

December 21, 2006

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 January 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 January 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 signed copies of the Certification of Compliance for the December 2006 procurement from the consultation party representative and the independent advisor. DERS will file the additional signed Certificate of Compliance from the other consultation party representative with the February 2007 rates.

DERS has included the 2007 pretax Return Margin of \$2.58/MWh in the January 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.

Attached for the Board's acknowledgement is DERS' Rider "P" Energy Charge Schedule applicable to Rates E1 through E7 for January 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 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