

May 25, 2006

Alberta Energy and Utilities Board  
10<sup>th</sup> 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 June 2006**

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 June 2006 for the service territory of ATCO Gas South. The GCFR Rate Schedule attached indicates a rate applicable for the South customers of \$2.676 per GJ. The DGA package used to derive this rate is also attached.

Additional price and weather data relating to the April and May 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 detailed schedules as a separate attachment labeled South – Detailed Reconciliation Schedule (June 06) in order to reconcile the R-4 and R-5 schedules.

On May 17, 2006 DERS received EUB Decision 2006-044 which approved DERS' 2005/06 Negotiated Settlement Application. Due to timing constraints, DERS has not been able to incorporate the approved labour, working capital, bad debt and penalty revenue items in the June GCFR and proposes to incorporate all approved 2006 amounts in the July 2006 GCFR filing. Additionally, DERS proposes to incorporate the 2005 energy related deferral balance in the July, August and Sept 2006 GCFR filings.

Should you require additional information please contact the undersigned at 403-290-4635.

Yours truly,

*<Original signed by C. Grudecki>*

Corinne Grudecki  
Manager, Government & Regulatory Affairs, Western Region  
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*Direct Energy Regulated Services  
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Approved by Decision 2003-106  
Effective June 1, 2006  
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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 June 1, 2006 to June 30, 2006

**\$2.676 per GJ**