

**Electronic Notification**

August 28, 2008

Direct Energy Marketing Limited  
111 - 5 Avenue SW Suite 1000  
Calgary AB T2P 3Y6Attention: Ms. Corinne Grudecki  
Senior Manager, Government and Regulatory Affairs, Canada West**DIRECT ENERGY REGULATED SERVICES (DERS) – SOUTH  
GAS COST FLOW-THROUGH RATE (GCFR) – MONTH OF SEPTEMBER 2008  
APPLICATION NO. 1584281**

The Alberta Utilities Commission (AUC) has received the monthly GCFR filing, dated August 25, 2008, from DERS, a Business Unit of Direct Energy Marketing Limited. DERS requested a GCFR of \$7.005 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 September 2008, DERS included the following amounts in setting Rider "F" for customers served in the ATCO Gas South service territory:

	\$/GJ
GCFR	7.005
Reasonable return margin (rounded)	<u>0.050</u>
Rider "F"	<u>7.055</u>

DERS is presently performing the load balancing function for the ATCO Gas distribution system and amounts charged or credited by ATCO Gas for monthly Retailer account imbalances on its system are reflected in DERS's deferred gas account (DGA). The AUC is currently reviewing an application by ATCO Gas<sup>1</sup> wherein ATCO Gas is seeking approval of certain remaining matters

<sup>1</sup> Application No. 1575607, Proceeding ID 68, ATCO Gas Retailer Service, Part 2 – Imbalance Window and Terms and Conditions for Distribution Access Service.

related to the implementation of Retailer Service including the transfer of distribution system load balancing from DERS to ATCO Gas effective October 1, 2008. To facilitate a transition of this responsibility from DERS to ATCO Gas, DERS has removed the valuation of Retailer account imbalances from the GCFR by proposing to include in determining the September 2008 GCFR the estimated residual amount of \$370,000 (credit) for imbalances as of July 25, 2008, the filing date for the August 2008 GCFR.

AUC staff members have reviewed the filing and, notwithstanding the residual imbalance amount indicated above, 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. While the AUC has not yet made any determinations with respect to the Retailer Service application noted above, the AUC is prepared to accept the GCFR for September 2008 as filed. Therefore, the AUC acknowledges that for the period September 1, 2008 to September 30, 2008, the GCFR of \$7.005/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. In regard to any further Retailer account imbalance amounts DERS proposes to include in its DGA, the AUC expects DERS to advise the AUC prior to including such adjustments in its GCFR filings.

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 GCFRs 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