

September 18, 2012

Thank you Madame Chair. My name is Jeff Jorgenson, General Manager of the Utility Services Department of the City of Saskatoon, and I'm here representing the City of Saskatoon.

The City sincerely thanks the Saskatchewan Rate Review Panel for the opportunity to provide input into the review of SaskPower's 2013 Rate Application.

We also sincerely thank SaskPower. It is great to see the Senior Executives at this meeting, although it is not surprising. We are getting used to seeing them at these kinds of events and asking for feedback, it is very much appreciated and not taken for granted.

Saskatoon Light & Power and SaskPower have co-existed in the City of Saskatoon for many years. We purchase bulk electricity from SaskPower. The City's franchise area includes approximately two-thirds of the city, primarily within Circle Drive. SaskPower provides distribution of electricity to approximately one third of Saskatoon residents, and services most new growth areas of the city.

Due to the importance of one issue in particular, I will address only this issue in our submission.

In previous years, Saskatoon has objected whenever SaskPower proposed a reseller rate increase based on a revenue/revenue requirement ratio higher than 1.00. The Saskatchewan Rate Review Panel has in the past agreed that the reseller revenue/revenue requirement ratio should be 1.00. In its April, 2009 report, the Saskatchewan Rate Review Panel stated the following:

“The Panel recommends that the Resellers Revenue to Revenue Requirement (R/RR) be reduced from the amount identified in the Application to 1.0 in accordance with previous Panel recommendations.”

The report went on to explain that “Given that the rates which apply to the Reseller category affect a significant number of residential consumer households, the Panel believes it is reasonable to require SaskPower to adjust the Resellers R/RR to 1.0. This amount is lower than the pre-2009 R/RR for this class but remains higher than the 0.98 R/RR proposed for the urban residential, rural residential and farm classes of 0.98.”

For the 2009 rate increase and since that time, the R/RR for resellers has remained at 1.00.

We were, therefore, surprised to see the chart on page 30 of SaskPower’s rate submission. The table shows a revenue/revenue requirement for the Reseller customer category of 1.03. The City estimates that the 2013 rate proposal results in a cost for Saskatoon that is approximately \$2.1 million too high, annually. This value assumes that 1.00 is the right number. It could also be argued that the R/RR should be that of our customers. Urban residential is 0.96 while urban commercial is 0.99.

Also, the table on page 30 states that the actual R/RR for the Reseller category has been 1.02, compared with 1.00 as expected.

The City of Saskatoon respectfully requests that the Saskatchewan Rate Review Panel recommend that the Reseller rate have a revenue /revenue requirement of 1.00 or lower.

Thank you Madame Chair.