

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 January 1, 2011;

AND IN THE MATTER OF the Quarterly Rate Adjustment Mechanism.

APPLICATION

1. As part of the EB-2010-0268 Decision and Order dated September 17, 2010 the Board approved a PGCVA reference price of \$0.267163 per m³ and a gas supply charge of \$0.270425 per m³, both effective October 1, 2010.
2. Based on actual and forecast natural gas prices for the January, 2010 through December, 2010 period the PGCVA balance is projected to be a credit of approximately \$9 per residential customer.
3. NRG hereby applies to the Board for further orders effective January 1, 2011 as follows:
 - a) an order changing the reference price authorized by the Board's EB-2010-0268 Decision and Order for use in determining the amounts to be recorded in the Purchased Gas Commodity Variance Account (Account No. 179-27) by \$0.039017 per m³ from the Board approved level of \$0.267163 per m³ to \$0.228146 per m³;
 - b) an order changing the rates and other charges from those authorized by the Board's EB-2010-0268 Decision and Order to reflect a projected

\$0.044878 per m³ change in the gas supply charge from the Board approved level of \$0.270425 m³ to a projected cost of \$0.225547 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 10th day of December, 2010.

NATURAL RESOURCE GAS LIMITED

Laurie O'Meara
Controller

NATURAL RESOURCE GAS LIMITED

INTRODUCTION

As part of the EB-2010-0268 Decision and Order dated September 17, 2010 the Board approved a Purchased Gas Commodity Variance Account (“PGCVA”) reference price of \$0.267163 per m³ and a gas supply charge of \$0.270425 per m³, both effective October 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-2010-0268, the Board approved a GPRA rate of \$0.001434 per m³.

NRG is proposing to adjust the gas supply charge, the GPRA rate and the PGCVA reference price effective January 1, 2011 to reflect an updated forecast of gas costs, the projected balance in the PGCVA and the projected balance in the GPRA.

PGCVA

Updated Forecasts

Based on actual and forecast costs, the PGCVA account balance totals a credit of \$9.48 per residential customer for the twelve month period ending December, 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.

The PGCVA balance has been calculated using the most recent information available, including actual volumes and costs through October, 2010. The remaining months in the

December, 2010

1 twelve-month period ending December, 2010 are calculated using estimated prices based
2 on the best information available at the time of filing.

3
4 Forecast prices have been used for the period January, 2011 through December, 2011
5 period, except where actual contracted prices are available.

6
7 The gas supply portfolio reflects the current and forecasted mix of delivery points utilized
8 by NRG for system gas purchases.

9
10 Gas Supply Portfolio

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

16
17 NRG is required to balance its total supply with its total demand on the Union Gas
18 system on an annual basis, at the time that the direct purchase contract with Union Gas is
19 renewed. This may entail NRG purchasing gas or shedding excess gas.

20
21 NRG is a direct purchase customer on the Union Gas system. Under its bundled
22 transportation contract, NRG is obligated to deliver a fixed amount of gas each day to
23 Union. This amount is determined by Union and is based on the expected annual volume
24 divided by 365.

25
26 Additional gas may be purchased in the period leading up to the end of February of each
27 year if required for NRG to meet its forecast banked gas account winter balancing
28 checkpoint on the Union Gas system if consumption is greater than forecast. The Board
29 approved this requirement for Bundled-T customers on Union's system in RP-2003-0063
30 (Decisions with Reasons, dated March 18, 2004). As shown in Schedule 3, NRG

1 purchased additional gas at Dawn in February, 2010 in order to meet its balancing
2 requirements with Union.

3
4 Effective October 1, 2010, the obligated deliveries to Union by NRG on behalf of both
5 system gas customers and direct purchase customers increased from 1,701 GJ/day to
6 1,791 GJ/day. In addition, effective November 1, 2010, the composition of these
7 obligated deliveries to Union also changed. In particular, the AECO deliveries decreased
8 from 761 GJ/day to 563 GJ/day, while the obligated Parkway deliveries increased from
9 1,030 GJ/day to 1,228 GJ/day.

10
11 As noted above, NRG is currently required to deliver 1,791 GJ/day to Union Gas. The
12 direct purchase customer assignment rose from 164 GJ/day to 203 GJ/day effective
13 November 1, 2010. This results in October, 2010 deliveries for system gas customers of
14 1,627 GJ/day and 1,588 GJ/day in November, 2010 and subsequent months. The
15 composition of these obligated system gas deliveries is 654 GJ/day at AECO and 973
16 GJ/day at Parkway for October and 360 GJ/day at AECO and 1,228 GJ/day at Parkway
17 beginning in November, 2010.

18
19 The increase in the direct purchase assignment to 203 GJ/day in November, 2010 would
20 normally be reflected in a reduction of the same amount in the AECO purchases since the
21 direct purchase customers are assigned TCPL capacity and required to deliver gas at
22 AECO to be transported using this TCPL capacity allocated to NRG by Union Gas. This
23 allows NRG to reduce the TCPL capacity assigned to it by Union Gas from 563 GJ/day
24 to 360 GJ/day to transport gas for system sales customers effective November, 2010.

25
26 However, NRG has firm purchase contracts in place through March of 2011 for its
27 AECO deliveries in the amount of 654 GJ/day. As a result, NRG has reduced its system
28 gas purchases at Parkway by an amount of 294 GJ/day in November, 2010 through
29 March, 2011. As noted above, NRG is still required to deliver these amounts to Parkway
30 under its DCQ obligations with Union Gas.

1 Union Gas has a service to accommodate this transfer of purchases from AECO to
 2 Parkway. The cost of this service has been forecast at \$1.50/GJ in the January through
 3 March, 2011 period. As of April, 2011 NRG expects that the volume of gas purchased at
 4 AECO will drop to 360 GJ/day, to match the TCPL capacity held by NRG to serve
 5 system gas customers.

6

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

11

GJ/s per Day

Delivery Point	Nov., 2010 - March, 2010	April 2011 - Dec. 2011
Direct Purchase	203	203
AECO	654	360
Parkway	934	1,228
Dawn	<u>0</u>	<u>0</u>
Total	1,791	1,791

12

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

15

16 As indicated previously, NRG is required to balance its supply with its demand on the
 17 Union system to within +/- 4% at the end of the contract year under its bundled
 18 transportation contract with Union. The bundled transportation contract year-end
 19 corresponds with the end of NRG's fiscal year (September 30). NRG purchases
 20 additional balancing gas or sells gas and/or reduces deliveries such that total demand on
 21 the Union system is offset by the supply provided to Union Gas to remain within the
 22 contract parameters.

23

24 The composition of the gas supply portfolio volumes for the January, 2010 through
 25 December, 2010 period is shown on the top of Schedule 3. This schedule shows the
 26 monthly volume of gas purchased or forecast to be purchased from local producers,

1 obligated deliveries at Parkway and the Alberta border (Western), and balancing gas
2 (purchased at Dawn or Ontario delivered gas). Similarly, the composition of the gas
3 supply portfolio volumes for the January, 2011 through December, 2011 period is shown
4 on the top of Schedule 6.

5

6 Gas Costs

7 NRG's actual and forecast gas costs for the January, 2010 through December, 2010
8 period, by source of supply, are shown in Schedule 4 in \$/GJ. These prices are also
9 shown in the middle section of Schedule 3 in $\$/m^3$. The conversion factor used is based
10 on the heat values used by Union Gas in their calculation of NRG's Banked Gas Account
11 balances. The conversion factors used are also shown in Schedule 4. All prices shown
12 are actual prices paid in January, 2010 through October, 2010. Prices for the remaining
13 months in this period are based on estimated and contracted prices to be paid in these
14 months.

15

16 Prices for January, 2011 through December, 2011 are based on prices averaged over 10
17 days in the period November 12, 2010 through November 30, 2010 (pricing reports were
18 not available for the dates of November 23, 25 or 26). These prices have been utilized in
19 calculating the prices shown in Schedule 7 in \$/GJ and in the middle section of Schedule
20 6 in $\$/m^3$. Gas prices for each of the sources of supply are described below. In addition
21 to the above, contracted prices have been used where purchase decisions have been made.

22

23 The first source of supply noted in Schedules 4 and 7 is "Local Production (A)". This
24 refers to gas that is produced in NRG's franchise area and purchased from a related
25 company. This gas has been forecasted at a price of $\$0.241357/m^3$ effective November 1,
26 2010 (Schedule 3). This price is equivalent to $\$6.80/mcf$ which is the price to be used for
27 the first 2.4 million cubic metres of gas purchased from NRG Corp. as set out in the EB-
28 2010-0018 Decision and Order dated December 6, 2010. NRG will also track the
29 October, 2010 amount purchased from NRG Corp. in the PGCVA, as directed in the
30 Decision. The amount, total cost and price for this gas is shown in Schedule 3.

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

3

4 The Empress price over the January, 2011 through December, 2011 period shown in
 5 Schedule 7 (Western Deliveries) is based on a combination of actual contracted prices
 6 and forecasted prices. The average Empress delivery rate is \$8.625/GJ in January
 7 through March, \$5.041/GJ in April through October 2011 and \$5.381/GJ in November
 8 2011 through December 2011. Fuel costs of 4% are included in these rates. The transfer
 9 cost associated with the 294 GJ/day noted earlier are also included in these costs in
 10 January through March.

11

12 The average Empress delivery price includes a mix of fixed price contracts over the
 13 January, 2011 through March, 2011 period. There are no amounts that are not contracted
 14 for over this period. Over the April, 2011 to December, 2011 periods, the Empress
 15 delivery price includes one fixed price contract and a forecast price for the remainder of
 16 the purchases.

17

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

Empress Deliveries						
<u>Contracted?</u>	<u>Jan-March</u>		<u>Apr-Oct</u>		<u>Nov-Dec</u>	
	GJ/day	\$/GJ	GJ/day	\$/GJ	GJ/day	\$/GJ
Yes	189	6.040	189	6.040	189	6.040
Yes	290	8.380				
Yes	175	8.160				
No			171	3.529	171	4.217
Total	654	7.645	360	4.847	360	5.174

20

21 The prices shown for the 171 GJ/day that has not been contracted for the April through
 22 October and November through December, 2011 periods are based on the average price
 23 forecasts for the November 12, 2010 through November 30, 2010 period.

24

1 The Parkway price over the January, 2010 through December, 2011 period shown in
 2 Schedule 7 is based on a combination of forecast prices and actual contracted prices. The
 3 average Parkway delivery rate forecast is \$8.443/GJ in January, \$8.441/GJ in February
 4 and March, \$5.020 in April through October, and \$5.074/GJ in November and December.

5

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

Parkway Deliveries						
<u>Contracted?</u>	<u>Jan-March *</u>		<u>Apr-Oct</u>		<u>Nov-Dec</u>	
	GJ/day	\$/GJ	GJ/day	\$/GJ	GJ/day	\$/GJ
Yes	370	9.700				
Yes	220	9.460				
Yes	280	6.850	280	6.850	280	6.850
No			948	4.479	948	4.549
No	64	4.652				
Total	934	8.443	1,228	5.020	1,228	5.074

9 * Note: Total price in February and March is \$8.441 and is the result of a forecast price of \$4.616/GJ for
 10 the non-contracted volumes in these months.

11

12 The prices shown for the 64 GJ/day that has not been contracted for through March are
 13 based on the average price forecasts for the November 12, 2010 through November 30,
 14 2010 period, as is the forecast price for the 948 GJ/day that has not been contracted for in
 15 the April through October and November through December periods.

16

17 NRG is forecasting the need to purchase gas in September, 2011. This gas is required to
 18 ensure that NRG remains within its contract parameters with Union Gas. The forecasted
 19 price for this Ontario delivered gas is \$4.469/GJ and is based on price forecasts for the
 20 November 12, 2010 through November 30, 2010 period for September, 2011 deliveries.

21

22 Other Forecast Assumptions

23 A number of other assumptions have been used to calculate the projected balance in the
 24 PGCVA. As shown on Schedules 4 and 7, the fuel ratio for Western deliveries has been
 25 forecast at 4.0%. This ratio has been reflected in the forecast prices shown in the
 26 schedules for Western deliveries.

1 TCPL tolls have been forecast at a rate of \$1.6381/GJ. This rate came into effect January
2 1, 2010 and reflects the current tolls approved by the National Energy Board.

3
4 PGCVA Balance

5 The projected December, 2010 balance in the PGCVA is a credit of \$101,518.40
6 including a debit of \$44,434.56 in accumulated interest, based on the Board's prescribed
7 interest rate. This estimate is based on actual and forecasted purchases and the balance
8 brought forward from December, 2009. The PGCVA credit amounts to a rebate of
9 approximately \$9.48 for a typical residential customer consuming approximately 1,862
10 m³ per year. These figures are shown on Schedule 2.

11
12 Proposed PGCVA Rate Changes

13 NRG proposes to adjust the reference price effective January 1, 2011 based on the
14 projected accumulated balance in the PGCVA as of the end of December, 2010 and the
15 forecasted cost of gas over the 12 month period beginning January, 2011 and ending
16 December, 2011. The reference price is set such that the projected PGCVA balance at
17 the end of December, 2011 is close to zero.

18
19 NRG's proposal will clear the PGCVA balance on a prospective basis, eliminating the
20 need for retroactive adjustments. This is consistent with NRG's past proposals in QRAM
21 applications, which have been accepted by the Board.

22
23 NRG proposes to change the reference price by \$0.039017 per m³ effective January 1,
24 2011, from \$0.267163 per m³ to \$0.228146 per m³. The derivation of this rate is shown
25 in Schedule 5. This is the reference price required to bring the PGCVA balance close to
26 zero on a twelve month forecast basis. This change will also be reflected in the gas
27 commodity charge.

28
29
30

GAS PURCHASE REBALANCING ACCOUNT

1 The impact on the GPRA of the proposed January 1, 2011 PGCVA reference price from
2 \$0.267163 per m³ to \$0.228146 per m³ is a credit of \$93,012.21, as shown on Schedule 8.
3 This figure is shown in column (J) of Schedule 8 and on the December, 2010 line. It is
4 calculated as the change in the PGCVA reference price between January and December,
5 multiplied by the cumulative inventory balance at the end of December. This cumulative
6 inventory balance is the sum of the actual monthly inventory balances for September,
7 2010 and forecasts for the subsequent months. These forecasts will be replaced with
8 actual balances for these months in subsequent QRAM applications as this information
9 becomes available. As well, the monthly inventory balances are based on a deemed level
10 of unaccounted for gas (“UFG”) of the total throughput volume, as shown in column (E)
11 of Schedule 8. The 0.0% is the Board approved level of UFG from EB-2005-0544.
12

13
14 NRG proposes to adjust the gas commodity charge effective January 1, 2011 based on the
15 projected accumulated balance in the GPRA. The adjustment to the gas commodity
16 charge will be set such that the projected GPRA balance at the end of December, 2011,
17 will be close to zero. The rate required to achieve this is shown in column (K) on
18 Schedule 8. Column (P) shows the reduction of the inventory revaluation balance based
19 on this rate of \$(0.004427) per m³ over the January 2011 through December 2011 period.
20

21 NRG’s proposal will clear the GPRA balance on a prospective basis, eliminating the need
22 for retroactive adjustments. This is consistent with NRG’s proposal for the continued
23 prospective clearance of the PGCVA. This change will also be reflected in the gas
24 commodity charge.
25

GAS COMMODITY CHARGE

26
27 The system gas supply cost of \$0.001828 per m³ will be maintained. This figure
28 represents the functionalization of additional costs over and above the commodity and
29 transportation costs that form the PGCVA reference price to the gas supply function.
30 These additional costs are portions of the wages and benefits, management fee, return on

1 rate base (working cash) and income taxes. This functionalization is unchanged from that
2 approved in EB-2005-0544.

3
4 The change in the gas commodity charge proposed for January 1, 2011 is summarized
5 below. The change in the gas commodity charge reflects both the change in the PGCVA
6 reference price and the change in the recovery of the inventory revaluation amount in the
7 GPRA. The change in the gas commodity charge is as follows:

	EB-2010-0268 Oct. 1, 2010	Proposed Jan. 1, 2011	Difference
PGCVA Reference Price	\$0.267163	\$0.228146	\$(0.039017)
GPRA Recovery	\$0.001434	\$(0.004427)	\$(0.005861)
System Gas Supply Cost	<u>\$0.001828</u>	<u>\$0.001828</u>	<u>\$0.000000</u>
Gas Commodity Charge	<u>\$0.270425</u>	<u>\$0.225547</u>	<u>\$(0.044878)</u>

17 SUMMARY

18 In summary, NRG proposes to change the reference price for amounts to be recorded in
19 the Purchased Gas Commodity Variance Account from \$0.267163 by \$0.039017 to
20 \$0.228146 per m³ effective January 1, 2011. This change is reflected in Appendix B.

21
22 NRG also proposes to change the gas supply charge from \$0.270425 to \$0.225547 per m³
23 effective January 1, 2011. This change reflects the change of \$0.039017 per m³ related to
24 the change in the PGCVA reference price, as described above, and the change of
25 \$(0.005861) per m³ related to the recovery of the GPRA balance, also as described above.

26 These changes apply to all system gas customers served under Rates 1, 2, 3, 4 and 5.

27 There are no other changes to these rate schedules. The proposed rate schedules are
28 attached as Appendix A. The proposed customer notices are attached as Appendix C.

29
30 Schedule 9 provides a residential bill comparison showing the impact of the proposed
31 changes on a year over year basis for the appropriate quarter as well as the annual bill

- 1 impact of the most recent quarterly change. The annual bill impact on a customer
- 2 consuming approximately 1,992 m³ is a decrease of \$89.41.

NATURAL RESOURCE GAS LIMITED

PURCHASED GAS COMMODITY VARIANCE ACCOUNT - PROJECTED BALANCE

HISTORICAL TWELVE MONTH PERIOD - JANUARY, 2010 TO DECEMBER, 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)</u> (1)	<u>Monthly Interest (\$'s)</u>	<u>Y-T-D Interest (\$'s)</u> (2)	<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	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	32.9	0.89%
Actual	August	402,667	1,359,935	0.296092	0.292662	(0.003430)	-4,664.58	181,402.56	138.00	-45,428.37	-4,526.58	135,974.19	34.3	0.89%
Actual	September	585,716	2,494,662	0.234788	0.292662	0.057874	144,376.05	325,778.61	134.54	-45,293.83	144,510.59	280,484.78	48.9	0.89%
Actual	October	462,022	1,647,340	0.280466	0.267163	(0.013303)	-21,914.56	303,864.05	325.78	-44,968.05	-21,588.78	258,896.00	107.0	1.20%
Forecast	November	467,619	1,472,448	0.317580	0.267163	(0.050417)	-74,236.39	229,627.66	303.86	-44,664.19	-73,932.53	184,963.47	216.0	1.20%
Forecast	December	<u>502,233</u>	<u>1,566,678</u>	<u>0.320572</u>	0.267163	(0.053409)	<u>-83,674.70</u>	<u>145,952.96</u>	<u>229.63</u>	<u>-44,434.56</u>	<u>-83,445.07</u>	<u>101,518.40</u>	<u>331.0</u>	1.20%
	Total	5,842,636	19,945,967	0.292923			-46,872.14	145,952.96	1,728.24	-44,434.56	-45,143.90	101,518.40	1,862.3	

PGCVA Balance per M*3 Purchased (\$/M*3) \$0.005090
 Forecast Average Residential Consumption per Customer 1,862.3 M*3
 Estimated Impact on Average Residential Customer \$9.48 Customer Rebate

(1) Includes balance of 192,825.10 as of December, 2009
 (2) Includes balance of -46,162.80 as of December, 2009

NATURAL RESOURCE GAS LIMITED

COMPOSITION AND COST OF GAS BY SUPPLY SOURCE

HISTORICAL TWELVE MONTH PERIOD - JANUARY, 2010 TO DECEMBER, 2010

	<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>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Total</u>
<u>Volumes (m3)</u>													
Local Production (A)	231,968	207,434	373,620	377,608	148,986	107,568	99,511	90,100	85,057	85,088	209,792	261,934	2,278,665
Local Production (B)	0	0	0	0	0	0	0	0	0	0	0	0	0
Dawn Delivery	0	1,025,959	0	0	0	0	0	0	0	0	0	0	1,025,959
Parkway Delivery	770,897	696,534	772,875	748,100	771,297	707,261	732,734	732,313	701,811	801,153	742,645	767,400	8,945,020
Western Delivery	536,348	484,610	537,723	520,487	496,420	519,134	537,832	537,522	519,801	538,493	520,011	537,344	6,285,725
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>1,187,992</u>	<u>222,606</u>	<u>0</u>	<u>0</u>	<u>1,410,598</u>
Total	1,539,213	2,414,536	1,684,218	1,646,194	1,416,703	1,333,963	1,370,077	1,359,935	2,494,662	1,647,340	1,472,448	1,566,678	19,945,967
<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	0.241357	0.241357	
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	0.212364	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
Parkway Delivery	0.321892	0.320402	0.318317	0.276228	0.268092	0.283024	0.282628	0.282720	0.283501	0.273937	0.316932	0.319573	
Western Delivery	0.283353	0.284832	0.282603	0.251873	0.276013	0.256444	0.255964	0.256299	0.257015	0.251279	0.315234	0.326591	
Ontario Delivered Gas	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.166834	0.230453	0.000000	0.000000	
<u>Total Gas Cost (\$)</u>													
Local Production (A)	69,869	62,479	112,534	113,735	44,875	32,400	29,973	27,138	25,619	25,629	50,635	63,220	658,104
Local Production (B)	0	0	0	0	0	0	0	0	0	0	0	0	0
Dawn Delivery	0	217,876	0	0	0	0	0	0	0	0	0	0	217,876
Parkway Delivery	248,146	223,171	246,019	206,646	206,779	200,172	207,091	207,039	198,964	219,465	235,368	245,240	2,644,101
Western Delivery	151,976	138,032	151,963	131,097	137,018	133,129	137,666	137,766	133,597	135,312	163,925	175,492	1,726,972
Ontario Delivered Gas	0	0	0	0	0	0	0	0	198,197	51,300	0	0	249,497
TCPL Transportation	<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>30,316</u>	<u>17,691</u>	<u>18,281</u>	<u>346,085</u>
Total	503,201	671,556	543,727	483,618	419,394	395,431	405,452	402,667	585,716	462,022	467,619	502,233	5,842,636

NATURAL RESOURCE GAS LIMITED

ACTUAL AND FORECAST GAS PRICES

HISTORICAL TWELVE MONTH PERIOD - JANUARY, 2010 TO DECEMBER, 2010

	<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>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>
<u>Local Production</u>												
Local Production (A) (\$/GJ)	7.968	7.971	7.989	7.990	7.972	7.970	7.990	7.986	7.980	8.000	6.397	6.397
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	5.620	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<u>Parkway</u> (\$/GJ)	8.516	8.479	8.443	7.328	7.096	7.489	7.498	7.496	7.511	7.276	8.400	8.470
<u>Western Deliveries</u> (\$/GJ)	7.496	7.538	7.495	6.682	7.306	6.785	6.790	6.795	6.809	6.674	8.355	8.656
Fuel Ratio (%)	3.21%	3.82%	3.36%	2.60%	2.60%	2.91%	2.75%	2.75%	2.60%	2.60%	4.00%	4.00%
<u>TCPL Transportation</u> (\$/GJ)												
TCPL Toll	1.638100	1.638100	1.638100	1.638100	1.638100	1.638100	1.638100	1.638100	1.638100	1.638100	1.638100	1.638100
GJ/day (TCPL)	654	654	654	654	605	605	605	605	597	597	360	360
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)	1,594	1,594	1,594	1,594	1,545	1,545	1,545	1,545	1,537	1,627	1,588	1,588
<u>Ontario Delivered Gas</u> (\$/GJ)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4.420	6.121	0.000	0.000
Heat Value (GJ/103m3)	37.80	37.79	37.70	37.70	37.78	37.79	37.70	37.72	37.75	37.65	37.73	37.73

NATURAL RESOURCE GAS LIMITED

PURCHASED GAS COMMODITY VARIANCE ACCOUNT

PROJECTED TWELVE MONTH FORWARD PERIOD - JANUARY, 2011 TO DECEMBER, 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
January	493,590	1,536,712	0.321199	0.228146	(0.093053)	-142,995.66	2,957.30	145.95	-44,288.61	-142,849.71	-41,331.31	358.0	1.20%
February	445,268	1,385,912	0.321281	0.228146	(0.093135)	-129,076.96	-126,119.66	2.96	-44,285.65	-129,074.00	-170,405.31	318.0	1.20%
March	527,721	1,678,364	0.314426	0.228146	(0.086280)	-144,809.27	-270,928.93	-126.12	-44,411.77	-144,935.39	-315,340.70	268.0	1.20%
April	348,210	1,640,263	0.212289	0.228146	0.015857	26,009.65	-244,919.28	-270.93	-44,682.70	25,738.72	-289,601.98	155.0	1.20%
May	301,599	1,453,730	0.207466	0.228146	0.020680	30,063.14	-214,856.14	-244.92	-44,927.62	29,818.22	-259,783.76	80.0	1.20%
June	283,034	1,370,224	0.206560	0.228146	0.021586	29,577.66	-185,278.48	-214.86	-45,142.48	29,362.80	-230,420.96	43.0	1.20%
July	289,658	1,404,255	0.206272	0.228146	0.021874	30,716.67	-154,561.81	-185.28	-45,327.76	30,531.39	-199,889.57	38.0	1.20%
August	287,387	1,394,845	0.206035	0.228146	0.022111	30,841.41	-123,720.40	-154.56	-45,482.32	30,686.85	-169,202.72	36.0	1.20%
September	459,240	2,424,958	0.189381	0.228146	0.038765	94,003.49	-29,716.91	-123.72	-45,606.04	93,879.77	-75,322.95	53.0	1.20%
October	302,027	1,455,503	0.207507	0.228146	0.020639	30,040.13	323.22	-29.72	-45,635.76	30,010.41	-45,312.54	118.7	1.20%
November	313,367	1,472,448	0.212821	0.228146	0.015325	22,565.26	22,888.48	0.32	-45,635.44	22,565.58	-22,746.96	202.7	1.20%
December	<u>334,710</u>	<u>1,566,678</u>	<u>0.213643</u>	0.228146	0.014503	<u>22,721.53</u>	<u>45,610.01</u>	<u>22.89</u>	<u>-45,612.55</u>	<u>22,744.42</u>	<u>-2.54</u>	<u>321.8</u>	1.20%
Total	4,385,810	18,783,892	0.233488			-100,342.95	45,610.01	-1,177.99	-45,612.55	-101,520.94	-2.54	1,992.2	

PGCVA Balance per M*3 Purchased (\$/M*3) (\$0.000000)
Forecast Average Residential Consumption per Customer 1,992.2 M*3
Estimated Impact on Average Residential Customer \$0.00 Customer Charge

(1) Includes Dec, 2010 year-to-date balance of \$145,952.96 (See Schedule 2)
(2) Includes Dec, 2010 year-to-date balance of (\$44,434.56) (See Schedule 2)

NATURAL RESOURCE GAS LIMITED

COMPOSITION AND COST OF GAS BY SUPPLY SOURCE

PROJECTED TWELVE MONTH FORWARD PERIOD - JANUARY, 2011 TO DECEMBER, 2011

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
<u>Volumes (m3)</u>													
Local Production (A)	231,968	207,434	373,620	377,608	148,986	107,568	99,511	90,100	85,057	150,759	209,792	261,934	2,344,336
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	767,400	693,135	767,400	976,411	1,008,958	976,411	1,008,958	1,008,958	976,411	1,008,958	976,411	1,008,958	11,178,373
Western Delivery	537,344	485,343	537,344	286,244	295,786	286,244	295,786	295,786	286,244	295,786	286,244	295,786	4,183,939
Ontario Delivered Gas	0	0	0	0	0	0	0	0	<u>1,077,245</u>	0	0	0	<u>1,077,245</u>
Total	1,536,712	1,385,912	1,678,364	1,640,263	1,453,730	1,370,224	1,404,255	1,394,845	2,424,958	1,455,503	1,472,448	1,566,678	18,783,892
<u>Price (\$/m3)</u>													
Local Production (A)	0.241357	0.241357	0.241357	0.241357	0.241357	0.241357	0.241357	0.241357	0.241357	0.241357	0.241357	0.241357	0.241357
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	0.318554	0.318479	0.318479	0.189405	0.189405	0.189405	0.189405	0.189405	0.189405	0.189405	0.191442	0.191442	0.191442
Western Delivery	0.325421	0.325421	0.325421	0.190197	0.190197	0.190197	0.190197	0.190197	0.190197	0.190197	0.203025	0.203025	0.203025
Ontario Delivered Gas	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.168615	0.000000	0.000000	0.000000	0.000000
<u>Total Gas Cost (\$)</u>													
Local Production (A)	55,987	50,066	90,176	91,138	35,959	25,962	24,018	21,746	20,529	36,387	50,635	63,220	565,822
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	244,458	220,749	244,401	184,937	191,102	184,937	191,102	191,102	184,937	191,102	186,926	193,157	2,408,910
Western Delivery	174,863	157,941	174,863	54,443	56,258	54,443	56,258	56,258	54,443	56,258	58,115	60,052	1,014,193
Ontario Delivered Gas	0	0	0	0	0	0	0	0	181,640	0	0	0	181,640
TCPL Transportation	<u>18,281</u>	<u>16,512</u>	<u>18,281</u>	<u>17,691</u>	<u>18,281</u>	<u>17,691</u>	<u>18,281</u>	<u>18,281</u>	<u>17,691</u>	<u>18,281</u>	<u>17,691</u>	<u>18,281</u>	<u>215,246</u>
Total	493,590	445,268	527,721	348,210	301,599	283,034	289,658	287,387	459,240	302,027	313,367	334,710	4,385,810

NATURAL RESOURCE GAS LIMITED

GAS PURCHASE REBALANCING ACCOUNT

JANUARY, 2010 THROUGH DECEMBER, 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 (\$s) P=M+O	Monthly Interest Rate
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	-8,573.11	-3.44	4,310.17	-4,262.94	0.55%
February	2,414,536	5,527,285	2,840,471	2,686,814	0	2,686,814	-272,278	-3,787,893	0.294915	0.00	(0.000332)	-892.02	-9,465.13	-3.93	4,306.24	-5,158.89	0.55%
March	1,684,218	5,048,891	3,021,308	2,027,583	0	2,027,583	-343,365	-4,131,258	0.294915	-51,892.73	(0.000332)	-673.16	-62,031.02	-4.34	4,301.90	-57,729.12	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	-57,780.23	-28.43	4,273.47	-53,506.76	0.55%
May	1,416,703	3,520,002	2,728,304	791,698	0	791,698	625,005	-3,107,721	0.307476	0.00	0.003407	2,697.32	-55,082.91	-26.48	4,246.99	-50,835.92	0.55%
June	1,333,963	3,116,917	2,676,819	440,098	0	440,098	893,865	-2,213,856	0.307476	32,796.06	0.003407	1,499.41	-20,787.44	-25.25	4,221.74	-16,565.70	0.55%
July	1,370,077	3,360,537	2,974,447	386,090	0	386,090	983,987	-1,229,869	0.292662	0.00	0.001462	564.46	-20,222.98	-15.42	4,206.32	-16,016.66	0.89%
August	1,359,935	3,734,011	2,966,524	767,487	0	767,487	592,448	-637,421	0.292662	0.00	0.001462	1,122.07	-19,100.91	-15.00	4,191.32	-14,909.59	0.89%
September	2,494,662	4,227,930	2,966,577	1,261,353	0	1,261,353	1,233,309	595,888	0.292662	-15,194.55	0.001462	1,844.10	-32,451.36	-14.17	4,177.15	-28,274.21	0.89%
October	1,647,340	4,706,907	2,735,740	1,971,167	0	1,971,167	-323,827	272,061	0.267163	0.00	0.001434	2,826.65	-29,624.71	-32.45	4,144.70	-25,480.01	1.20%
November	1,472,448	5,473,714	2,807,687	2,666,027	0	2,666,027	-1,193,579	-921,519	0.267163	0.00	0.001434	3,823.08	-25,801.63	-29.62	4,115.08	-21,686.55	1.20%
December	1,566,678	5,824,406	2,795,357	3,029,049	0	3,029,049	-1,462,371	-2,383,889	0.267163	93,012.21	0.001434	4,343.66	71,554.24	-25.80	4,089.28	75,643.52	1.20%
January	1,536,712	5,916,405	2,824,409	3,091,996	0	3,091,996	-1,555,284	-3,939,173	0.228146	0.00	(0.004427)	-13,688.26	57,865.98	71.55	4,160.83	62,026.81	1.20%
February	1,385,912	6,002,256	2,807,462	3,194,794	0	3,194,794	-1,808,881	-5,748,054	0.228146	0.00	(0.004427)	-14,143.35	43,722.63	57.87	4,218.70	47,941.33	1.20%
March	1,678,364	5,113,200	2,744,961	2,368,239	0	2,368,239	-689,875	-6,437,929	0.228146	0.00	(0.004427)	-10,484.19	33,238.44	43.72	4,262.42	37,500.86	1.20%
April	1,640,263	4,060,343	2,685,665	1,374,678	0	1,374,678	265,586	-6,172,343	0.228146	0.00	(0.004427)	-6,085.70	27,152.74	33.24	4,295.66	31,448.40	1.20%
May	1,453,730	3,087,492	2,661,298	426,194	0	426,194	1,027,536	-5,144,807	0.228146	0.00	(0.004427)	-1,886.76	25,265.98	27.15	4,322.81	29,588.79	1.20%
June	1,370,224	2,836,445	2,638,035	198,410	0	198,410	1,171,814	-3,972,994	0.228146	0.00	(0.004427)	-878.36	24,387.62	25.27	4,348.08	28,735.70	1.20%
July	1,404,255	2,744,479	2,646,622	97,857	0	97,857	1,306,398	-2,666,595	0.228146	0.00	(0.004427)	-433.21	23,954.41	24.39	4,372.47	28,326.88	1.20%
August	1,394,845	2,827,565	2,639,204	188,361	0	188,361	1,206,483	-1,460,112	0.228146	0.00	(0.004427)	-833.88	23,120.53	23.95	4,396.42	27,516.95	1.20%
September	2,424,958	2,831,652	2,699,547	132,105	0	132,105	2,292,853	832,740	0.228146	0.00	(0.004427)	-584.83	22,535.70	23.12	4,419.54	26,955.24	1.20%
October	1,455,503	4,072,354	2,783,246	1,289,108	0	1,289,108	166,395	999,136	0.228146	0.00	(0.004427)	-5,706.88	16,828.82	22.54	4,442.08	21,270.90	1.20%
November	1,472,448	4,931,387	2,807,687	2,123,700	0	2,123,700	-651,252	347,883	0.228146	0.00	(0.004427)	-9,401.62	7,427.20	16.83	4,458.91	11,886.11	1.20%
December	1,566,678	5,483,529	2,795,357	2,688,172	0	2,688,172	-1,121,494	-773,610	0.228146	0.00	(0.004427)	-11,900.54	-4,473.34	7.43	4,466.34	-7.00	1.20%

(1) Includes balance of -1,848,045 as of December, 2009
(2) Includes balance of -7,508.46 as of December, 2009
(3) Includes balance of 4,313.61 as of December, 2009

NATURAL RESOURCE GAS LIMITED

RESIDENTIAL BILL COMPARISONS

QUARTERLY BILL IMPACT

	Quarter Starting 01-Jan-10 <u>EB-2009-0407</u>	Quarter Starting 01-Jan-11 <u>EB-2010-0366</u>	\$ Change	Percent Change
Average Residential Consumption for Quarter	944	944		
Monthly Charges	\$34.50	\$34.50	\$0.00	0.0%
Delivery Charges	\$144.43	\$144.43	\$0.00	0.0%
Total Commodity Charges	<u>\$279.81</u>	<u>\$212.92</u>	<u>(\$66.90)</u>	<u>-23.9%</u>
Total Customer Charges	\$458.74	\$391.85	(\$66.90)	-14.6%

ANNUAL BILL IMPACT

	01-Oct-10 <u>EB-2010-0268</u>	01-Jan-11 <u>EB-2010-0366</u>	\$ Change	Percent Change
Average Residential Consumption	1,992.2	1,992.2		
Monthly Charges	\$138.00	\$138.00	\$0.00	0.0%
Delivery Charges	\$304.80	\$304.80	\$0.00	0.0%
Total Commodity Charges	<u>\$538.74</u>	<u>\$449.33</u>	<u>(\$89.41)</u>	<u>-16.6%</u>
Total Customer Charges	\$981.55	\$892.14	(\$89.41)	-9.1%

RATES USED

	01-Jan-10 <u>EB-2009-0407</u>	01-Oct-10 <u>EB-2010-0268</u>	01-Jan-11 <u>EB-2010-0366</u>
Monthly charge	11.50	11.50	11.50
Delivery Charge	0.152999	0.152999	0.152999
Total Commodity Charge	0.296411	0.270425	0.225547

**APPENDIX "A" TO
DECISION AND ORDER
BOARD FILE No. EB-2010-0366
DATED DECEMBER 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: January 01, 2011

Implementation: All bills rendered on or after January 01, 2011

EB-2010-0366

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: January 01, 2011

Implementation: All bills rendered on or after January 01, 2011

EB-2010-0366

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: January 01, 2011

Implementation: All bills rendered on or after January 01, 2011

EB-2010-0366

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: January 01, 2011

Implementation: All bills rendered on or after January 01, 2011

EB-2010-0366

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: January 01, 2011

Implementation: All bills rendered on or after January 01, 2011

EB-2010-0366

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-2010-0366)	22.8146 cents per m3
GPRA Recovery Rate	(EB-2010-0366)	(0.4427) cents per m3
System Gas Fee	(EB-2005-0544)	<u>0.1828</u> cents per m3
Total Gas Supply Charge		22.5547 cents per m3

Note:

PGCVA means Purchased Gas Commodity Variance Account

GPRA means Gas Purchase Rebalancing Account

Effective: January 01, 2011

Implementation: All bills rendered on or after January 01, 2011

EB-2010-0366

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: January 01, 2011

Implementation: All bills rendered on or after January 01, 2011

EB-2010-0366

**APPENDIX "B" TO
DECISION AND ORDER
BOARD FILE No. EB-2010-0366
DATED DECEMBER 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 \$0.228146 per m³ approved for rate making purposes effective January 01, 2011.

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-2010-0366
DATED DECEMBER XX, 2010**

IMPORTANT INFORMATION ABOUT YOUR GAS BILL

On all bills rendered by NRG on or after January 1, 2011, the price we charge for the gas commodity and transportation portion of your bill will be decreasing by \$0.044878 per cubic meter to \$0.225547 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 December, 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 1,992 cubic meters of gas annually, this price change will cause your annual heating costs to decrease by approximately \$89 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.