

January 25, 2010

Alberta Utilities Commission
10th Floor, 10055 – 106 St.
Edmonton, Alberta T5J 2Y2

Attention: Mike Hagan
Executive Director, Rates
Edmonton Office

Dear Mr. Hagan:

Re: Direct Energy Regulated Services Rider “F” Rates for ATCO Gas South Service Territory for February 2010

Direct Energy Regulated Services (DERS) is filing with the Alberta Utilities Commission (Commission or AUC) a proposed Rider “F” of \$5.881 per GJ for the month of February 2010 for the service territory of ATCO Gas South.

In compliance with the Alberta Utilities Commission directive on page 3 of Order 2008-374, DERS has added the approved margin to the GCFR to formulate Rider “F”. The DGA package used to derive a GCFR rate of \$5.858 per GJ is attached.

Additional price and weather data relating to the December 2009 and January 2010 periods as well as some explanatory notes relating to prior period adjustments are included in Appendix B. Also attached is Detailed Schedule R 10 A S.

In Commission Directive 12 from Decision 2009-238, DERS was directed to propose in its compliance filing, “how it will include the energy related costs for the DRT that were previously subject to deferral (those being credit charges, working capital, bad debt and penalty revenue) in its future monthly Gas Cost Flow-through Rate filings.”

To be consistent with the treatment DERS will propose in its compliance filing, DERS has used as placeholders, the same values for credit charges, working capital, bad debt and penalty revenue that appeared in the January 2010 GCFR filings. DERS has also ceased to include in the Deferred Gas Account, the actual amounts relating to January 2010 energy related costs, similar to how procurement costs are treated.

As such, the Commission should be aware that the values reported for credit charges on line 10, in columns D and E of Schedule M-1 are placeholders and therefore do not correspond to the values reported in Schedule C-1.

For a fulsome discussion of DERS’ proposal to recover energy related costs through its monthly GCFR filings, the Commission is referred to the compliance filing, which DERS will submit to the Commission, as directed, on or before January 28, 2010.

Should you require additional information please contact the undersigned at 403-290-7744.

Yours truly,

<Original signed by A. Preston>

Ashley Preston
Analyst, Government & Regulatory Affairs, Canada West
Direct Energy Marketing Limited
*Direct Energy Regulated Services
is a business unit of Direct Energy Marketing Limited*

**DIRECT ENERGY REGULATED SERVICES
Rider "F"
ATCO GAS SOUTH SERVICE TERRITORY**

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

Rider "F":

For customers served by ATCO Gas and Pipelines South:

For the Period February 1, 2010 to February 28, 2010

\$5.881 per GJ