

**Electronic Notification**

April 29, 2010

Direct Energy Marketing Limited  
111 – 5<sup>th</sup> Ave SW Suite 1000  
Calgary, AB T2P 3Y6Attention: Ms. Sarah Puddicombe  
Analyst, Government & Regulatory Affairs, Canada West**DIRECT ENERGY REGULATED SERVICES  
REGULATED RATE TARIFF  
ELECTRIC ENERGY CHARGES – MAY 2010  
APPLICATION NO. 1606122**

1. Direct Energy Regulated Services (DERS), a Business Unit of Direct Energy Marketing Limited, filed an application (Application) on April 26, 2010, with the Alberta Utilities Commission (AUC) for its energy charges applicable to its Regulated Rate Tariff (RRT) for the month of May 2010.
2. The Application included a letter from the independent advisor<sup>1</sup> (the Advisor). The Advisor stated that he had reviewed the energy charges filed by DERS for the month of May 2010, and stated 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 April 2010 was done in accordance with the EPSP.
3. DERS' proposed energy charges for the month of May 2010 are as follows:

| Rate Class                | cents/kWh |
|---------------------------|-----------|
| Residential               | 6.303     |
| Commercial                | 6.340     |
| Industrial                | 6.146     |
| Farming (Includes REA)    | 6.306     |
| Irrigation (Includes REA) | 6.171     |
| Oil & Gas                 | 6.078     |
| Lighting                  | 3.776     |

<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.

4. AUC staff members have reviewed the Application, including the letter from the Advisor, 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 (Board), in Order [U2006-108](#).<sup>2</sup> The EPSP formed part of a Negotiated Settlement, which the Board considered would result in rates that were just and reasonable.

5. DERS has included the 2010 pretax return margin of \$2.43/MWh (0.243¢/kWh), which was approved in Decision [2009-238](#),<sup>3</sup> in the May 2010 energy charge calculation. In Decision [2006-107](#),<sup>4</sup> 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.

6. In accordance with section 7(3) of the *Regulated Rate Option Regulation*, AR 262/2005, as amended, the AUC acknowledges that the energy charges as set out above are applicable to DERS' RRT for the month of May 2010.

7. Further, as outlined in sections 7(4) and 7(5) of the *Regulated Rate Option Regulation*, 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.

8. 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

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<sup>2</sup> Order U2006-108 – Direct Energy Regulated Services 2006-2011 Regulated Rate Option Energy Price Setting Plan Negotiated Settlement (Application 1454813) (Released: April 28, 2006).

<sup>3</sup> Decision 2009-238 – Direct Energy Regulated Services, 2009/2010/2011 Default Rate Tariffs and Regulated Rate Tariffs (Application No. 1600749, Proceeding ID. 149) (Released: December 3, 2009).

<sup>4</sup> Decision 2006-107 – Direct Energy Regulated Services Reasonable Return Margin Effective July 1, 2006 (Application 1455025) (Released: November 1, 2006).