



Media Release

For Immediate Release

September 28, 2009

Applications to reduce overall bills by \$54-106 annually: lowest commodity rate since 2001

SaskEnergy announced today it has filed requests with the Saskatchewan Rate Review Panel (SRRP) to adjust its commodity and delivery rates. If implemented, these changes will reduce annual average bills for residential customers by \$54 and the former farm customer class by \$106.

SaskEnergy has applied to reduce its commodity rate from \$5.96/Gigajoule (GJ) to \$5.21/GJ, a decrease of 12.6% effective Nov. 1, 2009. This will be the lowest commodity rate for SaskEnergy customers in more than eight years.

“SaskEnergy’s new commodity rate is price protected against market volatility for the upcoming winter when Saskatchewan residents consume over 70% of their natural gas,” said Doug Kelln, SaskEnergy President and Chief Executive Officer. “This ‘shielding’ or ‘insurance’ from future winter pricing has been a common sense part of SaskEnergy’s Gas Price Management Strategy since 1995.”

Natural gas utilities in Manitoba (\$6.14/GJ) and British Columbia (\$5.97/GJ – Oct. 01), which currently have higher rates than SaskEnergy, also offer their customers price protection within their commodity rate. Alberta, which sets its rates monthly, offers no price protection for the upcoming winter months.

Kelln cited the winter of 2002/2003 as a time when winter prices rose rapidly. The preceding summer, spot prices dropped to the \$2-\$3/GJ range, while winter forward prices were trading at around \$5/GJ. That winter, price trading moved dramatically higher, with pricing in February moving through \$9/GJ.

SaskEnergy purchases its customers’ natural gas on the open market, with no markup 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 that this difference can be factored into the next rate change. The new proposed commodity rate reflects the cost of gas in storage, a credit back to customers from the GCVA, and gas purchased for use during the upcoming year.

The delivery rate increase, just the third since 1997, reflects higher internal costs of operating SaskEnergy’s core business of providing safe and reliable service to its customers. The change has a suggested implementation date of mid-January, 2010.

Even if approved, the company will continue to offer the lowest distribution rate of any Canadian natural gas utility.

SaskEnergy continues to encourage Saskatchewan natural gas consumers to take steps to keep improving the energy efficiency of their homes and businesses. Since 2001, more than 50,000 Saskatchewan customers have been assisted with programs such as the Saskatchewan EnerGuide for Houses and the Energy Star Prime Rate Loan Program. Saskatchewan residents continue to lead Canada in the take-up of these initiatives.

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

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For further information, please call:

Dave Burdeniuk
Manager, Communications
SaskEnergy
Phone: (306) 777-9842
Cell: (306) 535-6569
Email: dburdeniuk@saskenergy.com