

Alberta Utilities Commission
10th Floor, 10055 – 106 St.
Edmonton, Alberta T5J 2Y2

Attention: Mr. Derrick Ploof
Director, Rates

Dear Mr. Ploof:

**Re: Direct Energy Regulated Services Regulated Rate Tariff Transition Rate for
February 2019**

Direct Energy Regulated Services (DERS) is filing with the Alberta Utilities Commission (Commission or AUC) Regulated Rate Tariff (RRT) transition rates for February 2019 for the service territory of ATCO Electric Ltd (ATCO).

The February 2019 rates have been developed in accordance with DERS' Energy Price Setting Plan ("EPSP") which was approved in Decision 21295-D01-2017. The derivations of these rates are detailed in the attached supporting schedules. DERS has also attached a Director Attestation Letter and Trader Attestation Letters. The Director Attestation Letter states that the rates have been calculated in accordance with DERS' EPSP. The Trader Attestation Letters assert that, to the best of the RRO trader's or backup trader's knowledge, the "RRO-related information" contained in Confidential Schedule "E" of the EPSP has not been disclosed to any party that has not signed Appendix "G.1" of the EPSP, the Procurement Conduct Agreement.

On June 7, 2017, the Government of Alberta enacted new legislation that capped the energy charges of the RRO to customers at 6.8 cents per kWh. An Act to Cap Regulated Electricity Rates applies retroactively from June 1, 2017 forward. The act expires on May 31, 2021.

DERS reflected this new legislation in its monthly EPSP filings commencing with the September 2017 rates.

DERS' calculated energy charges for the month of February for the Residential, Commercial, Industrial and Farming rate classes exceed the price cap of 6.8 cents per kWh. Accordingly, the price cap will be reflected in DERS' February 2019 energy charges for the Residential, Commercial, Industrial, Farming and Oil & Gas rate classes. Additionally, DERS' deferral account has been calculated for both the revenue shortfall related to the implementation of the price cap of 6.8 cents per kWh in addition to any past deferral account balance adjustments made in accordance with the Rate Cap (Commission Approved Regulated Rate Tariffs) Regulation.

Additionally, DERS has applied a 27% forecast income tax rate to the approved after-tax return margin of \$2.83/MWh, effective January 1, 2017 from paragraph 20 of Decision 20349-D01-2015, resulting in a pre-tax return margin of \$3.88/MWh.

Attached for the Commission's acknowledgement is DERS' Rider "P" Energy Charge Schedule applicable to Rates E1 through E7 for February 2019. 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 403-776-2154.

Yours truly,

<ORIGINAL SIGNED BY Nicole Black>

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