



**Minister's Order**  
**Saskatchewan Rate Review Panel**  
**SaskPower Terms of Reference**

**WHEREAS** by an Order dated January 1, 2010, issued pursuant to Section 16 of *The Government Organization Act*, the Minister Responsible for Crown Investments Corporation 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 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 G: SaskPower Rate Change Proposal Terms of Reference**" to the said Minister's Order.

Dated at Regina, Saskatchewan this 10 day of July, 2012

A handwritten signature in blue ink, appearing to read 'Donna Ayscough', written over a horizontal line.

**Minister of Crown Investments**

## **Schedule G: 2012 SaskPower Rate Change Proposal**

### **Terms of Reference**

The Saskatchewan Rate Review Panel is requested to conduct a review of SaskPower's request for an increase in its electricity rates targeted for implementation on January 1, 2013.

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 January 1, 2010. 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 proposed 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 delivery cost of service in 2013 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 delivery cost of service.
- C) The future impact of the proposed rate change on different customer groups.
- D) The Panel shall consider the following parameters as given:
  - (i) the current rate structure, with the final rate change to be applied uniformly to all customer classes (except the Power – Contract Rate class) and all components (basic charge, energy charge and demand charge) of the rate;
  - (ii) the budgeted capital allocation, the rate base, and established corporate policies;
  - (iii) the proposed 2013 Return on Equity target of 8.5%;
  - (iv) the existing service levels;
  - (v) any existing supply contract; and

(vi) 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 to fulfill its mandate and these terms of reference.

SaskPower will provide the Panel with a mid-application update once SaskPower's 2013 Business Plan has been completed in September 2012.

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

The Panel shall provide SaskPower with the opportunity and reasonable time to review the technical consultant's preliminary report prior to its finalization to ensure there is no error in data or in the interpretation of data. In addition to factual information, the preliminary report should provide SaskPower with the consultant's observations.

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 (D), 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 and the Minister Responsible for SaskPower no later than Monday, November 19, 2012. The reporting date may be modified by the Minister of Crown Investments in consultation with the Panel Chairperson.