

4. Reference: Forecast Cost of Gas Sold

- b) On page 3 of the Application SaskEnergy notes that “as SaskEnergy is now purchasing a larger proportion of natural gas from Alberta, the cost of transportation has a larger impact on the commodity rate.” Please provide transportation cost per GJ for the last five years and explain the reasons for each change.

The following table shows the actual transportation costs as a portion of the commodity rate, based on actual commodity sales. Therefore, when more volume flows due to colder than normal weather, the transportation cost per gigajoule will be impacted.

The Rationale column describes when SaskEnergy increased its contract and/or TransGas increased its rates. It worthy to note that the Alberta transportation service provided by TransGas consists of two parts: the TransGas receipt toll and the ACR (Additional Cost Recovery) which represents tolls paid by TransGas to NGTL in Alberta, less any liquid credits (from gas processing facilities at the Alberta/Sask border); less any asset optimization revenue earned on the Alberta side. The ACR is adjusted up or down quarterly, and these changes are not reflected in the rationale column. The TGL rate increase in the ‘Rationale’ represents when TransGas changed its receipt tolls.

Fiscal	Transportation Cost per GJ in commodity rate	Rationale
2016-17	\$0.37	N/A
2017-18	\$0.30	Contract volume increase
2018-19	\$0.39	Contract volume increase and TGL rate increase
2019-20	\$0.46	Contract volume increase
2020-21	\$0.50	Contract volume increase and TGL rate increase

- c) Please clarify if the transportation costs for the period from November 1, 2021 through October 31, 2023 include any increases in TransGas contract rates for firm transportation service. If yes, please provide details of assumed increases and rationale for the rate changes.

The transportation costs do not include increases for TransGas transportation service rates. However, the rates will be adjusted over the application period. The Alberta transportation service provided by TransGas consists of two parts: the TransGas receipt toll and the ACR (Additional Cost Recovery) which represents tolls paid by TransGas to NGTL in Alberta, less any liquid credits (from gas processing facilities at the Alberta/Sask border); less any asset optimization revenue earned on the Alberta side. The ACR is adjusted up or down quarterly, and these changes are not reflected in the forecast.