

**Ontario Energy
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**Commission de l'Énergie
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BY EMAIL

August 17, 2011

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Natural Resource Gas Limited
2011 Cost of Service Application – Phase II
Board File Number EB-2010-0018 – Board Staff Interrogatories**

Further to the Board's Procedural Order No. 7, dated August 2, 2011, please find attached the Board Staff interrogatories.

Please forward the attached to Natural Resource Gas Limited and all intervenors in this proceeding.

Yours truly,

Original signed by

Khalil Viraney
Case Manager

Enclosure

**Board Staff Interrogatories
NRG 2011 Rate Case – Phase 2 (EB-2010-0018)**

ISSUE 1 – Revised Incentive Regulation Plan

Ref: Exhibit H1, Tab 1, Schedule 2 – Revised April 2011

1. NRG has proposed an incentive regulation (“IR”) plan that is based on the Board’s multi-year electricity rate distribution plan. NRG is proposing a three year IR plan starting with the fiscal year 2012. Please provide the proposed capital expenditures for the fiscal years 2012, 2013 and 2014.

Ref: Exhibit H1, Tab 1, Schedule 2 – Revised April 2011

2. Please provide the depreciation amounts by rate class currently included in rates.

Ref: NRG System Integrity Study dated July 15, 2011

3. The System Integrity Study has proposed three alternatives to address the supply of gas in NRG’s southern service areas. Did Aecon Utility Engineering consider the possibility of sourcing gas from the IGPC pipeline? Also, please provide the additional cost of building the IGPC pipeline if NRG had installed a larger pipeline for IGPC that would have served IGPC and brought additional supplies for serving NRG’s southern service area.

Ref: NRG System Integrity Study dated July 15, 2011

4. Please provide the approximate financing that NRG would need if it were to implement alternative one or two identified in the System Integrity Study. Would it be possible for NRG to raise the required capital to implement the project? Please provide a detailed response.

Ref: NRG System Integrity Study dated July 15, 2011

5. What would be the approximate rate impact on the different rate classes if NRG were to implement one of the first two alternatives identified in the study?

Ref: NRG System Integrity Study dated July 15, 2011

6. Please provide the annual excess amount paid by ratepayers for gas purchased from the affiliate at the rate determined by the Board in its Decision of December 6, 2010 as compared to the current QRAM rate approved by the Board.

Ref: NRG System Integrity Study dated July 15, 2011

7. Please provide the estimated annual maintenance costs of the 4 inch high pressure steel pipeline if NRG were to implement alternative one or two as identified in the System Integrity Study.

Ref: Maintenance Protocol for IGPC Pipeline – Filing of April 28, 2011

8. The evidence indicates that NRG issued a Request for Proposal (“RFP”) to develop a maintenance protocol for the IGPC pipeline. In the document on page 2, NRG has provided a list of potential elements of the maintenance protocol. Please answer the following:
 - a) Why did NRG provide a potential list when it was expected that independent experts who had experience in building and managing pipelines would be responding to the RFP?

Ref: Maintenance Protocol for IGPC Pipeline – Filing of April 28, 2011

9. Please provide the actual maintenance costs of the IGPC pipeline to-date for the years 2010 and 2011. Please provide a breakdown of the costs based on the potential elements identified in the maintenance protocol RFP.

Ref: Maintenance Protocol for IGPC Pipeline – Filing of April 28, 2011

10. If possible, please provide annual maintenance costs of a similar independently managed pipeline within North American.

Ref: Maintenance Protocol for IGPC Pipeline – Filing of April 28, 2011

11. As a business decision, what approach would NRG prefer to follow with respect to maintenance of the IGPC pipeline? Please provide reasons for the decision.