23 middle of the -- middle of the road, okay?

24 So if we don't pay a fair
25 wage, we don't get the employees we need, and

1 it's -- especially for skilled people, it's
2 very hard for us to attract and retain. So
3 that's the strategy. We don't believe we're
4 overpaying for the skilled workers that we
5 need.

6 You raised two more points,
7 if you could kind of remind me.

8 MR. RICE: Well, I mentioned on the
9 idea that despite, you know, all the little
10 incentives I've taken --

11 MR. KALRA: Yeah.

12 MR. RICE: -- to reduce consumption, my
13 bill is still, you know, going up.

14 MR. KALRA: Yeah, yeah.

15 MR. LAWN: I can speak to that one.

16 MR. KALRA: Sorry?

17 MR. LAWN: I can speak to that issue.

18 All I wanted to say was that all the things
19 you're talking about doing are all the right
20 things, the light bulbs, the block heater
21 timers, and things like that. Those are all
22 good things to do, and if you hadn't done
23 them, your bill would be higher than it was,
24 so, you know, sometimes it's easy to get
25 discouraged, but keep it up because that's

1 your line of defence against your power bill.

2 There is some pamphlets at
3 the back that might have some ideas that you
4 haven't thought of. They're actually quite
5 good, so --

6 THE COURT REPORTER: Can you tell --

7 CHAIRPERSON: Can you speak a little --

8 MR. KING: You got to speak up.

9 MR. LAWN: A little bit louder, yeah.

10 CHAIRPERSON: Yeah.

11 MR. LAWN: And the other thing I was
12 going to say is on the energy efficiency side,
13 some of the things that you're doing are
14 especially good for SaskPower as well. Things
15 like the block heater time is a really good
16 example of that because when people go home
17 after work at night, it's a cold day or
18 whatever, they plug in their car as soon as
19 they get home and leave it going until the
20 next morning. And that's bad for SaskPower
21 because our -- we peak right around
22 suppertime, right after supper on weekdays,
23 cold days in the winter. And if we can get
24 people not to be plugging their cars in at
25 that time, then that helps us with future

1 generation needs, so it's kind of a win-win
2 for everybody.

3 So I'm just saying don't be
4 discouraged and, you know, keep it up if you
5 can.

6 MR. RICE: Okay.

7 MR. KALRA: If I could add, you know,
8 some of the drivers -- if you'd gone to the
9 presentation what you would have seen is that
10 drivers will increase -- the single biggest
11 driver -- the capital increases, the capital
12 investments that are being paid. A lot of
13 these investments, roughly half the
14 investments, are to reinforce the system
15 because the system is -- parts of the system
16 are 50 year old, 40 year old, and they need to
17 be reinforced or replaced.

18 And with inflation, the
19 costs have gone up by a factor of four or
20 five, so those things which cost \$100 cost now
21 \$400.

22 And we have benefited
23 because of that, you know, cheap power in the
24 past because, you know, we benefited from it,
25 but the time has come to now replace many of

1 those units, and the cost will kind of --
2 there will be pressure in the foreseeable
3 future.

4 What we try and do is
5 compare our prices through the consumers with
6 the other jurisdictions in Canada and see if
7 we're competitive or not. With the exception
8 of three provinces who have hydro, that's BC,
9 Quebec, and Manitoba, our prices to the
10 consumers compared reasonably well. We're in
11 the middle -- the middle of the pack.

12 CHAIRPERSON: They've got that slide up
13 there for you.

14 MR. KALRA: Oh, yeah. So if you see
15 that, you know, that's like -- the first two,
16 that's the dollar bill per month for the
17 consumers. The first three are the
18 hydro-based provinces where you will see the
19 bills there are quite low. As they build more
20 capacity, as they have to replace these old
21 assets, their costs are likely to go up, you
22 know, very -- even at a faster pace because
23 building a hydro right now is, you know, much
24 more expensive than building anything else,
25 for example, natural gas.

1 So what we try -- you know,
2 as I said, if you look at the dark blue bars,
3 that's where we are, our buyers. What we try
4 and make sure is we are competitive with, you
5 know, the rest of the country, okay?

6 MR. RICE: Right.

7 MR. KALRA: And so right now you would
8 see the annual bill is roughly \$104 for a
9 household in Saskatchewan, how it compares
10 with the other ones. The pressure is on
11 everyone because what we're going though, all
12 of the (inaudible) are going through the --
13 similar issues.

14 THE COURT REPORTER: I can't hear you.

15 MR. KALRA: Sorry.

16 THE COURT REPORTER: I don't think it's you. I
17 think it's kind of cutting out, but --

18 MR. KING: The mic?

19 THE COURT REPORTER: Yeah.

20 MR. KING: Just try talking -- you
21 might as well try talking loud without it.

22 THE COURT REPORTER: It's okay. Just try. Yeah.

23 MR. KALRA: I'll speak a little bit
24 slower.

25 So the pressure is on

1 everyone all across the country, and it's
2 not -- it's not only, you know, Canada -- a
3 Canadian phenomenon. This is going on
4 everywhere.

5 So pressure on rates will be
6 there. You know, Peter talked about things
7 that you (inaudible) would help you manage
8 reducing consumption.

9 THE COURT REPORTER: Can you hear? I can't.
10 It's, like, cutting out. I can't hear it at
11 all.

12 MR. KING: This mic is better.

13 CHAIRPERSON: I think your mic is
14 (inaudible).

15 MR. KALRA: And you had a fourth point
16 as well.

17 MR. RICE: Well, okay, just this point
18 about the -- you should be allowed to keep
19 your dividend so that the -- you know, you're
20 not forced into, you know, cutting back on
21 your end and also increasing on our end as
22 consumers paying off the dividends.

23 MR. KALRA: Dividends have an impact,
24 but it's much smaller than what you would
25 think. So, for example, a dividend which is

1 taken out of \$120 million has an impact of
2 roughly \$5 million on our expenses. That's
3 the interest that we pay to finance it, okay?
4 So that would be the (inaudible). It's quite
5 miniscule when you look at the amount of
6 revenues we need, which is roughly \$2 billion.
7 So the overall scheme of things, you know,
8 it's a -- it's a small amount. Any
9 investor-owned utility would generally pay
10 dividends to its shareholders. So what's
11 exceptional in our case is the dividends are
12 not being taken out three out of the last four
13 years or four out of the last five years, so
14 that's exceptional, not, you know, taking
15 dividends out and allowing -- allowing us to
16 reinvest it. That's happening. It's happened
17 in, you know, three out of four years, so
18 that's what's been -- and even if some
19 dividend is taken out, which was done in one
20 year, has had minimal impact on the consumers
21 and on our (inaudible).

22 MR. RICE: Okay. All right. Well, I
23 don't know if you call it Stockholm syndrome,
24 but I appreciate, you know, the fact that both
25 SaskPower and the panel has come out. I've

1 got a very sympathetic view to, you know, what
2 you say my -- in terms of a change from my
3 original stance. I came here, you know,
4 you're not going to put this up, but, again, I
5 feel very sympathetic to your cause all of a
6 sudden because if I may say two things; number
7 one, I think it's wonderful we can live in a
8 system where I'm the only guy, and yet all you
9 people are here both from, you know, the
10 energy point of view and the Rate Review Panel
11 point of view; and, secondly, you know, I'm a
12 little comforted by that because fortunately
13 we pay less than that if we were to take our
14 yearly bill divided by 12. So, like you
15 mentioned earlier, maybe there is some sense
16 for us reducing.

17 And also I must say it is
18 nice that we're able to -- in the comfort of
19 our own home, with the flip of a switch or
20 press of a button, we have convenience at our
21 disposal.

22 And if I may, I can end on a
23 light note. I remember this story told by
24 Lorne Calvert. He came -- I was a teacher in
25 my day, and he came to our convention, and I

1 don't know what the circumstance was, but he
2 told this story about a very bad winter, and,
3 of course, he's of ministerial background, and
4 the story was the pastor of the rural church,
5 a bad winter's morning, only one person showed
6 up, and so the preacher said, well, okay, no
7 one in the congregation is here, just you.
8 What should I do? And the guy says, I don't
9 know much about preaching, but I do know about
10 farming, and I know if only one livestock
11 shows up, you have to feed it, right? So the
12 preacher is encouraged by this, and he gives
13 his sermon. And after it's all over, he says
14 to the farmer, how was that? He says, I don't
15 know much about preaching, but I do know about
16 farming, and if only one livestock shows up,
17 you don't have to give the whole load.

18 And that's my take on you.
19 Like, I thank you for coming, but it would be
20 unfair to have you go through your whole
21 presentation for just one of us, you know, or
22 just me here tonight. But the fact that
23 you're willing to do it and you're here for
24 that, I appreciate very much.

25 And, as I said, my point was

1 just to bring those points to the attention of
2 all of you at SaskPower and the Rate Review
3 Panel. And I just think it was wonderful to
4 have the opportunity to do that in person as
5 opposed to online, and I thank you for that.
6 And I go away a happy SaskPower customer.

7 CHAIRPERSON: Well, that's a good result.
8 Anyway, we do appreciate you coming and
9 participating in our meeting and making it
10 worthwhile for us to make the trip and make
11 sure that you do take the information that is
12 available. There is -- I think Daryl probably
13 gave you a copy of their slides so that you
14 can take this home and please do read through
15 them. It's essentially their presentation.
16 And as you go through it, if you have any
17 questions, please forward them through to us
18 at the panel, and we can be sure to get you a
19 response from SaskPower.

20 And as well, if you have any
21 other thoughts or anything that comes to you,
22 we're continuing to be available for
23 consultation from the public until the 7th of
24 February, so there's quite a long period of
25 time for your participation in the process,

1 so --

2 MR. RICE: No. I'm --

3 CHAIRPERSON: And if you happen to talk to
4 any of your friends and colleagues --

5 MR. RICE: Yes, yes.

6 CHAIRPERSON: -- that have comments,
7 encourage them to send them on to us as well,
8 so --

9 MR. RICE: Okay, yeah.

10 CHAIRPERSON: And we are having more
11 meetings coming up as well, tomorrow night in
12 Saskatoon, next Tuesday in Regina, and next
13 Wednesday in Yorkton. So if you know people
14 in those areas, you might encourage them to
15 come out and see us as well.

16 MR. RICE: Yeah. And I hope, in
17 fairness to all of you and your time and
18 effort, that you do get a better turnout.

19 But I thank you. I'm just
20 truly overwhelmed and impressed by the fact
21 that you were all here for little old me.

22 CHAIRPERSON: Thank you.

23 MR. RICE: Okay. Thank you.

24 *(Adjourned at 7:52 p.m.)*

25

CERTIFIED COURT REPORTER'S CERTIFICATE

I, BRITTANY EVANS-DAVIES, CSR, Certified Court Reporter, hereby certify that the foregoing pages contain a true and correct transcription of my stenograph notes taken herein to the best of my knowledge, skill and ability.

BRITTANY EVANS-DAVIES, CSR
CERTIFIED COURT REPORTER