



**Natural Resource Gas Limited**  
39 Beech St. E., PO Box 307, Aylmer On N5H 2S1

December 15, 2011

**VIA EMAIL & COURIER**

Ontario Energy Board  
2300 Yonge Street  
Suite 2601  
Toronto, Ontario  
M4P 1E4

**Attention: Ms. Kirsten Walli, Board Secretary**

Dear Ms. Walli:

**RE: EB-2011-0392**

Please find attached our response to Board Staff questions with respect to the above Application.

These have been emailed to the interveners in proceeding EB-2010-0018.

Yours truly,  
**Natural Resource Gas Limited**

Per: Laurie O'Meara  
Controller

Enclosure

NATURAL RESOURCE GAS LIMITED  
RESPONSE TO BOARD STAFF QUESTION  
NRG QRAM Application EB-2011-0392

1. In the application, NRG has indicated on the introductory page that based on actual and forecast natural gas prices, the PGCVA balance is projected to be a charge of approximately \$6 per residential customer. This is further mentioned on page 11, line 5, "The PGCVA debit amounts to a charge of approximately \$5.99 for a typical residential customer.." Please clarify whether it is a charge or a credit of \$6.00. The calculations and the evidence on page 14 as well as the customer notice indicate that commodity charges for a typical customer would decrease by approximately \$6.

**Response:**

The two figures quoted are different from one another due to the different time frames that they refer to and due to the fact that one deals only with the PGVA, while the other deals with the gas commodity charge.

The PGVA balance of \$5.99 referred to on page 11 of Schedule 1 and the \$6 referred to on the first page of the application indicate that this is the projected balance in the PGVA per residential customer at the end of December, 2011. The calculation of this figure is shown in Schedule 2. This amount would be a charge to customers if it were to be cleared at the end of December, 2011. This amount is solely related to the PGVA.

The evidence at page 14 of Schedule 1, which refers to the calculations shown in Schedule 9 is the bill impact over the January 1, 2012 to December 31, 2012 period of the proposed change in the gas commodity charge (PGVA reference price and GPRA recovery rate and system gas supply cost, as shown on page 13 of Schedule 1).

2. On page 5 of the application, line 21, NRG indicates

"NRG also tracks the October 2010 amount purchased from NRG Corp. in the PGCVA as directed in the Decision. The excess gas cost in October 2010 based on the price paid of \$0.3012 cents/m<sup>3</sup> relative to the \$0.241357 cents/m<sup>3</sup> on the volume of gas purchased from NRG Corp. in that month (85,088 m<sup>3</sup>) is a cost of \$5,091.92 plus the associated year-to-date carrying charges."

Please answer the following questions with respect the amount being tracked:

- a) Is this amount a debit or credit in favour of ratepayers?
- b) The Board issued its Decision on commodity costs purchased from the related company and set a price of \$6.80 per mcf and that Decision was to be implemented as of December 6, 2010 (EB-2010-0018) and there was no retroactivity applied to the commodity costs. Prior to that, NRG was supposed to follow the methodology as directed in the Board's Decision in EB-2005-0544 and reset the purchase price on an

annual basis (at the end of September every year). Since the price had to be reset based on the Board's methodology in EB-2005-0544 as of October 1, 2010, the Board in its December 6, 2010 Decision directed NRG to track any overpayments from October 1, 2010 to the date of the Decision (December 6, 2010). The overpayments as a result of NRG failing to follow the Board order in the 2006 rates Decision (EB-2005-0544) and reflected the failure of NRG to set prices on an annual basis for gas purchased from the related company. Please explain why NRG has used a price of \$0.241357/m<sup>3</sup> when this price was implemented by the Board as of December 6, 2010 and did not apply to gas purchased prior to that date. Prior to December 6, 2010, NRG had to use the methodology in EB-2005-0544 to determine the cost of gas from the affiliate.

- c) Please provide a revised calculation that shows the overpayments from October 1, 2010 to December 5, 2010 based on the difference between the price of \$0.3012 cnet/m<sup>3</sup> and the price as determined following the Board's methodology as directed in EB-2005-0544.

**Response:**

- a) This amount is in favour of the ratepayers and is a debit.
- b) NRG implemented the new price mechanism (\$0.241357/m<sup>3</sup>) as of November 1, 2010 – something the Board already contemplated and approved in its March 22, 2011 Decision in EB-2011-0059. The Board's December 6, 2010 Decision ordered NRG "to track amounts as of October 1, 2010 in the PGCVA until the implementation of a new price mechanism outlined in this decision".
- c) Using the methodology provided in EB-2005-0544, the price that would have been implemented as of October 1, 2010 is \$0.17189/m<sup>3</sup>. Accordingly, the difference between \$0.3012/m<sup>3</sup> and \$0.17189/m<sup>3</sup> from October 1, 2010 to December 5, 2010 would total \$31,251.46. Of this, NRG has already accounted for \$10,111.56 in the PGCVA and \$5,091.93 is being tracked separately.