

May 30, 2006

TO: All TransGas Customers

TransGas Transportation and Storage Rate Reduction – June 01, 2006

TransGas Limited (TransGas) wishes to announce temporary changes to its rates for transportation and storage services that are **effective June 01, 2006**. TransGas will be temporarily reducing its service rates by an average 3.0 percent for the period June 1, 2006 to December 31, 2006.

TransGas last adjusted its rate levels on January 1, 2006, with an average system rate decrease of 2.6 percent. TransGas is now able to provide this further temporary rate reduction due to a combination of lower 2006 costs and additional 2006 revenues which were previously not anticipated.

The specific temporary transportation and storage rates are attached to this letter in Appendix 1. Both the existing and the new temporary rates are shown on this table.

If you have any questions with respect to how the rate adjustment will affect you, please contact your Key Account Manager, Chris Uhren at (306) 777-9501 or Wendy Uytterhagen at (306) 777-9687. If you have more general questions regarding the changes, please contact our Policies, Rates and Regulations Department: Gary Johannsson, Manager, at (306) 777-9560 or Vern Gorr, Director, at (306) 777-9556.

Yours truly,

TRANSGAS LIMITED

Daryl Posehn
Senior Vice President,
TransGas Limited

DP/

Attachment



Transportation and Storage Monthly Rate Summary

	Existing Rates (Jan 1, 2006)			New Rates (June 1, 2006) (1)		
	Basic Charge (per month)	Demand Charge (per GJ/d per month)	Commodity Charge (per GJ)	Basic Charge (per month)	Demand Charge (per GJ/d per month)	Commodity Charge (per GJ)
I. RECEIPT TRANSPORTATION						
R-11.0 Long Term Firm		\$3.7566			\$3.6439	
R-11.1 Short Term Firm		\$4.1323			\$4.0083	
R-19 Interruptible			\$0.1647			\$0.1597
II. DELIVERY TRANSPORTATION						
1. Exports						
A. In Excess of 243,000 GJ/yr						
E-11.0 Long Term Firm		\$3.7566			\$3.6439	
E-11.1 Short Term Firm		\$4.1323			\$4.0083	
E-11.2 Intra to Export Firm		\$4.1323			\$4.0083	
E-19 Interruptible			\$0.1647			\$0.1597
B. Between 48,600 and 243,000 GJ/yr						
E-21.2 Intra to Export Firm		\$8.2597			\$8.0119	
2. Intra-Provincial						
A. In Excess of 243,000 GJ/yr						
D-11 Basic		\$3.7566			\$3.6439	
D-19 Interruptible			\$0.1647			\$0.1597
B. Between 48,600 and 243,000 GJ/yr						
D-21 Basic		\$7.5088			\$7.2835	
D-29 Interruptible			\$0.7053			\$0.6841
C. Between 24,300 and 48,600 GJ/yr						
D-31 Basic	\$250.00		\$0.6513	\$250.00		\$0.6318
D. Summer Use						
D-41 Basic	\$250.00		\$0.1248	\$250.00		\$0.1211
D-49 Interruptible			\$0.1248			\$0.1211
E. Between 370 and 24,300 GJ/yr						
D-51 Basic	\$250.00		\$1.1895	\$250.00		\$1.1538
D-59 Interruptible			\$1.5860			\$1.5384
F. Less than 370 GJ/yr						
D-61 Basic	\$250.00		\$1.3627	\$250.00		\$1.3218
III. HATTON TRANSPORTATION						
H0103 - 3 Year Term		\$6.6936			\$6.4928	
H0105 - 5 Year Term		\$6.0555			\$5.8738	
H0110 - 10 Year Term		\$5.0999			\$4.9469	
H0115 - 15 Year Term		\$4.7778			\$4.6345	
IV. STORAGE						
	Monthly Contracted Withdrawal Charge (per GJ/day per Month)	Monthly Contracted Capacity Charge (per GJ per month)	Excess Withdrawal or Interruptible Charge (per GJ)	Monthly Contracted Withdrawal Charge (per GJ/day per Month)	Monthly Contracted Capacity Charge (per GJ per month)	Excess Withdrawal or Interruptible Charge (per GJ)
S-90 Firm Service	\$1.4698	\$0.0326	\$0.0483	\$1.4257	\$0.0316	\$0.0469
S-99 Interruptible Service		\$0.0326	\$0.0483		\$0.0316	\$0.0469
S-40 Summer Use Firm	\$1.4697	\$0.0190	\$0.0483	\$1.4257	\$0.0184	\$0.0469
S-49 Summer Use Interruptible		\$0.0190	\$0.0483		\$0.0184	\$0.0469

(1) Temporary Service rates in effect for the period June 1, 2006 to December 31, 2006