COMMODITY AND DELIVERY SERVICE

2018 RATE APPLICATION

SASKENERGY INCORPORATED

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RECOMMENDATION

SaskEnergy is applying to lower its Commodity Rate by 26.5% to 10.20 cents per cubic metre ($2.65/gigajoule), and to increase its Delivery Service Rates by an average of 3.7% effective April 1, 2019. If approved, the recommended rates will result in an overall average bill decrease for customers as follows:

	Commodity Rate Decrease ($3.65/GJ to $2.65/GJ)		Delivery Service Rate Increase		Total Bill Impact	
	$/Month	Annual Bill % Decrease	$/Month	Annual Bill % Increase	$/Month	Annual Bill % Decrease
Residential	($8.50)	(11.1%)	$1.76	2.3%	($6.74)	(8.8%)
Commercial Small	($39.99)	(14.6%)	$4.47	1.6%	($35.52)	(13.0%)
Commercial Large	($520)	(17.0%)	$16	0.5%	($505)	(16.5%)
Small Industrial	($2,435)	(20.2%)	$13	0.1%	($2,422)	(20.1%)
Average		(12.7%)		1.9%		(10.8%)

The average monthly increase (decrease) is based on an average customer's annual consumption and may vary depending on customer usage.

EXECUTIVE SUMMARY

SaskEnergy is applying for a decrease to its Commodity Rate and an increase to its Delivery Service Rates. Customers will experience lower overall annual bills as the lower Commodity Rate will more than offset the increase to Delivery Service Rates. SaskEnergy is requesting an interim commodity rate decrease on November 1, 2018 with a subsequent commodity rate reduction and delivery service rate increase effective April 1, 2019. This recommendation strives to provide rate stability to its customers.

Commodity Rate

SaskEnergy buys natural gas on the open market on behalf of approximately 384,000 of its 395,000 customers. Aligning itself with standard regulatory practice, SaskEnergy passes 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 forecasted to be lower than the current rate of 13.87 cents per cubic metre ($3.65/gigajoule (GJ)).

SaskEnergy monitors its cost of gas throughout the year and targets its commodity rate adjustments for the fall to align with the November to October gas year. This is followed by a spring review, where the commodity rate is adjusted only if natural gas procurement costs have materially changed. If the cost of providing natural gas is near the existing commodity rate, no action is taken.

The last commodity rate adjustment was November 1, 2016 when the commodity rate was decreased to reflect the lower price of natural gas. Since then, natural gas prices have declined further.

SaskEnergy's recommended commodity rate is 10.20 cents per cubic meter ($2.65/GJ) effective April 1, 2019 with an interim decrease to 11.36 cents per cubic meter ($2.95/GJ) effective November 1, 2018. The recommended commodity rate is designed to reflect the lower forecasted cost of gas over the 12 month period April 1, 2019 to March 31, 2020; and provide stability to customers for the long-term.

Delivery Service Rates

Ongoing investment relating to safety, system integrity and major growth infrastructure are the primary drivers for the delivery service rate increase. Code compliance and industry best practices related to safety, paired with SaskEnergy's pipeline integrity and major growth infrastructure programs, continue to require high levels of capital investment.

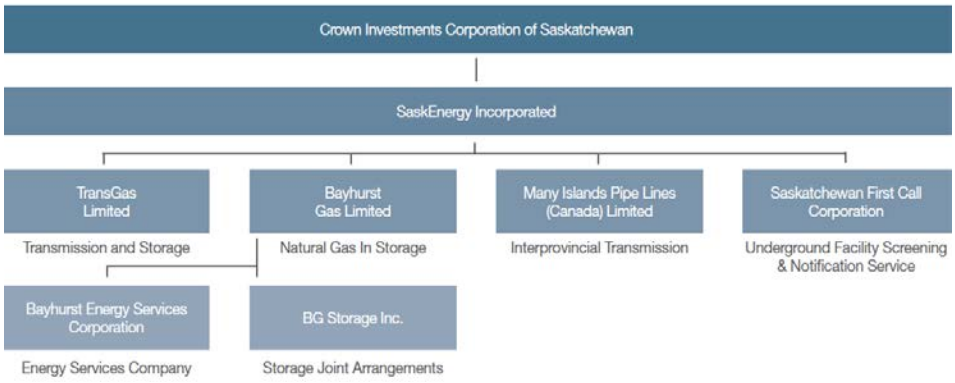
SaskEnergy requires an average increase of 3.7% beginning April 1, 2019. This increase is necessary to mitigate a revenue shortfall of $10.0 million and that will provide an 8.3% return on equity (ROE) and a net income of $33.5 million over the application period. This aligns with the industry comparable, regulated ROE target of 8.3% set by Crown Investments Corporation (CIC).

To minimize the impact of the Delivery Service Rate increase, SaskEnergy continues to foster its culture of efficiently delivering service. By the effective use of materials, technology and resources, and collaboration with other Crown Corporations, SaskEnergy has achieved approximately $48 million in savings since 2009. For 2018-19, SaskEnergy has been able to limit growth in its staffing levels and is targeting a further $4.0 million in annual savings.

In summary, the recommended Commodity Rate reflects anticipated lower natural gas costs while providing some rate stability through the winter period of 2018-19. The recommended Delivery Service rates will allow SaskEnergy to continue to provide safe and reliable delivery of natural gas to its customers. SaskEnergy's residential Delivery Service rates will continue to be competitive among the major natural gas utilities in Canada.

CORPORATE STRUCTURE OVERVIEW

The following visual provides an overview of SaskEnergy and its four wholly owned and two indirect operating subsidiaries. Additional information on the legal corporate entities and their functions can be found within the Corporate Profile Section of SaskEnergy's 2017-18 Annual Report.



Initially, when SaskEnergy was created in 1988, there were two separate legal entities, which now comprise SaskEnergy Incorporated. There was both a holding company – Saskatchewan Energy Corporation (SEC) – and Provincial Gas Limited (PGL). PGL was responsible for fulfilling the legislative franchise of owning and operating the distribution utility in the Province. SEC operated in a holding company capacity providing oversight and administering financial relationships and transactions between the Ministry of Finance and CIC.

In the early 1990's, SEC and PGL were amalgamated so that both the holding function and the distribution function would be contained in one entity. Then, within this new entity, two formal divisions were created – the Distribution Division and the Holdings Division – as a means of maintaining the segregation of the two different functions.

The Holdings Division is a reporting entity that holds equity investments in the six subsidiary operations as well as provides a conduit for financial transactions with both the Ministry of Finance and CIC. As an example, short and long-term borrowings as well as equity advances from the Ministry of Finance and CIC respectively, flow into the Holdings Division and are then allocated to subsidiary operations and the Distribution Division. In a similar fashion, SaskEnergy's dividends to CIC are paid by the Holdings Division and are funded through dividends that it receives from subsidiary operations as well as from the Distribution Division.

The Distribution Division, a term used throughout the rate application, encompasses all facets of operations for the distribution utility. Although the Distribution Division is not a formal legal entity, it is a separate division for financial reporting purposes and separate financial statements are prepared for it. The Distribution Division provides the regulated delivery service to the gas distribution customers and it is the entity responsible for this rate application.

SASKENERGY SERVICES

SaskEnergy provides two services related to natural gas deliveries to its customers:

- Gas Supply Service (Commodity); and
- Gas Delivery Service

GAS SUPPLY SERVICE

Gas Supply Service is the supply of the natural gas commodity. All 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. Natural gas is sold to customers at cost, along with expenses incurred in the procurement of gas. SaskEnergy does not incur a profit or loss on the sale of the commodity.

GAS DELIVERY SERVICE

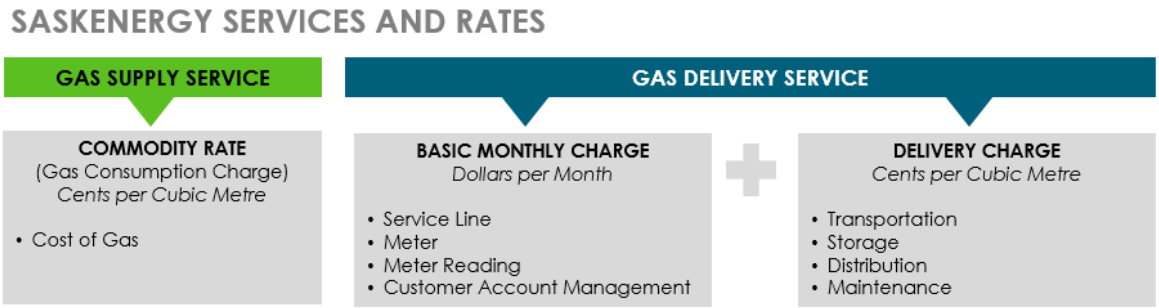
Gas Delivery Service includes storage and transportation as well as all distribution facilities and operations necessary for delivery of natural gas to customers throughout the year. SaskEnergy earns its approved return on its investment through its delivery service.

The cost of the delivery service is recovered through a two part rate:

1) A Basic Monthly Charge (BMC), which is a fixed dollar amount per month, designed to recover the fixed costs attributed to cover customer care related costs including the customer service line, meter reading and customer account administration; and

2) A Delivery Charge, which is a volumetric charge applied to each cubic meter of natural gas used by the customer. The Delivery Charge will vary from month to month based on a customer's consumption. The Delivery Charge attempts to recover capacity related costs associated with the distribution system including storage and transportation.

The relationship of services and the rates are illustrated in the chart below.



This application is for an adjustment to both the Commodity Rate (Gas Supply Service) and the Delivery Service Rates. SaskEnergy is seeking a Commodity Rate decrease and a Delivery Service Rate increase. The combined rate changes will result in an overall bill decrease for customers.

1. COMMODITY RATE APPLICATION DETAILS

When SaskEnergy's bundled service was divided into Gas Delivery Service and Gas Supply Service for all customers in September of 1998, SaskEnergy chose 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. In addition to the "raw" cost of the commodity, the commodity rate includes the effect of natural gas price risk management transactions, administrative costs of acquiring the gas, transporting gas to TEP and financing of gas inventory in storage. As SaskEnergy is now purchasing a larger proportion of natural gas from Alberta, the cost of transportation has a large impact on the commodity rate.

SaskEnergy designs its commodity rate to recover from customers the cost of natural gas that SaskEnergy purchases for its customers, plus any gas supply related expenses. This application is designed to:

- recover the forecast cost of gas to be sold on a 12 month forward basis; and
- result in a modest Gas Cost Variance Account (GCVA) balance of approximately $5.1 million owing to customers at the end of the Application period, March 31, 2020. Considering the current low prices and the potential for prices to rise, a modest GCVA balance owing to customers will contribute to continued price stability into the future.

1.1 FORECAST COST OF GAS SOLD

The commodity rate is intended to recover the Cost of Gas Sold over the application 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 GJs. The amount to be purchased is based on expected consumption by SaskEnergy customers, given normal weather.
- Transportation Costs – Costs to move natural gas from the producing gas fields or outside of Saskatchewan 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 the sale of gas. The gas is sold at cost to customers, regardless of the market price of winter gas.

- Interest and 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.

- 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.

The cost of gas sold for the 12 month application period April 1, 2019 to March 31, 2020 is forecast to be $154.5 million. For the upcoming winter period, November 1, 2018 to March 31, 2019, the forecast is $123.8 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 is forecast to be $154.4 million for 56.5 million GJs (see lines 5 and 14, Schedule 1.0). This represents SaskEnergy's gas purchase contracts including the results from the natural gas price risk management program.

SaskEnergy has a commodity price risk management strategy (hedging) that is designed to reduce price volatility, particularly in the winter when customers consume the most natural gas. SaskEnergy utilizes both fixed price physical natural gas purchases as well as financial transactions to manage the price of natural gas. Financial transactions are used to manage price indexed gas purchase contracts. A portion 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. At September 10, 2018, the following natural gas purchases were hedged using either fixed price gas purchases or financial transactions:

- 91% of the winter period November 2018 to March 2019;

- 50% of the summer period April 2019 to October 2019; and

- 95% of the winter period November 2019 to March 2020.

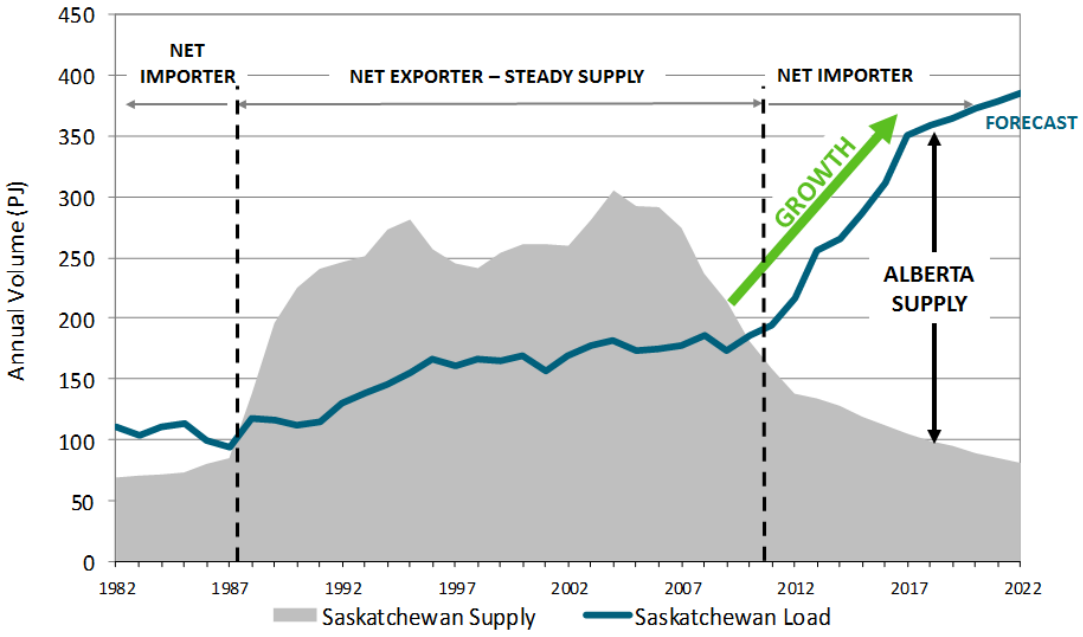
The unhedged purchases remain subject to change in prices, up or down, on a monthly basis.

The cost of purchase gas, for rate-setting purposes, is forecast using current market information. Detailed per unit calculations can be found in Schedule 1.1.

TRANSPORTATION COSTS

For the period of November 1, 2018 to October 31, 2019, SaskEnergy is forecasting to purchase approximately 65% of its natural gas supply from outside of the province. The majority of the supply from outside of the province comes from Alberta.

Saskatchewan Gas Supply



In order to ensure it can deliver the Alberta natural gas purchases to TEP, SaskEnergy contracts for firm transportation service from Alberta to TEP with TransGas Limited (TransGas), a wholly owned subsidiary of SaskEnergy. This service will cost approximately $24.2 million in the application period. This amount can be seen on line 4, Schedule 1.0.

NATURAL GAS FROM STORAGE

Natural gas is injected into storage during the months of April to October, 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 to storage. At the end of the summer period, the value of gas injected in storage will be fixed. When it is subsequently withdrawn and sold to customers, it is priced at cost, not at the current market price.

At October 31, 2019, the start of winter, an estimated 19.7 million GJs of natural gas will be in storage at an estimated price of $2.63/GJ. Details of the gas in storage can be found in Schedule 1.2.

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. Examples of interest and operating expenses include the following:

- SaskEnergy has included $2.0 million in interest and operating costs, as summarized in Schedule 1.0, lines 7 through 10.

- 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 is 1.79% per annum.

- 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 11 summarizes the cost of internal usage gas 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 $2.1 million is recovered through rates for delivery service. Even if SaskEnergy did not provide the gas supply service, SaskEnergy would have to purchase and transport this gas in order to provide delivery service.

1.2 GAS COST VARIANCE ACCOUNT

The GCVA is the mechanism which tracks the difference between actual commodity sales revenue and actual natural 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 costs incurred exceed the amount recovered from commodity sales, customers owe the balance to SaskEnergy. Where actual 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.

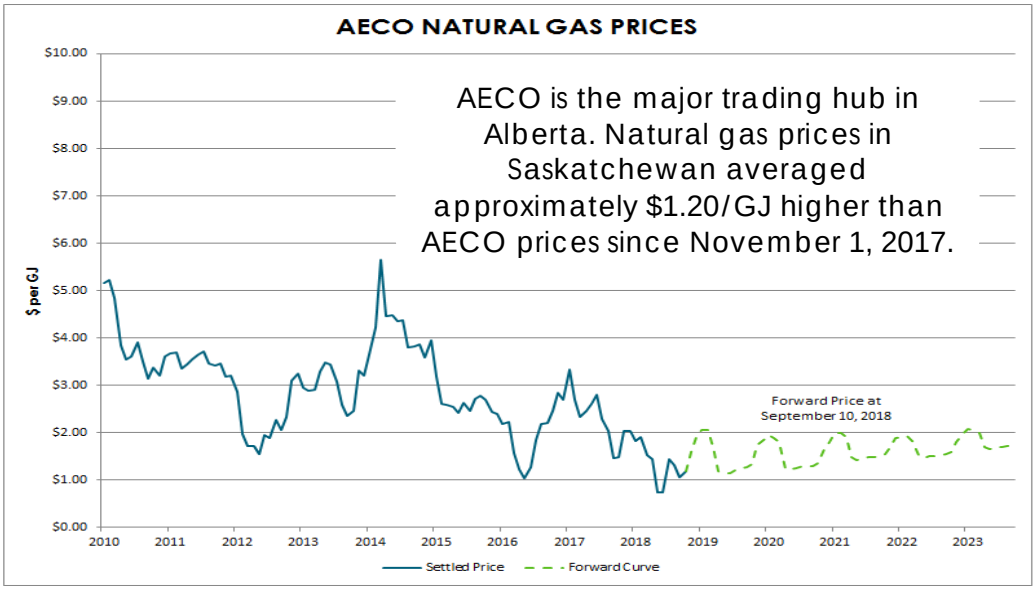
CALCULATION OF GAS COST VARIANCE ACCOUNT

The GCVA as at October 31, 2018 is projected to have a balance of $16.1 million owing to customers from SaskEnergy. With an interim commodity rate decrease to $2.95/GJ on November 1, 2018, the GCVA is expected to decline to $11.9 million owing to customers on March 31, 2019. If no interim commodity rate decrease is approved, the GCVA would grow to approximately $40 million owing to customers by March 31, 2019. SaskEnergy is anticipating maintaining a modest GCVA balance of approximately $5.1 million still owing to customers at the end of the Application period, March 31, 2020. Retaining a GCVA balance owing to customers will absorb potential price increases over the coming years, when the potential for natural gas prices to increase is likely. Schedule 2.0.1 through Schedule 2.0.3 details the components of the GCVA for the period November 1, 2016 to March 31, 2019.

1.3 NATURAL GAS SUPPLY OVERVIEW

NATURAL GAS MARKET UPDATE

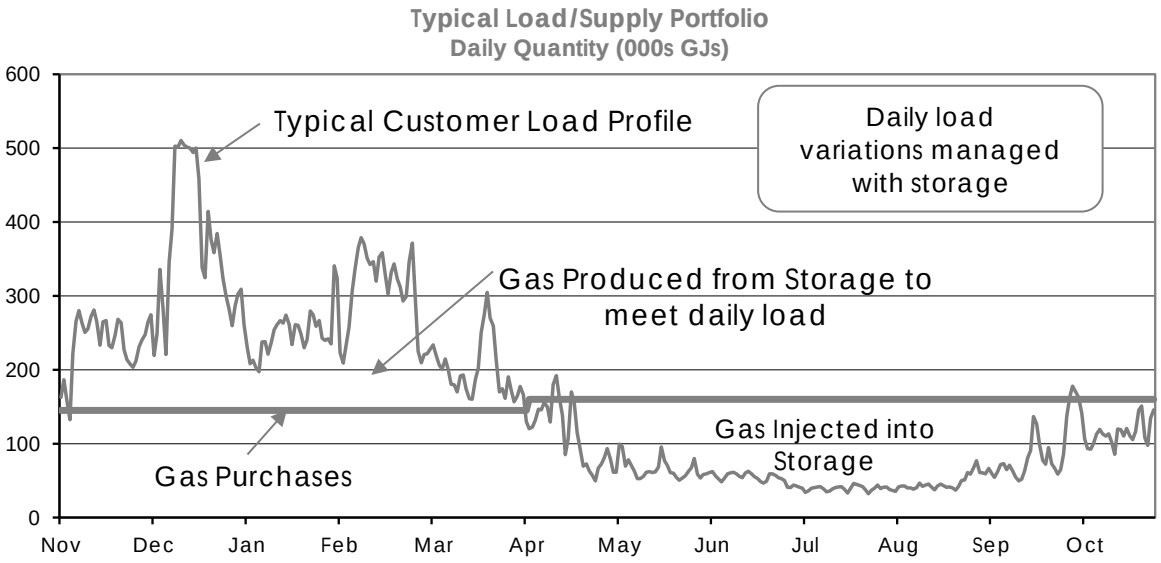
Natural gas prices are set in an open market and are influenced by a number of factors including production, demand, natural gas storage levels and economic conditions. The availability of pipeline capacity to move gas out of producing basins, or into consuming areas also affects regional natural gas prices.



In October of 2017, TransCanada Pipelines announced that their firm transportation capacity to move gas out of Alberta was fully subscribed. This has resulted in some gas production trapped in Alberta, which has led to historically low gas prices at AECO/Alberta. AECO prices are currently depressed in both the near-term and the longer-term, as it will take several years for pipelines to be constructed to increase export capacity. Since Saskatchewan is downstream of the pipeline capacity restriction at the Alberta/Saskatchewan border, natural gas prices in Saskatchewan have not participated in the price decreases experienced in Alberta. This strong Saskatchewan price relative to the Alberta price has resulted in the pricing differential between the two points to increase significantly. Natural gas in Saskatchewan has been trading in excess of AECO plus $1.00/GJ in recent months, which is significantly higher than the typical differential of about $0.15 to $0.20/GJ in recent years. This strong pricing differential is expected to continue into the 2018-19 gas-year, with one-year gas contracts in Saskatchewan expected to trade in the AECO plus $0.50 to $0.75/GJ range.

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 caused by weather variability. Approximately 65% of the gas consumed on the coldest day of the year is sourced from storage. Storage gas also supplies approximately 40% of a normal winter's gas requirements and approximately 30% of annual requirements, based on normal weather.



SaskEnergy enters into various types of gas purchase contracts with producers/suppliers to ensure adequate supply. There are three key parameters that dictate the structure of SaskEnergy's supply portfolio required for any contract year: annual gas requirements, winter gas requirements and maximum daily requirements.

Purchase Requirements

SaskEnergy contracts to purchase 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, SaskEnergy forecasts to require approximately 57 million GJs of supply to meet customer requirements, fuel gas and internal usage over the application period.

SaskEnergy currently contracts for 150,000 GJ/day of firm transportation capacity from Alberta, and this amount will be increasing to 170,000 GJs/day effective November 1, 2018. This firm transportation from Alberta is required in order to ensure a secure supply of natural gas to meet customer requirements and to provide firm access to additional gas to meet the requirements of colder than normal winters.

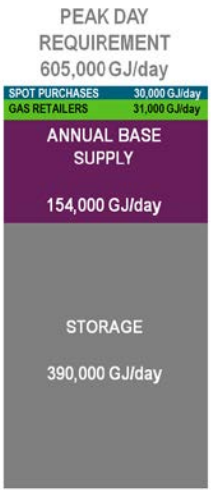
Approximately 70% of the annual gas requirements must be supplied during the winter period in order to meet the gas requirements resulting from an average/normal winter. The use of storage enables SaskEnergy to satisfy this concentrated winter requirement while maintaining relatively uniform gas purchases over the entire year.

In the event of a colder than normal winter, SaskEnergy purchases additional short-term gas as required. SaskEnergy monitors storage levels and weather forecasts to ensure that additional winter gas is purchased in a timely manner. This additional winter gas, if required, would be sourced primarily from Alberta. SaskEnergy contracts for sufficient firm transportation capacity from Alberta to transport the additional gas required to meet the needs of a colder than normal winter. Approximately 75,000 GJ/day of the 170,000 GJ/day of firm transportation contracted from Alberta is reserved for potential incremental winter gas purchase requirements. This firm transportation gives SaskEnergy direct access to AECO, one of the most liquid gas hubs in North America, and provides the security of supply required in serving heating load utility customers. Costs associated with purchasing incremental winter gas may impact the actual cost of gas, and would be captured in the GCVA.

Should the winter weather be warmer than normal, SaskEnergy will typically exit the winter with higher than normal storage inventory levels, and then reduce its gas purchases accordingly over the summer period. Alternatively, if gas prices remained relatively high despite a mild winter in Saskatchewan, SaskEnergy may sell some of this excess gas during the winter period.

Maximum Daily 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. The maximum daily requirement (peak day) is forecast to be 605,000 GJ/day. This peak day forecast includes the gas requirements of SaskEnergy's customers as well as the requirements of customers purchasing their gas from third party suppliers, referred to as Gas Retailers.

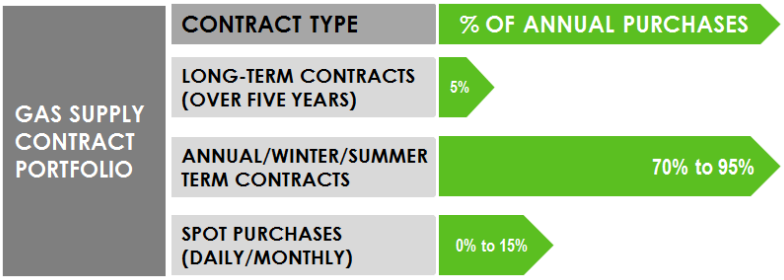


This peak day requirement is forecast to be satisfied with the gas supplies shown in the adjacent graphic.

Should the actual peak day requirement exceed the forecasted amount, SaskEnergy would buy additional spot gas to meet the demand. The same firm transportation capacity from Alberta contracted by SaskEnergy to meet incremental winter gas requirements would be used to meet any peak day requirements in excess of the forecast.

Gas Purchase Portfolio

SaskEnergy's gas purchase contract portfolio must have the flexibility to adapt to both weather variability as well as customer migration to/from Gas Retailers. SaskEnergy's current gas supply portfolio for a normal year consists of:



The gas supply portfolio is designed to give the least cost mix while providing the required flexibility and security of supply. The long-term contracts provide the required security of supply as well as the ability to execute multi-year fixed price physical contracts contemplated in the gas price risk management strategy. The annual contracts allow SaskEnergy to adjust to customer migration to/from SaskEnergy's regulated commodity service. The seasonal and spot contracts allow SaskEnergy to adjust to variations in load due to weather or to simply purchase additional summer gas to top up storage. The contracts of one-year or less in duration minimize costs, as potential premiums associated with long-term contracts are avoided.

GAS PRICING

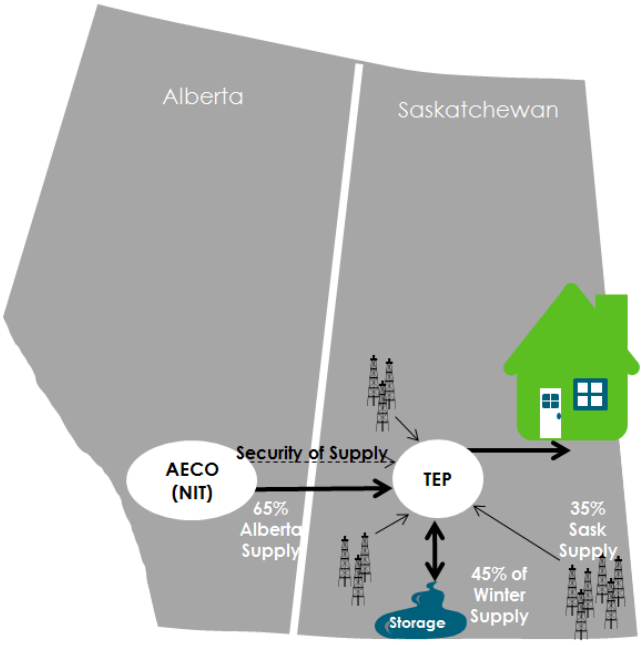
SaskEnergy's physical purchase contracts have historically been priced referencing the AECO monthly index or AECO daily index. In the last few years SaskEnergy has also been entering into multi-year fixed priced physical purchase contracts from Alberta as part of the SaskEnergy's Gas Purchase and Price Risk Management Strategy. Therefore SaskEnergy's gas purchase portfolio now consists of both AECO indexed gas purchases as well as fixed priced gas purchases. The credit risk associated with these gas purchases is managed under the Corporate Credit Risk Management Policy.

Index priced gas purchases in Saskatchewan contain a price differential or basis to the underlying AECO index. This basis represents the difference in the market price of gas in Saskatchewan relative to Alberta. This TEP/AECO basis differential fluctuates daily, monthly and seasonally based on the supply/demand dynamics for the underlying term. The current capacity restrictions at the Alberta/Saskatchewan border are expected to translate into a significant increase in the TEP/AECO differential for the 2018-19 gas year. Although the TEP/AECO price differential for 2018-19 will not be determined until negotiations with suppliers are completed later this fall, within this application SaskEnergy is forecasting this TEP/AECO basis to be approximately $0.65/GJ for gas purchased in Saskatchewan.

During a normal/average weather year, approximately 35% of SaskEnergy's supply is forecast to be sourced from Saskatchewan over the application period, with the remaining 65% forecast to be sourced from Alberta. SaskEnergy must pay firm transportation charges to move the Alberta gas into Saskatchewan. These transportation costs are forecast to average $0.37/GJ.

The following chart quantifies SaskEnergy's raw weighted average cost of natural gas purchases relative to AECO on a per GJ basis. The cost to transport the 65% of normal weather natural gas purchases from Alberta; plus the cost of the incremental firm transportation from Alberta to transport the incremental gas purchases required in the event of colder than normal winter weather; and the TEP/AECO basis differential on the 35% of natural gas purchases sourced from Saskatchewan; result in a weighted average cost of AECO plus $0.65/GJ for all of SaskEnergy's gas purchases associated with normal/average weather. This does not include the impact of SaskEnergy's price risk management program, or interest, operating and maintenance expenses associated with the managing of SaskEnergy's natural gas supply.

RAW COST OF NATURAL GAS PURCHASES



- Saskatchewan base load purchases 20 PJ @ AECO plus $0.65/GJ
- Alberta base load purchases 37 PJ @ AECO plus $0.37/GJ transport
- Incremental contracted transport for security of supply $10.1 Million

SaskEnergy forecasts to pay a weighted average price of AECO plus $0.65/GJ for its gas purchase requirements associated with normal/average weather.

GAS PRICE MANAGEMENT

SaskEnergy manages its cost of gas in accordance with its Board of Directors approved Commodity Price Risk Management Strategy. This strategy allows SaskEnergy to manage the long-term price of its gas purchases by using financial instruments and fixed price physical gas purchases at AECO. While this allows SaskEnergy to shield customers from volatile prices in the short-term, it cannot shield customers in the long-term from the market reality of rising and falling natural gas prices.

The two primary objectives that guide gas price risk management activities are:

- To provide customers with rate stability; and
- To offer rates that are comparable to the market price of natural gas and competitive with other Canadian utilities.

The Commodity Price Risk Management Strategy endeavors to provide a competitive cost of natural gas, while minimizing the risks associated with the volatility inherent in natural gas prices.

The notion of "rate stability" still has a strong resonance with SaskEnergy's customers. In light of the sustained low natural gas prices prevalent over the past few years, SaskEnergy conducted customer research in 2018 to assess if customer preferences had changed. Overall, the majority of customers still indicate their preference for SaskEnergy to continue to provide stable rates. Leading reasons are that customers want to avoid unexpected changes in bills and want stability for budgeting purposes.

Currently SaskEnergy has approximately 91% of its natural gas purchases hedged for the upcoming winter, November 1, 2018 to March 31, 2019, and 73% of its natural gas purchases price protected over the application period, April 1, 2019 to March 31, 2020, in accordance with SaskEnergy's Commodity Price Risk Management Strategy.

1.4 RECOMMENDED COMMODITY RATE

SaskEnergy recommends decreasing the current commodity rate of 13.87 cents per cubic meter ($3.65/GJ) to 10.20 cents per cubic meter ($2.65/GJ) effective April 1, 2019 with an interim rate decrease from $3.65 to $2.95 on November 1, 2018. A modest GCVA of approximately $5.1 million will remain owing to customers at the end of the application period. Considering the current low prices and the potential for prices to rise, a modest GCVA balance owing to customers will contribute to continued price stability into the future. The detailed rate calculation can be found in Schedule 3.0.

This rate recognizes current market prices, natural gas price management activities, and gas held in storage.

1.5 COMMODITY BILL IMPACT

The customer bill impact below includes only the impact of the commodity rate decrease. See Section 4 for the full bill impact, including both the commodity and delivery service rate adjustments. The commodity rate change will result in approximately $8.50/month or an 11.1% annual bill decrease for Residential customers. Actual savings will depend on each customer's actual consumption.

COMMODITY RATE EFFECTIVE APRIL 1, 2019 ($2.65/GJ)	10.20 Cents Per Cubic Metre		
RATE CLASS	COMMODITY RATE % DECREASE	$/MONTH*	ANNUAL BILL % DECREASE
RESIDENTIAL	(26.5%)	($8.50)	(11.1%)
COMMERCIAL SMALL	(26.5%)	($39.99)	(14.6%)
COMMERCIAL LARGE	(26.5%)	($520)	(17.0%)
SMALL INDUSTRIAL	(26.5%)	($2,435)	(20.2%)

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

2. DELIVERY SERVICE RATE APPLICATION DETAILS

SaskEnergy's delivery service rate setting process has two steps:

The Revenue Requirement is the total revenue the delivery business requires to recover all costs of providing delivery service, including a regulated target for net earnings. SaskEnergy's revenue requirement includes the following components:

- Delivery Transportation and Storage Expense;
- Operating and Maintenance Expense;
- Depreciation Expense;
- Tax Expense;
- Interest Expense; and
- Net Earnings.

The Revenue Requirement is derived from two sources; revenue from customers and revenue from other business activities. The Revenue Requirement is based on the cost to deliver natural gas to the customer's meter. If the Revenue Requirement is greater than the amount that existing rates would generate over a forecasted period there is a revenue deficiency. If the Revenue Requirement were lower than the amount existing rates would generate, there would be a revenue over-recovery. The forecasted period used to determine the revenue requirement is typically a 12 month period in the near future. For this rate application, SaskEnergy has designated an application period of April 1, 2019 to March 31, 2020.

Since the forecast Revenue Requirement for the application period is greater than the revenue existing rates would generate, SaskEnergy is requesting a delivery service rate increase.

Included in this rate application are financial schedules that quantify the components of the forecasted Revenue Requirement for the application period.

Rate Design involves developing appropriate rates that will recover the Revenue Requirement allocated to each customer class. This process is referred to as Cost of Service.

Every five to seven years, an external party reviews SaskEnergy's cost of service methodology. The last Cost of Service Study was completed in 2013 and the external party completing the study determined that SaskEnergy's existing practices are consistent with generally accepted ratemaking practices, resulting in fair and reasonable rates.

They also determined that SaskEnergy's rate proposals to the Saskatchewan Rate Review Panel (Panel) are fair and reasonable.

An external Cost of Service Study is planned for 2019.

2.1 DELIVERY REVENUE REQUIREMENT SUMMARY

Schedule 4.0 summarizes the cost of service that is required to provide delivery service to SaskEnergy's customers. For the application period, April 1, 2019 to March 31, 2020, the cost of service is $280.2 million. This compares to $270.2 million of revenue that could be generated through existing rates. Thus, SaskEnergy is projecting a $10.0 million revenue deficiency over the application period, and hence a rate increase is requested.

The following sections discuss the individual components of the delivery cost of service, and additional detail has been provided in Schedules 4.1 through 4.7.

2.2 DELIVERY TRANSPORTATION AND STORAGE EXPENSE

Delivery transportation service is provided by TransGas. TransGas owns and operates the transmission and storage business and has the exclusive legislated franchise to transport natural gas within the Province of Saskatchewan. TransGas' transportation and storage rates are subject to Provincial Cabinet approval. SaskEnergy contracts with TransGas on behalf of its delivery customers, who choose SaskEnergy as opposed to those who individually contract directly with TransGas. Delivery transportation expense includes the cost of transporting natural gas from TEP to SaskEnergy's distribution system pressure regulating stations.

Storage service is also provided by TransGas. SaskEnergy contracts for storage services with TransGas on behalf of its delivery customers. Storage expense includes the cost of storage contracts required to meet consumption peaks during the winter months. Contracted capacity refers to the total volume of natural gas that SaskEnergy requires at the start of the heating season to meet the expected withdrawals of natural gas from storage during the winter. Deliverability refers to the daily rate at which natural gas is required to be withdrawn from storage to meet customer volume requirements. On the coldest days, storage provides up to two thirds of the natural gas used by customers to heat their homes and businesses. Pipeline systems can become constrained during severe weather and contracted storage capacity is necessary to ensure the continued delivery of reliable natural gas to SaskEnergy customers.

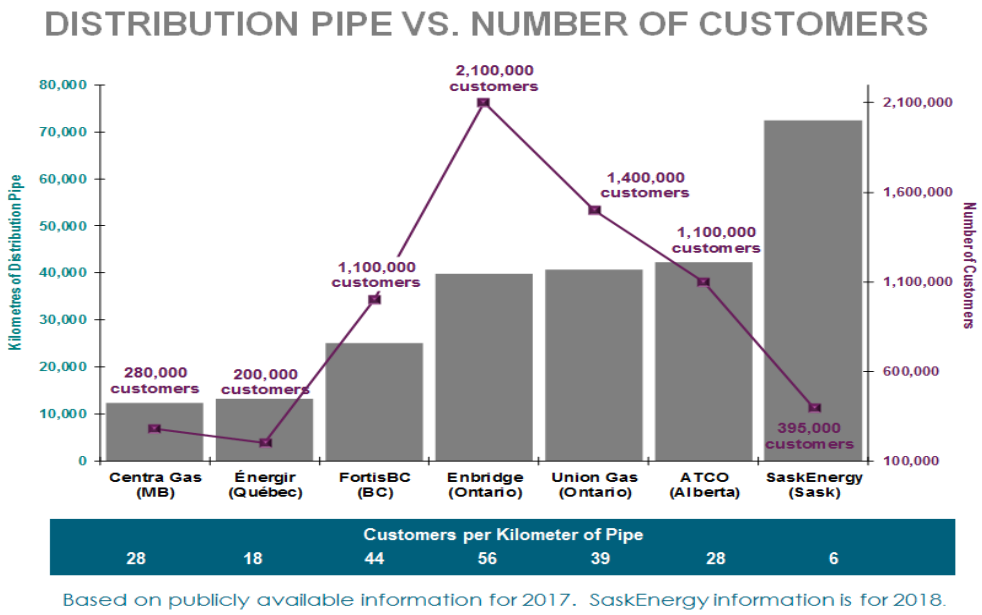
TransGas last adjusted its transportation and storage rates on May 1, 2018 and the adjustments to transportation tolls and storage rates are reflected in the increased costs. Transport and storage cost estimates are provided in Schedule 4.1 and are forecast to be $53.9 for the application period.

2.3 OPERATING AND MAINTENANCE EXPENSE

Total operating and maintenance expenses are shown on Schedule 4.2 and are forecast to be $136.2 million for the application period.

SaskEnergy has an extensive distribution system throughout the Province, consisting of approximately 70,200 kilometers of distribution pipeline infrastructure. It serves approximately 395,000 customers that are located in a 380,000 square kilometer service area across Saskatchewan. This distribution system requires facilities spread throughout the province in order to provide high quality and accessible service to Saskatchewan people. In honoring the Saskatchewan Government's Crown Sector Strategic Priorities, SaskEnergy serves approximately 93% of all communities within the Province, including numerous individual farms, resort and First Nation locations.

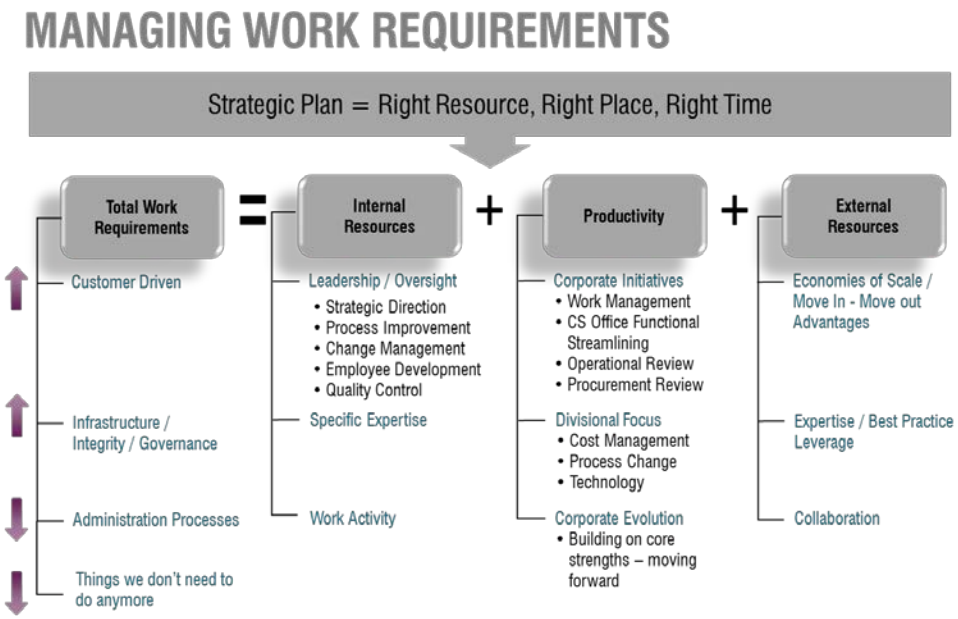
The graph below illustrates the size of SaskEnergy's distribution system relative to other major natural gas utilities that operate in Canada. The next largest utility in terms of the kilometers of distribution pipe is ATCO Gas in Alberta. In terms of the challenge SaskEnergy faces with its extensive network, the customer density of SaskEnergy is six customers per kilometer of pipe versus an industry peer average of 31 customers per kilometer.



Based on publicly available information for 2017. SaskEnergy information is for 2018.

SaskEnergy's distribution system operates in extreme weather conditions and in many types of terrain, and requires substantial monitoring and maintenance each year in order to protect the integrity of the infrastructure and safety of the public. This, combined with the continued high customer activity, has underscored the importance of SaskEnergy continuing to focus on how to most effectively manage its workload and operating expenses.

The following illustration summarizes SaskEnergy's strategy and how it is executed.



SaskEnergy continues to balance internal resources with external resources in order to meet efficiency and customer service objectives. External resources will continue to be integrated in core areas, as required, and through such Crown collaboration efforts as line-locating, four-party trenching, joint servicing and Advanced Metering Infrastructure (AMI). The integration of industry best practice enhancements has also been assisted through external expertise utilization.

SaskEnergy Customer Service and Operations requires a workforce of approximately 662 full time equivalents (FTE's). In addition, there are 143 FTE's in the Distribution Division that perform services in corporate support functions such as Human Resources, Legal and Finance. Despite the high levels of growth and activity over the past number of years, SaskEnergy has effectively managed the required change in staffing levels. Productivity efforts realized have been critical to this resourcing management.

Third party service providers will continue to be important moving forward. This allows SaskEnergy to quickly adjust its work force to meet the variability in certain customer driven work, but it also ensures the utility has the most relevant expertise. External resources are mainly being used to manage:

- repeatable tasks that can be rolled into a "program" and/or shared with peer Crowns;
- peak load work, when resource need is greater than can be met internally; or
- programs or projects where the need for a specific skillset is/may be only for a limited time.

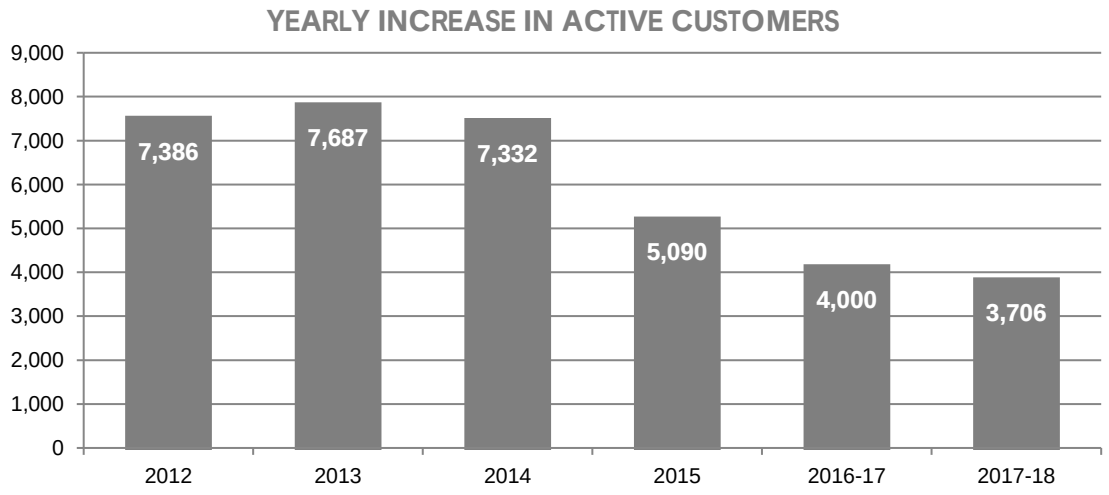
Contractor relationships in such areas as construction, information systems, line locating and system integrity activities, have been deployed to effectively resource the work. The role of internal leaders and teams remain key in directing contractors in the planning and execution of work, creating opportunities for supervisory skill development as well as project-specific knowledge.

The operating and maintenance expenses are comprised primarily of labour related costs. Approximately 74% of the operating and maintenance expenses forecasted for the application period are labour related costs. This includes employee benefit and pension costs. SaskEnergy's in-scope employees, who represent approximately 72% of the workforce, are members of Unifor Union of Canada (Unifor), Local 649. The current Collective Bargaining Agreement was in effect until January 31, 2017 and continues to be under negotiation. Merit and economic increases for out-of-scope employees are in accordance with CIC guidelines for crown sector management employees.

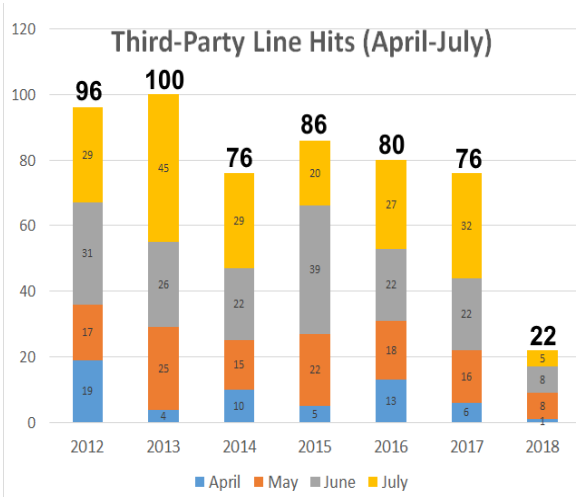
SaskEnergy's customer base continues to expand through new connections. Although new housing starts have slowed, distribution operations work has increased in other areas. This includes:

- line locating requests continue to increase year over year;
- safety service calls as the customer base increases;
- project activity related to the installation of new metering technology;
- continued renewal of SaskEnergy's meter fleet; and
- damage prevention and safety patrols.

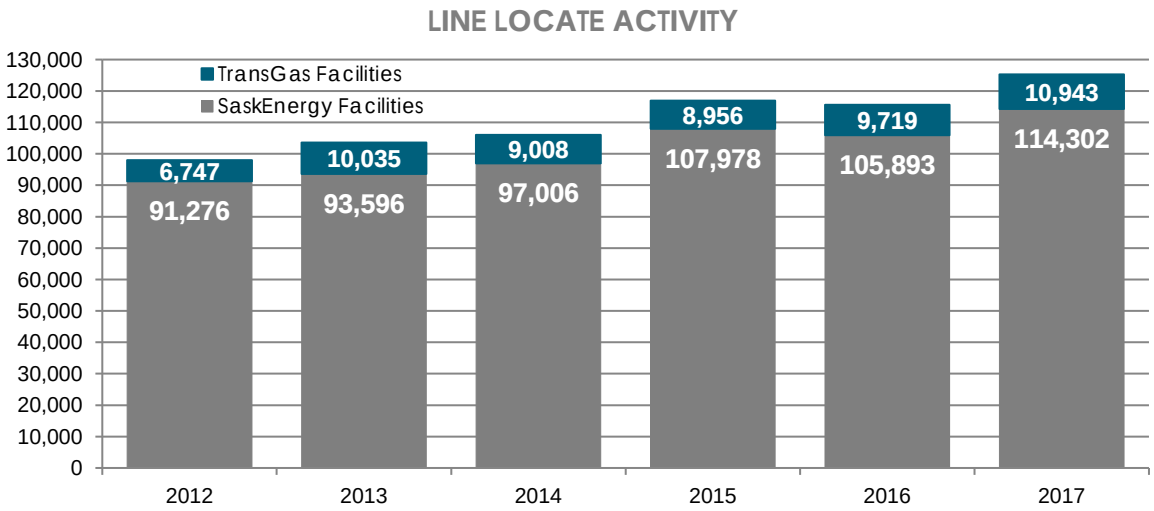
SaskEnergy continued the expansion of its system by adding 329 kilometers of distribution main pipelines and 3,908 new gas service lines to connect customers to SaskEnergy infrastructure in 2017-18. As a result of this customer connect activity and other service activations and deactivations, there was 3,706 net new customers added during 2017-18. This was down by approximately 300 customers or 7% from the prior year.



Safety-related efforts continue to lead to a reduction in third-party contacts with SaskEnergy's gas pipelines. This dramatic improvement is part of a positive five-year trend, over which SaskEnergy has engaged in a number of initiatives to reduce damage to buried infrastructure as part of an overall risk and asset management strategy. As a result of these initiatives, there was a 3.5% reduction in third-party line hits in 2017-18 (compared to 2016-17), an 11% reduction in 2016-17 (compared to 2015-16) and a total reduction of 35% since 2013. In 2013, SaskEnergy saw a record 265 third-party ruptures of buried infrastructure, including 100 between April 1 and July 31 of that year. In 2018, only 22 line hits have taken place over the comparable four-month period, and are on track for fewer than 100 total hits.



During 2017-18, approximately 125,000 line locates were done to identify the underground location of SaskEnergy and TransGas facilities, an 8% increase (approximately 10,000) over the previous year's line locating activity.



The cost of line locating is a substantial component of SaskEnergy's operating budget. These costs have been managed through the use of the joint line locating process with SaskTel, SaskPower and SaskEnergy's internal efforts. SaskEnergy has also taken over the Safety Patrol program, checking that homeowners and contractors have contacted Sask 1st Call for line locates, that underground lines have been marked prior to projects getting underway, and providing information on safe digging practices.

Operating and maintenance expenses shown on Schedule 4.2 reflect SaskEnergy's total operating and maintenance expenses. As the SaskEnergy workforce performs construction services, some of the associated operating and maintenance expenses are capitalized and depreciated over the service life of the related asset.

2.4 PRODUCTIVITY AND EFFICIENCY MEASURES

SaskEnergy has always been challenged to deliver safe, reliable and competitive natural gas service over a large service territory with low customer density. This produces a significant amount of infrastructure (pipeline) per customer and a large number of kilometers that must be covered to maintain these facilities and respond to customer needs. SaskEnergy continues to foster its culture of efficiency to help mitigate these costs.

Through effective use of technology, resources and Crown collaboration, SaskEnergy realized approximately $48 million in efficiency savings corporately since 2009. For the fiscal year 2018-19, SaskEnergy is targeting a further $4.0 million in annual savings.

Technology continues to be a vital component to further enhance processes and customer service. As of August 2018 AMI natural gas modules had been installed on approximately 96% of customer meters. These gas modules are communicating through SaskPower's AMI system, and are sending automated meter reads to SaskEnergy's billing system. Manual meter reads are no longer required for these customers. SaskEnergy meter

reading costs have decreased from $3.376 million prior to the implementation of the AMI Solution to $2.487 million in 2017-18; resulting in over $880,000 in annual meter reading cost savings.

SaskEnergy launched the new ExpressAddress website, a collaborative eSask initiative with SaskEnergy managing the operations. ExpressAddress allows residents to notify multiple organizations of upcoming moves through one website. This service has grown significantly, with nearly 28,000 requests received in 2017-18 compared to 11,479 in 2007.

SaskEnergy is continuing its efforts to encourage paperless billing. As of August 1, 2018, 73,361 SaskEnergy customers receive their bill notifications by email instead of by paper mail. This is up from 65,823 on August 1, 2017. SaskEnergy now has approximately 19% of customers using paperless billing. Ongoing efforts to encourage paperless billing include paid advertising, promotion through business mediums (saskenergy.com, My Account, bill envelopes, bill messaging), AIR MILES promotions, and promotion by Customer Service Representatives (CSR) directly with customers. Major improvements have been made with CSR-assisted enrollments resulting in an increase of 48% in monthly enrollments from January 2017 to July 2018. This will be the continued area of focus for further enrollments in the next year.

For those customers that receive paper bills, SaskEnergy and SaskPower have contracted a new third-party provider to provide enhanced bill and letter printing services. This includes industry best practices for bill and letter print services with strict security and privacy policies, and reduced costs to print stock, bill, and letter print services. By modernizing the programming language, SaskEnergy can also support future enhancements to bill and letter print functionality. Since being implemented in December 2017, cost savings are estimated to be approximately 30% compared to last year's costs for bill and letter printing services, or approximately $20,000 per month in savings.

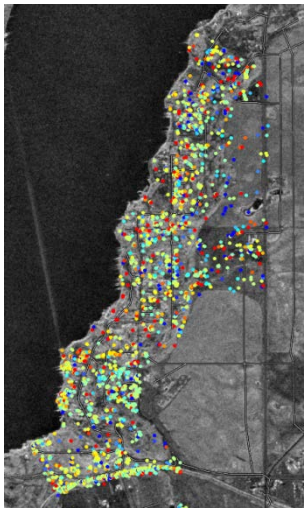
SaskEnergy marked a major milestone in April 2018 with the 20th Anniversary of the SaskEnergy Residential Network. The SaskEnergy Network was formed when SaskEnergy and contractors decided to work together to leverage each organization's strengths to provide the best service possible for mutual customers at a time of uncertainty in the industry. Through this model of trust and transparency, the SaskEnergy Network was established.

The successes achieved with SaskEnergy's Network Members have not gone unnoticed by industry peers. Utilities from other provinces have come to Saskatchewan to learn about the Network and have worked with SaskEnergy to establish similar partnerships with plumbing and heating contractors in their areas. The Network model has been recognized as an industry best practice.

Network highlights from the last 20 years:

- 152 Residential Network Members operating in 57 communities across the province;
- 66 Commercial Network Members in 19 communities;
- Nearly 22,000 SaskEnergy Network Member Home Heating Tune-Ups completed;
- Since 2003, customers have used the ENERGY STAR Loan Program to finance over $2 million in natural gas equipment; and
- Furnaces being installed in Saskatchewan are 98% efficient and natural gas is still the fuel of choice for heating throughout the province.

SaskEnergy is continuing its work with pipeline research groups and other utilities to use new technology to ensure the safe operation of its system. Satellite technology is already in use, detecting ground movement of as little as three millimetres at Last Mountain Lake. In addition, testing has begun with the use of Unmanned Aerial Vehicles (UAV) to quickly and inexpensively monitor isolated rural stations. The Distribution Foundation Project was completed in 2017-18. This project converted computer-aided design (CAD) files into Geographic Information Systems (GIS) databases to allow SaskEnergy to leverage the data related to its assets, make the data more accessible, increase analytical capabilities and provide future savings.



2.5 DELIVERING SAFE AND RELIABLE SERVICE

SaskEnergy's system integrity program is built off an enterprise risk assessment that focuses on the risks faced by the $1.9 billion of SaskEnergy/TransGas facilities that deliver natural gas to industry, businesses and residences throughout Saskatchewan.

The integrity program was developed in compliance with code and regulatory requirements, industry best practice and an assessment of risk particular to the SaskEnergy system. In recent years, increased attention to natural gas related incidents, has led to natural gas utilities and pipelines elevating their efforts regarding public safety and the integrity of their infrastructure. SaskEnergy aligns itself with industry best practices through participation within the Canadian Gas Association and the Canadian Energy Pipeline Association which collaborate with the majority of natural gas companies in Canada, to continually improve risk assessment and mitigation programs and activities. Other industry groups like the Pipeline Research Council International and Canadian Common Ground Alliance are utilized to leverage research money to solve specific issues and assist with the continual improvement of SaskEnergy's integrity and maintenance programs. Based on this alignment, SaskEnergy has developed specific risk identification protocol and is applying this so that all assets owned and operated by SaskEnergy

have a consistent asset management strategy that supports the safe and reliable design, construction and operation of the natural gas system in Saskatchewan.

The Corporation's system integrity and public safety programs combine predictive analysis and proactive response. The programs show their effectiveness through reduced levels of gas leaks, failures, third-party contacts and other measures. SaskEnergy will continue its focus on service tee and related service upgrades, part of a long-term plan to address known higher risk installations. The Service Upgrade Program currently identifies detailed upgrade plans and has resulted in a measurable decrease in gas leak incidents associated with service lines within upgraded areas. This will, in turn, reduce the risk of a public incident related to a natural gas leak. In January 2018, SaskEnergy began a program to upgrade older service connections in Saskatoon due to a high number of leaks related to a specific vintage of curb valves. A total of 670 have been completed as of June 30, 2018. A similar program in Regina has been underway since 2011, with 17,000 service connection upgrades now complete. Service connections have also been upgraded in Rosetown, Humboldt, Pense, Leader, Cabri, Kyle, Elrose, and Prelate.

SaskEnergy continues to maintain its Major Growth Infrastructure (MGI) program. The program assesses the infrastructure and capital requirements to ensure the distribution and transmission systems are capable of managing the load growth and the associated system reliability. The main focus of the program is on growing communities and/or areas of high risk and is reviewed on an annual basis. The program may be reviewed more often as the need arises to ensure it evolves with changing conditions.

An assessment of the current and long-term plans for the City of Saskatoon focused on the management of load growth and system reliability. There are two areas that have been identified within the City of Saskatoon and included as part of the MGI program. The first is to re-build Town Border Station (TBS) #2 to reduce the pressure as well as risks associated with aging equipment and the proximity of this station to Circle Drive. The second area identified is in relation to the Central Avenue Intermediate Pressure (IP) Main. The University of Saskatchewan's development of land for student residences and commercial facilities has resulted in additional pipeline infrastructure required to accommodate load and future customer growth.

SaskEnergy has also completed an assessment of the City of Regina growth plans compared to existing infrastructure. The continued subdivision growth around the city has the current SaskEnergy distribution system approaching capacity. In addition to load growth, the subdivision developments are located further away from the core system pipelines which create additional system requirements. As the City of Regina expands, TBS #1 and #2 are also within close proximity to residential and commercial areas and plans to relocate these stations

are underway. A new subdivision in northwest Regina is unable to utilize current infrastructure and the new TBS #4 is required to support the City's population growth plan.

Prince Albert and Moose Jaw currently rely on one TBS and with anticipated growth, a second TBS has been identified for growth on the east side of Prince Albert and the south side of Moose Jaw. A flood study was completed on TBS #1 in North Battleford indicating that the current location has a high probability of the station being flooded, therefore future plans to relocate and rebuild are required. Humboldt plans to include the replacement of TBS #2, which will reduce the reliance on TBS #1 and provide future capacity to allow for growth.

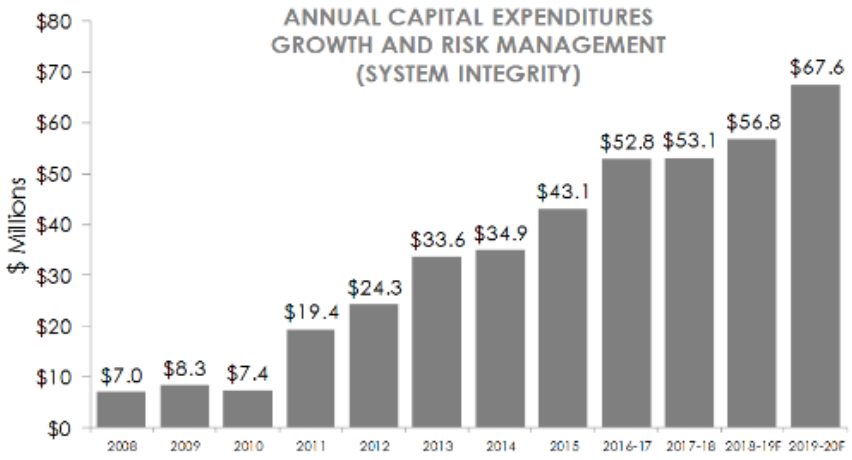
2.6 DEPRECIATION EXPENSE

Depreciation expense for the application period is estimated at $48.2 million as detailed in Schedule 4.3. This expense reflects the depreciation associated with plant and equipment and corporate infrastructure required to:

- connect new customers;
- undertake economically justified and safety-related system improvements;
- support safe, reliable and efficient operations; and
- manage the information, work management and customer administration.

Depreciation expense continues to trend higher as capital expenditures for both new customer connections and investment in system integrity infrastructure renewal programs have accelerated. Increased attention to natural gas related incidents has led to an industry-wide change in the approach natural gas utilities and pipelines must take regarding public safety and the integrity of their systems. Higher regulatory and industry standards and a more comprehensive risk based management system requires annual capital investments in maintaining and replacing existing infrastructure.

SaskEnergy has increased its annual safety and infrastructure renewal investment from approximately $7.0 million in 2008 to approximately $67.6 million during the application period. This increase in annual investment in safety and infrastructure renewal is expected to continue at these levels into the future and is comparable to other utilities across North America.



SaskEnergy has an external Depreciation Study performed every few years. The last depreciation study was completed in 2013 on assets as at December 31, 2011. SaskEnergy has engaged an external consultant to perform a new depreciation study and is currently working with the consultant to validate and finalize the results.

2.7 TAX EXPENSE

Taxes consist of Corporate Capital Tax and property taxes (see Schedule 4.4). Corporate Capital Tax is paid to the Province of Saskatchewan and is calculated at 0.6% of capital invested in excess of $10 million. The expense is calculated in accordance with the formula, deductions and allowances prescribed by *The Saskatchewan Corporation Capital Tax Act.*

As a Crown Corporation, SaskEnergy is exempt from property taxes on its infrastructure within Saskatchewan. Historically, in instances where SaskEnergy purchases existing infrastructure that had a previous property tax obligation, SaskEnergy will carry forward that tax obligation by means of a grant-in-lieu of taxes. However, in its 2018-19 Provincial Budget, government expanded the grants-in-lieu program and it now includes all owned, non-linear real estate assets. The payment of grants-in-lieu to municipalities maintains the property tax revenue despite a transfer of ownership to a Crown Corporation.

The forecast tax expense for the application period is $7.4 million. Corporate Capital Tax has increased from previous years as capital spending has increased.

2.8 INTEREST EXPENSE

SaskEnergy's cost for financing its natural gas distribution infrastructure, equipment and operations is estimated at $31.5 million for the application period (see Schedule 4.5). These expenses consist primarily of financing costs for short and long-term debt, off-set by sinking fund earnings, capitalized interest and interest costs allocated to the cost of gas. SaskEnergy conducts its borrowing activity through the Province of Saskatchewan and, as a result, benefits from the favourable borrowing rates of the Province. These rates are lower than what SaskEnergy would achieve if it was required to go to the market and borrow in its own right.

SaskEnergy's cash inflows are highly cyclical but they follow a similar pattern every year. Revenues peak in the winter months and decline in the warmer months and this trend creates periods where SaskEnergy requires access to short-term financing as well as short-term investing, both of which are transacted through the Ministry of Finance.

2.9 NET INCOME

The net income estimate of $33.5 million for the application period, as provided in Schedule 4.6, reflects the level of earnings that will provide SaskEnergy with an appropriate return on investment as measured by the rate of return on equity. The rate of return on equity is targeted at 8.3% for the application period. This level of return is comparable to industry average as evidenced in the recent rate of return levels allowed by the various regulatory authorities that provide regulatory oversight for natural gas utilities operating in other jurisdictions in Canada.

2.10 OTHER REVENUE

Other Revenue is summarized on Schedule 4.7 and is forecast at $30.4 million for the application period. Other Revenue consists of Distribution Tolls, Asset Optimization through commodity activities, Connect Fees, Service Alteration Fees, Late Payment Charges, Miscellaneous Revenue and Customer Financing.

The largest component of Other Revenue is Distribution Tolls. Large in-province natural gas users purchase their natural gas directly from a natural gas producer or gas retailer, and contract transportation service for this natural gas directly with TransGas. Although these are not SaskEnergy customers, most of these users require the use of SaskEnergy's distribution facilities to regulate and adjust the pressure of their natural gas from the TransGas high-pressure transmission pipeline system to the users' metering location. As part of its franchise, SaskEnergy provides this service and assesses a toll which is charged to TransGas. TransGas then recovers this toll from its customers through its rates. Distribution tolls are set based on recovering the cost of service on a 1:1 basis (revenue-to-cost ratio of 1) and for the application period are forecast at $20.6 million.

In order to ensure safe and reliable service, SaskEnergy must contract enough storage and transportation to ensure customers have natural gas throughout the winter months - particularly on the coldest days of the year. Given the potential for extreme variation in temperatures in Saskatchewan, there are times during normal business operations that these contracts would not be fully utilized. SaskEnergy optimizes the utilization of its assets through its Asset Optimization activities by purchasing and selling natural gas through various producers and gas retailer to earn a margin. Net margins from Asset Optimization activities are based on forecast sales opportunities and are estimated at $5.9 million. The actual net margin from Asset Optimization varies from year to year and is contingent on prevailing market conditions. Asset Optimization activities have significantly increased in the last couple of years due to the current markets.

All of these forecasted revenues are recognized when determining the revenue requirement and have the effect of lowering rates for SaskEnergy's delivery customers.

2.11 RATE DESIGN PRINCIPLES AND OBJECTIVES

Rate design should recover all costs fairly, both between the various rate classes as well as within each rate class. This can represent a challenge since various rate design principles can conflict with one another. The following rate design principles underpin SaskEnergy's delivery service rate recommendation.

"Postage Stamp" Pricing Philosophy

A postage stamp rate charges the same amount regardless of the geographical location or distance involved for any given customer found within each rate class. The best example is Canada Post's rate to mail a letter. Whether the letter is mailed to an address across the street or across the country, the sender's cost to mail the letter is the same. Thus postage stamp rates do not differentiate price based on distance or location within a given franchise area.

Postage stamp rates recognize that cost differences due to location or distance do exist. However, these cost differences are averaged for the pricing of the service. Consequently, within each rate class, customers have the same rate irrespective of their geographical location.

Regulators across North America have long approved the use of postage stamp rates in rate setting for natural gas services. In Canada, regulators in each jurisdiction have approved postage stamp rates for the various classes of service for each of the major natural gas distribution utilities and their respective franchise areas.

SaskEnergy rates have been postage stamp rates since 1982. SaskEnergy (and the industry in general) continues to believe postage stamp rates represent one of the most fundamental and fairest ways to charge for natural gas distribution services. Postage stamp rates must be supported by a legislated or otherwise granted monopoly so the low cost to serve customers cannot by-pass the utility.

Fixed Costs versus Volumetric Rates

One challenge for the utility and its rate design is that over 98% of the cost of delivery service consists of fixed costs. Consequently, even the volumetric component of the rate – the Delivery Charge – recovers fixed costs related to the distribution system such as the contractual transportation requirements for peak day and storage capacity. However, this is typical of the rate design faced by all major Canadian natural gas distribution utilities.

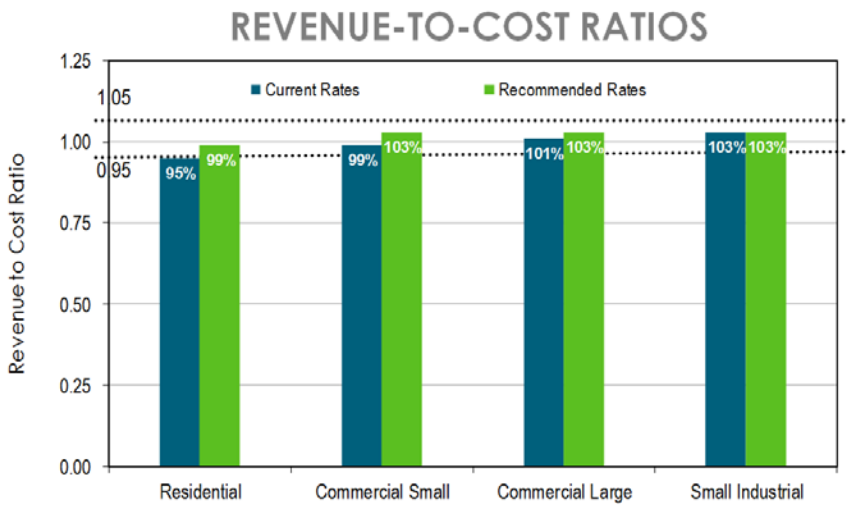
Revenue Requirement

Delivery rates should fully recover the cost of providing service to allow the utility the opportunity to achieve its approved financial targets as well as provide revenue stability over time. In order for SaskEnergy to meet its long-term financial targets, it requires an additional $10.0 million in revenue, over the application period.

Fairness between Rate Classes

Rate adjustments should be fair and equitable to all customers. Revenue-to-cost ratios provide a measure of the fairness of rates between various classes. The premise is that a fair rate should recover a dollar of revenue for each dollar of cost incurred in providing service. Thus, the ratio of revenue compared to the cost of providing service would be 1.00.

The adjacent chart summarizes how well each of the rate classes recover the allocated cost of delivery service as measured by the revenue to cost ratio, both at current rates and at the recommended rates. If approved, the recommendation would result in a revenue-to-cost ratio in each class within the stated objective of 0.95 to 1.05.

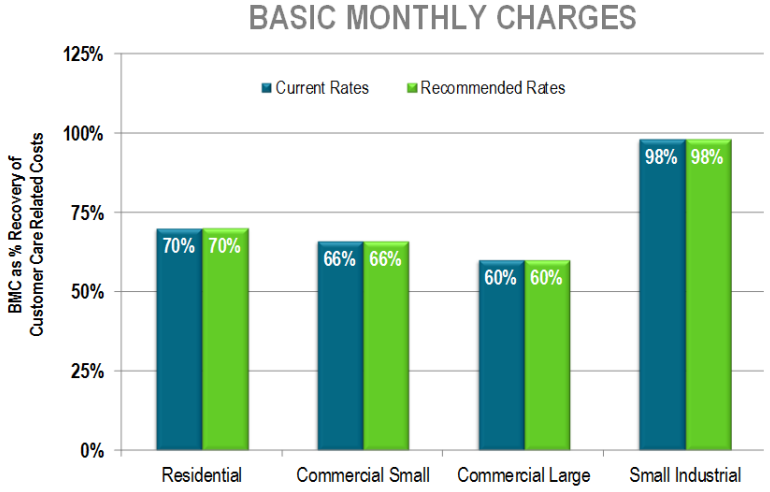


SaskEnergy's long-term objective is to have rates that achieve a revenue-to-cost ratio between 0.95 and 1.05, which is the industry acceptable range. Ratios outside this range could be an indication that some cross-subsidization exists between rate classes.

Fairness within Rate Classes

Ideally, for each rate class, the BMC and the Delivery Charge should be set as close as possible to their corresponding average unit costs. This ensures there is little, if any, cross-subsidization between smaller users versus larger users within the same rate class. This issue also affects the utility's ability to achieve its targeted earnings. Proper customer care related cost recovery helps to mitigate the impact of weather variations upon earnings.

However, most utilities have a BMC that is too low and a Delivery Charge that is too high. Customers tend to oppose fixed charges, particularly in months of low or no usage.



SaskEnergy has a long-term objective to recover at least 75% of the fixed customer care related costs through its BMC. This rate application will not meet SaskEnergy's objective of recovering at least 75% through BMC. When SaskEnergy last adjusted its Delivery Service Rates in 2017, it applied for an increase to its BMC. During the application review period, comments from customers and the public indicated a resistance to further increases in the BMC. As a result of this the Panel recommended, and Cabinet approved, a smaller increase to the BMC, coupled with a modest increase to the Delivery Charge. In consideration of this, SaskEnergy is seeking only an increase to its volumetric Delivery Charge in this rate application.

Gradualism

This principle allows rate realignments to occur more gradually, over several rate applications as opposed to all at once. If all rate realignments were introduced at once, particularly when seeking a general rate increase, some customers could experience a significant increase while other customers may experience a decrease. SaskEnergy is applying for a general rate increase of 3.7% in this application. Customer's rate increases will range from an average 0.5% for Small Industrial customers to an average 3.9% for Residential customers, depending on individual customer usage.

2.12 RATE CLASSES

SaskEnergy currently defines its rate classes on an end-use basis. Rate classes consist of Residential, Commercial Small, Commercial Large and Small Industrial. The Residential customer class includes both rural and urban residences.

Commercial Small includes most main street businesses including restaurants, as well as facilities such as curling rinks, smaller elementary schools and hospitals, and commercial agricultural operators. These customers consume up to and including 100,000 m^3 of natural gas annually. Commercial Large customers consume between 100,001 and 660,000 m^3 of natural gas annually. These are larger hotels, high schools, and hospitals; larger municipal offices or warehouse buildings; larger office buildings, and small manufacturers.

Small Industrial customers represent a small group of customers that use over 660,000 m^3 of natural gas annually that prefer the convenience of dealing with SaskEnergy. Most industrial gas users are not SaskEnergy customers but rather contract for transportation service directly with TransGas and buy their natural gas from a supplier other than SaskEnergy. Currently there are 29 customers in this rate class. Because there are so few customers in this rate class, small changes in the number of customers can impact the average profile and cost of service.

2.13 RECOMMENDED DELIVERY RATES

An increase to the volumetric Delivery Charge component for all rate classes is being recommended effective April 1, 2019.

Rate Class	Current Basic Monthly Charge $	Current Delivery Charge $/ m³	Proposed Delivery Charge $/ m³	
			Basic Monthly Charge $	Delivery Charge $/ m³
Residential	23.20	0.0924	no change	0.1000
Commercial Small	38.50	0.0770	no change	0.0811
Commercial Large	137.40	0.0673	no change	0.0684
Small Industrial	216.00	0.0440	no change	0.0442*

* First 40,000 m³ per month, thereafter $0.0442/m³
* First 40,000 m³ per month, thereafter $0.0381/m³

A detailed Delivery Service Rate schedule can be found in Schedule 5.0.

An increase to the volumetric Delivery Charge is recommended for Residential, both Commercial Small and Commercial Large customers, and Small Industrial customers.

The proposed rate increases would result in an additional $10.0 million in revenue annually for SaskEnergy. The increased revenue from the Delivery charge is weather dependent and may be reduced by periods of warm weather and/or by further gains in customer's energy efficiency.

Schedule 5.1 summarizes, on a monthly basis, the revenues by rate class for the current and the proposed rates.

2.14 DELIVERY SERVICE BILL IMPACT

The customer bill impact below includes the impact of only the delivery service rate increase. The Delivery Service rate change will result in an increase of $1.76 per month on average for Residential customers. See Section 4 for the full bill impact, including both the commodity and delivery services rate adjustments.

The Residential customer class is facing the largest cost pressures, as the majority of integrity investment and safety related operations have been associated with this rate class. In order to pay its fair share of costs, the recommendation is for a slightly larger percentage increase relative to the other customer classes. If approved, an average Residential customer would receive an annual average bill increase of 2.3%. For the Commercial Small and Commercial Large customers, they would receive an average annual bill increase of 1.6% and 0.5%, respectively. The Small Industrial customers would have an average bill increase of 0.1%.

AVERAGE 3.7% DELIVERY SERVICE RATE INCREASE EFFECTIVE APRIL 1, 2019

RATE CLASS	DELIVERY SERVICE RATE % INCREASE	$/MONTH	ANNUAL BILL % INCREASE
RESIDENTIAL	3.9%	$1.76	2.3%
COMMERCIAL SMALL	3.7%	$4.47	1.6%
COMMERCIAL LARGE	1.4%	$16	0.5%
SMALL INDUSTRIAL	0.5%	$13	0.1%

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

3. LOAD FORECAST

3.1 ANNUAL REQUIREMENTS

SaskEnergy prepares an annual customer load forecast based on normal weather to determine the amount of natural gas that is needed to serve SaskEnergy customers. The load forecast is also used to calculate the revenue expected from existing rates.

The majority of SaskEnergy's customer usage is to heat homes and businesses. Consequently, SaskEnergy's loads are very dependent on weather and can vary significantly. Historical loads are weather adjusted (normalized) to take into consideration this variation due to weather. The load forecast determines the expected natural gas consumption based on normal or average weather. For forecasting purposes, normal weather is calculated using weather data from the past thirty years for Regina and Saskatoon.

Forecast Methodology

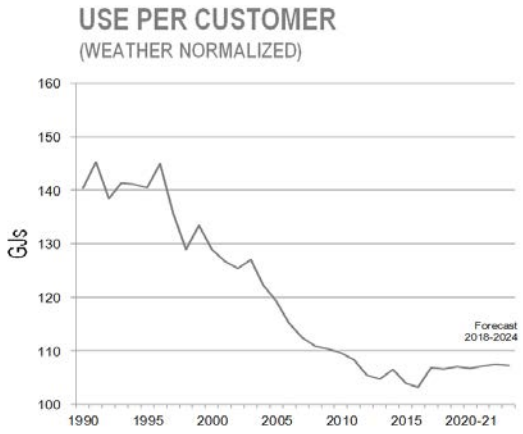
SaskEnergy forecasts its load requirements using historical customer consumption data. The historic customer consumption is adjusted to remove the effects of actual temperature deviations from normal weather, which is calculated using an analysis of the temperature of the last thirty years. This way, customer

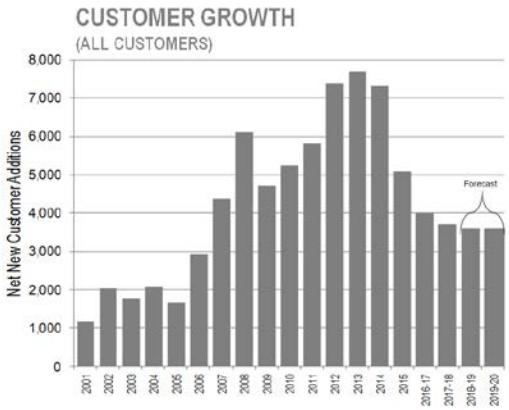
consumption can be compared from year to year without the effects of weather deviations.

Use Per Customer

The determination of the use per customer is based on historical weather-adjusted consumption. Regression equations are used to quantify the historical decline rate and forecast the use per customer for the upcoming period for the Residential and Commercial Small customer classes, which account for over 80% of SaskEnergy's customer load. For the remaining customer classes, the historical use per customer is used to forecast, as there is no statistically valid regression equation from this data.

For a number of years, customer usage has declined across North America as end users acquire more energy efficient furnaces and appliances, install set back thermostats, improve insulation in homes and businesses reduce hot water consumption, and generally have increased awareness of their energy consumption. New customer home constructions, as well as multi-unit dwellings use considerably less natural gas than existing customers and some are also replacing older less energy efficient homes. The use per customer trend has begun to level off in recent years due to customers maintaining more energy efficient homes, fewer homes with low energy equipment, and lower natural gas prices.





The following table shows the historical and forecast weather normalized use per customer class.

WEATHER NORMALIZED ANNUAL VOLUME (GJs)	2014	2015	2015-16	2016-17	2017-18	Forecast 2018-19	Forecast 2019-20
RESIDENTIAL	107	104	103	103	107	107	107
COMMERCIAL SMALL	514	507	502	506	511	511	503
COMMERCIAL LARGE	7075	6174	6030	6891	6584	6567	6551

Number of Customers

The total number of customers is the sum of the actual average number of customers served for the previous period plus the estimated customer additions. The number of customer additions (net of service retirements) is based on anticipated new construction and planned projects to unserved areas.

Forecast Annual Requirements

The forecast annual requirements for delivery customers are summarized on Schedule 5.2, Schedule 5.3 and Schedule 5.4 and illustrate the sensitivity of SaskEnergy's customer load to extreme changes in weather, calculated at two standard deviations away from normal weather. Schedule 5.5 quantifies the impact the variation in weather has on the corporation's revenues.

3.2 PEAK DAY REQUIREMENTS – MAXIMUM DAILY USAGE

A critical function of a natural gas utility is to provide reliable natural gas delivery to all customers during all weather conditions. In order to provide reliable delivery, the utility must have adequate transportation capacity, storage capacity, and natural gas supplies. The day with the highest consumption (typically the coldest day of winter) is referred to as the peak day, since consumption has reached a peak.

Forecast Methodology

The forecast peak day load is calculated by multiplying the estimated peak day use per customer times the number of customers (i.e. peak day load = peak day use per customer multiplied by the number of customers).

SaskEnergy's historical peak day load is estimated by TransGas. This estimate is based on a calculation which includes actual measurement, where available, and a load computation at locations where direct measurement is not available. The number of customers on peak day is known from billing system records. This approach has shown to be cost effective and with an appropriate degree of accuracy.

Using the data from the past ten years, a mathematical relationship using regression analysis has been developed between peak day use per customer and degree-days. The peak day forecast use per customer for the upcoming period is determined using this equation. The number of customers expected on peak day is taken from the customer number forecast.

Key Assumptions

SaskEnergy uses a 1-in-20 design criteria for peak day (i.e. there is a 1-in-20 probability that the design peak day load will be reached during the upcoming winter). This design criteria is within the typical range of criteria used by other

natural gas utilities in Canada and the United States, who use a range of "1 in 5 design" to a "coldest ever design".

The degree-day forecast for a 1-in-20 peak day is determined from 30-year Environment Canada weather statistics for Regina and Saskatoon. This results in 54.8 degree-days, which corresponds to an average daily temperature of -36.8 degrees Celsius.

Peak Day Load Forecast and Historical Peak Days

SaskEnergy's peak day is summarized on Schedule 5.6. Historical peak day loads can be found in Schedule 5.7.

4. CUSTOMER BILL IMPACT

The recommended Commodity Rate Decrease and Delivery Service Rate Increase result in the following total customer bill impacts:

	Commodity Rate Decrease ($3.65GJ to $2.65/GJ)		Delivery Service Rate Increase		Total Bill Impact	
	$/Month	Annual Bill % Decrease	$/Month	Annual Bill % Increase	$/Month	Annual Bill % Decrease
Residential	($8.50)	(11.1%)	$1.76	2.3%	($6.74)	(8.8%)
Commercial Small	($39.99)	(14.6%)	$4.47	1.6%	($35.52)	(13.0%)
Commercial Large	($520)	(17.0%)	$16	0.5%	($505)	(16.5%)
Small Industrial	($2,435)	(20.2%)	$13	0.1%	($2,422)	(20.1%)
Average		(12.7%)		1.9%		(10.8%)

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

To determine the impact the delivery service rate increase will have on a specific customer's bill, a Bill Impact Calculator can be found on SaskEnergy's website at www.saskenergy.com.

5. MINIMUM FILING REQUIREMENTS

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

1. Commodity Rate adjustment details, containing at least the following information:

   - Rate change requested in detail
   - Detailed Forecasted Natural Gas Costs for the Test Period including:
     - Forecasted cost of future purchases
     - Price risk management cash flows
     - 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
   - 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, related to the purchase of natural gas, for the previous five years

5. Delivery Service Rate adjustment details, containing at least the following information:

   - Rate changes requested in detail
   - Revenue Requirement
   - Storage & Transportation costs
   - Operating, Maintenance & Administration costs
   - Depreciation Charges & Rates
   - Taxes
   - Current Rate Structure, Classification System and Revenue-to-Cost Ratios
   - Detailed Customer Bill Impact
   - Load forecasts, including high/low scenarios and forecasted customer counts

6. Latest Annual Report

7. Current Organization Structure

8. Corporate Long-term Strategic Plan

9. Business Plan coincidental with requested rate review

10. Detailed Planned Maintenance & Capital Programs
11. Safety & Reliability Issues
12. Past, Current & Future Staff Levels by Division
13. Operating, Maintenance & Administrative Expense Detail Including Variance Analysis
14. Inter-Company Cost Allocations
15. Revenues Collected and Paid to Municipalities including Grants in Lieu of Taxes
16. Most Current Cost of Service & Allocation Study Reports and Methodologies in use
17. Most Current Depreciation Study Report
18. Capital Structure & Cost of Capital including Detailed Debt and Finance Charges
19. Current & Projected Return on Equity
20. Working Capital Requirements
21. Rate Base and its Derivation
22. High-Average-Low Customer Bill Impacts
23. Effect of the Proposed Rate Change on Competitiveness with Other Jurisdictions
24. Regulatory Issues/Impacts Report
25. Report on Implementation of Previous Panel Recommendations
26. Productivity and Efficiency Update
27. Most recent quarterly financial reports

The Panel will not release or require SaskEnergy to publicly release commercially sensitive material or other material designated as confidential. Financial data contained within the Application will include the five years prior to the test period.

6. 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.

Annual Load Factor
The ratio of the average daily volume of natural gas shipped (or consumed) over a year to the daily contract demand volume. 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 approximately 30%.

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. 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 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 as individual customer.

- Service - The piping which delivers natural gas from point of connection at the main to the meter on the customer's premise.

- Meter - An instrument for measuring or recording the volume of gas that has passed through it.

Gas Cost Variance Account (GCVA)
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.

Gas Year
Begins on November 1 of one year and ends October 31 of the following year.

Gigajoule (GJ)
A metric measure of energy used to express the heating value of natural gas or of energy consumed. A typical home uses about 105 gigajoules per year.

1 Terajoule (TJ) = 1,000 Gigajoules, 1 Petajoule (PJ) = 1,000,000 Gigajoules.

Heat Value
The amount of energy produced through combustion by a specified quantity of fuel. Heat value of natural gas produced in Saskatchewan is quoted in megajoules per cubic metre. Natural gas with a high heat value produces more energy relative to natural gas with a lower heat value.

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.

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 (TEP)
Acts like a market hub in Saskatchewan on the TransGas system. SaskEnergy and all gas suppliers use the TransGas Energy Pool (TEP) as the common reference point where natural gas commodity is priced. In addition, SaskEnergy's storage and delivery transportation commence at TEP.

7. SCHEDULES

COMMODITY RATE APPLICATION DETAILS

DELIVERY SERVICE RATE APPLICATION DETAILS

LOAD FORECAST

SCHEDULE 1.0
FORECAST COST OF GAS SOLD

SaskEnergy Incorporated
Forecast Cost of Gas Sold ($000's)
April 1, 2019 - March 31, 2020

		1	2	3	4	5	6	7	8	9	10	11	12	13
Line	Description	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	TOTAL
1	Saskatchewan Purchases	$3,239	$3,347	$3,239	$3,347	$3,347	$3,239	$3,348	$4,074	$4,210	$4,210	$3,938	$4,210	$43,748
2	Alberta Purchases	$6,726	$6,950	$6,726	$6,950	$6,950	$6,726	$6,950	$7,374	$7,620	$7,620	$7,128	$7,620	$85,340
3	Price Risk Management (Inflows)/Outflows	$0	$0	$0	$0	$0	$0	$0	$224	$231	$231	$216	$231	$1,132
4	Costs upstream of TEP	$1,938	$2,003	$1,938	$2,003	$2,003	$1,938	$2,003	$2,052	$2,120	$2,120	$1,984	$2,120	$24,221
5	Cost of Purchase Gas	$11,903	$12,300	$11,903	$12,300	$12,300	$11,903	$12,301	$13,723	$14,181	$14,181	$13,266	$14,181	$154,441
6	Storage Withdrawal (Injection)	($1,681)	($6,895)	($8,582)	($9,289)	($9,238)	($7,366)	($2,270)	$5,350	$11,495	$13,231	$10,028	$5,382	$165
7	Gas in Storage Interest Expense	$37	$37	$37	$37	$37	$37	$37	$43	$43	$43	$43	$43	$471
8	Gas Supply Operating Maintenance & Admin Expenses	$119	$119	$119	$119	$119	$119	$119	$119	$119	$119	$119	$119	$1,425
9	Gas Supply Related Bad Debt Expense	$65	$34	$21	$19	$20	$29	$65	$114	$155	$166	$140	$115	$944
10	Less Gas Supply Related Late Payment Charges	($99)	($84)	($67)	($54)	($46)	($41)	($40)	($45)	($58)	($85)	($110)	($111)	($839)
11	Less Cost of Internal Usage	($234)	($157)	($97)	($64)	($58)	($79)	($68)	($148)	($259)	($237)	($354)	($319)	($2,073)
12	**Cost of Gas Sold**	**$10,111**	**$5,354**	**$3,333**	**$3,067**	**$3,133**	**$4,602**	**$10,144**	**$19,156**	**$25,676**	**$27,418**	**$23,131**	**$19,410**	**$154,536**

Volume (Gigajoules - 000s)

Line	Description	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	TOTAL
13	Customer Sales	3,822	2,009	1,234	1,128	1,150	1,707	3,812	6,722	9,174	9,841	8,267	6,832	55,700
14	Purchases (less Fuel Gas & Line Loss)	4,554	4,705	4,554	4,705	4,705	4,554	4,706	4,742	4,900	4,900	4,583	4,900	56,507
15	Cost of Purchase Gas (GJ)	$2.614	$2.614	$2.614	$2.614	$2.614	$2.614	$2.614	$2.894	$2.894	$2.894	$2.894	$2.894	
16	Storage Withdrawal (Injection)	(643)	(2,638)	(3,283)	(3,554)	(3,534)	(2,818)	(868)	2,033	4,367	5,027	3,810	2,045	(57)
17	Storage Withdrawal (Injection) Rate (GJ)	$2.614	$2.614	$2.614	$2.614	$2.614	$2.614	$2.614	$2.632	$2.632	$2.632	$2.632	$2.632	
18	Internal Usage	(88)	(59)	(36)	(24)	(21)	(29)	(25)	(52)	(93)	(85)	(127)	(112)	(751)

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

SCHEDULE 1.1
FORECAST GAS PRICES

SaskEnergy Incorporated
Forecast Gas Prices for
April 1, 2019 - March 31, 2020
Closing Prices as of September 10, 2018
$/Gigajoule

		1	2	3	4	5	6	7	8	9	10	11	12
Line	**Description**	**Apr-19**	**May-19**	**Jun-19**	**Jul-19**	**Aug-19**	**Sep-19**	**Oct-19**	**Nov-19**	**Dec-19**	**Jan-20**	**Feb-20**	**Mar-20**
1	AECO Forward Prices	1.220	1.220	1.220	1.220	1.220	1.220	1.220	1.860	1.860	1.860	1.860	1.860
	COST OF PURCHASE GAS												
2	Cost of Purchase Gas Before Financial Hedges	2.175	2.175	2.175	2.175	2.175	2.175	2.175	2.398	2.398	2.398	2.398	2.398
3	Change in Price due to Financial Hedges	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.047	0.047	0.047	0.047	0.047
4	Receipt Transport	0.423	0.423	0.423	0.423	0.423	0.423	0.423	0.430	0.430	0.430	0.430	0.430
5	Forecast Cost of Purchase Gas	2.598	2.598	2.598	2.598	2.598	2.598	2.598	2.875	2.875	2.875	2.875	2.875
6	Volume Adjusted Cost of Purchase Gas[1]	2.614	2.614	2.614	2.614	2.614	2.614	2.614	2.894	2.894	2.894	2.894	2.894
	COST OF GAS SOLD												
7	Purchase Price	2.614	2.614	2.614	2.614	2.614	2.614	2.614	2.894	2.894	2.894	2.894	2.894
8	% of Sales met with Purchases	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	69.8%	52.4%	48.9%	53.9%	70.1%
9	Inventory Withdrawal Price	2.731	2.677	2.654	2.643	2.636	2.633	2.632	2.632	2.632	2.632	2.632	2.632
10	% of Sales met with Inventory	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	30.2%	47.6%	51.1%	46.1%	29.9%
11	Cost of Gas Sold before OM&A	2.614	2.614	2.614	2.614	2.614	2.614	2.614	2.815	2.769	2.760	2.773	2.816
12	Interest, OM&A and Bad Debt Expense less Late Payment charges[2]	0.032	0.053	0.088	0.107	0.112	0.084	0.047	0.034	0.028	0.025	0.023	0.024
13	Forecast Cost of Gas Sold	$ 2.646	$ 2.667	$ 2.702	$ 2.721	$ 2.726	$ 2.698	$ 2.661	$ 2.849	$ 2.798	$ 2.785	$ 2.797	$ 2.840

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 1.2
FORECASTED COST OF GAS – STORAGE INVENTORY DETAILS

SaskEnergy Incorporated
Storage Inventory Details - Forecasted Cost of Gas
April 1, 2019 - March 31, 2020

		1	2	3	4	5	6	7	8	9	10	11	12
		Apr-19	**May-19**	**Jun-19**	**Jul-19**	**Aug-19**	**Sep-19**	**Oct-19**	**Nov-19**	**Dec-19**	**Jan-20**	**Feb-20**	**Mar-20**
Line	**Gas in Storage - Volume**												
1	Opening Balance (000's GJs)	2,406	3,049	5,686	8,970	12,523	16,058	18,875	19,744	17,711	13,344	8,317	4,507
2	Closing Balance (000's GJs)	3,049	5,686	8,970	12,523	16,058	18,875	19,744	17,711	13,344	8,317	4,507	2,462
3	(Injections)/ Withdrawals (000's GJs)	(643)	(2,638)	(3,283)	(3,554)	(3,534)	(2,818)	(868)	2,033	4,367	5,027	3,810	2,045
4	(Injection)/Withdrawal Price	$2.61	$2.61	$2.61	$2.61	$2.61	$2.61	$2.61	$2.63	$2.63	$2.63	$2.63	$2.63
5	**Weighted Average Price of Gas in Storage**	**$2.73**	**$2.68**	**$2.65**	**$2.64**	**$2.64**	**$2.63**	**$2.63**	**$2.63**	**$2.63**	**$2.63**	**$2.63**	**$2.63**
	Cost of Gas in Storage												
6	Opening Balance ($000)	$ 6,647	$ 8,327	$ 15,222	$ 23,804	$ 33,094	$ 42,332	$ 49,697	$ 51,967	$ 46,617	$ 35,122	$ 21,891	$ 11,863
7	Closing Balance ($000)	$ 8,327	$ 15,222	$ 23,804	$ 33,094	$ 42,332	$ 49,697	$ 51,967	$ 46,617	$ 35,122	$ 21,891	$ 11,863	$ 6,481
8	**Net Change in Inventory ($000)**	$ (1,681)	$ (6,895)	$ (8,582)	$ (9,289)	$ (9,238)	$ (7,366)	$ (2,270)	$ 5,350	$ 11,495	$ 13,231	$ 10,028	$ 5,382

Line	**Storage Inventory Carrying Costs**	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	TOTAL
			<------ Summer ------>												
9	Gas in Storage Closing Balance	$6,647	$8,327	$15,222	$23,804	$33,094	$42,332	$49,697	$51,967	$46,617	$35,122	$21,891	$11,863	$6,481	
10	Average Daily Balance		$7,487	$11,775	$19,513	$28,449	$37,713	$46,014	$50,832	$49,292	$40,869	$28,506	$16,877	$9,172	
11	Interest Rate		1.79%	1.79%	1.79%	1.79%	1.79%	1.79%	1.79%	1.79%	1.79%	1.79%	1.79%	1.79%	
12	Calculated Monthly Interest Charge		$11	$18	$29	$43	$57	$68	$77	$72	$62	$43	$24	$14	
13	Total Annual Interest														$518
14	Amortized Monthly Interest Charge														$0

Tables might not add precisely due to rounding.

SCHEDULE 2.0.1
GAS COST VARIANCE ACCOUNT

SaskEnergy Incorporated
Gas Cost Variance Account ($000's)
November 1, 2016 - October 31, 2017

		1	2	3	4	5	6	7	8	9	10	11	12	13
Line	Description	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	TOTAL
1	GCVA Balance Forward at Oct 31, 2016	$8,444												$8,444
2	Opening Cumulative GCVA Balance - Under/(Over) Recovery	$8,444	$7,389	$9,012	$10,160	$11,776	$12,744	$12,934	$13,004	$12,881	$12,803	$12,649	$11,869	
3	Purchases - Alberta	$9,401	$9,779	$9,802	$7,873	$8,708	$7,129	$7,308	$9,038	$7,164	$7,764	$6,972	$6,349	$97,286
4	Purchases - Saskatchewan	$5,737	$5,382	$5,984	$4,558	$4,637	$4,955	$5,433	$5,008	$4,119	$3,666	$2,682	$2,719	$54,882
5	Less Purchase of Other Gas Sales	($7)	$0	($2)	($4)	($1)	($2)	($7)	$0	$0	($1)	$0	$0	($24)
6	Price Risk Management (Inflows)/Outflows	$628	$503	($288)	$689	$1,290	$906	$842	$702	$1,037	$1,204	$1,509	$1,544	$10,564
7	Transportation	$1,567	$1,600	$1,600	$1,648	$1,644	$1,643	$1,597	$1,600	$1,602	$1,576	$1,577	$1,576	$19,228
8	Cost of Purchase Gas	$17,326	$17,263	$17,096	$14,765	$16,278	$14,630	$15,173	$16,348	$13,921	$14,209	$12,740	$12,188	$181,936
9	Storage Withdrawal (Injection)	$241	$19,233	$16,832	$12,725	$10,242	($999)	($9,072)	($12,217)	($10,530)	($10,643)	($7,601)	$395	$8,603
10	Gas in Storage Interest Expense	$22	$22	$22	$22	$22	$22	$22	$22	$22	$22	$22	$22	$268
11	Gas Supply Operating Maintenance & Admin Expenses	$121	$121	$121	$121	$121	$121	$121	$121	$121	$121	$121	$121	$1,455
12	Gas Supply Related Bad Debt Expense	$56	$105	$98	$77	$77	$40	$18	$13	$11	$11	$18	$42	$567
13	Less Gas Supply Related Late Payment Charges	($49)	($43)	($78)	($89)	($100)	($79)	($95)	($46)	($37)	($37)	($20)	($25)	($698)
14	Less Cost of Internal Usage	($84)	($95)	($159)	($190)	($157)	($163)	($111)	($66)	($42)	($38)	($41)	($32)	($1,178)
15	**Cost of Gas Sold**	**$17,633**	**$36,606**	**$33,932**	**$27,431**	**$26,482**	**$13,573**	**$6,057**	**$4,175**	**$3,467**	**$3,646**	**$5,239**	**$12,712**	**$190,953**
16	Commodity Sales Revenue (Current Rate 3.65/GJ)	$18,693	$34,986	$32,789	$25,820	$25,520	$13,389	$5,993	$4,304	$3,552	$3,809	$6,029	$14,124	$189,007
17	Gain (loss) on other gas sales	(2)	0	(0)	(1)	(0)	(0)	(1)	0	0	(1)	0	0	($5)
18	Period GCVA Balance	($1,058)	$1,619	$1,144	$1,612	$962	$185	$64	($128)	($85)	($162)	($789)	($1,413)	$1,951
19	Period GCVA Interest	$3	$4	$4	$5	$5	$5	$5	$5	$8	$8	$9	$9	$71
20	Closing Cumulative GCVA Balance (Line 1+14+15)	$7,389	$9,012	$10,160	$11,776	$12,744	$12,934	$13,004	$12,881	$12,803	$12,649	$11,869	$10,465	$10,465

Volume (Gigajoules - 000s)

Line	Description	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	TOTAL
21	Customer Sales	4,881	9,676	9,088	7,236	7,046	3,716	1,636	1,181	986	1,081	1,694	3,966	52,187
22	Purchases (less Fuel Gas & Line Loss)	4,842	4,746	4,795	4,008	4,450	4,036	4,142	4,747	4,099	4,352	4,232	3,863	52,311
23	Cost of Purchase Gas ($/GJ)	$3.578	$3.637	$3.566	$3.684	$3.658	$3.625	$3.663	$3.444	$3.397	$3.265	$3.010	$3.155	
24	Storage Withdrawal (Injection)	62	4,955	4,336	3,278	2,638	(276)	(2,477)	(3,547)	(3,100)	(3,260)	(2,525)	125	210
25	Storage Withdrawal (Injection) Rate ($/GJ)	$3.882	$3.882	$3.882	$3.882	$3.882	$3.625	$3.663	$3.444	$3.397	$3.265	$3.010	$3.155	
26	Internal Usage	(23)	(25)	(43)	(50)	(42)	(45)	(30)	(19)	(12)	(11)	(13)	(21)	(334)

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

SCHEDULE 2.0.2
GAS COST VARIANCE ACCOUNT

SaskEnergy Incorporated
Gas Cost Variance Account ($000's)
November 1, 2017 - October 31, 2018

		1	2	3	4	5	6	7	8	9	10	11	12	13
Line	Description	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18 Forecast	Oct-18 Forecast	TOTAL
1	GCVA Balance Forward at Oct 31, 2017	$10,465												$10,465
2	Opening Cumulative GCVA Balance - Under/(Over) Recovery	$10,465	$7,218	$3,316	$716	($1,055)	($2,950)	($6,963)	($8,402)	($9,260)	($10,070)	($11,363)	($12,789)	
3	Purchases - Alberta	$10,700	$11,761	$9,615	$8,414	$8,379	$7,227	$7,449	$7,207	$7,444	$7,442	$7,183	$7,423	$100,243
4	Purchases - Saskatchewan	$5,059	$4,919	$4,652	$4,098	$4,236	$3,587	$2,694	$2,344	$3,511	$3,067	$2,720	$2,811	$43,698
5	Less Purchase of Other Gas Sales	$0	$0	$0	$0	$0	($336)	($305)	($298)	($347)	($324)	($316)	($380)	($2,306)
6	Price Risk Management (Inflows)/Outflows	$683	$1,166	$1,040	$1,012	$1,228	$607	$1,483	$1,456	$645	$918	$1,088	$1,125	$12,451
7	Transportation	$1,331	$1,352	$1,344	$1,608	$1,605	$1,586	$1,598	$1,597	$1,589	$1,905	$1,606	$1,661	$18,782
8	Cost of Purchase Gas	$17,773	$19,197	$16,651	$15,132	$15,447	$12,671	$12,919	$12,306	$12,842	$13,009	$12,281	$12,639	$172,867
9	Storage Withdrawal (Injection)	$5,776	$9,156	$15,742	$17,368	$9,458	$1,744	($8,837)	($9,405)	($10,038)	($8,922)	($7,631)	($2,287)	$12,126
10	Gas in Storage Interest Expense	$31	$31	$31	$31	$31	$31	$31	$31	$31	$31	$31	$31	$373
11	Gas Supply Operating Maintenance & Admin Expenses	$110	$110	$110	$110	$110	$110	$110	$110	$110	$110	$110	$110	$1,325
12	Gas Supply Related Bad Debt Expense	$54	$65	$70	$68	$53	$37	$11	$8	$7	$11	$12	$27	$423
13	Less Gas Supply Related Late Payment Charges	($26)	($42)	($92)	($88)	($111)	($157)	($176)	($85)	($74)	($51)	($26)	($25)	($954)
14	Less Cost of Internal Usage	($69)	($127)	($127)	($199)	($172)	($121)	($101)	($55)	($38)	($35)	($82)	($70)	($1,198)
15	**Cost of Gas Sold**	**$23,650**	**$28,391**	**$32,384**	**$32,423**	**$24,817**	**$14,315**	**$3,958**	**$2,910**	**$2,841**	**$4,153**	**$4,696**	**$10,425**	**$184,964**
16	Commodity Sales Revenue (Current Rate 3.65/GJ)	$26,904	$32,297	$34,987	$34,193	$26,710	$18,293	$5,424	$3,795	$3,607	$5,397	$6,107	$13,723	$211,438
17	Gain (loss) on other gas sales	0	0	0	0	0	30	(35)	(36)	34	35	0	0	$27
18	Period GCVA Balance	($3,255)	($3,906)	($2,602)	($1,770)	($1,893)	($4,008)	($1,431)	($849)	($800)	($1,279)	($1,412)	($3,298)	($26,501)
19	Period GCVA Interest	$7	$4	$2	($0)	($2)	($5)	($8)	($9)	($11)	($14)	($15)	($19)	($70)
20	Closing Cumulative GCVA Balance (Line 1+14+15)	$7,218	$3,316	$716	($1,055)	($2,950)	($6,963)	($8,402)	($9,260)	($10,070)	($11,363)	($12,789)	($16,106)	($16,106)

Volume (Gigajoules - 000s)

Line	Description	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	TOTAL
21	Customer Sales	7,633	9,197	9,893	9,660	7,535	5,109	1,531	1,076	1,018	1,512	1,673	3,760	59,597
22	Purchases (less Fuel Gas & Line Loss)	5,993	6,602	5,400	4,719	4,865	4,651	4,969	4,650	4,725	4,853	4,496	4,621	60,544
23	Cost of Purchase Gas ($/GJ)	$2.966	$2.908	$3.083	$3.207	$3.175	$2.725	$2.600	$2.646	$2.718	$2.681	$2.731	$2.735	
24	Storage Withdrawal (Injection)	1,663	2,636	4,532	5,000	2,723	640	(3,399)	(3,554)	(3,694)	(3,328)	(2,794)	(836)	(411)
25	Storage Withdrawal (Injection) Rate ($/GJ)	$3.474	$3.474	$3.474	$3.474	$3.474	$2.725	$2.600	$2.646	$2.718	$2.681	$2.731	$2.735	
26	Internal Usage	(22)	(41)	(39)	(59)	(52)	(181)	(39)	(20)	(14)	(13)	(29)	(25)	(536)

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

SCHEDULE 2.0.3
GAS COST VARIANCE ACCOUNT

SaskEnergy Incorporated
Gas Cost Variance Account ($000's)
November 1, 2018 - March 31, 2019

		1	2	3	4	5	6
Line	Description	Nov-18 Forecast	Dec-18 Forecast	Jan-19 Forecast	Feb-19 Forecast	Mar-19 Forecast	TOTAL
1	GCVA Balance Forward at Oct 31, 2018	($16,106)					($16,106)
2	Opening Cumulative GCVA Balance - Under/(Over) Recovery	($16,106)	($14,981)	($14,216)	($13,589)	($12,950)	
3	Purchases - Alberta	$7,292	$7,535	$7,535	$6,806	$7,535	$36,703
4	Purchases - Saskatchewan	$4,699	$4,855	$4,855	$4,385	$4,855	$23,650
5	Less Purchase of Other Gas Sales	$0	$0	$0	$0	$0	$0
6	Price Risk Management (Inflows)/Outflows	$1,237	$1,278	$1,278	$1,154	$1,278	$6,225
7	Transportation	$1,938	$2,003	$2,003	$1,809	$2,003	$9,755
8	Cost of Purchase Gas	$15,165	$15,671	$15,671	$14,154	$15,671	$76,333
9	Storage Withdrawal (Injection)	$5,591	$11,987	$13,793	$10,899	$5,632	$47,901
10	Gas in Storage Interest Expense	$37	$37	$37	$37	$37	$183
11	Gas Supply Operating Maintenance & Admin Expenses	$109	$109	$109	$109	$109	$544
12	Gas Supply Related Bad Debt Expense	$109	$149	$160	$134	$111	$664
13	Less Gas Supply Related Late Payment Charges	($44)	($56)	($83)	($108)	($109)	($400)
14	Less Cost of Internal Usage	($162)	($281)	($257)	($383)	($349)	($1,431)
15	**Cost of Gas Sold**	**$20,805**	**$27,615**	**$29,429**	**$24,842**	**$21,102**	**$123,793**
16	Commodity Sales Revenue (Interim Rate 2.95/GJ)	$19,663	$26,833	$28,784	$24,187	$19,991	$119,457
17	Gain (loss) on other gas sales	0	0	0	0	0	$0
18	Period GCVA Balance	$1,142	$781	$646	$655	$1,111	$4,336
19	Period GCVA Interest	($17)	($17)	($18)	($16)	($16)	($84)
20	Closing Cumulative GCVA Balance (Line 1+14+15)	($14,981)	($14,216)	($13,589)	($12,950)	($11,854)	($11,854)

Volume (Gigajoules - 000s)

Line	Description	Nov-18 Forecast	Dec-18 Forecast	Jan-19 Forecast	Feb-19 Forecast	Mar-19 Forecast	TOTAL
21	Customer Sales	6,665	9,096	9,757	8,199	6,776	40,494
22	Purchases (less Fuel Gas & Line Loss)	4,694	4,850	4,850	4,381	4,850	23,624
23	Cost of Purchase Gas ($/GJ)	$3.231	$3.231	$3.231	$3.231	$3.231	
24	Storage Withdrawal (Injection)	2,024	4,339	4,992	3,945	2,039	17,338
25	Storage Withdrawal (Injection) Rate ($/GJ)	$2.763	$2.763	$2.763	$2.763	$2.763	
26	Internal Usage	(52)	(92)	(85)	(127)	(112)	(468)

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

SCHEDULE 2.1.1
GAS COST VARIANCE ACCOUNT – STORAGE INVENTORY DETAILS

SaskEnergy Incorporated
Storage Inventory Details - Gas Cost Variance Account
November 1, 2016 to October 31, 2017

Line		1 Nov-16	2 Dec-16	3 Jan-17	4 Feb-17	5 Mar-17	6 Apr-17	7 May-17	8 Jun-17	9 Jul-17	10 Aug-17	11 Sep-17	12 Oct-17
	Gas in Storage - Volume												
1	Opening Balance (000's GJs)	19,393	19,331	14,377	10,040	6,762	4,124	4,399	6,876	10,423	13,523	16,783	19,308
2	Closing Balance (000's GJs)	19,331	14,377	10,040	6,762	4,124	4,399	6,876	10,423	13,523	16,783	19,308	19,195
3	(Injections)/ Withdrawals (000's GJs)	62	4,955	4,336	3,278	2,638	(276)	(2,477)	(3,547)	(3,100)	(3,260)	(2,525)	114
4	(Injection)/Withdrawal Price	$3.88	$3.88	$3.88	$3.88	$3.88	$3.62	$3.66	$3.44	$3.40	$3.26	$3.01	$3.16
5	**Weighted Average Price of Gas in Storage**	**$3.88**	**$3.88**	**$3.88**	**$3.88**	**$3.88**	**$3.87**	**$3.79**	**$3.67**	**$3.61**	**$3.54**	**$3.47**	**$3.47**
	Cost of Gas in Storage												
6	Opening Balance ($000)	$ 75,277	$ 75,037	$ 55,804	$ 38,973	$ 26,248	$ 16,007	$ 17,005	$ 26,078	$ 38,295	$ 48,825	$ 59,468	$ 67,069
7	Closing Balance ($000)	$ 75,037	$ 55,804	$ 38,973	$ 26,248	$ 16,007	$ 17,005	$ 26,078	$ 38,295	$ 48,825	$ 59,468	$ 67,069	$ 66,674
8	**Net Change in Inventory ($000)**	$ 241	$ 19,233	$ 16,832	$ 12,725	$ 10,242	$ (999)	$ (9,072)	$ (12,217)	$ (10,530)	$ (10,643)	$ (7,601)	$ 395

Line		Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	TOTAL
	Storage Inventory Carrying Costs														
			<------ Previous Summer ------>												
9	Gas in Storage Closing Balance	$26,508	$27,312	$35,622	$45,742	$56,879	$67,965	$76,737	$75,277	$75,037	$55,804	$38,973	$26,248	$16,007	
10	Average Daily Balance		$26,910	$31,467	$40,682	$51,310	$62,422	$72,351	$76,007	$75,157	$65,421	$47,389	$32,611	$21,127	
11	Interest Rate		0.55%	0.60%	0.55%	0.52%	0.52%	0.53%	0.52%	0.53%	0.52%	0.55%	0.54%	0.50%	
12	Calculated Monthly Interest Charge		$12	$16	$18	$23	$28	$32	$34	$33	$29	$22	$14	$9	
13	Total Annual Interest														$268
14	Amortized Monthly Interest Charge														$22

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

SCHEDULE 2.1.2
GAS COST VARIANCE ACCOUNT – STORAGE INVENTORY DETAILS

SaskEnergy Incorporated
Storage Inventory Details - Gas Cost Variance Account
November 1, 2017 to October 31, 2018

		1	2	3	4	5	6	7	8	9	10	11	12
		Nov-17	**Dec-17**	**Jan-18**	**Feb-18**	**Mar-18**	**Apr-18**	**May-18**	**Jun-18**	**Jul-18**	**Aug-18**	**Sep-18 Forecast**	**Oct-18 Forecast**
Line	**Gas in Storage - Volume**												
1	Opening Balance (000's GJs)	19,195	17,532	14,896	10,364	5,364	2,641	2,139	5,538	9,092	12,786	16,114	18,908
2	Closing Balance (000's GJs)	17,532	14,896	10,364	5,364	2,641	2,139	5,538	9,092	12,786	16,114	18,908	19,744
3	(Injections)/ Withdrawals (000's GJs)	1,663	2,636	4,532	5,000	2,723	502	(3,399)	(3,554)	(3,694)	(3,328)	(2,794)	(836)
4	(Injection)/Withdrawal Price	$3.47	$3.47	$3.47	$3.47	$3.47	$2.72	$2.60	$2.65	$2.72	$2.68	$2.73	$2.73
5	**Weighted Average Price of Gas in Storage**	**$3.47**	**$3.47**	**$3.47**	**$3.47**	**$3.47**	**$3.47**	**$2.94**	**$2.82**	**$2.79**	**$2.77**	**$2.76**	**$2.76**
	Cost of Gas in Storage												
6	Opening Balance ($000)	$ 66,674	$ 60,898	$ 51,742	$ 36,000	$ 18,632	$ 9,174	$ 7,429	$ 16,266	$ 25,671	$ 35,709	$ 44,631	$ 52,261
7	Closing Balance ($000)	$ 60,898	$ 51,742	$ 36,000	$ 18,632	$ 9,174	$ 7,429	$ 16,266	$ 25,671	$ 35,709	$ 44,631	$ 52,261	$ 54,548
8	**Net Change in Inventory ($000)**	$ 5,776	$ 9,156	$ 15,742	$ 17,368	$ 9,458	$ 1,744	$ (8,837)	$ (9,405)	$ (10,038)	$ (8,922)	$ (7,631)	$ (2,287)

		Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	TOTAL
Line	**Storage Inventory Carrying Costs**														
			<------ Previous Summer ------>												
9	Gas in Storage Closing Balance	$16,007	$17,005	$26,078	$38,295	$48,825	$59,468	$67,069	$66,674	$60,898	$51,742	$36,000	$18,632	$9,174	
10	Average Daily Balance		$16,506	$21,542	$32,186	$43,560	$54,147	$63,268	$66,871	$63,786	$56,320	$43,871	$27,316	$13,903	
11	Interest Rate		0.48%	0.50%	0.50%	0.70%	0.76%	0.86%	1.00%	1.00%	1.00%	1.07%	1.30%	1.26%	
12	Calculated Monthly Interest Charge		$7	$9	$13	$26	$35	$45	$57	$52	$48	$40	$27	$15	
13	Total Annual Interest														$373
14	Amortized Monthly Interest Charge														$31

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

SCHEDULE 2.1.3
GAS COST VARIANCE ACCOUNT – STORAGE INVENTORY DETAILS

SaskEnergy Incorporated
Storage Inventory Details - Gas Cost Variance Account
November 1, 2018 to March 31, 2019

		1	2	3	4	5
Line	**Gas in Storage - Volume**	**Nov-18 Forecast**	**Dec-18 Forecast**	**Jan-19 Forecast**	**Feb-19 Forecast**	**Mar-19 Forecast**
1	Opening Balance (000's GJs)	19,744	17,720	13,382	8,389	4,444
2	Closing Balance (000's GJs)	17,720	13,382	8,389	4,444	2,406
3	(Injections)/ Withdrawals (000's GJs)	2,024	4,339	4,992	3,945	2,039
4	(Injection)/Withdrawal Price	$2.76	$2.76	$2.76	$2.76	$2.76
5	**Weighted Average Price of Gas in Storage**	**$2.76**	**$2.76**	**$2.76**	**$2.76**	**$2.76**
	Cost of Gas in Storage					
6	Opening Balance ($000)	$ 54,548	$ 48,957	$ 36,971	$ 23,178	$ 12,279
7	Closing Balance ($000)	$ 48,957	$ 36,971	$ 23,178	$ 12,279	$ 6,647
8	**Net Change in Inventory ($000)**	$ 5,591	$ 11,987	$ 13,793	$ 10,899	$ 5,632

Line	**Storage Inventory Carrying Costs**	**Mar-18**	**Apr-18**	**May-18**	**Jun-18**	**Jul-18**	**Aug-18**	**Sep-18**	**Oct-18**	**Nov-18**	**Dec-18**	**Jan-19**	**Feb-19**	**Mar-19**	**TOTAL**
		<------ Previous Summer ------>													
9	Gas in Storage Closing Balance	$9,174	$7,429	$16,266	$25,671	$35,709	$44,631	$52,261	$54,548	$48,957	$36,971	$23,178	$12,279	$6,647	
10	Average Daily Balance		$8,302	$11,848	$20,969	$30,690	$40,170	$48,446	$53,405	$51,753	$42,964	$30,074	$17,728	$9,463	
11	Interest Rate		1.25%	1.25%	1.28%	1.30%	1.51%	1.51%	1.51%	1.37%	1.37%	1.54%	1.54%	1.54%	
12	Calculated Monthly Interest Charge		$9	$13	$22	$34	$52	$60	$68	$58	$50	$39	$21	$12	
13	Total Annual Interest														$438
14	Amortized Monthly Interest Charge														$37

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

SCHEDULE 3.0
DETERMINATION OF COMMODITY RATE

SaskEnergy Incorporated

Determination of Commodity Rate for
April 2019 to March 2020

Line	Description	Amount	Ref.
1	Estimated Balance of GCVA at March 31, 2019	($11,854,394)	Schedule 2.0.3, Col. 5, Line 20
2	April 1, 2019 to March 31, 2020 Gas Cost Forecast	$ 154,535,650	Schedule 1.0, SUM Col. 1-12, Line 12
3	Total Forecast Costs to Recover	$ 142,681,256	Line 1 plus Line 2
4	April 1, 2019 to March 31, 2020 Forecast Sales (GJs)	55,699,615	Schedule 1.0, SUM Col. 1-12, Line 13
5	April 1, 2019 to March 31, 2020 Monthly Weighted Cost per Unit of Sales	**$2.562**	Line 3 divided by Line 4
6	Proposed Commodity Rate (GJ)	**$2.65**	
7	Customer Commodity Rate Equivalent (Heating Value = 38.50 MJ/m^3)	**10.20**	cents per cubic metre
8	Estimated Balance of GCVA at March 31, 2020	($5,104,365)	

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. Assumes interim rate decrease at November 1, 2018 of $2.95/GJ or $11.36 cents per cubic metre

SCHEDULE 4.0

DELIVERY REVENUE REQUIREMENT SUMMARY
($000's)

SaskEnergy Incorporated
Delivery Revenue Requirement Summary
($000's)

Component	2019-20 Forecast
Operating & Maintenance	136,229
Transportation & Storage	53,919
Depreciation Expense	48,186
Tax Expense	7,362
Interest Expense	31,450
Net Earnings	33,459
Total Delivery Revenue Requirement	310,605
Other Revenue and Adjustments	
Other Revenue	(30,411)
Net Delivery Revenue Requirement	280,194

April 1, 2019 - March 31, 2020

SCHEDULE 4.1

DELIVERY TRANSPORTATION AND STORAGE EXPENSE
($000's)

SaskEnergy Incorporated
Delivery Transportation and Storage Expense
($000's)

Transportation & Storage ($000's)	**2013 Actual**	**2014 Actual**	**2015 Actual**	**2015-16 Actual**	**2016-17 Actual**	**2017-18 Actual**	**2018-19 Forecast**	**2019-20 Forecast**
Transportation								
Transportation Costs	28,580	30,037	31,282	31,516	31,821	31,986	32,665	33,696
Storage Cost	14,777	15,830	17,265	17,569	18,355	18,355	20,044	20,223
Total Transportation & Storage Expense	43,357	45,867	48,547	49,085	50,176	50,342	52,709	53,919
Volume								
Transportation								
Contracted Demand (in GJ's/day)	575,020	585,000	590,000	595,000	600,000	600,000	605,000	605,000
Storage								
Contracted Firm Deliverability (in GJ's/day)	382,838	383,244	396,994	393,217	393,217	393,217	393,217	393,217
Contracted Storage Volume (in PJ's)	20.9	21.8	23.6	23.4	23.4	23.4	23.4	23.4

April 1, 2019 - March 31, 2020

SCHEDULE 4.2

OPERATING AND MAINTENANCE EXPENSE
($000's)

SaskEnergy Incorporated
Operating and Maintenance
($ 000's)

	2013 Actual	2014 Actual	2015 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Forecast	2019-20 Forecast
Operations								
Costs Incurred	120,132	126,770	125,219	125,100	124,009	120,431	135,668	141,050
Capitalized & Recovered	(9,462)	(11,472)	(11,754)	(11,913)	(9,876)	(9,578)	(7,511)	(7,959)
Subtotal Operations	110,670	115,298	113,465	113,187	114,133	110,852	128,157	133,091
Engineering and Construction								
Costs Incurred	28,560	30,116	28,287	27,981	27,122	27,935	29,466	31,306
Capitalized & Recovered	(27,172)	(28,613)	(26,777)	(26,378)	(25,530)	(26,107)	(27,246)	(28,168)
Subtotal Engineering & Construction	1,388	1,503	1,510	1,603	1,592	1,828	2,220	3,138
Total Operating & Maintenance	112,058	116,801	114,975	114,790	115,725	112,680	130,377	136,229

April 1, 2019 - March 31, 2020

SCHEDULE 4.3

DEPRECIATION EXPENSE
($000's)

SaskEnergy Incorporated
Depreciation Expense
($000's)

	2013 Actual	2014 Actual	2015 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Forecast	2019-20 Forecast
Distribution Plant								
Land Costs	-	-	-	-	-	-	-	-
Land Rights	227	246	256	259	257	257	257	257
Building and Site Improvements	2,462	1,365	1,700	1,780	2,132	2,365	2,490	2,648
Services	6,908	9,140	10,424	10,661	11,819	12,333	12,856	13,322
Meter and Regulator Installations	1,339	1,442	1,575	1,612	1,742	1,849	2,151	2,288
Mains	8,804	9,393	10,094	10,255	10,971	11,402	12,322	13,456
Measuring and Regulating Equipment	3,141	1,730	1,421	1,437	1,483	1,528	1,604	1,706
Meters	1,376	1,793	2,704	2,815	3,003	3,186	3,214	3,419
Other Distribution Equipment	321	453	460	479	554	634	690	734
Distribution before Customer Contributions	24,578	25,562	28,634	29,298	31,960	33,552	35,584	37,830
Amortization of Customer Contributions	(4,232)	(4,843)	(5,200)	(5,326)	(5,770)	(6,212)	(6,663)	(7,183)
Sub-total	20,346	20,719	23,434	23,971	26,190	27,340	28,921	30,647
General Plant								
Land	-	-	-	-	-	-	-	-
Buildings and Improvements	1,473	1,550	1,612	1,609	1,588	1,579	2,905	3,159
Office Furniture and Equipment	496	491	486	484	519	495	489	520
Transportation Vehicles	2,524	2,756	2,723	2,726	2,113	2,350	1,682	1,789
Heavy Work Equipment	532	618	679	704	1,121	1,096	1,102	1,117
Tools and Equipment	489	542	581	596	714	726	750	798
Information System Assets	4,087	6,593	6,476	6,426	7,014	7,466	9,549	10,156
Sub-total	9,601	12,550	12,557	12,546	13,069	13,711	16,477	17,539
Total Depreciation	**29,947**	**33,269**	**35,990**	**36,517**	**39,260**	**41,051**	**45,398**	**48,186**

April 1, 2019 - March 31, 2020

SCHEDULE 4.4

TAX EXPENSE
($000's)

SaskEnergy Incorporated
Tax Expense
($000's)

	2013 Actual	2014 Actual	2015 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Forecast	2019-20 Forecast
Corporate Capital Tax	4,191	4,177	4,370	4,514	4,725	5,242	6,081	6,987
Grants in Lieu of Taxes	151	168	199	199	213	239	420	375
Total Taxes	**4,342**	**4,345**	**4,569**	**4,713**	**4,938**	**5,481**	**6,501**	**7,362**

April 1, 2019 - March 31, 2020

SCHEDULE 4.5

INTEREST EXPENSE
($000's)

SaskEnergy Incorporated
Interest Expense
($000's)

	2013 Actual	2014 Actual	2015 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Forecast	2019-20 Forecast
Interest on Notes Payable to Holdings Division	15,881	18,111	20,071	20,601	21,047	22,489	23,641	26,289
Interest on Bank Indebtedness	1,800	1,729	1,065	949	952	1,194	2,287	4,880
Accretion Expense	1,778	1,921	2,027	2,051	2,066	2,428	2,694	3,096
Amortization of Deferred Charges	23	150	259	267	243	250	230	227
Debt Retirement Fund Earnings	(1,658)	(1,416)	(2,203)	(1,281)	(1,085)	(978)	(1,743)	(2,361)
Capitalized Interest	(877)	(616)	(143)	(183)	(144)	(350)	(148)	(234)
Interest Allocated to Commodity Cost of Gas	(503)	(361)	(378)	(390)	(319)	(335)	(326)	(446)
Total Interest Expense	**16,445**	**19,518**	**20,699**	**22,014**	**22,760**	**24,698**	**26,635**	**31,450**

April 1, 2019 - March 31, 2020

SCHEDULE 4.6

NET INCOME
($000's)

SaskEnergy Incorporated
Net Income
($000's)

	2013 Actual	2014 Actual	2015 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Forecast	2019-20 Forecast
Net Income before Market Adjustments on Gas Marketing	27,988	26,523	9,574	1,743	28,812	70,220	29,982	33,459
Total Net Income	**27,988**	**26,523**	**9,574**	**1,743**	**28,812**	**70,220**	**29,982**	**33,459**

April 1, 2019 - March 31, 2020

SCHEDULE 4.7

OTHER REVENUE
($000's)

SaskEnergy Incorporated
Other Revenue
($000's)

	2013 Actual	2014 Actual	2015 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Forecast	2019-20 Forecast
Connect Fees	(2,190)	(2,164)	(2,072)	(2,058)	(2,034)	(1,983)	(2,094)	(2,050)
Asset Optimization	(5,229)	(746)	(4,052)	(3,919)	(5,644)	(16,197)	(11,799)	(5,913)
Late Payment Charges	(540)	(1,235)	(1,191)	(1,186)	(1,132)	(1,112)	(1,326)	(1,200)
Customer Financing	(81)	(92)	(99)	(76)	(98)	(115)	(90)	(64)
Miscellaneous Revenue	(941)	(1,058)	(476)	(413)	(520)	(568)	(464)	(575)
Distribution Tolls	(13,196)	(14,658)	(16,420)	(16,557)	(16,264)	(18,414)	(19,333)	(20,609)
Total Other Revenue	(22,178)	(19,954)	(24,311)	(24,209)	(25,692)	(38,390)	(35,106)	(30,411)

April 1, 2019 - March 31, 2020

SCHEDULE 5.0

RECOMMENDED DELIVERY RATES

SaskEnergy Distribution Division

Rate Class & Components	Units	Current Rates	Rate Increase	Recommended Rates April 1, 2019
Residential				
Basic Monthly Charge	$/Mo.	23.20		23.20
Delivery Charge	$/m³	0.0924	**0.0076**	**0.1000**
Commercial Small				
Basic Monthly Charge	$/Mo.	38.50		38.50
Delivery Charge	$/m³	0.0770	**0.0041**	**0.0811**
Commercial Large				
Basic Monthly Charge	$/Mo.	137.40		137.40
Delivery Charge	$/m³	0.0673	**0.0011**	**0.0684**
Small Industrial				
Basic Monthly Charge	$/Mo.	216.00		216.00
Delivery Charge				
- First 40,000 m³/Mo.	$/m³	0.0440	**0.0002**	**0.0442**
- Balance	$/m³	0.0379	**0.0002**	**0.0381**

Notes:

- **Bold Figures** identify the changes from the current rates

- m³ = cubic meters

SCHEDULE 5.1

FORECAST DELIVERY REVENUES – APRIL 1, 2019 – MARCH 31, 2020

Delivery Revenue at Current Rates
($ millions)

Rate Class	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
Residential	14.3	11.3	10.2	10.0	10.1	11.0	14.5	19.6	23.6	24.8	21.9	19.4	190.7
Commercial Small	4.5	3.2	2.4	2.3	2.3	2.8	4.1	6.3	8.2	8.5	7.8	6.6	59.0
Commercial Large	1.4	1.0	0.7	0.7	0.6	0.7	1.5	2.0	2.7	3.0	2.6	2.4	19.3
Small Industrial	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.2
Total Delivery	**20.3**	**15.6**	**13.4**	**13.1**	**13.1**	**14.6**	**20.2**	**28.0**	**34.6**	**36.4**	**32.4**	**28.5**	**270.2**

Delivery Revenues at Recommended Rates
($ millions)

Rate Class	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
Residential	14.8	11.6	10.3	10.2	10.3	11.2	15.0	20.5	24.9	26.1	23.0	20.3	198.2
Commercial Small	4.7	3.2	2.5	2.3	2.4	2.9	4.3	6.6	8.6	8.9	8.2	6.8	61.4
Commercial Large	1.4	1.0	0.7	0.7	0.5	0.7	1.5	2.0	2.7	3.1	2.6	2.5	19.4
Small Industrial	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.2
Total Delivery	**21.0**	**15.9**	**13.6**	**13.3**	**13.3**	**14.9**	**20.9**	**29.2**	**36.3**	**38.2**	**33.9**	**29.7**	**280.2**
Rate Change	0.7	0.3	0.2	0.2	0.2	0.3	0.7	1.2	1.7	1.8	1.5	1.2	10.0

Note: Tables may not add percisely due to rounding

SCHEDULE 5.2

LOAD FORECAST – BASE CASE

April 1, 2019 - March 31, 2020 Monthly Forecast Number of Customers

Rate Class	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Average
Residential	354,993	354,466	353,786	354,017	354,014	354,809	356,013	357,892	358,884	359,448	359,739	360,004	356,506
Commercial Small	40,118	40,083	40,036	40,015	40,024	40,050	39,961	40,310	40,418	40,504	40,532	40,545	40,216
Commercial Large	1,460	1,467	1,470	1,468	1,469	1,472	1,479	1,488	1,495	1,490	1,490	1,491	1,478
Small Industrial	29	29	29	29	29	29	29	29	29	29	29	29	29
Total Delivery	396,601	396,045	395,321	395,528	395,536	396,360	397,483	399,718	400,826	401,471	401,790	402,069	398,229

April 1, 2019 - March 31, 2020 Monthly Forecast Delivery Volumes in Thousands of Cubic Metres (m^3)

Rate Class	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
Residential	66,118	33,426	21,196	19,582	20,464	30,016	67,881	122,179	165,826	177,966	146,293	119,811	990,756
Commercial Small	37,813	20,768	11,358	9,674	10,580	16,281	34,023	61,807	86,438	89,932	81,536	65,584	525,793
Commercial Large	17,474	12,173	7,896	7,416	5,301	8,535	19,153	26,262	37,264	41,778	35,094	33,160	251,506
Small Industrial	3,192	1,709	1,447	1,360	1,331	1,164	1,434	1,879	1,682	2,405	2,553	2,937	23,092
Total Delivery	124,597	68,076	41,897	38,031	37,675	55,997	122,490	212,127	291,210	312,081	265,476	221,492	1,791,148

April 1, 2019 - March 31, 2020 Monthly Forecast Delivery Volumes in Thousands of Gigajoules (GJ)

Rate Class	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
Residential	2,546	1,287	816	754	788	1,156	2,613	4,704	6,384	6,852	5,632	4,613	38,144
Commercial Small	1,456	800	437	372	407	627	1,310	2,380	3,328	3,462	3,139	2,525	20,243
Commercial Large	673	469	304	286	204	329	737	1,011	1,435	1,608	1,351	1,277	9,683
Small Industrial	123	66	56	52	51	45	55	72	65	93	98	113	889
Total Delivery	4,797	2,621	1,613	1,464	1,450	2,156	4,716	8,167	11,212	12,015	10,221	8,527	68,959

Note: Tables may not add percisely due to rounding

Heat Value Assumed is 38.5 MJ/m3

SCHEDULE 5.3

LOAD FORECAST – COLD WEATHER SCENARIO

April 1, 2019 - March 31, 2020 Monthly Forecast Number of Customers

Rate Class	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Average
Residential	354,993	354,466	353,786	354,017	354,014	354,809	356,013	357,892	358,884	359,448	359,739	360,004	356,506
Commercial Small	40,118	40,083	40,036	40,015	40,024	40,050	39,961	40,310	40,418	40,504	40,532	40,545	40,216
Commercial Large	1,460	1,467	1,470	1,468	1,469	1,472	1,479	1,488	1,495	1,490	1,490	1,491	1,478
Small Industrial	29	29	29	29	29	29	29	29	29	29	29	29	29
Total Delivery	396,601	396,045	395,321	395,528	395,536	396,360	397,483	399,718	400,826	401,471	401,790	402,069	398,229

April 1, 2019 - March 31, 2020 Monthly Forecast Delivery Volumes in Thousands of Cubic Metres (m^3)

Rate Class	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
Residential	79,342	40,111	25,435	23,498	24,557	36,019	81,457	146,614	198,991	213,559	175,552	143,773	1,188,907
Commercial Small	45,376	24,922	13,629	11,609	12,695	19,537	40,827	74,168	103,726	107,919	97,843	78,700	630,952
Commercial Large	20,969	14,608	9,475	8,899	6,361	10,242	22,983	31,514	44,717	50,134	42,113	39,792	301,807
Small Industrial	3,192	1,709	1,447	1,360	1,331	1,164	1,434	1,879	1,682	2,405	2,553	2,937	23,092
Total Delivery	148,878	81,349	49,987	45,365	44,944	66,963	146,702	254,176	349,115	374,016	318,061	265,203	2,144,759

April 1, 2019 - March 31, 2020 Monthly Forecast Delivery Volumes in Thousands of Gigajoules (GJ)

Rate Class	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
Residential	3,055	1,544	979	905	945	1,387	3,136	5,645	7,661	8,222	6,759	5,535	45,773
Commercial Small	1,747	959	525	447	489	752	1,572	2,855	3,993	4,155	3,767	3,030	24,292
Commercial Large	807	562	365	343	245	394	885	1,213	1,722	1,930	1,621	1,532	11,620
Small Industrial	123	66	56	52	51	45	55	72	65	93	98	113	889
Total Delivery	5,732	3,132	1,924	1,747	1,730	2,578	5,648	9,786	13,441	14,400	12,245	10,210	82,573

Note: Tables may not add percisely due to rounding

Heat Value Assumed is 38.5 MJ/m3

SCHEDULE 5.4

LOAD FORECAST – WARM WEATHER SCENARIO

April 1, 2019 - March 31, 2020 Monthly Forecast Number of Customers

Rate Class	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Average
Residential	354,993	354,466	353,786	354,017	354,014	354,809	356,013	357,892	358,884	359,448	359,739	360,004	356,506
Commercial Small	40,118	40,083	40,036	40,015	40,024	40,050	39,961	40,310	40,418	40,504	40,532	40,545	40,216
Commercial Large	1,460	1,467	1,470	1,468	1,469	1,472	1,479	1,488	1,495	1,490	1,490	1,491	1,478
Small Industrial	29	29	29	29	29	29	29	29	29	29	29	29	29
Total Delivery	396,601	396,045	395,321	395,528	395,536	396,360	397,483	399,718	400,826	401,471	401,790	402,069	398,229

April 1, 2019 - March 31, 2020 Monthly Forecast Delivery Volumes in Thousands of Cubic Metres (m^3)

Rate Class	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
Residential	52,895	26,741	16,957	15,665	16,371	24,013	54,305	97,743	132,661	142,373	117,034	95,849	792,605
Commercial Small	30,250	16,614	9,086	7,739	8,464	13,025	27,218	49,446	69,151	71,946	65,229	52,467	420,635
Commercial Large	13,979	9,738	6,317	5,933	4,241	6,828	15,322	21,010	29,811	33,423	28,076	26,528	201,205
Small Industrial	3,192	1,709	1,447	1,360	1,331	1,164	1,434	1,879	1,682	2,405	2,553	2,937	23,092
Total Delivery	100,316	54,802	33,807	30,697	30,406	45,030	98,279	170,077	233,304	250,145	212,891	177,781	1,437,537

April 1, 2019 - March 31, 2020 Monthly Forecast Delivery Volumes in Thousands of Gigajoules (GJ)

Rate Class	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
Residential	2,036	1,030	653	603	630	924	2,091	3,763	5,107	5,481	4,506	3,690	30,515
Commercial Small	1,165	640	350	298	326	501	1,048	1,904	2,662	2,770	2,511	2,020	16,194
Commercial Large	538	375	243	228	163	263	590	809	1,148	1,287	1,081	1,021	7,746
Small Industrial	123	66	56	52	51	45	55	72	65	93	98	113	889
Total Delivery	3,862	2,110	1,302	1,182	1,171	1,734	3,784	6,548	8,982	9,631	8,196	6,845	55,345

Note: Tables may not add percisely due to rounding

Heat Value Assumed is 38.5 MJ/m3

SCHEDULE 5.5

REVENUE SENSITIVITY TO CHANGES IN WEATHER

Delivery Revenues: Base Case
($ millions)

Rate Class	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
Residential	14.8	11.6	10.3	10.2	10.3	11.2	15.0	20.5	24.9	26.1	23.0	20.3	198.3
Commercial Small	4.6	3.2	2.5	2.3	2.4	2.9	4.3	6.6	8.6	8.9	8.2	6.9	61.2
Commercial Large	1.4	1.0	0.7	0.7	0.6	0.8	1.5	2.0	2.8	3.1	2.6	2.5	19.6
Small Industrial	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.0
Total Delivery	**21.0**	**15.9**	**13.6**	**13.3**	**13.3**	**14.9**	**20.9**	**29.2**	**36.3**	**38.2**	**33.9**	**29.8**	**280.2**

Delivery Revenues: Cold Weather Scenario
($ millions)

Rate Class	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
Residential	16.2	12.2	10.8	10.6	10.7	11.8	16.4	23.0	28.2	29.7	25.9	22.7	218.1
Commercial Small	5.2	3.6	2.6	2.5	2.6	3.1	4.8	7.6	10.0	10.3	9.5	7.9	69.8
Commercial Large	1.6	1.2	0.9	0.8	0.6	0.9	1.8	2.4	3.3	3.6	3.1	2.9	23.1
Small Industrial	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.0
Total Delivery	**23.2**	**17.1**	**14.3**	**13.9**	**13.9**	**15.9**	**23.1**	**33.0**	**41.5**	**43.7**	**38.6**	**33.7**	**312.0**

Delivery Revenues: Warm Weather Scenario
($ millions)

Rate Class	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
Residential	13.5	10.9	9.9	9.8	9.9	10.6	13.7	18.1	21.6	22.6	20.0	17.9	178.5
Commercial Small	4.0	2.9	2.3	2.2	2.2	2.6	3.7	5.6	7.2	7.4	6.9	5.8	52.7
Commercial Large	1.2	0.9	0.6	0.6	0.5	0.7	1.3	1.6	2.2	2.5	2.1	2.0	16.2
Small Industrial	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.0
Total Delivery	**18.8**	**14.7**	**12.9**	**12.6**	**12.6**	**14.0**	**18.8**	**25.4**	**31.1**	**32.6**	**29.1**	**25.9**	**248.4**

Note: Tables may not add percisely due to rounding

Excludes Commodity Revenues

SCHEDULE 5.6

PEAK DAY FORECAST

Forecast Peak (Gigajoules/day)	605,000

1–in–20 Cold Design Criteria

Degree-days (degrees Celsius)	54.8
Average Daily Temperature (degrees Celsius)	- 36.8

SCHEDULE 5.7

HISTORICAL PEAK DAYS

Peak Day Date	Degree Days Provincial Average ˚C	Maximum Daily Customer Consumption GJ
December 29, 2017	50.1	583,379
January 12, 2017	45.9	535,882
January 16, 2016	46.1	492,468
January 4, 2015	46.7	516,839
January 5, 2014	50.4	559,504
January 30, 2013	48.4	510,523
January 18, 2012	47.1	463,001
February 24, 2011	46.8	466,438
December 14, 2009	47.1	520,678
December 14, 2008	48.8	508,814
January 29, 2008	52.9	527,220