

2022 SaskEnergy Delivery and Commodity Rate Application

Commodity Mid-Application Market Update

September 29, 2022



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1. OVERVIEW

In July 2022, SaskEnergy Incorporated (SaskEnergy) filed a three-year Delivery Service and One-Year Commodity Rate Application. This Commodity Mid-Application Market Update indicates the commodity rate required as of September 21, 2022. The Delivery Rate Financial Update is under a separate document.

Market Volatility

Market volatility has continued throughout the fall. Since August 24, 2022, forward natural gas prices initially spiked with AECO winter reaching highs near \$8.00/GJ and AECO summer 2023 over \$5.00/GJ. However, over the past couple of weeks energy prices, including natural gas, have fallen drastically along with most other capital markets. For the mid-application update, natural gas prices as of September 21, 2022 were used. AECO winter is at \$6.18/GJ, while next summer is at \$4.41/GJ – lower than what was provided in the responses on August 24, 2022.

Heat Value

SaskEnergy reviewed its forecast heat value and determined that a lower heat value is required for the application period April 1, 2022 – March 31, 2025. The initial Rate Application forecasted a heat value of 39.9 MJ/m³ while the Mid-Application Update assumes a heat value of 39.5 MJ/m³.

2. COMMODITY BILL IMPACT

The indicative commodity rate, based on the market update, is 16.26 cents per cubic metre (\$4.12/gigajoule).

The customer bill impact below includes all rate charges on the bill and compares the commodity rate (market update based on September 21, 2022 market prices) increase to the rate prior to August 1, 2022 of \$3.20/GJ.

	Commodity Rate Increase (\$3.20/GJ to \$4.12/GJ)		Total Bill Impact
	\$/Month*	% Increase	% Increase
Residential	\$7.37	27.2%	9.8%
Commercial Small	\$37.04	27.2%	13.7%
Commercial Large	\$464	27.2%	16.3%
Small Industrial	\$1,712	27.2%	19.7%
Average		27.2%	11.6%

*The average monthly increase is based on an average customer's annual consumption and will vary depending on customer usage.

3. SCHEDULES

The following schedules have been updated based on the Market Update on September 21, 2022.

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SCHEDULE 2.0 FORECAST COST OF GAS SOLD

SaskEnergy Incorporated
Forecast Cost of Gas Sold (\$000's)
November 1, 2022 - October 31, 2023

Line	Description	1	2	3	4	5	6	7	8	9	10	11	12	13
		Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	TOTAL
1	Saskatchewan Purchases - Floating Price	\$3,694	\$3,817	\$3,817	\$3,448	\$3,817	\$2,716	\$2,806	\$2,716	\$2,806	\$2,806	\$2,716	\$2,806	\$37,966
2	Alberta Purchases - Fixed Price	\$7,894	\$8,157	\$8,157	\$7,368	\$8,157	\$10,176	\$10,516	\$10,176	\$10,516	\$10,516	\$10,176	\$10,516	\$112,325
3	Alberta Purchases - Floating Price	\$9,987	\$10,320	\$10,387	\$9,382	\$10,387	\$2,301	\$2,378	\$2,301	\$2,378	\$2,378	\$2,301	\$2,377	\$66,877
4	Price Risk Management (Inflows)/Outflows	(\$7,021)	(\$7,255)	(\$7,255)	(\$6,553)	(\$7,255)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$35,338)
5	Costs upstream of TEP	\$2,626	\$2,711	\$2,711	\$2,455	\$2,711	\$2,626	\$2,711	\$2,626	\$2,711	\$2,711	\$2,626	\$2,711	\$31,935
6	Cost of Purchase Gas	\$17,180	\$17,750	\$17,817	\$16,100	\$17,817	\$17,819	\$18,411	\$17,819	\$18,411	\$18,411	\$17,819	\$18,410	\$213,765
7	Storage Withdrawal (Injection)	\$9,094	\$19,173	\$23,646	\$17,539	\$8,660	(\$2,544)	(\$10,627)	(\$12,559)	(\$13,979)	(\$14,079)	(\$10,690)	(\$2,128)	\$11,505
8	Gas in Storage Interest Expense	\$111	\$111	\$111	\$111	\$111	\$111	\$111	\$111	\$111	\$111	\$111	\$111	\$1,330
9	Gas Supply Operating Maintenance & Admin Expenses	\$129	\$129	\$129	\$129	\$129	\$129	\$129	\$129	\$129	\$129	\$129	\$129	\$1,550
10	Gas Supply Related Bad Debt Expense	\$155	\$208	\$230	\$188	\$156	\$87	\$44	\$30	\$25	\$25	\$41	\$94	\$1,282
11	Less Gas Supply Related Late Payment Charges	(\$48)	(\$61)	(\$90)	(\$117)	(\$118)	(\$107)	(\$91)	(\$73)	(\$58)	(\$49)	(\$44)	(\$43)	(\$898)
12	Less Cost of Internal Usage	(\$111)	(\$181)	(\$234)	(\$291)	(\$255)	(\$218)	(\$118)	(\$87)	(\$28)	(\$49)	(\$50)	(\$60)	(\$1,681)
13	Cost of Gas Sold	\$26,510	\$37,129	\$41,609	\$33,660	\$26,501	\$15,277	\$7,860	\$5,370	\$4,611	\$4,498	\$7,316	\$16,512	\$226,854

Volume (Gigajoules - 000s)														
Line	Description	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	TOTAL
		14	Customer Sales	7,379	9,897	10,941	8,967	7,424	4,136	2,108	1,423	1,211	1,178	1,946
15	Purchases (less Fuel Gas & Line Loss)	5,279	5,451	5,460	4,933	5,466	4,894	5,061	4,898	5,062	5,062	4,898	5,057	61,519
16	Cost of Purchase Gas (Gj)	\$3.255	\$3.257	\$3.263	\$3.264	\$3.260	\$3.641	\$3.638	\$3.638	\$3.637	\$3.637	\$3.638	\$3.641	
17	Storage Withdrawal (Injection)	2,132	4,494	5,543	4,111	2,030	(699)	(2,921)	(3,452)	(3,844)	(3,871)	(2,938)	(585)	(0)
18	Storage Withdrawal (Injection) Rate (Gj)	\$4.266	\$4.266	\$4.266	\$4.266	\$4.266	\$3.641	\$3.638	\$3.638	\$3.637	\$3.637	\$3.638	\$3.641	
19	Internal Usage	(31)	(48)	(62)	(77)	(71)	(59)	(32)	(23)	(7)	(13)	(13)	(16)	(453)

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

SCHEDULE 2.1 FORECAST GAS PRICES

SaskEnergy Incorporated
Forecast Gas Prices for
November 1, 2022 - October 31, 2023
Closing Prices as of September 21, 2022
\$/Gigajoule

	1	2	3	4	5	6	7	8	9	10	11	12
Line Description	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
1 AECO Forward Prices	6.176	6.176	6.176	6.176	6.176	4.413	4.413	4.413	4.413	4.413	4.413	4.413
COST OF PURCHASE GAS												
2 Cost of Purchase Gas - Fixed Price	2.530	2.530	2.530	2.530	2.530	2.661	2.661	2.661	2.661	2.661	2.661	2.661
3 Cost of Purchase Gas - Floating Price	6.302	6.302	6.302	6.302	6.302	4.663	4.663	4.663	4.663	4.663	4.663	4.663
4 Cost of Purchase Gas Before Financial Hedges	4.078	4.078	4.082	4.082	4.082	3.100	3.100	3.100	3.100	3.100	3.100	3.100
5 Change in Price due to Financial Hedges	(1.327)	(1.327)	(1.324)	(1.324)	(1.324)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
6 Receipt Transport	0.496	0.496	0.495	0.496	0.495	0.536	0.535	0.536	0.535	0.535	0.536	0.535
7 Forecast Cost of Purchase Gas	3.247	3.247	3.253	3.254	3.253	3.636	3.635	3.636	3.635	3.635	3.636	3.635
8 Volume Adjusted Cost of Purchase Gas ¹	3.255	3.257	3.263	3.264	3.260	3.641	3.638	3.638	3.637	3.637	3.638	3.641
COST OF GAS SOLD												
9 Purchase Price	3.255	3.257	3.263	3.264	3.260	3.641	3.638	3.638	3.637	3.637	3.638	3.641
10 % of Sales met with Purchases	71.1%	54.6%	49.3%	54.2%	72.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
11 Inventory Withdrawal Price	4.266	4.266	4.266	4.266	4.266	4.097	3.854	3.770	3.730	3.709	3.698	3.696
12 % of Sales met with Inventory	28.9%	45.4%	50.7%	45.8%	27.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
13 Cost of Gas Sold before OM&A	3.547	3.715	3.771	3.723	3.535	3.641	3.638	3.638	3.637	3.637	3.638	3.641
14 Interest, OM&A and Bad Debt Expense Less Late Payment Charges ²	0.048	0.040	0.035	0.035	0.038	0.054	0.094	0.142	0.174	0.186	0.124	0.066
15 Forecast Cost of Gas Sold	\$ 3.595	\$ 3.755	\$ 3.807	\$ 3.759	\$ 3.573	\$ 3.695	\$ 3.732	\$ 3.779	\$ 3.811	\$ 3.823	\$ 3.762	\$ 3.707

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

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

SCHEDULE 2.2

FORECASTED COST OF GAS – STORAGE INVENTORY DETAILS

SaskEnergy Incorporated

Storage Inventory Details - Forecasted Cost of Gas

November 1, 2022 - October 31, 2023

	1	2	3	4	5	6	7	8	9	10	11	12
	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
Line Gas in Storage - Volume												
1 Opening Balance (000's Gjs)	20,196	18,064	13,570	8,027	3,916	1,887	2,585	5,506	8,958	12,802	16,673	19,611
2 Closing Balance (000's Gjs)	18,064	13,570	8,027	3,916	1,887	2,585	5,506	8,958	12,802	16,673	19,611	20,196
3 (Injections)/ Withdrawals (000's Gjs)	2,132	4,494	5,543	4,111	2,030	(699)	(2,921)	(3,452)	(3,844)	(3,871)	(2,938)	(585)
4 (Injection)/Withdrawal Price	\$4.27	\$4.27	\$4.27	\$4.27	\$4.27	\$3.64	\$3.64	\$3.64	\$3.64	\$3.64	\$3.64	\$3.64
5 Weighted Average Price of Gas in Storage	\$4.27	\$4.27	\$4.27	\$4.27	\$4.27	\$4.10	\$3.85	\$3.77	\$3.73	\$3.71	\$3.70	\$3.70
Cost of Gas in Storage												
6 Opening Balance (\$000)	\$ 86,159	\$ 77,065	\$ 57,892	\$ 34,247	\$ 16,708	\$ 8,048	\$ 10,592	\$ 21,219	\$ 33,777	\$ 47,757	\$ 61,836	\$ 72,525
7 Closing Balance (\$000)	\$ 77,065	\$ 57,892	\$ 34,247	\$ 16,708	\$ 8,048	\$ 10,592	\$ 21,219	\$ 33,777	\$ 47,757	\$ 61,836	\$ 72,525	\$ 74,654
8 Net Change in Inventory (\$000)	\$ 9,094	\$ 19,173	\$ 23,646	\$ 17,539	\$ 8,660	\$ (2,544)	\$ (10,627)	\$ (12,559)	\$ (13,979)	\$ (14,079)	\$ (10,690)	\$ (2,128)

	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	TOTAL
Line Storage Inventory Carrying Costs														
	<----- Summer ----->													
9 Gas in Storage Closing Balance	\$4,105	\$3,503	\$18,632	\$38,547	\$58,651	\$69,669	\$83,684	\$86,159	\$77,065	\$57,892	\$34,247	\$16,708	\$8,048	
10 Average Daily Balance		\$3,804	\$11,067	\$28,589	\$48,599	\$64,160	\$76,677	\$84,922	\$81,612	\$67,479	\$46,069	\$25,477	\$12,378	
11 Interest Rate		0.51%	1.01%	1.37%	1.88%	2.50%	3.03%	3.32%	3.32%	3.32%	3.32%	3.32%	3.32%	
12 Calculated Monthly Interest Charge		\$2	\$9	\$32	\$78	\$136	\$191	\$239	\$223	\$190	\$130	\$65	\$35	
13 Total Annual Interest														\$1,330
14 Amortized Monthly Interest Charge														\$111

Tables might not add precisely due to rounding.

SCHEDULE 3.0 GAS COST VARIANCE ACCOUNT

SaskEnergy Incorporated Gas Cost Variance Account (\$000's) November 1, 2021 - October 31, 2022

Line	Description	1 Nov-21	2 Dec-21	3 Jan-22	4 Feb-22	5 Mar-22	6 Apr-22	7 May-22	8 Jun-22	9 Jul-22	10 Aug-22	11 Sep-22 Forecast	12 Oct-22 Forecast	13 TOTAL
1	GCVa Balance Forward at October 31, 2022	\$20,443												\$20,443
2	Opening Cumulative GCVa Balance - Under/(Over) Recovery	\$20,443	\$18,936	\$19,035	\$18,635	\$17,491	\$14,688	\$20,471	\$23,361	\$26,965	\$28,274	\$26,928	\$26,493	
3	Purchases - Alberta	\$13,646	\$16,644	\$15,731	\$10,737	\$9,779	\$15,974	\$17,166	\$18,700	\$16,017	\$9,913	\$15,608	\$12,862	\$172,777
4	Purchases - Saskatchewan	\$3,327	\$4,896	\$3,308	\$3,218	\$3,772	\$3,547	\$5,352	\$8,445	\$6,065	\$3,766	\$3,409	\$3,380	\$52,484
5	Less Purchase of Other Gas Sales	(\$1)	\$0	(\$8)	(\$4)	(\$6)	(\$2)	(\$3)	(\$2)	\$0	\$0	\$0	\$0	(\$26)
6	Price Risk Management (Inflows)/Outflows	(\$4,083)	(\$3,193)	(\$3,775)	(\$3,897)	(\$4,927)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$19,876)
7	Transportation	\$2,393	\$2,415	\$2,408	\$2,394	\$2,393	\$2,510	\$2,446	\$2,447	\$2,427	\$2,478	\$2,434	\$2,515	\$29,261
8	Cost of Purchase Gas	\$15,282	\$20,762	\$17,664	\$12,448	\$11,011	\$22,029	\$24,961	\$29,590	\$24,508	\$16,157	\$21,452	\$18,757	\$234,620
9	Storage Withdrawal (Injection)	\$3,975	\$12,853	\$16,003	\$17,096	\$9,421	\$603	(\$15,129)	(\$19,915)	(\$20,105)	(\$11,017)	(\$14,015)	(\$2,475)	(\$22,706)
10	Gas in Storage Interest Expense	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$59
11	Gas Supply Operating Maintenance & Admin Expenses	\$119	\$119	\$119	\$119	\$119	\$119	\$119	\$119	\$119	\$119	\$119	\$119	\$1,431
12	Gas Supply Related Bad Debt Expense	\$105	\$168	\$171	\$153	\$116	\$84	\$34	\$30	\$16	\$33	\$40	\$93	\$1,042
13	Less Gas Supply Related Late Payment Charges	(\$36)	(\$55)	(\$91)	(\$158)	(\$186)	(\$117)	(\$139)	(\$82)	(\$48)	(\$47)	(\$26)	(\$25)	(\$1,010)
14	Less Cost of Internal Usage	(\$58)	(\$104)	(\$140)	(\$197)	(\$170)	(\$210)	(\$151)	(\$116)	(\$60)	(\$30)	(\$53)	(\$60)	(\$1,347)
15	Cost of Gas Sold	\$19,392	\$33,748	\$33,730	\$29,466	\$20,316	\$22,512	\$9,700	\$9,632	\$4,435	\$5,221	\$7,522	\$16,415	\$212,089
16	Commodity Sales Revenue (\$3.20/GJ)	\$20,902	\$33,651	\$34,131	\$30,612	\$23,122	\$16,736	\$6,826	\$6,055	\$3,170	\$6,625	\$8,023	\$18,585	\$208,438
17	Gain (loss) on other gas sales	1	0	2	1	4	1	2	1	0	0	0	0	\$11
18	Period GCVa Balance	(\$1,510)	\$97	(\$404)	(\$1,147)	(\$2,809)	\$5,775	\$2,872	\$3,575	\$1,265	(\$1,404)	(\$501)	(\$2,170)	\$3,639
19	Period GCVa Interest	\$3	\$2	\$3	\$3	\$7	\$7	\$19	\$28	\$44	\$58	\$66	\$71	\$312
20	Closing Cumulative GCVa Balance (Line 2+18+19)	\$18,936	\$19,035	\$18,635	\$17,491	\$14,688	\$20,471	\$23,361	\$26,965	\$28,274	\$26,928	\$26,493	\$24,394	\$24,394

Volume (Gigajoules - 000s)														
Line	Description	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22 Forecast	Oct-22 Forecast	TOTAL
21	Customer Sales	6,349	10,422	10,523	9,387	7,077	5,145	2,102	1,841	955	1,541	1,910	4,425	61,742
22	Purchases (less Fuel Gas & Line Loss)	5,192	6,652	5,832	4,392	4,349	5,014	5,420	5,697	5,386	4,870	5,549	5,116	63,470
23	Cost of Purchase Gas (\$/GJ)	\$2,944	\$3,121	\$3,029	\$2,834	\$2,532	\$4,393	\$4,605	\$5,194	\$4,550	\$3,317	\$3,866	\$3,666	
24	Storage Withdrawal (Injection)	1,176	3,802	4,734	5,058	2,787	178	(4,476)	(5,892)	(5,948)	(3,260)	(4,146)	(732)	(6,718)
25	Storage Withdrawal (Injection) Rate (\$/GJ)	\$3.380	\$3.380	\$3.380	\$3.380	\$3.380	\$3.380	\$3.380	\$3.380	\$3.380	\$3.380	\$3.380	\$3.380	
26	Internal Usage	(19)	(32)	(44)	(63)	(59)	(48)	1,158	2,036	1,516	(70)	508	41	4,924

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

SCHEDULE 3.1

GAS COST VARIANCE ACCOUNT – STORAGE INVENTORY DETAILS

SaskEnergy Incorporated
Storage Inventory Details - Gas Cost Variance Account
November 1, 2021 to October 31, 2022

	1	2	3	4	5	6	7	8	9	10	11	12
	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22 Forecast	Oct-22 Forecast
Line Gas in Storage - Volume												
1 Opening Balance (000's GJs)	18,772	17,596	13,794	9,060	4,002	1,215	1,036	4,322	8,156	12,574	15,895	19,521
2 Closing Balance (000's GJs)	17,596	13,794	9,060	4,002	1,215	1,036	4,322	8,156	12,574	15,895	19,521	20,196
3 (Injections)/ Withdrawals (000's GJs)	1,176	3,802	4,734	5,058	2,787	178	(3,285)	(3,834)	(4,418)	(3,321)	(3,626)	(675)
4 (Injection)/Withdrawal Price	\$3.38	\$3.38	\$3.38	\$3.38	\$3.38	\$4.39	\$4.61	\$5.19	\$4.55	\$3.32	\$3.87	\$3.67
5 Weighted Average Price of Gas in Storage	\$3.38	\$3.38	\$3.38	\$3.38	\$3.38	\$3.38	\$4.31	\$4.73	\$4.66	\$4.38	\$4.29	\$4.27
Cost of Gas in Storage												
6 Opening Balance (\$000)	\$ 63,453	\$ 59,478	\$ 46,625	\$ 30,622	\$ 13,527	\$ 4,105	\$ 3,503	\$ 18,632	\$ 38,547	\$ 58,651	\$ 69,669	\$ 83,684
7 Closing Balance (\$000)	\$ 59,478	\$ 46,625	\$ 30,622	\$ 13,527	\$ 4,105	\$ 3,503	\$ 18,632	\$ 38,547	\$ 58,651	\$ 69,669	\$ 83,684	\$ 86,159
8 Net Change in Inventory (\$000)	\$ 3,975	\$ 12,853	\$ 16,003	\$ 17,096	\$ 9,421	\$ 603	\$ (15,129)	\$ (19,915)	\$ (20,105)	\$ (11,017)	\$ (14,015)	\$ (2,475)

Line	Storage Inventory Carrying Costs	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	TOTAL
		<----- Previous Summer ----->													
9	Gas in Storage Closing Balance	\$9,309	\$8,254	\$15,174	\$22,724	\$34,687	\$44,384	\$56,548	\$63,453	\$59,478	\$46,625	\$30,622	\$13,527	\$4,105	
10	Average Daily Balance		\$8,782	\$11,714	\$18,949	\$28,705	\$39,536	\$50,466	\$60,001	\$61,465	\$53,051	\$38,624	\$22,074	\$8,816	
11	Interest Rate		0.11%	0.11%	0.12%	0.15%	0.17%	0.17%	0.17%	0.19%	0.15%	0.17%	0.24%	0.50%	
12	Calculated Monthly Interest Charge		\$1	\$1	\$2	\$4	\$6	\$7	\$9	\$10	\$7	\$6	\$4	\$4	
13	Total Annual Interest														\$59
14	Amortized Monthly Interest Charge														\$5

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

SCHEDULE 3.0

DETERMINATION OF COMMODITY RATE

SaskEnergy Incorporated

Determination of Commodity Rate for November 1, 2022 to October 31, 2023

Line	Description	Amount	Ref.
1	Estimated Balance of GCVA at October 31, 2022 (000's)	\$24,393,862	Schedule 3.0, Col. 13, Line 20
2	November 2022 to October 2023 Gas Cost Forecast (000's)	<u>\$ 226,904,669</u>	Schedule 2.0, SUM Col. 13, Line 12
3	Total Forecast Costs to Recover (000's)	<u>\$ 251,298,531</u>	Line 1 plus Line 2
4	November 2022 to October 2023 Forecast Sales (GJs - 000's)	<u>61,066,058</u>	Schedule 2.0, SUM Col. 13, Line 13
5	November 2022 to October 2023 Monthly Weighted Cost per Unit of Sales	<u><u>\$4.115</u></u>	Line 3 divided by Line 4
6	Indicative Commodity Rate	\$4.12	
7	Customer Commodity Rate Equivalent (Heating Value = 39.50 MJ/m ³)	<u><u>16.26</u></u>	cents per cubic metre

Notes:

1. Numbers might not add precisely due to rounding.
2. 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.
3. The methodology is designed to target a zero GCVA balance at the end of the one year period (November 2022 - October 2023).

4. MID-APPLICATION UPDATE SUMMARY

The Mid-Application update indicates a commodity rate of \$0.1626 cents per cubic meter (\$4.12/gigajoule), slightly lower than the interim rate of \$0.1674 per cubic meter (\$4.20/GJ). The lower indicative rate is reflective of the lower natural gas prices and the lower forecast heat value. This is partially offset by an increase in customer load due to customers returning to SaskEnergy commodity service from Gas Retailers. The political uncertainty in Europe, as the war between Russia and Ukraine continues, coupled with colder than normal winter forecasts suggests natural gas prices will continue to be very volatile, with risk skewed to the upside. Additionally, the Gas Cost Variance Account at August 31, 2022 is at \$26.9 million, well over the \$20 million threshold. Considering these factors, SaskEnergy suggests it may be prudent to maintain the interim rate in effect until such time as the GCVA is near zero.