



Media Release

For Immediate Release

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Proposed Delivery Service Rate changes reflect increased cost of safety programs; Commodity Rate remains at lowest level since 2000

Increased costs related to safety and pipeline integrity programs are the primary drivers behind SaskEnergy's application to the Saskatchewan Rate Review Panel (SRRP) for Delivery Service Rate changes. A proposed two-year Delivery Service Rate increase will have a total bill impact of 2.1 per cent for an average residential customer starting September 1st, 2013 and a 1.2 per cent annual increase for September 1st, 2014. The Commodity Rate portion of the bill remains unchanged at \$3.82/Gigajoule (GJ).

SaskEnergy's Delivery Service Rate application is to the volume-based delivery charge that applies to the amount of natural gas used by a customer. The actual bill impact will vary throughout the year, depending on usage. A typical residential customer could see an increase of \$1.46/month in the first year and \$0.87/month in the second year.

"Our increased investment in public safety reflects the higher safety standards being implemented throughout our industry. In 2010 we spent about \$7.5 million annually on safety and integrity programs. Now that investment is almost \$32 million," said Doug Kelln, President and Chief Executive Officer, SaskEnergy. "Safety-related operating costs are also rising. Line locates and leak surveys are required at increasing levels, and SaskEnergy's pipeline infrastructure continues to expand to accommodate the most customer growth seen in a generation."

SaskEnergy has added more than 33,000 new residential, business and industrial customers since 2007, including almost 7,400 last year.

Multi-year rate applications, common practice across Canada, allow for better long-term budgeting for both customers and SaskEnergy's engineering and technical staff to plan safety projects over a longer period. Productivity improvements and efficiency measures have helped offset additional Delivery Rate pressures, as SaskEnergy has achieved \$22 million in efficiencies since 2009, with a further \$5 million in efficiencies targeted for 2013. Even with the proposed Delivery Service Rate increase, SaskEnergy's residential delivery charges will remain the lowest in Canada.

SaskEnergy last adjusted its Commodity Rate a year ago, when it lowered it by 16 per cent from \$4.55/GJ. Using a Gas Price Management Program, SaskEnergy sets its Commodity Rate using the forward 12-month market pricing of natural gas, and anticipates its overall natural gas costs this summer will remain within the range of the present Commodity Rate of \$3.82/GJ. However, market pricing has been moving slightly upward over the last few months. SaskEnergy will review its Commodity Rate again prior to the start of the winter heating season on November 1st, 2013.

“This has been a colder than normal winter in Saskatchewan, with customers using almost 20 per cent more natural gas than last winter. By holding our rate stable through the highest consumption months, we’ve been able to help our customers better manage their energy dollars,” explained Kelln.

Additional information on the rate review process, including a full copy of SaskEnergy’s Delivery Service Rate application, will be available at www.saskratereview.ca.

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