

September 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 Regulated Rate Tariff Transition Rate for October 2006**

Direct Energy Regulated Services (DERS) is filing with the Alberta Energy and Utilities Board (Board or EUB) Regulated Rate Tariff (RRT) transition rates for October 2006 for the service territory of ATCO Electric Ltd.

The derivations of these rates are detailed on the attached supporting schedules. DERS has also attached a letter from the advisor stating that he has reviewed the rates and confirms that they are calculated in accordance with DERS' EPSP. DERS is currently waiting for the Certification of Compliance for the September and October 2006 procurement and will file them with the Board once they have been signed by all parties.

As stated in the September 2006 rate filing, it was found that DERS has undercharged consumers by approximately \$600,000 related to the 2004-2006 plan. As such, DERS included an adjustment to the September rates in the amount of \$151,357 (one quarter of the required adjustment). DERS and Consultation Party representatives have agreed to recover the remaining balance in the month of October. DERS has therefore included the remaining balance of \$454,071 in the October rates. This adjustment has been made in accordance with the July 2006-June 2011 section 1(j) of the Terms of Settlement "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."

Attached for the Board's acknowledgement is DERS' Rider "P" Energy Charge Schedule applicable to Rates E1 through E7 for October 2006. The RRT Rate Schedule including Rider "P" was filed as Attachment #9 as part of the 2006-2011 EPSP Application. The RRT Rate Schedules were approved in Decision 2006-044 with respect to DERS' 2005/06 Default Rate Tariffs and Regulated Rate Tariffs Non-Energy Application. The energy charges contained in the attached Rider "P" were determined in accordance with Schedule E of the Energy Price Setting Plan contained within the Settlement Agreement approved in EUB Order 2006-108. For the Board's information, DERS has also attached the Rider "P (REA)" Energy Charge Schedule applicable to REA farm and irrigation service.

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  
Direct Energy Marketing Limited  
*Direct Energy Regulated Services  
is a business unit of Direct Energy Marketing Limited*