

Electronic Notification

September 29, 2008

Direct Energy Marketing Limited
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Attention: Ms. Corinne Severson
Senior Manager, Government and Regulatory Affairs, Canada West

**DIRECT ENERGY REGULATED SERVICES (DERS) – SOUTH
GAS COST FLOW-THROUGH RATE (GCFR) – MONTH OF OCTOBER 2008
APPLICATION NO. 1588089**

The Alberta Utilities Commission (AUC) has received the monthly GCFR filing, dated September 24, 2008, and the re-filing made on September 25, 2008 from DERS, a Business Unit of Direct Energy Marketing Limited. DERS requested a GCFR of \$5.840 per gigajoule (GJ) for customers served in the ATCO Gas South service territory.

In Decision 2007-103, dated December 20, 2007, the Alberta Energy and Utilities Board (EUB), predecessor to the AUC, approved for DERS a combined reasonable return margin for the years 2007 and 2008 of \$0.0496/GJ, collection of which began in January 2008. Unlike the GCFR, the reasonable return margin is not subject to deferral account treatment through DERS’s deferred gas account but is to be recovered with the GCFR through DERS’s Rate Rider “F”. For the month of October 2008, DERS included the following amounts in setting Rider “F” for customers served in the ATCO Gas South service territory:

	\$/GJ
GCFR	5.840
Reasonable return margin (rounded)	<u>0.049</u>
Rider "F" (rounded)	<u>5.889</u>

AUC staff members have reviewed the filing and the AUC accepts that the GCFR represents a rate determined in accordance with the directions previously issued by the EUB to gas utilities in Decision 2001-75, dated October 30, 2001, and more specifically to ATCO Gas South in Decision 2002-034, dated March 21, 2002, and to DERS in Decision 2003-106, dated December 18, 2003. Consequently, the AUC acknowledges that for the period October 1, 2008 to October 31, 2008, the GCFR of \$5.840/GJ is appropriate to be applied to all energy sold to customers served under Rates G1, G3 and G5 in DERS’s ATCO Gas South service territory.

As directed in Decision 2001-75, a 30-day review period is provided for parties to raise any concerns with the Gas Cost Recovery Rate (GCRR), price and volume forecasts, and prior period reconciliations. As DERS is the Default Supply Provider for ATCO Gas, the 30-day review period would be similarly applicable to the GCRRs requested by DERS.

A handwritten signature in black ink, appearing to read "N. Allen Maydonik". The signature is written in a cursive, flowing style.

N. Allen Maydonik, Q.C.
Commissioner