

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 \$6.825/GJ for Direct Energy Regulated Services (DERS) Rate 1 & 3 Gas Customers and a GCFR of \$6.401/GJ for Direct Energy Regulated Services (DERS) Rate 5 Gas Customers for June 2005.

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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 May 25, 2005.

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 June 30, 2005, a GCFR of \$6.825/GJ for DERS Rate 1 & 3 Gas Customers and a GCFR of \$6.401/GJ for DERS Rate 5 Gas Customers should be implemented on June 01, 2005.

**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 Mar-05	Estimate Apr-05	Estimate May-05	Forecast Jun-05
1	Opening Cumulative DGA Balance	\$,000	9,411	8,171	2,031	3,445	(321)
<u>Gas Supply Costs</u>							
2	Purchases	\$,000	1	61,928	43,978	29,151	20,076
3	Daily Trade Averaging Adjustment	\$,000	0	0	0	0	0
4	Storage	\$,000	0	0	0	0	0
5	Imbalances	\$,000	1,527	513	0	0	0
6	Total Gas Supply Costs	\$,000	1,528	62,441	43,978	29,151	20,076
<u>Adjustments</u>							
7	Fuel	\$,000	0	0	0	0	0
8	Transportation	\$,000	0	52	26	23	8
9	TCPL (AB) Fuel Recovery	\$,000	33	(110)	0	0	0
10	Procurement and Portfolio Management	\$,000	0	29	29	29	29
11	Gas Supply - Related Bad Debts	\$,000	0	80	84	89	91
12	DGA Balance Carrying Costs	\$,000	0	(15)	(16)	(17)	(17)
13	Credit Charge	\$,000	0	60	40	31	19
14	Net Gas Costs	\$,000	1,561	62,537	44,141	29,306	20,205
<u>Recoveries</u>							
15	Calendar Sales	\$,000	315	53,998	42,916	24,839	20,319
16	Transportation Imbalance Sales	\$,000	5	0	0	0	0
17	Excess System Sales	\$,000	0	2,216	2,445	497	0
18	Penalty Revenue	\$,000	0	183	193	203	208
19	Total Recoveries	\$,000	321	56,397	45,555	25,539	20,527
20	Current DGA Balance	\$,000	(1,240)	(6,140)	1,414	(3,766)	322
21	Closing Cumulative DGA Balance	\$,000	8,171	2,031	3,445	(321)	0

May 25, 2005

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

Line	Description	Units	A Actual Mar-05	B Estimate Apr-05	C Estimate May-05	D Forecast Jun-05
<u>Gas Supply Costs</u>						
1	Purchases	TJ	9,251	6,088	4,189	3,006
2	Storage	TJ	0	0	0	0
3	Imbalances	TJ	121	0	0	0
4	Total Energy	TJ	9,372	6,088	4,189	3,006
<u>Adjustments</u>						
5	TCPL (AB) Fuel Recovery	TJ	(18)	0	0	0
6	Net Energy	TJ	9,354	6,088	4,189	3,006
<u>Recoveries</u>						
7	Calendar Sales	TJ	8,914	6,191	4,290	2,988
8	Transportation Imbalance Sales	TJ	0	0	0	0
9	Excess System Sales	TJ	324	330	75	0
10	Total Recoveries	TJ	9,238	6,521	4,365	2,988
11	DGA UFG	TJ	(116)	433	176	(19)

SPECIAL NOTES

INTRODUCTION

This section provides details of the Deferred Gas Account (DGA) components for March 2005.

SECTION 2
RECONCILIATION MONTH SCHEDULES

Schedule R-1 shows the forecast and actual DGA cost and recovery components for March 2005 as of February 22, 2005 and May 25, 2005 respectively.

SCHEDULE R-1
FORECAST & ACTUAL DGA COSTS AND RECOVERIES
March 2005

Line	Description	Units	Forecast February 22, 2005	Actual May 25, 2005	Actual less Forecast
<u>Gas Supply Costs</u>					
1	Purchases	\$,000	64,631	61,928	(2,703)
2	Daily Trade Averaging Adjustment	\$,000	0	0	0
3	Storage	\$,000	0	0	0
4	Imbalances	\$,000	0	513	513
5	Total Gas Supply Costs	\$,000	64,631	62,441	(2,190)
<u>Adjustments</u>					
6	Fuel	\$,000	0	0	0
7	Transportation	\$,000	84	52	(32)
8	TCPL (AB) Fuel Recovery	\$,000	0	(110)	(110)
9	Procurement and Portfolio Management	\$,000	29	29	0
10	Gas Supply - Related Bad Debts	\$,000	81	80	(1)
11	DGA Balance Carrying Costs	\$,000	(15)	(15)	0
12	Credit Charge	\$,000	64	60	(4)
13	Net Gas Costs	\$,000	64,873	62,537	(2,336)
<u>Recoveries</u>					
14	Calendar Sales	\$,000	63,261	53,998	(9,263)
15	Transportation Imbalance Sales	\$,000	0	0	0
16	Excess System Sales	\$,000	0	2,216	2,216
17	Penalty Revenue	\$,000	186	183	(3)
18	Total Recoveries	\$,000	63,447	56,397	(7,050)

May 25, 2005

**SECTION 2
RECONCILIATION MONTH SCHEDULES**

Schedule R-2 shows the forecast and actual DGA energy balance for March 2005 as of February 22, 2005 and May 25, 2005. It also shows the normal and actual degree days for March 2005.

**SCHEDULE R-2
DGA ENERGY BALANCE & DEGREE DAYS
March 2005**

Line	Description	Units	Forecast February 22, 2005	Actual May 25,	Actual less Forecast
<u>Gas Supply Costs</u>					
1	Purchases	TJ	10,527	9,251	(1,276)
2	Storage	TJ	0	0	0
3	Imbalances	TJ	0	121	121
<hr/>					
4	Total Energy	TJ	10,527	9,372	(1,155)
<u>Adjustments</u>					
5	TCPL (AB) Fuel Recovery	TJ	0	(18)	(18)
<hr/>					
6	Net Energy	TJ	10,527	9,354	(1,173)
<u>Recoveries</u>					
7	Calendar Sales	TJ	10,444	8,914	(1,530)
8	Transportation Imbalance Sales	TJ	0	0	0
9	Excess System Sales	TJ	0	324	324
<hr/>					
10	Total Recoveries	TJ	10,444	9,238	(1,206)
<hr/>					
11	DGA UFG	TJ	(83)	(116)	(33)
12	Degree Days	DD	542	417	(125)

May 25, 2005

SECTION 2
RECONCILIATION MONTH SCHEDULES

Schedule R-3 shows the actual DGA purchase gas components for March 2005 as of May 25, 2005.

SCHEDULE R-3
ACTUAL GAS PURCHASES
March 2005

Line	Description	Units	Actual May 25, 2005
1	ON-System ATCO South Supplies	\$,000	33,821
2		TJ	5,291
3		\$/GJ	6.392
4	Nova Inventory Transfer Supplies	\$,000	28,105
5		TJ	3,960
6		\$/GJ	7.097
7	Total Purchases	\$,000	61,926
8		TJ	9,251
9		\$/GJ	6.694

May 25, 2005

SECTION 2
RECONCILIATION MONTH SCHEDULES

Schedule R-4 shows the actual DGA ON-System ATCO South gas components for March 2005 as of May 25, 2005.

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

	March 2005	Actual May 25, 2005	
Line	Description	Units	
1	Long Term Indexed	\$,000	12,728
2		TJ	2,031
3		\$/GJ	6.267
4	Total Long Term	\$,000	12,728
5		TJ	2,031
6		\$/GJ	6.267
7	Short Term (Monthly Index)	\$,000	15,149
8		TJ	2,418
9		\$/GJ	6.265
10	Short Term (Daily Index)	\$,000	5,944
11		TJ	842
12		\$/GJ	7.059
13	Total Short Term	\$,000	21,093
14		TJ	3,260
15		\$/GJ	6.470
16	Total ON-System ATCO South Supplies	\$,000	33,821
17		TJ	5,291
18		\$/GJ	6.392

May 25, 2005

**SECTION 5
RECONCILIATION MONTH SCHEDULES**

Schedule R-5 shows the actual DGA Nova Inventory Transfer purchase gas components for March 2005 as of May 25, 2005.

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

		March 2005	Actual May 25, 2005
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	3,885
8		TJ	620
9		\$/GJ	6.266
10	Short Term (Daily Index)	\$,000	24,220
11		TJ	3,340
12		\$/GJ	7.251
13	Total Short Term	\$,000	28,105
14		TJ	3,960
15		\$/GJ	7.097
16	Total Nova Inventory Transfer Supplies	\$,000	28,105
17		TJ	3,960
18		\$/GJ	7.097

May 25, 2005

SECTION 2
RECONCILIATION MONTH SCHEDULES

Schedule R-6 shows the forecast and actual unit gas prices for March 2005 as of February 22, 2005 and May 25, 2005 respectively.

SCHEDULE R-6
FORECAST AND ACTUAL UNIT GAS PRICES
March 2005

Line	Description	Units	Forecast February 22, 2005	Actual May 25,	Actual less Forecast
1	AECO Monthly Index	\$/GJ	6.1881	6.2672	0.0791
2	AECO Daily INDEX	\$/GJ	6.0912	7.0956	1.0044

Notes:

1. The forecast unit price in Line 1 is the weighted average price of the transactions made up to and including February 18, 2005 on the AECO/NGX Intra-Alberta March (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 February 28, 2005 on the AECO/NGX Intra-Alberta March (Near Month) instrument as reported by NGX.
3. The forecast unit price in Line 2 is the arithmetic average of the March, AECO/NGX Intra-Alberta Settlement prices on February 14, 15, 16, 17 & 18, 2005.
4. The actual unit price in Line 2 is the total weighted average price of the daily, weighted average prices each day in March, 2005 as reported by NGX and includes all weekend deals.

May 25, 2005

SECTION 2
RECONCILIATION MONTH SCHEDULES

Schedule R-7 shows the actual contract storage and transportation costs for March 2005 as of May 25, 2005.

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
March 2005

Line	Description	Units	Actual May 25, 2005
1	Transportation -- Other	\$,000	0
2	Contract Storage	\$,000	0
3	Transportation -- AP FSR	\$,000	1
4	Transportation -- TCPL (AB)	\$,000	51
	Total		52

May 25, 2005

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

March 2005

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	0	0.0000	0.00	6.8267	0	0.0000	10,000	6.7396	67,396.00	6.7396
2	0	0.0000	0.00	7.0097	0	0.0000	30,000	6.8438	205,314.00	6.8388
5	(40,000)	6.5795	(263,180.00)	6.6997	0	0.0000	0	0.0000	0.00	6.7984
7	80,000	6.8939	551,515.00	6.9043	0	0.0000	0	0.0000	0.00	6.7795
10	(17,500)	6.7007	(117,262.51)	6.6912	0	0.0000	0	0.0000	0.00	6.8670
11	(5,000)	6.5300	(32,650.00)	6.5649	0	0.0000	0	0.0000	0.00	6.6966
14	25,000	7.2114	180,285.00	7.2234	0	0.0000	0	0.0000	0.00	6.9786
16	0	0.0000	0.00	7.3758	0	0.0000	75,000	7.2052	540,390.00	7.1952
17	(50,000)	7.2648	(363,240.00)	7.2635	0	0.0000	70,000	7.3761	516,327.00	7.3661
18	0	0.0000	0.00	7.2901	0	0.0000	50,000	7.2938	364,690.00	7.2911
19	40,000	7.4051	296,205.00	7.4052	0	0.0000	50,000	7.2938	364,690.00	7.2896
20	60,000	7.3688	442,130.00	7.3647	10,000	7.3000	60,000	7.3007	511,042.00	7.3352
21	25,000	7.4252	185,630.00	7.4025	0	0.0000	50,000	7.3695	368,475.00	7.3595
22	0	0.0000	0.00	7.3532	0	0.0000	50,000	7.4117	370,585.00	7.4017
23	(50,000)	7.2873	(364,365.00)	7.2819	15,000	7.3367	60,000	7.3430	550,632.50	7.3440
25	(70,000)	6.4714	(453,000.00)	6.4821	0	0.0000	0	0.0000	0.00	7.0913
26	0	0.0000	0.00	6.9454	(75,000)	6.8067	0	0.0000	(510,500.00)	6.8468
27	(16,000)	7.0138	(112,220.00)	7.0058	0	0.0000	0	0.0000	0.00	6.9734
28	20,000	7.0750	141,500.00	7.0919	0	0.0000	20,000	7.0578	141,156.00	7.0563
29	0	0.0000	0.00	7.4029	0	0.0000	30,000	7.1429	214,288.00	7.1411
30	0	0.0000	0.00	7.5185	0	0.0000	25,000	7.4203	185,507.50	7.4175
31	0	0.0000	0.00	7.6586	0	0.0000	20,000	7.5589	151,178.00	7.5574
	1,500		91,347.49	TOTALS	(50,000)		600,000		4,041,171.00	

May 25, 2005

Schedule R 10 C S - Actual Spot Gas Purchases by Trade Day
March 2005
Direct Energy Regulated Services
ON- System ATCO North 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	19,000	6.7317	127,902.40	6.7396
2	0	0.0000	0.00	0.0000	0	0.0000	11,000	6.8288	75,116.80	6.8388
3	0	0.0000	0.00	0.0000	0	0.0000	32,000	6.9881	223,619.20	6.9981
4	22,000	6.7801	149,162.20	0.0000	0	0.0000	12,500	6.7801	84,751.25	6.8052
5	0	0.0000	0.00	0.0000	0	0.0000	12,500	6.7801	84,751.25	6.7984
6	0	0.0000	0.00	0.0000	0	0.0000	34,500	6.7801	233,913.45	6.8043
7	0	0.0000	0.00	0.0000	0	0.0000	29,500	6.7695	199,700.25	6.7795
8	0	0.0000	0.00	0.0000	0	0.0000	23,000	6.9228	159,224.40	6.9328
9	0	0.0000	0.00	0.0000	0	0.0000	16,500	6.9671	114,957.15	6.9771
10	0	0.0000	0.00	0.0000	0	0.0000	3,000	6.8570	20,571.00	6.8670
11	0	0.0000	0.00	0.0000	0	0.0000	11,500	6.6930	76,969.50	6.6966
12	0	0.0000	0.00	0.0000	0	0.0000	27,500	6.6930	184,057.50	6.6847
13	0	0.0000	0.00	0.0000	0	0.0000	27,500	6.6930	184,057.50	6.7495
14	0	0.0000	0.00	0.0000	0	0.0000	43,000	6.9706	299,734.80	6.9786
15	0	0.0000	0.00	0.0000	0	0.0000	27,000	7.2226	195,011.30	7.2319
16	0	0.0000	0.00	0.0000	0	0.0000	10,000	7.1852	71,852.00	7.1952
17	0	0.0000	0.00	0.0000	0	0.0000	7,000	7.3654	51,557.70	7.3661
18	0	0.0000	0.00	0.0000	0	0.0000	20,500	7.2838	149,317.90	7.2911
19	0	0.0000	0.00	0.0000	0	0.0000	20,500	7.2838	149,317.90	7.2896
20	0	0.0000	0.00	0.0000	0	0.0000	20,500	7.2838	149,317.90	7.3352
21	0	0.0000	0.00	0.0000	0	0.0000	11,000	7.3595	80,954.50	7.3595
22	0	0.0000	0.00	0.0000	0	0.0000	13,200	7.4017	97,702.44	7.4017
23	0	0.0000	0.00	0.0000	0	0.0000	15,000	7.3453	110,180.00	7.3440
24	0	0.0000	0.00	0.0000	0	0.0000	18,000	7.2567	130,620.60	7.2650
25	0	0.0000	0.00	0.0000	0	0.0000	18,000	7.2567	130,620.60	7.0913
26	0	0.0000	0.00	0.0000	0	0.0000	18,000	7.2567	130,620.60	6.8468
27	0	0.0000	0.00	0.0000	0	0.0000	18,000	7.2567	130,620.60	6.9734
28	0	0.0000	0.00	0.0000	0	0.0000	11,000	7.0513	77,564.30	7.0563
29	0	0.0000	0.00	0.0000	0	0.0000	7,000	7.1311	49,917.70	7.1411
30	0	0.0000	0.00	0.0000	0	0.0000	39,000	7.4175	289,282.50	7.4175
31	0	0.0000	0.00	0.0000	0	0.0000	24,500	7.5574	185,156.30	7.5574
	22,000		149,162.20	TOTALS	0		601,200		4,248,941.29	

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

March 2005

PEAKING Demand Supply Contracts

Nova Inventory Transfer Supplies

DAY	Index Related	Same Day (SD)		AECO Daily
	GJ's	Avg. Cost \$/GJ	Total Cost \$	Index \$/GJ
1	25,000	6.7646	169,115	6.7396
3	20,000	7.0131	140,262	6.9981
12	70,000	6.7280	470,960	6.6847
13	110,000	6.7672	744,395	6.7495
14	120,000	6.9953	839,432	6.9786
15	175,000	7.2605	1,270,583	7.2319
16	200,000	7.2265	1,445,290	7.1952
17	200,000	7.3974	1,479,470	7.3661
18	200,000	7.3066	1,461,315	7.2911
19	200,000	7.3117	1,462,340	7.2896
20	100,000	7.3088	730,880	7.3352
21	115,000	7.3845	849,218	7.3595
22	175,000	7.4278	1,299,873	7.4017
23	220,000	7.3701	1,621,418	7.3440
24	215,000	7.2933	1,568,061	7.2650
25	215,000	7.2287	1,554,165	7.0913
26	85,000	7.2817	618,945	6.8468
27	20,000	7.2817	145,634	6.9734
TOTALS	2,465,000		17,871,352	

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

March 2005

PEAKING Demand Supply Contracts

ON- System ATCO South Supplies

DAY	Index Related GJ's	Same Day (SD)		AECO Daily Index \$/GJ
		Avg. Cost \$/GJ	Total Cost \$	
1	12,000	6.7563	81,075	6.7396
2	6,000	6.8538	41,123	6.8388
3	11,000	7.0131	77,144	6.9981
4	11,500	6.8206	78,437	6.8052
5	11,500	6.8138	78,359	6.7984
6	11,500	6.8197	78,427	6.8043
7	11,500	6.7958	78,152	6.7795
9	15,000	6.9921	104,882	6.9771
10	6,000	6.8820	41,292	6.8670
11	5,000	6.7180	33,590	6.6966
12	5,000	6.7180	33,590	6.6847
13	5,000	6.7645	33,823	6.7495
14	11,000	6.9972	76,970	6.9786
15	8,000	7.2469	57,975	7.2319
16	5,000	7.2102	36,051	7.1952
17	5,000	7.3811	36,906	7.3661
18	5,000	7.3061	36,531	7.2911
19	5,000	7.3046	36,523	7.2896
20	5,000	7.3502	36,751	7.3352
21	6,500	7.3745	47,934	7.3595
22	4,000	7.4167	29,667	7.4017
23	6,500	7.3621	47,854	7.3440
24	6,000	7.2800	43,680	7.2650
25	6,000	7.2717	43,630	7.0913
26	6,000	7.2717	43,630	6.8468
27	6,000	7.2717	43,630	6.9734
30	15,000	7.4325	111,488	7.4175
31	7,500	7.5724	56,793	7.5574
TOTALS	218,500		1,545,905	

Schedule R 10 I S - Long Term & Short Term(Monthly Index) Purchases
March 2005

Direct Energy Regulated Services

ON-System Atco South Supplies

<u>Trade</u>	<u>From</u>	<u>To</u>	<u>Volume(GJ)</u>	<u>Price</u>	<u>Value</u>
180893	03/01/2005	03/31/2005	2,015,000	6.267	12,628,408
183174	03/01/2005	03/31/2005	8,393	6.145	51,575
185436	03/01/2005	03/31/2005	176	7.700	1,355
180894	03/01/2005	03/31/2005	4,692	6.117	28,702
180894	03/01/2005	03/31/2005	1,221	6.117	7,469
180946	03/01/2005	03/31/2005	960	6.142	5,897
180947	03/01/2005	03/31/2005	977	4.387	4,286
Total Long Term Indexed			2,031,419	6.267	12,727,692
188024	03/01/2005	03/31/2005	496,000	6.264	3,106,756
188026	03/01/2005	03/31/2005	620,000	6.264	3,883,444
188322	03/01/2005	03/31/2005	310,000	6.266	1,942,497
188331	03/01/2005	03/31/2005	310,000	6.264	1,941,722
188605	03/01/2005	03/31/2005	155,000	6.271	972,024
188822	03/01/2005	03/31/2005	93,000	6.264	582,517
197047	03/01/2005	03/31/2005	434,000	6.267	2,719,965
Total Short Term(Monthly Index)			2,418,000	6.265	15,148,924

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Schedule R 10 J S - Long Term & Short Term(Monthly Index) Purchases
March 2005

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>
192420	03/01/2005	03/31/2005	310,000	6.267	1,942,832
197426	03/01/2005	03/31/2005	310,000	6.265	1,942,057
Total Short Term(Monthly Index)			620,000	6.266	3,884,889

SECTION 3
FORECAST MONTH SCHEDULES

This section provides details of the Deferred Gas Account (DGA) components for June 2005.

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 June 2005.

Schedule M-2 in Section 1 shows the forecast energy balance of the DGA for June 2005.

Schedule F-1 shows the forecast of gas purchases for June 2005 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
June 2005

Line	Description	Units	Forecast May 25, 2005
1	AECO Monthly Index	TJ	1,907
2	AECO Daily Index	TJ	1,085
3	Other	TJ	15
	Total	TJ	3,006

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Schedule F-2 shows the forecast of the unit gas prices for June 2005.

SCHEDULE F-2
FORECAST UNIT GAS PRICES
June 2005

Line	Description	UNIT	Forecast May 25, 2005
1	AECO Monthly Index	\$/GJ	6.7256
2	AECO Daily Index (1)	\$/GJ	6.5938

Notes:

1. The forecast unit price in Line 1 is the weighted average price of the transactions made up to and including May 24, 2005 on the AECO/NGX Intra-Alberta June (Near Month) instrument as reported by NGX.
2. The forecast unit price in Line 2 is the arithmetic average of the June, AECO/NGX Intra-Alberta Settlement prices on May 18, 19, 20, 23 & 24, 2005.

In order to zero the forecast balance of the DGA on June 30, 2005, a GCFR of \$6.825/GJ for DERS Rate 1 & 3 Gas Customers and a GCFR of \$6.401/GJ for DERS Rate 5 Gas Customers should be implemented on June 01, 2005. Schedule F-3 shows how this rate is calculated.

**SCHEDULE F-3
GAS COST FLOW THROUGH RATE DERIVATION**

June 2005				
Line	Description	Units	Reference	Value
1	Opening Cumulative DGA Balance	\$,000	Schedule M-1, Line 1, Column E	(321)
2	EUB Decision 2005-036 AGS-DGA PPA	\$,000	Appendix A, Line 5	1,544
3	Net Gas Cost Estimate	\$,000	Schedule M-1, Line 14, Column E	20,205
4	Transportation Imbalance Sales Estimate	\$,000	Schedule M-1, Line 16, Column E	0
5	Excess System Sales Estimate	\$,000	Schedule M-1, Line 17, Column E	0
6	Penalty Revenue Estimate	\$,000	Schedule M-1, Line 18, Column E	208
7	Net Monthly Gas Cost Recovery	\$,000	Line 3 less Lines 1 - 2 less Lines 4 - 6	18,775
8	Forecast Monthly Sales	TJ	Schedule M-2, Line 7, Column D	2,988
9	GCFR excluding AGS - DGA PPA	\$/GJ	Line 7 divided by Line 8	6.284
DERS GCFR for Rate 5				
15	DERS Rate 5 Sales Forecast	TJ	Appendix A, Line 2	170
16	AGS - DGA PPA Rate 5	\$,000	Appendix A, Line 4	20
17	Impact to rate of AGS - DGA PPA	\$/GJ	Line 16 divided by Line 15	0.116
18	GCFR excluding AGS - DGA PPA	\$/GJ	Line 9	6.284
19	GCFR for Rate 5	\$/GJ	Line 17 plus line 18	6.401
DERS GCFR for Rates 1 & 3				
10	DERS Rates 1 & 3 Sales Forecast	TJ	Appendix A, Line 1	2,818
11	AGS - DGA PPA Rates 1 & 3	\$,000	Appendix A, Line 3	1,524
12	Impact to rate of AGS - DGA PPA	\$/GJ	Line 11 divided by Line 10	0.541
13	GCFR excluding AGS - DGA PPA	\$/GJ	Line 9	6.284
14	GCFR for Rates 1 & 3	\$/GJ	Line 13 plus line 12	6.825

SPECIAL NOTES

AGS - DGA PPA is the Imbalance and Production Adjustments Deferred Gas Account approved in the EUB Decision 2005-036 for Atco Gas South and allocated to the period June 2005 - October 2005 per attached Appendix A

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

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

May 25, 2005

Supply Sources	Security Type	Credit Charge (bp)	February Payable	March Payable	April Payable	May Payable	June Payable	Actual Mar-05	Estimate Apr-05	Estimate May-05	Forecast Jun-05
(SOUTH)											
ATCO Gas Supply Contracts											
Acclaim Energy Partnership	N/A		33,849	36,171	39,393	42,203	0				
ATCO	PCG	40.0	47,890	52,930	43,626	69,610	0	31	30	34	23
Enerplus Resources Corporation	N/A		6,136	5,897	6,297	7,095	0				
Linray Energy Inc.	N/A		3,530	4,286	4,734	5,424	0				
Shell Canada Limited	PCG	40.0	11,219,208	12,628,408	9,571,905	10,152,392	0	7,248	6,868	6,011	3,384
Forecast (with credit support)	PCG	40.0	0	0	0	0	9,079,560	0	0	0	2,522
Forecast (without credit support)			0	0	0	0	100,884				
Sub Total			11,310,613	12,727,692	9,665,955	10,276,724	9,180,444	7,279	6,898	6,045	5,929
DEML Supply Contracts											
Counterparty 1	PCG	40.0	0	0	636,327	0	0	0	177	212	0
Counterparty 2	PCG	40.0	2,064,764	2,449,960	2,532,297	1,512,658	0	1,369	1,520	1,264	504
Counterparty 3	PCG	40.0	1,529,890	1,274,933	1,160,261	561,916	0	864	747	543	187
Counterparty 4	PCG	40.0	4,195,609	4,526,773	4,069,529	1,136,048	0	2,656	2,639	1,672	379
Counterparty 5	PCG	40.0	6,579,271	8,610,197	5,234,411	727,613	0	4,585	4,324	1,947	243
Counterparty 6	N/A		94,533	83,422	35,788	79,600	0				
Counterparty 7	PCG	40.0	3,752,998	383,613	2,544,552	1,036,778	0	1,358	835	1,136	346
Counterparty 8	N/A		1,238,107	0	1,569,465	1,116,111	0				
Counterparty 9	PCG	40.0	547,932	582,517	0	0	0	344	194	0	0
Counterparty 10	N/A		0	0	0	172,703	0				
Counterparty 11	PCG	40.0	61,377	165,223	110,801	196,571	0	66	86	92	66
Counterparty 12	PCG	40.0	6,519,074	8,153,612	7,502,192	3,060,805	0	4,438	4,802	3,351	1,020
Counterparty 13	PCG	40.0	1,758,385	2,261,092	159,009	294,029	0	1,214	798	135	98
Counterparty 14	PCG	40.0	3,570,195	4,192,657	2,141,151	66,042	0	2,355	1,992	732	22
Counterparty 15	PCG	40.0	6,519,659	2,889,847	0	0	0	2,976	963	0	0
Counterparty 16	PCG	40.0	4,579,947	6,289,687	2,274,226	1,128,431	0	3,274	2,728	1,072	376
Counterparty 99	PCG	40.0	0	0	0	5,685,374	0	0	0	1,579	1,895
Forecast (with credit support)	PCG	40.0	0	0	0	0	8,749,892	0	0	0	2,431
Sub Total			43,011,741	41,863,533	29,970,009	16,774,679	8,749,892	25,499	21,805	13,735	7,567
Natural Gas Exchange											
Forecast	N/A		5,033,197	5,118,160	1,894,009	1,718,384	0				
Sub Total			5,033,197	5,118,160	1,894,009	1,718,384	2,145,293				
Required LC											
Required LC	L/C	47.5	37,500,000	37,500,000	15,000,000	15,000,000	7,500,000	14,844	5,938	5,938	2,969
PCG to Bank to Support LC	PCG	40.0	37,500,000	37,500,000	15,000,000	15,000,000	7,500,000	12,500	5,000	5,000	2,500
Sub Total								27,344	10,938	10,938	5,469
TOTAL			59,355,551	59,709,385	41,529,973	28,769,787	20,075,629	60,122	39,641	30,718	18,965

Footnote:
 * The Natural Gas Exchange numbers include only the costs associated to 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 reduced to \$75,000,000 on February 1, 2005, then reduced to \$30,000,000 on April 1, 2005. It will be further reduced to \$15,000,000 effective June 1, 2005.

May 25, 2005

**APPENDIX A
EUB DECISION 2005-036
RATES 1 & 3 AND RATE 5 LOAD PROFILE, ESTIMATED CONSUMPTION AND PRORATION OF ATCO
GAS SOUTH - DGA ADJUSTMENT TO FEBRUARY 29, 2004**

Est Calendar Sales (TJ)	Rate 1	Rate 3	Rate 5	Total
January	11,272	1,530	-	12,802
February	9,566	1,306	-	10,872
March	8,854	1,211	-	10,065
April	5,651	802	0	6,453
May	3,703	559	30	4,292
June	2,213	365	170	2,748
July	1,858	322	382	2,562
August	1,999	338	260	2,597
September	3,232	474	81	3,786
October	5,724	746	22	6,492
November	8,914	1,076	-	9,990
December	11,019	1,282	-	12,302
Total Est Calendar Sales 2005	74,004	10,012	945	84,961
Percentage	87.10%	11.78%	1.11%	100.00%

Rate 1 & 3	98.89%
Rate 5	1.11%
	100.00%

ATCO Gas Compliance filing \$ 9,575,419.58

Allocation by Rate Class

Rates 1 & 3	\$ 9,468,860.19	98.89%
Rate 5	\$ 106,559.39	1.11%
	\$ 9,575,419.58	100.00%

LINE		June 2005	July 2005	August 2005	Sept 2005	October 2005	Total
	Estimated consumption (TJ)						
1	Rates 1 & 3	2,817.81	2,180.08	2,336.87	3,705.49	6,469.68	17,509.92
2	Rate 5	169.89	381.78	260.29	80.93	22.05	914.95
		2,987.70	2,561.86	2,597.16	3,786.42	6,491.73	18,424.87

* Note: June consumption estimate has been updated to include best information available

Prorated charges based on consumption (\$\$)

3	Rates 1 & 3	1,523,788	1,178,925	1,263,710	2,003,820	3,498,617	9,468,860
4	Rate 5	19,787	44,464	30,315	9,426	2,568	106,560
5		\$ 1,543,575	\$ 1,223,389	\$ 1,294,025	\$ 2,013,246	\$ 3,501,185	\$ 9,575,420

May 25, 2005