

SASKENERGY
DISTRIBUTION UTILITY

NOVEMBER 01, 2005
COMMODITY
RATE APPLICATION

(REVISED OCTOBER 11, 2005)

SaskEnergy
YOUR NATURAL CHOICE®

Table of Contents

Recommendation	4
1. Forecast Cost of Gas Sold	5
1.1 Introduction	5
1.2 Summary	7
1.3 Cost of Purchase Gas	7
1.4 Transportation Costs	7
1.5 Natural Gas from Storage	7
1.6 Interest and Operating Expenses	8
1.7 Cost of Internal Usage	8
2. Gas Cost Variance Account	9
2.1 Introduction	9
2.2 Calculation of Gas Cost Variance Account	9
3. Determination of Gas Consumption Charge	10
3.1 Rate Strategy	10
4. Load Forecast	11
4.1 Overview of Methodology	11
5. Customer Bill Impacts	12
6. Glossary of Terms	13

7. Schedules	15
1.0 Forecast Cost of Gas Sold	15
1.2 Storage Inventory Details – Forecasted Cost of Gas	16
1.3 Forecast Gas Prices	17
2.0 Gas Cost Variance Account (GCVA)	18
2.2 Storage Inventory Details - GCVA	19
3.0 Determination of Commodity Rate	20

Recommendation

SaskEnergy buys natural gas on the open market on behalf of its 319,500 customers. Aligning itself with standard regulatory practice, SaskEnergy is to pass on the cost of gas to customers at the same price it pays suppliers for the gas. Over this past summer the market price of natural gas reached record levels. Through its price risk management plan, SaskEnergy has been able to reduce the impact of higher costs to the end of October, however, forecasted gas costs starting in November are considerably greater than its current commodity rate.

This rate application is designed to:

- 1) Increase the commodity rate to recover higher costs of gas for the period November 01, 2005 to October 31, 2006 resulting from higher future prices, and
- 2) Recover from customers the deficit projected in the Gas Cost Variance Account at the end of October 2005.

The recommended Gas Consumption Charge is 40.39 cents per cubic metre effective November 1, 2005.

1. Forecast Cost of Gas Sold

1.1 Introduction

SaskEnergy provides delivery service and gas supply service to its customers;

Delivery Service

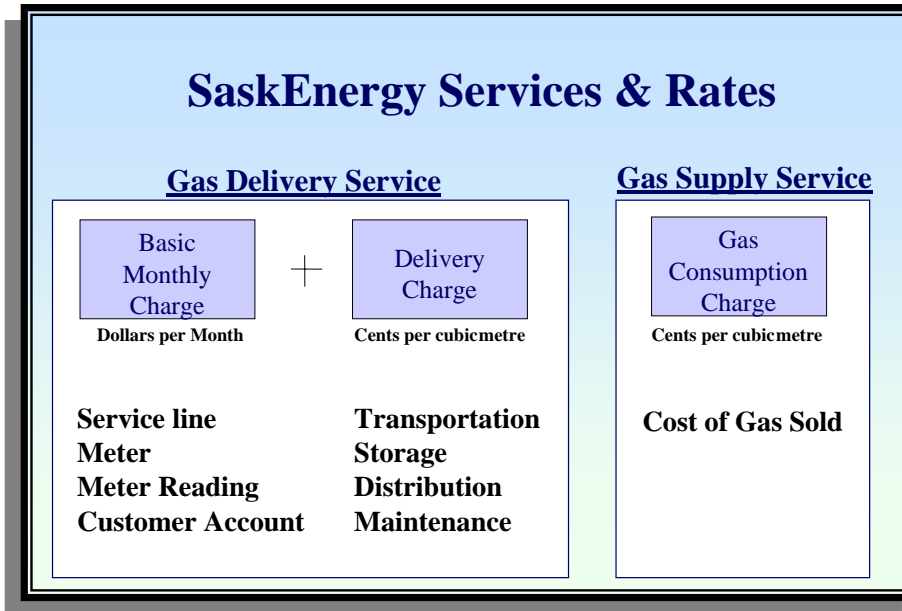
SaskEnergy arranges storage and transportation and provides all distribution facilities and operations necessary for delivery of natural gas to customers on a firm and continuous basis throughout the year.

Gas Supply Service

Gas Supply Service is the supply of the commodity. All customers, including residential and farm customers, have the option to purchase their gas supply from a seller other than SaskEnergy. Gas Supply Service is provided to customers who purchase their gas supply from SaskEnergy.

Full Service

The provision of both services to a customer is known as *full service*. The relationship of services and the rates are illustrated as follows:



When SaskEnergy's bundled service was split into Delivery and Gas Supply for all customers in September of 1998, SaskEnergy had to choose a common reference point for commodity pricing purposes. The common reference point is the TransGas Energy Pool, a notional point that all buyers and sellers of gas in Saskatchewan can access.

This rate application is for the Gas Consumption Charge only. The Gas Consumption Charge includes all costs of obtaining gas at the TransGas Energy Pool (TEP). Gas can be purchased directly at TEP from gas producers or marketing agents. Gas can also be purchased from gas producers at the wellhead. In addition to the “raw” cost of the commodity, the Gas Consumption Charge includes administrative costs of acquiring the gas and financing of gas inventory in storage.

SaskEnergy designs its commodity rate to recover from customers the cost of the gas supply that SaskEnergy purchases for its customers. This rate application is designed to:

- 1) recover the cost of gas on a go-forward basis, and
 - 2) recover from customers the deficit projected in the Gas Cost Variance Account at the end of October 2005.
- 1) **Cost of Gas Sold** – the commodity rate is intended to recover the cost of gas sold over the forecast period. The Cost of Gas Sold is the expected cost per unit at the time the sale occurs. The components of Cost of Gas Sold are:
- **Cost of Purchase Gas** – costs to buy natural gas on the open market, purchased in energy units called a gigajoule (GJ). The amount to be purchased is based on expected consumption by SaskEnergy customers, given normal weather.
 - **Transportation** – cost to move natural gas from the producing gas fields in Alberta and Saskatchewan to the TransGas Energy Pool.
 - **Natural Gas from Storage** – gas is purchased and injected into storage during the summer and subsequently withdrawn and sold during the winter months. Since this gas is purchased and then stored, the price is fixed prior to any of it being sold. The weighted average injection price is calculated, and the gas is subsequently sold at cost to customers during the winter, regardless of the market price of winter gas.
 - **Cost of Internal Usage** – represents the natural gas consumed by SaskEnergy within the gas distribution system in order to provide delivery service. The costs are included in the Cost of Gas Sold calculation and subsequently allocated from commodity to delivery operating expenses and recovered through delivery rates.
 - **Operating Expenses** – consist of direct operating costs, overheads, capital related costs, bad debt expense and inventory carrying costs related to the acquisition of gas supply.
- 2) **Gas Cost Variance Account** – an accounting mechanism which tracks differences between the actual cost of gas and the revenues from the commodity rate. This account ensures that customers will ultimately pay the exact cost of acquiring the natural gas supply.

1.2 Summary

The cost of gas sold for the period November 01, 2005 to October 31, 2006 is forecast to be \$554.4 million. Schedule 1.0 illustrates the key cost components, which are discussed in sequence as follows.

1.3 Cost of Purchase Gas

The cost of purchase gas for November 01, 2005 to October 31, 2006 is forecast to be \$608.3 million for 54.2 million gigajoules as shown on Line 4, Schedule 1.0. This represents SaskEnergy's gas purchase contracts including the results from the gas price hedging program.

The majority of SaskEnergy's gas purchase contracts are price indexed contracts whereby the price paid by SaskEnergy fluctuates with the market. The prices are established monthly, and therefore subject to change, up or down, on a monthly basis. SaskEnergy has a gas price hedging program to help minimize price volatility. At October 06, 2005, 70% of winter purchases have been hedged, as well as 13% of next summer's gas purchases. The unhedged purchases are still subject to change in prices, up or down, on a monthly basis.

Given this variability in price, it is not possible to know with certainty future gas prices for rate setting purposes. The cost of gas, for rate-setting purposes, is forecast using market prices for any gas that is not hedged. To mitigate the day-to-day volatility in natural gas prices, the average of the closing prices from September 30, 2005 to October 06, 2005 has been used as the forward price. Detailed per unit calculations can be found in Schedule 1.3.

1.4 Transportation Costs

SaskEnergy contracts transportation for the coldest months of the year, December through March, to meet peak day requirements. This contract is around \$0.2 million annually (\$53,000 for each of the four months). In addition, TransGas charges compression and gathering at TEP of around \$0.17 million annually. Both the peak day transportation and the compression and gathering charges, which total \$0.38 million annually, are included in the cost of gas sold (Line 3, Schedule 1.0).

1.5 Natural Gas from Storage

Natural gas is injected into storage from April to October of one gas year and withdrawn during the winter months of November to March of the next gas year.

Natural gas in storage is valued at the weighted average cost of gas during the injection period of April to October. These costs include gas purchase costs (including hedging costs) and all costs of transportation.

At October 31, 2005, an estimated 18 million gigajoules of gas will be in storage at an estimated price of \$7.18/GJ. Since this gas is already purchased, yet not sold, the cost is fixed. When storage gas is subsequently withdrawn and sold to customers, it is sold at cost, not at the current market price. Details of the gas in storage can be found in Schedule 1.2.

1.6 Interest and Operating Expenses

SaskEnergy has included in its Gas Consumption Charge direct operating costs, capital related costs, bad debt expenses and inventory carrying costs, as they relate to gas supply acquisition. SaskEnergy has included \$3.4 million in costs as summarized in Schedule 1, lines 6 through 9.

Financing costs relate to carrying charges for gas in storage and are calculated using SaskEnergy's short-term borrowing rate applied to the average monthly balance of storage inventories. The forecasted borrowing rate ranges from 2.6% to 3.0%.

Lastly, late payment charge revenue reduces the effect of bad debts expense associated with commodity sales revenue.

1.7 Cost of Internal Usage

Natural gas is consumed within the operations of SaskEnergy's gas distribution system in order to provide the physical delivery service. This includes usage for:

- SaskEnergy's line and catalytic heaters located at town border stations, which ensure operation of facilities during low winter temperatures.
- SaskEnergy owned buildings.
- Lost and Unaccounted for Gas.

Schedule 1, Line 10 summarizes the cost of internal usage gas in aggregate by month. Costs are based on the average cost of gas purchased plus the associated cost of transportation.

SaskEnergy must buy gas for its own needs in order to operate the distribution system and provide delivery service. The Cost of Internal Usage is shown as a reduction to the Cost of Gas Sold because the gas is consumed within the distribution system and allocated to the cost of delivery service. The cost of nearly \$3.8 million is therefore recovered through rates for delivery service. Even if SaskEnergy did not perform the merchant function for gas sales, SaskEnergy would have to purchase and transport this gas in order to provide delivery service.

2. Gas Cost Variance Account – November 1, 2004 to October 31, 2005

2.1 Introduction

The Gas Cost Variance Account (GCVA) provides a mechanism to calculate the accumulated amount and deferral of the difference between actual commodity sales revenue and actual gas costs. The use of a GCVA is to ensure that SaskEnergy does not earn a profit on the supply of gas nor incur a loss. Therefore, over the long-term, customers pay the exact cost of acquiring the natural gas supply.

Where actual gas costs incurred exceed the amount recovered from commodity sales, customers owe the balance to SaskEnergy. Where actual gas costs incurred are less than the amount recovered from commodity sales, SaskEnergy owes the balance to customers.

Balances in the GCVA accrue interest at the Corporation's short-term borrowing rate and are accumulated along with the under or over recovered gas costs.

2.2 Calculation of Gas Cost Variance Account

The GCVA as at October 31, 2005 is projected to have a balance of \$30.9 million owed by customers to SaskEnergy. Schedule 2.0 details the components of the GCVA for the period November 01, 2004 to October 31, 2005.

The major components of the GCVA and their respective dollar amounts are summarized below.

Gas Cost Variance Account Balance at November 1, 2004

The GCVA balance at November 01, 2004 was \$27.8 million owed to SaskEnergy by customers. The Provincial Auditor of Saskatchewan has provided an Auditor's Report to the Chair of the Saskatchewan Rate Review Panel for the GCVA as of October 31, 2004.

November 1, 2004 to October 31, 2005 Gas Costs Variance Account

The variance of \$30.9 million at October 31, 2005 is in part a residual of the GCVA balance created prior to May 1, 2003, when SaskEnergy made its last commodity rate application. When compared to the forecast period, actual prices realized in the calculation of the cost of gas sold were higher than the forward price curve implied at the time of the last commodity rate application. This resulted in a lower amount of revenue from commodity sales that could be used to pay down the GCVA.

For the period, November 1, 2004 to October 31, 2005, commodity revenues are forecast to be \$361.5 million and the cost of gas sold is forecast to be \$364.2 million. The difference between the commodity revenues and the cost of gas sold has increased the GCVA balance from \$27.8 million at October 31, 2004 to \$30.9 million at October 31, 2005.

Hedging activities, while designed to reduce volatility, yet allow for some market participation in declining prices, will have an overall effect of reducing the cost of gas purchased by \$15.1 million during 2004/05. For the peak winter period, January through March, 90% of gas purchases had been hedged. For November through December 2004, and for the summer of 2005, approximately 72% of gas purchases were hedged.

Due to warmer than normal weather through the winter of 2004/05, 450,000 GJ's of gas were sold in April 2005. This sale was required in order to adjust the volume of gas in storage closer that outlined in the operating plan. A small profit of \$0.1 million was realized on this sale, and was applied to the GCVA.

During the summer months (April through October), natural gas is injected into storage and withdrawn at the weighted average injection price during the winter months to meeting heating load requirements. Carrying costs, equivalent to SaskEnergy's short-term borrowing rate, apply to the financing of this storage inventory. During the winter of 2004/05, a total of 15,974,294 GJ's of gas that was injected into storage the previous summer, was withdrawn to meet heating load demand. The weighted average cost of gas withdrawn from storage was \$6.44/GJ and resulted in a net change in inventory of \$102.9 million from November 1, 2004 to March 31, 2005. Schedule 2.2 details the changes in inventory from November 1, 2004 to October 31, 2005.

3. Determination of Gas Consumption Charge

The recommended Gas Consumption Charge takes into account the forecast commodity costs over the period from November 01, 2005 to October 31, 2006 and the deficit balance in the GCVA projected at October 31, 2005.

3.1 Rate Strategy

Recommended Rate

SaskEnergy recommends increasing the current commodity rate of 25.82 cents per cubic metre (\$6.97/GJ) to 40.39 cents per cubic metre (\$10.88/GJ) effective November 01, 2005. The detailed rate calculation can be found in Schedule 3.0.

This rate recognizes current market prices, gas held in storage, and the target recovery of the GCVA within one year.

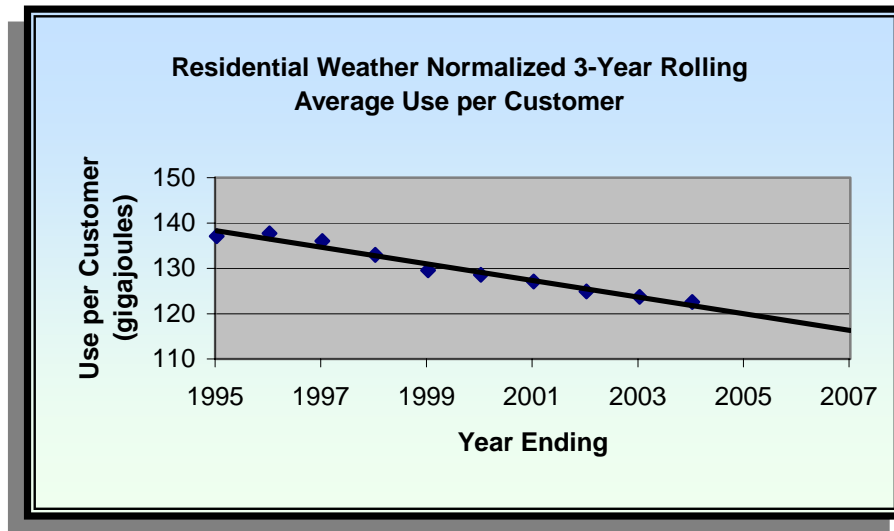
4. Load Forecast

4.1 Overview of Methodology

SaskEnergy's load forecast is developed from historical customer consumption data, adjusted to remove the effects of actual temperature deviations from the average temperature of the last thirty years. In this way, loads can be compared from year to year.

The load forecast for each customer rate class is calculated by multiplying the number of customers by the use per customer. The number of customers is estimated based on historical information. The annual use per customer for each rate class is forecast based on averages and trends from the past three to five years.

The Residential use per customer has declined steadily over the past several years as shown in the graph below. This decline is expected to continue in the forecast period.



SaskEnergy prepares the load forecast for an outlook of five years with breakdowns by month and rate class as well as requirements for internal use.

To determine the monthly gas purchase requirements an operating plan is prepared from the gas sales load forecast. The operating plan also includes purchases of gas required to compensate the TransGas pipeline system for fuel gas and line losses, as well as SaskEnergy internal usage. Thus, the total natural gas purchase requirement is established.

5. Customer Bill Impacts

Customer bill impacts include both the Gas Consumption charge and Delivery charge. The bill impacts are calculated over the 12 months – November 01, 2005 to October 31, 2006.

The average residential customer will see their monthly bill increase by \$39 or about 40%.

General Service II includes most main street businesses including restaurants, as well as curling rinks, smaller elementary schools and hospitals, commercial agricultural operators, and nonprofit organizations. These customers consume up to 100,000 cubic metres of natural gas annually, which would be approximately equivalent to 30 homes.

General Service III customers consume between 100,000 and 660,000 cubic metres of natural gas annually. These are larger hotels, high schools, and hospitals; larger municipal offices or warehouse buildings; larger office buildings, livestock operations and manufacturers.

Gas Consumption Charge of 40.39 Cents Per Cubic Metre Effective November 01, 2005		
Rate Class	Average Increase (Dollars per Month)	Average Increase (%)
Residential	39	39.6
Farm	50	40.2
General Service II	148	43.1
General Service III	2290	46.2

Excludes Municipal Payments and Federal Goods and Services Tax (GST).
Over all classes, the average increase on the total bill is 41%

6. Glossary of Terms

- AECO** - a market center in Alberta located at the storage facility AECO “C” operated by Encana. It is the most commonly referenced pricing point for natural gas purchased in Alberta.
- Basis Differential** - the price differential between two locations or pricing points (hubs) as determined by the marketplace (as opposed to the fixed cost of transportation between the two locations). For SaskEnergy, the basis differential between AECO and the TransGas Energy Pool is important in determining the final price paid to gas producers.
- Distribution System** - facilities used to receive natural gas from a high pressure transmission system and provide pressure reduction, regulation and piping to deliver natural gas to end use customers. A natural gas distribution system includes the following major components:
- > Pressure Regulating Station (Town Border Station)
 - a facility, which receives natural gas from a transmission pipeline and reduces pressure for entry into the distribution system mains
 - > Main
 - the piping which delivers natural gas from the pressure regulating station (Town Border Station) to the point of connection to the service pipe which serves an individual customer.
 - > Service
 - the piping, which delivers natural gas from the point of connection at the main to the meter on the customer’s premise
 - > Meter
 - an instrument for measuring and indicating/or recording the volume of gas that has passed through it
- Gas Cost Variance Account** - A regulatory accounting mechanism that captures the difference between actual Cost of Gas Sold and the actual revenues from the Gas Consumption Charge. The net differences are accumulated for a period of time. Then the balance is applied to a future Gas Consumption Charge or the current year’s Gas Consumption Charge may be adjusted.

- Gigajoule** - A metric measure of energy used to express the heating value of natural gas or of energy consumed. A typical home uses about 130 Gigajoules per year.
- Heating Degree Day** - The average daily temperature (Celsius) subtracted from 18 degrees. For example, if the daily high is +5 and the low is -15 the average daily temperature is -5. The degree-days for that day are $18 - (-5) = 23$.
- Load Factor** - The ratio of the average volume of natural gas shipped (or consumed) over a set period of time to the contract demand volume for the same time period. Load factors are usually expressed in percent. Gas producers want to sell gas at 100% load factor, or at a constant rate. Residential consumers use gas at an annual load factor of about 30%.
- Nova Inventory Transfer-** The transfer of ownership of gas from seller to buyer takes place at a point within the Nova Gas Transmission Ltd. system, which acts like a market hub.
- NYMEX** - New York Mercantile Exchange. Natural gas trades on this exchange.
- Market Hub** - an interchange where multiple pipelines interconnect creating physical and pricing liquidity. AECO/NIT is the market hub in Alberta
- MMbtu** - One million British thermal units (Btu). Imperial measurement of energy. One MMBtu equals 1.05 GJs.
- Receipt Point** - The location where gas enters a transporter's system from a well, gas plant or pipeline interconnect.
- TransGas Energy Pool** - Acts like a market hub in Saskatchewan on the TransGas system. SaskEnergy and all gas suppliers use the TransGas Energy Pool as the common reference point for its Gas Consumption Charge.
- ¢/m³** - Cents per cubic metre.
- 10⁶m³** - Millions of cubic metres.

SaskEnergy Incorporated
Natural Gas Commodity Rate Filing
November 2005 - October 2006
Forecast Cost of Gas Sold (\$000's)

Line	Description	2 Nov-05	3 Dec-05	4 Jan-06	5 Feb-06	6 Mar-06	7 Apr-06	8 May-06	9 Jun-06	10 Jul-06	11 Aug-06	12 Sep-06	13 Oct-06	14 TOTAL 2005-06
1	Purchases	\$60,941	\$62,852	\$62,730	\$56,550	\$62,488	\$47,072	\$48,550	\$46,897	\$48,370	\$48,280	\$46,635	\$48,166	\$639,532
2	Price Hedging (Inflows)/Outflows	(\$5,732)	(\$5,923)	(\$5,923)	(\$5,349)	(\$5,923)	(\$388)	(\$401)	(\$388)	(\$401)	(\$401)	(\$388)	(\$401)	(\$31,615)
3	Receipt Transportation	\$14	\$67	\$67	\$67	\$67	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$378
4	Cost of Purchase Gas	\$55,224	\$56,996	\$56,875	\$51,268	\$56,632	\$46,698	\$48,164	\$46,523	\$47,983	\$47,893	\$46,262	\$47,779	\$608,296
5	Storage Withdrawal (Injection)	\$15,866	\$29,419	\$37,759	\$24,840	\$16,204	(\$8,556)	(\$25,454)	(\$34,660)	(\$35,884)	(\$37,315)	(\$26,421)	(\$9,405)	(\$53,607)
6	Gas Supply Related Interest Expense	\$153	\$153	\$153	\$153	\$153	\$153	\$153	\$153	\$153	\$153	\$153	\$153	\$1,835
7	Gas Supply Operating Maintenance & Admin Expenses	\$87	\$87	\$87	\$87	\$87	\$87	\$87	\$87	\$87	\$87	\$87	\$87	\$1,041
8	Gas Supply Related Bad Debt Expense	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$1,936
9	Gas Supply Related Late Payment Charges	(\$68)	(\$95)	(\$129)	(\$163)	(\$176)	(\$163)	(\$149)	(\$108)	(\$95)	(\$75)	(\$68)	(\$68)	(\$1,355)
10	Less Cost of Internal Usage	(\$412)	(\$443)	(\$525)	(\$447)	(\$390)	(\$445)	(\$239)	(\$221)	(\$211)	(\$138)	(\$63)	(\$249)	(\$3,783)
11	Cost of Gas Sold	\$71,011	\$86,278	\$94,381	\$75,900	\$72,671	\$37,935	\$22,722	\$11,935	\$12,195	\$10,767	\$20,111	\$38,459	\$554,363

Volume (Gigajoules - 000s)														
Line	Description	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	TOTAL 2005-06
12	Sales	6,545	8,564	9,707	7,474	6,705	3,667	2,186	1,133	1,157	1,016	1,924	3,709	53,787
13	Purchases (less Fuel Gas & Line Loss)	4,373	4,510	4,501	4,058	4,484	4,542	4,685	4,525	4,668	4,659	4,500	4,648	54,153
14	Cost of Purchase Gas (GJ)	\$12,629	\$12,638	\$12,635	\$12,634	\$12,630	\$10,281	\$10,280	\$10,280	\$10,280	\$10,280	\$10,280	\$10,280	
15	Storage Withdrawal (Injection)	2,210	4,098	5,260	3,460	2,257	-832	-2,476	-3,371	-3,491	-3,630	-2,570	-915	
16	Storage Withdrawal (Injection) Rate (GJ)	\$7,179	\$7,179	\$7,179	\$7,179	\$7,179	\$10,281	\$10,280	\$10,280	\$10,280	\$10,280	\$10,280	\$10,280	
17	Internal Usage	-38	-44	-54	-44	-36	-43	-23	-21	-20	-13	-6	-24	-366

Note: Numbers may not add up exact due to rounding.

SaskEnergy Incorporated
Natural Gas Commodity Rate Filing
November 1, 2005 to October 31, 2006
Storage Inventory Details - Forecasted Cost of Gas

	1	2	3	4	5	6	7	8	9	10	11	12
	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06
Line Gas in Storage - Volume												
1 Opening Balance (000's GJs)	18,034	15,824	11,726	6,466	3,006	749	1,581	4,057	7,429	10,919	14,549	17,119
2 Closing Balance (000's GJs)	15,824	11,726	6,466	3,006	749	1,581	4,057	7,429	10,919	14,549	17,119	18,034
3 (Injections)/ Withdrawals (000's GJs)	2,210	4,098	5,260	3,460	2,257	(832)	(2,476)	(3,371)	(3,491)	(3,630)	(2,570)	(915)
4 (Injection)/Withdrawal Price	\$7.18	\$7.18	\$7.18	\$7.18	\$7.18	\$10.28	\$10.28	\$10.28	\$10.28	\$10.28	\$10.28	\$10.28
5 Weighted Average Price of Gas in Storage	\$7.18	\$7.18	\$7.18	\$7.18	\$7.18	\$8.81	\$9.71	\$9.97	\$10.07	\$10.12	\$10.14	\$10.15
Cost of Gas in Storage												
6 Opening Balance (\$000)	\$ 129,465	\$ 113,599	\$ 84,179	\$ 46,421	\$ 21,580	\$ 5,376	\$ 13,933	\$ 39,387	\$ 74,047	\$ 109,930	\$ 147,246	\$ 173,667
7 Closing Balance (\$000)	\$ 113,599	\$ 84,179	\$ 46,421	\$ 21,580	\$ 5,376	\$ 13,933	\$ 39,387	\$ 74,047	\$ 109,930	\$ 147,246	\$ 173,667	\$ 183,071
8 Net Change in Inventory (\$000)	\$ 15,866	\$ 29,419	\$ 37,759	\$ 24,840	\$ 16,204	\$ (8,556)	\$ (25,454)	\$ (34,660)	\$ (35,884)	\$ (37,315)	\$ (26,421)	\$ (9,405)

Line	Storage Inventory Carrying Costs	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	TOTAL 2005-06
		<----- Previous Summer ----->													
9	Gas in Storage Closing Balance	\$9,031	\$12,778	\$27,844	\$54,977	\$78,129	\$100,551	\$118,891	\$129,465	\$113,599	\$84,179	\$46,421	\$21,580	\$5,376	
10	Average Daily Balance		\$10,905	\$20,311	\$41,410	\$66,553	\$89,340	\$109,621	\$124,078	\$121,532	\$98,889	\$65,300	\$34,000	\$13,478	
11	Interest Rate		2.60%	2.50%	2.56%	2.65%	2.56%	2.76%	2.80%	2.80%	2.80%	3.00%	3.00%	3.00%	
12	Calculated Monthly Interest Charge		\$23	\$43	\$87	\$150	\$194	\$249	\$295	\$280	\$235	\$166	\$78	\$34	\$1,835
13	Total Annual Interest														\$153
14	Amortized Monthly Interest Charge														

Tables might not add precisely due to rounding.

SaskEnergy Incorporated

**Forecast Gas Prices for
November 2005 to October 2006
(Average Price of Sep. 30, 2005 to October 6, 2005)
(\$/Gigajoule)**

	1	2	3	4	5	6	7	8	9	10	11	12
Line Description	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06
1 AECO Forward Prices	13.870	13.870	13.870	13.870	13.870	10.300	10.300	10.300	10.300	10.300	10.300	10.300
COST OF PURCHASE GAS												
2 Cost of Purchase Gas Before Hedges	13.925	13.925	13.925	13.925	13.925	10.355	10.355	10.355	10.355	10.355	10.355	10.355
3 Change in Price due to Hedging	(1.310)	(1.312)	(1.315)	(1.317)	(1.320)	(0.085)	(0.085)	(0.086)	(0.086)	(0.086)	(0.086)	(0.086)
4 Receipt Transport	0.003	0.015	0.015	0.016	0.015	0.003	0.003	0.003	0.003	0.003	0.003	0.003
5 Forecast Cost of Purchase Gas	12.619	12.628	12.625	12.624	12.620	10.273	10.273	10.272	10.272	10.272	10.272	10.272
6 Volume Adjusted Cost of Purchase Gas ¹	12.629	12.638	12.635	12.634	12.630	10.281	10.280	10.280	10.280	10.280	10.280	10.280
COST OF GAS SOLD												
7 Purchase Price	12.629	12.638	12.635	12.634	12.630	10.281	10.280	10.280	10.280	10.280	10.280	10.280
8 % of Sales met with Purchases	66.2%	52.1%	45.8%	53.7%	66.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
9 Inventory Withdrawal Price	7.179	7.179	7.179	7.179	7.179							
10 % of Sales met with Inventory	33.8%	47.9%	54.2%	46.3%	33.7%							
11 Cost of Gas Sold before OM&A	10.788	10.026	9.679	10.109	10.795	10.281	10.280	10.280	10.280	10.280	10.280	10.280
12 Interest, OM&A and Late Payment Charges ²	0.051	0.036	0.028	0.032	0.034	0.065	0.115	0.258	0.265	0.321	0.173	0.090
13 Forecast Cost of Gas Sold	\$ 10.839	\$ 10.061	\$ 9.707	\$ 10.141	\$ 10.829	\$ 10.346	\$ 10.396	\$ 10.539	\$ 10.545	\$ 10.601	\$ 10.453	\$ 10.370

¹ The volume of purchase gas has been adjusted for Fuel Gas and Line Loss.

² Interest, OM&A and Late Payment Charges are budgeted annually, and then calculated as equal monthly expenses. Due to the varying sales volumes each month, the impact on the Cost of Gas Sold will be minimal during months when sales volumes are high, and considerably greater during months that sales volumes are low.

SaskEnergy Incorporated
Natural Gas Commodity Rate Filing
November 2004 - October 2005
Gas Cost Variance Account (GCVA) - \$000s

Line	Description	1	2	3	4	5	6	7	8	9	10	11	12	13
		Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05 Forecast	Oct-05	2004/05 TOTAL
1	GCVA Balance Forward at October 31, 2004	\$27,818												
2	Opening Cumulative GCVA Balance - Under/(Over) Recovery	\$27,818	\$26,645	\$24,944	\$20,830	\$16,827	\$13,429	\$13,896	\$14,560	\$14,916	\$15,152	\$15,680	\$17,834	
3	Purchases	\$33,661	\$33,496	\$30,792	\$26,598	\$29,450	\$30,961	\$32,013	\$28,594	\$31,477	\$32,349	\$37,795	\$51,682	\$398,867
4	Less Other Gas Sales						\$3,220							
5	Price Hedging (Inflows)/Outflows	(\$2,410)	(\$1,081)	(\$282)	\$148	(\$60)	(\$774)	(\$1,344)	(\$272)	(\$637)	(\$1,029)	(\$4,864)	(\$2,538)	(\$15,144)
6	Receipt Transportation	\$39	\$112	\$96	\$95	\$86	(\$29)	(\$19)	(\$18)	(\$12)	\$18	\$9	\$9	\$387
7	Cost of Purchase Gas	\$31,290	\$32,526	\$30,606	\$26,840	\$29,475	\$26,939	\$30,651	\$28,303	\$30,828	\$31,338	\$32,940	\$49,154	\$380,891
8	Storage Withdrawal (Injection)	\$8,206	\$26,379	\$35,180	\$20,513	\$12,609	(\$3,747)	(\$15,065)	(\$27,133)	(\$23,152)	(\$22,422)	(\$18,140)	(\$10,774)	(\$17,546)
9	Gas Supply Related Interest Expense	\$126	\$126	\$126	\$126	\$126	\$126	\$126	\$126	\$126	\$126	\$126	\$126	\$1,509
10	Gas Supply Operating Maintenance & Admin Expenses	\$112	\$112	\$112	\$112	\$112	\$112	\$112	\$112	\$112	\$112	\$112	\$112	\$1,339
11	Gas Supply Related Bad Debt Expense	\$127	\$127	\$127	\$127	\$127	\$127	\$127	\$127	\$127	\$127	\$127	\$127	\$1,523
12	Gas Supply Related Late Payment Charges	(\$58)	(\$82)	(\$111)	(\$140)	(\$152)	(\$140)	(\$129)	(\$94)	(\$82)	(\$64)	(\$58)	(\$58)	(\$1,169)
13	Less Cost of Internal Usage	(\$173)	(\$285)	(\$289)	(\$310)	(\$270)	(\$210)	(\$163)	(\$156)	(\$100)	(\$97)	(\$57)	(\$274)	(\$2,384)
14	Cost of Gas Sold	\$39,628	\$58,903	\$65,750	\$47,267	\$42,027	\$23,206	\$15,657	\$1,285	\$7,858	\$9,120	\$15,049	\$38,411	\$364,162
15	Commodity Sales Revenue (Commodity Rate \$6.97/GJ)	\$40,854	\$60,666	\$69,914	\$51,321	\$45,483	\$22,657	\$15,022	\$958	\$7,654	\$8,624	\$12,931	\$25,368	\$361,451
16	Gain (Loss) on Other Gas Sales						\$111							\$111
17	Period GCVA Balance	(\$1,226)	(\$1,762)	(\$4,164)	(\$4,053)	(\$3,456)	\$439	\$636	\$327	\$204	\$496	\$2,118	\$13,043	\$2,600
18	Period GCVA Interest	\$53	\$61	\$51	\$50	\$58	\$28	\$29	\$29	\$32	\$32	\$36	\$48	\$506
19	Closing Cumulative GCVA Balance (Line 2+14+15)	\$26,645	\$24,944	\$20,830	\$16,827	\$13,429	\$13,896	\$14,560	\$14,916	\$15,152	\$15,680	\$17,834	\$30,924	\$30,924

Volume (Gigajoules - 000s)														
Line	Description	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	11	12	13
		Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05 Forecast	Oct-05	2004/05 TOTAL
20	Commodity Sales	5,854	8,707	10,049	7,410	6,552	3,305	2,199	158	1,095	1,237	1,855	3,640	52,061
21	Commodity Rate (GJ)	\$6,970	\$6,970	\$6,970	\$6,970	\$6,970	\$6,970	\$6,970	\$6,970	\$6,970	\$6,970	\$6,970	\$6,970	\$6,970
22	Other Gas Sales						450							450
23	Sale Price (GJ)						\$7,400							\$7,400
24	Purchases (less Fuel Gas & Line Loss)	4,653	4,641	4,635	4,269	4,637	4,324	4,370	4,282	4,446	4,458	4,145	4,695	53,553
25	Cost of Purchase Gas (GJ)	\$6,725	\$7,009	\$6,604	\$6,287	\$6,357	\$6,231	\$7,013	\$6,610	\$6,933	\$7,030	\$7,948	\$10,470	\$7,112
26	Storage Withdrawal (Injection)	1,274	4,096	5,462	3,185	1,958	-399	-2,148	-4,105	-3,339	-3,190	-2,282	-1,029	-658
27	Storage Withdrawal (Injection) Rate (GJ)	\$6,441	\$6,441	\$6,441	\$6,441	\$6,441	\$6,954	\$7,013	\$6,610	\$6,933	\$7,030	\$7,948	\$10,470	
28	Internal Usage	26	42	44	49	42	30	23	19	14	13	7	26	335

Note: Numbers may not add up exact due to rounding.

SaskEnergy Incorporated
Natural Gas Commodity Rate Filing
November 1, 2004 to October 31, 2005
Storage Inventory Details - GCVA

	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05
Line Gas in Storage - Volume												
1 Opening Balance (000's GJs)	17,376	16,102	12,007	6,545	3,360	1,402	1,941	4,089	8,194	11,533	14,723	17,005
2 Closing Balance (000's GJs)	16,102	12,007	6,545	3,360	1,402	1,941	4,089	8,194	11,533	14,723	17,005	18,034
3 (Injections)/ Withdrawals (000's GJs)	1,274	4,096	5,462	3,185	1,958	(539)	(2,148)	(4,105)	(3,339)	(3,190)	(2,282)	(1,029)
4 (Injection)/Withdrawal Price	\$6.44	\$6.44	\$6.44	\$6.44	\$6.44	\$6.95	\$7.01	\$6.61	\$6.93	\$7.03	\$7.95	\$10.47
5 Weighted Average Price of Gas in Storage	\$6.44	\$6.44	\$6.44	\$6.44	\$6.44	\$6.58	\$6.81	\$6.71	\$6.77	\$6.83	\$6.98	\$7.18
Cost of Gas in Storage												
6 Opening Balance (\$000)	\$ 111,918	\$ 103,713	\$ 77,334	\$ 42,153	\$ 21,640	\$ 9,031	\$ 12,778	\$ 27,844	\$ 54,977	\$ 78,129	\$ 100,551	\$ 118,691
7 Closing Balance (\$000)	\$ 103,713	\$ 77,334	\$ 42,153	\$ 21,640	\$ 9,031	\$ 12,778	\$ 27,844	\$ 54,977	\$ 78,129	\$ 100,551	\$ 118,691	\$ 129,465
8 Net Change in Inventory (\$000)	\$ 8,206	\$ 26,379	\$ 35,180	\$ 20,513	\$ 12,609	\$ (3,747)	\$ (15,065)	\$ (27,133)	\$ (23,152)	\$ (22,422)	\$ (18,140)	\$ (10,774)

	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	TOTAL 2004/05
Line Storage Inventory Carrying Costs														
	<----- Previous Summer ----->													
9 Gas in Storage Closing Balance	\$0	\$4,561	\$14,168	\$39,347	\$65,260	\$88,841	\$106,014	\$111,918	\$103,713	\$77,334	\$42,153	\$21,640	\$9,031	
10 Average Daily Balance		\$2,280	\$9,364	\$26,757	\$52,304	\$77,051	\$97,428	\$108,966	\$107,816	\$90,523	\$59,743	\$31,897	\$15,336	
11 Interest Rate		1.98%	1.97%	1.97%	2.05%	2.04%	2.07%	2.07%	3.22%	3.61%	3.00%	3.59%	4.75%	
12 Calculated Monthly Interest Charge		\$4	\$16	\$43	\$91	\$133	\$166	\$192	\$285	\$278	\$152	\$88	\$62	\$1,509
13 Total Annual Interest														\$126
14 Amortized Monthly Interest Charge														

Tables might not add precisely due to rounding.

SaskEnergy Incorporated

**Determination of Commodity Rate for
November 1, 2005 to October 31, 2006**

Line	Description	Amount	Ref.
1	Estimated Balance of GCVA at October 31, 2005 (000's)	\$ 30,924	Schedule 1, Col. 2, Line 1
2	Nov 1, 2005 to Oct 31, 2006 Gas Cost Forecast (000's)	<u>\$ 554,363</u>	Schedule 1, SUM Col. 2-13, Line 12
3	Total Forecast Costs to Recover (000's)	<u>\$ 585,288</u>	Line 1 plus Line 2
4	Nov 1, 2005 to Oct 31, 2006 Forecast Sales (GJs - 000's)	<u>53,787</u>	Schedule 1, SUM Col. 2-13, Line 17
5	Nov 1, 2005 to Oct 31, 2006 Monthly Weighted Cost per Unit of Sales	<u><u>\$10.882</u></u>	Line 3 divided by Line 2
6	Customer Commodity Rate Equivalent (Heating Value = 37.12)	<u><u>40.39</u></u>	cents per cubic metre
7	Estimated GCVA Balance at October 31, 2006 (000's) (The methodology is designed to target a zero GCVA balance at the end of the period.)	\$ 207	(Owed by Customers to SaskEnergy)

Note: Numbers may not add up exact due to rounding.