

June 23, 2004

VIA E-MAIL

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 Regulated Rate Tariff Transition Rates
for the Period July 1, 2004 through September 30, 2004**

Direct Energy Regulated Services, a business unit of Direct Energy Marketing Limited (DERS) filed yesterday with the Alberta Energy and Utilities Board (EUB or Board) for RRT transition rates for the period July 1, 2004 through September 30, 2004 (Q3 2004).

In that filing, DERS provided RRT transition rates calculated to six decimal places when expressed as \$ per kWh. DERS has been informed that the system used to calculate customers' bills is unable to accommodate fixed pricing to six decimal places, unlike the current pool price flow through rates, which can be accommodated at six decimal places. DERS is, therefore, providing for the Board's acknowledgement the attached Rider "P" Energy Charge Schedule applicable to Rates E1 through E7 for the period July 1, 2004 to September 30, 2004 calculated to five decimal places when expressed as \$ per kWh. These energy charges were determined in accordance with the Energy Price Setting Plan contained within the Settlement Agreement approved as described above. Appropriate supporting documentation for Q3 2004 will be provided to the Board with the Q4 2004 filing.

The derivation of these rates is detailed on the attached supporting schedules. The summary schedule provides the components of the Q3 2004 Quarterly Energy Rates by Rate Class in \$ per MWh, and shows the resulting rates in both \$ per MWh and ¢ per kWh. The Quarterly Energy Rates are provided again, in both units, on Schedule 1. Schedule 2 shows the cost of procured peak and off-peak energy by Rate Class for Q3 2004. Schedule 3 provides the unit costs of procured Energy, Transaction Costs, and Pool Trading Charges for Q3 2004, by Rate Class, in \$ per MWh. Schedule 4 shows the dollar amounts, and unit cost in \$ per MWh, of the Q3 2004 costs of Parental Guarantees and Letters of Credit (PCG & LOC), the Return Margin components, and other Non-Energy Costs. Schedule 5 shows the components of the energy forecast forming the basis for the procured volumes and the unit cost and rate determinations. Schedules 6 and 7 will, in future quarterly filings, provide reconciliations and adjustment determinations for Energy and Non-Energy components respectively.

DERS apologizes for any inconvenience this may have caused. Should you require additional information I can be reached at 403-290-7745.

Yours truly,

A handwritten signature in black ink, appearing to read "Gary Newcombe".

Gary Newcombe
Director, Regulatory Affairs, Western Region
Direct Energy Marketing Limited

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

cc: DERS RRT Negotiation Consultation Parties
DERS RRT Registered Interveners