



Government
of
Saskatchewan

Minister's Order

SaskPower Rate Change Proposal

Terms of Reference

WHEREAS by a Minister's Order dated December 22, 2018 (the "2018 Order"), issued pursuant to Section 15 of *The Executive Government Administration Act*, the Minister of Crown Investments Corporation appointed a Ministerial Advisory Committee known as the Saskatchewan Rate Review Panel;

AND WHEREAS the 2018 Order provides for specific terms of reference for each rate change review 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 2018 Order;

NOW THEREFORE, I hereby amend the 2018 Order by attaching "**Schedule C: SaskPower Rate Change Proposal**".

Dated at Regina, Saskatchewan this 16 day of February 2022

A handwritten signature in blue ink, consisting of a stylized 'O' followed by a horizontal line.

Minister of Crown Investments Corporation

**Schedule C:
SaskPower Rate Change Proposal**

Terms of Reference

The Saskatchewan Rate Review Panel (the Panel) is requested to conduct a review of the SaskPower proposal for increases in its electricity rates, rate rebalancing, and rate design changes, targeted for implementation on September 1, 2022 and April 1, 2023.

Cabinet may implement any rate change adjustment(s) 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 December 22, 2018. The Panel shall provide an opinion of the fairness and reasonableness of the rate change(s) proposed by SaskPower, having consideration for the following:

- The interests of SaskPower, its customers, and the public;
- Consistency with SaskPower's mandate, objectives, and methodologies;
- Relevant industry practices and principles; and
- The effect of the proposed rate change(s) on the competitiveness of SaskPower related to other jurisdictions.

SASKPOWER RATE REVIEW

In conducting its **SaskPower Rate Review**, the Panel will consider:

- A) The reasonableness of the proposed rate change(s) in the context of SaskPower's forecasted cost of service over the period(s) 2022-23 and 2023-24, comprised of:
 - (i) Anticipated fuel costs;
 - (ii) Anticipated hydro facilities availability;
 - (iii) Load forecast;
 - (iv) Planned maintenance programs;
 - (v) Operating, administrative, maintenance, depreciation, and finance expenses; and,
 - (vi) Corporate Capital Tax.
- B) The revenue requirement resulting from the cost of service.
- C) The reasonableness of the proposed rate structure and all components (basic charge, energy charge, and demand charge) comprising the rate.
- D) The future impact of the proposed rate change(s) on different customer groups.
- E) The following parameters as given:
 - (i) The budgeted capital allocation, rate base, and established corporate policies over the period 2022-23 and 2023-24 inclusive;

- (ii) SaskPower's long-term return on equity target of 8.5%;
- (iii) Existing service levels;
- (iv) Any existing supply contracts; and
- (v) 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 in fulfilling its mandate and these Terms of Reference.

SaskPower may provide the Panel with a mid-application update if a business factor(s) vital to formulating this rate application has changed significantly from the original business factor(s) used in the application. Should it be deemed necessary, any material updates to this application shall be provided by no later than April 22, 2022.

The Panel shall determine a public consultation process for this rate change application that is appropriate and cost effective under the circumstances and within the timeline for the review as established by the Minister of Crown Investments Corporation.

The Panel shall provide members of the public with the opportunity to review and comment on the SaskPower rate change submission outside any public meeting, to the extent reasonable, and within the timeline for the review as established by the Minister of Crown Investments Corporation.

SaskPower shall be provided with an opportunity to make a presentation to the Panel and the public, as the Panel consider appropriate, to discuss noteworthy rate application issues.

Questions from the public, Panel members, and its technical consultant(s) that require a response from SaskPower shall be received and organized by the Panel in a timely and efficient manner and forwarded to SaskPower for response.

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 are no errors in data or in the interpretation of data. The preliminary report shall include the consultant's observations (e.g., outstanding issues and questions), but will not include the consultant's recommendations to the Panel.

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 (E), where the Panel's recommendations are different from SaskPower's proposed rate changes.

CONFIDENTIALITY

Consistent with the “Confidentiality Guidelines” for the Panel, the Panel will not publicly release or require SaskPower to publicly release confidential information supplied by SaskPower to the Panel during the course of the rate change application review.

The Panel will release, as part of its final report, the results of the review of the SaskPower rate change proposal as conducted by an independent third party. By doing so the Panel shall ensure there has been no indirect release of any confidential SaskPower information.

CONDUCT OF THE REVIEW

The Panel will present its report to the Minister of Crown Investments Corporation no later than July 12, 2022.

ABBREVIATED REVIEW FOR APRIL 1, 2023 RATE CHANGE

Prior to the implementation of a rate change in 2023, SaskPower will provide current financial statements and an update on any material changes to business factors vital to the rate application, for the Panel’s review by December 1, 2022. Based on the updated information provided by SaskPower, the Panel will determine the abbreviated review process it requires.

The Panel shall provide SaskPower with the opportunity and reasonable time to review the Panel’s updated recommendation on the 2023 rate change prior to its finalization to ensure there are no errors in the data or the interpretation of data.

The Panel will provide a recommendation to confirm or revise the initial 2023 rate change to the Minister of Crown Investments Corporation no later than February 1, 2023.