

September 24, 2004

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 2004**

Direct Energy Regulated Services (DERS) is filing with the Alberta Energy and Utilities Board (Board or EUB) proposed Gas Cost Flow-through Rates (GCFRs) for the month of October 2004 for the service territory of ATCO Gas South. The GCFR Rate Schedule attached indicates a rate applicable for the South of \$5.193 per GJ. The DGA package used to derive this rate is also attached.

DERS has updated Appendix 1 respecting the disposition of major contracts to reflect revisions to the status of the three outstanding contracts. Two contracts have been assigned and one contract will be terminated effective November 1, 2004. The contract to be terminated provided no commercial benefit to customers, as volumes were in the order of 150 GJ per day and pricing was index based. As the disposition of all major contracts has now been provided, Appendix 1 will not be provided in subsequent filings.

Should you require additional information please contact the undersigned at 403-290-7745 or Corinne Grudecki at 403-290-4635.

Yours truly,



Gary Newcombe
Director, 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, 2004
Rider "F" Page 1 of 1

**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 October 1, 2004 to October 31, 2004

\$5.193 per GJ