Natural Resource Gas Limited
39 Beech St. E., PO Box 307, Aylmer On N5H 2S1

June 8, 2009

Via Email

Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON   M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Sirs:

Enclosed is an application and evidence from Natural Resource Gas Limited ("NRG") concerning the final disposition of certain fiscal 2008 year-end deferral and variance account balances.

NRG proposes that the impacts which result from the disposition of the 2008 deferral and variance account balances be implemented at the beginning of the first or second month following the Board decision. This would allow NRG the time needed to make the necessary programming changes to the billing system.

These deferral and variance accounts were last disposed of by the Board in its EB-2008-0051Decision and Order dated November 17, 2008.

If you have any questions concerning this application and evidence, please contact me.

Yours truly,
Natural Resource Gas Limited

Laurie O'Meara

Per: Laurie O'Meara,
Controller

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.15 (Sched. B);

AND IN THE MATTER OF an Application by Natural Resource Gas Limited for an order or orders to dispense with the balances in the non-commodity related deferral accounts as of September 30, 2008.

1. INTRODUCTION

Section 36(4.2) of the OEB Act states that each distributor shall provide the information annually about its non-commodity deferral or variance accounts to the Board to permit them to make an order that determines how the balances are to be reflected in rates.

Within the Quarterly Rate Adjustment Mechanism ("QRAM") process, the Purchased Gas Commodity Variance Account ("PGCVA") and the Gas Purchase Rebalancing Account ("GPRA") are each adjusted on a regular basis to bring their balances down to close to zero on a rolling twelve month forward basis.

The non-commodity variance/deferral accounts that the company had in fiscal 2008 are the Purchased Gas Transportation Variance Account ("PGTVA") and the Regulatory Expense Deferral Account ("REDA").

II – REGULATORY EXPENSE DEFERRAL ACCOUNT

The REDA has a fiscal 2008 year-end balance of $71,675 plus interest of $156 and it is proposed that no disposition of this account be made at this time. NRG recommends that this account be continued to record the cost to NRG of generic regulatory matters that may result in costs being incurred by NRG.

NRG intends to request clearance of the balance in this account as part of its next main rates case application, which is expected to be filed later this year.

III – PURCHASED GAS TRANSPORTATION VARIANCE ACCOUNT

This account is used to record the difference between the unit cost of all gas transportation costs purchased by NRG each month and the weighted average forecast cost of \$0.019029 per m^3, as approved by the Board in EB-2005-0544.

The PGTVA has a debit balance of \$22,395.26 as of September 30, 2008, less a credit of \$2,079.65 in accumulated interest for a total debit of \$20,315.61. This information was filed with the QRAM application for the quarter commencing January 1, 2009 (EB-2008-0377). A copy of Schedule 10 of that QRAM application is attached to this application as Appendix A.

a) IGPC Ethanol Inc.

As the Board is aware, NRG added a large industrial customer in July, 2008. This customer, IGPC Ethanol Inc. ("IGPC"), is connected to a distribution line that serves only the ethanol plant. This dedicated line is connected to the Union Gas ("Union") distribution system independent of the other connection points between Union and NRG. There is also a separate M9 delivery contract between Union and NRG for the volumes that flow through this dedicated line to IGPC.

The volumes that flow to IGPC are substantially larger than the volumes flowing to all of the other customers of NRG combined. As well, IGPC has a substantially higher load factor than the other customers served by NRG.

More than 90% of the costs paid to Union for the M9 delivery service are demand charges that are independent of the volumes delivered. This means that for a high load factor customer such as IGPC, the average cost per cubic meter associated with this delivery service is significantly lower than it is for other customers served by NRG. As a result, NRG believes it is appropriate to calculate the balance in the PGTVA associated with the IGPC separately and recover/rebate any balances associated with IGPC separate from the other customers.

The debit balance associated with the transportation costs on Union to serve IGPC in fiscal 2008 is shown in Appendix B. The balance in this account is a debit of $50,909.00, including a debit balance of $150.35 in accumulated interest.

This debit balance reflects that IGPC was in start up mode in the July through September, 2008 period and was not yet at full production, resulting in actual prices per cubic meter substantially above the Board approved revenue price of $0.019029 per m^3. Full production began at the plant in late September.

b) Balances Excluding IGPC

The fiscal 2008 year end balance in the PGTVA, excluding IGPC, is shown in the table below.

$'s	PGTVA	Interest	Total PGTVA
All Customers	(22,395.26)	2,079.65	(20,315.61)
less IGPC	(50,758.65)	(150.35)	(50,909.00)
Customers excl. IGPC	28,363.39	2,230.00	30,593.39

As this table illustrates, after the removal of the debit balance associated with IGPC, there is a credit applicable to all other customers of $30,593.39, including $2,230.00 in associated interest.

c) Disposition Proposals

i) Customers Excluding IGPC

It is the company proposal to clear the credit portion of this account by way of a one-time rebate to all customers, excluding IGPC, based on their actual fiscal 2008 delivery volumes. Based on the final fiscal 2008 delivery volumes (excluding IGPC) of 21,089,072 m^3, this would result in a rebate of $0.001451 per m^3 delivered in fiscal 2008. It is anticipated that this adjustment would appear on customers' bills in the first or second month subsequent to this proposal being accepted by the Board. This would allow sufficient time to make the necessary programming changes to the billing system.

Based on actual consumption levels in fiscal 2008, the typical rebate for a Rate 1 residential customer will be $2.82. The typical rebate for an average Rate 1 commercial customer will be $15.10.

ii) IGPC

As noted above at the end of fiscal 2008, there was an amount to be recovered from IGPC related to the PGTVA of $50,909.00 including accumulated interest.

NRG does not propose to recover this amount from IGPC as part of this proceeding. When at full production, the average cost per cubic meter associated with the transportation costs on the Union system to NRG are significantly lower than the Board approved reference price of $0.019029 per m^3. This results in a credit to IGPC each month that the ethanol plant is operating at full production. The debit balance at the end of fiscal 2008 is now a credit balance and is expected to be a credit balance at the end of fiscal 2009.

If NRG were to collect the debit balance at the end of fiscal 2008 from IGPC it would result in a larger credit to be refunded to them at the end of 2009. The variance in the PGTVA associated with IGPC will be minimized by carrying the 2008 balance into 2009 and using it to offset a portion of the credit that accrues in fiscal 2009.

d) Continuation

NRG proposes that this account be continued in fiscal 2009 to track the variance between the unit cost of all gas transportation purchased by NRG each month and NRG's weighted average cost of all gas transportation of $0.019209 per m^3, as approved by the Board in EB-2005-0544.

Communications

The address for service for Natural Resource Gas Limited is:

Mr. Jack Howley
Natural Resource Gas Limited
39 Beech Street East
Aylmer, Ontario, N5H 2S1

Telephone: 519-773-5321
Fax: 519-773-5335
E-Mail: Howley@nrgas.on.ca

And

Mrs. Laurie O'Meara
Natural Resource Gas Limited
P.O. Box 3117, Terminal A
London, Ontario, N6A 4J4

Telephone: (519) 433-8126
Fax: (519) 433-6132
E-mail: laurie.omeara@cpirentals.com

And

Mr. Randy Aiken
Aiken & Associates
578 McNaughton Ave. West
Chatham, Ontario, N7L 4J6

Telephone: (519) 351-8624
Fax: (519) 351-4331
E-Mail: raiken@xcelco.on.ca

Dated at Aylmer, Ontario this 8th day of June, 2009

NATURAL RESOURCE GAS LIMITED

J. Howley.

Jack Howley
General Manager

EB-2009-0020
APPENDIX B

NATURAL RESOURCE GAS LIMITED

PURCHASED GAS TRANSPORTATION VARIATION ACCOUNT - FISCAL 2008
IGPC ETHANOL PLANT
PROJECTED YEAR-END BALANCE FISCAL 2008

Actual/ Forecast	Month	Purchase Cost ($'s)	M*3	Actual Price ($/M*3)	Reference Price ($/M*3)	Unit Rate Difference ($/M*3)	Monthly PGTVA ($'s)	Y-T-D PGTVA ($'s) (1)	Monthly Interest ($'s)	Y-T-D Interest ($'s) (2)	Total PGTVA ($'s)	Total Y-T-D PGTVA ($'s)
Actual	October	0	0	0.000000	0.000000	0.000000	0.00	0.00	0.00	0.00	0.00	0.00
Actual	November	0	0	0.000000	0.000000	0.000000	0.00	0.00	0.00	0.00	0.00	0.00
Actual	December	0	0	0.000000	0.000000	0.000000	0.00	0.00	0.00	0.00	0.00	0.00
Actual	January	0	0	0.000000	0.000000	0.000000	0.00	0.00	0.00	0.00	0.00	0.00
Actual	February	0	0	0.000000	0.000000	0.000000	0.00	0.00	0.00	0.00	0.00	0.00
Actual	March	0	0	0.000000	0.000000	0.000000	0.00	0.00	0.00	0.00	0.00	0.00
Actual	April	0	0	0.000000	0.000000	0.000000	0.00	0.00	0.00	0.00	0.00	0.00
Actual	May	0	0	0.000000	0.000000	0.000000	0.00	0.00	0.00	0.00	0.00	0.00
Actual	June	0	0	0.000000	0.000000	0.000000	0.00	0.00	0.00	0.00	0.00	0.00
Actual	July	18,294	23,638	0.773925	0.019029	-0.754896	(17,844.23)	(17,844.23)	0.00	0.00	(17,844.23)	(17,844.23)
Actual	August	18,167	0	1,816,693	0.019029	-1,816,693	(18,166.93)	(36,011.16)	(49.82)	(49.82)	(18,216.75)	(36,060.98)
Actual	Septembei	19,514	250,467	0.077909	0.019029	-0.058880	(14,747.49)	(50,758.65)	(100.53)	(150.35)	(14,848.02)	(50,909.00)
	Total	55,975	274,105	0.204209	0.019029	-0.185180	(50,758.65)	(50,758.65)	(150.35)	(150.35)	(50,909.00)	(50,909.00)

PGTVA Balance per M*3 Purchased ($/M*3) ($0.185728)

(1) Includes balance of 0.00 from Fiscal 2007 PGTVA.
(2) Includes balance of 0.00 from Fiscal 2007 PGTVA.

NATURAL RESOURCE GAS LIMITED

PURCHASED GAS TRANSPORTATION VARIANCE ACCOUNT - PROJECTED BALANCE

TWELVE MONTH PERIOD - JANUARY, 2008 TO DECEMBER, 2008

Act/Fcst	Month	Purchase Cost ($'s)	M*3	Actual/ Forecast Price ($/M*3)	Reference Price ($/M*3)	Unit Rate Difference ($/M*3)	Monthly PGTVA ($'s)	Y-T-D PGTVA ($'s) (1)	Monthly Interest ($'s)	Y-T-D Interest ($'s) (2)	Total PGTVA ($'s)	Total Y-T-D PGTVA ($'s)	Average Residential Consumption (M*3)
Actual	January	13,605	3,231,555	0.004210	0.019029	0.014819	47,888.41	68,274.92	87.32	82.57	47,975.73	68,357.49	324.3
Actual	February	41,835	3,306,417	0.012653	0.019029	0.006376	21,081.72	89,356.64	292.44	375.01	21,374.16	89,731.65	328.3
Actual	March	40,054	2,928,631	0.013677	0.019029	0.005352	15,674.04	105,030.68	382.74	757.75	16,056.78	105,788.43	295.1
Actual	April	32,065	1,355,278	0.023659	0.019029	(0.004630)	(6,274.94)	98,755.74	357.10	1,114.85	(5,917.84)	99,870.59	148.6
Actual	May	28,474	909,244	0.031317	0.019029	(0.012288)	(11,172.79)	87,582.95	335.77	1,450.62	(10,837.02)	89,033.57	86.3
Actual	June	28,522	479,521	0.059479	0.019029	(0.040450)	(19,396.62)	68,186.33	297.78	1,748.40	(19,098.84)	69,934.73	48.3
Actual	July	33,417	436,731	0.076517	0.019029	(0.057488)	(25,106.79)	43,079.54	190.35	1,938.75	(24,916.44)	45,018.29	34.4
Actual	August	47,298	610,230	0.077508	0.019029	(0.058479)	(35,685.65)	7,393.89	120.26	2,059.01	(35,565.39)	9,452.90	36.6
Actual	September	49,662	1,044,317	0.047554	0.019029	(0.028525)	(29,789.15)	(22,395.26)	20.64	2,079.65	(29,768.51)	(20,315.61)	43.6
Actual	October	66,087	4,107,387	0.016090	0.019029	0.002939	12,071.61	12,071.61	0.00	0.00	12,071.61	12,071.61	108.9
Forecast	November	70,081	5,080,698	0.013794	0.019029	0.005235	26,597.45	38,669.06	33.70	33.70	26,631.15	38,702.76	202.7
Forecast	December	73,453	5,654,298	0.012991	0.019029	0.006038	34,140.65	72,809.71	107.95	141.65	34,248.60	72,951.36	321.8
	Total	524,551	29,144,307	0.017998			30,027.94	72,809.71	2,226.05	141.65	32,253.99	72,951.36	1,978.9

PGTVA Balance per M*3 Purchased ($/M*3)	$0.002503	
Forecast Average Residential Consumption per Customer	1,978.9	M*3
Estimated Impact on Average Residential Customer	$4.95	Customer Rebate

(1) Includes balance of 20,386.51 as of December, 2007
(2) Includes balance of (4.75) as of December, 2007