

IMMEDIATE RELEASE

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GOVERNMENT APPROVES SASKENERGY'S COMMODITY RATE APPLICATION; ACCEPTS SASKATCHEWAN RATE REVIEW PANEL RECOMMENDATIONS

The Government of Saskatchewan today approved SaskEnergy's application for an increase to its commodity rate – the first increase in six years. With this change, SaskEnergy's commodity rate moves to \$4.84/Gigajoule (GJ) from \$3.82/GJ, increasing the average residential customer's bill by \$9.57/month, effective July 1, 2014. The rate will have price protection through the next winter.

With this increase SaskEnergy's commodity rate remains competitive with other jurisdictions, many of which have already implemented higher rates.

"One of the coldest winters in decades created extreme volatility in commodity markets across North America, which is why SaskEnergy waited for markets to stabilize in order to set a longer-term rate that would be price protected through this coming winter," Minister responsible for SaskEnergy Jim Reiter said. "A rate adjustment now gives customers time to prepare for when the higher consumption months return later this fall.

SaskEnergy's commodity rate is a direct pass-through of the costs to purchase customers' gas from producers on the open market, with no profit or loss factored in. SaskEnergy tracks the difference between its commodity rate and what it pays for customers' natural gas in the Gas Cost Variance Account (GCVA). The GCVA currently is in a customer owing position due to purchasing additional volumes of natural gas at market prices above the SaskEnergy rate this winter.

"The approved Commodity Rate has the GCVA recovered over a period of 24 months, allowing SaskEnergy to offer the lowest commodity rate possible," Reiter said.

In May, SaskEnergy applied to the Saskatchewan Rate Review Panel (SRRP) for an increase to its commodity rate. The SRRP recommended Cabinet approve the change after its own independent analysis and feedback from the public.

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