September 2, 2020

Fred Bradshaw
Chair
Standing Committee on Crown and Central Agencies

Re: Standing Committee on Crown and Central Agencies – (June 25, 2020): General Revenue Fund Lending and Investing Activities SaskEnergy Incorporated Vote 150

During SaskEnergy's appearance before the Standing Committee on Crown and Central Agencies on June 25, 2020, I agreed to provide some additional information. The purpose of this correspondence is to address my commitments in that respect. The following information has been provided to me by SaskEnergy officials.

Residential Furnace Rebate Program

In 2019, a total of 850 rebates were provided through the program, in 110 different Saskatchewan communities. Of those, 11 were for the $325 rebate for a second high-efficiency furnace. Financing on approved credit was available to applicants through the respective Network Member companies.

Locations of SaskEnergy Network Members

As of April 7, 2020, there are 157 Network Members in 53 communities across the province. Thirteen (13) Network Members are located in six northern communities: La Ronge (1 Network Member), Meadow Lake (1), Nipawin (2), Paradise Hill (1), Prince Albert (7) and Turtleford (1). A full list is below:

SaskEnergy Network Members by Locations	
As of April 7, 2020: 157 members in 53 Saskatchewan communities	
Region/ City/ Town	*Number of Network Members*
North	
La Ronge	1
Meadow Lake	1
Nipawin	2
Paradise Hill	1
Prince Albert	7
Turtleford	1
Total North	**13**
Other communities (Alphabetical order)	
Aberdeen	1
Assiniboia	1
Balgonie	1
Carlyle	1
Colonsay	1
Esterhazy	2
Estevan	2
Eston	1
Foam Lake	2
Fort Qu'Appelle	1

Govan	1
Gravelbourg	1
Grenfell	1
Hague	1
Hepburn	2
Hudson Bay	1
Humboldt	2
Kamsack	1
Kindersley	2
Kyle	2
Leader	1
Lloydminster	1
Maple Creek	1
Martensville	2
Melfort	2
Montmartre	1
Moose Jaw	8
Moosomin	1
Nokomis	1
North Battleford	6
Pilot Butte	1
Ponteix	1
Preeceville	1
Regina	29
Rosetown	2
Saskatoon	33
Springside	1
Swift Current	6
Tisdale	2
Unity	1
Wadena	2
Wakaw	1
Warman	1
Watrous	1
Weyburn	4
Whitewood	1
Yorkton	6
Total Other	**144**
TOTAL NETWORK MEMBERS	**153**

The list of Network Members and locations changes frequently; a current, up to date, list of Network Member locations can be found at http://www.saskenergy.com/network_members/default.asp.

Tune-up Assistance Program (TAP)
Since TAP's inception in 2017, 762 Saskatchewan homeowners in 36 communities have benefited from this program. In 2019, SaskEnergy received 653 applications, of which 401 qualified to receive services through TAP. A year-by-year breakdown is below:

	2017	2018	2019
# of qualified applicants	96	265	401
# of total applicants	117	454	653
# of Net. Members involved	47	49	60
# of communities reached	17	22	36

Qualification requirements for TAP include:

- An applicant must have a combined household income under $68,000 (Saskatchewan Low Income Tax Credit Threshold).
- An applicant must be located in, or within a 25-kilometre radius of, one of the 25 communities that have participating SaskEnergy Network Members.
- Renters/rental properties are not eligible.
- Must have a positive credit score with SaskEnergy.
- Previous program participants are not eligible.

The fourth annual TAP was publicly launched on June 22, 2020 with a news release to media outlets across the province. The goal in 2020 is to help 800 homeowners through the program, doubling 2019's efforts. To increase public awareness about TAP, SaskEnergy is expecting to invest approximately $30,000 in marketing and advertising efforts through a variety of platforms for the 2020 program. The Corporation purchases targeted online advertisement, social media ads, and newspaper ads in participating communities. In addition, SaskEnergy provides Network Members and participating community groups with digital brochures and social media posts for use through their channels, and mails brochures directly to customers. During the application period, the TAP team proactively reaches out to additional community and non-profit organizations that help to spread the word and allow more individuals to benefit from TAP.

TAP operational and marketing costs since 2017:

	Operational	Marketing	TOTAL
2017	$25,875	$4,850	$30,725
2018	$32,311	$52,956	$85,267
2019	$66,737	$22,646	$89,383
Total to date	$124,923	$80,452	$205,375

System Integrity Work Since the Regina Beach Incident
Safety is SaskEnergy's number one priority for customers, our employees, and the communities we serve. A key focus annually is investing in the overall system integrity – safety and maintenance – of our provincial system. When ground movement impacts gas line safety, SaskEnergy makes significant effort to safely continue serving affected customers, this includes potential upgrades and/or re-routes of natural gas infrastructure in affected areas. However, safety remains our top priority, and with continued ground movement in some areas, natural gas service to certain properties is disconnected where necessary.

SaskEnergy continues to provide natural gas service to over 80% of customers in the Last Mountain Lake area. Since the Regina Beach incident in 2014, SaskEnergy has disconnected 260 services (253 in the Last Mountain Lake region; seven in the Buffalo Pound Lake region) in the area due to ground movement. The list of impacted communities and deactivated customer numbers is below:

Community/ Neighbourhood Name	Region	Retired Services*	Active Services Re-routed
Grandview Beach	Last Mountain Lake	0	1
Kedleston Beach	Last Mountain Lake	0	4
Regina Beach	Last Mountain Lake	94	Approx. 134
Glen Harbour	Last Mountain Lake	1	0
Saskatchewan Beach	Last Mountain Lake	94	Approx. 48
Buena Vista	Last Mountain Lake	42	18

Craven	Last Mountain Lake	11	0
Sun Dale	Last Mountain Lake	2	1
Shore Acres	Last Mountain Lake	9	0
South Lake	Buffalo Pound Lake	7	Approx. 120
Kannata Valley	Last Mountain Lake	0	1
		260	Approx. 327

* Note: these are SaskEnergy-initiated deactivations and do not include deactivations at the request of the customer due to catastrophic slope movement damage to a dwelling.

Since 2014, SaskEnergy has invested approximately $13 million in the gas line system in the Last Mountain Lake and Buffalo Pound Lake regions to improve safety and to better serve customers. This included capital projects such as service upgrades, flexibility point installations, and re-routing where feasible; as well as increased safety monitoring costs and other, non-capital, costs associated with managing the slope movement response.

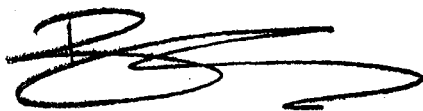**Regina Beach Incident Legal and Compensation Costs**
The Regina Beach incident resulted in approximately 47 claims (this doesn't reflect the precise number of plaintiffs or properties involved, as multiple plaintiffs could be associated with one claim and certain individual properties have more than one claim). All insured claims have been settled. Of the uninsured claims, two remain outstanding. SaskEnergy is responsible for its $1 million insurance deductible, with the Corporation's insurer covering the remaining balance of settlements, uninsured claims, legal fees, and other expert fees.

Report on Losses
On August 6th, 2019, Crown Investments Corporation (CIC) tabled the 2019/20 Q1 report on losses for the Crown sector. This report included a report of misuse of a Corporate fleet card by a SaskEnergy employee. The employee had used the card to purchase gasoline for personal use over a time period from potentially January 2004 to April 2019, with an estimated loss of $30,431.

SaskEnergy's investigation was reported to the SaskEnergy Board of Directors, UNIFOR Local 649, and CIC. The matter was turned over to the RCMP, the employee was terminated after union review, and a settlement agreement was reached – which included the former employee providing a compensation amount of $22,931 to the Corporation and the termination remained valid.

A technical solution was installed in all SaskEnergy vehicles to, among other things, enhance monitoring of fuel usage. SaskEnergy also developed new protocols so that any anomalies indicated by this data can be quickly followed up on. Ongoing analysis of fuel usage data by fleet vehicles is undertaken by management so that a similar situation would not go undetected in the future.

Bronwyn Eyre
Minister Responsible for SaskEnergy