

A graphic featuring a white sunburst or light rays emanating from the top left corner of a rounded rectangular frame. The rays are light gray and spread across the frame. At the bottom of the frame is a solid green horizontal bar.

Natural Gas

Commodity Rate Application

November 01, 2009

TABLE OF CONTENTS

1	RECOMMENDATION	Page 1
2	FORECAST COST OF GAS SOLD	Page 2
3	GAS COST VARIANCE ACCOUNT	Page 6
4	DETERMINATION OF COMMODITY RATE	Page 7
5	LOAD FORECAST	Page 8
6	GAS SUPPLY OVERVIEW	Page 9
7	CUSTOMER BILL IMPACTS	Page 13
8	GLOSSARY OF TERMS	Page 14
9	MINIMUM FILING REQUIREMENTS	Page 15
10	SCHEDULES	Page 16

1

RECOMMENDATION

SaskEnergy buys natural gas on the open market on behalf of about 337,000 customers. Aligning itself with standard regulatory practice, SaskEnergy is to pass on the cost of natural gas to customers at the same price it pays suppliers, including all expenses. The cost of providing natural gas to customers this coming year is anticipated to be lower than the current rate of \$5.96/gigajoule (GJ).

SaskEnergy monitors its cost of gas throughout the year and typically sets its commodity rate in the fall for the upcoming gas year, November through October, followed by a spring review. SaskEnergy last adjusted its commodity rate in the spring of 2009, when it lowered its commodity rate.

This rate application is designed to:

- 1) Decrease the commodity rate to recover the lower forecasted cost of gas over the twelve-month forward period November 01, 2009 to October 31, 2010; and
- 2) Clear any balance projected in the Gas Cost Variance Account (GCVA) at the end of October 2009.

The recommended commodity rate is 19.61 cents per cubic metre (\$5.21/GJ) effective November 01, 2009. If approved, this will be SaskEnergy's lowest commodity rate since the winter of 2000-2001.

2

FORECAST COST OF GAS SOLD

INTRODUCTION

SaskEnergy provides two services to its customers:

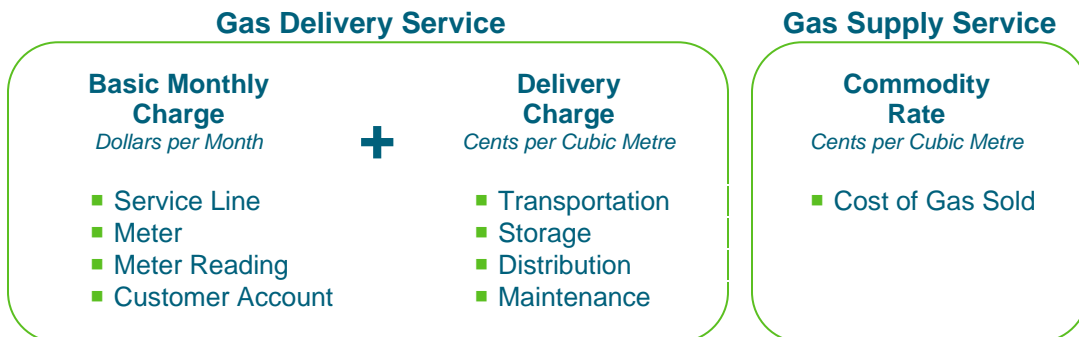
- Gas Delivery Service
- Gas Supply Service

Gas Delivery Service

SaskEnergy manages 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 natural gas supply from a seller other than SaskEnergy. Gas Supply Service is provided to customers who purchase their natural gas supply from SaskEnergy.



This rate application is for the Gas Supply Service only (the commodity rate). When SaskEnergy’s bundled service was divided into Gas Delivery Service and Gas Supply Service 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 (TEP), a notional point that all buyers and sellers of gas in Saskatchewan can access.

The commodity rate includes all costs of obtaining gas at TEP. Gas can be purchased directly at TEP from gas producers or marketing agents. In addition to the “raw” cost of the commodity, the commodity rate includes administrative costs of acquiring the gas, transporting gas to TEP 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, plus any gas supply related expenses. This rate application is designed to:

- recover the forecast cost of gas on a 12-month forward basis, and
- clear any balance projected in the Gas Cost Variance Account at the end of October 2009.

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.
- Upstream Costs – costs to move natural gas from the producing gas fields to TEP.
- 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 gas is sold at cost to customers at cost, 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 gas in storage carrying costs related to the acquisition of gas supply.

Gas Cost Variance Account (GCVA)

The GCVA is an accounting mechanism which tracks differences between the actual cost of gas and the revenues received through the commodity rate. The net differences are accumulated for a period of time. The balance is then applied to a future commodity rate or the current year's commodity rate may be adjusted.

SUMMARY

The cost of gas sold for the twelve-month forward period November 01, 2009 to October 31, 2010 is forecast to be \$301.4 million. [Schedule 1.0](#) illustrates the key cost components, which are discussed in sequence as follows.

COST OF PURCHASE GAS

The cost of purchase gas for November 01, 2009 to October 31, 2010 is forecast to be \$307.1 million for 55.1 million gigajoules as shown on Line 4, [Schedule 1.0](#). This represents SaskEnergy's gas purchase contracts including the results from the natural gas price risk management program.

The majority of SaskEnergy's gas purchase contracts are price indexed contracts whereby the price paid by SaskEnergy fluctuates with the market price. The prices are established monthly and therefore subject to change, up or down, on a monthly basis. SaskEnergy has a gas price risk management program (hedging program) that is designed to reduce price volatility. At September 18, 2009, 82% of winter purchases had been hedged, as well as 48% of next summer's gas purchases. The unhedged purchases remain subject to change in prices, up or down, on a monthly basis.

The cost of purchase gas, for rate-setting purposes, is forecast using market prices. The closing market prices as of September 14, 2009 are being used in this application. Detailed per unit calculations can be found in [Schedule 1.2](#).

UPSTREAM COSTS TO TEP

SaskEnergy contracts all of its gas at TEP and buys enough gas that would be required under normal weather conditions. Producers are responsible for the shipping of natural gas to TEP. However, in the event of colder than normal winter weather, SaskEnergy must purchase more gas on the open market at TEP, or if necessary, in Alberta. Incremental upstream costs to TEP would be incurred if purchases are made in Alberta in order to ship the gas to TEP. Should this situation occur, the additional transportation costs would be included in the cost of gas sold. No anticipated upstream costs to TEP are forecast over the next twelve months as shown on Line 3, [Schedule 1.0](#).

NATURAL GAS FROM STORAGE

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

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 the impact of gas price risk management) and all costs of transportation.

At October 31, 2009, an estimated 19.2 million gigajoules of gas will be in storage at an estimated price of \$5.13 per gigajoule. 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 1.3](#).

INTEREST AND OPERATING EXPENSES

SaskEnergy has included in its commodity rate direct operating costs, capital related costs, bad debt expenses and inventory carrying costs, as they relate to gas supply acquisition.

SaskEnergy has included \$2.3 million in costs as summarized in [Schedule 1.0](#), lines 6 through 9.

Inventory carrying costs relate to 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 0.25% to 2.00%.

Lastly, late payment charge revenue (interest charged to customers who pay bills after the payment due date) reduces the effects of bad debts expense associated with commodity sales revenue.

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; and
- Lost and Unaccounted for Gas.

[Schedule 1.0](#), Line 10 summarizes the cost of internal usage gas in aggregate by month. Costs are based on the average cost of gas sold including any associated cost of transportation.

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 \$2.2 million is therefore recovered through rates for delivery service. Even if SaskEnergy did not perform the gas supply service, SaskEnergy would have to purchase and transport this gas in order to provide delivery service.

3

GAS COST VARIANCE ACCOUNT

INTRODUCTION

The GCVA is the mechanism which tracks the difference between actual commodity sales revenue and actual gas costs. The net differences are accumulated for a period of time. The balance is then applied to a future commodity rate or the current year's commodity rate may be adjusted.

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.

CALCULATION OF GAS COST VARIANCE ACCOUNT

The GCVA as at October 31, 2009 is projected to have a balance of \$16.7 million owed to customers from SaskEnergy. For the period, April 01, 2009 to October 31, 2010, commodity revenues are forecast to be \$90.9 million and the cost of gas sold is forecast to be \$83.8 million. [Schedule 2.0](#) details the components of the forecast GCVA for the period April 01, 2009 to October 31, 2010.

The forecasted GCVA balance of \$16.7 million owing to customers is a result of lower cost of gas, relative to commodity sales revenue. The lower cost of gas was a result of a steady decline in natural gas market prices throughout this summer.

4

DETERMINATION OF COMMODITY RATE

SaskEnergy recommends decreasing the current commodity rate of 22.38 cents per cubic metre (\$5.96 per gigajoule) to 19.61 cents per cubic metre (\$5.21 per gigajoule) effective November 01, 2009. The detailed rate calculation can be found in [Schedule 3.0](#).

This rate recognizes current market prices, natural gas price management activities, gas held in storage, and clearing the GCVA balance over the forward twelve-month period.

5

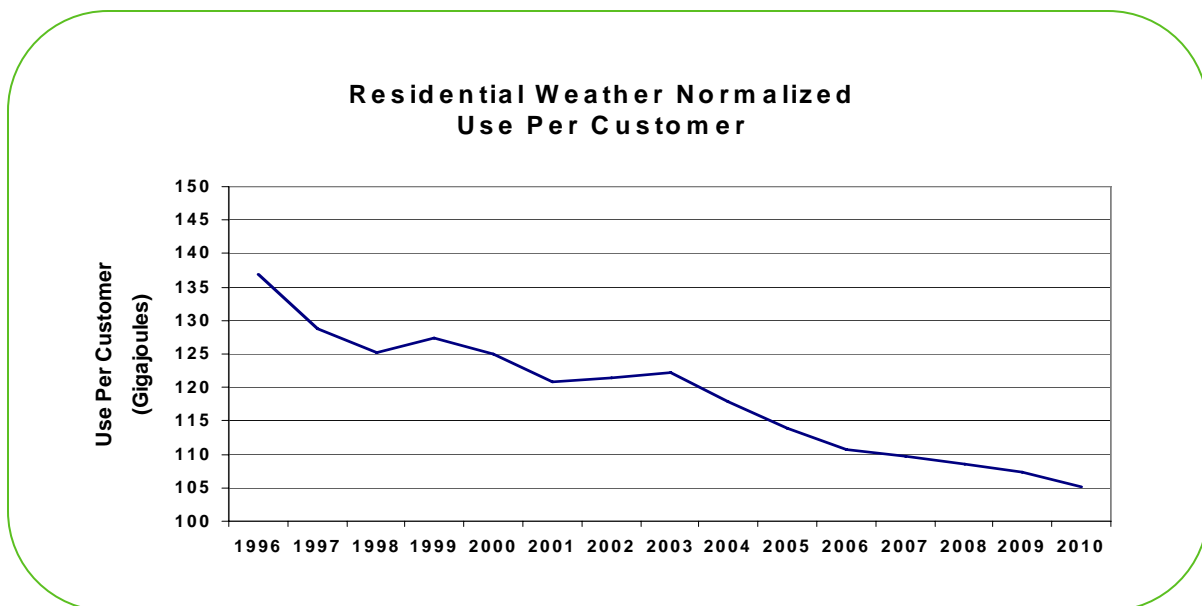
LOAD FORECAST

OVERVIEW OF METHODOLOGY

SaskEnergy forecasts its load requirements using historical customer consumption data. The historic customer consumption is adjusted to remove the effects of actual temperature deviations from normal weather, which is calculated using an analysis of the temperature of the last thirty years. In this way, customer consumption can be compared from year to year without the effects of weather deviations.

The load forecast for each customer rate class is calculated by multiplying the forecast number of customers by the forecast use per customer. The number of customers is estimated based on historical information as well as any new developments. The annual use per customer for each rate class is forecast based on averages and consumption trends from the past five to ten 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.

6

GAS SUPPLY OVERVIEW

NATURAL GAS MARKET UPDATE

Since its deregulation in 1985, natural gas prices are set in an open market and are influenced by a number of variables, such as production levels, economic activity, power generation, storage levels and weather. After reaching record highs in summer 2008, natural gas prices moved lower as a result of the global recession.

In the United States, the industrial and power generation sectors comprise approximately 50% of all natural gas demand. These sectors were particularly affected by the global economic collapse and as a result, significantly reduced total natural gas demand. In addition, seasonal to mild summer weather dampened demand for increment gas-fired power generation. These factors have contributed to record high levels of natural gas inventory, which in turn has led to long-lasting downward pressure on natural gas market prices. However, natural gas producer shut-ins, along side the early stages of a global economic recovery, are expected to establish a more balanced supply/demand fundamentals for natural gas.



The extreme highs and lows experienced in the natural gas market over the past year are similar to those in 2001 and 2005. Over the long-term, natural gas prices have exhibited cyclical characteristics, always moving back towards a long-term mean price.

SASKENERGY'S GAS SUPPLY PORTFOLIO

SaskEnergy's gas delivery to its customers comes from two sources: storage inventory and gas purchase contracts with suppliers. Storage gives SaskEnergy the ability to meet the ever-changing demands of its customers as caused by weather fluctuations. About two thirds of the gas consumed on the coldest days of the year comes from storage. Storage also provides about 45% of a normal winter's gas requirements and 30% of annual load.

SaskEnergy enters into various types of gas purchase contracts with producers and marketers to ensure adequate supply. There are three key parameters that dictate the structure of SaskEnergy's supply portfolio required for any contract year. They are:

- 1) annual gas requirements
- 2) winter gas requirements
- 3) maximum daily usage requirement

Annual Requirements

SaskEnergy contracts for a quantity of natural gas equal to the "most likely" annual load forecast, which is based on consumption that results from a weather normalization analysis of the last 30 years of weather data. Based on average weather and the forward twelve-month period (November 01, 2009 to October 31, 2010), SaskEnergy forecasts to require about 55.1 million gigajoules of supply to meet load requirements.

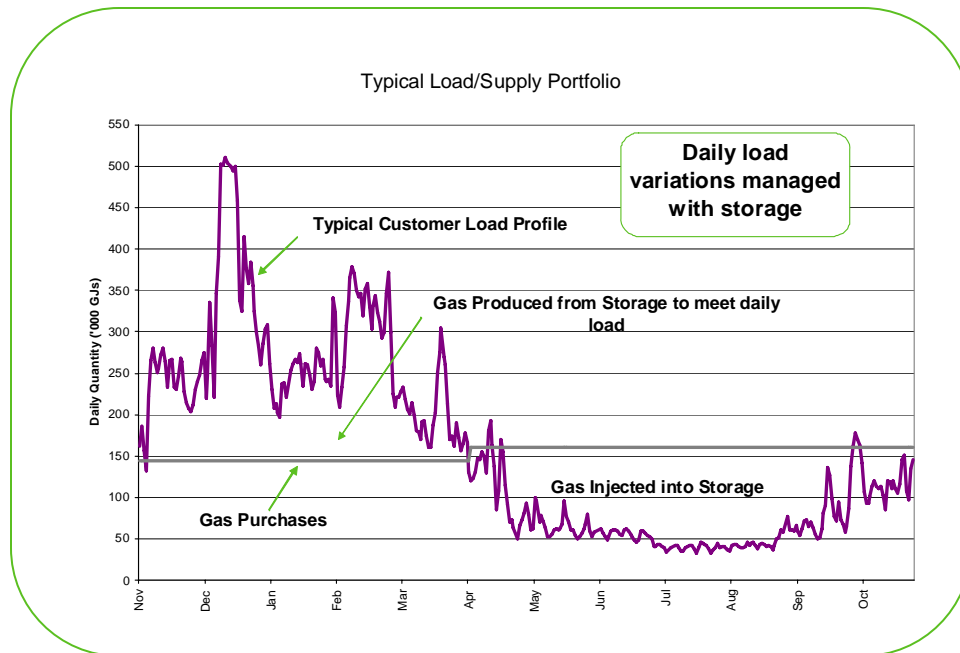
Winter Requirements

Once the annual gas requirement has been determined, the portion required during the winter period (November to March) must be identified. The severe winter weather in Saskatchewan results in high consumption in winter, compared to low consumption in summer. As a result, constant supply throughout the year would not meet demand requirements. Additional gas must be delivered in winter. This gas comes from storage and/or winter-term purchases.

Of the 55.1 million gigajoule annual requirement, approximately 72% or 39.5 million gigajoules must be supplied during the winter period in order to meet the load requirement of an average winter. The extensive use of storage enables SaskEnergy to achieve this winter load concentration while having virtually constant purchase quantities.

In the event of a colder than normal winter, SaskEnergy purchases additional short-term gas as required. This may be done on a daily basis and is called "spot" gas because the gas is purchased on the daily or "spot" market. SaskEnergy monitors storage levels and weather forecasts to ensure that winter gas is purchased in a timely manner in order to meet the requirements of a colder than normal winter. Costs to purchase this gas may impact the actual cost of gas and would be captured in the GCVA.

Should the weather be warmer than normal, SaskEnergy can leave the gas in storage or sell it on the open market.



Maximum Daily Usage Requirements

In addition to managing the annual and winter requirements, consideration must be given to managing the requirements on the coldest day. The design level for system delivery capacity used at SaskEnergy means there is only a 5% chance that the weather would be colder than the design level. For the 2009/2010 year, the maximum daily requirement (peak day) is forecast to be 566 thousand gigajoules per day. This is the combination of SaskEnergy sales and third party sales (refers to gas supply customers of gas marketers) that SaskEnergy delivers.

This peak day requirement is forecast to be satisfied with the following gas supplies:

	<u>Gigajoules (GJ) per day</u>
1) Annual/winter term contracts	140,000
2) Storage	386,000
3) Spot purchases	23,000
4) Commodity competition supply	<u>17,000</u>
	566,000 GJ/d

Should the peak day be above the statistical value, SaskEnergy would buy additional spot gas to meet the demand. With TransCanada Pipeline, the largest single pipeline in North America, running through Saskatchewan, there is minimal supply risk.

GAS PURCHASE PROGRAM

With the demands of unknown loads (i.e. weather variability and load migration due to customers purchasing their natural gas from a supplier other than SaskEnergy) and the availability of various contracts, SaskEnergy's current gas supply portfolio for a normal year consists of:

<u>Contract Type</u>	<u>% of Annual Purchases</u>
1) long-term contracts (over five years)	8% to 12%
2) annual/winter/summer term contracts	70% to 92%
3) spot purchases (daily/monthly)	0 to 15%

The gas supply portfolio is designed to give the least cost mix while providing the required flexibility and security of supply. The long-term and annual contracts provide the required base security of supply. Contracting for up to 85% of gas purchases under contracts of one year or less in duration minimizes cost as the premiums associated with long-term contracts are avoided. Storage also plays a significant role in the daily balancing of volume and meeting the peak day obligation as well as volume needs over the November to March winter time frame. Spot purchases are used for flexibility to adjust for abnormal variations in load due to weather.

GAS PRICING

Typically, all of SaskEnergy's gas purchase contracts specify a price referencing to the intra Alberta "AECO" Monthly Index or "AECO" Daily Index. In the event that spot purchases are required because of a colder than normal winter, these purchases are typically contracted at a fixed price. The market price for gas in Saskatchewan differs from the price in Alberta ("AECO") because of transportation costs and regional supply and demand fundamentals. This price difference between two locations is called "basis differential". The value of this basis differential is important in understanding how SaskEnergy's price differs from the AECO price.

7

CUSTOMER BILL IMPACTS

The recommended commodity rate is \$5.21/GJ (19.61 cents per cubic metre) from the current commodity rate of \$5.96/GJ (22.38 cents per cubic metre).

The customer bill impacts include all rate charges on the bill and compares the proposed rates to the current rates over one year. On average, residential customers will see their total monthly bill decrease by \$6.63, or about 7.9% annualized.

Average Bill Impact

Commodity Rate 19.61 Cents Per Cubic Metre (\$5.21/GJ) Effective November 01, 2009		
Rate Class	\$/Month	Annual Bill % Decline
Residential	(\$6.63)	(7.9%)
General Service II	(\$28.46)	(9.1%)
General Service III	(\$491.81)	(10.0%)

8

GLOSSARY OF TERMS

AECO

A market center in Alberta located at the storage facility AECO “C” operated by Niska Gas Storage. 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 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.

Gas Cost Variance Account

A regulatory accounting mechanism that captures the difference between actual Cost of Gas Sold and the actual revenues from the Commodity Rate. The net differences are accumulated for a period of time. The balance is then applied to a future Commodity Rate or the current years Commodity Rate 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 109 gigajoules per year.

Market Hub

An interchange where multiple pipelines interconnect creating physical and pricing liquidity. AECO/NIT is the market hub in Alberta

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.

Gas Year

Begins on November 01 of one year and ends October 31 of the following year.

9

MINIMUM FILING REQUIREMENTS

SaskEnergy's delivery service application to the Saskatchewan Rate Review Panel is based on established minimum filing requirements. This ensures that rate change applications are adequately organized, structured, detailed and consistent. The minimum filing requirements established for this delivery rate application are contained in [Schedule 4.0](#).

10

SCHEDULES

	Page
1.0 FORECAST COST OF GAS SOLD	17
1.2 FORECAST GAS PRICES	18
1.3 STORAGE INVENTORY DETAILS – FORECASTED COST OF GAS.....	19
2.0 GAS COST VARIANCE ACCOUNT.....	20
2.1 NATURAL GAS PRICE RISK MANAGEMENT DETAILS – GAS COST VARIANCE ACCOUNT	21
2.2 STORAGE INVENTORY DETAILS – GAS COST VARIANCE ACCOUNT	22
3.0 DETERMINATION OF COMMODITY RATE.....	23
4.0 MINIMUM FILING REQUIREMENTS.....	24



SCHEDULE 1.0

FORECAST COST OF GAS SOLD

SaskEnergy Incorporated
Natural Gas Commodity Rate Filing
November 1, 2009 to October 31, 2010
Forecast Cost of Gas Sold (\$000's)

Line	Description	1 Nov-09	2 Dec-09	3 Jan-10	4 Feb-10	5 Mar-10	6 Apr-10	7 May-10	8 Jun-10	9 Jul-10	10 Aug-10	11 Sep-10	12 Oct-10	13 TOTAL 2009/10
1	Purchases	\$20,407	\$21,086	\$21,086	\$19,045	\$21,085	\$23,787	\$24,579	\$23,786	\$24,578	\$24,578	\$23,784	\$24,576	\$272,377
2	Price Risk Management (Inflows)/Outflows	\$4,342	\$4,487	\$4,487	\$4,053	\$4,487	\$1,806	\$1,866	\$1,806	\$1,866	\$1,866	\$1,806	\$1,866	\$34,735
3	Costs upstream of TEP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Cost of Purchase Gas	\$24,749	\$25,573	\$25,573	\$23,098	\$25,572	\$25,592	\$26,445	\$25,591	\$26,444	\$26,443	\$25,590	\$26,442	\$307,112
5	Storage Withdrawal (Injection)	\$10,845	\$22,349	\$25,380	\$19,608	\$12,948	(\$3,108)	(\$13,697)	(\$18,094)	(\$19,998)	(\$20,419)	(\$15,127)	(\$6,487)	(\$5,798)
6	Gas in Storage Interest Expense	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$647
7	Gas Supply Operating Maintenance & Admin Expenses	\$114	\$114	\$114	\$114	\$114	\$114	\$114	\$114	\$114	\$114	\$114	\$114	\$1,371
8	Gas Supply Related Bad Debt Expense	\$117	\$161	\$171	\$143	\$127	\$75	\$43	\$25	\$21	\$20	\$35	\$67	\$1,005
9	Less Gas Supply Related Late Payment Charges	(\$38)	(\$49)	(\$72)	(\$93)	(\$94)	(\$85)	(\$72)	(\$58)	(\$47)	(\$39)	(\$35)	(\$34)	(\$718)
10	Less Cost of Internal Usage	(\$207)	(\$290)	(\$320)	(\$285)	(\$293)	(\$226)	(\$115)	(\$120)	(\$75)	(\$51)	(\$77)	(\$131)	(\$2,189)
11	Cost of Gas Sold	\$35,634	\$47,912	\$50,901	\$42,638	\$38,428	\$22,416	\$12,771	\$7,513	\$6,514	\$6,121	\$10,554	\$20,025	\$301,429

Volume (Gigajoules - 000s)														
Line	Description	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	TOTAL 2009/10
12	Customer Sales	6,373	8,743	9,329	7,780	6,911	4,081	2,316	1,353	1,168	1,095	1,904	3,634	54,688
13	Purchases (less Fuel Gas & Line Loss)	4,296	4,439	4,439	4,009	4,439	4,692	4,848	4,691	4,848	4,848	4,691	4,847	55,087
14	Cost of Purchase Gas (GJ)	\$5,761	\$5,761	\$5,761	\$5,761	\$5,761	\$5,455	\$5,455	\$5,455	\$5,455	\$5,455	\$5,455	\$5,455	
15	Storage Withdrawal (Injection)	2,114	4,357	4,948	3,823	2,524	(570)	(2,511)	(3,317)	(3,666)	(3,743)	(2,773)	(1,189)	
16	Storage Withdrawal (Injection) Rate (GJ)	\$5,129	\$5,129	\$5,129	\$5,129	\$5,129	\$5,455	\$5,455	\$5,455	\$5,455	\$5,455	\$5,455	\$5,455	
17	Internal Usage	(37)	(53)	(59)	(52)	(53)	(41)	(21)	(22)	(13)	(9)	(14)	(24)	(397)

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

SCHEDULE 1.2

FORECAST GAS PRICES

SaskEnergy Incorporated

**Forecast Gas Prices for
November 1, 2009 to October 31, 2010
as of 14-Sep-09
(\$/Gigajoule)**

	1	2	3	4	5	6	7	8	9	10	11	12
Line Description	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10
1 AECO Forward Prices	4.660	4.660	4.660	4.660	4.660	4.980	4.980	4.980	4.980	4.980	4.980	4.980
COST OF PURCHASE GAS AT TEP												
2 Cost of Purchase Gas Before Hedges	4.750	4.750	4.750	4.750	4.750	5.070	5.070	5.070	5.070	5.070	5.070	5.070
3 Change in Price due to Hedging	1.011	1.011	1.011	1.011	1.011	0.385	0.385	0.385	0.385	0.385	0.385	0.385
4 Costs upstream of TEP	-	-	-	-	-	-	-	-	-	-	-	-
5 Forecast Cost of Purchase Gas	5.761	5.761	5.761	5.761	5.761	5.455	5.455	5.455	5.455	5.455	5.455	5.455
6 Volume Adjusted Cost of Purchase Gas ²	5.761	5.761	5.761	5.761	5.761	5.455	5.455	5.455	5.455	5.455	5.455	5.455
COST OF GAS SOLD												
7 Purchase Price	5.761	5.761	5.761	5.761	5.761	5.455	5.455	5.455	5.455	5.455	5.455	5.455
8 % of Sales met with Purchases	66.8%	50.2%	47.0%	50.9%	63.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
9 Inventory Withdrawal Price	5.129	5.129	5.129	5.129	5.129							
10 % of Sales met with Inventory	33.2%	49.8%	53.0%	49.1%	36.5%							
11 Cost of Gas Sold before OM&A	5.551	5.446	5.426	5.450	5.530	5.455	5.455	5.455	5.455	5.455	5.455	5.455
12 Interest, OM&A and Bad Debt Expense ³	0.039	0.032	0.029	0.028	0.029	0.039	0.060	0.100	0.122	0.136	0.088	0.055
13 Forecast Cost of Gas Sold	\$ 5.590	\$ 5.478	\$ 5.455	\$ 5.478	\$ 5.559	\$ 5.494	\$ 5.515	\$ 5.555	\$ 5.577	\$ 5.591	\$ 5.543	\$ 5.510

¹ The TEP (TransGas Energy Pool) basis differential to AECO is forecast to be \$0.09/GJ.

² The volume of purchase gas has been adjusted for Fuel Gas and Line Loss.

³ Interest, OM&A (Operating, Maintenance & Administration expenses) and Bad Debt Expense 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.

SCHEDULE 1.3

STORAGE INVENTORY DETAILS – FORECASTED COST OF GAS

SaskEnergy Incorporated
Natural Gas Commodity Rate Filing
November 1, 2009 to October 31, 2010
Storage Inventory Details - Forecasted Cost of Gas

	1	2	3	4	5	6	7	8	9	10	11	12
	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10
Line Gas in Storage - Volume												
1 Opening Balance (000's GJs)	19,226	17,111	12,754	7,806	3,983	1,458	2,028	4,539	7,856	11,522	15,265	18,038
2 Closing Balance (000's GJs)	17,111	12,754	7,806	3,983	1,458	2,028	4,539	7,856	11,522	15,265	18,038	19,227
3 (Injections)/ Withdrawals (000's GJs)	2,114	4,357	4,948	3,823	2,524	(570)	(2,511)	(3,317)	(3,666)	(3,743)	(2,773)	(1,189)
4 (Injection)/Withdrawal Price	\$5.13	\$5.13	\$5.13	\$5.13	\$5.13	\$5.45	\$5.45	\$5.45	\$5.45	\$5.45	\$5.46	\$5.46
5 Weighted Average Price of Gas in Storage	\$5.13	\$5.13	\$5.13	\$5.13	\$5.13	\$5.22	\$5.35	\$5.39	\$5.41	\$5.42	\$5.43	\$5.43
Cost of Gas in Storage												
6 Opening Balance (\$000)	\$ 98,612	\$ 87,766	\$ 65,417	\$ 40,037	\$ 20,429	\$ 7,481	\$ 10,589	\$ 24,286	\$ 42,379	\$ 62,377	\$ 82,797	\$ 97,923
7 Closing Balance (\$000)	\$ 87,766	\$ 65,417	\$ 40,037	\$ 20,429	\$ 7,481	\$ 10,589	\$ 24,286	\$ 42,379	\$ 62,377	\$ 82,797	\$ 97,923	\$ 104,410
8 Cost of Storage Gas Sold	\$ 10,845	\$ 22,349	\$ 25,380	\$ 19,608	\$ 12,948	\$ (3,108)	\$ (13,697)	\$ (18,094)	\$ (19,998)	\$ (20,419)	\$ (15,127)	\$ (6,487)

	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	TOTAL 2009/10
Line Storage Inventory Carrying Costs														
	<----- Previous Summer ----->													
9 Gas in Storage Closing Balance	(\$0)	\$1,832	\$14,704	\$31,645	\$49,800	\$71,636	\$89,578	\$98,612	\$87,766	\$65,417	\$40,037	\$20,429	\$7,481	
10 Average Daily Balance		\$916	\$8,268	\$23,175	\$40,723	\$60,718	\$80,607	\$94,095	\$93,189	\$76,592	\$52,727	\$30,233	\$13,955	
11 Interest Rate		0.50%	0.25%	0.25%	0.25%	0.25%	0.24%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
12 Calculated Monthly Interest Charge		\$0	\$2	\$5	\$9	\$13	\$16	\$160	\$153	\$130	\$90	\$46	\$24	
13 Total Annual Interest														
14 Amortized Monthly Interest Charge														\$647
														\$54

Tables might not add precisely due to rounding.

SCHEDULE 2.0

GAS COST VARIANCE ACCOUNT

SaskEnergy Incorporated
Natural Gas Commodity Rate Filing
April 1, 2009 to October 31, 2009
Gas Cost Variance Account (\$'000's)

Line	Description	1 Apr-09	2 May-09	3 Jun-09	4 Jul-09	5 Aug-09	6 Sep-09	7 Oct-09	8 TOTAL
1	GCVA Balance Forward at March 31, 2009	(9,611)							
2	Opening Cumulative GCVA Balance - Under/(Over) Recov	(9,611)	(9,216)	(8,881)	(9,535)	(10,164)	(10,872)	(13,125)	
3	Purchases	15,690	16,817	16,436	14,253	16,384	15,356	15,850	110,786
4	Less Purchases of Other Gas Sales	(8)	(7)	(3)	(4)	0	0	0	(23)
5	Price Risk Management (Inflows)/Outflows	7,695	9,882	9,203	10,219	11,003	11,754	11,474	71,229
6	Costs upstream of TEP	131	193	(24)	(171)	334	0	0	463
7	Cost of Purchase Gas	23,507	26,885	25,611	24,296	27,722	27,110	27,324	182,456
8	Storage Withdrawal (Injection)	(1,832)	(12,872)	(16,941)	(18,154)	(21,836)	(17,941)	(9,034)	(98,612)
9	Gas in Storage Interest Expense	124	124	124	124	124	124	124	865
10	Gas Supply Operating Maintenance & Admin Expenses	108	108	108	108	108	108	108	759
11	Gas Supply Related Bad Debt Expense	74	48	33	22	24	42	81	324
12	Less Gas Supply Related Late Payment Charges	(236)	(118)	(90)	(68)	(55)	(58)	(57)	(683)
13	Less Cost of Internal Usage	(166)	(103)	(80)	(695)	(44)	(67)	(122)	(1,277)
14	Cost of Gas Sold	21,579	14,072	8,765	5,632	6,042	9,318	18,424	83,832
15	Commodity Sales Revenue (Current Rate \$5.96/GJ)	21,181	13,735	9,417	6,258	6,748	11,568	21,969	90,877
16	Gain (Loss) on Other Gas Sales	(1)	(0)	(0)	1	0	0	0	(1)
17	Period GCVA Balance	399	337	(652)	(627)	(706)	(2,250)	(3,545)	(7,045)
18	Period GCVA Interest	(4)	(2)	(2)	(2)	(2)	(2)	(25)	(40)
19	Closing Cumulative GCVA Balance (Line 1+17+18)	(9,216)	(8,881)	(9,535)	(10,164)	(10,872)	(13,125)	(16,695)	(16,695)

Volume (Gigajoules - 000s)									
Line	Description	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	TOTAL
20	Customer Sales	4,346	2,562	1,607	1,149	1,191	1,940	3,685	16,480
21	Purchases (less Fuel Gas & Line Loss)	4,750	4,950	4,789	4,454	5,652	5,778	5,541	35,915
22	Cost of Purchase Gas (GJ)	\$4,949	\$5,431	\$5,348	\$5,455	\$4,905	\$4,692	\$4,931	
23	Storage Withdrawal (Injection)	(370)	(2,370)	(3,168)	(3,209)	(4,452)	(3,824)	(1,832)	(19,226)
24	Storage Withdrawal (Injection) Rate (GJ)	\$7,985	\$7,985	\$7,985	\$7,985	\$7,985	\$7,985	\$7,985	
25	Internal Usage	(33)	(19)	(15)	(96)	(9)	(14)	(24)	(210)

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

SCHEDULE 2.1

NATURAL GAS PRICE RISK MANAGEMENT DETAILS – GAS COST VARIANCE ACCOUNT

SaskEnergy Incorporated
Natural Gas Commodity Rate Filing
April 1, 2009 to October 31, 2009
Natural Gas Price Risk Management Details - Gas Cost Variance Account

Line	(\$000's & 000's of Gigajoules)	1 Apr-09	2 May-09	3 Jun-09	4 Jul-09	5 Aug-09	6 Sep-09	7 Oct-09	8 TOTAL
Market Price Forecast (\$/Gigajoule)									
1	AECO Reference Price as of September 14, 2009	\$ 3.817	\$ 3.238	\$ 3.350	\$ 3.137	\$ 2.901	\$ 2.558	\$ 2.760	
AECO Swaps									
2	Swaps Volumes (GJ - 000's)	2,325	2,403	2,325	2,403	2,403	2,325	2,403	16,585
3	Swaps Receipts/(Payments) \$000's	\$ (5,494)	\$ (7,070)	\$ (6,581)	\$ (7,312)	\$ (7,878)	\$ (8,421)	\$ (8,217)	\$ (50,972)
Call Options (Long)									
4	Call Option Volumes (GJ's)	900	930	900	930	930	900	930	6,420
5	Call Option Premium Receipts/(Payments)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6	Call Option Settlement Receipts/(Payments)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
7	Call Option Net Receipts/(Payments)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Call Options (Short)									
8	Call Option Volumes	900	930	900	930	930	900	930	6,420
9	Call Option Premium Receipts/(Payments)	\$ -	\$ 258	\$ -	\$ -	\$ 233	\$ -	\$ -	749
10	Call Option Settlement Receipts/(Payments)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
11	Call Option Net Receipts/(Payments)	\$ -	\$ 258	\$ -	\$ -	\$ 233	\$ -	\$ -	749
Put Options (Short)									
12	Put Option Volumes	(900)	(930)	(900)	(930)	(930)	(900)	(930)	(6,420)
13	Put Option Premium Receipts/(Payments)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
14	Put Option Settlement Receipts/(Payments)	\$ (2,200)	\$ (2,813)	\$ (2,621)	\$ (2,907)	\$ (3,126)	\$ (3,333)	\$ (3,257)	\$ (20,257)
15	Put Option Net Receipts/(Payments)	\$ (2,200)	\$ (2,813)	\$ (2,621)	\$ (2,907)	\$ (3,126)	\$ (3,333)	\$ (3,257)	\$ (20,257)
Results from Price Management Activities									
16	Total Volume of Gas Hedged (GJ - 000's)	3,225	3,333	3,225	3,333	3,333	3,225	3,333	23,005
17	Total Hedge Receipts/(Payments) \$000's	\$ (7,695)	\$ (9,882)	\$ (9,203)	\$ (10,219)	\$ (11,003)	\$ (11,754)	\$ (11,474)	\$ (71,229)

Tables might not add precisely due to rounding.

SCHEDULE 2.2

STORAGE INVENTORY DETAILS – GAS COST VARIANCE ACCOUNT

SaskEnergy Incorporated
Natural Gas Commodity Rate Filing
April 1, 2009 to October 31, 2009
Storage Inventory Details - Gas Cost Variance Account

	1	2	3	4	5	6	7
	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09
Line Gas in Storage - Volume							
1 Opening Balance (000's GJs)	0	370	2,740	5,908	9,117	13,569	17,394
2 Closing Balance (000's GJs)	370	2,740	5,908	9,117	13,569	17,394	19,226
3 (Injections)/ Withdrawals (000's GJs)	(370)	(2,370)	(3,168)	(3,209)	(4,452)	(3,824)	(1,832)
4 (Injection)/Withdrawal Price	\$4.95	\$5.43	\$5.35	\$5.45	\$4.90	\$4.69	\$4.93
5 Weighted Average Price of Gas in Storage	\$4.95	\$5.37	\$5.36	\$5.46	\$5.28	\$5.15	\$5.13
Cost of Gas in Storage							
6 Opening Balance (\$000)	0	\$ 1,832	\$ 14,704	\$ 31,645	\$ 49,800	\$ 71,636	\$ 89,578
7 Closing Balance (\$000)	\$ 1,832	\$ 14,704	\$ 31,645	\$ 49,800	\$ 71,636	\$ 89,578	\$ 98,612
8 Cost of Storage Gas Sold	\$ (1,832)	\$ (12,872)	\$ (16,941)	\$ (18,154)	\$ (21,836)	\$ (17,941)	\$ (9,034)

Line	Storage Inventory Carrying Costs	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	TOTAL 2008/09
		←----- Previous Summer -----→													
9	Gas in Storage Closing Balance		(\$0)	\$1,014	\$21,494	\$47,145	\$86,669	\$127,382	\$150,876	\$148,045	\$136,841	\$82,761	\$46,146	\$13,380	(\$0)
10	Average Daily Balance			\$507	\$11,254	\$34,320	\$66,907	\$107,026	\$139,129	\$149,460	\$142,443	\$109,801	\$64,454	\$29,763	\$6,690
11	Interest Rate			1.90%	2.74%	2.79%	2.38%	2.33%	2.30%	2.10%	2.00%	1.70%	1.48%	1.00%	0.65%
12	Calculated Monthly Interest Charge			\$1	\$26	\$79	\$135	\$212	\$263	\$267	\$234	\$159	\$81	\$23	\$4
13	Total Annual Interest														
14	Amortized Monthly Interest Charge														\$1,483
															\$124

Tables might not add precisely due to rounding.

SCHEDULE 3.0

DETERMINATION OF COMMODITY RATE

SaskEnergy Incorporated

Determination of Commodity Rate for November 1, 2009 to October 31, 2010

Line	Description	Amount	Ref.
1	Estimated Balance of GCVA at October 31, 2009 (000's)	(\$16,695)	Schedule 2.0, Col. 2, Line 19
2	Nov 1, 2009 to Oct 31, 2010 Gas Cost Forecast (000's)	<u>\$ 301,429</u>	Schedule 1.0, SUM Col. 13, Line 11
3	Total Forecast Costs to Recover (000's)	<u>\$ 284,734</u>	Line 1 plus Line 2
4	Nov 1, 2009 to Oct 31, 2010 Forecast Sales (GJs - 000's)	<u>54,688</u>	Schedule 1.0, SUM Col. 13, Line 12
5	Nov 1, 2009 to Oct 31, 2010 Monthly Weighted Cost per Unit of Sales	<u><u>\$5.207</u></u>	Line 3 divided by Line 2
6	Applied for Commodity Rate	\$5.207	
7	Customer Commodity Rate Equivalent (Heating Value = 37.67 MJ/m ³)	<u><u>19.61</u></u>	cents per cubic metre

Notes:

1. Numbers might not add precisely due to rounding.
2. The methodology is designed to target a zero GCVA balance at the end of the period.
3. SaskEnergy purchases natural gas on an energy basis (GJs) and bills its customers on a volume basis (cubic metres). The Heating Value used to convert energy to volume is a forecast based on the previous average volume-weighted twelve months.

SCHEDULE 4.0

MINIMUM FILING REQUIREMENTS

SaskEnergy Incorporated Minimum Filing Requirements for Commodity Rate Applications

SaskEnergy will provide the following Minimum Filing Requirements to the Panel when requesting a review for a Commodity Rate Adjustment. SaskEnergy may supply additional information, and the Saskatchewan Rate Review Panel and their consultants may also request additional information.

1. Commodity Rate Application, containing at least the following information:
 - Rate Change Requested
 - Detailed Forecasted Natural Gas Costs for the Test Period including
 - Forecasted cost of future purchases
 - Price risk management cashflows
 - Natural gas inventory and related interest costs
 - Operating, maintenance and administrative charges
 - Bad debt expense and late payment revenue
 - Actual detailed cost of gas sold and commodity revenue for the test period of the previous commodity application to present (Gas Cost Variance Account)
 - Gas Supply Overview
 - Load Forecast
 - Detailed Customer Bill Impact
2. Annual LDC Commodity Price Risk Management Strategy
3. Customer Consumption by Rate Class for Previous three years and Forecast Period
4. Annual Operating, Maintenance and Administrative charges, Bad Debt Expense and Late Payment Revenue for the previous three years
5. Hi-Average-Low Customer Bill Impacts
6. Effect of the Proposed Rate Change on Competitiveness with Other Jurisdictions
7. Report on Implementation of Previous Panel Recommendations

The Panel will not release or require SaskEnergy to publicly release commercially sensitive material or other material designated as confidential.