

**Electronic Notification**

July 30, 2008

Direct Energy Regulated Services  
111 – 5<sup>th</sup> Ave SW Suite 1000  
Calgary, AB T2P 3Y6

Attention: Ms. Corinne Grudecki  
Manager, Government & Regulatory Affairs, Canada West

**DIRECT ENERGY REGULATED SERVICES (DERS)  
REGULATED RATE OPTION (RRO) ENERGY CHARGE RATES FOR  
AUGUST 2008  
APPLICATION NO. 1580715**

The Alberta Utilities Commission (the AUC or the Commission) is in receipt of a letter from DERS dated July 25, 2008, in which it requested acknowledgement of energy charges applicable to its RRO service for the month of August 2008. In addition to its letter of July 25, 2008, DERS submitted a letter from the independent advisor<sup>1</sup> (the Advisor) stating that he had reviewed the energy charges filed by DERS and concurred that they were calculated in accordance with DERS' 2006-2011 Energy Price Setting Plan (EPSP). DERS also filed signed copies of Certifications of Compliance from the consultation party representatives, the Advisor and DERS stating that the procurement of regulated rate supply for July 2008 was done in accordance with the EPSP.

DERS' proposed energy charges for the month of August 2008 are as follows:

<b>Rate Class</b>	<b>cents/kWh</b>
Residential	11.630
Commercial	11.691
Industrial	11.089
Farming (Includes REA)	11.533
Irrigation (Includes REA)	11.269
Oil & Gas	11.077
Lighting	7.149

<sup>1</sup> The Advisor assisted in designing the 2006-2011 energy price setting plan (EPSP) and has an ongoing role respecting the procurement of the energy under the protocols established in the EPSP.

The AUC is aware that AESO load customers, including default suppliers, have been allocated AESO "uplift charges". However, these amounts have not been treated consistently in the RRO energy rates. Please confirm the amount that has been charged to DERS (by month) as well as any amounts recovered from customers, prior to or concurrent with the next monthly filing.

AUC staff members have reviewed the filing and the AUC accepts that the above noted energy charges represent rates determined in accordance with the DERS' EPSP approved by the AUC's predecessor, the Alberta Energy and Utilities Board (the Board), in Order U2006-108, dated April 28, 2006. The EPSP formed part of a Negotiated Settlement (NS), which the Board considered would result in rates that were just and reasonable.

DERS has included the 2008 pretax return margin of \$2.48/MWh in the August 2008 energy charge calculation in accordance with the Board letter dated December 19, 2007. In Decision 2006-107, the Board directed DERS to update the pretax return margin each year by applying the forecast income tax rate to the Board approved after-tax margin of \$1.75/MWh.

In accordance with section 7(3) of *Regulated Rate Option Regulation*, AR 262/2005, as amended (the RROR), the AUC acknowledges that the energy charges as set out above are applicable to DERS' RRO service for the month of August, 2008.

Further, as outlined in sections 7(4) and 7(5) of the RROR, DERS must retain records sufficient to enable the AUC to audit any previous monthly rates set by DERS. Any amount overcharged to customers due to an incorrect rate calculation must be refunded to customers as soon as practicable after the error is discovered.

If any affected party objects to the calculation of the energy charges for the month in question, they should notify the AUC and DERS in a timely manner, and include the nature of their objection and the reason(s) why it should be considered.



Carolyn Dahl Rees  
Vice-Chair