

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
approving or fixing just and reasonable rates and
other charges for the sale, distribution, transmission
and storage of gas as of October 1, 2007;

AND IN THE MATTER OF the Quarterly Rate
Adjustment Mechanism.

APPLICATION

1. As part of the EB-2007-0627 Decision and Order dated June 26, 2007 the Board approved a PGCVA reference price of \$0.344251 per m³ and a gas supply charge of \$0.352125 per m³, both effective July 1, 2007.
2. Based on actual and forecast natural gas prices for the October, 2006 through September, 2007 period the PGCVA balance is projected to be a debit of approximately \$6 per residential customer. If unadjusted, the projected PGCVA balance at the end of September, 2008 would be a credit of approximately \$36 per residential customer.
3. The PGTVA balance is projected to have a credit balance of approximately \$4 to \$7 per residential customer over this period. NRG is not requesting any change to the PGTVA reference price in this proceeding. The actual PGTVA balance at the end of Fiscal 2007 will be disposed of through a separate application.
4. Based on the requested change in the PGCVA reference price effective October 1, 2007, the GPRA, if unadjusted, would have a projected debit balance of approximately \$9,000, including accumulated interest, at the end of September, 2008.

5. NRG hereby applies to the Board for further orders effective October 1, 2007 as follows:

- a) an order changing the reference price for use in determining the amounts to be recorded in the Purchased Gas Commodity Variance Account (Account No. 179-27) by \$0.017522 per m³ from the Board approved level of \$0.344251 per m³ to \$0.326729 per m³;
- b) an order to discontinue the collection of the gas commodity recovery charge approved by the Board in RP-2004-0167/EB/2004-0413;
- c) an order changing the rates and other charges from those authorized by the Board's EB-2007-0627 rate order to reflect a projected \$0.025317 per m³ change in the gas supply charge from the Board approved level of \$0.352125 m³ to a projected cost of \$0.326808 per m³. This change is the sum of the change in the PGCVA reference price, the change required to prospectively clear the balance of the GPRA and the discontinuance of the gas commodity recovery charge approved by the Board in /RP-2004-0167/EB-2004-0413.

6. This application will be supported by written evidence that will be pre-filed with the Board and intervenors of record in EB-2005-0544.

7. The address of service for Natural Resource Gas Limited is:

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Dated at Aylmer, Ontario, this 5th day of September, 2007.

NATURAL RESOURCE GAS LIMITED

Brett Blondia
Financial Controller

NATURAL RESOURCE GAS LIMITED

Introduction

As part of the EB-2007-0627 Decision and Order dated June 26, 2007, the Board approved a PGCVA reference price of \$0.344251 per m³ and a gas supply charge of \$0.352125 per m³, both effective July 1, 2007.

In EB-2005-0544 (Decision with Reasons dated September 20, 2006), the Board approved a Purchased Gas Transportation Variance Account ("PGTVA") reference price of \$0.019029 per m³, effective October 1, 2006.

In RP-2002-0147/EB-2003-0286 (Accounting Order dated January 30, 2004), the Board approved a Gas Purchase Rebalancing Account ("GPRA") to record the increase (decrease) in the value of the gas inventory available for sale to sales service customers due to changes in NRG's PGCVA reference price. In EB-2007-0627, the Board approved a GPRA rate of (\$0.002184) per m³.

NRG is proposing to adjust the gas supply charge, the GPRA rate and the PGCVA reference price effective October 1, 2007 to reflect an updated forecast of gas costs, the projected balance in the PGCVA, the projected balance in the GPRA and the discontinuance of the Gas Cost Difference Recovery charge.

NRG is not proposing any change to the PGTVA reference price as part of this proceeding.

PGCVA

Updated Forecasts

The purpose of this evidence is to provide the projected PGCVA account balance for the twelve-month period ending September, 2007 and for the twelve-month period ending September, 2008. Based on actual and forecast costs, the PGCVA account balance totals a charge of \$5.64 per residential customer for the twelve month period ending September,

September, 2007

2007 (Schedule 2). This debit, in the absence of a change in the PGCVA reference price, would become a credit of \$35.96 per residential customer by the end of September, 2008 (Schedule 5).

The current forecast reflects the forecast for natural gas prices over the relevant period. These gas prices reflect current market conditions, including alternative energy prices, demand for natural gas, the weather outlook and the impact of storage levels.

The PGCVA balance has been calculated using the most recent information available, including actual volumes and costs through July, 2007. The remaining months in the twelve-month period ending September, 2007 are based on estimated prices based on the best information available at the current time. Forecast prices have been used for the period October, 2007 through September, 2008 period, except where actual contracted prices and volumes are available.

The gas supply portfolio reflects the current and forecasted mix of delivery points utilized by NRG for system gas purchases.

Gas Supply Portfolio

NRG's gas supply portfolio includes local production, deliveries of Western Canadian gas at the Alberta border, Ontario Delivered gas and purchases at Parkway on the Union Gas ("Union") system. When required, NRG also purchases additional Ontario Delivered gas in February and/or September. The requirement for these purchases is discussed below.

NRG is required to balance its total supply with its total demand on the Union Gas system on an annual basis, at the time that the direct purchase contract with Union Gas is renewed. This may entail NRG purchasing Ontario Delivered gas or shedding excess gas.

1 NRG is a direct purchase customer on the Union Gas system. Under its bundled
2 transportation contract, NRG is obligated to deliver a fixed amount of gas each day to
3 Union. This amount is determined by Union and is based on the expected annual volume
4 divided by 365.

5
6 Additional Ontario delivered gas that may be purchased in February of each year is
7 required for NRG to meet its forecast banked gas account winter balancing checkpoint on
8 the Union Gas system at the end of February if consumption is greater than forecast.
9 The Board approved this requirement for Bundled-T customers on Union's system in RP-
10 2003-0063 (Decisions with Reasons, dated March 18, 2004).

11
12 NRG is currently required to deliver 1,500 GJ/day to Union Gas. Of this amount, NRG
13 has assigned a total of 440 GJ/day to its direct purchase customers, leaving 1,060 GJ/day
14 for system gas customers. The composition of this 1,060 GJ/day is 321 GJ/day at AECO
15 and 739 GJ/day at Parkway.

16
17 Effective October 1, 2007, NRG is forecasting a reduction in the overall amount it will
18 deliver to Union Gas on a firm daily basis, a change in the amount assigned to direct
19 purchase customers and a change in the composition of the remaining capacity for system
20 gas customers. All of these changes are driven by the closure of a large direct purchase
21 customer. The amount that NRG will deliver to Union will fall from 1,500 GJ/day to
22 1,265 GJ/day, or a reduction of 235 GJ/day. This reflects the loss of the large direct
23 purchase customer that had a delivery obligation of 260 GJ/day. The reduction also
24 reflects a small increase to reflect expected growth in system volumes.

25
26 The direct purchase obligated deliveries drop from 440 GJ/day to 180 GJ/day, reflecting
27 the loss of the direct purchase customer noted above. This direct purchase customer had
28 been assigned an obligation to deliver 260 GJ/day at AECO by NRG using a portion of
29 the capacity allocated to NRG by Union. This 260 GJ/day requirement at AECO remains
30 an obligation of NRG to Union Gas. As a result, the obligation on behalf of system gas

customers to deliver at AECO will increase from 321 GJ/day to 581 GJ/day in October, 2007. NRG's obligation to deliver on behalf of its system gas customers at Parkway decreases from 739 GJ/day to 504 GJ/day, reflecting the AECO change and the change in the overall deliveries.

The composition of the gas deliveries for system gas customers is shown in the following table.

GJ/s per Day

Delivery Point	July, 2007	Oct., 2007
Direct Purchase	440	180
AECO	321	581
Parkway	739	504
Dawn	0	0
Total	1,500	1,265

In addition to the obligated deliveries described above, NRG purchases gas from local producers in its franchise area.

As indicated previously, NRG is required to balance its supply with its demand on the Union system to within +/- 4% at the end of the contract year under its bundled transportation contract with Union. The bundled transportation contract year-end corresponds with the end of NRG's fiscal year (September 30). NRG purchases additional balancing gas (or Ontario Delivered gas) or sells gas and/or reduces deliveries such that total demand on the Union system is offset by the supply provided to Union Gas to remain within the contract parameters. As shown in Schedule 4, NRG reduced deliveries to Union at Parkway in May, June, July and August, 2007. This reduction was required to stay within the allowed tolerances on the Union Gas system at the end of the current contract year. This imbalance is largely the result of one direct purchase customer being over supplied on a forecast basis at the end of September, 2007.

The composition of the gas supply portfolio volumes for the October, 2006 through September, 2007 period is shown on the top of Schedule 3. This schedule shows the

1 monthly volume of gas purchased or forecast to be purchased from local producers,
2 obligated deliveries at Dawn, Parkway and the Alberta border (Western), and balancing
3 gas (Ontario Delivered). Similarly, the composition of the gas supply portfolio volumes
4 for the October, 2007 through September, 2008 period is shown on the top of Schedule 6.
5 The Ontario delivered gas forecast to purchased over the October, 2007 through
6 September, 2008 period is associated with the large direct purchase customer that is
7 closing. This customer is projected to be over delivered at the end of September, 2007
8 and the Ontario delivered gas purchased by NRG will be used to return this gas to the
9 direct purchase customer over the course of Fiscal 2008.

10
11 Gas Costs

12 NRG's actual and forecast gas costs for the October, 2006 through September, 2007
13 period, by source of supply, are shown in Schedule 4 in \$/GJ. These prices are also
14 shown in the middle section of Schedule 3 in $\$/m^3$. The conversion factor used is based
15 on the heat values used by Union Gas in their calculation of NRG's Banked Gas Account
16 balances. The conversion factors used are shown in Schedule 4. All prices shown are
17 actual prices paid in October, 2006 through July, 2007. Prices for the remaining months
18 in this period are based on estimated and contracted prices to be paid for these months.

19
20 Prices for October, 2007 through September, 2008 are based on prices averaged over the
21 ten day period from August 7, 2007 through August 20, 2007. These prices are shown in
22 Schedule 7 in \$/GJ and in the middle section of Schedule 6 in $\$/m^3$. Gas prices for each
23 of the sources of supply are described below. In addition to the above, contracted prices
24 have been used where purchase decisions have been made.

25
26 The first source of supply noted in Schedules 4 and 7 is "Local Production (A)". This
27 refers to gas that is produced in NRG's franchise area and purchased from a related
28 company. This gas has been contracted for through September 30, 2007 at a fixed price
29 of $\$0.3012/m^3$. NRG expects to purchase this gas on a new one year contract beginning

1 October 1, 2007 at the one year strip price out of October, 2007 for Dawn delivery. The
2 forecast for this price is \$8.440/GJ as shown in Schedule 7.

3

4 The second source of local production is noted as "Local Production (B)" in Schedules 4
5 and 7. The price paid for this gas is for Dawn delivery. NRG is not forecasting the
6 purchase of any gas from this source in the October, 2007 through September, 2008
7 period.

8

9 NRG also purchases gas for delivery at Parkway and Empress. The pricing of this gas at
10 these delivery points is discussed below.

11

12 The Empress price over the October, 2007 through September, 2008 period shown in
13 Schedule 7 (Western Deliveries) is combination of contracted and forecast prices. The
14 Empress delivery rate forecast is \$7.633/GJ over this period. This rate is inclusive of a
15 fuel ratio of 6.0%. This price reflects the one year strip price out of October, 2007 for
16 Empress deliveries of \$7.201/GJ (plus fuel). The October, 2007 through March, 2008
17 prices also reflect actual contracted volumes over this period for a portion of the Empress
18 deliveries. In particular, the October prices reflects a price of \$6.600/GJ (plus fuel) on
19 150 GJ/day and the November through March figures reflect a price of \$8.300/GL (plus
20 fuel) on 150 GJ/day over this period.

21

22 The Parkway price over the October, 2007 through September, 2008 period is based on a
23 forecast price of \$8.494/GJ for the one year strip price out of October, 2007 for Parkway
24 deliveries. In addition, the Parkway price for October, 2007 reflects locked in prices of
25 \$8.700/GJ on 160 GJ/day, \$9.000/GJ on 160 GJ/day and \$8.250/GJ on 154 GJ/day. NRG
26 has also locked in gas for delivery in the November through March period in three
27 contracts: \$10.250/GJ, \$9.50/GJ and \$9.000/GJ with each contract accounting for 150
28 GJ/day.

29

NRG is not forecasting the purchase of any delivered gas in September, 2007. This assumes that the direct purchase volume imbalance currently forecast will be used to keep NRG within the tolerance range on its Bundled T contract with Union Gas. This direct purchase customer over delivery will be returned to the customer over the October, 2007 through September, 2008 period with Ontario delivered gas. This gas has been priced at the price for Dawn deliveries of \$8.440/GJ noted above.

Other Forecast Assumptions

A number of other assumptions have been used to calculate the projected balance in the PGCVA. As shown on Schedules 4 and 7, the fuel ratio for Western deliveries has been forecast at 6.0%. This ratio has been reflected in the forecast prices shown in the schedules for western deliveries.

TCPL tolls have been forecast at a rate of \$1.03032/GJ. This is the current rate charged by TCPL and approved by the National Energy Board effective April 1, 2007.

PGCVA Balance

The projected September, 2007 balance in the PGCVA is a debit of \$52,433.35, including a debit of \$46,007.54 in accumulated interest, based on the Board approved short term interest rate. This estimate is based on actual and forecasted purchases and the balance brought forward from September, 2006. The PGCVA debit amounts to a charge of approximately \$5.64 for a typical residential customer consuming approximately 1,954 m³ per year. These figures are shown on Schedule 2. The interest rate used is that prescribed by the Board.

Proposed PGCVA Rate Changes

Schedule 5 shows the impact at the end of the twelve-month period beginning October, 2007 if no change is made to the reference price. At the end of September, 2008, the balance in the PGCVA is a credit balance of \$399,824.18, including a debit balance of

1 \$38,384.35 in accumulated interest. This represents a rebate of \$35.96 for a residential
2 customer consuming approximately 2,000 m³ per year.

3
4 NRG proposes to adjust the reference price effective October 1, 2007 based on the
5 projected accumulated balance in the PGCVA as of the end of September, 2007 and the
6 forecasted cost of gas over the 12 month period beginning October, 2007 and ending
7 September, 2008. The reference price will be set such that the projected PGCVA balance
8 at the end of September, 2008 would be close to zero.

9
10 NRG's proposal will clear the PGCVA balance on a prospective basis, eliminating the
11 need for retroactive adjustments. This is consistent with NRG's past proposals in QRAM
12 applications, which were accepted by the Board. In those proceedings, NRG indicated
13 that its customers had made clear their opinion on retroactive adjustments. A large
14 percentage of NRG's gas sales volumes are agriculturally based and these customers
15 cannot recover any retroactive charges. The proposal contained in this application is
16 designed to minimize, and eliminate where possible, the existence of further retroactive
17 billing adjustments.

18
19 NRG proposes to change the reference price by \$0.017522 per m³ effective October 1,
20 2007, from \$0.344251 per m³ to \$0.326729 per m³. The derivation of this rate is shown
21 in Schedule 8. This is the reference price required to bring the PGCVA balance close to
22 zero on a twelve month forecast basis. This change will also be reflected in the gas
23 commodity charge.

24 25 GPRA

26 The impact on the GPRA of the proposed October 1, 2007 change in the PGCVA
27 reference price from \$0.344251 per m³ to \$0.326729 per m³ is a debit of \$10,502.40, as
28 shown on Schedule 9. This figure is shown in column (J) of Schedule 9 and on the
29 September, 2007 line. It is calculated as the change in the PGCVA reference price
30 between October and September, multiplied by the cumulative inventory balance at the

1 end of September. This cumulative inventory balance is the sum of the actual monthly
2 inventory balances for June, 2007 and forecasts for the subsequent months. These
3 forecasts will be replaced with actual balances for these months in subsequent QRAM
4 applications as this information becomes available. As well, the monthly inventory
5 balances are based on a deemed level of unaccounted for gas ("UFG") of the total
6 throughput volume, as shown in column (E) of Schedule 9. The 0.0% is the Board
7 approved level of UFG from EB-2005-0544.

8
9 NRG proposes to adjust the gas commodity charge effective October 1, 2007 based on
10 the projected accumulated balance in the GPRA. The adjustment to the gas commodity
11 charge will be set such that the projected GPRA balance at the end of September, 2008
12 would be close to zero. The rate required to achieve this is shown in column (K) on
13 Schedule 9. Column (P) shows the reduction of the inventory revaluation credit based on
14 this rate of (\$0.001749) per m³ over the October, 2007 through September, 2008 period.

15
16 NRG's proposal will clear the GPRA balance on a prospective basis, eliminating the need
17 for retroactive adjustments. This is consistent with NRG's proposal for the continued
18 prospective clearance of the PGCVA and is made with the same reasons in mind as
19 outlined above for the PGCVA. This change will also be reflected in the gas commodity
20 charge.

21 22 **GAS COST DIFFERENCE RECOVERY ACCOUNT**

23 NRG is proposing that the gas cost difference recovery of \$0.008230 per m³ be
24 discontinued and the projected balance transferred to the PGCVA as a cost of gas in
25 October, 2007.

26
27 The Board approved this charge in the RP-2004-0167/EB-2004-0413 Decision and
28 Interim Rate Order dated September, 24, 2004. It was established to track the variance
29 between the amount to be collected from ratepayers (\$531,794), and \$177,265 in each of
30 three years. This three year period expires at the end of September, 2007.

1 The following table shows the forecasted balance in this account at the end of September,
2 2007.

3

	<u>Fiscal</u> <u>2005</u>	<u>Fiscal</u> <u>2006</u>	<u>Fiscal</u> <u>2007</u>	
System Gas Sales (m3)	21,875,578	19,854,199	19,435,003	(1)
Rate (\$/m3)	<u>0.008230</u>	<u>0.008230</u>	<u>0.008230</u>	
Recovery (\$)	180,036.01	163,400.06	159,950.07	
Approved Recovery (\$)	<u>177,265.00</u>	<u>177,265.00</u>	<u>177,265.00</u>	
Recovery Variance (\$)	<u>2,771.01</u>	<u>(13,864.94)</u>	<u>(17,314.93)</u>	
Accumulated Variance (\$)	<u>2,771.01</u>	<u>(11,093.93)</u>	<u>(28,408.86)</u>	
<u>Calculation of Interest</u>				
Interest Rate (%)	NA	5.50%	4.59%	
Interest on Opening Balance (\$)	<u>0.00</u>	<u>152.41</u>	<u>(509.21)</u>	
Accumulated Interest (\$)	<u>0.00</u>	<u>152.41</u>	<u>(356.80)</u>	
<u>Total Balance (\$)</u>	<u>2,771.01</u>	<u>(10,941.52)</u>	<u>(28,765.66)</u>	
(1)	Actual Year-to-Date June	17,027,551		
	Forecast July - September	<u>2,407,452</u>		
	Total	19,435,003		

4

5 At the end of Fiscal 2006, there was a debit in the account of \$10,941.52. The Fiscal
6 2007 projection of a debit of \$28,765.66 is based on nine months of actual system gas
7 sales and a projection for the remaining three months. However, it should be noted that
8 the actual volumes for this three month period may be substantially different from the
9 current projection because these months are heavily influenced by the need for gas to
10 cure tobacco. The tobacco industry is in the midst of a substantial decline. In addition a
11 number of seasonal customers have gone to direct purchase. As a result the system gas
12 sales for this period are subject to a substantial amount of uncertainty.

NRG has included in the October, 2007 cost of gas the projected debit of \$28,765.66 in this account as part of its calculation of the required reference price as of October 1, 2007. This projected cost will be replaced with the actual balance in the account when this information is known. This proposal will allow NRG to discontinue the charge of \$0.008230 effective October 1, 2007 and allow recovery of the balance in the GCDRA from its customers on a prospective basis.

GAS COMMODITY CHARGE

The system gas supply cost of \$0.001828 per m³ will be maintained. This figure represents the functionalization of additional costs over and above the commodity and transportation costs that form the PGCVA reference price to the gas supply function. These additional costs are portions of the wages and benefits, management fee, return on rate base (working cash) and income taxes. This functionalization is unchanged from that approved in EB-2005-0544.

The change in the gas commodity charge proposed for October 1, 2007 is summarized below. The change in the gas commodity charge reflects both the change in the PGCVA reference price and the change in the recovery of the inventory revaluation amount in the GPRA. It also reflects the discontinuation of the Gas Commodity Recovery charge as noted above. The change in the gas commodity charge is as follows:

	EB-2007-0627 <u>July 1, 2007</u>	Proposed <u>Oct. 1, 2007</u>	<u>Difference</u>
PGCVA Reference Price	\$0.344251	\$0.326729	\$(0.017522)
GPRA Recovery	(\$0.002184)	(\$0.001749)	\$0.000435
Gas Commodity Recovery	\$0.008230	\$0.000000	\$(0.008230)
System Gas Supply Cost	<u>\$0.001828</u>	<u>\$0.001828</u>	<u>\$0.000000</u>
Gas Commodity Charge	\$0.352125	\$0.326808	\$(0.025317)

PGTVA

PGTVA Balance

Based on the current reference price of \$0.019029 per m³, the projected September, 2007 balance in the PGTVA is a credit of \$44,325.50 including a credit of \$2,977.03 in accumulated interest, based on the Board approved short term interest rate. This estimate is based on actual and forecasted costs and reflects the clearance of the Fiscal 2006 year-end balance to customers as per the EB-2007-0092 Decision and Order dated May 30, 2007. The PGTVA credit amounts to a rebate of approximately \$3.79 for a typical residential customer consuming approximately 1,954 m³ per year. These figures are shown on Schedule 10.

Schedule 11 shows the impact at the end of the twelve-month period beginning October, 2007 based on the reference price of \$0.019029 per m³. At the end of September, 2008, the balance in the PGTVA is a credit balance of \$86,452.60 including a credit balance of \$7,492.69 in accumulated interest. This represents a rebate of \$7.37 for a residential customer consuming approximately 2,000 m³ per year.

The balance in the PGTVA forms part of the distribution delivery rate charged by NRG and, as such, is not impacted by changes in gas costs. NRG is not proposing to change the PGTVA reference price as part of this gas cost proceeding. NRG plans to dispose of the actual balance in the PGTVA at the end of September, 2007 based on final fiscal 2007 delivery volumes by way of a one-time rebate to customers based on their actual consumption in fiscal 2007. This is the same approach as approved by the Board in EB-2007-0092 for the actual balance in the PGTVA at the end of September, 2006. NRG expects to file a separate application clear this balance when all the actual information is available.

1 **SUMMARY**

2 In summary, NRG proposes to change the reference price for amounts to be recorded in
3 the Purchased Gas Commodity Variance Account from \$0.344251 by \$0.017522 to
4 \$0.326729 per m³ effective October 1, 2007. This change is shown in Appendix B.

5
6 NRG also proposes to change the gas supply charge from \$0.352125 to \$0.326808 per m³
7 effective October 1, 2007. This change reflects the decrease of \$0.017522 per m³ related
8 to the change in the PGCVA reference price, as described above, an increase of
9 \$0.000435 per m³ related to the recovery of the GPRA balance, also as described above,
10 and the elimination of the gas commodity recovery charge of \$0.008230 per m³. These
11 changes apply to all system gas customers served under Rates 1, 2, 3, 4 and 5. There are
12 no other changes to these rate schedules. The proposed rate schedules are attached as
13 Appendix A. The proposed customer notices are attached as Appendix C.

14
15 Schedule 12 provides a residential bill comparison showing the impact of the proposed
16 changes on a year over year basis for the appropriate quarter as well as the annual bill
17 impact of the most recent quarterly change. The annual impact on a customer consuming
18 approximately 2,000 m³ is a reduction of \$50.87.

19

NATURAL RESOURCE GAS LIMITED

COMPOSITION AND COST OF GAS BY SUPPLY SOURCE

TWELVE MONTH PERIOD - OCTOBER, 2006 TO SEPTEMBER, 2007

	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Total
Volumes (m3)													
Local Production (A)	954,470	865,606	848,732	663,705	686,241	720,987	697,529	621,640	521,491	491,372	733,446	791,019	8,596,236
Local Production (B)	32,935	31,889	32,952	32,952	0	0	0	0	0	0	0	0	130,729
Dawn Delivery	0	0	0	0	0	0	0	0	0	0	0	0	0
Parkway Delivery	608,473	589,158	608,796	608,796	549,880	608,796	592,147	392,468	379,808	392,468	392,468	592,147	6,315,406
Western Delivery	297,238	269,466	253,734	253,734	229,179	252,910	257,212	265,785	257,212	265,785	265,785	257,212	3,125,250
Ontario Delivered Gas	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	1,893,115	1,756,119	1,744,214	1,559,187	1,465,300	1,582,693	1,546,888	1,279,893	1,158,510	1,149,625	1,391,899	1,640,378	18,167,621
Price (\$/m3)													
Local Production (A)	0.301200	0.301200	0.301200	0.301200	0.301200	0.301200	0.301200	0.301200	0.301200	0.301200	0.301200	0.301200	0.301200
Local Production (B)	0.188360	0.298400	0.343186	0.297103	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Dawn Delivery	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Parkway Delivery	0.348026	0.345992	0.368346	0.338392	0.362758	0.362087	0.327226	0.323951	0.327783	0.324046	0.324043	0.299632	0.299632
Western Delivery	0.291469	0.326359	0.351829	0.334690	0.344275	0.346823	0.291178	0.278638	0.290003	0.258651	0.241638	0.239728	0.239728
Ontario Delivered Gas	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Total Gas Cost (\$)													
Local Production (A)	287,486	260,720	255,638	199,908	206,696	217,161	210,096	187,238	157,073	148,001	220,914	238,255	2,589,186
Local Production (B)	6,204	9,516	11,309	9,790	0	0	0	0	0	0	0	0	36,819
Dawn Delivery	0	0	0	0	0	0	0	0	0	0	0	0	0
Parkway Delivery	211,764	203,844	224,248	206,012	199,473	220,437	193,766	127,140	124,495	127,178	127,176	177,426	2,142,959
Western Delivery	86,636	87,943	89,271	84,922	78,901	87,715	74,894	74,058	74,592	68,746	64,224	61,661	933,561
Ontario Delivered Gas	0	0	0	0	0	0	0	0	0	0	0	0	0
TCPL Transportation	9,679	8,738	8,181	9,453	8,538	9,422	9,922	10,253	9,922	10,253	10,253	9,922	114,535
Total	601,769	570,761	588,647	510,084	493,607	534,735	488,678	398,689	366,082	354,177	422,567	487,264	5,817,060

NATURAL RESOURCE GAS LIMITED

ACTUAL AND FORECAST GAS PRICES

TWELVE MONTH PERIOD - OCTOBER, 2006 TO SEPTEMBER, 2007

	<u>Oct-06</u>	<u>Nov-06</u>	<u>Dec-06</u>	<u>Jan-07</u>	<u>Feb-07</u>	<u>Mar-07</u>	<u>Apr-07</u>	<u>May-07</u>	<u>Jun-07</u>	<u>Jul-07</u>	<u>Aug-07</u>	<u>Sep-07</u>
<u>Local Production</u>												
Local Production (A) (\$/GJ)	8.000	8.004	8.004	8.004	8.004	8.004	8.045	8.045	8.045	8.045	8.045	8.045
Local Production (B) (\$/GJ)	5.003	7.930	9.120	7.895	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<u>Dawn</u>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<u>Parkway</u>	9.244	9.195	9.789	8.993	9.640	9.622	8.740	8.653	8.755	8.655	8.655	8.003
<u>Western Deliveries</u>	7.742	8.673	9.350	8.894	9.149	9.217	7.777	7.442	7.746	6.908	6.454	6.403
Fuel Ratio (%)	4.99%	4.73%	4.64%	5.19%	4.22%	4.89%	4.67%	4.67%	4.67%	4.67%	6.00%	6.00%
<u>TCPL Transportation</u>												
TCPL Toll (\$/GJ)	0.935020	0.935020	0.935020	0.990000	0.990000	0.990000	1.030320	1.030320	1.030320	1.030320	1.030320	1.030320
GJ/day (TCPL)	361	338	308	308	308	307	321	321	321	321	321	321
Delivery Commitment Credit (\$/GJ)	(0.023)	(0.023)	(0.023)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GJ/day (Obligated)	1,100	1,077	1,047	1,047	1,047	1,046	1,060	795	795	795	795	1,060
<u>Ontario Delivered Gas</u> (\$/GJ)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Heat Value (GJ/103m3)	37.65	37.63	37.63	37.63	37.63	37.63	37.44	37.44	37.44	37.44	37.44	37.44

NATURAL RESOURCE GAS LIMITED

PURCHASED GAS COMMODITY VARIANCE ACCOUNT - PROJECTED BALANCE

PROJECTED TWELVE MONTH FORWARD PERIOD - OCTOBER, 2007 TO SEPTEMBER, 2008

(NO CHANGE IN REFERENCE PRICE)

Month	Purchase Cost (\$'s)	M*3	Forecast Price (\$/M*3)	Reference Price (\$/M*3)	Unit Rate Difference (\$/M*3)	Monthly PGCVA (\$'s)	Y-T-D PGCVA (\$'s) (1),(3)	Monthly Interest (\$'s) (2)	Y-T-D Interest (\$'s) (2)	Total PGCVA (\$'s)	Total Y-T-D PGCVA (\$'s)	Average Residential Consumption (M*3)	Monthly Interest Rate
October	667,805	2,008,800	0.332440	0.344251	0.011811	23,725.94	17,300.13	(24.58)	(46,032.12)	23,701.36	(28,731.99)	118.7	4.59%
November	625,724	1,902,118	0.328962	0.344251	0.015289	29,081.48	46,381.61	66.17	(45,965.95)	29,147.65	415.66	202.7	4.59%
December	616,924	1,871,667	0.329612	0.344251	0.014639	27,399.34	73,780.95	177.41	(45,788.54)	27,576.75	27,992.41	321.8	4.59%
January	616,622	1,870,709	0.329619	0.344251	0.014632	27,372.22	101,153.17	282.21	(45,506.33)	27,654.43	55,646.84	355.2	4.59%
February	594,027	1,804,411	0.329209	0.344251	0.015042	27,141.95	128,295.12	386.91	(45,119.42)	27,528.86	83,175.70	293.2	4.59%
March	647,220	1,967,541	0.328949	0.344251	0.015302	30,107.32	158,402.44	490.73	(44,628.69)	30,598.05	113,773.75	246.2	4.59%
April	602,949	1,893,203	0.318481	0.344251	0.025770	48,787.83	207,190.27	605.89	(44,022.80)	49,393.72	163,167.47	186.6	4.59%
May	634,356	1,992,097	0.318436	0.344251	0.025815	51,425.99	258,616.26	792.50	(43,230.30)	52,218.49	215,385.96	89.7	4.59%
June	486,350	1,524,211	0.319083	0.344251	0.025168	38,361.33	296,977.59	989.21	(42,241.09)	39,350.54	254,736.50	53.1	4.59%
July	465,640	1,458,175	0.319331	0.344251	0.024920	36,337.73	333,315.32	1,135.94	(41,105.15)	37,473.67	292,210.17	40.9	4.59%
August	559,034	1,753,731	0.318768	0.344251	0.025483	44,690.33	378,005.65	1,274.93	(39,830.22)	45,965.26	338,175.43	42.8	4.59%
September	730,612	2,297,206	0.318044	0.344251	0.026207	60,202.88	438,208.53	1,445.87	(38,384.35)	61,648.75	399,824.18	58.5	4.59%
Total	7,247,266	22,343,869	0.324351			444,634.34	438,208.53	7,623.19	(38,384.35)	452,257.53	399,824.18	2,009.4	

PGCVA Balance per M*3 Purchased (\$/M*3)

\$0.017894

Forecast Average Residential Consumption per Customer

2,009.4 M*3

Estimated Impact on Average Residential Customer

\$35.96 Customer Rebate

(1) Includes Sept., 2007 year-to-date balance of

(\$6,425.81)

(See Schedule 2)

(2) Includes Sept., 2007 year-to-date balance of

(\$46,007.54)

(See Schedule 2)

NATURAL RESOURCE GAS LIMITED

COMPOSITION AND COST OF GAS BY SUPPLY SOURCE

PROJECTED TWELVE MONTH FORWARD PERIOD - OCTOBER, 2007 TO SEPTEMBER, 2008

<u>Volumes (m3)</u>	<u>Oct-07</u>	<u>Nov-07</u>	<u>Dec-07</u>	<u>Jan-08</u>	<u>Feb-08</u>	<u>Mar-08</u>	<u>Apr-08</u>	<u>May-08</u>	<u>Jun-08</u>	<u>Jul-08</u>	<u>Aug-08</u>	<u>Sep-08</u>	<u>Total</u>
Local Production (A)	955,515	877,812	818,382	817,424	809,085	914,256	868,897	938,812	499,905	404,890	700,446	956,019	9,561,443
Local Production (B)	0	0	0	0	0	0	0	0	0	0	0	0	0
Dawn Delivery	0	0	0	0	0	0	0	0	0	0	0	0	0
Parkway Delivery	417,308	403,846	417,308	417,308	390,385	417,308	403,846	417,308	403,846	417,308	417,308	403,846	4,926,923
Western Delivery	481,063	465,545	481,063	481,063	450,027	481,063	465,545	481,063	465,545	481,063	481,063	465,545	5,679,647
Ontario Delivered Gas	<u>154,915</u>	<u>154,915</u>	<u>154,915</u>	<u>154,915</u>	<u>154,915</u>	<u>154,915</u>	<u>154,915</u>	<u>154,915</u>	<u>154,915</u>	<u>154,915</u>	<u>154,915</u>	<u>471,796</u>	<u>2,175,856</u>
Total	2,008,800	1,902,118	1,871,667	1,870,709	1,804,411	1,967,541	1,893,203	1,992,097	1,524,211	1,458,175	1,753,731	2,297,206	22,343,869

Price (\$/m3)

Local Production (A)	0.315994	0.315994	0.315994	0.315994	0.315994	0.315994	0.315994	0.315994	0.315994	0.315994	0.315994	0.315994	0.315994
Local Production (B)	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Dawn Delivery	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Parkway Delivery	0.323669	0.354444	0.354444	0.354444	0.354444	0.354444	0.318015	0.318015	0.318015	0.318015	0.318015	0.318015	0.318015
Western Delivery	0.279639	0.297049	0.297049	0.297049	0.297049	0.297049	0.285780	0.285780	0.285780	0.285780	0.285780	0.285780	0.285780
Ontario Delivered Gas	0.315994	0.315994	0.315994	0.315994	0.315994	0.315994	0.315994	0.315994	0.315994	0.315994	0.315994	0.315994	0.315994

Total Gas Cost (\$)

Local Production (A)	301,937	277,383	258,604	258,301	255,666	288,899	274,566	296,659	157,967	127,943	221,337	302,096	3,021,359
Local Production (B)	0	0	0	0	0	0	0	0	0	0	0	0	0
Dawn Delivery	28,766	0	0	0	0	0	0	0	0	0	0	0	28,766
Parkway Delivery	135,070	143,141	147,912	147,912	138,369	147,912	128,429	132,710	128,429	132,710	132,710	128,429	1,643,734
Western Delivery	134,524	138,290	142,899	142,899	133,680	142,899	133,043	137,478	133,043	137,478	137,478	133,043	1,646,756
Ontario Delivered Gas	<u>48,952</u>	<u>48,952</u>	<u>48,952</u>	<u>48,952</u>	<u>48,952</u>	<u>48,952</u>	<u>48,952</u>	<u>48,952</u>	<u>48,952</u>	<u>48,952</u>	<u>48,952</u>	<u>149,085</u>	<u>687,557</u>
TCPL Transportation	<u>18,557</u>	<u>17,958</u>	<u>18,557</u>	<u>18,557</u>	<u>17,360</u>	<u>18,557</u>	<u>17,958</u>	<u>18,557</u>	<u>17,958</u>	<u>18,557</u>	<u>18,557</u>	<u>17,958</u>	<u>219,093</u>
Total	667,805	625,724	616,924	616,622	594,027	647,220	602,949	634,356	486,350	465,640	559,034	730,612	7,247,266

NATURAL RESOURCE GAS LIMITED

PURCHASED GAS COMMODITY VARIANCE ACCOUNT

PROJECTED TWELVE MONTH FORWARD PERIOD - OCTOBER, 2007 TO SEPTEMBER, 2008
(WITH CHANGE IN REFERENCE PRICE)

Month	Purchase Cost (\$s)	M*3	Forecast Price (\$/M*3)	Reference Price (\$/M*3)	Unit Rate Difference (\$/M*3)	Monthly PGCVA (\$s)	Y-T-D PGCVA (\$s)	Monthly Interest (\$s)	Y-T-D Interest (\$s)	Total PGCVA (\$s)	Total Y-T-D PGCVA (\$s)	Average Residential Consumption (M*3)	Monthly Interest Rate
							(1)		(2)				
October	667,805	2,008,800	0.332440	0.326729	(0.005711)	(11,472.26)	(17,898.07)	(24.58)	(46,032.12)	(11,496.84)	(63,930.19)	118.7	4.59%
November	625,724	1,902,118	0.328962	0.326729	(0.002233)	(4,247.43)	(22,145.50)	(68.46)	(46,100.58)	(4,315.89)	(68,246.08)	202.7	4.59%
December	616,924	1,871,667	0.329612	0.326729	(0.002883)	(5,396.02)	(27,541.52)	(84.71)	(46,185.29)	(5,480.73)	(73,726.81)	321.8	4.59%
January	616,622	1,870,709	0.329619	0.326729	(0.002890)	(5,406.35)	(32,947.87)	(105.35)	(46,290.64)	(5,511.70)	(79,238.51)	355.2	4.59%
February	594,027	1,804,411	0.329209	0.326729	(0.002480)	(4,474.94)	(37,422.81)	(126.03)	(46,416.67)	(4,600.97)	(83,839.48)	293.2	4.59%
March	647,220	1,967,541	0.328949	0.326729	(0.002220)	(4,367.94)	(41,790.75)	(143.14)	(46,559.81)	(4,511.08)	(88,350.56)	246.2	4.59%
April	602,949	1,893,203	0.318481	0.326729	0.008248	15,615.13	(26,175.62)	(159.85)	(46,719.66)	15,455.28	(72,895.28)	186.6	4.59%
May	634,356	1,992,097	0.318436	0.326729	0.008293	16,520.46	(9,655.16)	(100.12)	(46,819.78)	16,420.34	(56,474.94)	89.7	4.59%
June	486,350	1,524,211	0.319083	0.326729	0.007646	11,654.11	1,998.95	(36.93)	(46,856.71)	11,617.18	(44,857.76)	53.1	4.59%
July	465,640	1,458,175	0.319331	0.326729	0.007398	10,787.58	12,786.53	7.65	(46,849.06)	10,795.23	(34,062.53)	40.9	4.59%
August	559,034	1,753,731	0.318768	0.326729	0.007961	13,961.45	26,747.98	48.91	(46,800.15)	14,010.36	(20,052.17)	42.8	4.59%
September	730,612	2,297,206	0.318044	0.326729	0.008685	19,951.23	46,699.21	102.31	(46,697.84)	20,053.54	1.37	58.5	4.59%
Total	7,247,266	22,343,869	0.324351			53,125.02	46,699.21	(690.30)	(46,697.84)	52,434.72	1.37	2,009.4	

PGCVA Balance per M*3 Purchased (\$/M*3) \$0.000000
Forecast Average Residential Consumption per Customer 2,009.4 M*3
Estimated Impact on Average Residential Customer \$0.00 Customer Rebate

(1) Includes Sept., 2007 year-to-date balance of (\$6,425.81) (See Schedule 2)
(2) Includes Sept., 2007 year-to-date balance of (\$46,007.54) (See Schedule 2)

NATURAL RESOURCE GAS LIMITED

GAS PURCHASE REBALANCING ACCOUNT

OCTOBER, 2006 THROUGH SEPTEMBER, 2008

Month	Purchase Volume (M ³) A	Throughput Volume (M ³) B	Direct Purchase Volume (M ³) C	System Sales Volume (M ³) D=B-C	System Sales Volume (M ³) E	Deemed U.F.G. (M ³) F	System Sales + U.F.G. (M ³) G=A-F	Monthly Inventory Balance (M ³) H	Cumulative Inventory (M ³) I	Reference Price (\$/M ³) J	Inventory Revaluation (\$ ³) K	Inventory Rate (\$/M ³) L=K/D	Inventory Recovery (\$ ³) M	Y-T-D GPRA Balance (\$ ³) N	Monthly Interest (\$ ³) O	Y-T-D Interest (\$ ³) P	Total Y-T-D GPRA P=M+O	Monthly Interest Rate
									(1)				(2)		(3)			
October	1,893,115	2,022,593	385,876	1,636,907	0	1,636,907	256,208	2,046,368	0.407875	0.00	(0.010535)	(17,244.82)	172,735.94	726.68	9,481.95	182,217.90	4.59%	
November	1,756,119	2,906,513	398,014	2,508,499	0	2,508,499	(752,380)	1,293,988	0.407875	0.00	(0.010535)	(26,427.04)	146,308.90	660.71	10,142.67	156,451.57	4.59%	
December	1,744,214	2,494,215	373,876	2,120,339	0	2,120,339	(375,125)	917,863	0.407875	(47,831.69)	(0.010535)	(22,337.77)	76,139.44	559.63	10,702.30	86,841.74	4.59%	
January	1,559,187	3,208,919	442,926	2,765,893	0	2,765,893	(1,206,706)	(288,843)	0.355763	0.00	(0.004299)	(11,890.57)	64,248.87	291.23	10,993.53	75,242.40	4.59%	
February	1,465,300	3,494,588	541,057	2,953,521	0	2,953,521	(1,488,221)	(1,777,064)	0.355763	0.00	(0.004299)	(12,697.19)	51,551.68	245.75	11,239.28	62,790.96	4.59%	
March	1,582,693	2,752,036	401,274	2,350,762	0	2,350,762	(768,069)	(2,545,133)	0.355763	(24,532.54)	(0.004299)	(10,105.93)	16,913.21	197.19	11,436.47	28,349.68	4.59%	
April	1,546,888	1,610,234	275,136	1,535,098	0	1,535,098	11,790	(2,533,344)	0.365402	0.00	(0.001259)	(1,932.59)	14,980.52	64.68	11,501.16	26,481.68	4.59%	
May	1,279,893	882,043	150,385	731,658	0	731,658	548,235	(1,985,108)	0.365402	0.00	(0.001259)	(921.15)	14,059.36	57.30	11,558.46	25,617.82	4.59%	
June	1,158,510	519,838	94,963	424,875	0	424,875	733,635	(1,251,473)	0.365402	26,469.91	(0.001259)	(534.92)	39,994.34	53.78	11,612.24	51,606.58	4.59%	
July	1,148,625	397,724	65,000	332,724	0	332,724	816,901	(434,572)	0.344251	0.00	(0.002184)	(726.67)	39,267.57	152.98	11,765.22	51,032.89	4.59%	
August	1,391,699	818,297	20,000	798,297	0	798,297	593,402	158,830	0.344251	0.00	(0.002184)	(1,743.48)	37,524.19	150.20	11,915.42	49,439.61	4.59%	
September	1,640,378	1,239,825	40,000	1,199,825	0	1,199,825	440,553	598,383	0.344251	(10,502.40)	(0.002184)	(2,620.42)	24,401.38	143.53	12,058.95	36,460.33	4.59%	
October	2,008,800	1,625,587	157,208	1,468,479	0	1,468,479	540,321	1,138,705	0.326729	0.00	(0.001749)	(2,568.37)	21,833.01	93.34	12,152.29	33,985.30	4.59%	
November	1,902,118	2,552,188	279,025	2,273,163	0	2,273,163	(371,045)	768,659	0.326729	0.00	(0.001749)	(3,975.76)	17,857.25	83.51	12,235.80	30,093.05	4.59%	
December	1,871,667	3,425,953	415,960	3,008,993	0	3,008,993	(1,138,326)	(369,667)	0.326729	0.00	(0.001749)	(5,264.48)	12,592.77	68.30	12,304.10	24,896.87	4.59%	
January	1,870,709	3,683,724	429,820	3,253,904	0	3,253,904	(1,383,195)	(1,752,861)	0.326729	0.00	(0.001749)	(5,691.08)	6,901.69	48.17	12,352.27	19,253.96	4.59%	
February	1,804,411	3,409,506	405,803	3,003,703	0	3,003,703	(1,199,292)	(2,952,153)	0.326729	0.00	(0.001749)	(5,253.48)	1,648.21	26.40	12,378.67	14,026.88	4.59%	
March	1,967,541	2,874,151	383,752	2,490,399	0	2,490,399	(522,858)	(3,475,011)	0.326729	0.00	(0.001749)	(4,355.71)	(2,707.50)	6.30	12,384.97	9,677.47	4.59%	
April	1,893,203	1,949,026	238,726	1,710,300	0	1,710,300	182,903	(3,292,109)	0.326729	0.00	(0.001749)	(2,991.31)	(5,698.81)	(10.36)	12,374.61	6,575.80	4.59%	
May	1,992,097	1,048,939	146,771	902,168	0	902,168	1,089,929	(2,202,179)	0.326729	0.00	(0.001749)	(1,577.89)	(7,276.70)	(21.80)	12,352.81	5,076.11	4.59%	
June	1,524,211	541,121	119,205	421,916	0	421,916	1,102,295	(1,099,895)	0.326729	0.00	(0.001749)	(737.93)	(8,014.63)	(27.83)	12,324.98	4,310.35	4.59%	
July	1,458,175	397,724	13,962	383,762	0	383,762	1,074,413	(25,472)	0.326729	0.00	(0.001749)	(571.20)	(8,685.83)	(30.66)	12,294.32	3,608.49	4.59%	
August	1,753,731	818,297	14,092	804,205	0	804,205	949,526	924,065	0.326729	0.00	(0.001749)	(1,406.55)	(10,092.38)	(33.22)	12,261.10	2,168.72	4.59%	
September	2,297,206	1,239,825	20,340	1,219,485	0	1,219,485	1,077,721	2,001,776	0.326729	0.00	(0.001749)	(2,132.88)	(12,225.26)	(38.60)	12,222.50	(2.76)	4.59%	

(1) Includes balance of 1,790,160 as of Sept., 2006
(2) Includes balance of 189,980.76 as of Sept., 2006
(3) Includes balance of 8,755.28 as of Sept., 2006

NATURAL RESOURCE GAS LIMITED

PURCHASED GAS TRANSPORTATION VARIANCE ACCOUNT - PROJECTED BALANCE

TWELVE MONTH PERIOD - OCTOBER, 2006 TO SEPTEMBER, 2007

Act/Fcst	Month	Purchase Cost (\$s)	M*3	Actual/Forecast Price (\$/M*3)	Reference Price (\$/M*3)	Unit Rate Difference (\$/M*3)	Monthly PGTV A (\$s)	Y-T-D PGTV A (\$s)	Monthly Interest (\$s)	Y-T-D Interest (\$s)	Total PGTV A (\$s)	Total Y-T-D PGTV A (\$s)	Average Residential Consumption (M*3)
							(1)			(2)			
Actual	October	22,656	1,928,175	0.011750	0.019029	0.007279	14,035.18	14,035.18	0.00	0.00	14,035.18	14,035.18	128.4
Actual	November	37,128	2,910,229	0.012758	0.019029	0.006271	18,250.04	32,285.22	53.68	53.68	18,303.72	32,338.90	195.2
Actual	December	36,575	2,740,236	0.013347	0.019029	0.005882	15,570.02	47,855.24	123.49	177.17	15,693.51	48,032.41	239.2
Actual	January	38,720	3,092,422	0.012521	0.019029	0.006508	20,125.48	67,980.72	183.05	360.22	20,308.53	68,340.94	321.3
Actual	February	41,321	3,747,170	0.011027	0.019029	0.008002	29,984.85	97,965.57	260.03	620.25	30,244.88	98,585.82	345.9
Actual	March	36,556	2,633,200	0.013883	0.019029	0.005146	13,550.45	111,516.02	374.72	994.97	13,925.17	112,510.99	279.4
Actual	April	33,491	1,901,464	0.017613	0.019029	0.001416	2,692.47	114,208.49	426.55	1,421.52	3,119.02	115,630.01	175
Actual	May	29,503	814,733	0.036212	0.019029	(0.017183)	(13,999.56)	100,208.93	436.85	1,858.37	(13,562.71)	102,067.30	74.6
Actual	June	28,755	528,074	0.054453	0.019029	(0.035424)	(18,706.49)	81,502.44	383.30	2,241.67	(18,323.19)	83,744.11	53.1
Actual	July	28,738	493,332	0.058253	0.019029	(0.039224)	(19,350.46)	62,151.98	311.75	2,553.42	(19,038.71)	64,705.40	40.9
Forecast	August	29,128	818,297	0.035596	0.019029	(0.016567)	(13,556.73)	48,595.25	237.73	2,791.15	(13,319.00)	51,386.40	42.8
Forecast	September	30,840	1,239,825	0.024874	0.019029	(0.005845)	(7,246.78)	41,348.47	185.88	2,977.03	(7,060.90)	44,325.50	58.5
Total		393,410	22,847,156	0.017219			41,348.47	41,348.47	2,977.03	2,977.03	44,325.50	44,325.50	1,954.3

PGTV A Balance per M*3 Purchased (\$/M*3) \$0.001940
:Forecast Average Residential Consumption per Customer 1.954.3 M*3
,Estimated Impact on Average Residential Customer \$3.79 Customer Rebate

(1) Includes balance of 0.00 as of September, 2006 and reflects clearance of Fiscal 2006 year-end balances in EB-2007-0092.
(2) Includes balance of 0.00 as of September, 2006 and reflects clearance of Fiscal 2006 year-end balances in EB-2007-0092.

NATURAL RESOURCE GAS LIMITED

PURCHASED GAS TRANSPORTATION VARIANCE ACCOUNT - PROJECTED BALANCE

PROJECTED TWELVE MONTH FORWARD PERIOD - OCTOBER, 2007 TO SEPTEMBER, 2008
(NO CHANGE IN REFERENCE PRICE)

Month	Purchase Cost (\$'s)	M*3	Forecast Price (\$/M*3)	Reference Price (\$/M*3)	Unit Rate Difference (\$/M*3)	Monthly PGTV (\$'s)	Y-T-D PGTV (\$'s)	Monthly Interest (\$'s)	Y-T-D Interest (\$'s)	Total PGTV (\$'s)	Total Y-T-D PGTV (\$'s)	Average Residential Consumption (M*3)
October	31,891	1,625,687	0.019617	0.019029	(0.000588)	(955.90)	40,392.57	158.16	3,135.19	(797.74)	43,527.76	118.7
November	36,630	2,552,188	0.014352	0.019029	0.004677	11,936.58	52,329.15	154.50	3,289.69	12,091.08	55,618.84	202.7
December	41,034	3,425,953	0.011977	0.019029	0.007052	24,159.82	76,488.97	200.16	3,489.85	24,359.98	79,978.82	321.8
January	42,255	3,683,724	0.011471	0.019029	0.007558	27,841.59	104,330.56	292.57	3,782.42	28,134.16	108,112.98	355.2
February	41,000	3,409,506	0.012025	0.019029	0.007004	23,880.18	128,210.74	399.06	4,181.48	24,279.24	132,392.22	293.2
March	37,977	2,874,151	0.013213	0.019029	0.005816	16,716.06	144,926.80	490.41	4,671.89	17,206.47	149,598.69	246.2
April	33,826	1,949,026	0.017355	0.019029	0.001674	3,262.67	148,189.47	554.35	5,226.24	3,817.02	153,415.71	186.6
May	29,248	1,048,939	0.027884	0.019029	(0.008855)	(9,288.35)	138,901.12	566.82	5,793.06	(8,721.53)	144,694.18	89.7
June	28,923	541,121	0.053450	0.019029	(0.034421)	(18,625.93)	120,275.19	531.30	6,324.36	(18,094.63)	126,599.55	53.1
July	28,888	438,724	0.065846	0.019029	(0.046817)	(20,539.74)	99,735.45	460.05	6,784.41	(20,079.69)	106,519.86	40.9
August	29,091	777,297	0.037426	0.019029	(0.018397)	(14,299.93)	85,435.52	381.49	7,165.90	(13,918.44)	92,601.42	42.8
September	30,068	1,239,825	0.024252	0.019029	(0.005223)	(6,475.61)	78,959.91	326.79	7,492.69	(6,148.82)	86,452.60	58.5
Total	410,832	23,566,141	0.017433			37,611.44	78,959.91	4,515.66	7,492.69	42,127.10	86,452.60	2,009.4

PGTV Balance per M*3 Purchased (\$/M*3) \$0.003669
Forecast Average Residential Consumption per Customer 2,009.4 M*3
Estimated Impact on Average Residential Customer \$7.37 Customer Rebate

(1) Includes Sept., 2007 year-to-date balance of \$41,348.47 (See Schedule 10)
(2) Includes Sept., 2007 year-to-date balance of \$2,977.03 (See Schedule 10)

NATURAL RESOURCE GAS LIMITED

RESIDENTIAL BILL COMPARISONS

QUARTERLY BILL IMPACT

	Quarter Starting 01-Oct-06 EB-2006-0213	Quarter Starting 01-Oct-07 EB-2007-0734	\$ Change	Percent Change
Average Residential Consumption for Quarter	643.2	643.2		
Monthly Charges	\$34.50	\$34.50	\$0.00	0.0%
Delivery Charges	\$98.41	\$98.41	\$0.00	0.0%
Total Commodity Charges	<u>\$262.04</u>	<u>\$210.20</u>	<u>(\$51.84)</u>	<u>-19.8%</u>
Total Customer Charges	\$394.95	\$343.11	(\$51.84)	-13.1%

ANNUAL BILL IMPACT

	01-Jul-07 EB-2007-0627	01-Oct-07 EB-2007-0734	\$ Change	Percent Change
Average Residential Consumption	2,009.4	2,009.4		
Monthly Charges	\$138.00	\$138.00	\$0.00	0.0%
Delivery Charges	\$307.44	\$307.44	\$0.00	0.0%
Total Commodity Charges	<u>\$707.56</u>	<u>\$656.69</u>	<u>(\$50.87)</u>	<u>-7.2%</u>
Total Customer Charges	\$1,153.00	\$1,102.12	(\$50.87)	-4.4%

RATES USED

	01-Oct-06 EB-2006-0213	01-Jul-07 EB-2007-0627	01-Oct-07 EB-2007-0734
Monthly charge	11.50	11.50	11.50
Delivery Charge	0.152999	0.152999	0.152999
Total Commodity Charge	0.407398	0.352125	0.326808

APPENDIX "A" TO
DECISION AND ORDER
BOARD FILE No. EB-2007-0734
DATED SEPTEMBER XX, 2007

NATURAL RESOURCE GAS LIMITED

RATE 1 - General Service Rate

Rate Availability

The entire service area of the Company.

Eligibility

All customers.

Rate

a)	Monthly Fixed Charge	\$11.50
b)	Delivery Charge	
	First 1,000 m ³ per month	15.2999 cents per m ³
	All over 1,000 m ³ per month	10.4073 cents per m ³
c)	Gas Supply Charge (if applicable)	Schedule A

Meter Readings

Gas consumption by each customer under this rate schedule shall be determined by monthly meter reading, provided that in circumstances beyond the control of the company such as strikes or non-access to a meter, the company may estimate the consumption each month as of the scheduled date of the regular monthly meter reading and render a monthly bill to the customer thereof.

Delayed Payment Penalty

When payment is not made in full by the due date noted on the bill, which date shall not be less than 16 calendar days after the date of mailing, hand delivery or electronic transmission of the bill, the balance owing will be increased by 1.5%. Any balance remaining unpaid in subsequent months will be increased by a further 1.5% per month. The minimum delayed payment penalty shall be one dollar (\$1.00).

Bundled Direct Purchase Delivery

Where a customer elects under this rate schedule to directly purchase its gas from a supplier other than NRG, the customer or their agent, must enter into a Bundled T-Service Receipt Contract with NRG for delivery of gas to NRG. Bundled T-Service Receipt Contract rates are described in rate schedule BT1. The gas supply charge will not be applicable to customers who elect said Bundled T transportation service.

Unless otherwise authorized by NRG, customers who are delivering gas to NRG under direct purchase arrangements must obligate to deliver said gas at a point acceptable to NRG, and must acquire and maintain firm transportation on all pipeline systems upstream of Ontario.

Effective: October 01, 2007

Implementation: All bills rendered on or after October 01, 2007

EB-2007-0734

NATURAL RESOURCE GAS LIMITED

RATE 2 - Seasonal Service

Rate Availability

The entire service area of the company.

Eligibility

All customers.

Rate

For all gas consumed from:	April 1 through October 31:	November 1 through March 31:
a) Monthly Fixed Charge	\$12.75	\$12.75
b) Delivery Charge		
First 1,000 m ³ per month	14.5000 cents per m ³	18.5648 cents per m ³
Next 24,000 m ³ per month	10.0431 cents per m ³	16.6254 cents per m ³
All over 25,000 m ³ per month	6.5417 cents per m ³	16.1952 cents per m ³
c) Gas Supply Charge (if applicable)	Schedule A	Schedule A

Meter Readings

Gas consumption by each customer under this rate schedule shall be determined by monthly meter reading, provided that in circumstances beyond the control of the company such as strikes or non-access to a meter, the company may estimate the consumption each month as of the scheduled date of the regular monthly meter reading and render a monthly bill to the customer thereof.

Delayed Payment Penalty

When payment is not made in full by the due date noted on the bill, which date shall not be less than 16 calendar days after the date of mailing, hand delivery or electronic transmission of the bill, the balance owing will be increased by 1.5%. Any balance remaining unpaid in subsequent months will be increased by a further 1.5% per month. The minimum delayed payment penalty shall be one dollar (\$1.00).

Bundled Direct Purchase Delivery

Where a customer elects under this rate schedule to directly purchase its gas from a supplier other than NRG, the customer or their agent, must enter into a Bundled T-Service Receipt Contract with NRG for delivery of gas to NRG. Bundled T-Service Receipt Contract rates are described in rate schedule BT1. The gas supply charge will not be applicable to customers who elect said Bundled T transportation service.

Unless otherwise authorized by NRG, customers who are delivering gas to NRG under direct purchase arrangements must obligate to deliver said gas at a point acceptable to NRG, and must acquire and maintain firm transportation on all pipeline systems upstream of Ontario.

Effective: October 01, 2007

Implementation: All bills rendered on or after October 01, 2007

EB-2007-0734

NATURAL RESOURCE GAS LIMITED

RATE 3 - Special Large Volume Contract Rate

Rate Availability

Entire service area of the company.

Eligibility

A customer who enters into a contract with the company for the purchase or transportation of gas:

- a) for a minimum term of one year;
- b) that specifies a combined daily contracted demand for firm and interruptible service of at least 700 m³; and
- c) a qualifying annual volume of at least 113,000 m³.

Rate

1. Bills will be rendered monthly and shall be the total of:

- a) A Monthly Customer Charge:

A Monthly Customer Charge of \$150.00 for firm or interruptible customers; or

A Monthly Customer Charge of \$175.00 for combined (firm and interruptible) customers.

- b) A Monthly Demand Charge:

A Monthly Demand Charge of 25.5904 cents per m³ for each m³ of daily contracted firm demand.

- c) A Monthly Delivery Charge:

- (i) A Monthly Firm Delivery Charge for all firm volumes of 3.7310 cents per m³,

- (ii) A Monthly Interruptible Delivery Charge for all interruptible volumes to be negotiated between the company and the customer not to exceed 9.2249 cents per m³ and not to be less than 6.0992 per m³.

- d) Gas Supply Charge (if applicable)

See Schedule A.

- e) Overrun Gas Charges:

Overrun gas is available without penalty provided that it is authorized by the company in advance. The company will not unreasonably withhold authorization.

If, on any day, the customer should take, without the company's approval in advance, a volume of gas in excess of the maximum quantity of gas which the company is obligated to deliver to the customer on such day, or if, on any day, the customer fails to comply with any curtailment notice reducing the customer's take of gas, then,

- (i) the volume of gas taken in excess of the company's maximum delivery obligation for such day, or
 - (ii) the volume of gas taken in the period on such day covered by such curtailment notice (as determined by the company in accordance with its usual practice) in excess of the volume of gas authorized to be taken in such period by such curtailment notice,

as the case may be, shall constitute unauthorized overrun volume.

Any unauthorized firm overrun gas taken in any month shall be paid for at the Rate 3 Firm Delivery Charge in effect at the time the overrun occurs. In addition, the Contract Demand level shall be adjusted to the actual maximum daily volume taken and the Demand Charges stated above shall apply for the whole contract year, including retroactively, if necessary, thereby requiring recomputation of bills rendered previously in the contract year.

Any unauthorized interruptible overrun gas taken in any month shall be paid for at the Rate 1 Delivery Charge in effect at the time the overrun occurs plus any Gas Supply Charge applicable.

For any unauthorized overrun gas taken, the customer shall, in addition, indemnify the company in respect of any penalties or additional costs imposed on the company by the company's suppliers, any additional gas cost incurred or any sales margins lost as a consequence of the customer taking the unauthorized overrun volume.

2. In negotiating the Monthly Interruptible Commodity Charge referred to in 1(c)(ii) above, the matters to be considered include:

- a) The volume of gas for which the customer is willing to contract;
- b) The load factor of the customer's anticipated gas consumption, the pattern of annual use, and the minimum annual quantity of gas which the customer is willing to contract to take or in any event pay for;
- c) Interruptible or curtailment provisions;
- d) Competition.

3. In each contract year, the customer shall take delivery from the company, or in any event pay for it if available and not accepted by the customer, a minimum volume of gas as specified in the contract between the parties. Overrun volumes will not contribute to the minimum volume. The rate applicable to the shortfall from this minimum shall be 3.3853 cents per m³ for firm gas and 5.7536 cents per m³ for interruptible gas.

4. The contract may provide that the Monthly Demand Charge specified in Rate Section 1 above shall not apply on all or part of the daily contracted firm demand used by the customer during the testing, commissioning, phasing in, decommissioning and phasing out of gas-using equipment for a period not to exceed one year (the transition period). In such event, the contract will provide for a Monthly Firm Delivery Commodity Charge to be applied on such volume during the transition of 6.3515 cents per m³ and a gas supply commodity charge as set out in Schedule A, if applicable. Gas purchased under this clause will not contribute to the minimum volume.

Bundled Direct Purchase Delivery

Where a customer elects under this rate schedule to directly purchase its gas from a supplier other than NRG, the customer or their agent, must enter into a Bundled T-Service Receipt Contract with NRG for delivery of gas to NRG. Bundled T-Service Receipt Contract rates are described in rate schedule BT1. The gas supply charge will not be applicable to customers who elect said Bundled T transportation service.

Unless otherwise authorized by NRG, customers who are delivering gas to NRG under direct purchase arrangements must obligate to deliver said gas at a point acceptable to NRG, and must acquire and maintain firm transportation on all pipeline systems upstream of Ontario.

Delayed Payment Penalty

When payment is not made in full by the due date noted on the bill, which date shall not be less than 16 calendar days after the date of mailing, hand delivery or electronic transmission of the bill, the balance owing will be increased by 1.5%. Any balance remaining unpaid in subsequent months will be increased by a further 1.5% per month. The minimum delayed payment penalty shall be one dollar (\$1.00).

Effective: October 01, 2007

Implementation: All bills rendered on or after October 01, 2007

EB-2007-0734

NATURAL RESOURCE GAS LIMITED

RATE 4 - General Service Peaking

Rate Availability

The entire service area of the company.

Eligibility

All customers whose operations, in the judgment of Natural Resource Gas Limited, can readily accept interruption and restoration of gas service with 24 hours notice.

Rate

For all gas consumed from:	April 1 through December 31:	January 1 through March 31:
a) Monthly Fixed Charge	\$12.75	\$12.75
b) Delivery Charge		
First 1,000 m ³ per month	14.4501 cents per m ³	18.5648 cents per m ³
All over 1,000 m ³ per month	10.3477 cents per m ³	16.6254 cents per m ³
c) Gas Supply Charge (if applicable)	Schedule A	Schedule A

Meter Readings

Gas consumption by each customer under this rate schedule shall be determined by monthly meter reading provided that in circumstances beyond the control of the company such as strikes or non-access to a meter, the company may estimate the consumption each month as of the scheduled date of the regular monthly meter reading and render a monthly bill to the customer thereof.

Delayed Payment Penalty

When payment is not made in full by the due date noted on the bill, which date shall not be less than 16 calendar days after the date of mailing, hand delivery or electronic transmission of the bill, the balance owing will be increased by 1.5%. Any balance remaining unpaid in subsequent months will be increased by a further 1.5% per month. The minimum delayed payment penalty shall be one dollar (\$1.00).

Bundled Direct Purchase Delivery

Where a customer elects under this rate schedule to directly purchase its gas from a supplier other than NRG, the customer or their agent, must enter into a Bundled T-Service Receipt Contract with NRG for delivery of gas to NRG. Bundled T-Service Receipt Contract rates are described in rate schedule BT1. The gas supply charge will not be applicable to customers who elect said Bundled T transportation service.

Unless otherwise authorized by NRG, customers who are delivering gas to NRG under direct purchase arrangements must obligate to deliver said gas at a point acceptable to NRG, and must acquire and maintain firm transportation on all pipeline systems upstream of Ontario.

Effective: October 01, 2007

Implementation: All bills rendered on or after October 01, 2007

EB-2007-0734

NATURAL RESOURCE GAS LIMITED

RATE 5 - Interruptible Peaking Contract Rate

Rate Availability

Entire service area of the company.

Eligibility

A customer who enters into a contract with the company for the purchase or transportation of gas:

- a) for a minimum term of one year;
- b) that specifies a daily contracted demand for interruptible service of at least 700 m³; and
- c) a qualifying annual volume of at least 50,000 m³.

Rate

1. Bills will be rendered monthly and shall be the total of:

- a) A Monthly Customer Charge:

A Monthly Customer Charge of \$150.00.

- b) A Monthly Delivery Charge:

A Monthly Delivery Charge for all interruptible volumes to be negotiated between the company and the customer not to exceed 8.8345 cents per m³ and not to be less than 5.7192 per m³.

- c) Gas Supply Charge (if applicable)

See Schedule A.

- d) Overrun Gas Charge:

Overrun gas is available without penalty provided that it is authorized by the company in advance. The company will not unreasonably withhold authorization.

If, on any day, the customer should take, without the company's approval in advance, a volume of gas in excess of the maximum quantity of gas which the company is obligated to deliver to the customer on such day, or if, on any day, the customer fails to comply with any curtailment notice reducing the customer's take of gas, then

- (i) the volume of gas taken in excess of the company's maximum delivery obligation for such day, or
- (ii) the volume of gas taken in the period on such day covered by such curtailment notice (as determined by the company in accordance with its usual practice) in excess of the volume of gas authorized to be taken in such period by such curtailment notice,

as the case may be, shall constitute unauthorized overrun volume.

Any unauthorized overrun gas taken in any month shall be paid for at the Rate 1 Delivery Charge in effect at the time the overrun occurs plus any applicable Gas Supply Charge.

For any unauthorized overrun gas taken, the customer shall, in addition, indemnify the company in respect of any penalties or additional costs imposed on the company by the company's suppliers, any additional gas cost incurred or any sales margins lost as a consequence of the customer taking the unauthorized overrun volume.

2. In negotiating the Monthly Interruptible Commodity Charge referred to in 1(c) above, the matters to be considered include:

- a) The volume of gas for which the customer is willing to contract;

- b) The load factor of the customer's anticipated gas consumption and the pattern of annual use and the minimum annual quantity of gas which the customer is willing to contract to take or in any event pay for;
- c) Interruptible or curtailment provisions;
- d) Competition.

3. In each contract year, the customer shall take delivery from the company, or in any event pay for it if available and not accepted by the customer, a minimum volume of gas of 50,000 m³. Overrun volumes will not contribute to the minimum volume. The rate applicable to the shortfall from this annual minimum shall be 5.9604 cents per m³ for interruptible gas.

Bundled Direct Purchase Delivery

Where a customer elects under this rate schedule to directly purchase its gas from a supplier other than NRG, the customer or their agent, must enter into a Bundled T-Service Receipt Contract with NRG for delivery of gas to NRG. Bundled T-Service Receipt Contract rates are described in rate schedule BT1. The gas supply charge will not be applicable to customers who elect said Bundled T transportation service.

Unless otherwise authorized by NRG, customers who are delivering gas to NRG under direct purchase arrangements must obligate to deliver said gas at a point acceptable to NRG, and must acquire and maintain firm transportation on all pipeline systems upstream of Ontario.

Delayed Payment Penalty

When payment is not made in full by the due date noted on the bill, which date shall not be less than 16 calendar days after the date of mailing, hand delivery or electronic transmission of the bill, the balance owing will be increased by 1.5%. Any balance remaining unpaid in subsequent months will be increased by a further 1.5% per month. The minimum delayed payment penalty shall be one dollar (\$1.00).

Effective: October 01, 2007

Implementation: All bills rendered on or after October 01, 2007

EB-2007-0734

NATURAL RESOURCE GAS LIMITED

SCHEDULE A – Gas Supply Charges

Rate Availability

Entire service area of the company.

Eligibility

All customers served under Rates 1, 2, 3, 4 and 5.

Rate

The Gas Supply Charge applicable to all sales customers shall be made up of the following charges:

PGCVA Reference Price	(EB-2007-0734)	32.6729 cents per m3
GPRA Recovery Rate	(EB-2007-0734)	(0.1749) cents per m3
System Gas Fee	(EB-2005-0544)	<u>0.1828</u> cents per m3
Total Gas Supply Charge		32.6808 cents per m3

Note:

PGCVA means Purchased Gas Commodity Variance Account

GPRA means Gas Purchase Rebalancing Account

Effective: October 01, 2007

Implementation: All bills rendered on or after October 01, 2007

EB-2007-0734

NATURAL RESOURCE GAS LIMITED

RATE BT1 – Bundled Direct Purchase Contract Rate

Availability

Rate BT1 is available to all customers or their agent, who enter into a Receipt Contract for delivery of gas to NRG. The availability of this option is subject to NRG obtaining a satisfactory agreement or arrangement with Union Gas and NRG's gas supplier for direct purchase volume and DCQ offsets.

Eligibility

All customers electing to purchase gas directly from a supplier other than NRG must enter into a Bundled T-Service Receipt Contract with NRG either directly or through their agent, for delivery of gas to NRG at a mutually acceptable delivery point.

Rate

For gas delivered to NRG at any point other than the Ontario Point of Delivery, NRG will charge a customer or their agent, all approved tolls and charges incurred by NRG to transport the gas to the Ontario Point of Delivery.

Note:

Ontario Point of Delivery means Dawn or Parkway on the Union Gas System as agreed to by NRG and NRG's customer or their agent.

Effective: October 01, 2007

Implementation: All bills rendered on or after October 01, 2007

EB-2007-0734

**APPENDIX "B" TO
DECISION AND ORDER
BOARD FILE No. EB-2007-0734
DATED SEPTEMBER XX, 2007**

NATURAL RESOURCE GAS LIMITED

Accounting Entries for the Purchased Gas Commodity Variance Account

Note: Account numbers are in accordance with the Uniform System of Accounts for Gas Utilities, Class A, prescribed under the Ontario Energy Board Act.

Debit/Credit - Account No. 179-27
Purchased Gas Commodity Variance Account (PGCVA)

Credit/Debit - Account No. 623
Gas Purchases

To record monthly as a debit (credit) in Deferral Account No. 179-27 (PGCVA) the difference between the unit cost of all gas commodity purchased by NRG each month including local production and NRG's weighted average cost of gas, the latter being \$0.326729 per m³ approved for rate making purposes effective October 1, 2007.

Debit/Credit - Account No. 179-28
Interest on PGCVA

Credit/Debit - Account No. 323
Other Interest Expense

To record monthly as a debit (credit) in Deferral Account No. 179-28 (PGCVA), simple interest on the balance in Account No. 179-27. Such interest shall be computed monthly on the opening balance in the account at the Board approved short-term debt rate and shall not be compounded.

APPENDIX "C" TO
DECISION AND ORDER
BOARD FILE No. EB-2007-0734
DATED SEPTEMBER XX, 2007

IMPORTANT INFORMATION ABOUT YOUR GAS BILL

On all bills rendered by NRG on or after October 1, 2007, the price we charge for the gas commodity and transportation portion of your bill will be decreasing by \$0.025317 per cubic meter to \$0.326808 per cubic meter. The Ontario Energy Board (OEB) has approved this change to reflect the prices that NRG expects that it will be paying to its gas suppliers through to the end of September, 2008. On your gas bill this cost is on the line entitled "Gas Commodity".

As a regulated utility, NRG is permitted to recover what it pays for the purchase of gas plus any costs reasonably associated with this purchase but with no mark up or 'profit'. The price the utility charges you is based on the forecasted gas and transportation costs to NRG, which are periodically reviewed by the OEB and reconciled with actual costs. The gas commodity portion gets adjusted regularly throughout the year as the price of the gas commodity changes.

How will this price increase impact you? That will depend on the amount of gas that you use. For a typical residential customer who consumes approximately 2,000 cubic meters of gas annually, this price change will cause your annual heating costs to decrease by approximately \$50.87 per year. For customers who have arranged to have their gas supplied by a gas marketer/broker, the price may or may not change depending on the terms of the contract the customer has with the gas marketer/broker.

If you have any questions about this rate change, please do not hesitate to contact us at 519-773-5321. We thank you for continuing to make natural gas your fuel of choice.