

Minister Responsible for SaskEnergy

June 20, 2022

Chad MacPherson, General Manager  
Saskatchewan Stock Growers Association  
Box 4752  
Regina, SK S4P 3Y4

e-mail: gm@skstockgrowers.com

Dear Chad MacPherson:

**Re: SSGA resolution to cap the cost of new SaskEnergy service connections for rural residents**

Thank you for your email of June 14, 2022, requesting a formal response to resolution #3 from the 2022 Annual General Meeting of the Saskatchewan Stock Growers Association (SSGA) which advocates that rural residents pay no more than \$7,500 for each new or upgraded natural gas service connection.

Unfortunately, capping the cost of new or upgraded rural service connections at the amount specified in the resolution is not feasible for SaskEnergy.

Every natural gas service quote is unique and can require road, rail, utility, and/or waterbody crossings, additional easements and approvals, and environmental and heritage surveys. These requirements can impact a project's cost. Currently, to reduce customer contributions for new service applications, SaskEnergy applies an appropriate level of utility investment based on the customer's load, duration of use and lifetime of the gas requirement. In 2021, SaskEnergy invested about \$20 million in new service connections across the province.

Where natural gas capacity is available close to a farm or rural residence, SaskEnergy can provide a price that has a reasonable payback period. However, if a property is far away from existing SaskEnergy infrastructure, or where there is a lack of available natural gas distribution capacity in an area, new service requests can result in much higher price quotes that are often not economic for the applicants.

If SaskEnergy were to provide subsidies to new service connections for remote and rural locations, customers across Saskatchewan would see increased natural gas bills over the next 20 years, as the cost of the debt incurred would be borne by SaskEnergy's full customer base.

Natural gas is a safe, reliable and affordable fuel source that has less environmental impact compared to other fossil fuels. It has become the fuel of choice for many in our province. New customers who wish to receive SaskEnergy's natural gas service can submit a service application to the Corporation at: [www.saskenergy.com/services/residential-new-service](http://www.saskenergy.com/services/residential-new-service). SaskEnergy then provides a service quote for the customer to consider.

Thank you for raising this important issue with my office on behalf of the SSGA and the people of rural Saskatchewan.

Sincerely,

A handwritten signature in blue ink, consisting of a large, stylized 'D' followed by a horizontal line that tapers to the right.

Honourable Don Morgan, Q.C.  
Minister Responsible for SaskEnergy

cc: Mark Guillet, Q.C., Acting President and Chief Executive Officer, SaskEnergy