

February 22, 2006

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 March 2006**

Direct Energy Regulated Services (DERS) is filing with the Alberta Energy and Utilities Board (Board or EUB) a proposed Gas Cost Flow-through Rate (GCFR) for the month of March 2006 for the service territory of ATCO Gas South. The GCFR Rate Schedule attached indicates a rate applicable for the South customers of \$5.098 per GJ. The DGA package used to derive this rate is also attached.

Additional price and weather data relating to the January and February 2006 period as well as some explanatory notes relating to the prior period adjustments have been included in the attached document titled Appendix B - South. DERS has also included the R-10 A S (DETAIL) schedules as a separate attachment labeled South – Detailed Reconciliation Schedule (Mar 06) in order to reconcile the R-5 schedule.

DERS filed a letter with the EUB dated February 16, 2006 with respect to the reconciliation of the 2005 energy related deferral items. In that letter DERS requested that this reconciliation occur once DERS receives final approval of the 2005/06 DRT and RRT revenue requirements (Application No 1399611). The EUB issued a letter dated February 22, 2006 in response to DERS' request where they state that they find DERS' proposal acceptable. As a result, DERS has not included a reconciliation of the 2005 energy-related deferral items and will include these amounts in a future GCFR monthly filing once approval is received on Application 1399611.

Should you require additional information please contact the undersigned at 403-290-4635.

Yours truly,

<Original signed by C. Grudecki>

Corinne Grudecki
Senior Analyst, 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 March 1, 2006
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**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 March 1, 2006 to March 31, 2006 **\$5.098 per GJ**