

August 25, 2006

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 Rate for
September 2006**

Direct Energy Regulated Services (DERS) is filing with the Alberta Energy and Utilities Board (Board or EUB) Regulated Rate Tariff (RRT) transition rates for September 2006 for the service territory of ATCO Electric Ltd.

The derivations of these rates are detailed on the attached supporting schedules. DERS has also attached a letter from the advisor stating that he has reviewed the rates and confirms that they are calculated in accordance with DERS' EPSP. DERS will file the Certification of Compliance for the August 2006 procurement signed by DERS, the Advisor and one Consultation Party Representative once it has been signed by all parties.

As part of an overall process to reconcile what was charged in the rates and the value of the trades for the 2004-2006 plan it was found that DERS has undercharged consumers by approximately \$600,000. As such, DERS has included an adjustment to the September rates in the amount of \$151,357 (one quarter of the required adjustment). This adjustment has been made in accordance with the July 2006-June 2011 section 1(j) - "Terms of Settlement DERS and the Consultation Parties agree that any costs or benefits arising from the 2004/2006 Plan approved by EUB Decision U2004-037 following final reconciliation subsequent to June 30, 2006 will be collected from or refunded to customers over the four month period July 2006 to October 2006." The original agreement called for adjustments to be made in the four month period July through October. However, given the magnitude of this adjustment DERS is proposing to recover the amount over the four month period September through December 2006 to mitigate the rate impact of this adjustment. DERS is awaiting receipt of Consultation Party approval for this extended recovery period and will advise the Board in its application for October 2006 energy rates whether this treatment is acceptable to those parties or whether the remaining adjustment is included in the October submission.

Attached for the Board's acknowledgement is DERS' Rider "P" Energy Charge Schedule applicable to Rates E1 through E7 for September 2006. The RRT Rate Schedule including Rider "P" was filed as Attachment #9 as part of the 2006-2011 EPSP Application. The RRT Rate Schedules were approved in Decision 2006-044 with respect to DERS' 2005/06 Default Rate Tariffs and Regulated Rate Tariffs Non-Energy Application. The energy charges contained in the attached Rider "P" were determined in accordance with Schedule E of the Energy Price Setting Plan contained within the Settlement Agreement approved in EUB Order 2006-108. For the Board's information, DERS has also attached the Rider "P (REA)" Energy Charge Schedule applicable to REA farm and irrigation service.

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

Yours truly,

<Original signed by C. Grudecki>

Corinne Grudecki
Manager, Government & Regulatory Affairs, Western Region
Direct Energy Marketing Limited
Direct Energy Regulated Services
is a business unit of Direct Energy Marketing Limited