

Media Release

For Immediate Release

October 8, 2008

Rate Review Panel announces recommendation for SaskEnergy's proposed delivery rate

The Saskatchewan Rate Review Panel presented its report to the Minister of the Crown Investments Corporation about the fairness and reasonableness of SaskEnergy's proposed Delivery rate, considering the interests of the customer, the Crown corporation and the public.

The Panel is respectfully offering one recommendation:

That SaskEnergy's application for an annual overall average increase of 5.8% to its Delivery rate (increasing only the Basic Monthly Charge) be approved, effective November 1, 2008.

In making this recommendation, the Panel concurs with its independent technical consultants that the requested increase is fair and reasonable.

The recommended increase applies only to the Basic Monthly Charge (BMC) portion of SaskEnergy's delivery service, and will equate to a 1.4% overall annualized increase on the average customer's bill when combined with the natural gas commodity portion of the bill.

Customer impacts, in terms of monthly and annual dollar amount increases, are shown on the next page.

SaskEnergy's application shows that the increase applies to four of five customer classes. There was no increase requested for the Small Industrial Class customers as their current rate is outside of SaskEnergy's targeted range of 0.95 to 1.05. This is consistent with the cost causation principle

The Panel's analysis shows SaskEnergy faces a combination of upward pressure on operating costs, a trend to declining revenues on a per-customer basis, and a forecast for significantly lower gas marketing profits in 2008. Even though energy conservation benefits both its customers and SaskEnergy, lower per customer usage of the distribution system does not reduce operating and maintenance costs.

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.... see details on next page

**ANNUALIZED EFFECT OF SASKENERGY'S DELIVERY RATE PROPOSAL –
DELIVERY ONLY and TOTAL BILL including gas cost
BY CUSTOMER CLASS**

CUSTOMER RATE CLASS		ANNUAL INCREASE \$\$	% INCREASE, ON DELIVERY	% INCREASE ON TOTAL BILL
Residential	Low use	\$24	7.3%	2.1%
	Average	\$24	6.8%	1.8%
	High	\$24	3.0%	0.7%
Farm	Low	\$31	8.8%	2.7%
	Average	\$31	6.8%	2.2%
	High	\$31	3.8%	0.8%
General Service II	Low	\$46	8.2%	2.1%
	Average	\$46	4.4%	0.9%
	High	\$46	0.9%	0.1%
General Service III	Low	\$247	4.1%	0.7%
	Average	\$247	2.2%	0.3%
	High	\$247	0.7%	0.1%
Industrial – Small	Low	\$0	0%	0%
	Average	\$0	0%	0%
	High	\$0	0%	0%
OVERALL EFFECT			5.8%	1.4%
TOTAL ANNUAL AVERAGE CUSTOMERS 2008-09				
Residential		272,731		
Farm		22,267		
General Service II		35,638		
General Service III		1,233		
Industrial		14		
Total		331,883		

Source: ECI & Forkast Report, 2008: Table II, page ii, and SaskEnergy.

The reports of the Panel and the Consultants will be posted to the Panel's website:
www.saskratereview.ca.