

July 25, 2007

Alberta Energy and Utilities Board
10th Floor, 10055 – 106 St.
Edmonton, Alberta T5J 2Y2

Attention: Becky Torrance
Manager, Edmonton Office
Utilities Branch

Dear Ms. Torrance:

Re: Direct Energy Regulated Services Regulated Rate Tariff Transition Rate for August 2007

Direct Energy Regulated Services (DERS) is filing with the Alberta Energy and Utilities Board (Board or EUB) Regulated Rate Tariff (RRT) transition rates for August 2007 for the service territory of ATCO Electric Ltd.

The derivations of these rates are detailed on the attached supporting schedules. DERS has also attached a letter from the advisor stating that he has reviewed the rates and confirms that they are calculated in accordance with DERS' EPSP. DERS is also filing the signed copy of the Certification of Compliance from the consultation party representative, the advisor, and DERS for the July 2007 time period.

DERS has included the 2007 pretax Return Margin of \$2.58/MWh in the August RRT Energy charge calculation in accordance with the Board letter dated November 28, 2006. The RRT Margin was approved in Decision 2006-107 with respect to DERS' 2006 Regulated Rate Tariff Application No. 1455025. Also, DERS has included the August rate class adjustment related to the Return Margin shortfall from the July 2006 to November 2006 period. This adjustment was approved in EUB Order U2007-52.

Attached for the Board's acknowledgement is DERS' Rider "P" Energy Charge Schedule applicable to Rates E1 through E7 for August 2007. The RRT Rate Schedule including Rider "P" was filed as Attachment #9 as part of the 2006-2011 EPSP Application. The RRT Rate Schedules were approved in Decision 2006-044 with respect to DERS' 2005/06 Default Rate Tariffs and Regulated Rate Tariffs Non-Energy Application. The energy charges contained in the attached Rider "P" were determined in accordance with Schedule E of the Energy Price Setting Plan contained within the Settlement Agreement approved in EUB Order 2006-108. For the Board's information, DERS has also attached the Rider "P (REA)" Energy Charge Schedule applicable to REA farm and irrigation service.

Should you require additional information please contact the undersigned at 403-290-4635.

Yours truly,

<Original signed by C. Grudecki>

Corinne Grudecki
Manager, Government & Regulatory Affairs, Canada West
Direct Energy Marketing Limited
Direct Energy Regulated Services
is a business unit of Direct Energy Marketing Limited