

October 4, 2012

Kathy Weber
Chair, Saskatchewan Rate Review Panel
P.O. Box 1301
Saskatoon SK S7K 3N1

Re: SaskPower 2013 Rate Application

Dear Madam Chair:

The Saskatchewan Mining Association (SMA) appreciated the opportunity to participate at Rate Review Meeting in Regina on October 1, 2012, and would like to offer the following supplementary comments on SaskPower's 2013 Rate Application.

The Saskatchewan mining industry will be investing over \$50 Billion between 2008 and 2028 on expansions and greenfield projects. The activity in the mining sector has somewhat insulated Saskatchewan from the global financial crisis that affected much of the rest of Canada and the world in the past few years and has been the driving force of Saskatchewan's recent prosperity.

A critical underlying assumption of the mining sector's investment is that there will be sufficient power available to support these investments. In a presentation to the Standing Committee on Crown and Central Agencies in 2009, (attached) the SMA underscored the need for investment by government in baseload power generation, transmission and distribution. SaskPower has identified that it will need to rebuild, replace or acquire 4100 MW of electricity by 2030. This represents over 100% of Saskatchewan's existing capacity, a very sobering fact. Compounding this urgency of this issue is the federal government's recent *Reduction of Carbon Dioxide Emissions from Coal-Fired Generation of Electricity Regulations* which necessitates significant investment in carbon capture and sequestration technology.

Ensuring that Saskatchewan has the ability to produce the power that it needs to support the province's industrial and human growth must be a priority for Saskatchewan and will require significant investment by SaskPower and the government as well as increased costs for consumers.

The Saskatchewan Mining Association, representing many of the Power Class customers of SaskPower, support the requested rate increase with the following recommendations:

- That SaskPower retain any financial surplus it generates to reinvest in revitalizing Saskatchewan's power generation infrastructure.
- That SaskPower continue to manage projects and operations for continuous improvement in cost-effectiveness.

- That SaskPower ensure that the amortization periods it is using reflect the life of the project that is being build
- That the cost of service review that is currently underway be incorporated into the recommendations of the Rate Review Panel.
- That Power Class customers not cross – subsidize SaskPower’s other customer base.

While there is no question that consumers would prefer not to have any increases to their costs, there is also no question that SaskPower must make substantial investments in it’s baseload power generation, transmission and distribution infrastructure in order to support Saskatchewan’s growth agenda.

Please don’t hesitate to contact me if you have any questions.

Yours truly,



Pam Schwann
Executive Director
Saskatchewan Mining Association
306.757.9505

cc. Honourable Bill Boyd, Minister of the Economy and
Minister Responsible for SaskPower Corporation
Honourable Ken Krawetz, Minister of Finance
Mr. Robert Watson, President, SaskPower
SMA Executive