

By Email and Mail

File No: 8600-D1-2 / 8600-D2-2
Application No. 1344048 / 1344051

April 30, 2004

Mr. Gary Newcombe
Director, Regulatory Affairs, Western Region
Direct Energy Marketing Limited
111 5 AV SW SUITE 1000
CALGARY AB T2P 3Y6

Dear Mr. Newcombe:

**DIRECT ENERGY REGULATED SERVICES (DERS)
(A BUSINESS UNIT OF DIRECT ENERGY MARKETING LIMITED)
GAS COST FLOW-THROUGH RATE (GCFR)
MONTH OF MAY 2004**

The Alberta Energy and Utilities Board (the Board) is in receipt of the letter from Direct Energy Marketing Limited, dated April 27, 2004 requesting proposed GCFRs of \$5.543 per gigajoule (GJ) and \$5.381/GJ for DERS in its north and south service territories, respectively, for the period May 5 to May 31, 2004. Effective May 4, 2004, DERS will become the Default Service Provider for ATCO Gas, a division of ATCO Gas and Pipelines Ltd. DERS's service territories will be the same as those of ATCO Gas North (AGN) and ATCO Gas South (AGS).

DERS has requested that the GCFRs be the same as the gas cost recovery rates used by AGN and AGS for May 2004. The Board has reviewed the request, and accepts that the above noted GCFRs represent rates determined 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, in the circumstances for May 2004, more specifically to AGN, in Decision 2002-035, dated March 21, 2002 and to AGS in Decision 2002-034, dated March 21, 2002.

In Decision 2003-106, dated December 18, 2003, the Board ordered:

Effective upon Direct Energy Regulated Services assuming the role of the Default Supply Provider, Direct Energy Regulated Services is approved to provide a monthly "flow-through rate" for the energy cost component of the DRT, as prescribed by section 3(5) of the DGS Regulation, for the 2004 test period.

Accordingly, the Board accepts that, as set out in DERS Riders "F":

1. for DERS's ATCO Gas North Service Territory, the GCFR of \$5.543/GJ is appropriate to be applied to all energy sold to customers served under Rates G1 and G3, and
2. for DERS's ATCO Gas South Service Territory, the GCFR of \$5.381/GJ is appropriate to be applied to all energy sold to customers served under Rates G1, G3 and G5

for the period May 5 to May 31, 2004. The Board notes that the GCFRs for May will be implemented upon the transition of customers from AGN and AGS to DERS, based on billing cycles used by AGN and AGS in the month.

As directed in Decision 2001-75, a 30-day review period is provided for parties to raise any concerns with a GCRR. As DERS is the Default Service Provider for ATCO Gas, the 30-day review period would be similarly applicable to DERS's GCFR.

Yours truly,

(original signed by)

B. Torrance
Manager, Edmonton Office
Utilities Branch

pc: Emailed to the Combined ATCO Gas North and South GCRR list