

Electronic Notification

June 29, 2006

Ms. Corinne Grudecki
Manager
Government and Regulatory Affairs, Western Region
Direct Energy Marketing Limited
111 - 5 Avenue SW Suite 1000
Calgary AB T2P 3Y6

Dear Ms. Grudecki:

**DIRECT ENERGY REGULATED SERVICES (DERS) – SOUTH
GAS COST FLOW-THROUGH RATE (GCFR) – MONTH OF JULY 2006
APPLICATION 1467099**

The Alberta Energy and Utilities Board (Board) is in receipt of the letter from DERS, a Business Unit of Direct Energy Marketing Limited, dated June 26 2006, in which it has filed for a proposed GCFR of \$5.882 per gigajoule (GJ) for customers served under Rates G1 and G3, and a proposed GCRR of \$5.499/GJ for customers served under Rate G5. The proposed GCFRs apply to customers in the ATCO Gas South (AGS) service territory and are to be effective during the month of July 2006.

The Board has reviewed the filing and accepts that DERS determined the above noted GCFR in accordance with the directions previously issued to gas utilities subject to the Board's jurisdiction in Decision 2001-75, dated October 30, 2001, and more specifically to AGS in Decision 2002-034, dated March 21, 2002 and to DERS in Decision 2003-106, dated December 18, 2003. The Board, in its letter dated February 22, 2006 to DERS, accepted the proposal by DERS to prorate the recovery of its 2005 energy related cost deferral amounts over the months of June through September 2006. The annual reconciliation of the deferred costs ordinarily occurs in the March GCFR filing each year. In the July 2006 filing DERS also proposed separate GCFRs for Rates 1 and 3 customers and Rate 5 customers to more appropriately reflect a fair allocation of the 2005 cost recovery to the Rate 5 customers whose service is seasonal. Consequently, the Board acknowledges that, as set out in DERS's Rider "F" for the ATCO Gas South Service Territory:

- the GCFR of \$5.882/GJ is appropriate to be applied to all energy sold to customers served under Rates G1 and G3, and
- the GCFR of \$5.499/GJ is appropriate to be applied to all energy sold to customers served under Rate G5

for customers served by ATCO Gas and Pipelines Ltd. South for the period July 1, 2006 to July 31, 2006.

As directed in Decision 2001-75, a 30-day review period is provided for parties to raise any concerns with a gas cost recovery rate. As DERS is the Default Supply Provider for ATCO Gas, the 30-day review period would be similarly applicable to the GCFR requested by DERS.

Yours truly,

A handwritten signature in cursive script that reads "Laurie Bayda".

Laurie J. Bayda
Customer Service Manager
Utilities Branch

pc: DERS South GCFR/ATCO Gas South GCFR list – electronic notification