

# Notice

**NOTICE OF APPLICATION  
APPLICATION NO. 1423252  
DIRECT ENERGY REGULATED SERVICES  
DEFAULT RATE TARIFF AND REGULATED RATE TARIFF  
2004 NON-ENERGY DEFERRAL ACCOUNTS APPROVAL APPLICATION**

**Take Notice** that on October 12, 2005, the Alberta Energy and Utilities Board (the Board) received an electronic application from Direct Energy Regulated Services (DERS), for approval of its 2004 Non-Energy Default Rate Tariff and Regulated Rate Tariff Deferral Accounts (the Application). In the Application, DERS has specifically requested approval of the following:

- A natural gas Default Rate Tariff (DRT) 2004 non-energy deferral account balance of \$5.530 million (including \$0.351 million in carrying costs) owing to customers.
- An electric Regulated Rate Tariff (RRT) 2004 non-energy deferral account balance of \$1.088 million (including \$0.068 million in carrying costs) owing to customers.
- The methodology described in the Application for allocating the 2004 non-energy deferral account balances to rate classes.
- The methodology described in the Application for refunding the 2004 non-energy deferral account balances to rate classes.
- The resulting DRT and RRT Rider Schedules as shown in Attachments 1, 2 and 3 to the Application.

In response to a Board direction contained on page 4 of 6 of EUB Order U2004-439, dated December 10, 2004, DERS has provided an analysis which was designed to investigate the possibility that the 2004 non-energy fixed charge for the RRT Lighting Service rate was overstated. This analysis is contained on Schedule 2.6 of the Application. The results of this analysis show an overstatement of \$0.134 million and this amount is included as part of the \$1.088 million RRT deferral account balance.

## **Schedule**

The Board will deal with the Application according to the following schedule.

Register and Provide Submissions	November 4, 2005
Information Requests to DERS	November 10, 2005
Information Responses from DERS	November 24, 2005

The Board will establish further process following the completion of information responses and further information respecting the process will only be provided to parties who file submissions.

The Board requests that interested parties indicate by **2:00 PM, Friday, November 4, 2005** whether they support or oppose the Application. The submissions should include the supporting rationale for the stated position and also indicate whether the party intends to submit information requests. A copy of your submission should be sent to the Board at [EUB.UTL@gov.ab.ca](mailto:EUB.UTL@gov.ab.ca).

**Additional Information**

Due to the technical difficulties at the moment with IAR Query, a copy of the Application is attached. The Application will be available for viewing in IAR Query on the Board's website once the issues have been resolved.

If you have any questions with respect to EUB procedures, please contact David Mitchell at [david.mitchell@gov.ab.ca](mailto:david.mitchell@gov.ab.ca) or by telephone at (780) 422-2073.

Issued at Calgary, Alberta, on October 21, 2005.

ALBERTA ENERGY AND UTILITIES BOARD  
Douglas A. Larder, General Counsel

October 12, 2005

**VIA E-MAIL**

Alberta Energy and Utilities Board  
10<sup>th</sup> Floor, 10055 – 106 St.  
Edmonton, Alberta T5J 2Y2

**Attention: Mike Hagan**  
**Application Officer**

Dear Mr. Hagan:

**Re: Direct Energy Regulated Services Compliance Filing arising from Decision  
2005-105**

Please find attached Direct Energy Regulated Services' application for disposition of the DRT and RRT 2004 Non-Energy Deferral Account pursuant to Board Decision 2005-105.

Should you require additional information I can be reached at 403.290.4635.

Yours truly,

<Original signed by C. Grudecki>

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

**ALBERTA ENERGY AND UTILITIES BOARD**

**DIRECT ENERGY REGULATED SERVICES**

**APPLICATION FOR APPROVAL OF DEFAULT RATE  
TARIFF AND REGULATED RATE TARIFF 2004 NON-  
ENERGY DEFERRAL ACCOUNTS**

**October 12, 2005**

## Application

Direct Energy Regulated Services (DERS) hereby applies to the Alberta Energy and Utilities Board (Board or EUB) for approval of:

1. A DRT non-energy deferral account balance of \$5.530 million (owing to customers) for 2004.
2. A RRT non-energy deferral account balance of \$1.088 million (owing to customers) for 2004.
3. The methodology described in this application for allocating and refunding the 2004 non-energy deferral balances to rate classes and the resulting DRT and RRT 2004 Riders are shown in Attachment 1 through 3 to this Application.

## Background

On December 18, 2003, the Board issued Decision 2003-106. In that Decision, the Board approved DERS' assignment of six cost categories to the non-energy deferral accounts to accrue any differences between forecast and actual non-energy costs. In addition the Board approved a revenue deferral to accrue any differences between forecast and actual non-energy revenues. DERS has filed this application for disposition of the 2004 non-energy deferral account arising from Board Directions contained in Decisions 2003-106 and 2005-105. On page 136 of Decision 2003-106 the Board stated:

The Board directs DERS to submit its reconciliation filing by May 1, 2005 and to include a detailed description of its reconciliation methodology and a proposal for dealing with any balances.

The EUB approved DERS' interim 2005 rates on December 10, 2004 in Order U2004-439. In this Order the Board made the following comments with respect to the 2004 non-energy deferral account:

As part of the its reconciliation filing with respect to the RRT non-energy deferral account, the Board directs DERS to address whether there should be come recognition that the 2004 non-energy fixed charge for the Lighting Service rate class may have been overstated. The Board expects that as part of its reconciliation filing, DERS will submit sufficient information, including an impact analysis to al RRT rate classes, to support its position.

Subsequently the EUB issued a letter dated January 27, 2005, as part of DERS' I-Tek Benchmarking Application 1361950 addressing the disposition of the 2004 deferral accounts. On page 2 of that letter the Board stated the following:

Given the timing with respect to the filing of the Application, the Board now considers that it would be more efficient to deal with the 2004 Reconciliation Filing if it includes the results of the Board's findings with respect to the Application. Therefore, the Board is prepared to grant temporary relief to DERS with respect to the 2004 Reconciliation filing date, if required, and directs DERS to submit the 2004 Reconciliation Filing on the later of May 1, 2005 or 30 days after issuance of the Decision with respect to the Application.

On September 13, 2005 the EUB issued Decision 2005-105 and ordered DERS to file its reconciliation filing with respect to the 2004 non-energy Default Rate Tariff and Regulated Rate Tariff deferral account within 30 days after issuance of the decision.

### **Deferral Account Methodology**

In DERS' 2003/04 DRT and RRT application, information response BR-DERS-7(c) the following formula was provided to calculate the total deferral balance.

*(Actual Revenue – Forecast Revenue) – (Actual Costs - Forecast Costs for each deferral account item)*

DERS filed the YTD balance of the 2004 deferral account as part of its 2005 Interim rate application dated November 5, 2004 and updated the balances as part of the 2005/06 DRT and RRT rate Application dated May 5, 2005. The methodology used to derive the final 2004 deferral balances in this Application is consistent with the Interim application and the 2005/06 DRT and RRT rate application. DERS simplified the formula above and employed the following formula to derive the 2004 balances:

*Actual Revenues – (Actual costs subject to deferral + Approved non-deferral costs)*

Not all of DERS' approved costs were initially forecast on a monthly basis. Certain costs were only forecast in total for the test period of 12 months and as a result DERS had to develop the monthly amounts. The supporting monthly reconciliation schedules for DERS' 2004 deferral account balances are attached as Schedule 1.1 for the DRT balance and Schedule 2.1 for the RRT balance.

As shown on these schedules DERS is applying for disposition of \$5.530 million refund for DRT customers and \$1.088 million refund for RRT customers. Since filing the 2005/06 DRT and RRT application, DERS has updated the 2004 non-energy deferral account with final 2004 data and has calculated the customer care costs according to the directives contained in Decision 2005-105. The 2004 customer care costs reflect a 14.35% reduction to unit prices with the exception of pass-through and walk-in prices. The change in customer care costs also impacts the actual working capital requirements. Additionally, in the 2005/06 DRT and RRT rate application the 2004 deferral account shown on Schedules 8.1 and 8.2 inadvertently omitted the costs associated with parental company

guarantees. These credit costs have now been included in the 2004 deferral balances.

DERS proposes to pay carrying costs associated with the 2004 non-energy deferral account in accordance with Board Informational Letter IL 2000-1, General Policy for Payment of Interest, dated February 16, 2000. DERS submits that this is appropriate due to the non-energy deferral account exceeding the  $\pm$ \$1,000,000 threshold and the regulatory lag surpassing twelve months. Schedules 1.2 and 2.2 show the monthly interest calculation based on the Bank of Canada rate plus 1½%. DERS has applied a forecast Bank of Canada Rate of 3.0% for the period from October 2005 through June 2006. Interest has been included on the full duration of the deferral account starting in May 2004 until the deferral account is disposed of in June 2006. Total carrying costs included in the DRT non-energy deferral account balance are \$0.351 million and \$0.068 million have been included in the RRT non-energy deferral account balance.

### **DERS Proposed Allocation and Riders**

The 2005 Interim Rate application recognized that some costs assigned to the RRT Lighting rate class were originally overestimated. The EUB approved the revised 2005 interim Lighting rate of \$3.87/month and directed DERS to address whether there should be some recognition that the 2004 non-energy fixed charge for the Lighting Service rate class may be overstated. The Board further stated that it expected as part of DERS' reconciliation filing, DERS will submit sufficient information, including an impact analysis to all RRT rate classes, to support its position. In response to the directions contained in Order U2004-439, DERS submits that there should be an adjustment to recognize that the 2004 Lighting rate was overstated. Schedule 2.6 details the lighting analysis that was filed as part of the interim application. That analysis shows that on a forecast basis, the Lighting rate class should have been charged \$3.87/month in 2004. Considering the Lighting rate charged was \$5.28/month, the appropriate adjustment for 2004 would be the difference of \$1.41/month applicable for all billed lighting sites. Therefore the resulting 2004 lighting rate class adjustment is \$134,463.

The lighting adjustment does not impact other RRT rate classes. This adjustment takes into account customer care costs that never materialized for the lighting service but were forecast and included in the 2004 lighting rate charged. In other words, if the lighting rate was set at the revised level during 2004, the deferral account for all rate classes would have been \$0.953 million rather than the \$1.088 million. DERS has also taken into consideration the inclusion of REA customers in the 2004 deferral account. Due to the 2004 deferral balance being allocated to rate class on the basis of 2004 actual site counts (including REA sites) and the deferral balance including actual costs to serve (including REA sites), no other REA adjustment is necessary. DERS has included for information purposes the REA Riders in Attachment 4.

DERS proposes to allocate the total DRT deferral account balance and the remaining RRT deferral account balance (total RRT deferral balance less the

lighting specific adjustment) to all rate classes on the basis of the actual 2004 site count. This allocation is appropriate because the majority of DERS' costs are attributable to the site level. DERS proposes to refund the 2004 deferral balances through a rider starting January 1, 2006 for a six month period ending June 30, 2006. The rider is determined by taking the rate class share of the deferral balance and dividing through by the forecast January to June 2006 site count from Application 1399611. The allocation of the DRT and RRT deferral accounts to rate class is shown on Schedule 1.5 and 2.5. Attachment 1 contains the RRT Riders and Attachments 2 and 3 contain the DRT North and South Riders. The proposed rate class riders are shown below.

#### **DRT Rider**

Rate Class	2006 Jan-June Refund Rider	
	(\$/month)	
General Service (G1)	\$	(1.05)
Large Use Service (G3)	\$	(1.38)
Irrigation (G5)	\$	(1.65)

#### **RRT Rider**

Rate Class	2006 Jan-June Refund Rider	
	(\$/month)	
Residential (E1)	\$	(0.91)
Small General (E2)	\$	(0.94)
Large General (E3)	\$	(0.94)
Oilfield (E4)	\$	(0.87)
Farm (E5)	\$	(0.88)
Lighting (E6)	\$	(2.83)
Irrigation (E7)	\$	(1.70)

A residential customer will see a credit of (\$1.05) per month for DRT service and (\$0.91) per month for RRT service on their January 2006 through June 2006 bills. For DRT customers the impact on a typical residential bill will range from 1% to 2%. For RRT customers the impact on a typical residential bill will be less than 1%. DERS proposes that any amount under or over refunded at the end of June 2006 be included in the 2005 non-energy deferral account.

**Schedule 1.1**  
**DERS 2004 DRT Non-Energy Deferral Account**

**DRT Non-Energy Deferral Account (\$000)**

Category	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Total
<b>Actual Revenue</b>	2,219.5	4,059.4	4,273.6	4,496.1	4,655.6	4,398.7	4,539.0	5,288.5	33,930.3
<b>Actual Costs</b>									
Customer Care Costs (14.35% reduction)	151.6	2,517.1	3,082.1	3,107.9	3,248.1	3,241.2	3,164.8	3,075.8	21,588.5
Working Capital	274.0	254.4	159.0	54.1	57.0	0.9	75.6	176.8	1,051.8
Credit Charges	24.9	24.9	24.9	24.9	24.9	24.9	24.9	24.9	199.3
Hearing Costs	41.7	41.7	41.7	41.7	41.7	41.7	41.7	41.6	333.3
Bad Debt	44.2	42.8	55.6	50.7	76.6	84.2	192.8	197.0	743.9
Penalty Revenue	(26.3)	(25.3)	(33.0)	(30.2)	(45.6)	(50.0)	(114.6)	(118.6)	(443.7)
<b>Total Actual Costs</b>	510.1	2,855.5	3,330.3	3,249.0	3,402.7	3,342.9	3,385.1	3,397.5	23,473.0
<b>Forecast Non Deferral Items</b>									
Amortization - Capital	100.0	99.9	99.8	99.7	99.9	100.1	100.3	100.4	800.1
Staff Salaries	170.9	170.8	170.5	170.4	170.7	171.0	171.4	171.6	1,367.3
Customer Education & Energy Awareness	122.0	121.9	121.7	121.6	121.9	122.1	122.3	122.5	976.0
Information Systems	6.2	6.2	6.2	6.2	6.2	6.3	6.3	6.3	50.0
Other Administration Costs	31.6	31.6	31.5	31.5	31.5	31.6	31.7	31.7	252.6
Interest on Security Deposits	24.3	24.3	24.2	24.2	24.3	24.3	24.4	24.4	194.4
Corporate Costs	204.7	204.6	204.3	204.1	204.5	204.9	205.3	205.5	1,637.8
<b>Total Forecast Non Deferral Items</b>	659.7	659.4	658.4	657.6	659.1	660.3	661.5	662.2	5,278.1
<b>DRT Deferral (before interest)</b>	1,049.7	544.5	284.9	589.5	593.8	395.5	492.4	1,228.7	5,179.2
Interest Payable on Deferral Balances									350.6
<b>Total DRT Deferral</b>									<b>\$ 5,529.8</b>

- 14.35% reduction to actual customer care costs per Decision 2005-105
- the deferral account calculation equals actual revenues less the sum of all actual deferral cost category items and the sum of all forecast non deferral items
- for the deferral account balance, negative = collection from customers & positive = refund to customers
- bad debt and penalty revenue figures include 32.2% of total expense

**Schedule 1.2**  
**DERS 2004 DRT Non-Energy Deferral Account**

**DRT Carrying Costs**

Month	Deferral Account Principle Refund	Month-End Account Balance \$ 000	Mid-Month Account Balance \$ 000	Interest Rate (Note 1 & 2) %	Carrying Costs (Note 3) \$ 000	Cumulative Carrying Costs \$ 000	Month-End Balance With Carrying Costs \$ 000	Deferral Account Interest Refund \$ 000	Deferral Account Total Refund \$ 000
Apr 04									
May 04		1,050	525	3.75%	2	2	1,051		
Jun 04		1,594	1,322	3.75%	4	6	1,600		
Jul 04		1,879	1,737	3.75%	6	11	1,890		
Aug 04		2,469	2,174	3.75%	7	18	2,487		
Sep 04		3,062	2,766	4.00%	9	27	3,090		
Oct 04		3,458	3,260	4.25%	12	39	3,497		
Nov 04		3,950	3,704	4.25%	13	52	4,002		
Dec 04		5,179	4,565	4.25%	16	68	5,248		
Jan 05		5,179	5,179	4.25%	19	87	5,266		
Feb 05		5,179	5,179	4.25%	17	104	5,283		
Mar 05		5,179	5,179	4.25%	19	123	5,302		
Apr 05		5,179	5,179	4.25%	18	141	5,320		
May 05		5,179	5,179	4.25%	19	160	5,339		
Jun 05		5,179	5,179	4.25%	18	178	5,357		
Jul 05		5,179	5,179	4.25%	19	196	5,375		
Aug 05		5,179	5,179	4.25%	19	215	5,394		
Sep 05		5,179	5,179	4.50%	19	234	5,413		
Oct 05		5,179	5,179	4.50%	20	254	5,433		
Nov 05		5,179	5,179	4.50%	19	273	5,452		
Dec 05		5,179	5,179	4.50%	20	293	5,472		
Jan 06	(861)	4,318	4,749	4.50%	18	311	4,629	(58)	(919)
Feb 06	(862)	3,457	3,887	4.50%	13	324	3,781	(58)	(920)
Mar 06	(862)	2,595	3,026	4.50%	12	336	2,931	(58)	(921)
Apr 06	(865)	1,730	2,162	4.50%	8	344	2,074	(59)	(923)
May 06	(865)	865	1,298	4.50%	5	349	1,214	(59)	(923)
Jun 06	(865)	(0)	433	4.50%	2	351	351	(59)	(924)
Total	\$ (5,179)				\$ 351			\$ (351)	\$ (5,530)

1. As per Board Informational Letter IL-2000-1, Bank of Canada Rate + 1.5%
2. Assumed 3.0% Bank Rate from Oct 2005 to Jun 2006
3. Rate multiplied by number of days in month divided by number of days in year times monthly average deferral balance

**Schedule 1.3**  
**DERS 2004 DRT Non-Energy Deferral Account**

**2004 Actual DRT Site Count**

Use Class	May	June	July	August	September	October	November	December	Total	Allocator <sup>(1)</sup>
General Service G1	805,241	845,627	847,919	850,143	852,253	853,576	854,194	861,960	6,770,913	99.68%
Large Use Service G3	1,347	1,640	1,639	1,636	1,627	1,561	1,526	1,501	12,477	0.18%
Irrigation G5	1,567	1,604	1,605	1,605	1,605	1,606			9,592	0.14%
<b>Total</b>	<b>808,155</b>	<b>848,871</b>	<b>851,163</b>	<b>853,384</b>	<b>855,485</b>	<b>856,743</b>	<b>855,720</b>	<b>863,461</b>	<b>6,792,982</b>	<b>100.00%</b>

(1) Used to allocate 2004 deferral balance to rate class on Schedule 1.5

**Schedule 1.4**  
**DERS 2004 DRT Non-Energy Deferral Account**

**2006 Forecast DRT Site Count**

Rate class	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Total
General Service (G1)	871,101	871,737	872,374	872,475	872,511	872,974	873,116	873,409	874,924	876,874	878,393	879,498	10,489,387
Large Use Service (G3)	1,254	1,240	1,227	1,225	1,224	1,214	1,211	1,205	1,173	1,131	1,099	1,075	14,277
Irrigation Service (G5)	-	-	-	1,580	1,580	1,561	1,561	1,561	1,561	1,561	-	-	10,965
<b>Total</b>	<b>872,355</b>	<b>872,977</b>	<b>873,601</b>	<b>875,280</b>	<b>875,315</b>	<b>875,749</b>	<b>875,888</b>	<b>876,175</b>	<b>877,658</b>	<b>879,566</b>	<b>879,492</b>	<b>880,573</b>	<b>10,514,629</b>

**Schedule 1.5**  
**DERS 2004 DRT Non-Energy Deferral Account**

**2004 Non-Energy Deferral Account Allocation and Refund Rider**

2004 DRT Deferral Balance (Schedule 1.1) \$ 5,529,779

Rate Class	2004 Allocation Percentages (Schedule 1.3)	2004 Deferral Balance Allocation
General Service G1	99.68%	\$ 5,511,813
Large Use Service G3	0.18%	\$ 10,157
Irrigation G5	0.14%	\$ 7,808
<b>Total</b>	<b>1.00</b>	<b>\$ 5,529,779</b>

Rate Class	Jan-June 2006 Customer Months (Schedule 1.4)	2006 Jan-June Refund Rider (\$/month)
General Service G1	5,233,173	\$ (1.05)
Large Use Service G3	7,383	\$ (1.38)
Irrigation G5	4,721	\$ (1.65)

Schedule 2.1  
DERS 2004 RRT Non-Energy Deferral Account

**RRT Non-energy Deferral Account (\$000)**

Category	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Total
<b>Actual Revenue</b>	513.9	940.6	1,085.3	1,083.2	951.7	968.7	1,002.7	1,425.6	7,971.7
<b>Actual Costs</b>									
Customer Care Costs (14.35% reduction)	36.9	495.7	607.6	640.7	659.2	661.4	631.2	631.7	4,364.4
Working Capital	19.9	50.2	43.3	40.9	40.1	37.6	36.6	42.3	310.8
Credit Charges	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	39.4
Hearing Costs	41.7	41.7	41.7	41.7	41.7	41.7	41.7	41.6	333.3
Bad Debt	34.0	69.8	80.7	79.8	81.5	71.1	92.2	96.6	605.7
Penalty Revenue	(30.2)	(61.8)	(71.5)	(70.7)	(72.2)	(63.0)	(81.7)	(85.6)	(536.7)
<b>Total Actual Costs</b>	107.2	600.4	706.7	737.2	755.2	753.7	724.8	731.5	5,116.8
<b>Forecast Non Deferral Items</b>									
Amortization - Capital	54.0	54.0	54.0	54.0	54.0	54.1	54.0	54.1	432.1
Staff Salaries	87.4	87.4	87.5	87.5	87.5	87.5	87.5	87.6	700.0
Customer Education & Energy Awareness	24.2	24.2	24.2	24.2	24.2	24.2	24.2	24.3	193.8
Information Systems	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	107.0
Other Administration Costs	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	50.2
Interest on Security Deposits	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	26.7
Corporate Costs	40.6	40.6	40.6	40.6	40.7	40.7	40.7	40.7	325.2
<b>Total Forecast Non Deferral Items</b>	229.1	229.2	229.3	229.3	229.4	229.5	229.5	229.6	1,835.0
<b>RRT Deferral (before interest)</b>	177.5	111.0	149.4	116.6	(32.9)	(14.5)	48.3	464.5	1,019.9
Interest Payable on Deferral Balances									67.6
<b>Total RRT Deferral</b>									<b>\$ 1,087.5</b>

- 14.35% reduction to actual customer care costs per Decision 2005-105
- the deferral account calculation equals actual revenues less the sum of all actual deferral cost category items and the sum of all forecast non deferral items
- for the deferral account balance, negative = collection from customers & positive = refund to customers
- bad debt and penalty revenue figures include 100% of total expense

**Schedule 2.2**  
**DERS 2004 RRT Non-Energy Deferral Account**

**RRT Carrying Costs**

Month	Deferral Account Principle Refund	Month-End Account Balance \$ 000	Mid-Month Account Balance \$ 000	Interest Rate (Note 1 & 2) %	Carrying Costs (Note 3) \$ 000	Cumulative Carrying Costs \$ 000	Month-End Balance With Carrying Costs \$ 000	Deferral Account Interest Refund \$ 000	Deferral Account Total Refund \$ 000
Apr 04									
May 04		178	89	3.75%	0.28	0	178		
Jun 04		288	233	3.75%	0.72	1	289		
Jul 04		438	363	3.75%	1.16	2	440		
Aug 04		554	496	3.75%	1.58	4	558		
Sep 04		522	538	4.00%	1.77	6	527		
Oct 04		507	514	4.25%	1.86	7	514		
Nov 04		555	531	4.25%	1.86	9	565		
Dec 04		1,020	788	4.25%	2.84	12	1,032		
Jan 05		1,020	1,020	4.25%	3.68	16	1,036		
Feb 05		1,020	1,020	4.25%	3.33	19	1,039		
Mar 05		1,020	1,020	4.25%	3.68	23	1,043		
Apr 05		1,020	1,020	4.25%	3.56	26	1,046		
May 05		1,020	1,020	4.25%	3.68	30	1,050		
Jun 05		1,020	1,020	4.25%	3.56	34	1,053		
Jul 05		1,020	1,020	4.25%	3.68	37	1,057		
Aug 05		1,020	1,020	4.25%	3.68	41	1,061		
Sep 05		1,020	1,020	4.50%	3.77	45	1,065		
Oct 05		1,020	1,020	4.50%	3.90	49	1,068		
Nov 05		1,020	1,020	4.50%	3.77	52	1,072		
Dec 05		1,020	1,020	4.50%	3.90	56	1,076		
Jan 06	(170)	850	935	4.50%	3.57	60	910	(11)	(181)
Feb 06	(170)	681	766	4.50%	2.64	62	743	(11)	(181)
Mar 06	(170)	511	596	4.50%	2.28	65	575	(11)	(181)
Apr 06	(170)	340	426	4.50%	1.57	66	407	(11)	(181)
May 06	(170)	170	255	4.50%	0.98	67	238	(11)	(181)
Jun 06	(170)	-	85	4.50%	0.31	68	68	(11)	(182)
Total	\$ (1,020)				68			\$ (68)	\$ (1,088)

1. As per Board Informational Letter IL-2000-1, Bank of Canada Rate + 1.5%
2. Assumed 3.0% Bank Rate from Oct 2005 to Jun 2006
3. Rate multiplied by number of days in month divided by number of days in year times monthly average deferral balance

**Schedule 2.3**  
**DERS 2004 RRT Non-Energy Deferral Account**

**2004 Actual RRT Site Count**

Use Class	May	June	July	August	September	October	November	December	Total	Allocator <sup>(1)</sup>
Residential (E1)	110,819	116,897	117,368	117,819	118,267	118,779	118,965	119,240	938,154	68.20%
Small General (E2)	15,993	16,490	16,510	16,525	16,396	16,362	16,260	16,223	130,759	9.51%
Large General (E3)	731	790	782	781	786	784	774	770	6,198	0.45%
Oilfield (E4)	713	814	815	805	803	772	762	738	6,222	0.45%
Farm (E5)	16,544	25,734	25,996	25,999	25,979	25,972	25,972	25,967	198,163	14.41%
Lighting (E6)	11,497	12,077	11,990	12,003	11,996	11,949	11,920	11,932	95,364	6.93%
Irrigation (E7)	3	101	106	106	106	106	105	104	737	0.05%
<b>Total</b>	<b>156,300</b>	<b>172,903</b>	<b>173,567</b>	<b>174,038</b>	<b>174,333</b>	<b>174,724</b>	<b>174,758</b>	<b>174,974</b>	<b>1,375,597</b>	<b>100.00%</b>

(1) Used to allocate 2004 deferral balance to rate class on Schedule 2.5

**Schedule 2.4**  
**DERS 2004 RRT Non-Energy Deferral Account**

**2006 Forecast RRT Site Count**

Rate class	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Total
Residential (E1)	118,881	119,193	119,515	119,675	119,865	120,064	120,188	120,376	120,630	121,031	121,206	121,421	1,442,046
Small General (E2)	16,237	16,258	16,203	16,124	16,052	16,015	15,957	15,904	15,846	15,788	15,792	15,736	191,911
Large General (E3)	762	762	760	759	758	755	750	747	745	741	740	739	9,018
Oilfield (E4)	831	830	825	823	819	812	808	800	792	783	776	773	9,674
Farm (E5)	25,942	25,945	25,938	25,923	25,912	25,893	25,867	25,831	25,804	25,789	25,756	25,748	310,349
Lighting (E6)	11,831	11,822	11,832	11,829	11,794	11,776	11,668	11,551	11,541	11,487	11,822	11,894	140,847
Irrigation (E7)				100	100	100	100	100	100	100			700
<b>Total</b>	<b>174,484</b>	<b>174,810</b>	<b>175,073</b>	<b>175,233</b>	<b>175,300</b>	<b>175,415</b>	<b>175,338</b>	<b>175,310</b>	<b>175,458</b>	<b>175,718</b>	<b>176,092</b>	<b>176,312</b>	<b>2,104,544</b>

**Schedule 2.5**  
**DERS 2004 RRT Non-Energy Deferral Account**

**2004 Non-Energy Deferral Account Allocation and Refund Rider**

2004 RRT Deferral Balance (Schedule 1.1)	\$	1,087,523
2004 Lighting Rate Class Adjustment (Schedule 2.6)	\$	(134,463)
2004 Lighting Rate Class Adjustment (applicable to Jan 2006-June 2006)	\$	(1.90)
2004 RRT Deferral balance net of lighting adjustment	\$	953,060

Rate Class	2004 Allocation Percentages (Schedule 2.3)	2004 Deferral Balance Allocation
Residential (E1)	68.20%	\$ 649,984
Small General (E2)	9.51%	\$ 90,594
Large General (E3)	0.45%	\$ 4,294
Oilfield (E4)	0.45%	\$ 4,311
Farm (E5)	14.41%	\$ 137,294
Lighting (E6)	6.93%	\$ 66,071
Irrigation (E7)	0.05%	\$ 511
<b>Total</b>	<b>1.00</b>	<b>\$ 953,060</b>

**2006 Rider calculation excluding Lighting Specific Adjustment**

Rate Class	2006 Rider Jan-June 2006 Customer Months (Schedule 2.4)	2006 Jan-June Rider prior to Lighting Adjustment(\$/month)
Residential (E1)	717,193	\$ (0.91)
Small General (E2)	96,889	\$ (0.94)
Large General (E3)	4,556	\$ (0.94)
Oilfield (E4)	4,940	\$ (0.87)
Farm (E5)	155,553	\$ (0.88)
Lighting (E6)	70,884	\$ (0.93)
Irrigation (E7)	300	\$ (1.70)

**2006 Rider calculation including Lighting Specific Adjustment**

Rate Class	2006 Jan-June Rider (\$/month)
Residential (E1)	\$ (0.91)
Small General (E2)	\$ (0.94)
Large General (E3)	\$ (0.94)
Oilfield (E4)	\$ (0.87)
Farm (E5)	\$ (0.88)
Lighting (E6)	\$ (2.83)
Irrigation (E7)	\$ (1.70)

2004 Forecast Revised Lighting RRT Rate

Inputs

Lighting Regulated Customers			
Beginning Number of Consolidated Lighting bills	450	450	
End Number of Consolidated Lighting bills	450	450	
Average Number of Consolidated Lighting bills (Customer Level)	450	450	
Avg. number of monthly Service Accounts (fixture count)	10,782	10,782	
# of Statement Accounts (Consolidated Bills and All Private Fixture)	5,122	5,122	

% of Streetlight Bills as a % of Electric Bills 0.30%  
 Total electric costs that cannot be directly allocated to rate class have been allocated by % of average # of bills (# of consolidated lighting bi

Services	Activity Assumptions	2004			Approved Interim 2004 Costs	Volume Driver
		Annual Volumes	Total Electric Share of Costs	Revised Interim Costs		
<b>BILLING SERVICES</b>						
Monthly Base Fee	Service Accounts	10,782	129,386	\$ 258,874		Service Account (# of fixtures)
Incremental Billing Services	% of rebills	0.0%	0	\$ -		assume zero rebills
Additional Processing of S/A		0.0%	0	\$ -		
Additional Price Schedule				\$ -		
Additional single-sided pages	% of bills requiring additional single-sided pages (assume average of 3 page bill)	100%	5,400	\$ 442		Consolidated Lighting Accounts
Incremental cost of two-page bill	% of two-page bills	100%	5,400	\$ 265		Consolidated Lighting Accounts
Additional inserts	Additional bill inserts per month	1.00	5,400	\$ 147		Consolidated Lighting Accounts
Additional folds	% of bills requiring additional folds	100.0%	5,400	\$ 25		Consolidated Lighting Accounts
Payment Investigation/Set-Up	Hours per month (electric only)	132	1,589	\$ 65,022	\$ 196	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
Supervisor Billing Specialist	Hours per month (electric only)	3	40	\$ 3,612	\$ 11	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
Senior Billing Specialist	Hours per month (electric only)	3	40	\$ 2,709	\$ 8	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
Billing Specialist	Hours per month (electric only)	3	40	\$ 1,806	\$ 5	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
TOTAL CHARGES					\$ 259,973	
<b>CUSTOMER ASSISTANCE SERVICES</b>						
Agent Handled Inquiries	Calls per electric customer per year	1.44	648	\$ 5,098		Consolidated Lighting Accounts
Incremental CAC Services				\$ -		no excess time forecast for Lighting
Agent (Time & Materials)	Excess call time (sec)	0.00	0	\$ -		
Customer Reports	% of calls requiring customer report	0.01%	0	\$ 1		Original assumption (0.01% of calls will generate a report)
TOTAL CHARGES					\$ 5,098	
<b>IVR Services</b>						
IVR Rate				\$ -		
<b>Walk-in Services</b>						
Agent Rate	Total Electric Cost Amount			\$ 200,219	\$ 602	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
Supervisor Rate				\$ -		
TOTAL CHARGES					\$ 602	
<b>CREDIT MANAGEMENT SERVICES</b>						
Monthly Base Fee	S/A per year	10,782	129,386	\$ 11,767		Service Account (# of fixtures)
Calls & Inquiries (Inbound & Outbound)	% of accounts requiring calls in a year	64%	290	\$ 1,319		Consolidated Lighting Accounts
Incremental Credit Management Services				\$ -		
Letter Printing	% of customers requiring collection letter each month	7.5%	405	\$ 74		Consolidated Lighting Accounts
Agent (Time & Materials)	Excess call time (sec)	0.00	0	\$ -		No Excess Call time forecast
TOTAL CHARGES					\$ 13,160	
<b>OTHER ADDITIONAL SERVICES</b>						
Price Schedule Value Changes	Monthly schedule changes per utility	1.50	18	\$ 24,555	\$ 74	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
Fax or E-mail	Fax or email as a % of total calls	1%	6	\$ 1		# of calls
Letter Printing	Letter printing as a % of total calls	1%	6	\$ 1		# of calls
Memo Statements	Memos as a % of total calls	0.1%	1	\$ 1		# of calls
Additional Statement Copies	Copies as a % of total calls	0.85%	6	\$ 6		# of calls
Report Printing	Annual no. of report printing	69	828	\$ 23	\$ 0	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
Training Rate	# of CRS/ 5000 customers	32		\$ -		
	# of training hours/year/CRE	36.00	1,152	\$ 36,662	\$ 110	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
	No. of new accounts per month	1794	21,528	\$ 48,947	\$ 147	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
TOTAL CHARGES					\$ 341	
<b>TIME AND MATERIAL RATES</b>						
Senior Project Manager	Hours per month (electric only)	2	18	\$ 4,139	\$ 12	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
Senior Consultant	Hours per month (electric only)	2	27	\$ 4,346	\$ 13	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
Consultant	Hours per month (electric only)	2	27	\$ 2,483	\$ 7	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
Technical Staff-Senior	Hours per month (electric only)	5	55	\$ 6,209	\$ 19	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
Technical Staff-Intermediate	Hours per month (electric only)	8	91	\$ 8,278	\$ 25	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
Technical Staff-Junior	Hours per month (electric only)	8	91	\$ 6,623	\$ 20	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
Project Support	Hours per month (electric only)	4	46	\$ 2,483	\$ 7	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
TOTAL CHARGES					\$ 104	
<b>PASS THROUGH CHARGES</b>						
Postage, Envelopes, Paper						
Postage	Regular	Bills per year	5,400	5,400	\$ 2,014	Consolidated Lighting Accounts
	Collections	per year	405	405	\$ 173	Number of Collection Letters Required
	Other	Other postage as a % of bills	20%	1,080	\$ 462	Consolidated Lighting Accounts
Envelopes	Outer	Bills per year	5,400	5,400	\$ 108	Consolidated Lighting Accounts
	Return	Return envelopes as a % of bills	35%	1,890	\$ 60	Consolidated Lighting Accounts
Paper	Regular	Paper per year	73,357	73,357	\$ 1,868	All Statement Accounts included and average 3 page consolidated bill
	Collection	Paper per year	405	405	\$ 12	Number of Collection Letters Required
Postage, Envelopes, Paper sub-total					\$ 4,696	
Long Distance Phone Charges	Long distance calls as a % of calls	85%				
	Call time (minutes)	5.00	2,754		\$ 75	# of Calls
Bank Charges	Total Electric Costs	189		\$ 189	\$ 1	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
Collection Agency Fees	Total Electric Costs	27,643		\$ 27,643	\$ 83	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
E-Mail Hosting Fee	Total Electric Costs	226		\$ 226	\$ 1	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
Walk-in Facility Costs				\$ -		
Client Manager Facility Costs	Facility cost per managers per year	\$ -			\$ -	
Credit Card Merchant Fees	As a % of avg. no. of customers	0.00%			\$ -	Assume zero credit card fees for streetlights
Courier Charge	TBD				\$ -	
TOTAL CHARGES					\$ 4,856	
<b>SYSTEM PROCESSING CHARGES</b>						
System Processing Charges	Hours per month	276	3,311	\$ 41,856	\$ 126	Total Electric Cost proration (applied 0.3% to Total Electric Share of Costs)
TOTAL CHARGES					\$ 126	
<b>OTHER</b>						
DEML Sr. Manager on Site	Headcount	0.00	0		\$ -	
TOTAL CHARGES					\$ -	
<b>Total Annual Estimate of I-Tek Charges for Lighting Rate Class</b>					\$ 284,260	\$ 467,792
Allocated Fixed costs (excluding I-TEK - as per decision 2003-106)					216,450	216,450
Total Forecast 2004 Lighting Costs					\$ 500,709	\$ 684,242
2004 Forecast Sites					129,386	129,386
Rate/month					3.87	5.28
Difference in Approved and Revised 2004 Lighting Rate						(1.41)
2004 Actual Lighting Sites (Schedule 2.3)						95,364
2004 Lighting Specific Adjustment					\$	(134,463)



Approved by \_\_\_\_\_  
Effective January 1, 2006 to June 30, 2006  
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**DIRECT ENERGY REGULATED SERVICES  
2004 RRT RIDER SCHEDULE**

To be applied to all sites served under Rates E1, E2, E3, E4, E5, E6 and E7.

**Charge Schedule:**

Rider Applicable January 1, 2006 to June 30, 2006 to Rate <b>E1</b>	<b>(\$0.91) per month</b>
Rider Applicable January 1, 2006 to June 30, 2006 to Rate <b>E2</b>	<b>(\$0.94) per month</b>
Rider Applicable January 1, 2006 to June 30, 2006 to Rate <b>E3</b>	<b>(\$0.94) per month</b>
Rider Applicable January 1, 2006 to June 30, 2006 to Rate <b>E4</b>	<b>(\$0.87) per month</b>
Rider Applicable January 1, 2006 to June 30, 2006 to Rate <b>E5</b>	<b>(\$0.88) per month</b>
Rider Applicable January 1, 2006 to June 30, 2006 to Rate <b>E6</b>	<b>(\$2.83) per month</b>
Rider Applicable January 1, 2006 to June 30, 2006 to Rate <b>E7</b>	<b>(\$1.70) per month</b>



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**DIRECT ENERGY REGULATED SERVICES  
2004 DRT NORTH RIDER SCHEDULE**

To be applied to all sites served under Rates G1 and G3.

**Charge Schedule:**

Rider Applicable January 1, 2006 to June 30, 2006 to Rate <b>G1</b>	<b>(\$1.05) per month</b>
Rider Applicable January 1, 2006 to June 30, 2006 to Rate <b>G3</b>	<b>(\$1.38) per month</b>



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**DIRECT ENERGY REGULATED SERVICES  
2004 DRT SOUTH RIDER SCHEDULE**

To be applied to all sites served under Rates G1, G3 and G5.

**Charge Schedule:**

Rider Applicable January 1, 2006 to June 30, 2006 to Rate <b>G1</b>	<b>(\$1.05) per month</b>
Rider Applicable January 1, 2006 to June 30, 2006 to Rate <b>G3</b>	<b>(\$1.38) per month</b>
Rider Applicable January 1, 2006 to June 30, 2006 to Rate <b>G5</b>	<b>(\$1.65) per month</b>



Effective January 1, 2006 to June 30, 2006  
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**DIRECT ENERGY REGULATED SERVICES  
2004 REA RIDER SCHEDULE**

To be applied to all sites served under Rates E5(REA) and E7(REA).

**Charge Schedule:**

Rider Applicable January 1, 2006 to June 30, 2006 to Rate <b>E5(REA)</b>	<b>(\$0.88) per month</b>
Rider Applicable January 1, 2006 to June 30, 2006 to Rate <b>E7(REA)</b>	<b>(\$1.70) per month</b>