

EXECUTIVE SUMMARY

This information package was developed to assist all parties participating in the monthly Gas Cost Flow Through Rate (GCFR) process for Direct Energy Regulated Services Deferred Gas Account (DGA).

This document contains information used to derive a GCFR of \$5.919 /GJ for Direct Energy Regulated Services (DERS) gas customers for May 2006.

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INTRODUCTION

This section provides an overview of the Deferred Gas Account (DGA).

Schedules M-1 and M-2 show the DGA components as of April 24, 2006.

Schedule M-1 includes actual, estimated and forecast costs for the various gas supply components and actual, estimated and forecast dollars for the recovery components.

Schedule M-2 includes actual, estimated and forecast energy balance for the DGA.

In order to zero the forecast balance of the DGA on May 31, 2006, a GCFR of \$5.919 /GJ should be implemented for DERS Gas Customers on May 01, 2006.

SECTION 1
DGA COST AND RECOVERY OVERVIEW

SCHEDULE M-1
MONTHLY DGA COSTS AND RECOVERIES

Line	Description	Units	A	B	C	D	E
			Previous Period Adjustment	Actual Feb-06	Estimate Mar-06	Estimate Apr-06	Forecast May-06
1	Opening Cumulative DGA Balance	\$,000	36,067	36,281	18,973	5,893	3,454
<u>Gas Supply Costs</u>							
2	Purchases	\$,000	0	75,149	61,990	32,651	26,199
3	Daily Trade Averaging Adjustment	\$,000	0	0	0	0	0
4	Storage	\$,000	0	0	0	0	0
5	Imbalances	\$,000	0	(2,906)	0	(12)	0
6	Total Gas Supply Costs	\$,000	0	72,243	61,990	32,639	26,199
<u>Adjustments</u>							
7	Transportation	\$,000	0	74	64	29	18
8	TCPL (AB) Fuel Recovery	\$,000	0	(20)	0	0	0
9	Procurement and Portfolio Management	\$,000	0	29	29	29	29
10	Gas Supply - Related Bad Debts	\$,000	0	79	78	82	85
11	DGA Balance Carrying Costs	\$,000	0	(15)	(15)	(15)	(16)
12	Credit Charge	\$,000	0	69	61	41	31
13	Net Gas Costs	\$,000	0	72,459	62,208	32,803	26,345
<u>Recoveries</u>							
14	Calendar Sales	\$,000	214	53,672	48,497	29,925	22,696
15	Transportation Imbalance Sales	\$,000	0	1	0	0	0
16	Excess System Sales	\$,000	0	1,298	452	252	0
17	Penalty Revenue	\$,000	0	180	179	187	195
18	Total Recoveries	\$,000	214	55,151	49,128	30,364	22,891
19	Current DGA Balance	\$,000	214	(17,308)	(13,079)	(2,440)	(3,454)
20	Closing Cumulative DGA Balance	\$,000	36,281	18,973	5,893	3,454	0

April 24, 2006

**SCHEDULE M-2
MONTHLY DGA ENERGY BALANCE**

Line	Description	Units	A Actual Feb-06	B Estimate Mar-06	C Estimate Apr-06	D Forecast May-06
<u>Gas Supply Costs</u>						
1	Purchases	TJ	10,130	9,487	5,100	3,870
2	Storage	TJ	0	0	0	0
3	Imbalances	TJ	(363)	0	0	0
4	Total Energy	TJ	9,766	9,487	5,100	3,870
<u>Adjustments</u>						
5	TCPL (AB) Fuel Recovery	TJ	(3)	0	0	0
6	Net Energy	TJ	9,764	9,487	5,100	3,870
<u>Recoveries</u>						
7	Calendar Sales	TJ	9,556	9,513	5,012	3,834
8	Transportation Imbalance Sales	TJ	0	0	0	0
9	Excess System Sales	TJ	196	75	40	0
10	Total Recoveries	TJ	9,752	9,588	5,052	3,834
11	DGA UFG	TJ	(12)	101	(48)	(36)

SPECIAL NOTES

INTRODUCTION

This section provides details of the Deferred Gas Account (DGA) components for February 2006.

SECTION 2
RECONCILIATION MONTH SCHEDULES

Schedule R-1 shows the forecast and actual DGA cost and recovery components for February 2006 as of January 25, 2006 and April 24, 2006 respectively.

SCHEDULE R-1
FORECAST & ACTUAL DGA COSTS AND RECOVERIES

February 2006

Line	Description	Units	Forecast January 25, 2006	Actual April 24, 2006	Actual less Forecast
<u>Gas Supply Costs</u>					
1	Purchases	\$,000	83,219	75,149	(8,070)
2	Daily Trade Averaging Adjustment	\$,000	0	0	0
3	Storage	\$,000	0	0	0
4	Imbalances	\$,000	0	(2,906)	(2,906)
5	Total Gas Supply Costs	\$,000	83,219	72,243	(10,976)
<u>Adjustments</u>					
6	Transportation	\$,000	56	74	18
7	TCPL (AB) Fuel Recovery	\$,000	0	(20)	(20)
8	Procurement and Portfolio Management	\$,000	29	29	0
9	Gas Supply - Related Bad Debts	\$,000	76	79	3
10	DGA Balance Carrying Costs	\$,000	(14)	(15)	(1)
11	Credit Charge	\$,000	76	69	(7)
12	Net Gas Costs	\$,000	83,441	72,459	(10,982)
<u>Recoveries</u>					
13	Sales	\$,000	55,864	53,672	(2,192)
14	Transportation Imbalance Sales	\$,000	0	1	1
15	Excess System Sales	\$,000	0	1,298	1,298
16	Penalty Revenue	\$,000	173	180	7
17	Total Recoveries	\$,000	56,037	55,151	(887)

April 24, 2006

SECTION 2
RECONCILIATION MONTH SCHEDULES

Schedule R-2 shows the forecast and actual DGA energy balance for February 2006 as of January 25, 2006 and April 24, 2006. It also shows the normal and actual degree days for February 2006.

SCHEDULE R-2
DGA ENERGY BALANCE & DEGREE DAYS
February 2006

Line	Description	Units	Forecast January 25, 2006	Actual April 24, 2006	Actual less Forecast
<u>Gas Supply Costs</u>					
1	Purchases	TJ	10,041	10,130	89
2	Storage	TJ	0	0	0
3	Imbalances	TJ	0	(363)	(363)
<hr/>					
4	Total Energy	TJ	10,041	9,766	(274)
<u>Adjustments</u>					
5	TCPL (AB) Fuel Recovery	TJ	0	(3)	(3)
<hr/>					
6	Net Energy	TJ	10,041	9,764	(277)
<u>Recoveries</u>					
7	Calendar Sales	TJ	9,946	9,556	(390)
8	Transportation Imbalance Sales	TJ	0	0	0
9	Excess System Sales	TJ	0	196	196
<hr/>					
10	Total Recoveries	TJ	9,946	9,752	(194)
<hr/>					
11	DGA UFG	TJ	(94)	(12)	83
12	Degree Days	DD	584	590	6

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SECTION 2
RECONCILIATION MONTH SCHEDULES

Schedule R-3 shows the actual DGA purchase gas components for February 2006 as of April 24, 2006.

SCHEDULE R-3
ACTUAL GAS PURCHASES
February 2006

Line	Description	Units	Actual April 24, 2006
1	ON-System ATCO Supplies	\$,000	33,778
2		TJ	4,273
3		\$/GJ	7.905
4	Nova Inventory Transfer Supplies	\$,000	41,368
5		TJ	5,857
6		\$/GJ	7.063
7	Total Purchases	\$,000	75,146
8		TJ	10,130
9		\$/GJ	7.418

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SECTION 2
RECONCILIATION MONTH SCHEDULES

Schedule R-4 shows the actual DGA ON-System ATCO South gas components for February 2006 as of April 24, 2006.

SCHEDULE R-4
ACTUAL GAS PURCHASES - ON-SYSTEM ATCO SUPPLIES

		February 2006	Actual April 24, 2006
Line	Description	Units	
1	Long Term Indexed	\$,000	12,463
2		TJ	1,552
3		\$/GJ	8.031
4	Total Long Term	\$,000	12,463
5		TJ	1,552
6		\$/GJ	8.031
7	Short Term (Monthly Index)	\$,000	17,892
8		TJ	2,243
9		\$/GJ	7.977
10	Short Term (Daily Index)	\$,000	3,423
11		TJ	478
12		\$/GJ	7.158
13	Total Short Term	\$,000	21,315
14		TJ	2,721
15		\$/GJ	7.833
16	Total ON-System ATCO Supplies	\$,000	33,778
17		TJ	4,273
18		\$/GJ	7.905

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**SECTION 5
RECONCILIATION MONTH SCHEDULES**

Schedule R-5 shows the actual DGA Nova Inventory Transfer purchase gas components for February 2006 as of April 24, 2006.

**SCHEDULE R-5
ACTUAL GAS PURCHASES - NOVA INVENTORY TRANSFER SUPPLIES**

		February 2006	Actual April 24, 2006
Line	Description	Units	
1	Long Term Indexed	\$,000	0
2		TJ	0
3		\$/GJ	0.000
4	Total Long Term	\$,000	0
5		TJ	0
6		\$/GJ	0.000
7	Short Term (Monthly Index)	\$,000	7,444
8		TJ	980
9		\$/GJ	7.596
10	Short Term (Daily Index)	\$,000	33,924
11		TJ	4,877
12		\$/GJ	6.957
13	Total Short Term	\$,000	41,368
14		TJ	5,857
15		\$/GJ	7.063
16	Total Nova Inventory Transfer Supplies	\$,000	41,368
17		TJ	5,857
18		\$/GJ	7.063

April 24, 2006

SECTION 2
RECONCILIATION MONTH SCHEDULES

Schedule R-6 shows the forecast and actual unit gas prices for February 2006 as of January 25, 2006 and April 24, 2006 respectively.

SCHEDULE R-6
FORECAST AND ACTUAL UNIT GAS PRICES
February 2006

Line	Description	Units	Forecast January 25, 2006	Actual April 24, 2006	Actual less Forecast
1	AECO Monthly Index	\$/GJ	8.3850	8.0225	(0.3625)
2	AECO Daily INDEX	\$/GJ	8.1964	6.9637	(1.2327)

Notes:

1. The forecast unit price in Line 1 is the weighted average price of the transactions made up to and including January 24, 2006 on the AECO/NGX Intra-Alberta February (Near Month) instrument as reported by NGX.
2. The actual unit price in Line 1 was the weighted average price of the transactions made up to and including January 31, 2006 on the AECO/NGX Intra-Alberta February (Near Month) instrument as reported by NGX.
3. The forecast unit price in Line 2 is the arithmetic average of the February, AECO/NGX Intra-Alberta Settlement prices on January 18, 19, 20, 23 & 24, 2006.
4. The actual unit price in Line 2 is the total weighted average price of the daily, weighted average prices each day in February, 2006 as reported by NGX and includes all weekend deals.

SECTION 2
RECONCILIATION MONTH SCHEDULES

Schedule R-7 shows the actual contract storage and transportation costs for February 2006 as of April 24, 2006.

The TCPL (AB) transportation costs reflect Firm Transportation Receipt charges on the NOVA Gas transmission system and the AP FSR transportation costs reflect Firm Service Receipt charges on the ATCO Pipelines system.

SCHEDULE R-7
TRANSPORTATION & STORAGE COSTS
February 2006

Line	Description	Units	Actual April 24, 2006
1	Contract Storage	\$,000	0
2	Transportation -- AP OPR	\$,000	72
3	Transportation -- AP FSR	\$,000	1
4	Transportation -- Other	\$,000	1
	Total		74

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SECTION 2
RECONCILIATION MONTH SCHEDULES

The R-10 schedules show the actual day gas sales and purchases for the reconciliation month as at the filing date.

Short term transaction totals in schedules R 10 B & D are shown only if all four of these criteria are satisfied:

1. Transactions are done for the same time frame (e.g. same day or yesterday).
2. Transactions are done for the same point (i.e. NIT, ATCO North or ATCO South).
3. Transactions are done using the same pricing regime (i.e. fixed vs. index based).
4. Both regulated and deregulated deals are transacting in the same direction (i.e. both selling or both buying).

Schedule R 10 A S - Actual Spot Gas Purchases by Trade Day

February 2006

Direct Energy Regulated Services

Nova Inventory Transfer Supplies

DAY	Yesterday (YD)			AECO YD	Same Day (SD)					AECO Daily
	Avg. Cost		Total Cost	Daily Average	Fixed	Avg. Cost	Index Related	Avg. Cost	Total Cost	Index
	GJ's	\$/GJ	\$	\$/GJ	GJ's	\$/GJ	GJ's	\$/GJ	\$	\$/GJ
1	35,000	7.2286	253,000.00	7.9572	0	0.0000	30,000	8.1790	245,370.00	8.1765
2	70,000	7.2586	508,100.00	8.1752	40,000	7.2663	0	0.0000	290,650.00	7.2497
3	0	0.0000	0.00	7.2471	15,000	7.2600	135,000	7.3641	1,103,049.00	7.3554
5	25,000	7.4768	186,920.00	7.4611	33,000	7.5000	3,000	7.4913	269,973.90	7.4888
6	0	0.0000	0.00	7.4092	20,000	7.4675	10,000	7.4542	223,892.00	7.4517
7	0	0.0000	0.00	7.4561	10,000	7.1700	30,000	7.2176	288,228.00	7.2076
8	55,000	6.9436	381,900.00	7.1925	0	0.0000	0	0.0000	0.00	7.1768
9	0	0.0000	0.00	7.1721	30,000	7.0033	36,000	6.8998	458,492.80	6.8998
10	0	0.0000	0.00	6.8848	80,000	6.8994	65,000	6.8624	998,006.00	6.8624
12	20,000	6.8292	136,584.00	6.3429	0	0.0000	0	0.0000	0.00	6.5440
13	0	0.0000	0.00	6.5049	45,000	6.8011	27,500	6.7944	492,896.00	6.7944
14	51,000	7.0113	357,577.50	6.7928	0	0.0000	0	0.0000	0.00	6.6152
15	50,000	6.9825	349,125.00	6.4774	20,000	6.9950	10,000	7.0054	209,954.00	6.9954
16	200,000	7.3573	1,471,465.00	7.0181	50,000	6.9650	0	0.0000	348,250.00	6.9387
17	(30,000)	7.1267	(213,800.00)	6.9452	44,000	7.2066	195,000	6.8957	1,661,753.30	7.1623
18	(23,500)	6.5000	(152,750.00)	7.3304	22,900	7.1085	31,200	7.1690	386,457.92	7.0266
19	(45,000)	6.3011	(283,550.00)	7.1062	(10,000)	6.4500	(5,000)	6.5542	(97,271.00)	6.5642
20	0	0.0000	0.00	6.5082	(30,000)	6.5400	(15,300)	6.5652	(296,647.56)	6.5702
21	33,500	7.0219	235,235.00	6.3236	30,000	6.8550	44,000	6.8600	507,488.40	6.8586
22	50,000	6.8840	344,200.00	6.4698	20,000	7.0050	0	0.0000	140,100.00	6.9983
23	28,200	7.0151	197,826.00	7.0013	0	0.0000	0	0.0000	0.00	6.8604
24	(13,000)	6.7777	(88,110.00)	6.8833	100,000	6.9050	0	0.0000	690,500.00	6.9912
25	10,000	6.9900	69,900.00	6.9535	15,000	6.9400	0	0.0000	104,100.00	6.8617
26	5,000	6.4000	32,000.00	6.8538	0	0.0000	0	0.0000	0.00	6.9628
27	0	0.0000	0.00	6.9908	175,000	6.4940	25,000	6.4681	1,298,152.50	6.4681
28	0	0.0000	0.00	6.5563	200,000	5.9815	0	0.0000	1,196,300.00	5.9233

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521,200	3,785,622.50
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TOTALS

909,900	621,400	10,519,695.26
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Schedule R 10 C S - Actual Spot Gas Purchases by Trade Day

February 2006

Direct Energy Regulated Services

ON- System ATCO Supplies

YD table is not applicable for this schedule.

DAY	Yesterday (YD)			AECO YD	Same Day (SD)					AECO Daily
	Avg. Cost		Total Cost	Daily Average	Fixed	Avg. Cost	Index Related	Avg. Cost	Total Cost	Index
	GJ's	\$/GJ	\$	\$/GJ	GJ's	\$/GJ	GJ's	\$/GJ	\$	\$/GJ
1	0	0.0000	0.00	0.0000	0	0.0000	31,800	8.1765	260,012.70	8.1765
2	0	0.0000	0.00	0.0000	0	0.0000	28,800	7.2497	208,791.36	7.2497
3	0	0.0000	0.00	0.0000	0	0.0000	83,100	7.3339	609,447.09	7.3554
6	0	0.0000	0.00	0.0000	0	0.0000	14,300	7.4532	106,580.81	7.4517
7	0	0.0000	0.00	0.0000	0	0.0000	19,600	7.2076	141,268.96	7.2076
8	0	0.0000	0.00	0.0000	0	0.0000	14,500	7.1768	104,063.60	7.1768
9	0	0.0000	0.00	0.0000	0	0.0000	18,500	6.8998	127,646.30	6.8998
10	0	0.0000	0.00	0.0000	0	0.0000	10,000	6.8460	68,460.00	6.8624
13	0	0.0000	0.00	0.0000	0	0.0000	18,500	6.7837	125,498.90	6.7944
14	0	0.0000	0.00	0.0000	0	0.0000	19,000	6.6152	125,688.80	6.6152
15	0	0.0000	0.00	0.0000	0	0.0000	23,800	6.9954	166,490.52	6.9954
16	0	0.0000	0.00	0.0000	0	0.0000	33,300	6.9410	231,135.71	6.9387
17	0	0.0000	0.00	0.0000	0	0.0000	90,800	7.1331	647,689.88	7.1623
21	0	0.0000	0.00	0.0000	0	0.0000	18,300	6.8586	125,512.38	6.8586
22	0	0.0000	0.00	0.0000	0	0.0000	10,800	6.9983	75,581.64	6.9983
23	0	0.0000	0.00	0.0000	0	0.0000	8,300	6.8604	56,941.32	6.8604
24	0	0.0000	0.00	0.0000	0	0.0000	34,800	6.9566	242,089.68	6.9912
	0		0.00	TOTALS	0		478,200		3,422,899.65	

Schedule R 10 D S - Actual Spot Gas Purchases by Trade Day

February 2006

Direct Energy Marketing Limited

ON- System ATCO Supplies

YD table is not applicable for this schedule.

DAY	Yesterday (YD)			AECO YD	Same Day (SD)					AECO Daily
	Avg. Cost		Total Cost	Daily Average	Fixed	Avg. Cost	Index Related	Avg. Cost	Total Cost	Index
	GJ's	\$/GJ	\$	\$/GJ	GJ's	\$/GJ	GJ's	\$/GJ	\$	\$/GJ
1	0	0.0000	0.00	0.0000	0	0.0000	3,000	8.1765	24,529.50	8.1765
2	5,000	7.2497	36,248.50	0.0000	0	0.0000	2,600	7.2497	18,849.22	7.2497
3	0	0.0000	0.00	0.0000	0	0.0000	8,100	7.3339	59,404.59	7.3554
6	0	0.0000	0.00	0.0000	0	0.0000	12,900	7.4517	96,126.93	7.4517
7	0	0.0000	0.00	0.0000	0	0.0000	11,500	7.2076	82,887.40	7.2076
9	0	0.0000	0.00	0.0000	0	0.0000	12,000	6.8998	82,797.60	6.8998
13	0	0.0000	0.00	0.0000	0	0.0000	11,600	6.7944	78,815.04	6.7944
14	0	0.0000	0.00	0.0000	0	0.0000	13,000	6.6152	85,997.60	6.6152
23	0	0.0000	0.00	0.0000	0	0.0000	13,600	6.8604	93,301.44	6.8604
24	0	0.0000	0.00	0.0000	0	0.0000	37,500	6.9588	260,955.00	6.9912
	5,000		36,248.50	TOTALS	0		125,800		883,664.32	

Schedule R 10 G S - Actual Spot Gas Purchases by Delivery Day

February 2006

PEAKING Demand Supply Contracts

Nova Inventory Transfer Supplies

DAY	Index Related GJ's	Same Day (SD)		AECO Daily Index \$/GJ
		Avg. Cost \$/GJ	Total Cost \$	
1	0	0.0000	0	8.1765
6	100,000	7.4667	746,670	7.4517
7	0	0.0000	0	7.2076
9	95,000	6.9243	657,806	6.8998
10	0	0.0000	0	6.8624
14	495,000	6.8950	3,413,029	6.6152
15	265,000	7.0538	1,869,266	6.9954
16	225,000	6.9537	1,564,583	6.9387
17	50,000	7.1773	358,865	7.1623
18	300,000	7.1461	2,143,830	7.0266
19	50,000	7.1611	358,055	6.5642
21	0	0.0000	0	6.8586
22	150,000	7.0200	1,052,995	6.9983
23	198,500	6.8754	1,364,767	6.8604
24	200,000	7.0137	1,402,740	6.9912
25	200,000	6.9791	1,395,820	6.8617
26	200,000	6.9853	1,397,060	6.9628
27	0	0.0000	0	6.4681
28	100,000	5.9533	595,330	5.9233
TOTALS	2,628,500		18,320,815	

Schedule R 10 I S - Long Term & Short Term Purchases
February 2006
Direct Energy Regulated Services
ON-System Atco Supplies

<u>Trade</u>	<u>From</u>	<u>To</u>	<u>Volume(GJ)</u>	<u>Price</u>	<u>Value</u>
180893	02/01/2006	02/28/2006	1,540,000	8.033	12,370,050
180894	02/01/2006	02/28/2006	2,337	7.888	18,433
180946	02/01/2006	02/28/2006	948	7.898	7,487
180947	02/01/2006	02/28/2006	915	6.783	6,206
183174	02/01/2006	02/28/2006	7,221	8.023	57,930
185436	02/01/2006	02/28/2006	359	7.973	2,862
Total Long Term Indexed			1,551,780	8.031	12,462,969
222217	02/01/2006	02/28/2006	280,000	8.043	2,251,900
222220	02/01/2006	02/28/2006	280,000	8.033	2,249,100
222836	02/01/2006	02/28/2006	560,000	8.033	4,498,200
223162	02/01/2006	02/28/2006	420,000	8.033	3,373,650
223163	02/01/2006	02/28/2006	115,000	6.876	790,748
233488	02/01/2006	02/28/2006	504,000	8.043	4,053,420
233721	02/01/2006	02/28/2006	84,000	8.033	674,730
Total Short Term(Monthly Index)			2,243,000	7.977	17,891,748

April 24, 2006

Schedule R 10 J S - Long Term & Short Term(Monthly Index) Purchases
February 2006

Direct Energy Regulated Services

Nova Inventory Transfer Supplies

<u>Trade</u>	<u>From</u>	<u>To</u>	<u>Volume(GJ)</u>	<u>Price</u>	<u>Value</u>
222839	02/01/2006	02/28/2006	560,000	8.028	4,495,400
232704	02/01/2006	02/28/2006	420,000	7.020	2,948,375
Total Short Term(Monthly Index)			980,000	7.596	7,443,775

SECTION 3
FORECAST MONTH SCHEDULES

This section provides details of the Deferred Gas Account (DGA) components for May 2006.

Schedule M-1 in Section 1 shows the forecast costs for the various gas supply categories, gas cost adjustments and the forecast dollars for the various recovery components for May 2006.

Schedule M-2 in Section 1 shows the forecast energy balance of the DGA for May 2006.

Schedule F-1 shows the forecast of gas purchases for May 2006 by pricing mechanism. As shown in Schedule F-1, most of the gas purchases have AECO Monthly or Daily Index pricing mechanism.

Most of the Other purchase category is also influenced by AECO index pricing mechanism.

SCHEDULE F-1
FORECAST GAS PURCHASES
May 2006

Line	Description	Units	Forecast April 24, 2006
1	AECO Monthly Index	TJ	1,406
2	AECO Daily Index	TJ	2,449
3	Other	TJ	16
	Total	TJ	3,870

Schedule F-2 shows the forecast of the unit gas prices for May 2006.

SCHEDULE F-2
FORECAST UNIT GAS PRICES
May 2006

Line	Description	UNIT	Forecast April 24, 2006
1	AECO Monthly Index	\$/GJ	6.4540
2	AECO Daily Index (1)	\$/GJ	6.9528

Notes:

1. The forecast unit price in Line 1 is the weighted average price of the transactions made up to and including April 21, 2006 on the AECO/NGX Intra-Alberta May (Near Month) instrument as reported by NGX.
2. The forecast unit price in Line 2 is the arithmetic average of the May, AECO/NGX Intra-Alberta Settlement prices on April 17, 18, 19, 20 & 21, 2006.

In order to zero the forecast balance of the DGA on May 31, 2006, a GCFR of \$5.919/GJ should be implemented on May 01, 2006. Schedule F-3 shows how this rate is calculated.

SCHEDULE F-3
GAS COST FLOW THROUGH RATE DERIVATION

May 2006

Line	Description	Units	Reference	Value
1	Opening Cumulative DGA Balance	\$,000	Schedule M-1, Line 1, Column E	3,454
2	Net Gas Cost Estimate	\$,000	Schedule M-1, Line 13, Column E	26,345
3	Transportation Imbalance Sales Estimate	\$,000	Schedule M-1, Line 15, Column E	0
4	Excess System Sales Estimate	\$,000	Schedule M-1, Line 16, Column E	0
5	Penalty Revenue Estimate	\$,000	Schedule M-1, Line 17, Column E	195
6	Net Monthly Gas Cost Recovery	\$,000	Line 2 less Line 1 less Lines 3 - 5	22,696
7	Forecast Monthly Sales	TJ	Schedule M-2, Line 7, Column D	3,834
8	GCFR	\$/GJ	Line 6 divided by Line 7	5.919

SPECIAL NOTES

**SCHEDULE C - 1
COST OF CREDIT SUPPORT**

LEGEND:	bp	Basis points (100 bp = 1%)
	LC	Letter of credit
	PCG	Parental company guarantee

April 24, 2006

Supply Sources	Security Type	Credit Charge (bp)	January Payable	February Payable	March Payable	April Payable	May Payable	Actual Feb-06	Estimate Mar-06	Estimate Apr-06	Forecast May-06
(SOUTH)											
ATCO Gas Supply Contracts											
Acclaim Energy Partnership	N/A		28,593	18,433	19,235	19,486	0				
ATCO	PCG	40.0	98,559	60,793	54,111	61,118	0	50	33	35	20
Enerplus Resources Corporation	N/A		11,504	7,487	8,027	6,493	0				
Linray Energy Inc.	N/A		8,140	6,206	5,576	5,819	0				
Shell Canada Limited	PCG	40.0	19,592,667	12,370,050	11,722,046	8,530,515	0	10,045	7,007	6,319	2,805
Forecast (with credit support)	PCG	40.0	0	0	0	0	8,903,293	0	0	0	2,439
Forecast (without credit support)			0	0	0	0	100,037				
Sub Total			19,739,463	12,462,969	11,808,995	8,623,431	9,003,330	10,095	7,040	6,354	5,264
DEML Supply Contracts											
Counterparty 1	PCG	40.0	1,069,621	674,730	638,454	33,925	0	548	382	226	11
Counterparty 2	PCG	40.0	10,686,909	6,747,300	6,470,012	190,293	0	5,479	3,843	2,250	63
Counterparty 3	PCG	40.0	3,562,303	2,283,844	2,131,281	995,451	0	1,836	1,285	997	327
Counterparty 4	PCG	40.0	6,325,931	8,589,510	7,120,099	0	0	4,502	4,586	2,419	0
Counterparty 5	PCG	40.0	3,586,368	9,627,231	8,737,163	1,921,978	0	3,856	5,348	3,495	632
Counterparty 6	PCG	40.0	0	0	0	83,732	0	0	0	23	28
Counterparty 7	PCG	40.0	8,329	660,051	0	631,819	0	184	203	173	208
Counterparty 8	PCG	40.0	1,413,318	428,299	427,274	744,754	0	597	248	349	245
Counterparty 9	N/A		0	0	0	149,318	0				
Counterparty 10	PCG	40.0	0	430,159	344,634	947,460	0	118	226	377	311
Counterparty 11	PCG	40.0	281,747	159,299	239,834	197,859	0	139	115	136	65
Counterparty 12	PCG	40.0	14,506,278	8,944,656	7,187,176	5,044,869	0	7,379	4,714	3,824	1,659
Counterparty 13	PCG	40.0	76,075	84,566	164,275	82,921	0	49	71	79	27
Counterparty 14	PCG	40.0	6,741,410	4,220,539	3,840,797	0	0	3,447	2,347	1,305	0
Counterparty 15	PCG	40.0	169,400	0	308,730	0	0	58	85	105	0
Counterparty 16	PCG	40.0	6,094,349	2,948,375	0	0	0	2,878	905	0	0
Counterparty 17	PCG	40.0	1,267,365	2,163,692	3,096,030	0	0	1,023	1,512	1,052	0
Counterparty 18	PCG	40.0	21,209	0	0	4,601	0	7	0	1	2
Counterparty 99	PCG	40.0	0	0	0	6,352,300	0	0	0	1,740	2,088
Forecast (with credit support)	PCG	40.0	0	0	0	0	12,088,435	0	0	0	3,312
Sub Total			55,810,612	47,962,251	40,705,759	17,381,280	12,088,435	32,100	25,870	18,551	8,978
Natural Gas Exchange	N/A		13,105,649	13,422,303	9,020,542	6,394,370	0				
Forecast			0	0	0	0	5,107,188				
Sub Total			13,105,649	13,422,303	9,020,542	6,394,370	5,107,188				
Required LC	L/C	37.5	85,000,000	40,000,000	40,000,000	25,000,000	25,000,000	14,575	14,055	7,813	7,962
PCG to Bank to Support LC	PCG	40.0	85,000,000	40,000,000	40,000,000	25,000,000	25,000,000	12,274	13,589	8,219	8,493
Sub Total								26,849	27,644	16,032	16,455
TOTAL			88,655,724	73,847,523	61,535,296	32,399,081	26,198,953	69,044	60,554	40,937	30,697

April 24, 2006

Footnote:

* Natural Gas Exchange numbers include only the costs associated with the purchase and sale of natural gas. It does not include any NGX fees.

** The Natural Gas Exchange credit charge is based upon the full amount of the letter of credit and supporting parental guarantee. The parental guarantee charges for all other counterparties must cover approximately 55 days of credit exposure. The letter of credit to the Natural Gas Exchange was decreased to \$80,000,000 on February 1 and it was further reduced to \$50,000,000 on April 1. Effective March 13, the letter of credit charges were reduced to 37.5 basis points.

April 24, 2006