

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, 2010;

AND IN THE MATTER OF the Quarterly Rate
Adjustment Mechanism.

APPLICATION

1. As part of the EB-2010-0187 Decision and Order dated June 18, 2010 the Board approved a PGCVA reference price of \$0.292662 per m³ and a gas supply charge of \$0.295952 per m³, both effective July 1, 2010.
2. Based on actual and forecast natural gas prices for the October, 2009 through September, 2010 period the PGCVA balance is projected to be a credit of approximately \$12 per residential customer.
3. NRG hereby applies to the Board for further orders effective October 1, 2010 as follows:
 - a) an order changing the reference price authorized by the Board's EB-2010-0187 Decision and Order for use in determining the amounts to be recorded in the Purchased Gas Commodity Variance Account (Account No. 179-27) by \$0.025499 per m³ from the Board approved level of \$0.292662 per m³ to \$0.267163 per m³;
 - b) an order changing the rates and other charges from those authorized by the Board's EB-2010-0187 Decision and Order to reflect a projected

\$0.025527 per m³ change in the gas supply charge from the Board approved level of \$0.295952 m³ to a projected cost of \$0.270425 per m³. This change is the sum of the change in the PGCVA reference price and the change required to prospectively clear the balance of the Gas Purchase Rebalancing Act.

4. This application will be supported by written evidence that will be pre-filed with the Board and intervenors of record in EB-2010-0018.
5. The address of service for Natural Resource Gas Limited is:

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Dated at London, Ontario, this 3rd day of September, 2010.

NATURAL RESOURCE GAS LIMITED

Laurie O'Meara
Controller

NATURAL RESOURCE GAS LIMITED

INTRODUCTION

As part of the EB-2010-0187 Decision and Order dated June 18, 2010 the Board approved a Purchased Gas Commodity Variance Account ("PGCVA") reference price of \$0.292662 per m³ and a gas supply charge of \$0.295952 per m³, both effective July 1, 2010.

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-2010-0187, the Board approved a GPRA rate of \$0.001462 per m³.

NRG is proposing to adjust the gas supply charge, the GPRA rate and the PGCVA reference price effective October 1, 2010 to reflect an updated forecast of gas costs, the projected balance in the PGCVA and the projected balance in the GPRA.

PGCVA

Updated Forecasts

The purpose of this evidence is to provide the projected PGCVA account balance for the twelve-month period ending September, 2010. Based on actual and forecast costs, the PGCVA account balance totals a credit of \$11.93 per residential customer for the twelve month period ending September, 2010 (Schedule 2).

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 current storage levels.

1 The PGCVA balance has been calculated using the most recent information available,
2 including actual volumes and costs through July, 2010. The remaining months in the
3 twelve-month period ending September, 2010 are calculated using estimated prices based
4 on the best information available at the time of filing.

5
6 Forecast prices have been used for the period October, 2010 through September, 2011
7 period, except where actual contracted prices are available.

8
9 The gas supply portfolio reflects the current and forecasted mix of delivery points utilized
10 by NRG for system gas purchases.

11
12 Gas Supply Portfolio

13 NRG's gas supply portfolio includes local production, deliveries of Western Canadian
14 gas at the Alberta border and purchases at Parkway on the Union Gas ("Union") system.
15 NRG also purchases additional gas when required. The requirement for these purchases
16 is discussed below. This gas may be Ontario Delivered gas, gas purchased at Dawn or
17 additional deliveries at Parkway or at the Alberta border.

18
19 NRG is required to balance its total supply with its total demand on the Union Gas
20 system on an annual basis, at the time that the direct purchase contract with Union Gas is
21 renewed. This may entail NRG purchasing gas or shedding excess gas.

22
23 NRG is a direct purchase customer on the Union Gas system. Under its bundled
24 transportation contract, NRG is obligated to deliver a fixed amount of gas each day to
25 Union. This amount is determined by Union and is based on the expected annual volume
26 divided by 365.

27
28 Additional gas may be purchased in the period leading up to the end of February of each
29 year if required for NRG to meet its forecast banked gas account winter balancing
30 checkpoint on the Union Gas system if consumption is greater than forecast. The Board

1 approved this requirement for Bundled-T customers on Union's system in RP-2003-0063
2 (Decisions with Reasons, dated March 18, 2004). As shown in Schedule 3, NRG
3 purchased additional gas at Dawn in February, 2010 in order to meet its balancing
4 requirements with Union.

5
6 NRG is currently required to deliver 1,701 GJ/day to Union Gas. As of October 1, 2010,
7 this amount will increase to 1,791 GJ/day. The direct purchase customer assignment rose
8 from 107 GJ/day to 156 GJ/day effective May 1, 2010. Effective September 1, 2010, the
9 direct purchase assignment increased again to 164 GJ/day. This results in August, 2010
10 deliveries for system gas customers of 1,545 GJ/day, 1,537 GJ/day in September, 2010
11 and 1,627 GJ/day in October, 2010 and subsequent months. The composition of these
12 obligated system gas deliveries is 605 GJ/day at AECO and 940 GJ/day at Parkway for
13 August; 597 GJ/day at AECO and 940 GJ/day at Parkway for September 2010; and 597
14 GJ/day at AECO and 1,030 GJ/day at Parkway beginning in October, 2010.

15
16 The increase in the direct purchase assignment of 49 GJ/day in May, 2010 and the further
17 increase of 8 GJ/day in September, 2010 would normally be reflected in a reduction of
18 the same amount in the AECO purchases since the direct purchase customers are
19 assigned TCPL capacity and required to deliver gas at AECO to be transported using this
20 TCPL capacity allocated to NRG by Union Gas. This allows NRG to reduce the TCPL
21 capacity assigned to it by Union Gas from 654 GJ/day to 605 GJ/day to transport gas for
22 system sales customers effective May, 2010 and to 597 GJ/day effective September 1,
23 2010.

24
25 However, NRG has firm purchase contracts in place through March of 2011 for its
26 AECO deliveries. As a result, NRG has reduced its system gas purchases at Parkway by
27 an equivalent 49 GJ/day in May, 2010 through August, 2010 and then by an equivalent
28 57 GJ/day for the period September, 2010 through March, 2011. However, as noted
29 above, NRG is still required to deliver these amounts to Parkway under its DCQ
30 obligations with Union Gas.

Union Gas has a service to accommodate this transfer of purchases from AECO to Parkway. The cost of this service has been forecast at \$1.50/GJ through March, 2011. As of April, 2011 NRG expects that the volume of gas purchased at AECO will drop to 597 GJ/day, to match the TCPL capacity held by NRG to serve system gas customers.

The composition of the gas purchases for direct purchase and system gas customers for the August, 2010 through September, 2011 period is shown in the following table. Please note that these figures do not include the direct purchase deliveries associated with a large ethanol plant served by NRG.

GJ/s per Day

Delivery Point	Aug., 2010	Sept., 2010	Oct., 2010 - March, 2010	April 2011 - June 2011
Direct Purchase	156	164	164	164
AECO	654	654	654	597
Parkway	891	883	973	1,030
Dawn	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	1,701	1,701	1,791	1,791

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 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.

The composition of the gas supply portfolio volumes for the October, 2009 through September, 2010 period is shown on the top of Schedule 3. This schedule shows the monthly volume of gas purchased or forecast to be purchased from local producers, obligated deliveries at Parkway and the Alberta border (Western), and balancing gas

(purchased at Dawn). Similarly, the composition of the gas supply portfolio volumes for the October, 2010 through September, 2011 period is shown on the top of Schedule 6.

Gas Costs

NRG's actual and forecast gas costs for the October, 2009 through September, 2010 period, by source of supply, are shown in Schedule 4 in \$/GJ. These prices are also shown in the middle section of Schedule 3 in \$/m³. The conversion factor used is based on the heat values used by Union Gas in their calculation of NRG's Banked Gas Account balances. The conversion factors used are also shown in Schedule 4. All prices shown are actual prices paid in October, 2009 through July, 2010. Prices for the remaining months in this period are based on estimated and contracted prices to be paid in these months.

Prices for October, 2010 through September, 2011 are based on prices averaged over 10 days in the period August 17, 2010 through August 30, 2010. These prices have been utilized in calculating the prices shown in Schedule 7 in \$/GJ and in the middle section of Schedule 6 in \$/m³. Gas prices for each of the sources of supply are described below. In addition to the above, contracted prices have been used where purchase decisions have been made.

The first source of supply noted in Schedules 4 and 7 is "Local Production (A)". This refers to gas that is produced in NRG's franchise area and purchased from a related company. This gas has been forecasted at the current price of \$0.3012/m³ (Schedule 3).

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

The Empress price over the October, 2010 through September, 2011 period shown in Schedule 7 (Western Deliveries) is based on a combination of actual contracted prices and forecasted prices. The average Empress delivery rate is \$6.983/GJ in October,

\$8.081/GJ in November through March and \$4.690/GJ in April through September 2011. Fuel costs of 4% are included in these rates. The transfer cost associated with 49 and 57 GJ/day noted earlier are also included in these costs.

The average Empress delivery price includes a mix of fixed price contracts over the October, 2010 through March, 2011 period. There are no amounts that are not contracted for over this period. Over the April, 2011 to September, 2011 period, the Empress delivery price includes one fixed price contract and a forecast price for the remainder of the purchases.

The following table shows the current mix of volumes and prices over the forecast period (prices do not include fuel costs or the costs associated with the transfer).

<u>Contracted?</u>	<u>Empress Deliveries</u>					
	<u>October</u>		<u>Nov-March</u>		<u>Apr-Sept</u>	
	GJ/day	\$/GJ	GJ/day	\$/GJ	GJ/day	\$/GJ
Yes	189	5.02	189	6.04	189	6.04
Yes	290	7.40	290	8.38		
Yes	175	6.94	175	8.16		
No					408	3.80
Total	654	6.589	654	7.645	597	4.510

The prices shown for the 408 GJ/day that has not been contracted for the April through September, 2011 period are based on the average price forecasts for the August 17, 2010 through August 30, 2010 period.

The Parkway price over the October, 2010 through September, 2011 period shown in Schedule 7 is based on a combination of forecast prices and actual contracted prices. The average Parkway delivery rate forecast is \$7.214/GJ in October, \$8.322/GJ in November through March and \$5.085 in April through September.

The average Parkway delivery price includes a mix of fixed price contracts and amounts currently not contracted for over this period. The following table shows the current mix of volumes and prices over the forecast period.

<u>Contracted?</u>	<u>Parkway Deliveries</u>					
	<u>October</u>		<u>Nov-March</u>		<u>Apr-Sept</u>	
	GJ/day	\$/GJ	GJ/day	\$/GJ	GJ/day	\$/GJ
Yes	370	8.55	370	9.70		
Yes	220	7.98	220	9.46		
Yes	280	5.91	280	6.85	280	6.85
No					750	4.43
No	<u>103</u>	<u>4.33</u>	<u>103</u>	<u>4.94</u>		
Total	973	7.214	973	8.322	1,030	5.085

The prices shown for the 103 GJ/day that has not been contracted for through March are based on the average price forecasts for the August 17, 2010 through August 30, 2010 period, as is the forecast price for the 750 GJ/day that has not been contracted for in the April through September period.

NRG is forecasting the need to purchase a small amount of gas in September, 2011. This gas is required to ensure that NRG remains within its contract parameters with Union Gas. The forecasted price for this Ontario delivered gas is \$4.827/GJ and is based on price forecasts for the August 17, 2010 through August 30, 2010 period for September, 2011 deliveries.

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 4.0%. 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 \$1.6381/GJ. This rate came into effect January 1, 2010 and reflects the current tolls approved by the National Energy Board.

PGCVA Balance

The projected September, 2010 balance in the PGCVA is a credit of \$121,550.84 including a debit of \$45,297.19 in accumulated interest, based on the Board's prescribed

1 interest rate. This estimate is based on actual and forecasted purchases and the balance
2 brought forward from September, 2009. The PGCVA credit amounts to a rebate of
3 approximately \$11.93 for a typical residential customer consuming approximately 1,838
4 m³ per year. These figures are shown on Schedule 2.

6 Proposed PGCVA Rate Changes

7 NRG proposes to adjust the reference price effective October 1, 2010 based on the
8 projected accumulated balance in the PGCVA as of the end of September, 2010 and the
9 forecasted cost of gas over the 12 month period beginning October, 2010 and ending
10 September, 2011. The reference price is set such that the projected PGCVA balance at
11 the end of September, 2011 is close to zero.

13 NRG's proposal will clear the PGCVA balance on a prospective basis, eliminating the
14 need for retroactive adjustments. This is consistent with NRG's past proposals in QRAM
15 applications, which have been accepted by the Board.

17 NRG proposes to change the reference price by \$0.025499 per m³ effective October 1,
18 2010, from \$0.292662 per m³ to \$0.267163 per m³. The derivation of this rate is shown
19 in Schedule 5. This is the reference price required to bring the PGCVA balance close to
20 zero on a twelve month forecast basis. This change will also be reflected in the gas
21 commodity charge.

23 **GAS PURCHASE REBALANCING ACCOUNT**

24 The impact on the GPRA of the proposed October 1, 2010 PGCVA reference price from
25 \$0.292662 per m³ to \$0.267163 per m³ is a debit of \$12,611.10, as shown on Schedule 8.
26 This figure is shown in column (J) of Schedule 8 and on the September, 2010 line. It is
27 calculated as the change in the PGCVA reference price between October and September,
28 multiplied by the cumulative inventory balance at the end of September. This cumulative
29 inventory balance is the sum of the actual monthly inventory balances for June, 2010 and
30 forecasts for the subsequent months. These forecasts will be replaced with actual

1 balances for these months in subsequent QRAM applications as this information becomes
2 available. As well, the monthly inventory balances are based on a deemed level of
3 unaccounted for gas ("UFG") of the total throughput volume, as shown in column (E) of
4 Schedule 8. The 0.0% is the Board approved level of UFG from EB-2005-0544.

5
6 NRG proposes to adjust the gas commodity charge effective October 1, 2010 based on
7 the projected accumulated balance in the GPRA. The adjustment to the gas commodity
8 charge will be set such that the projected GPRA balance at the end of September, 2011,
9 will be close to zero. The rate required to achieve this is shown in column (K) on
10 Schedule 8. Column (P) shows the reduction of the inventory revaluation balance based
11 on this rate of \$0.001434 per m³ over the October, 2010 through September, 2011 period.

12
13 NRG's proposal will clear the GPRA balance on a prospective basis, eliminating the need
14 for retroactive adjustments. This is consistent with NRG's proposal for the continued
15 prospective clearance of the PGCVA. This change will also be reflected in the gas
16 commodity charge.

17 18 **GAS COMMODITY CHARGE**

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

25
26 The change in the gas commodity charge proposed for October 1, 2010 is summarized
27 below. The change in the gas commodity charge reflects both the change in the PGCVA
28 reference price and the change in the recovery of the inventory revaluation amount in the
29 GPRA. The change in the gas commodity charge is as follows:

30

1		EB-2010-0187	Proposed	
2		<u>July 1, 2010</u>	<u>Oct. 1, 2010</u>	<u>Difference</u>
3	PGCVA Reference Price	\$0.292662	\$0.267163	\$(0.025499)
4	GPRA Recovery	\$0.001462	\$0.001434	\$(0.000028)
5	System Gas Supply Cost	<u>\$0.001828</u>	<u>\$0.001828</u>	<u>\$0.000000</u>
6	Gas Commodity Charge	\$0.295952	\$0.270425	\$(0.025527)

7

8 **SUMMARY**

9 In summary, NRG proposes to change the reference price for amounts to be recorded in
 10 the Purchased Gas Commodity Variance Account from \$0.292662 by \$0.025499 to
 11 \$0.267163 per m³ effective October 1, 2010. This change is reflected in Appendix B.

12

13 NRG also proposes to change the gas supply charge from \$0.295952 to \$0.270425 per m³
 14 effective October 1, 2010. This change reflects the change of \$0.025499 per m³ related
 15 to the change in the PGCVA reference price, as described above, and the change of
 16 \$0.000028 per m³ related to the recovery of the GPRA balance, also as described above.

17 These changes apply to all system gas customers served under Rates 1, 2, 3, 4 and 5.
 18 There are no other changes to these rate schedules. The proposed rate schedules are
 19 attached as Appendix A. The proposed customer notices are attached as Appendix C.

20

21 Schedule 9 provides a residential bill comparison showing the impact of the proposed
 22 changes on a year over year basis for the appropriate quarter as well as the annual bill
 23 impact of the most recent quarterly change. The annual bill impact on a customer
 24 consuming approximately 2,003 m³ is a decrease of \$51.13.

NATURAL RESOURCE GAS LIMITED

PURCHASED GAS COMMODITY VARIANCE ACCOUNT - PROJECTED BALANCE

HISTORICAL TWELVE MONTH PERIOD - OCTOBER, 2009 TO SEPTEMBER, 2010

<u>Act/Fcst</u>	<u>Month</u>	<u>Purchase Cost (\$'s)</u>	<u>M*3</u>	<u>Actual/ Forecast Price (\$/M*3)</u>	<u>Reference Price (\$/M*3)</u>	<u>Unit Rate Difference (\$/M*3)</u>	<u>Monthly PGCVA (\$'s)</u>	<u>Y-T-D PGCVA (\$'s) (1)</u>	<u>Monthly Interest (\$'s)</u>	<u>Y-T-D Interest (\$'s) (2)</u>	<u>Total PGCVA (\$'s)</u>	<u>Total Y-T-D PGCVA (\$'s)</u>	<u>Average Residential Consumption (M*3)</u>	<u>Monthly Interest Rate</u>
Actual	October	379,007	1,477,587	0.256504	0.274213	0.017709	26,166.60	321,779.25	135.49	-46,431.48	26,302.09	275,347.77	117.9	0.55%
Actual	November	461,533	1,474,002	0.313116	0.274213	(0.038903)	-57,343.09	264,436.16	147.48	-46,284.00	-57,195.61	218,152.16	179.9	0.55%
Actual	December	502,070	1,569,798	0.319831	0.274213	(0.045618)	-71,611.06	192,825.10	121.20	-46,162.80	-71,489.86	146,662.30	306.1	0.55%
Actual	January	503,201	1,539,213	0.326921	0.294915	(0.032006)	-49,264.05	143,561.05	88.38	-46,074.42	-49,175.67	97,486.63	344.4	0.55%
Actual	February	671,556	2,414,536	0.278130	0.294915	0.016785	40,527.99	184,089.04	65.80	-46,008.62	40,593.79	138,080.42	287.3	0.55%
Actual	March	543,727	1,684,218	0.322836	0.294915	(0.027921)	-47,025.05	137,063.99	84.37	-45,924.25	-46,940.68	91,139.74	211.7	0.55%
Actual	April	483,618	1,646,194	0.293779	0.307476	0.013697	22,547.92	159,611.91	62.82	-45,861.43	22,610.74	113,750.48	129.9	0.55%
Actual	May	419,394	1,416,703	0.296035	0.307476	0.011441	16,208.50	175,820.41	73.16	-45,788.27	16,281.66	130,032.14	79.1	0.55%
Actual	June	395,431	1,333,963	0.296434	0.307476	0.011042	14,729.62	190,550.03	80.58	-45,707.69	14,810.20	144,842.34	39.8	0.55%
Actual	July	405,452	1,370,077	0.295934	0.292662	(0.003272)	-4,482.89	186,067.14	141.32	-45,566.37	-4,341.57	140,500.77	40.9	0.89%
Forecast	August	431,628	1,443,399	0.299036	0.292662	(0.006374)	-9,200.22	176,866.92	138.00	-45,428.37	-9,062.22	131,438.55	42.8	0.89%
Forecast	September	<u>407,006</u>	<u>1,356,471</u>	<u>0.300048</u>	0.292662	(0.007386)	<u>-10,018.89</u>	<u>166,848.03</u>	<u>131.18</u>	<u>-45,297.19</u>	<u>-9,887.71</u>	<u>121,550.84</u>	<u>58.5</u>	0.89%
	Total	5,603,624	18,726,161	0.299240			-128,764.62	166,848.03	1,269.78	-45,297.19	-127,494.84	121,550.84	1,838.3	

PGCVA Balance per M*3 Purchased (\$/M*3) \$0.006491
Forecast Average Residential Consumption per Customer 1,838.3 M*3
Estimated Impact on Average Residential Customer \$11.93 Customer Rebate

(1) Includes balance of 295,612.65 as of September, 2009
(2) Includes balance of -46,566.97 as of September, 2009

NATURAL RESOURCE GAS LIMITED

COMPOSITION AND COST OF GAS BY SUPPLY SOURCE

HISTORICAL TWELVE MONTH PERIOD - OCTOBER, 2009 TO SEPTEMBER, 2010

	<u>Oct-09</u>	<u>Nov-09</u>	<u>Dec-09</u>	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Total</u>
<u>Volumes (m3)</u>													
Local Production (A)	150,759	209,792	261,934	231,968	207,434	373,620	377,608	148,986	107,568	99,511	176,000	176,000	2,521,178
Local Production (B)	0	0	0	0	0	0	0	0	0	0	0	0	0
Dawn Delivery	0	0	0	0	1,025,959	0	0	0	0	0	0	0	1,025,959
Parkway Delivery	771,794	745,519	771,263	770,897	696,534	772,875	748,100	771,297	707,261	732,734	730,908	661,286	8,880,467
Western Delivery	555,035	518,691	536,602	536,348	484,610	537,723	520,487	496,420	519,134	537,832	536,491	519,185	6,298,557
Ontario Delivered Gas	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	1,477,587	1,474,002	1,569,798	1,539,213	2,414,536	1,684,218	1,646,194	1,416,703	1,333,963	1,370,077	1,443,399	1,356,471	18,726,161
<u>Price (\$/m3)</u>													
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	
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	
Dawn Delivery	0.000000	0.000000	0.000000	0.000000	0.212364	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
Parkway Delivery	0.238863	0.311352	0.319826	0.321892	0.320402	0.318317	0.276228	0.268092	0.283024	0.282628	0.282669	0.283765	
Western Delivery	0.223965	0.275457	0.283972	0.283353	0.284832	0.282603	0.251873	0.276013	0.256444	0.255964	0.263359	0.263888	
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	
<u>Total Gas Cost (\$)</u>													
Local Production (A)	45,409	63,189	78,894	69,869	62,479	112,534	113,735	44,875	32,400	29,973	53,011	53,011	759,379
Local Production (B)	0	0	0	0	0	0	0	0	0	0	0	0	0
Dawn Delivery	0	0	0	0	217,876	0	0	0	0	0	0	0	217,876
Parkway Delivery	184,353	232,119	246,670	248,146	223,171	246,019	206,646	206,779	200,172	207,091	206,605	187,650	2,595,421
Western Delivery	124,309	142,877	152,380	151,976	138,032	151,963	131,097	137,018	133,129	137,666	141,290	137,007	1,678,741
Ontario Delivered Gas	0	0	0	0	0	0	0	0	0	0	0	0	0
TCPL Transportation	<u>24,938</u>	<u>23,348</u>	<u>24,126</u>	<u>33,211</u>	<u>29,997</u>	<u>33,211</u>	<u>32,140</u>	<u>30,723</u>	<u>29,732</u>	<u>30,723</u>	<u>30,723</u>	<u>29,338</u>	<u>352,207</u>
Total	379,007	461,533	502,070	503,201	671,556	543,727	483,618	419,394	395,431	405,452	431,628	407,006	5,603,624

NATURAL RESOURCE GAS LIMITED

ACTUAL AND FORECAST GAS PRICES

HISTORICAL TWELVE MONTH PERIOD - OCTOBER, 2009 TO SEPTEMBER, 2010

	<u>Oct-09</u>	<u>Nov-09</u>	<u>Dec-09</u>	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>
<u>Local Production</u>												
Local Production (A) (\$/GJ)	7.977	7.963	7.972	7.968	7.971	7.989	7.990	7.972	7.970	7.990	7.970	7.970
Local Production (B) (\$/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
<u>Dawn</u> (\$/GJ)	0.000	0.000	0.000	0.000	5.620	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<u>Parkway</u> (\$/GJ)	6.326	8.231	8.465	8.516	8.479	8.443	7.328	7.096	7.489	7.498	7.480	7.509
<u>Western Deliveries</u> (\$/GJ)	5.932	7.282	7.516	7.496	7.538	7.495	6.682	7.306	6.785	6.790	6.969	6.983
Fuel Ratio (%)	1.92%	1.53%	3.52%	3.21%	3.82%	3.36%	2.60%	2.60%	2.91%	2.75%	4.00%	4.00%
<u>TCPL Transportation</u> (\$/GJ)												
TCPL Toll	1.190000	1.190000	1.190000	1.638100	1.638100	1.638100	1.638100	1.638100	1.638100	1.638100	1.638100	1.638100
GJ/day (TCPL)	676	654	654	654	654	654	654	605	605	605	605	605
Delivery Commitment Credit (\$/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
GJ/day (Obligated)	1,616	1,594	1,594	1,594	1,594	1,594	1,594	1,545	1,545	1,545	1,545	1,537
<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)	37.76	37.83	37.78	37.80	37.79	37.70	37.70	37.78	37.79	37.70	37.79	37.79

NATURAL RESOURCE GAS LIMITED

PURCHASED GAS COMMODITY VARIANCE ACCOUNT

PROJECTED TWELVE MONTH FORWARD PERIOD - OCTOBER, 2010 TO SEPTEMBER, 2011
(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) (1)	Monthly Interest (\$'s)	Y-T-D Interest (\$'s) (2)	Total PGCVA (\$'s)	Total Y-T-D PGCVA (\$'s)	Average Residential Consumption (M*3)	Monthly Interest Rate
October	445,915	1,520,665	0.293237	0.267163	(0.026074)	-39,649.83	127,198.20	123.75	-45,173.44	-39,526.08	82,024.76	107.0	0.89%
November	483,608	1,465,612	0.329970	0.267163	(0.062807)	-92,050.66	35,147.54	94.34	-45,079.10	-91,956.32	-9,931.56	216.0	0.89%
December	497,982	1,508,665	0.330081	0.267163	(0.062918)	-94,922.20	-59,774.66	26.07	-45,053.03	-94,896.13	-104,827.69	331.0	0.89%
January	497,982	1,508,665	0.330081	0.267163	(0.062918)	-94,922.20	-154,696.86	-44.33	-45,097.36	-94,966.53	-199,794.22	358.0	0.89%
February	445,826	1,349,504	0.330363	0.267163	(0.063200)	-85,288.66	-239,985.52	-114.73	-45,212.09	-85,403.39	-285,197.61	318.0	0.89%
March	497,379	1,506,665	0.330119	0.267163	(0.062956)	-94,853.62	-334,839.14	-177.99	-45,390.08	-95,031.61	-380,229.22	268.0	0.89%
April	390,984	1,691,748	0.231112	0.267163	0.036051	60,989.19	-273,849.95	-248.34	-45,638.42	60,740.85	-319,488.37	155.0	0.89%
May	399,999	1,734,801	0.230573	0.267163	0.036590	63,476.38	-210,373.57	-203.11	-45,841.53	63,273.27	-256,215.10	80.0	0.89%
June	390,984	1,691,748	0.231112	0.267163	0.036051	60,989.19	-149,384.38	-156.03	-45,997.56	60,833.16	-195,381.94	43.0	0.89%
July	399,999	1,734,801	0.230573	0.267163	0.036590	63,476.38	-85,908.00	-110.79	-46,108.35	63,365.59	-132,016.35	38.0	0.89%
August	399,999	1,734,801	0.230573	0.267163	0.036590	63,476.38	-22,431.62	-63.72	-46,172.07	63,412.66	-68,603.69	36.0	0.89%
September	<u>407,419</u>	<u>1,781,848</u>	<u>0.228650</u>	0.267163	0.038513	<u>68,624.31</u>	<u>46,192.69</u>	<u>-16.64</u>	<u>-46,188.71</u>	<u>68,607.67</u>	<u>3.98</u>	<u>53.0</u>	0.89%
Total	5,258,075	19,229,523	0.273438			-120,655.34	46,192.69	-891.52	-46,188.71	-121,546.86	3.98	2,003.0	

PGCVA Balance per M*3 Purchased (\$/M*3) \$0.000000
Forecast Average Residential Consumption per Customer 2,003.0 M*3
Estimated Impact on Average Residential Customer \$0.00 Customer Rebate

(1) Includes Sept., 2010 year-to-date balance of \$166,848.03 (See Schedule 2)
(2) Includes Sept., 2010 year-to-date balance of (\$45,297.19) (See Schedule 2)

NATURAL RESOURCE GAS LIMITED

COMPOSITION AND COST OF GAS BY SUPPLY SOURCE

PROJECTED TWELVE MONTH FORWARD PERIOD - OCTOBER, 2010 TO SEPTEMBER, 2011

	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Total</u>
<u>Volumes (m3)</u>													
Local Production (A)	186,000	174,000	174,000	174,000	144,000	172,000	400,136	400,136	400,136	400,136	400,136	400,136	3,424,816
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	798,174	772,427	798,174	798,174	720,931	798,174	817,677	844,933	817,677	844,933	844,933	817,677	9,673,882
Western Delivery	536,491	519,185	536,491	536,491	484,573	536,491	473,935	489,733	473,935	489,733	489,733	473,935	6,040,725
Ontario Delivered Gas	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>90,100</u>	<u>90,100</u>
Total	1,520,665	1,465,612	1,508,665	1,508,665	1,349,504	1,506,665	1,691,748	1,734,801	1,691,748	1,734,801	1,734,801	1,781,848	19,229,523
<u>Price (\$/m3)</u>													
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	
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	
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	
Parkway Delivery	0.272617	0.314488	0.314488	0.314488	0.314488	0.314488	0.192162	0.192162	0.192162	0.192162	0.192162	0.192162	
Western Delivery	0.263888	0.305381	0.305381	0.305381	0.305381	0.305381	0.177235	0.177235	0.177235	0.177235	0.177235	0.177235	
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	0.182412	
<u>Total Gas Cost (\$)</u>													
Local Production (A)	56,023	52,409	52,409	52,409	43,373	51,806	120,521	120,521	120,521	120,521	120,521	120,521	1,031,555
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	217,596	242,919	251,016	251,016	226,724	251,016	157,126	162,364	157,126	162,364	162,364	157,126	2,398,758
Western Delivery	141,574	158,549	163,834	163,834	147,979	163,834	83,998	86,798	83,998	86,798	86,798	83,998	1,451,992
Ontario Delivered Gas	0	0	0	0	0	0	0	0	0	0	0	16,435	16,435
TCPL Transportation	<u>30,723</u>	<u>29,732</u>	<u>30,723</u>	<u>30,723</u>	<u>27,749</u>	<u>30,723</u>	<u>29,338</u>	<u>30,316</u>	<u>29,338</u>	<u>30,316</u>	<u>30,316</u>	<u>29,338</u>	<u>359,335</u>
Total	445,915	483,608	497,982	497,982	445,826	497,379	390,984	399,999	390,984	399,999	399,999	407,419	5,258,075

[illegible]

NATURAL RESOURCE GAS LIMITED

GAS PURCHASE REBALANCING ACCOUNT

OCTOBER, 2009 THROUGH SEPTEMBER, 2011

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	Deemed U.F.G. (M*3) E	System Sales + U.F.G. (M*3) F=D+E	Monthly Inventory Balance (M*3) G=A-F	Cumulative Inventory (M*3) H (1)	Reference Price (\$/M*3) I	Inventory Revaluation (\$s) J	Inventory Rate (\$/M*3) K	Inventory Recovery (\$s) L=KxD	Y-T-D GPRA Balance (\$s) M (2)	Monthly Interest (\$s) N	Y-T-D Interest (\$s) O (3)	Total Y-T-D GPRA Balance (\$s) P=M+O	Monthly Interest Rate
October	1,477,587	4,006,145	2,668,280	1,337,865	0	1,337,865	139,722	706,222	0.274213	0.00	(0.003492)	-4,671.82	50,298.21	25.19	4,271.50	54,569.71	0.55%
November	1,474,002	5,673,735	3,177,048	2,496,687	0	2,496,687	-1,022,685	-316,463	0.274213	0.00	(0.003492)	-8,718.43	41,579.78	23.05	4,294.55	45,874.33	0.55%
December	1,569,798	6,218,198	3,116,818	3,101,380	0	3,101,380	-1,531,582	-1,848,045	0.274213	-38,258.22	(0.003492)	-10,830.02	-7,508.46	19.06	4,313.61	-3,194.85	0.55%
January	1,539,213	6,406,681	3,199,898	3,206,783	0	3,206,783	-1,667,570	-3,515,615	0.294915	0.00	(0.000332)	-1,064.65	-8,573.10	-3.44	4,310.17	-4,262.93	0.55%
February	2,414,536	5,527,285	2,840,471	2,686,814	0	2,686,814	-272,278	-3,787,892	0.294915	0.00	(0.000332)	-892.02	-9,465.12	-3.93	4,306.24	-5,158.88	0.55%
March	1,684,218	5,048,891	3,021,308	2,027,583	0	2,027,583	-343,365	-4,131,257	0.294915	-51,892.73	(0.000332)	-673.16	-62,031.00	-4.34	4,301.90	-57,729.10	0.55%
April	1,646,194	3,928,806	2,681,144	1,247,662	0	1,247,662	398,532	-3,732,726	0.307476	0.00	0.003407	4,250.78	-57,780.22	-28.43	4,273.47	-53,506.75	0.55%
May	1,416,703	3,520,002	2,728,304	791,698	0	791,698	625,005	-3,107,720	0.307476	0.00	0.003407	2,697.32	-55,082.90	-26.48	4,246.99	-50,835.91	0.55%
June	1,333,963	3,116,917	2,676,819	440,098	0	440,098	893,865	-2,213,855	0.307476	32,796.05	0.003407	1,499.41	-20,787.44	-25.25	4,221.74	-16,565.70	0.55%
July	1,370,077	3,415,670	2,991,833	423,837	0	423,837	946,240	-1,267,615	0.292662	0.00	0.001462	619.65	-20,167.79	-15.42	4,206.32	-15,961.47	0.89%
August	1,443,399	3,135,434	2,553,043	582,391	0	582,391	861,008	-406,608	0.292662	0.00	0.001462	851.46	-19,316.33	-14.96	4,191.36	-15,124.97	0.89%
September	1,356,471	3,154,720	2,699,429	455,291	0	455,291	901,180	494,572	0.292662	-12,611.10	0.001462	665.64	-31,261.80	-14.33	4,177.03	-27,084.77	0.89%
October	1,520,665	4,122,791	2,783,246	1,339,545	0	1,339,545	181,120	675,693	0.267163	0.00	0.001434	1,920.91	-29,340.89	-23.19	4,153.84	-25,187.05	0.89%
November	1,465,612	5,437,922	2,807,687	2,630,235	0	2,630,235	-1,164,623	-488,931	0.267163	0.00	0.001434	3,771.76	-25,569.13	-21.76	4,132.08	-21,437.05	0.89%
December	1,508,665	5,736,472	2,795,357	2,941,115	0	2,941,115	-1,432,450	-1,921,380	0.267163	0.00	0.001434	4,217.56	-21,351.57	-18.96	4,113.12	-17,238.45	0.89%
January	1,508,665	5,858,437	2,824,409	3,034,028	0	3,034,028	-1,525,363	-3,446,743	0.267163	0.00	0.001434	4,350.80	-17,000.77	-15.84	4,097.28	-12,903.49	0.89%
February	1,349,504	5,938,822	2,807,462	3,131,360	0	3,131,360	-1,781,856	-5,228,599	0.267163	0.00	0.001434	4,490.37	-12,510.40	-12.61	4,084.67	-8,425.73	0.89%
March	1,506,665	4,911,580	2,744,961	2,166,619	0	2,166,619	-659,954	-5,888,553	0.267163	0.00	0.001434	3,106.93	-9,403.47	-9.28	4,075.39	-5,328.08	0.89%
April	1,691,748	4,082,871	2,685,665	1,397,206	0	1,397,206	294,542	-5,594,011	0.267163	0.00	0.001434	2,003.59	-7,399.88	-6.97	4,068.42	-3,331.46	0.89%
May	1,734,801	3,338,642	2,661,298	677,344	0	677,344	1,057,457	-4,536,554	0.267163	0.00	0.001434	971.31	-6,428.57	-5.49	4,062.93	-2,365.64	0.89%
June	1,691,748	3,129,013	2,638,035	490,978	0	490,978	1,200,770	-3,335,785	0.267163	0.00	0.001434	704.06	-5,724.51	-4.77	4,058.16	-1,666.35	0.89%
July	1,734,801	3,045,104	2,646,622	398,482	0	398,482	1,336,319	-1,999,465	0.267163	0.00	0.001434	571.42	-5,153.09	-4.25	4,053.91	-1,099.18	0.89%
August	1,734,801	3,137,601	2,639,204	498,397	0	498,397	1,236,404	-763,061	0.267163	0.00	0.001434	714.70	-4,438.39	-3.82	4,050.09	-388.30	0.89%
September	1,781,848	2,976,381	2,699,547	276,834	0	276,834	1,505,014	741,953	0.267163	0.00	0.001434	396.98	-4,041.41	-3.29	4,046.80	5.39	0.89%

(1) Includes balance of 566,500 as of September, 2009
(2) Includes balance of 54,970.03 as of September, 2009
(3) Includes balance of 4,246.31 as of September, 2009

NATURAL RESOURCE GAS LIMITED

RESIDENTIAL BILL COMPARISONS

QUARTERLY BILL IMPACT

	Quarter Starting 01-Oct-09 <u>EB-2009-0321</u>	Quarter Starting 01-Oct-10 <u>EB-2010-0268</u>	\$ Change	Percent Change
Average Residential Consumption for Quarter	654	654		
Monthly Charges	\$34.50	\$34.50	\$0.00	0.0%
Delivery Charges	\$100.06	\$100.06	\$0.00	0.0%
Total Commodity Charges	<u>\$178.25</u>	<u>\$176.86</u>	<u>(\$1.39)</u>	<u>-0.8%</u>
Total Customer Charges	\$312.81	\$311.42	(\$1.39)	-0.4%

ANNUAL BILL IMPACT

	01-Jul-10 <u>EB-2010-0187</u>	01-Oct-10 <u>EB-2010-0268</u>	\$ Change	Percent Change
Average Residential Consumption	2,003.0	2,003.0		
Monthly Charges	\$138.00	\$138.00	\$0.00	0.0%
Delivery Charges	\$306.46	\$306.46	\$0.00	0.0%
Total Commodity Charges	<u>\$592.79</u>	<u>\$541.66</u>	<u>(\$51.13)</u>	<u>-8.6%</u>
Total Customer Charges	\$1,037.25	\$986.12	(\$51.13)	-4.9%

RATES USED

	01-Oct-09 <u>EB-2009-0321</u>	01-Jul-10 <u>EB-2010-0187</u>	01-Oct-10 <u>EB-2010-0268</u>
Monthly charge	11.50	11.50	11.50
Delivery Charge	0.152999	0.152999	0.152999
Total Commodity Charge	0.272549	0.295952	0.270425

**APPENDIX “A” TO
DECISION AND ORDER
BOARD FILE No. EB-2010-0268
DATED SEPTEMBER XX, 2010**

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, 2010

Implementation: All bills rendered on or after October 01, 2010

EB-2010-0268

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, 2010

Implementation: All bills rendered on or after October 01, 2010

EB-2010-0268

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, 2010

Implementation: All bills rendered on or after October 01, 2010

EB-2010-0268

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, 2010

Implementation: All bills rendered on or after October 01, 2010

EB-2010-0268

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, 2010

Implementation: All bills rendered on or after October 01, 2010

EB-2010-0268

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-2010-0268)	26.7163 cents per m3
GPRA Recovery Rate	(EB-2010-0268)	0.1434 cents per m3
System Gas Fee	(EB-2005-0544)	<u>0.1828</u> cents per m3
Total Gas Supply Charge		27.0425 cents per m3

Note:

PGCVA means Purchased Gas Commodity Variance Account

GPRA means Gas Purchase Rebalancing Account

Effective: October 01, 2010

Implementation: All bills rendered on or after October 01, 2010

EB-2010-0268

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, 2010

Implementation: All bills rendered on or after October 01, 2010

EB-2010-0268

**APPENDIX “B” TO
DECISION AND ORDER
BOARD FILE No. EB-2010-0268
DATED SEPTEMBER XX, 2010**

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 \$0.267163 per m³ approved for rate making purposes effective October 01, 2010.

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-2010-0268
DATED SEPTEMBER XX, 2010**

IMPORTANT INFORMATION ABOUT YOUR GAS BILL

On all bills rendered by NRG on or after October 1, 2010, the price we charge for the gas commodity and transportation portion of your bill will be decreasing by \$0.025527 per cubic meter to \$0.270425 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, 2011. 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 change impact you? That will depend on the amount of gas that you use. For a typical residential customer who consumes approximately 2,003 cubic meters of gas annually, this price change will cause your annual heating costs to decrease by approximately \$51 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.