



Media Release

For Immediate Release

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Market conditions lead to continuation of lowest commodity rate since 2001

Saskatchewan residents will continue to experience the lowest natural gas commodity rates since 2001, with SaskEnergy's announcement today that market conditions will enable it to maintain its current rate. SaskEnergy lowered its commodity rate by 13 per cent to \$5.21/Gigajoule (GJ) on November 1, 2009, its lowest rate in eight years.

SaskEnergy sets its commodity rate annually each fall, with an adjustment in April if natural gas prices are substantially different than its current rate. The Saskatchewan Rate Review Panel (SRRP) reviews any SaskEnergy application to commodity and delivery rates.

"Our current gas buying program has provided stability to consumers during the higher consumption months of January and February, when rates in other jurisdictions ranged in the high-\$5/GJ to mid-\$6/GJ," said Doug Kelln, President and Chief Executive Officer, SaskEnergy. "Historically, our customers have been able to experience stability through the winter months with our gas price management program."

SaskEnergy uses the forward 12-month price for natural gas in setting its future rates. Looking at the current market prices, SaskEnergy anticipates its natural gas costs for this summer will be close to the current commodity rate of \$5.21/GJ.

Any difference between SaskEnergy's commodity rate, and what it pays for natural gas on the open market this summer is tracked in the Gas Cost Variance Account (GCVA). Any balance in the GCVA is then refunded to or collected from customers in the next rate application. SaskEnergy anticipates the GCVA balance to be at or near zero as of April 1, 2010.

While SaskEnergy continually monitors the markets, it will review its commodity rate again this fall, prior to the start of the winter heating season.

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