

**Submission of the Consumers' Association of Canada, Saskatchewan Branch
to the
Saskatchewan Rate Review Panel
Regarding the SaskPower 2010 Rate Application
April 12, 2010**

The Consumers' Association of Canada, Saskatchewan Branch (CAC/SK), is a voluntary, non-profit, non-partisan association with the objectives to provide consumer information and education on marketplace issues, to represent the consumer interest to government and industry, and to advocate action to improve the quality of life for consumers. Traditionally CAC/SK has taken a special interest in vulnerable consumers and those with limited incomes.

CAC/SK has a long history with the regulation of non-competitive monopoly utilities in Saskatchewan. It advocated for a rate review mechanism for many years before the establishment of the Public Utilities Review Commission and during the time of the Commission, CAC/SK participated in, I believe, every rate application of SaskPower, SaskTel and SGI. At that time we were fortunate to have expertise on our Board and also to access funding which enabled our organization to present comprehensive and technical submissions. During the time of the Saskatchewan Rate Review Panel, CAC/SK has had varied involvement depending on available volunteer expertise and on financial resources. Currently we do not have volunteer expertise nor the financial resources for research support. However, CAC/SK did want to come today to show our interest and to provide a few comments about this application on behalf of residential customers.

The reliability of electrical supply is of utmost concern to Saskatchewan consumers and to CAC/SK. We expect an uninterrupted supply of power delivered safely to our homes. We realize that this requires the utility to be financially healthy and stable. However, we do expect the Corporation to do its utmost to keep expenditures at a minimum by being well-managed, frugal, and innovative so that rates for all customers are reasonable, but as low as possible. We are convinced that there probably are more savings which the Corporation can identify.

Rate Rebalancing: CAC/SK supports user pay and relies on the Review Panel and its consultants to ensure that each customer pays a fair rate compared to other customers. We are pleased that for residential customers the revenue to revenue requirement is slightly below 1. Residential customers, unlike business customers, are unable to use utility expenses as deductions on their income tax.

Dividend: Even though we know that the dividend to CIC is not within the mandate of the Rate Review Panel, CAC/SK would like to comment on it. CAC/SK has been opposed to dividends from the Crown utilities being paid to CIC. We consider the dividends (for SaskPower - \$47M in 2008 and \$97M in 2007) to be hidden, regressive taxes that impact lower income people more than others. Therefore we are pleased that in 2009 and 2010 there is no dividend being paid to CIC which enables all of the net income to be reinvested in the system and in a small way reduce rate increases.

Educating Consumers to Modify Use: So how can Saskatchewan residents reduce their power bills? Obviously they can reduce their power consumption by turning off power-consuming items and by purchasing appliances, light bulbs, etc. that use less energy. We like SaskPower programs and information which encourage conservation by the public. These programs reduce both total energy consumption in the province and reduce costs for individuals.

We ask that SaskPower consider giving residential customers another option to reduce their power bills -- that is by providing financial incentives for shifting some of their home use to off-peak periods. This would reduce peak-load requirements for SaskPower and enable families exercising careful time management of their power usage to reduce their total charges. Consumers already do this when requested by the Corporation on extremely cold days and in the past families made their long distance telephone calls at certain times when there was an economic advantage to do so.

A few other points:

Overhead power lines: We are pleased that SaskPower is burying overhead lines and encourage the Corporation to continue to do so. This will decrease power outages and address fears of electro-magnetic radiation.

Future sources of generation: The public has shown that they want to be involved in discussions about power sources and to have their say. Wind and solar, two generation sources with fewer environmental impacts, should continue to be developed by the Corporation.

Rate Review process: We would like to see dates and times of hearings listed on the SRRP website much earlier than they were for this hearing which was on April 7. That was very late notice for the Saskatoon hearing. We are grateful that we received early notification about the hearing dates, but to encourage others to participate, the information needs to be posted much earlier. We would like to see more ordinary people attending the hearings to learn more about rate setting and to have a chance to give their opinion.

Conclusion:

In this application we have not been convinced that the requested rate increases are reasonable especially following last year's increase of 8.5% and the favourable price of natural gas over the last year or so. Even with no increase SaskPower expects a net income in 2010 of \$80M.

Power is an essential service in our province and for residential customers there are no options but to purchase from this monopoly utility. If people are not happy with the price and/or level of service, there is no other choice. This makes the work of this Review Panel so critical. The people of the province are relying on its work to ensure that rates they pay for power are fair and that all increases have been justified by the Corporation.