



***PUBLIC INTEREST ADVOCACY CENTRE***  
***LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC***

**ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7**

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: [piac@piac.ca](mailto:piac@piac.ca). <http://www.piac.ca>

Michael Buonaguro  
Counsel for VECC  
(416) 767-1666

June 11, 2010

**VIA MAIL and E-MAIL**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge St.  
Toronto, ON  
M4P 1E4

Dear Ms. Walli:

**Re: Vulnerable Energy Consumers Coalition**

**EB-2010-0018**

**Natural Resource Gas Limited – 2011 Gas Rates Application**

Please find enclosed Technical Conference Questions submitted on behalf of the Vulnerable Energy Consumers Coalition in the above-noted proceeding. We continue to review the material and may have further questions that we will forward as soon as possible, however we wanted to get these questions to the company as soon as available.

Thank you.

Yours truly,

Michael Buonaguro  
Counsel for VECC  
Encl.

### NRG – Technical Conference Questions

1. The 2011 Depreciation and Amortization costs of \$1,206,523 listed under “Cost of Service” on page 2 of Exhibit A2, Tab 1, Schedule 2 Updated (and at F8 T1 S2) appear to include \$187,708 in costs related to water heater rentals per Exhibit A3, Tab 1, Schedule 6 Updated pages 4 and 5. However, the same Other Revenue (net), \$664,160, is shown on page 2 of Exhibit A2, Tab 1, Schedule 2 Updated and on page 4 of Exhibit A3, Tab 1, Schedule 6 Updated. Has the depreciation on water heater rentals been double-counted in calculating the deficiency on page 2 of Exhibit A2, Tab 1, Schedule 2 Updated?
2. Please reconcile the Total Revenue Requirement of \$6.5237M shown at line 40 of Exhibit G3, Tab 1, Schedule 1, Sheet 3.1 with the figures provided on page 2 of Exhibit A2, Tab 1, Schedule 2 Updated.
3. VECC IR #51 asked for details of the special dividend paid in 2008 incorrectly referencing Exhibit 1, Tab 1, Schedule 1, page 2. The response received from NRG was “*We do not see a reference to a special dividend in the reference noted. There has been no dividend paid for several years.*”
4. The corrected reference for VECC IR #51 is Exhibit E1, Tab 1, Schedule 1, page 2. Please provide details of the special dividend referenced at Exhibit E1, Tab 1, Schedule 1, page 2.
5. IGPC#19 (b) indicated that the \$140K penalty imposed by the OEB is included as part of regulatory costs. Please indicate from which class or classes NRG is seeking to recover the \$140K assessed penalty, the rationale for such recovery, and the allocation of these costs among rate classes.
6. On page 1 of D1/T3/S6 updated, NRG states that it is proposing to recover a total of \$146K in 2011 in respect of regulatory costs. The response to IGPC#25 indicates that NRG is proposing to recover \$170.8K in regulatory expenses. Please reconcile these two figures.
7. Re VECC#1, please indicate why and when the retractable shares were issued, how the holders paid for these shares, how much the holders paid for them, and explain why these shares are not converted to non-retractable shares or common equity.
8. IGPC#1 states that there has been no new injection of equity over the period 2006-09. E1/T1/S2 indicates that in 2011, the average principal on its fixed rate loan will be about \$6M, the principal on its variable rate loan will be about \$5.2M, and the “compensating balance” GIC is about \$2.7M. The total of this debt is \$13.9M which exceeds the 2011 rate base of \$13.6M. Is it fair to say there is not any equity financing the rate base? Please explain.