

September 26, 2005

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 October 2005**

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 October 2005 for the service territory of ATCO Gas South. The GCFR Rate Schedule attached indicates a rate applicable for the South Rate 1 and 3 customers of \$12.262 per GJ and a rate of \$11.824 for Rate 5 customers. The DGA package used to derive this rate is also attached.

Appendix A shows the derivation of the monthly amounts included in the October filing that relate to the ATCO Gas' Imbalance and Production Adjustment approved in Decision 2005-093. In Decision 2005-094 the Board approved \$1,358,358 relating to the Overlea Metering Adjustment to be collected from DERS' South customers by October 2005. DERS has included the remaining balance of \$679,179 in the October filing.

Additional price and weather data relating to the August and September 2005 period as well as some explanatory notes relating to the prior period adjustments have been included in the attached document titled Appendix B - South.

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

Yours truly,

<Original signed by C. Grudecki>

Corinne Grudecki
Senior Analyst, 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 October 1, 2005
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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 and G3.

Gas Cost Flow-through Rate:

For customers served by ATCO Gas and Pipelines South:

For the Period October 1, 2005 to October 31, 2005 **\$12.262 per GJ**

To be applied to all energy sold to customers served under Rate G5.

Gas Cost Flow-through Rate:

For customers served by ATCO Gas and Pipelines South:

For the Period October 1, 2005 to October 31, 2005 **\$11.824 per GJ**