



STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

Mr. Herb Cox, Chair
The Battlefords

Ms. Cathy Sproule, Deputy Chair
Saskatoon Nutana

Mr. Steven Bonk
Moosomin

Mr. Glen Hart
Last Mountain-Touchwood

Ms. Nancy Heppner
Martensville-Warman

Mr. Everett Hindley
Swift Current

Ms. Lisa Lambert
Saskatoon Churchill-Wildwood

[The committee met at 19:00.]

The Chair: — Okay, being the hour of 7 o'clock, we'll begin the work of our committee this evening, and I would like to say welcome to our committee members. I'm Herb Cox, the Chair of the committee. And tonight we have substituting for Cathy Sproule, we have Vicki Mowat from the opposition. We have Steven Bonk with us. Glen Hart will be joining us shortly. Nancy Heppner's here, Everett Hindley, and Ken Francis is substituting for Lisa Lambert.

So this evening the committee will be considering the lending and investing activities of Saskatchewan Opportunities Corporation, Saskatchewan Water Corporation, and SaskEnergy Inc.

**General Revenue Fund
Lending and Investing Activities
Saskatchewan Opportunities Corporation
Vote 154**

Subvote (SO01)

The Chair: — So we would now begin our consideration of vote 154, Saskatchewan Opportunities Corporation, loans, subvote (SO01). Mr. Hargrave, please introduce your officials and make any opening remarks you care to make, please.

Hon. Mr. Hargrave: — Thank you very much, Mr. Chair, and members of the committee. It is my pleasure to be here this evening for the committee's consideration of matters pertaining to the Saskatchewan Opportunities Corporation, or SOCO. Joining me here today are the following officials: Van Isman, president and executive officer; Ken Loeppky, vice-president and chief operating officer; and Brent Sukenik — I got it right this time — chief financial officer.

The purpose of the corporation is to create, encourage, and facilitate business opportunities in Saskatchewan's technology sector, primarily through the development and operation of technology parks. As you are aware, SOCO operates the research and technology parks in Regina and Saskatoon, on leased land from the University of Regina and Saskatchewan, respectively. Both of these facilities are operated under the registered tradename of Innovation Place.

Innovation Place is an economic development tool of government. Our research and technology parks provide a range of specialized scientific and business amenities that are concentrated in close proximity to address the needs of emerging and established private sector technology firms. These firms and amenities then become a draw to attract more firms to locate or start up in the same area.

Collectively the SOCO facility contains 27 buildings with approximately 1.7 million square feet of office, laboratory, greenhouse, and pilot plant space.

At the present time, SOCO has 141 tenants leasing space. These tenants employ approximately 3,950 people at these locations. Eighty-seven of these tenants are private sector businesses and research organizations all involved in the technology fields.

Innovation Place is focused on clustering tenants in specific areas. Tenants can either work directly in the cluster or provide support and technical services to the cluster. Primary clusters of focus include agritech, health and life sciences, information and communication technology, natural resources, and industry services and support.

During the 2017-18 fiscal year, SOCO generated net income of \$5.63 million. However, a far more important statistic is that during that fiscal period, 10 new technology businesses were started within the parks. Further, the officials here tonight advise me that in 2018-19, which just recently ended, an additional 11 new tech businesses started in the two parks. That's 21 new technology businesses over the last two years, and that does not include the dozens of potential new businesses coming out of the technology business incubators located in the park.

It is now my pleasure to entertain the committee's questions concerning SOCO.

The Chair: — Thank you, Minister. I guess I would just ask the officials to please state your name the first time you answer to the mike, if you would, please. Do any committee members have any questions? I recognize Ms. Mowat.

Ms. Mowat: — Thank you very much, and thank you, Mr. Minister, for your introductory remarks. And to the officials that we have here today, appreciate your time and will be looking forward to having a bit of a conversation today.

I guess I will begin. Just in estimates here, I'm looking at the schedule of borrowing requirements for Crown corporations. I see that there's an estimated 19.5 million for 2019-2020 for the Saskatchewan Opportunities Corporation, and there was none estimated for 2018-2019. So I'm just wondering what accounts for that difference in borrowing and what that money is being used for this year.

Mr. Sukenik: — Yes. Brent Sukenik. The \$19.5 million is a conversion of debt. A few years ago we completed a project for one of our tenants in Saskatoon. That project was financed entirely with short-term debt, and the estimates reflect the conversion of that short-term debt to long-term debt this coming fiscal year.

Ms. Mowat: — Okay, so it's not reflective of any new project.

Mr. Sukenik: — It is not. It is just the conversion of debt.

Ms. Mowat: — And can you speak to, if it's estimated that there will be a similar . . . Like is this a one-time conversion or is it something that will happen over time?

Mr. Sukenik: — This one is a one-time conversion. There is potential for another phase of this project that could happen the year after next, and we may have a similar conversion in the future, but that would be it at this point.

Ms. Mowat: — Okay, thank you. And just to go back to some of the minister's opening remarks, I just have a few follow-up questions based on that. You mentioned that there are 27 buildings. It looks like last year in your remarks, you mentioned

26 buildings. Has another building been acquired?

Mr. Isman: — Van Isman. No. Some of the buildings that we have are what we would call ancillary buildings, and so sometimes we've been counting them and sometimes we haven't, but some of them are quite small, but there are all the same number of buildings as there was a year ago.

Ms. Mowat: — Okay, thank you. So the same number of buildings. Because I was going to ask, you have the same square footage, so how does that work? Thank you for clarifying that. And so you said there's 141 tenants. Did I catch that correctly?

Hon. Mr. Hargrave: — That's correct, yes.

Ms. Mowat: — And there were 142 last year? Was there just one lost, or is this a few lost and a few gained?

Mr. Isman: — We have some tenant turnover that takes place every year. I would suggest to you, although I know . . . Ken, have you got the exact numbers?

Mr. Loeppky: — I don't have . . . I don't.

Mr. Isman: — I would suggest to you it was approximately 10 that have left and a corresponding number, less one, that have come to the park.

Ms. Mowat: — Okay. In terms of the net income, can you clarify what the net income was for the 2017-2018 fiscal year and what change there was to 2016-2017?

Mr. Sukenik: — Net income in 2017-18 was \$5.6 million, which was about \$5.1 million higher than the year before.

Ms. Mowat: — Thank you. And what do you think accounts for the higher income?

Mr. Sukenik: — There was a few things that account for that difference. One of them was the sale of the Prince Albert property that was sold in the last fiscal year. That generated a gain on sale, a one-time gain on sale. And then the rest would be just expense reductions, a combination of increased revenue and expense reductions.

Ms. Mowat: — And what did the P.A. [Prince Albert] property sell for?

Mr. Sukenik: — The sale price on that building was \$8.125 million.

Ms. Mowat: — Thank you. In terms of efficiency initiatives, I know that in the past you had goals around reducing compensation. About 8 per cent in 2017-2018 was achieved through attrition and vacancy management. Can you speak to any efficiency initiatives that we've seen over the past year and what those would look like?

Hon. Mr. Hargrave: — Most of it has been through vacancy management that has transpired over the last period of time. Some of that as well, some Crown collaboration, that's been shown some efficiencies there. But most of it is vacancy management.

Ms. Mowat: — Thank you. So last year you mentioned around five or six vacant positions. Is this still about the same amount of vacant positions that exist? Have these positions been removed? Has there been any change to them?

Mr. Isman: — Currently we have a cap, if you will, of 107 total FTE [full-time equivalent] positions. We finished this past year at approximately 95. It was just over 95 — 95.3 or something like that — in terms of what the actual utilization is. So the difference between those two numbers is the actual savings in terms of vacancy management.

Now we're talking FTEs there, so it's not always that there is a person because there's some work-share arrangements and some part-time people and things of that nature. But in terms of FTEs, it's that reduction of just under 12 FTEs.

Ms. Mowat: — So it would be safe to say that about five or six of those have been realized over the past year then? Because that's in addition to the previous five or six from last year?

Mr. Isman: — Yes, that's correct. A lot of those savings though have been for certain periods of time. Like they weren't necessarily permanently held vacant, but it might have been that a person left or retired from a particular position and we waited for six months or eight months or something like that before we went to restaff it. And it would always be based on need.

Ms. Mowat: — Thank you. And this is primarily utilized when people leave their positions and then there's a delay in terms of replacing them? That's the goal?

Mr. Isman: — Typically there are some positions that we are holding, intentionally holding, vacant though that are technically still on the books. Whether or not we choose to fill them would be a decision that we'd reach down the road and would be based on a number of business condition factors.

Ms. Mowat: — Thanks. And you said that there's a cap at 107?

Mr. Isman: — That's what our total budget is, yes, in terms of our cap. Yes.

Ms. Mowat: — Okay, and is there a specific goal for what you would like to achieve in terms of vacancy management? Like you're at 95 FTEs right now.

Mr. Isman: — When we discuss FTEs, or full-time equivalents, it's a bit of a misleading statistic. And the reason I say that is because I think what we're really trying to achieve is financial or economic savings for the corporation, and it's really not in terms of the number of people. We achieve those financial savings through this type of vacancy management. So we had talked about that restraint previously in terms of what we're trying to achieve. And so that's sort of our objective as we're working through that process.

[19:15]

Ms. Mowat: — Thanks. And you mentioned that there are some other cost-saving measures outside of vacancy management. Could you speak to what some of those are?

Mr. Isman: — Well we've exercised considerable restraint on a number of different expenditures and we've deferred, we've reduced out-of-province travel. We've reduced on a number of other fronts as well where there was a need to show some restraint and that ability to do so.

But having said that, as well we've actually been able to partner with certainly CIC [Crown Investments Corporation of Saskatchewan] and some of the other Crown corporations in terms of achieving some benefits in terms of both . . . well some professional services in particular. So internal audit is something that we've been able to collaborate with CIC, as well as some of the other small Crowns, I believe, and similarly with some significant savings in terms of legal expenses, once again through that type of collaborative effort.

Ms. Mowat: — Okay. So you're talking about, instead of outsourcing those services, you're finding savings by working together with other Crowns.

Mr. Isman: — Yes, wherever possible.

Ms. Mowat: — Okay. I was just trying to find the vacancy rates for last year, but I can't. Oh, in Saskatoon the vacancy rate was 10.65 per cent and Regina was 7.27 per cent and the overall was 9.71 per cent. Can we get an update on what the current vacancy rates are?

Mr. Loepky: — Ken Loepky. So the question was about the vacancy rates currently. So as at the end of March 2019, our combined vacancy rate is just over 13 per cent, about 13.05. In Regina it's sitting at 5.26, and in Saskatoon it's sitting at 10.89.

Ms. Mowat: — Okay. So how did these compare to recent years? Have you seen a substantial change?

Mr. Loepky: — Well we've seen a slight increase over the last number of years. The whole marketplace has certainly seen a shift from five or six years ago when there was only 2 or 3 per cent, maybe, vacancy in the market. Relative to the markets, the Saskatoon park I'd mentioned was at just over 13 per cent. The Saskatoon market is just over 13 per cent, so we're really basically tracking the market. In Regina we've actually done a little bit better in the sense that the market here is running at just over 11 per cent, and we're running at just over 5 per cent.

So I think typically we have actually had less volatility than in the markets, but as the markets go, we typically follow. It's just a fact that as there's more vacancies there's more options.

Ms. Mowat: — Thank you, Mr. Loepky. Are there any specific initiatives planned to address the increase in vacancies?

Mr. Loepky: — We really don't alter our marketing program. We're very specific in who we want our tenants to be because we're not in competition with the market. So we typically deal with a very small subsector in the market. So our marketing approach with that is to build relationships with the people in the community, try to understand their businesses and what Innovation Place might be able to offer them so that when they want to make the choice to do something with their business, they understand the options and how Innovation Place might be able to improve their situation. And then it's up to them to decide.

We're very passive marketers. We're not aggressive marketers at all, so we don't really change. We just keep plugging away at keeping the technology company communities understanding what we do and why we do it and be there when they need us.

Ms. Mowat: — Thank you. In terms of the tenants, so last year there was the Saskatchewan technology start-up incentive that offered a 45 per cent non-refundable tax credit for individuals and corporations. I'm wondering if you know of any tenants who have been able to benefit from this or know about any benefits that have happened as a result.

Hon. Mr. Hargrave: — A lot of what we're doing there is very specific, as Ken mentioned, as to what we're doing. The other factor is not something that SOCO is directly involved in. We have discussions with different companies all the time. So that question isn't something that we can answer, but it's something more that you can ask for the Innovation people rather than us. What we focus on is these businesses here like that. But there are people approach all the time about certain things, so to say we haven't had any discussion would be wrong. But very, very, very high level, it'd be more with Innovation Saskatchewan.

Ms. Mowat: — Perfect, thanks. And yes, I was wondering sort of anecdotally if you'd heard about benefits. And I know that it's not within your purview, I was just curious about whether you've heard . . .

Hon. Mr. Hargrave: — We have discussions with people, with tenants, with other people that are inquiring. So we have discussions with them all. So we think, you know, it's not a bad thing in general, but we leave that to the others to . . . Just anecdotally, we have those discussions, coffee discussions.

Ms. Mowat: — Sure. In terms of tenants, it's encouraging to see CanniMed Therapeutics as a tenant. Has there been any other interest from other cannabis companies?

Mr. Isman: — Yes, CanniMed was sold out to a company called Aurora, and they are still in the park. We're watching them, actually kind of carefully. Perhaps that's a poor choice of words. We're watching what the nature of their business is because we're looking for companies that are focused on the science aspect of different things. CanniMed, of course, was a medical cannabis company and Aurora is more so active in terms of the recreational cannabis use. So we're kind of keeping an eye on that because if that's the pathway that they're interested in pursuing, perhaps they would be a more suitable tenant somewhere else.

Now we do have a number of other companies, one of which is quite exciting actually to watch. It's called Zyus. That is a fairly recent start-up as of last year, but it's really interesting to see. And then we also have green leaf, which is the new operating name for POS Bio-Sciences, and they are in partnership with a company called Canopy who are also one of the larger companies. But once again they're focused in terms of the medical aspect, the research and components in relation to medical cannabis use, as is the case with Zyus.

Ms. Mowat: — Thanks. And it certainly makes sense with what you're saying for medical versus recreational. Interesting. I want to talk about — I don't have that much time left so I'm just trying

to use my time wisely — I want to ask a couple of questions about the balanced scorecard in the annual report for 2017-2018.

And so I'm just looking at in the scorecard, for folks who are tuning in at home, on the scorecard . . . [inaudible interjection] . . . There are always a few. There is an indicator legend that shows sort of a scale of red, yellow, green, and blue, red meaning that these areas are off target and blue meaning that they've exceeded the target by 20 per cent or greater.

So in the interest of brevity, I'll try and focus on red and yellow items. So in terms of creating awareness — so I'm on page 20 of the annual report — in terms of creating awareness, the percentage of stakeholders aware of Innovation Place and its purpose was rated at 67 per cent, which gave a yellow on the score card, slightly off target. I'm wondering if you can speak to, you know, what you think is . . . if there's any initiatives in terms of creating more public awareness. And you know, do you see this as an issue basically?

Mr. Isman: — Thank you. It's my pleasure to answer that question because it's something that I think that we're quite proud of. One of the things that had been done with Innovation Place previously, in terms of assessing awareness, was a very broad-based telephone polling of people in the overall communities in Regina and Saskatoon, asking if people knew anything about Innovation Place and did they think that there were good things that were going on there.

We decided to be more focused, and as much as we see ourselves as an economic development tool of government, we changed that measure completely a few years ago. And we decided to focus in on what we will call the economic development community within the province: so regional economic development agencies, chambers of commerce, a number of people that are in the general business development world, certainly the educational institutions. And what we started polling was not just, do you know who we are, but really, are you aware of our purpose? And we implemented a fairly significant communication strategy to move down that path.

The first year when we did this, we had a baseline in '16-17 of finding 54 per cent of the people actually had a good understanding of what we did. The second year, which was '17-18, it had jumped to 67 per cent. We've set 75 per cent as an objective, and I'm pretty confident that we're pretty close, if not achieving that level.

Ms. Mowat: — Thank you. Jumping ahead to page 22, it looks like the third indicator is the number of tenants locating from outside the province. So the target was four and the actual is two. I'm just wondering if you can speak to this measure as well.

[19:30]

Mr. Isman: — Thank you. First of all, that's a measure that you will not see in our balanced scorecard next year because we really don't make efforts to try and attract technology businesses from outside of the province. Accordingly, inasmuch as we were really not making efforts to do something, we felt that there are better ways that we should be assessing our performance, so that's why that one's fallen off the balanced scorecard.

Ms. Mowat: — Thank you. I want to thank you for your time. I'm getting the hook over here, getting the signal that we're out of time. And I know there is a lot more important work to be continued throughout the night, so we've got to make sure we make time for all of it. So we want to thank all of you for attending this evening. Thank you for answering all the questions and answering them so promptly. Thanks.

The Chair: — Thank you, Ms. Mowat. Yes, we do want to stay on track tonight. We have two more ministries to talk to. Mr. Minister, if you would care to make any closing comments, please do so.

Hon. Mr. Hargrave: — Not too lengthy, maybe 10, 15 minutes. That's about it, just so you can keep on track. No, I want to thank you, Mr. Chair, and of course the committee members and Hansard for being here tonight, and the member for asking the questions. There were good questions and we appreciate those, and we hope we were able to answer them sufficiently for you. So thank you very much.

The Chair: — Seeing no further questions, we will adjourn our consideration of the lending and investing activities of Saskatchewan Opportunities Corporation. We will now take a very brief recess and have new officials and minister come in. Thank you.

[The committee recessed for a period of time.]

**General Revenue Fund
Lending and Investing Activities
Saskatchewan Water Corporation
Vote 140**

Subvote (SW01)

The Chair: — Okay. Welcome back, members, and I'd like to welcome Ms. Sproule who's joining us now. We will now begin our consideration of vote 140, Saskatchewan Water Corporation, loans subvote (SW01).

Minister Eyre, please introduce your officials and make any opening remarks that you care to make, please.

Hon. Ms. Eyre: — Well thank you, Mr. Chair. Good evening, and to members of the committee. I'm joined this evening by the following officials from SaskWater: Doug Matthies, president; Eric Light behind me, vice-president, operations and engineering; Jacquie Gibney, vice-president, corporate and customer services; Danny Bollinger, director of financial services; and my chief, Jeremy Brick.

Mr. Chair, if I could, I have a few brief opening remarks. SaskWater's budgeted earnings for 2019-20 are 6.7 million, which is an increase of 500,000 from the budgeted 2018-19 earnings. This reflects an expected continuation of the steady growth SaskWater has seen for the last several years. Key strategies for growth include identifying and pursuing regional municipal opportunities and attracting grant funding to help make them affordable for residents.

Regionalization allows SaskWater to serve multiple customers with infrastructure needs and allows for economies of scale and

the optimal use of certified operators. SaskWater's efforts have yielded some success in the Lloydminster area, and the company is optimistic that new growth areas can be identified through a collaboration project with the Water Security Agency.

SaskWater is also focused on delivering its mission of safe, reliable, and sustainable services by ensuring its existing infrastructure is well maintained and able to meet community growth needs. Grants can also play a significant part in keeping the cost of these projects affordable for residents, and SaskWater recently enjoyed more success in this regard. Its capital budget for 2019-20 is 32 million.

In the Estimates document in the section under General Revenue Fund, non-budgetary appropriation, beginning on page 147 and through to page 154, SaskWater's 2019-20 borrowing and loan repayment details are highlighted. To summarize that information, SaskWater expects to borrow 18.5 million to help finance its \$32 million capital expenditure program, with the balance coming from grants and cash from operations.

SaskWater also has two debenture issues that mature this year and will be paid off, totalling 9.593 million. As in prior years, a portion of this capital expenditure plan is contingent on securing new customer agreements. If those new agreements are not obtained, SaskWater will not incur the expenditure and the borrowing requirements will be reduced.

And, Mr. Chair, that concludes my opening remarks. And both my officials and I of course would be very pleased to answer any questions from members of the committee.

The Chair: — Thank you, Minister Eyre. I would just ask the officials to please identify themselves for the first time they speak, would they please? Do any committee members have any questions? I recognize Ms. Sproule.

Ms. Sproule: — Thanks very much, Mr. Chair, and thanks, Madam Minister and officials, for joining the committee this evening. Just right off the top, Madam Minister, you indicated a potential collaboration with Water Security Agency. I wonder if you could give the committee a little more detail on that.

Hon. Ms. Eyre: — Thank you, Ms. Sproule. So this is in terms of working with Water Security Agency for a data-mining collaboration to identify some locations for potential areas of collaboration in the water and water security areas.

Ms. Sproule: — Could you explain a little bit more? And what kind of data would you be mining?

Mr. Matthies: — Mr. Chair, Doug Matthies, president. So what we're doing is we're looking through the data sets that the Water Security has to try and identify the various stages of the water infrastructure within communities. How old are they? How dated are they? Are there any deficiencies identified? What is the source of the water? What is the quality of the water? And we're trying to determine, based on sort of that type of analysis, where does it make sense that we could look at a regional cluster?

One of the challenges that we have experienced over the years is trying to identify communities that are in need of a water supply upgrade or system at about the right time. Because often we find

that one community may be ready but its neighbours aren't, and so that tends to put a damper on work to put a regional system together. So we're hoping, through this data mining project, to gather information that will help us target where we might have more success in talking to communities about who's ready, what it might look like, how do we bring it together.

Ms. Sproule: — Okay. I know last year you'd indicated four new major projects. One was in Melville, phase 3 of the Saskatoon east potable water pipeline, and then 4 million was for a potential new waste water project. Did that project come to fruition?

Hon. Ms. Eyre: — Thank you, Ms. Sproule. So in terms of the one project that you were referring to, the woodlot in Biggar, that was a project for which a grant was applied for and then not received. It was unsuccessful. And so as a result it became unsustainable for the community to go ahead with it and, you know, afford it on its own in that sense. There was a lot of warm weather over the course of this time, and it became, you know, through evaporation shall we say, less necessary as well.

Ms. Sproule: — And the grant you're referring to is the federal grant?

Hon. Ms. Eyre: — Yes, it was through the Low Carbon Economy Fund and it wasn't successful.

Ms. Sproule: — Okay, thank you. Also I think a couple years ago you had booked construction of a new water supply system, or budgeted for one, with the Yancoale potash mine that didn't happen. Is this something you're budgeting for in '19-20?

Hon. Ms. Eyre: — In terms of the Yancoale project, there's been some pre-construction work, some consultation work, but as of yet the project is not proceeding definitively. It's just at the pre-phase.

Ms. Sproule: — So nothing in the budget for this year? Okay. In terms of federal dollars, what sort of funds . . . I think you talked last year about Investing in Canada as a potential fund. What sort of federal funds are you able to access for your operations, I guess, for one, but obviously new capital developments?

Hon. Ms. Eyre: — Okay, so the Pierceland wastewater lagoon expansion that was announced fall of '18, that was under the Communities Fund. The Melfort regional water treatment plant upgrade, also fall '18 or during the course of '18. That was under the New Building Canada Fund. Sorry, spring of '19. So sorry, yes, the last two projects here, the Melfort regional water treatment plant upgrade and the Prairie North regional water supply system project, so those are the most recent. And then the Pierceland wastewater lagoon expansion, that was fall of 2018. And then there were two prior in '17, the Melville project and the Elbow new water intake and supply system project. Those were in '17.

Ms. Sproule: — Okay. We often talk about your legacy contracts. I'm just wondering if there are any still on the books.

Mr. Matthies: — Mr. Chair, we were successful in the year just completed in renegotiating our water supply agreements with our Melfort legacy customers. We still have some work to do with our Edenwold customer. But Melfort was sort of one of the

largest ones that we still had outstanding to come to terms with, so that was a very positive development.

Ms. Sproule: — Great. So you're now using cost-of-service model for everyone but Edenwold?

Mr. Matthies: — Yes, we use the ... We apply the cost-of-service model, and yes, you're correct.

[19:45]

Ms. Sproule: — So in some of the data mining that you're doing now, is it sort of a preconceived assumption that you would be going forward on cost-to-service models for all of those projects from here on in? Or could there be some room in terms of regionalities where some communities simply may not be ready to come on using a cost-to-service model? Are you fixed on cost-to-service? Or in terms of regionalization, is it something that you would look at on a case-by-case basis?

Mr. Matthies: — Mr. Chair, I think that the answer to that is it depends, if I could describe it that way. If we can get a cluster of communities together that are all set to go, then we would typically look always to apply the cost-to-service model. If we find a circumstance where there may be a community that might be an integral partner in the project but they're a few years out, then we would have some conversations. Because one of the concerns is if we can develop regional models, a challenge becomes what size do you build the infrastructure.

If you're only building the infrastructure to accommodate the customers that you secure today, then when the next guy comes on or wants to come on, it can be a much more expensive proposition because you don't have any more water room in the pipelines. So you get into discussions about what size should the pipeline be to build on the potential for that next fellow. And then if you're going to upsize the pipeline, depending on how much you might do, then it becomes a question of, are you making it too expensive for your customers that you're going to sign. So that would be a conversation that we would be prepared to engage in and see what the circumstances are if the case arises.

Ms. Sproule: — So you're flexible, in other words.

Mr. Matthies: — Yes.

Ms. Sproule: — Yes. Moving to Public Accounts and the most recent reports of payments that are available, which is in '17-18 of course, I'm just looking at the grants in lieu of taxes. And there's only two municipalities — well one's a town; one's a municipality — for which you make those payments, and that's RM [rural municipality] of Corman Park and the town of Watrous. There may be some under \$5,000, some smaller amounts, but could you share with the committee what those two grants in lieu of taxes ... I assume you have some sort of operations in those communities.

Mr. Matthies: — Okay. The grants-in-lieu that we pay to Corman Park and Watrous are areas where we actually have a shop within the community, and so we receive municipal services. And so we pay the grants-in-lieu for those facilities.

Ms. Sproule: — Is that the only two shops that you would have?

Mr. Matthies: — No. We also pay grants-in-lieu to the RM of Dundurn for our shop at Blackstrap. Most of our other people, areas where we have a shop or facilities though, for example in the year just past, we would have space in facilities that might be rented versus owned. And so if there is a tax payment due, it'd go through the lease arrangements.

Ms. Sproule: — Okay. I would have thought you'd have more shops across the province but ...

Mr. Matthies: — We are not as big as some of our cousins.

Ms. Sproule: — Okay, fair enough. In the supplier and other payments section of the report from Public Accounts, there is a payment to the province of Saskatchewan for \$2.28 million. I'm just wondering what that would be for.

Mr. Matthies: — The majority of those payments would be our sinking fund instalments.

Ms. Sproule: — Oh, right. Thanks. Thank you. I was a bit disappointed we couldn't talk about the water quality report. I understand that it's not quite ready. Is it coming out soon or within ...

Hon. Ms. Eyre: — Sorry ... No, go ahead.

Ms. Sproule: — Well it's just that it's usually beginning of April so ...

Hon. Ms. Eyre: — Right. No, and we understand you were slightly disappointed. And I guess that we'll only just say — and if Doug has anything to add certainly he can — I think that looking back at some of the dates and the release dates of this, typically released sometime in April, and there's no standard release date. Sometimes it's been April 9, earlier or later, April 4, April 6, April 6, April 13, just depending. So it's just coincidental. We don't have an advance copy or draft release. SaskWater just wants to make sure that it's in a final form and correct and that all the lines with the notices that will be sent to customers ... So we can expect that sometime in April.

Ms. Sproule: — And perhaps with the indulgence of the Chair we could add a few minutes on to the annual report, probably sometime in June or next fall, to deal with the water quality report because typically we've discussed it here.

Hon. Ms. Eyre: — Absolutely.

Ms. Sproule: — All right, thank you. I do have the third quarter report now that was released December 31. I'm just curious about one of the items in your statement of financial position, and it's been there every year but I'm just sort of slowly gathering more and more information as the years go by, and this is the equity advance of \$8.7 million. And I just am curious if that number ... It seems to have been very steady over the last few years. Is that the initial equity advance that the Government of Saskatchewan made to the corporation? Or is that something that has fluctuated over the years?

Mr. Matthies: — Mr. Chair, there are two components to that 8.7 or two contributions that made up that 700,000. One was, as the member indicated, sort of an initial equity injection of

700,000. And then in 2010 it received a \$8 million injection from CIC, and we used that to help finance the expansion that we did, or the water supply system that we built for Mosaic Belle Plaine.

Ms. Sproule: — Now I know that we've been in the good fortune of having dividends from the corporation for the last two or three years. Is there any discussion of just reducing the equity or is it . . . I'm assuming that's with CIC, those discussions. But do you see this amount staying the same and then just continuing on out with the dividends? Or are there discussions to reduce the equity?

Hon. Ms. Eyre: — At this point the only discussion that we've had, and SaskWater's had, with CIC is just in regard to dividends.

Ms. Sproule: — And are you looking for a similar dividend this year? Or I noticed . . . I don't know if you do it quarterly, but it seems like your dividend's payable December 31st. I guess that's just the quarter, 451,000. So would it be around the 1.5 million again, or do you know?

Mr. Matthies: — Mr. Chair, the total dividend amount for '18-19, if you're looking at the Q3 [third quarter] results, will be about 3.3 million I expect, once we finalize our year end packages. So that would be a forecast number at this point. And I'm not sure if I heard you enquire about next year as well but it would be about the same.

Ms. Sproule: — The 3.3 million. So it's jumped up.

Mr. Matthies: — Yes we expect to be paying about 50 per cent of earnings.

Ms. Sproule: — Wow. Okay. Thank you for that. And I guess we'll see that when CIC annual report comes out. In terms of revenues, and again I'm looking at the third quarter in front of me for December 31 . . . I don't even know what page I'm on. Here we are, page 6. There's three items listed under revenue on page 6 in this year's statement of operations and comprehensive income for nine months ending December 31st. It seems to have dropped quite a bit from 2017, December 31st, 2017. I'm just wondering what that "Other" is and why it would have dropped by a million dollars.

Mr. Matthies: — Mr. Chair, so the member may recall from when we were reviewing the annual reports last time, we had about a \$900,000 gain last year that we recorded in "Other," and that was in relation to renegotiating onerous contracts.

Ms. Sproule: — Ok. So that's it. Saskatchewan taxes. I think I read somewhere, you don't pay any federal or provincial taxes. But what would that represent?

Hon. Ms. Eyre: — That would just represent the corporate capital tax.

Ms. Sproule: — And of course now we have a new tax on the land and that's the carbon tax. Have you done any budgeting for this year in terms of the impact that the carbon tax will have on your operations?

Hon. Ms. Eyre: — Just to your question, it was not formally absorbed in the budget, but the number is estimated to be around 108,000 and that would just be borne just by being absorbed.

Ms. Sproule: — As an expense, basically. So would it show up under . . . It wouldn't be Saskatchewan taxes, but will you have a separate line item, do you think, for it?

Hon. Ms. Eyre: — I think the expectation is that it will show up under utility taxes because it will be under the auspice of SaskPower.

Ms. Sproule: — Oh, okay. That's where most of it will come in. All right. Well at least they have it on their bill so you'll be able to figure it out.

Times goes very quickly in half an hour.

On page 14 of the third quarter financial report, there was a reference to government grants and I just wanted to get a little more explanation of that. It says they're ". . . recognized initially as deferred revenue at fair value when there is reasonable assurance that they will be received . . ." Is this money flowing from the provincial government to the corporation? Is that what that's referring to?

Mr. Matthies: — Mr. Chair, so what we do with grants, when we receive grants — and it doesn't matter what the source is, if it's federal or provincial or whatever — the grants are typically in response to a capital project that we've applied for. So what we will do is we will take the grant and record it as deferred revenue, and then we amortize it to offset depreciation.

Ms. Sproule: — Okay. So what grants would you get from the provincial government?

Mr. Matthies: — So programs like the Clean Water and Wastewater Fund or the New Building Canada Fund, those are typically cost-shared programs.

Ms. Sproule: — Oh, okay. Thank you. I'm just wondering if there's any update on the Husky oil spill. I think you had mentioned the Melfort Water Treatment Plant, I believe, had to undergo some work because of it. Is that completed now?

Hon. Ms. Eyre: — That was resolved a couple of years ago. Husky reimbursed SaskWater for all its cost, so that's been resolved.

Ms. Sproule: — I'm just looking at this year's estimates in the last few minutes remaining. Your borrowing requirements . . . I guess first of all your estimates for borrowing in '18-19 were 25.7 million. Your forecast as of the budget for this year was down to 16.8 million. We may have already covered this, but could you refresh my memory? Why that has dropped so much in terms of budget and forecast?

Mr. Matthies: — Mr. Chair, the reason that our borrowing went down is because some of the projects that we had been planning to do did not move forward as quickly or on-pace as we expected. One of them was the irrigation woodlot project that we talked about earlier, so that project didn't move at all. Also with the cold winter we had this year, work on our Melville Water Treatment Plant did not move quite as how we had initially envisioned. The project still remains on-budget, but it's a three-year build-out, so we'll basically pick it up this year instead of last year.

And then some of the other projects that we thought would move forward a little earlier, especially the ones tied to the grants the minister talked about, that we had three grants that got announced during the course of the just-completed fiscal year. And we had anticipated that they would've been announced months earlier. And under the structures of the programs, if you incur costs before they're announced, they're not eligible, so basically you wait.

Ms. Sproule: — So this year you're estimating 18.5 million. Can you share with the committee a breakdown of what that might be used for?

[20:00]

Mr. Matthies: — Mr. Chair, so for the borrowing this year, basically we used the borrowing to finance our capital projects. So we have a \$32 million capex [capital expense] budget, and we expect that will be financed 18.5 million through debt, 7 million as cash from operations, and then six and a half million through the grant funding. So that'll total to \$32 million. And we have six projects that are individually over seven . . . or over a million dollars rather. Collectively those six total 24.3 million of the 32. And then we have numerous smaller projects that are individually under a million dollars.

Ms. Sproule: — Thanks. In terms of growth and going forward, I just wonder how much do you need to sort of project growth over the years? Or is this why you're looking now for more work through Water Security Agency? Do you need to drive your own marketing plan, I guess, or do you have a marketing plan?

Mr. Matthies: — Mr. Chair, yes. SaskWater basically, we have to earn our business in essence. So we have to try and work with the communities to identify who's got the needs and then sell them on our ability to do the services on our behalf. Communities have an option that if they want to do it themselves, they certainly can. And many communities choose to do it that way.

We think the regionalization is a real opportunity for us because a lot of the smaller communities, it becomes expensive over time if you're supporting individual infrastructure. It's also challenging attracting and recruiting certified operators if you're just a stand-alone facility. So we think SaskWater has an opportunity to sort of bring economies of scale and then make better use of our workforce that are certified operators.

Ms. Sproule: — In addition to Water Security Agency, have you reached out to any of the First Nations that would be in those regional areas?

Mr. Matthies: — I'm sorry. I didn't catch the question. Sorry.

Ms. Sproule: — In addition to the Water Security Agency, have you reached out to any of the First Nations that live within those areas? I know on-reserve infrastructure is federally funded, but it would seem there might be some opportunities there as well.

Mr. Matthies: — SaskWater works with a number of the First Nations in the North and we actually do project management for several projects in the North, First Nations. I think we have 13 or 14 on the go right now. But our work is primarily in the North. We also do training assistance for operators on First Nations, and

so we have 29 First Nations that we provide training assistance to.

Ms. Sproule: — The Chair has informed me I'm out of time. So I would like to thank you for the information tonight, and I always look forward to my time with SaskWater Corp.

The Chair: — Thank you, Ms. Sproule. Seeing no further questions, we'll adjourn our consideration of the lending and investing activities of SaskWater Corporation. Madam Minister, do you have any closing comments or thank yous you care to make?

Hon. Ms. Eyre: — No, simply thank you, Mr. Chair. Thank you, Ms. Sproule, and members of the committee. Thank you to SaskWater for everything that they do, and I'm very proud to represent them here tonight and going forward through the year.

The Chair: — Thank you, Minister. We will take about a three-minute break if we can, if you have some officials to change out, and we'll reconvene. Thank you.

[The committee recessed for a period of time.]

The Chair: — Okay it now being 8:05, we will reconvene. And I'd like to welcome Ms. Chartier here this evening in place of Ms. Sproule. Welcome.

Ms. Chartier: — Thank you.

**General Revenue Fund
Lending and Investing Activities
SaskEnergy Incorporated
Vote 150**

Subvote (SE01)

The Chair: — We will now begin our consideration of vote 150, SaskEnergy Incorporated, loans, subvote (SE01). Minister Eyre, if you would please introduce your officials and make any opening comments you may have.

Hon. Ms. Eyre: — Thank you, Mr. Chair, members of the committee, for requesting SaskEnergy to appear before you this evening. I'd like to introduce my officials. With us, Ken From, president and chief executive officer; Christine Short, vice-president of finance and chief financial officer; Mark Guillet behind me, vice-president, general counsel and corporate secretary.

If I could, Mr. Chair, I'll provide a brief overview of SaskEnergy's operational and financial highlights from the previous year and look ahead to the coming one. And then of course we'd be pleased to take any questions from the committee.

Just on financial performance, SaskEnergy continues to maintain strong financial health and operational outcomes consistent with industry standards. Income from operations for the 12-month period ending March 31st, 2018 was 110 million. The March 31, 2019 financial results for SaskEnergy have not yet been finalized; however, the corporation's consolidated net income for the fiscal year ending March 31, 2019 is estimated to be 116.6 million.

The corporation maintains a healthy balance sheet with a 56 to 44 per cent debt/equity ratio as of March 31, 2018. In '19-20, SaskEnergy plans to borrow 200 million, of which 33 million will be used to refinance long-term debt maturing later this year. The remainder will be used to support capital investment and operating requirements during the course of the year.

On commodity and delivery rates, last fall SaskEnergy applied to change its commodity and delivery service rates effective April 1, 2019. Our government approved an interim commodity rate to take effect November 1, 2018 of \$2.95 per gigajoule, while the rate review panel was doing its work. This ensured SaskEnergy's customers could take advantage of savings during some extremely cold months this past winter.

Our government recently approved the panel's final recommendations and SaskEnergy further lowered its commodity rate to \$2.575 per gigajoule for April 1st, the lowest rate in 20 years. A delivery service increase of 3.4 per cent was also approved. Combined, these changes would have meant savings of \$90 per year for the average residential homeowner. But as we know, just over a week ago the federal carbon tax also took effect, effectively wiping out those savings with a \$109 annual increase for homeowners this year and further anticipated increases annually of \$54 through to 2022.

In terms of SaskEnergy's investment in safety, SaskEnergy's number one priority is to maintain a safe and reliable natural gas pipeline system. Most customers never experience an unplanned natural gas outage, as SaskEnergy has a 99.9 per cent reliability rating. That happens only as a result of a comprehensive and well-coordinated pipeline safety and integrity program.

We depend on that reliability to get through harsh Saskatchewan winters, and this past winter was no exception. Overall the winter was approximately 10 per cent colder than normal, but February saw conditions 40 per cent colder. When this same cold weather hit parts of the northern United States, some American utilities were telling customers to turn down the thermostat to preserve natural gas supplies. That is not the message that customers received from SaskEnergy. In fact, SaskEnergy tied its all-time peak natural gas consumption record this past winter at 1.51 petajoules on February 8th, while still maintaining its reliability rating.

Meanwhile, to maintain 70 000 kilometres of distribution pipeline and 15 000 kilometres of high-pressure transmission pipeline, SaskEnergy invested \$131 million in '18-19 for safety and system integrity, with 126 million budgeted for '19-20. These are the largest ever safety investments in the corporation's history.

Dozens of programs make up the safety improvement and investment, such as leak surveys and cathodic protection programs. These surveys often find minor issues that can be addressed before becoming a safety risk. This type of surveying has pointed to the need to add Saskatoon to the ongoing province-wide service tee upgrade program, a multi-year program started in Saskatoon in 2018 with 1,255 service connections upgraded.

This service tee upgrade program has seen more than 21,000 services upgraded since 2011 in Regina, Cabri, Kyle, Leader,

Pense, Rouleau, Rosetown, Elrose, and Humboldt. This year the program will upgrade 2,850 services: 1,400 in Regina, 1,400 in Saskatoon, and 50 in Humboldt.

The number one safety risk to SaskEnergy's system continues to be unsafe digging, when contractors or homeowners don't call for a line locate before beginning their work or don't have a plan for working safely around marked pipelines. In this area, SaskEnergy has seen remarkable progress by working directly with the digging community, programs such as the Sask 1st Call safety patrols where trained operators look for digging activity and stop to make sure locates have been done and safe digging practices are being followed. Thanks to SaskEnergy's success with this initiative, other Canadian natural gas utilities have now launched their own safety patrol programs. As a result of all its safety programs, SaskEnergy saw a 5.6 per cent reduction in facility damage last year. This continues a downward trend in facility damage, a total 37 per cent reduction in damage since 2013, which was a peak year for damage by contractors and homeowners.

Today's increased regulatory requirements and the public's expectations that pipelines will be operated safely require ongoing investments in safety. SaskEnergy monitors and inspects its transmission pipeline system using a combination of aerial and ground patrols, state-of-the-art remote monitoring, inspection digs, and in-line inspection tools which look for the early signs of corrosion and even check for unreported damage.

The Ministry of Energy and Resources regulates all SaskEnergy's provincial transmission lines, while the National Energy Board regulates all interprovincial and international pipeline connections. Meanwhile of course, there remains a high degree of uncertainty through the pipeline industry over the impact of proposed federal Bill C-69. SaskEnergy continues to work closely with other pipeline operators, associations such as the Canadian Energy Pipeline Association, and directly with the National Energy Board to better understand the implications of this new legislation and its accompanying regulations.

On customer growth, Mr. Chair, SaskEnergy's customer base continues to grow, closing out last year with more than 396,000 customers, an increase of approximately 3,000 new homes and businesses. SaskEnergy expects a further 3,600 new customers to be added to its system in 2019-20. Since 2008, SaskEnergy has added 63,000 more homes, businesses, and industrial customers.

In terms of capital spending, demand for natural gas in Saskatchewan has never been higher. While SaskEnergy's customer base expands every year, it is the continued growth of our industrial sector that is contributing most to this increased usage. SaskEnergy marked its 30th anniversary in 2018. To put this industrial load growth into perspective, SaskEnergy's industrial load has increased by a factor of eight times what it was in 1988. This is being driven by higher demand for natural gas from sectors such as mining, enhanced oil recovery, and power production. SaskEnergy must stay ahead of this demand curve, planning years in advance where the pipeline infrastructure will need to be and how much gas supply to contract.

In 2019-20, SaskEnergy will spend about \$300 million on capital projects related to integrity, programming, and increasing

pipeline capacity, which will allow the corporation to bring additional gas into the province. Work will continue on an 80-kilometre pipeline project to move major transmission lines outside Regina while bringing additional gas into the area. A similar project south of Saskatoon involving 60 kilometres of transmission pipeline will be completed this year.

[20:15]

Additional projects along the Alberta border will support increased natural gas demand, as close to 70 per cent of SaskEnergy's natural gas supply now comes from Alberta. This includes new facilities such as additional compressor stations at strategic points on our system, allowing us to optimize our provincial pipeline system. It is critical that we keep pace with customer growth and manage our capital investments while also continuing to enhance public safety.

In conclusion, Mr. Chair, I have said this previously but I believe it's worth repeating that the corporation's strongest assets are its people. The employees of SaskEnergy are innovative, dedicated, and extremely hard-working. These employees truly embody the values of safety, accountability, spirit, and collaboration. They continue to rise to meet the challenges of a growing province, a changing natural gas industry, and the extreme environmental factors that we experience here in Saskatchewan. SaskEnergy remains financially and operationally strong year after year because of those employees.

Thank you, Mr. Chair. My officials now would be pleased to answer the committee's questions on subvote 150.

The Chair: — Thank you, Minister Eyre. And I would just ask the officials to please state your name when you first answer a question. Are there any questions from the committee? I recognize Ms. Chartier.

Ms. Chartier: — Thank you, Mr. Chair. And thank you to Minister Eyre and your officials here today. I'm new in this critic role with SaskEnergy, so I still have lots to learn. So some of my questions might seem simplistic, but I am eager to hear a little bit more about what's going on with SaskEnergy and estimates this year.

So I'd like to start actually with the sale of assets this year with Kisbey and Coleville. So just with respect to your 2017-18 annual report, you had said that you were reviewing "... the future prospects of its non-core business with the objective to maximize enterprise value. As a result, certain gathering, treatment, and compression assets are being marketed for sale."

And then in September of this last year there was an order in council where we found out that Calgary-based Steel Reef Infrastructure Corporation bought two processing plants from SaskEnergy for 31.3 million: the Coleville gas plant and SaskEnergy's 50 per cent stake in a Kisbey gas plant.

So just in terms of that, I want to just start with Kisbey. So was there a point in time that SaskEnergy owned 100 per cent of Kisbey, and we had sold off 50 per cent at one time? Or did we only always just have a 50 per cent stake?

Mr. From: — Hi, Ken From. No, for Kisbey it was always a

50/50 relationship with a third party.

Ms. Chartier: — Okay. In terms of the sale of these two assets, how many businesses responded to the request for proposals issued regarding these divestitures?

Mr. From: — In total there were five that bid on both of those particular divestitures.

Ms. Chartier: — Were they the same five for both?

Mr. From: — The way the RFP [request for proposal] was situated, we were looking for someone to take the whole match. And because they're both the same business, as it turns out the five that bid were bidding on all of the assets.

Ms. Chartier: — Okay. So why did you end up selecting Steel Reef?

Mr. From: — Steel Reef was the preferred purchaser because they had the best price that they would offer to us, and they were very well established so we didn't have any concerns about them taking over the business. They're very active in Saskatchewan. In fact the majority of their assets are in Saskatchewan. Their line of business is in keeping with what we want to do in the future with the private sector and taking more of that flare gas and putting it into the pipeline system. So it was a real good fit for us.

Hon. Ms. Eyre: — If I may also, Mr. Chair, I'll just say, just as a bit of a background to all of this, I think, and something we haven't really had a chance to discuss in committee before, but I think it's important, I mean in terms of ... First of all this has been a real success in terms of how this has worked out and certainly Ken can get into this further, and the team here.

But, I mean, obviously SaskEnergy made a business decision to sell the Kisbey and Coleville processing plants which were not part of SaskEnergy's core assets. And so I think just in terms of background, that's important to outline. I mean SaskEnergy's core services are distribution and delivery. They are not gas processing. And so in Saskatchewan, as I'm sure you'll know, I mean there are already 36 other gas processing plants and they're all private. So I think that's important too to remember.

And last year these two facilities made 7 million, but they also cost 6.8 million to maintain. And so again, you know, that was less than 1 per cent incidentally of SaskEnergy's total revenue of 910 million. There were no job losses. SaskEnergy worked well with the union and again, Ken can go into this further. But SaskEnergy then, of course, plans to invest, which we will be seeing now going forward, the 31 million from this sale toward the 300 million that SaskEnergy's investing over the next year in core assets and increasing volume capacity. So it's not going anywhere. But I think that's important context, and if anyone else wants to add anything.

Mr. From: — The only thing I might add is that these assets were in a point where they needed to have some capital infusion in order to expand. And as the minister points out, that's not part of our mandate to do gas gathering and processing, so we felt it was best to look for that opportunity to divest, take those earnings from that, and put that into our core business which is the delivery of gas to the people of Saskatchewan.

Ms. Chartier: — When we talk about core business though, hadn't Coleville been operating for 60 years?

Mr. From: — Yes it has. But it was never part of our franchise. And SaskEnergy had to build that plant back in the day. In fact I think we purchased that from Imperial Oil at one time in order to bring it into our system and just continued to work with that. But as it turns out, the industry has found ways to come in and really get at the gas processing. As I said, it's not part of our business. We don't have a lot of people trained in that area and the new technologies that come along. It's better in the private sector because that's what they do for a living. Our living is based on the transportation and storage of gas.

Ms. Chartier: — Thank you for that. The bill, refresh my memory, but the bill that I believe passed in the . . . Was it last spring, 2018? Was that bill required for these sales to go forward? So the bill, the SaskEnergy bill — not the one that's before us right now but the precursor to that — was that bill a requirement to be able to have this happen?

Mr. From: — No, that was not a requirement.

Ms. Chartier: — Okay. Did it help facilitate it at all?

Mr. From: — No, I don't believe so.

Ms. Chartier: — No.

Mr. From: — No. That's just a normal course of business, what we were doing. It had nothing to do with anything else, just normal course of business.

Ms. Chartier: — Okay. Thank you for that. Just out of curiosity, so there wasn't a lot of transparency around the sale. Like there was no news release. Often there's news releases all the time about all kinds of things. It wasn't until I believe the former critic saw the order in council that SaskEnergy responded to that. So I'm just curious about why that wasn't something that was a little bit more public. I mean you're telling a good-news story right now. I'm just curious why you weren't more open about it last fall.

Mr. From: — Sure, I can answer that for you. The gas-gathering business is very competitive. There's, as I said, five companies bid on it. All of them have different capitalization, different sizes, and different interests in where they might want to control assets. There's been some merger and acquisition activity in southeast Saskatchewan with a variety of those assets that have been bought and sold. So the companies that are active in there, they like to keep things tight. And so in our process, you know, we respect their views and we did not want to have a big fanfare. But we did have the order in council, which was really the time at which we decided to announce who the successful bidder was on those assets and have that appropriate attention brought at that time.

We also did not want to put things out there too quickly. We were still negotiating with the union, or Steel Reef was negotiating with the union, for a new collective bargaining agreement. There were a lot of things in play where you don't want to go out there and advertise who is doing what. There's lots of confidentiality. You know, the stock price can vary from that. You know, we

don't want to get into tweeting like Elon Musk and start affecting the world there. So we keep those things kind of under control and under . . . tight with, as much as we can, with the purchaser, ourselves, and the bidder, Steel Reef.

Hon. Ms. Eyre: — I'll also just add, Mr. Chair, I think it's important too, and I don't know if in 1997 when SaskEnergy's subsidiary TransGas sold the salt caverns near Melville to a private company, I'd have to go back and see if news releases were put out at that time. But I think part of it is, is just about the ordinary course of business too. And I think, you know, it was by OC [order in council] and that's also the normal course of government business in this sort of an event.

Ms. Chartier: — At what point did you make it public that Steel Reef was the purchaser? So I don't think even at that time . . . I'm just casting back to the fall and the OC. At what point . . . I don't believe that Steel Reef was announced as the buyer.

Mr. From: — The negotiations took some time to complete, as you can imagine, and Steel Reef was the successful bidder on that. And that was announced when we had the order in council.

Ms. Chartier: — So was it in the order in council?

Mr. From: — Yes. Yes, that's my understanding. Yes.

Ms. Chartier: — Okay. But just recognizing too that these are public assets, and an order in council is of course the way that this kind of transaction happens. But there would of course be public interest in a Crown corporation selling off assets. Would there not have been? I mean, the only reason it became public and there was media attention was because we saw the order in council.

Hon. Ms. Eyre: — Well I would just say again, Mr. Chair, just keep in mind that there are already 36 other gas processing plants in the province and they're all private. I'm not sure there was massive attention around this as a result of that because of the context of the gas processing plants. I mean it's just not a core part of what SaskEnergy does.

So while of course there was community interest and interest around and vested interest in jobs, in the future of jobs, I think — and again Ken can perhaps speak to this — it's been very successful in terms of that transition, and so I think it was just done in the matter of course and done for good business reasons for then future investment back into the core structures that are SaskEnergy.

Ms. Chartier: — Okay. So SaskEnergy's corporate structure includes four wholly owned and two indirect, wholly owned operating subsidiaries. So you've got Bayhurst Gas Limited that owns, produces, and sells natural gas from its two storage facilities in the western area of Saskatchewan. Bayhurst also own a gross overriding royalty on several properties in Saskatchewan and Alberta.

And so you've got Bayhurst owning Bayhurst Energy Services Corporation, or BESCO, the wholly owned subsidiary of Bayhurst Gas Limited, the energy services company. And so it had a 50 per cent interest in Kisbey and then the Coleville plants and a bulk compressed natural fuelling facility in Weyburn. So

now that two of three of its operations have been sold, what happens to BESCO?

Mr. From: — BESCO will just wind down as it has no more assets.

Ms. Chartier: — Okay. It doesn't have the natural gas fuelling facility in Weyburn?

Mr. From: — It was transferred back into SaskEnergy as SaskEnergy uses that for its mobile compressed natural gas tanks. So when we have work to do in a pipeline, what we'll do is we'll go to Weyburn. We'll fill up that truck with the natural gas. It's got the massive tanks in the back under high pressure. We take that to the area where we're doing some work. We'll hook that into the system so that we can maintain customer service while the work is going on in the pipeline. So it's used now for strictly utility purposes and not for any commercial activity.

Ms. Chartier: — Okay. And when was it transferred back to SaskEnergy?

Mr. From: — It would have been back close to the same time. It was about a year ago. I don't know the exact date. Do you know the exact date?

Ms. Short: — I don't know the exact date.

Mr. From: — I don't have the exact date on the top of my head.

Ms. Chartier: — Are there any ramifications of BESCO winding down?

Mr. From: — It will make our life a lot simpler: less annual reports, less accounting, and all that good stuff that goes with that. It's just simplifying our business.

Ms. Chartier: — Okay. Life being easier is always nice.

Mr. From: — Yes, yes.

[20:30]

Ms. Chartier: — In 2010 the Saskatchewan government announced the completion of a major expansion to the Kisbey processing plant. The partner in the 50/50 joint venture at that point was Atco Midstream. So when did Steel Reef Infrastructure enter the picture to replace Atco and become SaskEnergy's joint venture partner in Kisbey?

Mr. From: — I'm not sure of the actual time frame when Steel Reef bought out AltaGas's 50 per cent. At that point in time, we were not the operator. All we had remaining was what we call a working interest, which is just a financial interest in that plant. We had no employees at that plant or anything.

Ms. Chartier: — Okay. Just some clarity here. So from a September 20th, 2018 CBC [Canadian Broadcasting Corporation] story on the sale of Coleville and Kisbey, Dave Burdeniuk is quoted as saying, "The money will fund more capital infrastructure such as more pipeline projects and expanding natural gas capacity."

And then from February 26th, 2019, a memo authored by you, Mr. From, and sent to SaskEnergy, to the Chair, that the cash flow from the sale was used to draw down short-term debt balances in SaskEnergy's wholly owned subsidiaries of BESCO and TransGas. So when Mr. Burdeniuk spoke to reporters in 2018, did he not know that the plan was to use the money from the sale of these assets to pay off short-term debt as opposed to funding more capital infrastructure?

Mr. From: — Actually both of those statements are correct. When the money comes into the corporation from the sale, it's not as if we take those funds and set them to a separate account for that eventual capital project that's going to happen next year. They go into our corporate general revenue, and then it's either going to be used for the most immediate thing, which might be a paydown of some long-term debt, or it might be a pipeline project that comes along.

But both those statements are correct. It is used for the corporation to sustain our ability to fund projects. And that ability might be that we reduce debt so we can have more from cash flow, or if that hadn't been done yet, then it would be just the cash flow from the sale that you could deem to have been the capital required for that project.

Ms. Chartier: — Okay. Thank you for that. I've got lots of places to go here, and I may come back to selling assets here in a minute. I always like to sort of process things a little bit during estimates. It's always too bad that you can't . . . I like to look at *Hansard* too, and then I always have more questions after, and I think, darn. But that's the way my brain works here.

Let's talk a little bit about the rates and the carbon tax and, Minister Eyre, you mentioned that in your opening comments. You talked about the proposal, the two-layered application to the rate review panel from September 28, 2018 to cut the commodity rate from 3.65 per gigajoule to \$2.65 per gigajoule as of April 1, 2019 because SaskEnergy normally sells natural gas to its customers at the price for which you acquire it, but over the last year you've been paying less than what you've been charging customers. And I understand that this price needed to come down to pay customers back, while acknowledging the fact that you don't think the price of natural gas is going to go back up any time.

The second part of that was to increase the delivery services rate to 3.7 per cent at April 1st, 2019. And then on November 1st, if you're following me here . . .

Hon. Ms. Eyre: — Yes, we know this.

Ms. Chartier: — Yes, and very well. Yes, I know you do. So November 1st, 2018, SaskEnergy issued a news release, headlined "SaskEnergy rate reduction to lowest level in 19 years could be wiped out by the federal carbon tax." You announced that it will be dropping the commodity rate from \$3.65 per gigajoule to \$2.95 per gigajoule, effective immediately, and then dropping again to \$2.65, effective April 1st.

So historically — bear with me here; you're very patient — SaskEnergy, I understand your rate increases have been applied in part to finance capital expenditures, even as recently as the last couple of years. So why the sudden plunge now? Obviously

when gas prices are low, it's fair to pass some savings on to customers, but why would you cut off your revenue stream when you've got so much capital investment that needs to happen? So why are you cutting off your revenue so drastically instead of using it to pay down debt charges or for capital expenditures?

Mr. From: — Thank you for that question. And I will try and be brief on this, but it might take some time. SaskEnergy has really two services it provides. One is the delivery of the natural gas through all of its infrastructure. That is done on what we call a cost-of-service basis. And cost of service means we will add up all the different things involved, such as the capital programs and pipelines, the operating and maintenance, administration, billing, and all those things to move the gas from one spot to the next. We will add on our return on equity that we want to target because we are a business and that's where we make our money, is on the equity that we have in the company and that. So that is why we call it the delivery side.

The other side is the commodity. And the commodity through all jurisdictions in North America is to be passed on to customers at cost. We are not allowed to earn a return on that, so we plan on having it at cost. The difficulty is natural gas prices change monthly, so what we've done is we have set up an account called the gas cost variance account.

In our surveys of customers' desires, they have said to us that rate stability is important. They do not want to see their rates change every month; that just makes it really difficult to plan. So we say, okay here's our forecast for the next 12 months or 18 months what gas prices are going to be. We know in reality it will be different. So whether customers are paying too little or too much goes into an account that then gets settled up upon review by the rate review panel. And there's a threshold number that's used in order to give money back to the customers.

So the first thing you're talking about with respect to the price of the gas going from \$3.65 down to its eventual \$2.575, that is the commodity piece. And that is what we have to do in order to fulfill our responsibility to our customers to provide them that natural gas at cost. The other part, which is the 3.7 in the application and the panel reduced that to 3.4 per cent on the delivery, that is the component that we need to fund the system. And that actually goes into our cost-of-service models. It goes into our estimates of capital spend. It goes into our rate structure, our redeemed equity at debt-to-equity ratios, interest payments, and all that stuff. That's how we feed the system to provide that delivery service.

So those are the two different components. One is the commodity at cost, and that one had the biggest drop because natural gas prices have been very volatile and, for our customers' viewpoint, in a favourable way because we've been able to drop that down to the lowest in 20 years. So that's very good for customers, made it quite affordable. And then the delivery side, which saw a modest change, was for the expanding infrastructure or safety programs, reliability, all its other factors in delivery.

Ms. Chartier: — Okay. So originally, as you pointed out in your comments just now that the original plan was to cut to \$2.65 per gigajoule and you landed it at \$2.575 per gigajoule. And the delivery service rate was originally proposed at 3.7 and landed at 3.4. So was that the rate review panel that made that amendment

then to that number?

Mr. From: — Yes indeed. In fact during the process we have in rate review, the panel always asks us, is there new information? Has anything changed from your application that would affect the review? And the first thing for us was the commodity rate. The price of natural gas had fallen more than we had expected. And so we even said to them, you know, we can live with a lower number, and they came back with the 2.575 after talking to us about where we're seeing things go with prices and some of the price lock-ins that we've already done.

With respect to the 3.7 down to 3.4, there were some changes to depreciation rates and things of that nature that would allow us to have a reduction in the delivery fees without changing, really, our earning targets.

Ms. Chartier: — Just a little bit of clarity. I think that I heard you correctly that you said you can't turn a profit. And aren't those in fact dividends that get invested back into the GRF [General Revenue Fund]? Is it not possible for SaskEnergy . . . Did I misunderstand something there?

Mr. From: — You may have missed the subtle point where we cannot earn a return on the commodity. We earn a return on the delivery, but not on the commodity.

Ms. Chartier: — Not on the commodity.

Mr. From: — Yes.

Ms. Chartier: — Okay. And can you explain why that is so?

Mr. From: — Sure.

Ms. Chartier: — So you mentioned the net landscape.

Mr. From: — Like I said, we are a cost-of-service business, as all utilities are, and you are to earn a return on your investment. We have no investment in the commodity. We buy it on the open market. Therefore you're not allowed to earn anything on that.

Ms. Chartier: — Okay. Thank you for that. All right, I may come back to that as well. We have a bill before us right now, increasing . . . And I know we'll have an opportunity to talk about the bill when the bill ends up before committee here too. So I want to look at the '19-20 budget and the estimated lending and investing activities.

So just casting back to 2018-2019, that amount was 200 million, and it's only projected — well I guess we'll have a financial reckoning here — but it's projected to be only 161.6 million in terms of lending and investing activities. So why was there 2018-19 lending and investing activities for SaskEnergy less than estimated? What changed there?

Ms. Short: — Christine Short. The primary reason for the decreased requirements in 2018-19 was a result of the higher forecasted net income. So our net income and therefore our resulting cash flows would have been higher than what we had anticipated when we did the original budget.

Ms. Chartier: — Okay. Okay. So for '19-20 the amount, the

estimated lending and investing activities is 251 million. Can you break that down to me, that borrowing requirement down to me, particularly the increase over last year? Why are you slashing the utility rates if you have to borrow that much money? You know, you talked a little bit about the two different, the commodity versus the delivery, but so . . .

Ms. Short: — The primary reason, again we're budgeting lower on net income for the '19-20 year, which results in of course lower cash flows. So that accounts for about \$60 million of the difference. And then the increased capital program is about \$30 million, so that would make the difference.

Hon. Ms. Eyre: — And I'll also, if I may, Mr. Chair, just once again I would just emphasize this idea about the commodity rate. I mean, it isn't the pool from which you can fund other things. It's just, it's the way it's done. And other utilities do it, as Ken has mentioned, that you have an obligation after a certain tipping point to reimburse it back in the period, right? It's just not, it's like a different pot completely.

Ms. Chartier: — Okay. Well that's helpful in helping me understand the landscape here a little bit more. So the forecast public debt for SaskEnergy in '18-19 was one point . . . No, sorry, I think you've answered that question for me already.

And I know we'll get to talk about this a little bit more, but you're increasing . . . There's a request to increase your borrowing capacity by 800 million. So I'm wondering if there's like a long-term capital plan. I'd like to know in a little bit of detail is that reflected at all in this budget, some of that increase? Where would that be reflected in this budget?

Ms. Short: — Yes, the primary reason again for the increases are increased capital program. Over the next five years, we plan to invest about \$1.65 billion in infrastructure in the province. So with the current debt level of 1.3 billion, we will exceed that approved limit that we currently have of 1.7 billion by 2021-22, so in the next three years.

Ms. Chartier: — Okay. I think I just want to cast our minds back to a few years ago. This is changing gears a little bit. Actually, you know what? No. Sorry. I'm lots of fun in Health estimates for nine hours. Like I'm all over the map usually; I don't have a linear brain.

In 2017-18, SaskEnergy invested 268 million in capital projects. So what was spent in 2018-19 and what is estimated for '19-20?

[20:45]

Ms. Short: — In '18-19 we're projected to spend approximately \$275 million. That's increasing to almost 300 million in 2019-20.

Ms. Chartier: — And what was it the previous . . . in the '17-18?

Ms. Short: — '17-18 was 268.

Ms. Chartier: — Can you break down those capital investments, capital projects for me? Going back to '17-18.

Ms. Short: — Just in terms of general categories in '17-18 . . . Sorry, and I think I said that in . . .

Ms. Chartier: — '17-18 you said 268.

Ms. Short: — Sorry, '17-18 was 255.

Ms. Chartier: — 255.

Ms. Short: — I apologize for that.

Ms. Chartier: — That's okay.

Ms. Short: — 138 million of that was for customer growth, approximately 93 was for safety, and 24 would have been for support, corporate support. So that would have been our facilities and business technology infrastructure, those types of things.

'18-19 forecast was 268, so sorry I've got my years backed up here. Customer growth was 129, safety is about 96, and support is about 43. And the budget for '19-20 is about 160 in customer growth, about 105 in safety, and about 35 in support.

Ms. Chartier: — Okay so again being the newbie here, just to define that a little bit better for me. So when we talk about the increase, so customer growth — just literally more customers, is that what we're referring to?

Ms. Short: — Customer and system expansion, yes.

Ms. Chartier: — Okay. And I think, Minister Eyre, you had mentioned in your remarks that the industrial side, that would be the majority of the . . . What percentage would that make up of the customer growth? Or however you measure, what measure you might have?

Hon. Ms. Eyre: — I'll just start and then Christine can add. I mean, so as I mentioned in my opening remarks, Mr. Chair, the industrial load growth has increased by eight times what it was in 1988. And as you point out, Ms. Chartier, that was higher demand for natural gas from mining, enhanced oil recovery, and power production. And we'll just . . . I don't know if we have the actual percentage.

Ms. Short: — Between the specific customer and system expansion, I'd say customer is probably 45 per cent and the system expansion is about 55 per cent. Rough math.

Ms. Chartier: — Okay, rough math. And tell me a little bit about . . . When we talk about investment in safety then, what is all involved there?

Hon. Ms. Eyre: — So again I'll just begin, Mr. Chair, and if officials want to add anything certainly they can jump in. But for the upcoming year, more than \$126 million is being managed across the province to maintain safety and integrity and reliability, so for investment and safety, by all means.

And there have been a number of initiatives that SaskEnergy has implemented to cut down on the public's coming into contact with buried infrastructure. I mentioned also in my remarks the Sask 1st, the dig site supervision, the enhanced permitting processes during excavation activities. All of these have contributed to cutting down damage to natural gas lines.

And so it's all part of the total damage reduction we've seen of

35 per cent in the past five years, so impressive investments. And you know, really the number one area of investment going forward is in obviously the safety side of things.

Ms. Chartier: — Okay. I'll come back to that in a moment too but . . . And then can you describe the corporate support piece for me? What that might include?

Ms. Short: — So that would primarily include our IT [information technology] infrastructure, so any of our IT-type projects, our business technology projects for process improvements and automation, those types of things, as well as the core IT infrastructure. It also includes our facilities as well as our small fleet that we have as well, vehicle fleet.

Ms. Chartier: — Okay. I just want to get back to the safety point. So I think, Minister Eyre, you had mentioned a 35 per cent reduction in . . . or since what year? So give me the measure again please, sorry. My handwriting isn't always great.

Hon. Ms. Eyre: — Just that the overall safety initiative programs that we've seen over the past few years have resulted in an overall total damage reduction of 35 per cent over the past five years. So again, just in terms of SaskEnergy committing more employees to safety-related tasks more than any other job within the corporation. And of course, these range from service and maintenance technicians, mechanic operators and so on, gas controllers, planning and dispatch representatives. And so overall there's been that significant reduction in damage, and you know, something obviously that the corporation is very proud of.

Ms. Chartier: — No, for sure. I know that I wasn't the critic at the time. But I had had a constituent a few years ago flag for me some concerns around one of the contractors that ended up . . . And I won't mention the name of the contractor, but there was no external investigation, but there were many leaks on this particular contractor's installs within a year of the install, and there had been issues that they'd been too shallow at some point.

And so I'm wondering if . . . I think you probably know to which company I'm referring, and this company had to go back in and redo many of its installs. Can you tell me a little bit about where that landed? I know the concern from my constituent who works in this area. It had been very much about safety, and he was very concerned that it was an accident waiting to happen. So I'm just wondering where that all shook out with this particular company.

Mr. From: — Sure. I can answer that question for you. You're referring to some connections that were made I believe in Saskatoon or in the Saskatoon area.

Ms. Chartier: — Saskatoon and Humboldt, I think, and Warman I think as well.

Mr. From: — Yes. The investigation, from what my understanding is, showed that one of the pieces of equipment that the contractor was using was not providing a sufficient fusion or melting together or joining of some of the, what we call, the polyethylene pipes that run in the distribution systems.

Upon installation we do a leak survey, which means we take our instruments which are very, very sensitive, and they can detect the natural gas even before you can detect it by the odour we put

in for that last bit of safety. So they found a few of those. And they examined those and said, okay, I think we better do a bit more of a look at the whole area. Again did some more intensive leak surveys, determined — I think there's some number — about 13 different leaks were found and fixed.

When that happens, of course, it's very similar to anything else that, in any industry where you have something that is safety, you then have to go back in and say, okay, this is what I've found so far; we need to replace all of these, because that is the safest thing to do. It's not about money at that point in time. The contractor and the contracts that we have with them stated that they were responsible to have a tight system that would pass inspection. And at the end of the day that didn't happen, so they had to go in and replace those particular fittings that was caused by a bad piece of equipment. That equipment was . . . I'm not sure if it was repaired or simply replaced, but that was all put in there and the quality assurance on that ensured that when he replaced them that they were all done in an appropriate manner and passed all of the tests.

Ms. Chartier: — Okay. So how many in total needed to be replaced?

Mr. From: — I'm guessing, but I think in total there was something like 180 services that were put in. I'm just going by some old memory here, so don't hold me to an exact number. I think it's relatively close.

Ms. Short: — 134.

Mr. From: — 134, sorry. That's even less. Thank you.

Ms. Chartier: — Okay.

Mr. From: — 134 were eventually replaced. What we do . . . You know, I should just point out that, you know, when we're looking at some of the pipelines that are steel in nature, what we do there is you have to, you know, x-ray every weld that occurs, get it examined, and then if it is defective, you have to cut those out and cut other pieces out to ensure that that pipe can withstand it.

Ms. Chartier: — Okay. So 134 were . . . The company had to go back in and replace those, and it was at no cost to SaskEnergy or SaskEnergy customers. I just want to confirm that.

Mr. From: — Correct.

Ms. Chartier: — Correct. Okay. And have there been any issues with that contractor since that time?

Mr. From: — Not to my knowledge, no.

Ms. Chartier: — Yes. Have there been any other cases where, maybe not that particular contractor, but these kinds of same issues that crop up?

Mr. From: — You know, when you're doing a big project, you know, I can't say 100 per cent nothing ever shows up because generally what happens is you'll do something, if it's due to climate conditions or certain things that will affect something, then you spot it right away, and you would make sure that what

you are burying in the ground can withstand all the things that you have designed it for.

Ms. Chartier: — So just again, so this was one particular company that had some issues with 134 services, but since that time there's been no other substantial issue that's come up with anybody else?

Mr. From: — Nothing that is not manageable. Like I said earlier, when a contractor, no matter what you're doing when you put something in, due to various conditions, you may or may not have a 100 per cent perfect weld in the case of steel pipes, or in the case of the plastic pipes, a fusion. You then do your quality assurance and test, and if it doesn't pass that muster, then you would repair that. But in terms of this same type of situation that you are alluding to, with respect to a faulty machine causing virtually a large enough percentage of failures that you need to go in and take them all out, no, we have not had that since.

Ms. Chartier: — Okay. Just in terms of SaskEnergy,— and again this is a new area for me — in terms of SaskEnergy and its workforce versus contracting out. So how many FTEs would SaskEnergy have who would be directly involved in installs versus the number of contracts that we have?

Mr. From: — Let me just first start by answering that question with respect to why we have contractors. Saskatchewan has two seasons — winter and construction. So we want to have a workforce that can be manageable for us and have full-time employment. So what we do for the most part is the employees that we have in construction and maintenance and things of that nature, they have enough work during the winter to carry them through. What we try to do in order to even enhance that is we will prefab things such as meter sets and risers and other things, so that when the summer construction season hits, all that stuff's been made by our guys in our shops that can then be deployed.

When we were having, you know, 8,500 new connections back in about 2013-14, in that neighbourhood, that rose from under 2,000 back in the early '80s. Obviously we had to go out there and get additional help during that construction season. And the best thing there is to use some contractors that are supervised by SaskEnergy personnel and can meet SaskEnergy standards. So the contractors really are used to help us with that peak demand in the summertime, and we like to baseload our folks throughout the entire year.

Ms. Chartier: — Can you give me a sense of . . . So you said sort of peak in 2013. Can you give me a sense of what it looks like again with those SaskEnergy employees who you are trying to manage or give them a baseload throughout the year on which to work versus the number of companies that you need to contract with? Can you give me a picture maybe of the last, since 2013?

Mr. From: — Sure. I should point out to you that we really have two kinds of pipelines in our system. One is the high pressure; we call those the transmission pipelines. And the other ones are the low pressure or the distribution. Those are the ones that you would see in the alleys and the streets of towns and villages and off to the farm, the rural areas. It has been the practice of the industry, and I know in SaskEnergy going back to the '80s, we have used contractors almost exclusively for the high pressure.

We simply do not want to invest in the assets of the various machines that they have to have in order to install the different pipelines of that size. We do not do enough to keep them working continuously. So all of that has been really farmed out to contractors, as I said, since the mid-'80s on the high-pressure side and over the years on the lower pressure side as we started to ramp up. That's when we would have contractors that would supplement and augment what our own folks can do on the distribution side with respect to that.

I should tell you that our folks are the ones that respond to emergencies. And that's why when you have the contractors dedicated to doing the work, our people can do maintenance work and then respond to emergencies that may arise from time to time. We have at any given night, there's 67 people on call throughout the province to again answer those emergency services because it is a vital service, as we find out in the winters that it is indeed a life-saving activity that our guys do out there.

[21:00]

Ms. Chartier: — So just for clarity's sake then, so the low pressure part would be in our cities in our residential areas, in our smaller communities in like residential. Again back to the question though, I'm wondering what we're using for employees, SaskEnergy employees versus contractors.

Mr. From: — You're looking for numbers?

Ms. Chartier: — Yes.

Mr. From: — I do not have that information with me tonight. We can certainly do an undertaking to provide you with that.

Ms. Chartier: — That would be great. So just wondering, so you don't use any SaskEnergy employees at all on the high pressure plate where you need more expensive equipment and too much to invest in, but on the low pressure side?

Mr. From: — I do not want to be as definitive as to say, do not, because our guys have equipment and the ability to do the smaller sized pipelines, maybe a 4 inch or 6 inch, and also pipelines that are maybe 8 to 10 kilometres in length.

The pipeline that was just constructed south of Saskatoon was the largest pipe in our system at 20 inch and we installed the first half. It's a \$70 million project. We installed the first half this past year. The contractor was out of Midale, Saskatchewan, Pro Canada West. That was the biggest contract they did for us and this is going to really set them up for business throughout all of Western Canada, which is nice to have a company out of Midale.

They did a fantastic job out there. We did not receive complaints when people saw all the different work that was being done. Like for example, when you move from one area of land to the next with your trucks, we had to set up washing stations to ensure we're not transferring seeds from one area to the next because some of it's organic farming. You've got some of those different invasive species out there. So it was a ton of work these people do, and they have the equipment to do that.

Our guys would be out there for the inspection services obviously. We can handle the lower pressure, or pardon me, the

smaller diameter ones. The equipment for 20 inch, it's impressive. It's impressive the size of the equipment they have out there. And the number of people out there is up. What was our peak? It was probably approaching about 80 people out there on that particular site. So we don't have 80 people that can just be dedicated to that one type of activity on that particular two-month period of time.

Hon. Ms. Eyre: — Sorry, I'll just add, Mr. Chair, too. It seems that one-third of new customer installs are by SaskEnergy; two-thirds by contractors. And we'll get more precise numbers beyond that.

Ms. Chartier: — Yes, if I could maybe get a picture going back. So you said 2013 was the peak. Could we go back a decade? Like the last 10 years or to 2010 would be great, just looking at where that balance has been. Would it be fair to table it within the next few weeks while we're still sitting?

Mr. From: — Sure.

Ms. Chartier: — Like what timeline would we be looking at?

Mr. From: — Certainly we can undertake that.

Ms. Chartier: — Okay. Just heading back to Coleville and Kisbey then. I think, Minister Eyre, you said there were no job losses. I just want to confirm that that was in fact the case.

Mr. From: — Yes, that is indeed the case. Two of the people decided not to go into the Steel Reef area, so they were offered employment within SaskEnergy. And actually as it turns out, they took positions in Saskatoon because that's where they wanted to end up. And the other people went on to work for Steel Reef.

Ms. Chartier: — Thank you for that. I know our time is . . . an hour goes really fast here.

The Chair: — One more, Danielle.

Ms. Chartier: — Pardon?

The Chair: — One more.

Ms. Chartier: — One more. Okay. The Regina Beach explosion and lawsuit, what is the status of this lawsuit at this point in time?

Mr. From: — It's my understanding that the majority of the claims have been settled. There are a couple of wee, little ones that are still out there for some final adjustments, but the majority has all been dealt with.

Ms. Chartier: — Okay. And how many claims were there?

Mr. From: — I don't have a breakdown of the actual total claims at this point. We can undertake to provide that. Yes.

Ms. Chartier: — Could you provide that to the committee as well too?

Mr. From: — Sure.

Ms. Chartier: — And what's outstanding. That would be great. Thank you.

Mr. From: — Yes.

Ms. Chartier: — Thank you. Thank you, Minister Eyre, and Mr. From for all your responses. And it goes very fast. Thank you, Mr. Chair.

The Chair: — Thank you, Ms. Chartier. Seeing no further questions, we will adjourn our consideration of the lending and investing activities of SaskEnergy Corporation. And that concludes our business this evening. Minister Eyre, do you have any closing comments or thank yous you'd like to make?

Hon. Ms. Eyre: — Simply to say thank you, Mr. Chair, to committee members, Ms. Chartier, for your first time in this role. It was a pleasure. And just to say thank you for everything that SaskEnergy does. I'm very proud to be minister of this Crown. 99.9 per cent reliability rate is something I think we can be very, very proud of as a province. So I'll leave it with that.

The Chair: — Thank you, Minister. Ms. Chartier, any further comments?

Ms. Chartier: — No, I'm good. Thank you to everybody.

The Chair: — Okay. Well I'd just like to add my thanks to all the committee members for their indulgence this evening. And thank you, Minister Eyre, and your officials tonight. Okay, I see that we have no further business this evening. I will ask a member to move a motion of adjournment. Ms. Heppner has moved a motion to adjourn. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — We are adjourned.

[The committee adjourned at 21:05.]