

July 26, 2007

Direct Energy Regulated Services Files August Rates

Direct Energy Regulated Services (DERS), a business unit of Direct Energy Marketing Limited, has filed with the Alberta Energy and Utilities Board (EUB) proposed Gas Cost Flow-through Rates (GCFRs) for August 2007. Upon approval, these rates will apply to customers who have not chosen a competitive supplier within the ATCO Gas North and South service territories.

North Service Territory

The North territory includes customers living in and north of the City of Red Deer.

- The proposed GCFR for customers in the ATCO Gas North service territory is \$5.757 per gigajoule (GJ).
- This GCFR reflects a market price for August supplies of approximately \$5.12 per GJ as reported by the NGX, and incorporates an adjustment of \$0.64 per GJ for July and prior months.
- The typical residential gas bill for August, based on an average 4 GJ of consumption would be approximately \$58 in the North.

South Service Territory

The South territory includes customers living south of the City of Red Deer.

- The proposed GCFR for customers in the ATCO Gas South service territory is \$5.702 per gigajoule (GJ).
- This GCFR reflects a market price for August supplies of approximately \$5.12 per GJ as reported by the NGX, and incorporates an adjustment of \$0.58 per GJ for July and prior months.
- The typical residential gas bill for August, based on an average 4 GJ of consumption would be approximately \$54 in the South.

DERS is regulated by the EUB, and passes through to customers only the actual incurred cost of natural gas supplies purchased on behalf of those customers.

The Alberta Government's Natural Gas Rebate Program only applies from October to March. No provincial rebate will be applied from April to September.

Further information on regulated gas supply and a complete list of competitive retailers can be found on the Alberta government's customer choice website at: www.ucahelps.gov.ab.ca.

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In the North Service Territory, how will a typical bill this month compare to previous months based on 4 GJs (including rebates, where applicable)?

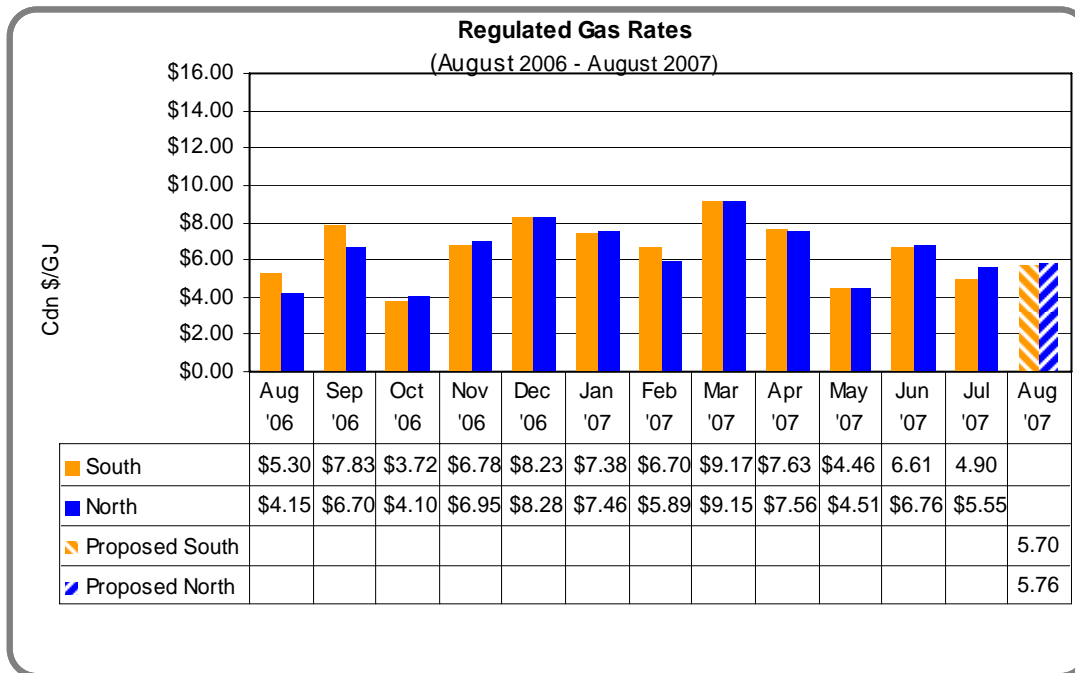
- August 2007, a typical residential bill will be \$58
- August 2006, a typical residential bill was \$49
- July 2007 (based on 3 GJ), a typical residential bill was \$50

In the South Service Territory, how will a typical bill this month compare to previous months based on 4 GJs (including rebates where applicable)?

- August 2007, a typical residential bill will be \$54
- August 2006, a typical residential bill was \$48
- July 2007 (based on 3 GJ), a typical residential bill was \$44

How does this month's rate compare to previous months?

The graph below shows regulated gas rates each month for the past year.



How much natural gas does a typical residential customer use?

Natural gas consumption for a typical residential customer - GJ

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
23	18	16	9	5	3	3	4	5	9	18	22	135

How does this month's market price compare to last month?

The regulated rate is based in part on the current market view of natural gas prices for the month, as reported by NGX:

- As of the time the rate application was filed, the market price for August is \$5.12 per GJ.
- The market price last month at the time of filing was \$6.28 per GJ.
- Last month's actual market price was approximately \$5.59 per GJ.

Why are there adjustments this month?

Direct Energy Regulated Services is required to collect no more or less than the actual cost of getting the natural gas to the consumers who use it. The formula used to calculate the regulated rate accounts for any over- or under-recoveries of actual gas costs arising from differences in:

- normal and actual weather, which affects the volume of natural gas consumed; and
- forecast and actual market prices occurring in July and prior months.

Why do natural gas prices fluctuate?

Natural gas prices are set in an open and competitive market, and are influenced by many variables throughout North America and the world. These variables include supply and demand, production and exploration levels, storage injections and withdrawals, continental weather patterns, pricing and availability of competing energy sources, and market analysts' views of future trends in any of these or other variables. Natural gas prices in Alberta are not typically a function of localized weather.

Why are North and South GCFRs different?

DERS is required by the EUB to purchase natural gas for ATCO Gas' North and South systems separately. Each system has slightly different load, weather, and supply characteristics that result in a different mix of Monthly and Daily Index purchases.

For more information, please view the August 2007 GCFR Applications on DERS' website at www.directenergyregulatedservices.com