

IMMEDIATE RELEASE

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GOVERNMENT APPROVES SASKENERGY DELIVERY SERVICE RATE INCREASE; COMMODITY RATE TO REMAIN UNCHANGED THIS WINTER

The Government of Saskatchewan today approved SaskEnergy's application for a two-year delivery service rate increase. At the same time, government announced SaskEnergy will not be applying for a commodity rate change this winter. SaskEnergy's current commodity rate of \$3.82/Gigajoule (GJ) is its lowest since 2000.

With the change to the delivery service rate, the average monthly bill for residential customers will increase 2.1 per cent beginning Sept 1, 2013 and 1.2 per cent beginning Sept 1, 2014. A typical residential customer could see an average increase of \$1.46/month in the first year and \$0.87/month in the second year, depending on natural gas usage.

"SaskEnergy's delivery service rate reflects the need to provide vital investments in safety and pipeline integrity programs for a natural gas system that has seen unprecedented residential, business and industrial customer growth over the last six years," Minister responsible for SaskEnergy Tim McMillan said.

In April, SaskEnergy applied to the Saskatchewan Rate Review Panel to increase to its Delivery Service Rate – specifically to the volume-based delivery charge that applies to the amount of natural gas a customer uses. The panel recommended government approve the changes, subject to the condition that prior to the second year increase requested, SaskEnergy provide updated financial information. SaskEnergy will be submitting this requested information to the panel in 2014.

This multi-year application provides customers with longer-term rate certainty, allowing for better budgeting and planning.

"Over the last several years, SaskEnergy has worked to offset additional delivery rate pressures through productivity and efficiency measures," McMillan said. "Since 2009, they have achieved \$22 million in efficiencies, with a further \$5 million targeted for 2013."

Even with the change to the delivery service rate, SaskEnergy's residential delivery costs will remain the lowest of any natural gas utility in the country. SaskEnergy sets its commodity rate based on a 12-month projection, with its current rate reflective of the costs required to purchase customers' gas from producers on the open market. SaskEnergy will next review its commodity rate in spring 2014.

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