

Electronic Notification

December 24, 2008

Direct Energy Marketing Limited
111 - 5 Avenue SW Suite 1000
Calgary AB T2P 3Y6

Attention: Ms. Corinne Severson
Senior Manager, Government and Regulatory Affairs, Canada West

**DIRECT ENERGY REGULATED SERVICES (DERS) – SOUTH
GAS COST FLOW-THROUGH RATE (GCFR) – MONTH OF JANUARY 2009
APPLICATION NO. 1600151**

The Alberta Utilities Commission (AUC) has received the monthly GCFR filing, dated December 19, 2008 from DERS, a Business Unit of Direct Energy Marketing Limited. DERS requested a GCFR of \$5.562 per gigajoule (GJ) for customers served in the ATCO Gas South service territory.

In a subsequent filing dated December 23, 2008, DERS indicated that an error in the October 2008 valuation of the ATCO Gas Firm Service Utility (FSU) account adjustments was identified.¹ DERS stated that if this error was corrected, the resulting Rider F would be \$0.03/GJ lower than originally filed. DERS stated that if it was required to refile its GCFR application it would need to resubmit, approve and implement the new Rider “F” in its billing system under very tight time constraints and tight staffing arrangements due to the holiday season. Considering the magnitude of this adjustment, DERS proposed to include the adjustment in its February 2009 GCFR application.

Given the insignificant impact on the resulting Rider F and since the adjustment can be made in DERS’s February 2009 GCFR, the AUC is prepared to consider DERS’s Rider F as originally proposed in the Initial Filing. However, as part of the February 2009 GCFR filing, DERS is directed to provide, after discussing the matter with ATCO Gas, the reasons why it is appropriate to value the FSU account adjustments, including the proposed measurement adjustments, using the same method that has been recently used to value imbalances energy. Further explanation is also requested with respect to the fairly large “updated settlement run consumption” for the non-SCADA sites for October 2008 (522,721 GJ) and November 2008 (153,962 GJ).

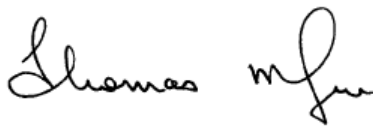
¹ DERS stated that on page 2 of the original attachment labeled January 2009 Load Balancing Details as provided to DERS by ATCO Gas, the October price of \$5.7241/GJ was used. DERS stated that the correct price for October 2008 should have been \$6.4081/GJ.

In Order U2008-374, dated December 11, 2008, the AUC approved for DERS a return margin of \$0.0223/GJ which is to be added to DERS's 2009 GCFRs on an interim basis. Unlike the GCFR, the reasonable 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 January 2009, DERS included the following amounts in setting Rider "F" for customers served in the ATCO Gas South service territory:

	<u>\$/GJ</u>
GCFR	5.562
Reasonable return margin (rounded)	<u>0.022</u>
Rider "F" (rounded)	<u>5.584</u>

AUC staff members have reviewed the filing and the AUC accepts that in addition to the adjustments required to accommodate the transition process between DERS and ATCO Gas with respect to the distribution system load balancing function, previously discussed in Order U2008-290 and Decision 2008-105, the GCFR represents a rate determined in accordance with the directions previously issued by the EUB to gas utilities in Decision 2001-75, dated October 30, 2001, and more specifically to ATCO Gas South in Decision 2002-034, dated March 21, 2002, and to DERS in Decision 2003-106, dated December 18, 2003. Consequently, the AUC acknowledges that for the period January 1, 2009 to January 31, 2009, the GCFR of \$5.562/GJ is appropriate to be applied to all energy sold to customers served under Rates G1, G3 and G5 in DERS's ATCO Gas South service territory.

As directed in Decision 2001-75, a 30-day review period is provided for parties to raise any concerns with the Gas Cost Recovery Rate (GCR), price and volume forecasts, and prior period reconciliations. As DERS is the Default Supply Provider for ATCO Gas, the 30-day review period would be similarly applicable to the GCFRs requested by DERS.



Thomas McGee
Commissioner