

Direct Dial: (416) 216-2311
Direct Fax: (416) 216-3930
rking@ogilvyrenault.com

COURIERED & E-FILED VIA RESS

Toronto, August 18, 2010

Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yong Street
Toronto, ON M4P 1E4

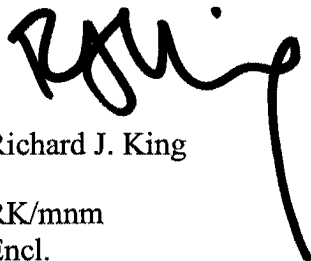
Dear Ms. Walli:

**RE: Natural Resource Gas Limited ("NRG") – Fiscal 2011 Rates Application
Updated REDA Account Balance
Board File No. EB-2010-0018**

We are counsel for the Applicant in respect of the above noted matter. During the course of the Technical Conference and Settlement Conference, NRG indicated that it had amendments to its Regulatory Expense Deferral Account ("REDA"). Please find attached the REDA amendments, which involve a revision to page 3 of Exhibit D1, Tab 7, Schedule 1, and a new Exhibit D1, Tab 7, Schedule 2.

Should you have any questions or concerns, please contact the undersigned.

Yours very truly,



Richard J. King

RK/mnm
Encl.

copy: All Intervenors
K. Viraney (Board Staff)
M. Millar (Board Counsel)
B. Cowan (NRG)
L. O'Meara (NRG)
K. Litt (Elenchus)

NRG proposes continuing the PGTVA in fiscal 2011 TY, and NRG proposes to apply a PGTVA Simple interest would be calculated on the monthly opening PGTVA balances at the Board-approved short-term interest rate (see below).

Regulatory Expenses Deferral Account (REDA)

NRG proposes to dispose of \$173,907 of the balance in this account at this time. The amount to be disposed of are the costs NRG incurred in connection with: (a) EB-2006-0209 (Multi-Year Incentive Rate Regulation for Gas LDCs); (b) EB-2007-0606/0615 (Commodity Risk Management); (c) EB-2008-0106 (Cessation of Service); (d) EB-2008-0273 (Long-Term Gas Supply and Upstream Transportation; and (e) understanding OEB IFRS requirements.

NRG also proposes that the REDA be continued in the 2011 test year and that it continue to record costs associated with participating in generic hearings and in Union Gas proceedings including, if applicable, a main rates case for Union Gas. Simple interest would be calculated on the monthly opening balances at the Board-approved short-term interest rate (see below).

IFRS Deferral Account ("IFRSDA")

NRG seeks an order of the Board authorizing it to establish a deferral account to record the costs incurred to convert to the IFRS standard. NRG submits that these costs are eligible for inclusion in a deferral account because:

- they are not included in the costs proposed to be recovered through distribution rates;
- the need to incur the costs is beyond management's control;
- the costs are expected to be material; and
- NRG will take appropriate steps to prudently incur costs associated with this activity.

Natural Resource Gas Limited
Allocation of Balances to Customer Classes

REDA

Proceeding	Incurred Cost	Proposed Amount for Disposition	Recoverable from Rates 1-6	Recoverable from Rates 1-5	Recoverable from Rate 6
Cost Awards re: IR Framework EB-2006-0209	1,822	1,822		1,822	-
Natural Gas Incentive Program EB-2007-0606 & 0615	6,811	-	-	-	-
Commodity Pricing EB-2008-0106	59,856	59,856	-	59,856	-
Cessation of Service EB-2008-0273	144,768	111,123	-	111,123	-
Preapproval of Long Term Gas Supply, Transportation Contracts EB-2008-0280	1,487	-	-	-	-
IFRS	280	-	-	-	-
Carrying Charges	156	156	-	156	-
Sub-total	215,180	172,957	-	172,957	-

PGTVA	Recorded Balance	Amount for Disposition	Recoverable from Rates 1-6	Recoverable from Rates 1-5	Recoverable from Rate 6
Principal	-198,811	-198,811		-31,696	-167,115
Carrying Charges	-3,390	-3,390		-3,359	-31
Sub-total	-202,201	-202,201		-35,055	-167,146

Computation of Carrying Charges - REDA

		Amount for Disposition	Recoverable from Rates 1-6	Recoverable from Rates 1-5	Recoverable from Rate 6
Amount to be Disposed of		172,801	-	172,801	-
Carrying Charges - Opening Balance	-	156	-	156	-
2009 Q4 Carrying Charge Rate	0.55%				
2009 Q4 Carrying Charges		238	-	238	-
2010 Q1 Carrying Charge Rate	0.55%				
2010 Q1 Carrying Charges		238	-	238	-
2010 Q2 Carrying Charge Rate - Assumed	0.55%				
2010 Q2 Carrying Charges		238	-	238	-
2010 Q3 Carrying Charge Rate - Assumed	0.55%				
2010 Q3 Carrying Charges		238	-	238	-
Period Carrying Charges		1,106	-	1,107	-
Total Amount for Disposition		173,907	-	173,908	-

Computation of Carrying Charges - PGTV

Amount to be Disposed of	(198,811)	(198,811)	-	(31,696)	(167,115)
Carrying Charges - Opening Balance	(3,390)	(3,390)	-	(3,359)	(31)
2009 Q4 Carrying Charge Rate	0				
2009 Q4 Carrying Charges		(273)	-	(44)	(230)
2010 Q1 Carrying Charge Rate	0				
2010 Q1 Carrying Charges		(273)	-	(44)	(230)
2010 Q2 Carrying Charge Rate - Assumed	0				
2010 Q2 Carrying Charges		(273)	-	(44)	(230)
2010 Q3 Carrying Charge Rate - Assumed	0				
2010 Q3 Carrying Charges		(273)	-	(44)	(230)
Period Carrying Charges		(4,483)	-	(3,533)	(950)
Total Amount for Disposition		(203,294)	-	(35,229)	(168,065)

	Amount for Disposition	Recoverable from Rates 1-6	Recoverable from Rates 1-5	Recoverable from Rate 6
Total	(29,387)	-	138,678	(168,065)

Natural Resource Gas Limited

REDA and PGTVA Dispositions

	Recoverable from Rates 1-6	Recoverable from Rates 1-5	Recoverable from Rate 6	Total
REDA	-	173,908	-	173,908
PGTVA	-	(35,229)	(168,065)	(203,294)
Total	-	138,678	(168,065)	(29,386)

Allocation Statistics

	Rate 1	Rate 2	Rate 3	Rate 4	Rate 5	Rate 6
A&G allocation	56.14%	2.94%	2.54%	0.84%	1.78%	35.76%
Transportation allocation	81.31%	2.29%	10.01%	2.07%	4.32%	

Allocated Balances

	Rate 1	Rate 2	Rate 3	Rate 4	Rate 5	Rate 6	Total
Allocated REDA balance	151,974	7,963	6,886	2,261	4,824	0	173,908
Allocated PGTVA balance	-28,644	-808	-3,526	-730	-1,521	-168,065	-203,294
Total	123,330	7,156	3,360	1,531	3,303	-168,065	-29,386

Charge Parameter Statistics

Gas Delivery Volumes	17,833,358	502,859	2,195,299	454,263	947,162	33,416,816
Number of customers	7,016	73	4	23	5	1

Proposed Rate Rider

Scenario A - Volumetric	0.006916	0.01423	0.00153	0.003371	0.003487	-0.005029
Scenario B - Fixed	\$1.46	\$8.17	\$69.99	\$5.55	\$55.04	\$ (14,005.39)
Scenario C - Lump Sum per customer	\$17.58	\$98.02	\$839.88	\$66.58	\$660.52	\$ (168,064.72)