

Electronic Notification

August 30, 2006

Corinne Grudecki
Manager, Government & Regulatory Affairs, Western Region
Direct Energy Regulated Services
111 – 5th Ave SW Suite 1000
Calgary AB T2P3Y6

Dear Ms. Grudecki:

**DIRECT ENERGY REGULATED SERVICES (DERS)
REGULATED RATE OPTION (RRO) ENERGY CHARGE RATES FOR
SEPTEMBER 2006
APPLICATION NO. 1476292**

The Alberta Energy and Utilities Board (the Board) is in receipt of a letter from DERS dated August 25, 2006 in which it has requested acknowledgement of energy charges applicable to its RRO service for the month ending September 30, 2006. Also, on August 25, 2006 DERS submitted a letter from Sheldon Fulton, Independent Advisor to the Energy Procurement Process, stating that he has reviewed the energy charges filed by DERS and concurred that they were calculated in accordance with the Energy Price Setting Plan for 2006 to 2011.

DERS has included an adjustment to the September rates in the amount of \$151,357. This amount is one quarter of the adjustment resulting from a reconciliation of the rates and the value of the trades for the 2004-2006 plan. This reconciliation found that DERS had undercharged consumers by approximately \$600,000 for the period November 2005 to February 2006. DERS indicates that the adjustment has been made in accordance with the July 2006-June 2011 section 1(j) – Terms of Settlement which reads:

DERS and the Consultation Parties agree that any costs or benefits arising from the 2004/2006 Plan approved by EUB Decision U2004-037 following final reconciliation subsequent to June 30, 2006 will be collected from or refunded to customers over the four month period July 2006 to October 2006.

The agreement called for adjustments to be made in the four month period July through October. However, DERS indicates that given the magnitude of this adjustment DERS is proposing to recover the amount over the four month period September through December 2006 to mitigate the rate impact of this adjustment. DERS is awaiting receipt of Consultation Party approval for this extended recovery period and will advise the Board in its application for October 2006 energy rates whether this treatment is acceptable to those parties or whether the remaining adjustment is included in the October submission.

DERS' proposed energy charges are as follows:

Rate Class	cents/kWh
Residential	8.111
Commercial	8.120
Industrial	7.674
Farming (Includes REA)	7.918
Irrigation (Includes REA)	7.594
Oil & Gas	7.717
Lighting	5.493

The Board has reviewed the filing, and accepts that the above noted energy charges represent rates determined in accordance with the directions previously issued to DERS in Order U2006-108, dated April 28, 2006. Consequently, the Board acknowledges that the energy charges as set out above are applicable to DERS' RRO service for the period September 1, 2006 to September 30, 2006.

As directed in the *Regulated Rate Option Regulation*, AR 262/2005, sections 7(4) and 7(5), DERS must retain records sufficient to enable the Board to audit any previous monthly rates set by DERS and any amount overcharged to customers due to an incorrect rate calculation must be refunded to customers as soon as practicable after the error is discovered.

If any affected party objects to the calculation of the energy charge for the month in question, they should notify the Board and DERS in a timely basis, of the nature of their objection including the reason why it should be considered.

Yours truly,



Laurie J. Bayda
Customer Service Manager
Utilities Branch