

Electronic Notification

November 30, 2009

Direct Energy Marketing Limited
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Attention: Ms. Ashley Preston
Analyst, Government and Regulatory Affairs, Canada West

**DIRECT ENERGY REGULATED SERVICES – SOUTH
DEFAULT RATE TARIFF
GAS CHARGE – DECEMBER 2009
APPLICATION NO. 1605653**

1. Direct Energy Regulated Services (DERS), a Business Unit of Direct Energy Marketing Limited, filed an application (Application) on November 24, 2009, with the Alberta Utilities Commission (AUC) for its gas cost flow-through rate¹ (GCFR) for the month of December 2009 for customers served in the ATCO Gas² South service territory. The proposed GCFR was \$3.982 per gigajoule (GJ).

2. In Order [U2008-374](#),³ the AUC approved for DERS on an interim basis, effective January 1, 2009, a return margin of \$0.0223/GJ. Unlike the GCFR, the return margin is not subject to deferral account treatment through DERS's deferred gas account but is to be recovered with the GCFR through DERS's Rate Rider "F". For the month of December 2009, DERS included the following amounts in setting Rider "F" for customers served in the ATCO Gas South service territory:

	<u>\$/GJ</u>
GCFR	3.982
Reasonable return margin (rounded)	<u>0.022</u>
Rider "F"	<u>4.004</u>

¹ This rate for marketable gas, also known as a gas cost recovery rate (GCRR), is referred to as the gas charge under the *Default Gas Supply Regulation*, AR 184/2003, as amended.

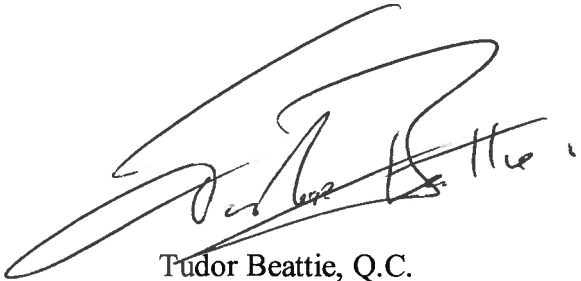
² A division of ATCO Gas and Pipelines Ltd.

³ Order U2008-374 – Direct Energy Regulated Services, 2009 Interim Default Rate Tariff and Regulated Rate Tariff (Application 1595512, Proceeding ID 134) (Released: December 11, 2008).

3. AUC staff members have reviewed the Application and the AUC accepts that the proposed GCFR was calculated on a monthly flow-through basis in accordance with section 3(5) of the *Default Gas Supply Regulation*, AR 184/2003, as amended, and in accordance with the directions previously issued to gas utilities by the Alberta Energy and Utilities Board, predecessor to the AUC, in Decision 2001-75⁴ and more specifically to ATCO Gas South in Decision 2002-034⁵ and to DERS in Decision 2003-106.⁶ Consequently, the AUC acknowledges for DERS the GCFR of \$3.982/GJ, which is to be applied to all energy sold to customers served by DERS under Rates G1, G3 and G5 in the ATCO Gas South service territory during the month of December 2009.

4. As directed in Decision 2001-75, a 30-day review period was provided to interested parties following the filing of each monthly GCRR in which parties could raise any concerns with the GCRR, price and volume forecasts, and prior period reconciliations. As DERS is the Default Supply Provider for ATCO Gas, the 30-day review period is similarly applicable to the GCFRs requested by DERS.

5. The AUC understands that, due to the timing of the upcoming holiday season, DERS will make its monthly GCFR filing for January 2010 on **December 21, 2009**, which is two days in advance of the normal filing date. The AUC appreciates DERS's assistance in this regard.



Tudor Beattie, Q.C.
Commissioner

⁴ Decision 2001-75 – Methodology for Managing Gas Supply Portfolios and Determining Gas Cost Recovery Rates (Methodology) Proceeding and Gas Rate Unbundling (Unbundling) Proceeding, Part A: GCRR Methodology and Gas Rate Unbundling (Applications 2001040 and 2001093, Files 5680-1 and 5680-2) (Released: October 30, 2001).

⁵ Decision 2002-034 – ATCO Gas South, GCRR Methodology and Gas Rate Unbundling – Compliance Filing (Applications 1257245 and 1257515, Files 5626-52 and 5626-53) (Released: March 21, 2002).

⁶ Decision 2003-106 – Direct Energy Regulated Services Electric Regulated Rate Tariff and Gas Default Rate Tariff (Application 1302109) (Released: December 18, 2003).