

IMMEDIATE RELEASE

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GOVERNMENT APPROVES SASKENERGY RATE CHANGES; CUSTOMERS TO SEE LOWER BILLS JANUARY 1

The Government of Saskatchewan today approved the Saskatchewan Rate Review Panel's recommendations for SaskEnergy's adjustments to both its Commodity and Delivery Service rates. However, the changes will now be implemented January 1, 2016, when residential customers will experience an overall decrease of \$4.42 per month or \$53 annually.

The government delayed the rate changes from November 1, 2015, as the outstanding balance in SaskEnergy's Gas Cost Variance Account (GCVA) will not be fully recovered until January 2016.

The GCVA tracks the difference between what SaskEnergy pays to purchase customers' gas from producers on the open market and rates charged to customers. The account had accumulated a \$34 million deficit coming out of the severe winter of 2013/2014. SaskEnergy anticipated the GCVA to be down to at least \$5 million by November 1 when the application was filed this past spring, but more than double this amount still remains at \$11 million as of November 1, 2015.

"SaskEnergy requires a two month extension to continue repaying this account as less natural gas has been used by customers due to warmer than average weather in the spring and fall of 2015," Minister responsible for SaskEnergy Jim Reiter said. "With the GCVA fully recovered, the corporation will be able to provide the rate protection and stability customers depend upon during what is often the coldest winter months and the most volatile pricing on the commodity markets.

"When SaskEnergy changed its rates in July 2014, it projected up to 24 months would be required to recover the GCVA. A January 1 implementation is still six months ahead of overall projections."

The changes include a decrease to its Commodity Rate from \$4.84/GJ to \$4.30/GJ and an increase of 4.5 per cent to its Delivery Service Rate. For residential customers, an increase in the basic monthly charge of \$1.75 will be offset by a lower commodity cost.

"SaskEnergy is able to pass savings along to customers while, at the same time, continuing to invest in important public safety and pipeline integrity initiatives," Reiter said. "SaskEnergy will still offer the lowest residential delivery rates of any natural gas utility in Canada and will maintain its competitiveness by managing cost pressures through future productivity improvements and internal efficiency measures."

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