



## **Media Release**

For Immediate Release

February 14, 2012

### **Commodity and Delivery Service rate applications: reflection of low market prices; investments to support safety and system growth**

SaskEnergy is proposing rate changes that would see residential customers save nearly \$50 on their annual bill. The natural gas utility announced today it has filed requests with the Saskatchewan Rate Review Panel (SRRP) to adjust its Commodity and Delivery Service rates.

SaskEnergy has applied to reduce its Commodity Rate from \$4.55/Gigajoule (GJ) to \$3.82/GJ, a decrease of 16%. If approved, the proposed commodity rate – SaskEnergy's lowest since 2000 – would be implemented on April 1<sup>st</sup>, 2012.

This proposed Commodity Rate reduction will offset SaskEnergy's application for a Delivery Service rate increase – its first delivery service application since 2009. The rate increase is needed to address additional cost pressures related to enhanced safety and integrity programs and economic growth. The Delivery Service rate recommendation is for an increase of 6.7%, which will mean a \$2.25/month increase to the Basic Monthly Charge for residential customers. The new rate, to be implemented after July 1<sup>st</sup>, 2012, would still result in SaskEnergy's residential customers paying the lowest delivery costs in Canada.

"After relatively stable natural gas prices through 2011, prices on the forward markets where we purchase the majority of our customers' gas have moved lower, allowing us to decrease Commodity Rates for the fourth time in a row," said Doug Kelln, President and Chief Executive Officer, SaskEnergy. "SaskEnergy continues to use a price management strategy, allowing us to offer customers stable rates, while ensuring price protection remains in place against volatile upward swings in commodity markets."

SaskEnergy purchases its customers' natural gas on the open market, with no mark-up or profit factored into commodity rates. The Gas Cost Variance Account (GCVA) tracks any differences between SaskEnergy's rate and its actual costs of buying gas, so the difference can be factored into the next rate change.

Kelln said maintaining a safe distribution system and meeting growing customer demands has put pressure on SaskEnergy's operating costs, which is a key factor in the application for a Delivery Service rate increase.

"This year's capital investment in the safety and integrity of our pipeline system has been enhanced, as focus regarding customer safety has increased in the face of aging infrastructure and geotechnical challenges with soil conditions. In addition, capital

investment in new infrastructure is now 60% above the 10-year average as we've added more than 15,000 new customers to our system in the past three years," Kelln said.

SaskEnergy will continue to look for efficiencies to offset cost pressures in order to ensure delivery charges remain competitive. Corporately, from 2009 to 2011, SaskEnergy achieved \$16.5 million in savings due to productivity and efficiency efforts, and is targeting a further \$6.2 million in annual savings for 2012

Further information on the rate review process, including a full copy of both SaskEnergy applications, will be available at <http://www.saskratereview.ca>.

-30-

For further information, please call:

Dave Burdeniuk  
Director, Government & Media Relations  
SaskEnergy  
Phone: (306) 777-9842  
Cell: (306) 535-6569  
Email: [dburdeniuk@saskenergy.com](mailto:dburdeniuk@saskenergy.com)