

December 21, 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 January 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 January 2007 for the service territory of ATCO Gas South. The GCFR Rate Schedule attached indicates a rate applicable for ATCO Gas South customers of \$7.376 per GJ.

Additional price and weather data relating to the November and December 2006 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 (Jan 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

Approved by Decision 2003-106
Effective January 1, 2007
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**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 January 1, 2007 to January 31, 2007

\$7.376 per GJ