



# **Ontario Energy Board Commission de l'énergie de l'Ontario**

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## **SUMMARY OF COMMUNITY ENGAGEMENT BY OEB STAFF**

**EB-2016-0236**

### **NATURAL RESOURCE GAS LIMITED**

**Application for 2017 Rates: Community Meeting on October 13,  
2016**

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**January 30, 2017**

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# 1 INTRODUCTION

Natural Resource Gas Limited (NRG) is a natural gas distribution company regulated by the Ontario Energy Board (OEB). It is a privately owned utility that sells and distributes natural gas in southwestern Ontario.

NRG's franchise area is located south-east of London and includes the towns of Aylmer, Belmont, Brownsville, Port Burwell, Springfield, Straffordville and Vienna. The company provides natural gas to over 8,000 customers.

Natural Resource Gas Limited (NRG) filed an application with the Ontario Energy Board (OEB) on August 9, 2016, seeking approval to charge new rates for the sale, transmission and distribution of natural gas effective October 1, 2016. NRG applied for a one year cost of service rates and a four year rate adjustment based on an incentive ratemaking (IRM) framework. The IRM framework proposes an annual adjustment to distribution rates based on an inflation, productivity and a stretch factor. For a typical residential customer beginning October 1, 2016, the proposed increase was \$8.90 per month.

A Notice of Hearing was issued on August 30, 2016.

Further to the Notice of Hearing, the OEB hosted one community meeting on October 13, 2016, in the Malahide Community Centre located in Springfield, Ontario regarding NRG's 2017-2021 rates application.

This is an OEB staff report summarizing the outcomes of this community meeting. This report will be placed on the public record of the OEB hearing of this application along with copies of any written presentations made at the meeting. This report includes a summary of comments, questions and concerns raised during the community meeting by customers who attended the meeting. This summary is intended to capture the range of perspectives that were shared, rather than to provide a verbatim transcript of the meeting.

Customers are also able to submit individual written letters of comment with the OEB, either during a community meeting or any other time during the course of the OEB's review of an application. The OEB places written letters of comment on the public record of the specific proceeding. All comments must be submitted to the OEB before the decision-makers in that case begin to consider their decision on the application. In making its decision, the OEB considers everything on the public record, including all

comments when determining whether to grant the requests made by NRG in this application.

## **2 THE PROCESS**

The OEB convenes community meetings in the service territories of local distribution companies that have applied to the OEB to change their rates through a cost of service proceeding.

Community meetings are part of the OEB's process of reviewing a rate application. The OEB has established a Customer Engagement Framework to ensure that the perspectives of customers served by rate-regulated entities are considered in the OEB's decision-making process.

The meetings are hosted by OEB staff in order to inform customers about the role of the OEB in rate-setting and the processes involved. OEB representatives explain the various ways that customers can become involved in the adjudicative process. A copy of the OEB's presentation has been attached to this report as Schedule A.

To assist customers in better understanding the application, the utility makes a presentation explaining its proposals for capital, operations and other spending that result in the requested rate change. A copy of NRG's presentation is attached to this report as Schedule B.

Customers and municipal officials are also invited to make presentations outlining their thoughts on the utility's proposals.

Following the presentations, customers have the opportunity to ask questions of the OEB and the utility about the application and the regulatory process. The issues raised by customers in the community meetings are documented and used by OEB staff in reviewing the application, asking interrogatories and making submissions to the OEB panel hearing and deciding the application. Any verbal comments provided to OEB staff at the community meeting are summarized in this report with no attribution.

In addition to providing verbal comments to OEB staff, customers attending the meetings may express their concerns directly to the OEB by providing individual comments (with attribution) through an online form on the computers provided or by filling in a hard copy comment form, which is then submitted to the OEB by OEB staff.

### **3 SUMMARY OF THE MEETINGS**

#### **Representatives and Attendees at Meeting**

The meeting was held at the Malahide Community Centre in Springfield, Ontario from 6:30 p.m. to 8:30 p.m. Approximately 35 customers attended the meeting to hear presentations from OEB staff and NRG. Prior to the presentations, OEB staff and NRG were available to informally talk to attendees and answer questions. OEB staff and NRG representatives responded to questions from attendees during and following the presentations.

The following OEB staff and NRG representatives attended the meeting:

#### OEB Staff

Theodore Antonopoulos, Director of Rates  
Michael Millar, Legal Counsel  
Khalil Viraney, Project Advisor  
Sylvia Kovesfalvi, Manager of Stakeholder Relations  
Andrew Bodrug, Consultant

#### NRG

Brian Lippold, General Manager

OEB staff and NRG presented at the meeting. One NRG customer also made a presentation outlining some of the concerns regarding NRG's costs and rates.

Meeting participants had questions related to NRG's requested rate increase and the disparity in rates between NRG and Union Gas Limited.

#### **Customer Presentation**

One customer of NRG made a brief presentation. The presenter provided a comparison of the NRG and Union Gas bills. The presenter noted that although commodity costs are fairly similar, NRG's distribution rates are 40-50% higher than Union Gas'. Mr.

Crane indicated that NRG customers are paying too much and the application will further increase prices. Seniors who are on a pension that rise modestly each year would find it difficult to pay the additional costs. The presenter lastly suggested that NRG should probably sell itself to Union Gas.

### **Questions and Comments from Participants**

One of the participants inquired from OEB staff as to how they get paid. OEB staff's response noted that the OEB receives its funding from the utilities it regulates, and it was essentially the utilities' ratepayers that were paying the salaries of OEB staff.

Questions and comments were similar in nature from most participants and focused on the disparity in rates between Union Gas and NRG and the significant increase that NRG was seeking in the current application.

Participants expressed concern about the proposed \$100 annual increase to rates if NRG's application was approved as filed. In this context, OEB staff clarified that the rate increase had not yet been approved by the OEB and the OEB would be thoroughly reviewing NRG's requests before making a decision.

One customer stated that NRG was not a competitive supplier among the other gas suppliers within the Province and that NRG should not be allowed to have a monopoly.

A couple of customers noted that they did not have gas service which was promised by NRG years ago. NRG in response clarified that it was sometimes expensive to connect a single customer. OEB staff further clarified that the OEB reviews costs to connect a single customer and sometimes a capital contribution (upfront payment) is required from the customer in order to get service.

One customer asked NRG as to why he was not able to purchase/rent a natural gas furnace from NRG. NRG in its response noted that it made a decision to get out of the rental business three years ago. NRG further informed the attendees that the OEB discouraged the utilities' rental business and it had ordered Union Gas and Enbridge to exit the rental business. NRG agreed with the independent service providers of gas equipment in its territory that NRG's rental business was providing an unfair advantage to NRG. NRG therefore decided to exit the business.

**SCHEDULE A**

**ONTARIO ENERGY BOARD PRESENTATION**

**NATURAL RESOURCE GAS LIMITED**

**EB-2016-0236**

**OCTOBER 13, 2016**



**SCHEDULE B**  
**NATURAL RESOURCE GAS LIMITED PRESENTATION**  
**EB-2016-0236**  
**OCTOBER 13, 2016**