

# GLOSSARY & SUPPLEMENTARY INFORMATION



## OUR FUTURE

### Competitive Rates:

#### SaskEnergy Commodity

This measure reports the ranking of SaskEnergy's cost of natural gas reflected through its commodity rate relative to the rates charged by other major Canadian utilities. The cost comparison is based on a benchmark level of consumption upon which the published rates of other service providers are applied to determine SaskEnergy's relative ranking. The calculations also reflect all temporary and one-time refunds, rebates, rate riders or surcharges approved by the utility's regulator. Federal, Provincial and municipal taxes are excluded from the comparison, as are any Government rebates not directly approved by the utility's regulator.

#### SaskEnergy Delivery

This measure reports the ranking of SaskEnergy's natural gas distribution delivery service rates relative to the rates charged by other major Canadian utilities. The cost comparison is based on a benchmark level of consumption upon which the published rates of other service providers are applied to determine SaskEnergy's relative ranking. The calculations also factor in all temporary and one-time refunds, rebates, rate riders or surcharges approved by the utility's regulator. Federal, Provincial and municipal taxes are excluded from the comparison, as are any Government rebates not directly approved by the utility's regulator.

#### TransGas Export Rates

As a benchmark measurement of competitive natural gas transportation rates, the TransGas Export Rate is compared to that offered by TransCanada Pipeline's Nova Gas Limited subsidiary (Nova) – a company that provides services in Alberta similar to those provided by TransGas in Saskatchewan. The measure compares the cost of moving natural gas from any receipt point in Saskatchewan to the export market with the cost of moving natural gas from the average receipt point in Alberta to the export market.

### Community Investment:

#### Investment (*millions*)

Three specific measures allow SaskEnergy to create a broad social footprint on the Province: its financial investments or donations, the number and diversity of projects it supports, and the number of communities it benefits by supporting these initiatives. SaskEnergy aims to have a broad-ranging impact on the Province, as evidenced by future targets.

SaskEnergy's financial investment is separated into three budgetary categories: the SaskEnergy Community Fund, which allows the Corporation to help community-based projects with support of up to \$2,500, a general sponsorship fund and an Aboriginal sponsorship fund. Criteria are based upon four specific categories: Education and Leadership, Community Engagement, Saskatchewan Pride and Environmental Stewardship. This measure tracks the financial investment SaskEnergy has made through the categories listed above. The investment total reflects cash donations and sponsorships only and does not include in-kind contributions.



**OUR FUTURE**

<b>Projects Supported</b>	This measure tracks the number of projects, events and programs supported by the Corporation.
<b>Communities Impacted</b>	SaskEnergy's community investment activity is also measured by the number of urban and rural locations supported each year. As Saskatchewan's natural gas provider, which serves more than 92 per cent of the population, the Corporation strongly believes its sponsorships and community investments should directly target the places where its stakeholders live. SaskEnergy supports programs in 250 to 300 communities annually.
<b>Percentage of Goods and Services Sourced In Saskatchewan</b>	SaskEnergy tracks the percentage of goods and services it sources from Saskatchewan suppliers out of the total goods and services acquired. SaskEnergy's goal has been to source goods and services from within Saskatchewan wherever possible, with the expectation of certain necessary goods and services that are not available within the Province. This measure is not based on total corporate expenditures, but rather focuses on inter-Crown purchases and transactions that are completed between the Purchasing Department and Saskatchewan suppliers.
<b>Total Contracts – Percentage of Aboriginal Labour Content</b>	This measure tracks the percentage of Aboriginal labour content in the Corporation's labour service contracts and supplier alliance agreements managed by the Purchasing Department.
<b>Environmental:</b>	
<b>Customer Efficiency Programs – Number of Customers Impacted (Direct and Indirect)</b>	<p>This measure represents the number of customers directly and indirectly benefiting from customer energy efficiency programs.</p> <p>The number of customers impacted directly refers to programs that SaskEnergy funds. An example of a program that benefits customers directly is the \$15 Programmable Thermostat Rebate.</p> <p>The number of customers impacted indirectly refers to programs that are administered by SaskEnergy leveraging funding from the Provincial and Federal Governments. An example of a program that benefits customers indirectly is the Saskatchewan EnerGuide for Houses Program.</p>
<b>Internal Energy Efficiencies</b>	This measure consists of energy efficiency improvements or reductions in fuel usage at the Corporate level including reductions in compressor fuel, line heater fuel, building heating, lighting, air conditioning, vehicle fuel usage, and reduction in electricity used in compressors, rectifiers and other compressor station functions. Energy consumption will be reduced by 33 TG annually, representing a one per cent reduction in the total amount of energy consumed by the Corporation in all of its business activities. The Corporation will improve its level of energy efficiency on an ongoing basis and measure the improvements in terajoules of energy saved.



**OUR FUTURE****Climate Change and Greenhouse Gas Reductions**

This initiative consists of GHG emission reductions governed by the targets that have been proposed by our Provincial and Federal Governments. The focus will be on fuel gas and energy efficiency improvements, as well as the capture of vented gas and reduction of vented emissions throughout the Corporation's business activities. SaskEnergy and TransGas will strive to reduce their carbon dioxide emissions from fuel combustion and reduce methane emissions from pipeline and compressor station venting to achieve a reduction goal of 20 per cent of 2006 emissions, or 69,130 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e), by the end of 2020. Reduction targets have been set at 5,000 tonnes of CO<sub>2</sub>e per year, which, in combination with GHG reductions that have already been successfully achieved in the period of 2007 to 2009, will allow the Corporation to meet its goals long in advance of 2020. Tracking of accomplishments will be in absolute terms (Tonnes of CO<sub>2</sub>e).

**Governance:****Governance**

The governance measure reports the degree of compliance that SaskEnergy maintains with respect to the Canadian Securities Administrator (CSA) corporate governance guidelines, as well as with other objective trends and best practices identified by Auditors and the Conference Board of Canada. The determination involves assessing the degree of SaskEnergy's compliance against the total number of these measures.

**Financial Health:****Debt/Equity Ratio**

This measure is calculated by dividing total debt (short- and long-term) by the sum of total debt plus total shareholder's equity.

**Rate of Return on Equity**

The rate of return on equity is measured by dividing the consolidated net earnings by the average shareholder's equity over the year. The average is determined as the simple average of the opening shareholder's equity and the closing shareholder's equity.

**Net Income Before Fair Value Adjustments (millions)**

Net income refers to total consolidated net income before fair value adjustments.

**Capital Investment (net) (millions)**

This measure reports the consolidated capital expenditures that result from regular core operations. It does not include capital spending associated with new business development projects.



**OUR GROWTH****Core Growth Capital Investment in New Infrastructure\* – SaskEnergy (net)**

This metric tracks capital expenditures for customer connections for SaskEnergy Distribution Utility.

**Core Growth Capital Investment in New Infrastructure\* – TransGas (net)**

This metric tracks capital expenditures for TransGas capital expenditures related to storage and transmission system growth.

**Business Development\*:****Direct Capital Investment**

This measure records the direct capital required by SaskEnergy to initiate new non-core business development activities within Saskatchewan.

**Total Leveraged Capital**

This measure records the estimated total capital related to the entire project scope of business development activities in which SaskEnergy is participating within Saskatchewan.

**Incremental Net Income from Business Development\*:****New Business Development Saskatchewan Focused**

This measure tracks the annual net income generated from Saskatchewan-based new business development initiatives.

**External Investments**

This metric tracks net income generated from the existing external investments that SaskEnergy has established through SaskEnergy International and SaskEnergy Nova Scotia Holdings Ltd.

\*New measurement for 2009.



## OUR SERVICE

### Reliability and Service:

#### Reliability Index – SaskEnergy

The reliability measure for SaskEnergy is based on a number of leading and lagging indicators that are averaged to produce a composite result. The calculation methodology provides a 60 per cent weighting for lag indicators and a 40 per cent weighting for lead indicators. The lag indicators focus on system outages and provide reliability ratings based on the causes of the outage (e.g: system failure, SaskEnergy operator error or caused by third party), as well as the impacts of the outage in terms of the number of customers affected, the duration of the outage and the cost of service restoration. The lead indicators provide ratings based on the percentage of planned maintenance projects completed and the percentage of training and job observations completed.

#### Reliability Index – TransGas

The reliability measure for TransGas is based on a number of leading and lagging indicators that are averaged to produce a composite result. The lead indicators provide ratings based on the percentage of planned maintenance projects completed and the reliability percentage of critical compressor units. The lag indicators focus on unplanned outages that affect customers and the percentage of service availability for receipt, intra-delivery and storage.

#### Customer Satisfaction – SaskEnergy

The SaskEnergy customer satisfaction measure expresses, in percentage terms, the proportion of customers surveyed that rated their overall satisfaction with SaskEnergy's service as "good," "very good" or "excellent." Positive responses such as these indicate that customers view SaskEnergy favourably and provide strong indication that customer service tools, policies and staff are effectively meeting the needs of customers. The data for this measure is obtained from customer surveys conducted by independent market research firms.

#### Customer Satisfaction – TransGas

This number is derived from an annual Internet-based survey conducted with all TransGas customers. The Internet method is used because most customers utilize electronic business tools to conduct business with TransGas. Customer satisfaction is measured based on four factors: Overall Company Knowledge, Responsiveness, Friendliness and Empowered to Serve. An average is taken of these four measures and reported as a percentage.



**OUR SERVICE****SaskEnergy Response Time Index\***

This index incorporates three measurables with equal weightings: provincial average response times for all emergency calls, percentage of calls responded to in one hour or less for locations with SaskEnergy staff and percentage of calls responded to in 1.5 hours or less for all other locations. The one hour and 1.5 hour response times align with our expectations for the maximum amount of time it would take for a technician to respond to the site of an emergency call. The use of provincial average response times for all calls supports our continued focus on minimizing our response time and aligns with natural gas industry best practices.

**TransGas Emergency Index\***

This measure is based on a number of leading indicators (preparedness) and lagging indicators (response) that are averaged to produce a corporate result. The lead indicators are based on: the completion percentage of emergency equipment checks and maintenance, the completion percentage of emergency exercises, the number of presentations completed for First Responders and Contractors and the number of landowner contacts. The lag indicators focus on: the number of line hits, the number of spills and the number of emergencies where the response was not in accordance with corporate procedure.

\*New measurement for 2009.

**OUR PEOPLE****Physical Safety:****Lost Time Frequency Rate**

The Lost Time Frequency Rate measures the frequency at which lost time injuries have occurred. A standard duration is used to normalize the results so that company comparisons can be made despite differing workforce sizes. A lost time injury is an injury whereby medical attention is required and work time is lost following the day of the injury. The formula to calculate the measure is as follows: Lost Time Frequency Rate = number of lost time injuries x 200,000\* ÷ total hours worked.

\* The 200,000 is the standard duration calculated as 100 workers working 40 hours per week for 50 weeks of the year.



## OUR PEOPLE

### Physical Safety:

#### Medical Aid Frequency Rate

This measure records the frequency of injuries that require medical attention and normalizes the results so that company comparisons can be made despite differing workforce sizes. A medical aid injury is an injury that requires medical attention, but does not result in lost work time other than that which is lost on the day of the injury. The formula to calculate the measure is as follows: Medical Aid Frequency Rate = number of medical aids x 200,000 ÷ total hours worked.

#### Preventable Collision Frequency Rate

The Preventable Collision Frequency rate expresses the frequency of preventable collisions and normalizes the result to enable equitable comparisons with other companies of different sizes and scales of operations. The formula to calculate the measure is as follows: Preventable Collision Frequency Rate = number of preventable collisions x 1,000,000\* ÷ total kilometres driven.

\* The 1,000,000 is the given standard used by the Canadian Gas Association and Canadian Energy Pipeline Association to facilitate company comparisons.

### Representative Workforce:

#### Representative Workforce

The representative workforce measures provide quantitative data on the employment of the four equity groups recognized by the Saskatchewan Human Rights Commission as being either underemployed or minimally employed within the Province. These four groups include: First Nations/Métis, Women, People with Disabilities and Visible Minorities. SaskEnergy also tracks the percentage of youth in the workforce, which is defined as employees who are 30 years of age or younger.

The measure is calculated by comparing the number of employees from these groups relative to the number of total employees that comprise the workforce.

#### Diversity Hires

This measure records the percentage of new hires from the four equity groups listed above.

### Employee Satisfaction:

#### Employee Satisfaction

The employee satisfaction measure is a composite measure that is designed to assess SaskEnergy/TransGas employees' overall satisfaction with working at SaskEnergy/TransGas. The measure incorporates employees' opinions on a number of areas including: satisfaction with compensation and benefits, job opportunities, work/life balance and developmental opportunities within SaskEnergy/TransGas. The intent behind the measure is to assess the extent to which employees will be prepared to exercise discretionary effort while employed at SaskEnergy. The data for this measure is obtained through both internal and external employee surveys.



### Glossary of Natural Gas Measurements

Joule (J) – a base metric measure of energy. One J is equivalent to the amount of energy required to raise the temperature of one gram of water by approximately one quarter of one degree Celsius.

Gigajoule (GJ) – a measure of energy used to express the heating value of natural gas or of energy consumed. One GJ is equivalent to one billion J. A typical home uses about 120 GJ of natural gas per year.

Terajoule (TJ) – a unit of energy equivalent to 1,000 GJ.

Petajoule (PJ) – a unit of energy equivalent to 1,000,000 GJ.

Cubic metre (m<sup>3</sup>) – a unit of volume measurement commonly used to express the amount of natural gas sold to consumers. The typical home uses about 3,200 m<sup>3</sup> of natural gas per year.

### Natural Gas Volume Equivalents at Normal Atmospheric Pressure

- One Gigajoule (GJ) is the volume of natural gas required to fill an 11 foot by 11 foot by 8 foot room (approximately 1,000 cubic feet).
- One Terajoule (TJ) of natural gas would fill a typical professional hockey arena (approximately 1,000,000 cubic feet).
- One Petajoule (PJ) is enough natural gas to fill 17 sports stadiums the size of the Rogers Centre, formerly known as the Sky Dome, in Toronto (approximately 1,000,000,000 cubic feet).

### SaskEnergy Incorporated Natural Gas Transmission Pipelines

