

## PROPOSED RATE DESIGN

| TOTAL | RATE 1      |            |            | RATE 2    |           | RATE 3 |               | RATE 4    |           | RATE 5        | RATE 6 |
|-------|-------------|------------|------------|-----------|-----------|--------|---------------|-----------|-----------|---------------|--------|
|       | Residential | Commercial | Industrial | Apr - Oct | Nov - Mar | Firm   | Interruptible | Apr - Dec | Jan - Mar | Interruptible | Firm   |

## BLOCK STRUCTURE

|                          | <u>m^3/mth</u> | <u>m^3/mth</u> | <u>m^3/mth</u> | <u>m^3/mth</u> | <u>m^3/mth</u> |            |            | <u>m^3/mth</u> | <u>m^3/mth</u> |            |            |
|--------------------------|----------------|----------------|----------------|----------------|----------------|------------|------------|----------------|----------------|------------|------------|
| Block 1 <=               | 1,000          | 1,000          | 1,000          | 1,000          | 1,000          |            |            | 1,000          | 1,000          |            |            |
| Block 2 >                | 1,000          | 1,000          | 1,000          | 1,000          | 1,000          |            |            | 1,000          | 1,000          |            |            |
| Block 2 <=               |                |                |                | 24,000         | 24,000         |            |            |                |                |            |            |
| Block 3                  |                |                |                | 25,000         | 25,000         |            |            |                |                |            |            |
| % of volume in 1st block | 98.2%          | 45.7%          | 25.6%          | 11.0%          | 9.8%           | 100.0%     | 100.0%     | 51.3%          | 3.8%           | 100.0%     | 100.0%     |
| % of volume in 2nd block | 1.8%           | 54.3%          | 74.4%          | 79.2%          | 0.0%           |            |            | 44.9%          | 0.0%           |            |            |
| % of volume in 3rd block |                |                |                | 0.0%           | 0.0%           |            |            |                |                |            |            |
|                          | 100.0%         | 100.0%         | 100.0%         | 90.2%          | 9.8%           |            |            | 96.2%          | 3.8%           |            |            |
| <u>VOLUMES</u>           | <u>m^3</u>     | <u>m^3</u>     | <u>m^3</u>     | <u>m^3</u>     | <u>m^3</u>     | <u>m^3</u> | <u>m^3</u> | <u>m^3</u>     | <u>m^3</u>     | <u>m^3</u> | <u>m^3</u> |
| Block 1                  | 14,904,661     | 12,867,716     | 1,888,210      | 148,735        | 55,314         | 49,460     | 2,195,299  | 0              | 232,954        | 17,338     | 947,162    |
| Block 2                  | 2,911,667      | 235,864        | 2,243,540      | 432,262        | 398,085        | 0          |            |                | 203,970        | 0          |            |
| Block 3                  | 0              | 0              | 0              | 0              | 0              | 0          |            |                | 0              | 0          |            |
| TOTAL                    | 17,816,328     | 13,103,581     | 4,131,750      | 580,997        | 453,399        | 49,460     |            |                | 436,924        | 17,338     |            |
| Firm CD                  | m^3/day        |                |                |                |                |            | 22,461     |                |                |            | 108,118    |

## RATES - DISTRIBUTION

|                        |                    |         |         |         |               |               |               |               |               |               |               |               |
|------------------------|--------------------|---------|---------|---------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <u>CUSTOMER CHARGE</u> | <u>\$/cust/mth</u> | \$13.50 | \$13.50 | \$13.50 | \$15.00       | \$15.00       | \$150.00      | \$150.00      | \$15.00       | \$15.00       | \$150.00      | \$150.00      |
| <u>BLOCK RATES</u>     | <u>\$/m^3</u>      |         |         |         | <u>\$/m^3</u> | <u>\$/m^3</u> | <u>\$/m^3</u> | <u>\$/m^3</u> | <u>\$/m^3</u> | <u>\$/m^3</u> | <u>\$/m^3</u> | <u>\$/m^3</u> |
| Block 1                | 0.602675           |         |         |         | 2.230535      | 2.855823      | 0.167522      | 0.092249      | 0.628579      | 0.807569      | 0.512976      | 0.116967      |
| Block 2                | 0.527205           |         |         |         | 1.544930      | 2.557485      |               |               | 0.450125      | 0.723205      |               |               |
| Block 3                |                    |         |         |         | 1.006310      | 2.491308      |               |               |               |               |               |               |
| DIFFERENTIAL           | 0.075470           |         |         |         |               |               |               |               |               |               |               |               |
| Demand Rate (\$/DCQ)   |                    |         |         |         |               |               | 1.149009      |               |               |               |               | 0.802259      |

## RATES - GAS SUPPLY

|                  |          |          |          |          |          |          |          |          |          |          |          |          |
|------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Gas Commodity    | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| System Gas Fee   | 0.000297 | 0.000297 | 0.000297 | 0.000297 | 0.000297 | 0.000297 | 0.000297 | 0.000297 | 0.000297 | 0.000297 | 0.000297 | 0.000297 |
| Total Gas Supply | 0.000297 | 0.000297 | 0.000297 | 0.000297 | 0.000297 | 0.000297 | 0.000297 | 0.000297 | 0.000297 | 0.000297 | 0.000297 | 0.000297 |

## REVENUE

|                     |         |         |         |         |        |        |        |        |        |        |        |        |
|---------------------|---------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
|                     |         | \$ 000  | \$ 000  | \$0     | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 |
| <u>DISTRIBUTION</u> |         |         |         |         |        |        |        |        |        |        |        |        |
| Customer Charge     |         | 1,134.0 | 1,062.7 | 67.1    | 4.2    | 7.7    | 5.5    | 7.0    | 0.0    | 3.1    | 1.0    | 9.0    |
| Commodity           | Block 1 | 8,982.7 | 7,755.0 | 1,138.0 | 89.6   | 123.4  | 141.2  | 367.8  | 0.0    | 146.4  | 14.0   | 485.9  |
|                     | Block 2 | 1,535.0 | 124.3   | 1,182.8 | 227.9  | 615.0  | 0.0    |        |        | 91.8   | 0.0    |        |
|                     | Block 3 |         |         |         |        | 0.0    | 0.0    |        |        |        |        |        |
| Demand Charge       |         |         |         |         |        |        |        | 309.7  |        |        |        | 1040.9 |

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|                              |          |         |         |       |            |       |       |                                   |       |       |       |         |
|------------------------------|----------|---------|---------|-------|------------|-------|-------|-----------------------------------|-------|-------|-------|---------|
| Balancing Adjustment         | (0.5)    | (0.4)   | (0.0)   | (0.0) | (0.9)      | (0.0) | 0.0   | (0.0)                             | (0.0) | (0.0) |       |         |
| NATURAL RESOURCE GAS LIMITED |          |         |         |       | APPENDIX A |       |       | UPDATED RATE DESIGN - FISCAL 2007 |       |       |       |         |
| GAS SUPPLY                   | 5.0      | 3.9     | 1.0     | 0.2   | 0.1        |       | 0.7   | 0.0                               | 0.0   | 0.3   | 0.0   |         |
| TOTAL REVENUE                | 11,656.2 | 8,945.5 | 2,388.8 | 321.9 | 745.3      | 146.7 | 685.1 | 0.0                               | 241.4 | 15.0  | 495.2 | 4,951.3 |

#### R/C RATIOS

|                          |        |        |        |        |        |  |        |        |        |  |        |        |
|--------------------------|--------|--------|--------|--------|--------|--|--------|--------|--------|--|--------|--------|
| GAS SUPPLY               | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |  | 100.0% | 100.0% | 100.0% |  | 100.0% | 0.0%   |
| DISTRIBUTION             | 100.0% | 90.1%  | 173.8% | 91.6%  | 100.0% |  | 100.1% | 0.0%   | 100.0% |  | 99.9%  | 724.1% |
| TOTAL                    | 100.0% | 90.1%  | 173.8% | 91.6%  | 100.0% |  | 100.1% | 0.0%   | 100.0% |  | 99.9%  | 723.5% |
| TOTAL INCL GAS COMMODITY | 100.0% | 92.9%  | 138.8% | 94.4%  | 100.0% |  | 100.1% | 0.0%   | 100.0% |  | 100.0% | 139.8% |

|                          |  |        |        |        |         |  |        |      |        |  |        |         |
|--------------------------|--|--------|--------|--------|---------|--|--------|------|--------|--|--------|---------|
| IMPLIED REVENUE INCREASE |  | 208.7% | 312.2% | 351.1% | 1204.6% |  | 333.9% | 0.0% | 316.6% |  | 687.3% | 3036.2% |
|--------------------------|--|--------|--------|--------|---------|--|--------|------|--------|--|--------|---------|

|                       |      |       |        |       |      |  |      |      |      |  |      |        |
|-----------------------|------|-------|--------|-------|------|--|------|------|------|--|------|--------|
| % RETURN ON RATE BASE | 8.7% | -7.4% | 128.1% | -4.0% | 8.7% |  | 8.8% | 0.0% | 9.1% |  | 8.6% | 977.2% |
|-----------------------|------|-------|--------|-------|------|--|------|------|------|--|------|--------|

#### ANALYSIS OF FIXED COSTS

|                               | RATE 1          |                |                |              | RATE 2       |           | RATE 3       |               | RATE 4       |           | RATE 5        | RATE 6       |
|-------------------------------|-----------------|----------------|----------------|--------------|--------------|-----------|--------------|---------------|--------------|-----------|---------------|--------------|
|                               | TOTAL           | Residential    | Commercial     | Industrial   | Apr - Oct    | Nov - Mar | Firm         | Interruptible | Apr - Dec    | Jan - Mar | Interruptible | Firm         |
| Customer Charge Revenue       | 1,134.0         | 1,062.7        | 67.1           | 4.2          | 7.7          | 5.5       | 7.0          | 0.0           | 3.1          | 1.0       | 9.0           | 1.8          |
| Total Customer costs          | <u>7,359.7</u>  | <u>6,792.5</u> | <u>437.7</u>   | <u>129.4</u> | <u>568.9</u> |           | <u>70.5</u>  | <u>0.0</u>    | <u>176.7</u> |           | <u>88.2</u>   | <u>70.5</u>  |
| % Customer Costs recovered    | 15.4%           | 15.6%          | 15.3%          | 3.3%         | 2.3%         |           | 9.9%         | 0.0%          | 2.3%         |           | 10.2%         | 2.6%         |
| Demand Charge                 |                 |                |                |              |              |           | 309.7        |               |              |           |               | 1,040.9      |
| Demand Costs                  | <u>4,023.1</u>  | <u>2,935.1</u> | <u>874.8</u>   | <u>213.1</u> | <u>315.1</u> |           | <u>580.7</u> | <u>0.0</u>    | <u>73.0</u>  |           | <u>393.0</u>  | <u>580.7</u> |
| % Demand Costs recovered      |                 |                |                |              |              |           | 53.3%        |               |              |           |               | 179.2%       |
| Total Fixed Charges           | 1,134.0         | 1,062.7        | 67.1           | 4.2          | 7.7          | 5.5       | 316.7        | 0.0           | 3.1          | 1.0       | 9.0           | 1,042.7      |
| Total Fixed Costs             | <u>11,382.7</u> | <u>9,727.6</u> | <u>1,312.5</u> | <u>342.6</u> | <u>884.1</u> |           | <u>651.2</u> | <u>0.0</u>    | <u>249.7</u> |           | <u>481.2</u>  | <u>651.2</u> |
| % Total Fixed Costs recovered | 10.0%           | 10.9%          | 5.1%           | 1.2%         | 1.5%         |           | 48.6%        | 0.0%          | 1.7%         |           | 1.9%          | 160.1%       |
| through block 1               | 78.9%           | 79.7%          | 86.7%          | 26.2%        | 29.9%        |           | 56.5%        | 0.0%          | 64.2%        |           | 101.0%        | 600.2%       |
| through block 2               | 13.5%           | 1.3%           | 90.1%          | 66.5%        | 69.6%        |           |              |               | 36.8%        |           |               |              |
| through block 3               | <u>0.0%</u>     | <u>0.0%</u>    | <u>0.0%</u>    | <u>0.0%</u>  | <u>0.0%</u>  |           |              |               | <u>0.0%</u>  |           |               |              |
| Total FIXED COST RECOVERY     | 102.4%          | 91.9%          | 181.9%         | 93.9%        | 101.0%       |           | 105.1%       | 0.0%          | 102.7%       |           | 102.9%        | 760.3%       |

|                      |          |             |             |            |            |            |       |             |     |           |      |           |             |
|----------------------|----------|-------------|-------------|------------|------------|------------|-------|-------------|-----|-----------|------|-----------|-------------|
| Estimated Deficiency |          |             |             |            |            |            |       |             |     |           |      |           |             |
| TOTAL REVENUE        | 18,932.1 | 11651.70603 | 8,942.1     | 2,387.8    | 321.7      | 746.1      | 146.7 | 685.1       | 0.0 | 241.3     | 15.0 | 494.9     | 4,951.3     |
| Allocated Costs      | 18,931.1 | 11651.70603 | 9925.630211 | 1374.72997 | 351.345845 | 891.626938 |       | 684.398     | 0   | 256.49256 |      | 495.46579 | 4951.373753 |
| R:C                  |          | 1           | 0.90091159  | 1.7369587  | 0.9157403  | 1.00129506 |       | 1.0009939 - |     | 0.9995772 |      | 0.9988    | 0.99998901  |