

January 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 Gas Cost Flow-through Rates for ATCO
Gas South Service Territory for February 2007**

Direct Energy Regulated Services (DERS) is filing with the Alberta Energy and Utilities Board (Board or EUB) a proposed Gas Cost Flow-through Rate (GCFR) for the month of February 2007 for the service territory of ATCO Gas South. The GCFR Rate Schedule attached indicates a rate applicable for ATCO Gas South customers of \$6.697 per GJ.

Additional price and weather data relating to the December and January 2006/07 period as well as some explanatory notes relating to the prior period adjustments and other items have been included in the attached document titled Appendix B - South. DERS has also included the R-10 A S (DETAIL) schedules as a separate attachment labeled Detailed Reconciliation Schedule South (Feb 07) in order to reconcile the R-5 schedule.

Should you require additional information please contact the undersigned at 403-290-4635 or Sarah Puddicombe at 403-290-6851.

Yours truly,

<Original signed by C. Grudecki>

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

**DIRECT ENERGY REGULATED SERVICES
Rider "F" GAS COST FLOW-THROUGH
ATCO GAS SOUTH SERVICE TERRITORY**

To be applied to all energy sold to customers served under Rates G1, G3 and G5.

Gas Cost Flow-through Rate:

For customers served by ATCO Gas and Pipelines South:

For the Period February 1, 2007 to February 28, 2007

\$6.697 per GJ