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

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

Michael Buonaguro
Counsel for VECC
(416) 767-1666

August 17, 2011

VIA MAIL and E-MAIL

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

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
EB-2010-0018: Interrogatories

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

Natural Resource Gas Limited (“NRG”)

2011 Rates Phase 2, EB-2010-0018

Round 1 Interrogatories of the Vulnerable Energy Consumers Coalition (“VECC”)

Revised IR Plan

1. Please provide a comprehensive table that shows all of the similarities and differences between each element of the Board’s 3rd Generation IRM and NRG’s revised IR plan proposal.
2. Please provide a comprehensive table that shows all of the similarities and differences between each element of the IR plan initially filed by NRG and NRG’s revised IR plan proposal.
3. Please provide any updates with respect to the parameters associated with the revised proposal.
4. Given that there is an expectation that there will be savings during the IR plan term with respect to the debt component of the cost of capital as existing debt instruments are refinanced, please explain why these savings should be treated differently than tax savings under 3G IRM, i.e., 50:50 sharing between the ratepayer and the shareholder.
5. At current rates, does NRG project a revenue sufficiency for 2012? For 2013?
6. Would NRG be prepared to accept any type of earnings sharing mechanism over the term of its IR plan? Please explain fully.
7. Has NRG identified any specific areas in which it would be incented to find sustainable cost reductions over the IR plan period and beyond? If so, please identify these areas and quantify the projected savings where possible.
8. Please provide a list of all the Z-factors that NRG is proposing in this phase of the proceeding.
9. Please provide an exhaustive list of the approvals sought by NRG in this phase of the proceeding.
10. When and under what regulatory process does NRG propose to deal with service quality monitoring?
11. Please provide full details of the financial reporting that NRG is proposing over the term of its proposed IR plan.

AUE System Integrity Study – July 15, 2011

12. Reference: Section 2.4

- a) The study states that NRG Corp has 40 wells in the area that can feed sales quality gas into NRG's distribution system. Are there any non-related gas producers in the area that can feed sales quality gas into NRG's system? If so, please identify all such producers and explain why NRG has not explored the alternative of buying system integrity gas from these producers.
- b) Has NRG ever purchased gas from an unrelated gas producer either in its service area or able to supply gas to NRG's distribution system? If so, please provide full details along with the reasons that NRG no longer receives gas from such producers.

13. Reference: Section 3.4, Model Runs of Existing Distribution System

- a) Does the -28 degree day mentioned refer to a temperature of -10 degrees C or -28 degrees C?
- b) Is the -28 degree C referenced in part a) consistent with the "-28 C Day" at the top of the pressure map in Appendix 4?
- c) Please explain how the choice of a -28 degree day was made for the model run for January 23/24, 2011.
- d) Please identify which grain dryers were on for the simulation and the rate classes to which they belonged.
- e) Were any of the grain dryers that were on for the simulation interruptible customers? If so, please identify which were interruptible and explain why interruptible loads were being served on a design peak day.
- f) If applicable, please re-run the simulation with gas wells shut in and all interruptible customers cut off.

14. Reference: Section 5, Proposed Alternatives

- a) Has NRG asked Union whether Union could supply more gas at a higher pressure at any or all connection points to existing Union stations? If not, why not?

- b) Has NRG discussed the possibility with Union of increased capacity at any existing or new stations? If not, why not?
- c) Has NRG considered putting in its own compressors to increase pressure? If not, why not?

15. Reference: Ibid and Appendix 1 – NRG System Map

- a) From the system map, it appears that there would be the possibility of getting more gas into the IGPC pipeline and connecting the IGPC pipeline to another point or points on NRG's existing distribution system to alleviate the system integrity concerns. Did NRG consider or pursue this option with Union? If so, what was the outcome? If not, why not?
- b) Did NRG consider or pursue the possibility with Union of putting a new Union station in New Sarum and connecting it to NRG's system? If so, what was the outcome? If not, why not?
- c) Did NRG consider or pursue the possibility with Union of connecting the Union pipeline that runs to Mapleton with the nearby red pipeline on NRG's system on the map? If so, what was the outcome? If not, why not?
- d) The black pipeline out of the Putnam Station appears to be NRG's largest pipeline except for the IGPC pipeline. VECC understands that this pipeline, which ends near the IGPC pipeline, was used to serve Imperial Tobacco. Please confirm. If unable to so confirm, please explain fully.
- e) If the premise in previous part d) was confirmed, please indicate where the capacity of the 6" pipeline goes now that Imperial Tobacco is no longer a customer.
- f) If the premise in previous part d) was confirmed, please indicate whether in simulations the 6" pipeline is run at full capacity.
- g) Please provide the Imperial Tobacco's firm demand in the last four years that it was receiving service from NRG.
- h) Did NRG consider any alternatives with respect to connecting the pipeline referred to in part d) above?
- i) Has NRG asked Union if any excess capacity is available now that Imperial Tobacco is gone?

- j) Did NRG consider the option of connecting Port Bruce to Union's facility at Port Stanley? If not, why not?

16. Reference: Ibid and Appendix 4 - NRG System Pressure Map for Existing Simulation Model (-28C Day)

- a) The pipelines are colour coded by pressure on this diagram. The east side is mainly purple (highest pressure) especially in the south. Please explain why some of this highest pressure could not be moved from the purple pipelines to the blue pipelines, increasing the pressure at Aylmer by extending the purple pipelines to connect with the blue pipeline on the east side of Aylmer.
- b) Please provide a list of all options to mitigate system integrity concerns that were considered by NRG but either not pursued or rejected. In each case please explain fully why the option was either not pursued or rejected.

Purchased System Integrity Gas from Related Company, NRG Corp.

17. Please provide a full justification for the premium price that NRG proposes to pay NRG Corp for system integrity gas.
18. Please confirm that system integrity problems occur in the winter and not in the summer.
19. Please confirm that if system integrity costs are recovered through the PGVA then Direct Purchase customers would not pay any system integrity costs.
20. Please confirm that if system integrity costs are recovered through distribution rates then Direct Purchase customers would pay any system integrity costs.
21. Are the energy contracts that NRG holds with NRG Corp firm contracts, i.e., does NRG Corp have to produce at a certain level?