

**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, 2012;

**AND IN THE MATTER OF** the Quarterly Rate Adjustment Mechanism.

**APPLICATION**

1. As part of the EB-2012-0262 Decision and Order dated June 21, 2012 the Board approved a PGCVA reference price of \$0.185634 per m<sup>3</sup> and a gas supply charge of \$0.183185 per m<sup>3</sup>, both effective July 1, 2012.
2. Based on actual and forecast natural gas prices for the October, 2011 through September, 2012 period the PGCVA balance is projected to be a rebate of approximately \$0.42 per residential customer.
3. NRG hereby applies to the Board for further orders effective October 1, 2012 as follows:
  - a) an order changing the reference price authorized by the Board's EB-2012-0262 Decision and Order for use in determining the amounts to be recorded in the Purchased Gas Commodity Variance Account (Account No. 179-27) by \$0.000165 per m<sup>3</sup> from the Board approved level of \$0.185634 per m<sup>3</sup> to \$0.185799 per m<sup>3</sup>;
  - b) an order changing the rates and other charges from those authorized by the Board's EB-2012-0262 Decision and Order to reflect a projected

\$0.000363 per m<sup>3</sup> change in the gas supply charge from the Board approved level of \$0.183185 m<sup>3</sup> to a projected cost of \$0.183548 per m<sup>3</sup>. This change is the sum of the change in the PGCVA reference price, the change required to prospectively clear the balance of the Gas Purchase Rebalancing Act and the continuation of the system gas supply cost approved in EB-2010-0018.

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. Pursuant to the criteria established in the Board's EB-2008-0106 Decision, below is the Board's direction with respect to the timeline for processing the application:

- \* Parties to this proceeding wishing to make comments on the application may do so by filing such submissions with the Board Secretary (two hard copies plus an electronic copy by e-mail) and NRG no later than 4:45 p.m. Wednesday, September 12, 2012.
- \* NRG shall reply to any comments received by filing such replies with the Board Secretary (two hard copies plus an electronic copy by e-mail) and serving a copy on all parties who make submissions no later than 4:45 p.m., Saturday, September 15, 2012.
- \* The Board issues its Decision and Order by Tuesday, September 25, 2012 for implementation effective October 1, 2012.

6. The address of service for Natural Resource Gas Limited is:

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And

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Dated at London, Ontario, this 7<sup>th</sup> day of September, 2012.

**NATURAL RESOURCE GAS LIMITED**

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Laurie O'Meara  
Controller

# NATURAL RESOURCE GAS LIMITED

## INTRODUCTION

As part of the EB-2012-0262 Decision and Order dated June 21, 2012 the Board approved a Purchased Gas Commodity Variance Account (“PGCVA”) reference price of \$0.185634 per m<sup>3</sup> and a gas supply charge of \$0.183185 per m<sup>3</sup>, both effective July 1, 2012.

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. This account was maintained in the EB-2010-0018 Rate Order dated February 17, 2011. In EB-2012-0262, the Board approved a GPRA rate of (\$0.002812) per m<sup>3</sup>.

NRG is proposing to adjust the gas supply charge, the GPRA rate and the PGCVA reference price effective October 1, 2012 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 **rebate of \$0.42** per residential customer for the twelve month period ending September, 2012 (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.

**September, 2012**

1 The PGCVA balance has been calculated using the most recent information available,  
2 including actual volumes and costs through July, 2012. The remaining months in the  
3 twelve-month period ending September, 2012 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, 2012 through September, 2013  
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 (or 366 in a leap year).

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 Ontario Delivered gas in January, 2012 in order to meet its  
4 balancing requirements with Union.

5

6 As indicated above, NRG is required to balance its supply with its demand on the Union  
7 system to within +/- 4% at the end of the contract year under its bundled transportation  
8 contract with Union. The bundled transportation contract year-end corresponds with the  
9 end of NRG's fiscal year (September 30). NRG purchases additional balancing gas or  
10 sells gas and/or reduces deliveries such that total demand on the Union system is offset  
11 by the supply provided to Union Gas to remain within the contract parameters.

12

13 In September, 2012 NRG had to shed gas supplies in order to remain in balance with its  
14 contract parameters with Union Gas. NRG forecasts that it will sell 35,700 GJ of gas  
15 delivered to Parkway at a forecasted price of \$2.94/GJ, for a total offset to gas costs of  
16 \$104,958. This reduction of Parkway volumes (in cubic meters) and the related reduction  
17 in gas costs is shown in Schedule 3.

18

19 As noted earlier, NRG had to purchase addition gas supplies in January, 2012 in order to  
20 balance on the Union Gas system at the end of February, 2012. This balancing forecast,  
21 which was provided by Union Gas, was based on normal weather. Customer  
22 consumption on an actual basis was lower than forecast due primarily to warmer than  
23 normal weather in March. This resulted in NRG being over supplied as it approaches its  
24 second balancing point with Union Gas at the end of September, 2012. NRG forecasts  
25 selling its Parkway deliveries for 25 days in September, at a price of \$2.94/GJ. This price  
26 is shown in Schedule 4.

27

28 Obligated deliveries to Union by NRG on behalf of both system gas customers and direct  
29 purchase customers has been set at 1,991 GJ/day and is forecast to increase to 2,063  
30 GJ/day effective October 1, 2012. The direct purchase customer assignment is 171

1 GJ/day in September and October, 2012, declining to 167 GJ/day in November, 2012  
 2 where it is forecast to remain through September, 2013. These changes will allow direct  
 3 purchase customers to bring their supplies more in line with their actual and projected  
 4 consumption. This results in deliveries for system gas customers of 1,820 GJ/day in  
 5 September, 2012, 1,892 GJ/day in October, 2012 and 1,896 GJ/day in November, 2012  
 6 and subsequent months.

7  
 8 The composition of these obligated system gas deliveries over this period is as follows.  
 9 Parkway deliveries are forecast to be 1,500 GJ/day in October, 2012 and 1,504 GJ/day  
 10 over the remaining period through September, 2013. Obligated deliveries for system gas  
 11 customers at AECO are 392 GJ/day over the entire October, 2012 through September,  
 12 2013 period.

13  
 14 The composition of the gas purchases for direct purchase and system gas customers for  
 15 the September, 2012 through September, 2013 period is shown in the following table.  
 16 Please note that these figures do not include the direct purchase deliveries associated with  
 17 a large ethanol plant served by NRG.

**GJ/s per Day**

Delivery Point	Sept. 2012	Oct. 2012	Nov., 2012 – Sept., 2013
Direct Purchase	171	171	167
AECO	392	392	392
Parkway	1,428	1,500	1,504
Dawn	<u>0</u>	<u>0</u>	<u>0</u>
Total	1,991	2,063	2,063

19  
 20 In addition to the obligated deliveries described above, NRG purchases gas from a local  
 21 producer in its franchise area.

22  
 23 The composition of the gas supply portfolio volumes for the October, 2011 through  
 24 September, 2012 period is shown on the top of Schedule 3. This schedule shows the  
 25 monthly volume of gas purchased or forecast to be purchased from local producers,  
 26 obligated deliveries at Parkway and the Alberta border (Western), and balancing gas

1 (Dawn or Ontario delivered gas). Similarly, the composition of the gas supply portfolio  
2 volumes for the October, 2012 through September, 2013 period is shown on the top of  
3 Schedule 6.

#### 4 5 Gas Costs

6 NRG's actual and forecast gas costs for the October, 2011 through September 2012  
7 period, by source of supply, are shown in Schedule 4 in \$/GJ. These prices are also  
8 shown in the middle section of Schedule 3 in  $\$/m^3$ . The conversion factor used is based  
9 on the heat values used by Union Gas in their calculation of NRG's Banked Gas Account  
10 balances. The conversion factors used are also shown in Schedule 4. All prices shown  
11 are actual prices paid in October, 2011 through July, 2012. Prices for the remaining  
12 months in this period are based on estimated and contracted prices to be paid in those  
13 months.

14  
15 Prices for October, 2012 through September, 2013 are based on prices averaged over 10  
16 days in the period August 9, 2012 through August 31, 2012 (pricing reports were not  
17 available at the time the forecast was prepared for the dates of August 14, 17, 21, 23, 24,  
18 29 or 31 from the provider). These prices, which have been sourced from the Shell  
19 Energy North America report entitled 'Daily Energy Market Update', have been utilized  
20 in calculating the prices shown in Schedule 7 in \$/GJ and in the middle section of  
21 Schedule 6 in  $\$/m^3$ . The source of the foreign exchange rates used in the calculations is  
22 the daily noon exchange rates for the 10-year lookup from the Bank of Canada that are  
23 available on their website at [www.bankofcanada.ca/rates/exchange](http://www.bankofcanada.ca/rates/exchange).

24  
25 Gas prices for each of the sources of supply are described below. In addition to the  
26 above, contracted prices have been used where purchase decisions have been made.

#### 27 28 NRG Corp. Pricing

29 The first source of supply noted in Schedules 4 and 7 is "Local Production (A)" and  
30 "Local Production (B)". This refers to gas that is produced in NRG's franchise area and



1 purchased from a related company. This gas has been purchased at a price of  
2 \$0.241357/m<sup>3</sup> (Schedule 3) through May 16, 2012. This price is equivalent to \$6.80/mcf  
3 which was the price to be used for the first 2.4 million cubic metres of gas purchased  
4 from NRG Corp. as set out in the EB-2010-0018 Decision and Order dated December 6,  
5 2010.

6

7 The Board issued a Decision and Order - Phase 2 for EB-2010-0018 dated May 17, 2012  
8 in which the Board indicated that NRG would be permitted to recover from ratepayers a  
9 maximum annual quantity of 1.0 million cubic metres of natural gas at a rate of \$8.486  
10 per mcf (or \$0.3012/m<sup>3</sup>). In the EB-2012-0262 Decision and Order dated June 21, 2012,  
11 the Board accepted prorated volumes for the remainder of NRG's fiscal year (to  
12 September 30, 2012) as set out in a response to an interrogatory from Board Staff. In  
13 particular, the prorated volumes at the \$0.3012 per m<sup>3</sup> rate were 38,356 m<sup>3</sup> for May 17-  
14 31, 82,192 m<sup>3</sup> for June and September and 84,931 m<sup>3</sup> for July and August. These figures  
15 can be seen in Schedule 3 on the line labeled "Local Production (A)". The price, as set  
16 by the Board, can be seen in the corresponding line of the price section of Schedule 3.

17

18 The remaining gas purchased from NRG Corp. beginning in May 2012 is shown in the  
19 line labeled "Local Production (B)". This gas is priced at the approved Union Gas  
20 Ontario landed reference price for each quarter. In particular, the May and June gas  
21 purchased from NRG Corp. reflects Union's Board approved Ontario landed reference  
22 price of \$0.176430 per m<sup>3</sup> (EB-2012-0070 Decision and Order dated March 19, 2012).  
23 The July through September, 2012 price is \$0.182406 per m<sup>3</sup>, reflecting the Board's  
24 Decision and Order in EB-2012-0249 dated June 19, 2012. These prices are shown in  
25 Schedule 3.

26

27 The May, 2012 price shown for Local Production (B) is \$0.217386 per m<sup>3</sup> and is the  
28 weighted average price of the 255,231 m<sup>3</sup> shown as being purchased in May 2012. This  
29 weighted price is based on the price of \$0.241357 per m<sup>3</sup> for a volume of 160,999 m<sup>3</sup>  
30 purchased over the May 1 through May 16 period and the price of \$0.176430 per m<sup>3</sup> for a

1 volume of 94,232 m<sup>3</sup> purchased over the May 17 through May 31 period that was in  
2 excess of the 38,356 m<sup>3</sup> purchased at the price of \$0.301200 per m<sup>3</sup>.

3  
4 The NRG Corp. prices over the October, 2012 through September, 2013 period shown in  
5 Schedule 6 reflect the Board approved price of \$0.301200 per m<sup>3</sup> for 1,000,000 m<sup>3</sup> as  
6 shown on the Local Production (A) line. The remaining gas forecast to be purchased  
7 from NRG Corp. is shown on the Local Production (B) line. The price forecast for this  
8 gas remains that taken from the Board's Decision and Order in EB-2012-0249 dated June  
9 19, 2012 for Union Gas, or \$0.182406 per m<sup>3</sup>.

10  
11 At the time this application was prepared the Union Gas QRAM price application for  
12 October 1, 2012 rates was not available to NRG. NRG will, of course, change the price  
13 to paid for the excess volumes in October, 2012 through December, 2012 to reflect the  
14 Board's decision in the Union Gas QRAM application. This figure will also be utilized in  
15 the calculation of the PGCVA balancing going forward.

16  
17 NRG also purchases gas for delivery at Parkway and Empress. The pricing of this gas at  
18 these delivery points is discussed below.

#### 19 20 Empress Pricing

21 The Empress price over the October, 2012 through September, 2013 period shown in  
22 Schedule 7 (Western Deliveries) is based on a combination of actual contracted prices  
23 and forecasted prices. The average Empress delivery rate is \$3.710/GJ in October, 2012,  
24 \$3.494/GJ in November, \$3.640/GJ in December through March, 2013 and \$3.668/GJ in  
25 April, 2013 through September, 2013. Fuel costs of 4% are included in these rates.

26  
27 The average Empress delivery price includes a mix of fixed price contracts over the  
28 October, 2012 through September, 2013 period. Over this period, the Empress delivery  
29 price includes a forecast price for the remainder of the purchases.

30

1 The following table shows the current mix of volumes and prices over the forecast  
2 period.

<b>Empress Deliveries</b>								
<b>Contracted?</b>	<b>October</b>		<b>November</b>		<b>Dec-Mar</b>		<b>Apr-Sept</b>	
	GJ/day	\$/GJ	GJ/day	\$/GJ	GJ/day	\$/GJ	GJ/day	\$/GJ
Yes	90	3.890						
Yes	180	4.300	180	4.420	180	4.420	180	4.420
No	<u>122</u>	<u>2.248</u>	<u>212</u>	<u>2.460</u>	<u>212</u>	<u>2.718</u>	<u>212</u>	<u>2.769</u>
Total	392	3.567	392	3.360	392	3.500	392	3.527
with Fuel (4%)		3.710		3.494		3.640		3.668

3

4 The prices shown for the 122 GJ/day that has not been contracted for in October, 2012  
5 and the 212 GJ/day that has not been contracted for in November, 2012 through  
6 September, 2013 are based on the average price forecasts for the August 9, 2012 through  
7 August 31, 2012 period.

8

9 The calculations used to forecast the Empress delivery prices are shown in the following  
10 table. The only calculation used in the table is the calculation of the 10 day average.  
11 The prices used are shown in the Daily Energy Market Report as the price at Empress,  
12 AB in Cdn\$/GJ.

13

<b>Empress Delivery Price Forecast</b>				
			<b>Dec-12</b>	<b>Apr-13</b>
	<b>Oct-12</b>	<b>Nov-12</b>	<b>Mar-13</b>	<b>Sep-13</b>
9-Aug-12	2.42	2.65	2.89	2.93
10-Aug-12	2.28	2.53	2.79	2.84
13-Aug-12	2.24	2.49	2.75	2.8
15-Aug-12	2.24	2.47	2.73	2.79
16-Aug-12	2.22	2.43	2.69	2.75
20-Aug-12	2.24	2.46	2.73	2.79
22-Aug-12	2.32	2.52	2.77	2.81
27-Aug-12	2.12	2.34	2.61	2.66
28-Aug-12	2.09	2.29	2.54	2.6
30-Aug-12	2.31	2.42	2.68	2.72
<b>10 Day Average</b>	<b>2.248</b>	<b>2.460</b>	<b>2.718</b>	<b>2.769</b>

14

1 Parkway Pricing

2 The Parkway price over the October, 2012 through September, 2013 period shown in  
3 Schedule 7 is based on a combination of actual contracted prices and forecasted prices.

4 The average Parkway delivery rate forecast is \$4.433/GJ in October, 2012, \$4.474/GJ in  
5 November, 2012, \$4.485/GJ in December, 2012 through March, 2013 and \$4.482/GJ in  
6 April, 2013 through September, 2013.

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

<b>Parkway Deliveries</b>								
<b>Contracted?</b>	<b>October</b>		<b>November</b>		<b>Dec-Mar</b>		<b>Apr-Sept</b>	
	GJ/day	\$/GJ	GJ/day	\$/GJ				
Yes	508	3.330	414	3.980	414	3.980	414	3.980
Yes	320	4.960	414	3.950	414	3.950	414	3.950
Yes	600	5.330	600	5.400	600	5.400	600	5.400
No	<u>72</u>	<u>2.408</u>	<u>76</u>	<u>2.712</u>	<u>76</u>	<u>2.921</u>	<u>76</u>	<u>2.871</u>
Total	1,500	4.433	1,504	4.474	1,504	4.485	1,504	4.482

11

12 The prices shown for the 722 GJ/day that has not been contracted for in October, 2012  
13 and the 76 GJ/day that has not been contracted for in November, 2012 through  
14 September, 2013 are based on the average price forecasts for the August 9, 2012 through  
15 August 31, 2012 period.

16

17 The calculations used to forecast the Parkway delivery prices are shown in the following  
18 table. The prices used are shown in the Daily Energy Market Report as prices at Henry  
19 Hub along with a Niagara , ON basis. These two prices are added together to arrive at a  
20 proxy for the Parkway price. These prices from the Market Report are in US\$/MMBtu  
21 and as a result need to be converted to Cdn\$/GJ. This is accomplished through the use of  
22 a conversion factor of 1.054615 to convert MMBtu to GJ and through the use of the  
23 foreign exchange rate. The formula used is (Henry Hub Price + Niagara Basis) /  
24 1.054615 x Foreign Exchange Rate. These calculations are show below for each of the  
25 different pricing periods available.

<b><u>Parkway Delivery Price Forecast</u></b>					
	<b>Henry Hub (US\$/MMBtu)</b>	<b>Niagara Basis</b>	<b>MMBtu -GJ</b>	<b>F/X</b>	<b>\$/ GJ (Cdn)</b>
<b><u>October-12</u></b>					
9-Aug-12	2.420	0.31	1.054615	0.9920	2.57
10-Aug-12	2.280	0.31	1.054615	0.9910	2.43
13-Aug-12	2.240	0.31	1.054615	0.9925	2.40
15-Aug-12	2.240	0.31	1.054615	0.9890	2.39
16-Aug-12	2.220	0.31	1.054615	0.9867	2.37
20-Aug-12	2.240	0.31	1.054615	0.9884	2.39
22-Aug-12	2.320	0.33	1.054615	0.9914	2.49
27-Aug-12	2.120	0.30	1.054615	0.9908	2.27
28-Aug-12	2.090	0.33	1.054615	0.9878	2.27
30-Aug-12	2.310	0.35	1.054615	0.9923	2.50
<b>10 Day Average</b>					<b>2.408</b>
<b><u>November-12</u></b>					
9-Aug-12	2.650	0.42	1.054615	0.9920	2.89
10-Aug-12	2.530	0.42	1.054615	0.9910	2.77
13-Aug-12	2.490	0.42	1.054615	0.9925	2.74
15-Aug-12	2.470	0.42	1.054615	0.9890	2.71
16-Aug-12	2.430	0.42	1.054615	0.9867	2.67
20-Aug-12	2.460	0.42	1.054615	0.9884	2.70
22-Aug-12	2.520	0.42	1.054615	0.9914	2.76
27-Aug-12	2.340	0.44	1.054615	0.9908	2.61
28-Aug-12	2.290	0.44	1.054615	0.9878	2.56
30-Aug-12	2.420	0.46	1.054615	0.9923	2.71
<b>10 Day Average</b>					<b>2.712</b>
<b><u>Dec-12 - Mar-13</u></b>					
9-Aug-12	2.890	0.39	1.054615	0.9920	3.09
10-Aug-12	2.790	0.40	1.054615	0.9910	3.00
13-Aug-12	2.750	0.40	1.054615	0.9925	2.96
15-Aug-12	2.730	0.39	1.054615	0.9890	2.93
16-Aug-12	2.690	0.39	1.054615	0.9867	2.88
20-Aug-12	2.730	0.39	1.054615	0.9884	2.92
22-Aug-12	2.770	0.39	1.054615	0.9914	2.97
27-Aug-12	2.610	0.39	1.054615	0.9908	2.82
28-Aug-12	2.540	0.39	1.054615	0.9878	2.74
30-Aug-12	2.680	0.40	1.054615	0.9923	2.90
<b>10 Day Average</b>					<b>2.921</b>

<b>Apr-13 - Sep-13</b>					
9-Aug-12	2.930	0.28	1.054615	0.9920	3.02
10-Aug-12	2.840	0.28	1.054615	0.9910	2.93
13-Aug-12	2.800	0.28	1.054615	0.9925	2.90
15-Aug-12	2.790	0.29	1.054615	0.9890	2.89
16-Aug-12	2.750	0.29	1.054615	0.9867	2.84
20-Aug-12	2.790	0.29	1.054615	0.9884	2.89
22-Aug-12	2.810	0.29	1.054615	0.9914	2.91
27-Aug-12	2.660	0.29	1.054615	0.9908	2.77
28-Aug-12	2.600	0.29	1.054615	0.9878	2.71
30-Aug-12	2.720	0.31	1.054615	0.9923	2.85
<b>10 Day Average</b>					<b>2.871</b>

1

2 Dawn Pricing

3 NRG is not forecasting the need to purchase gas in September, 2013. This gas could be  
4 required to ensure that NRG remains within its contract parameters with Union Gas. For  
5 completeness, NRG has provided forecast price data for September, 2013. The  
6 forecasted price for this Dawn gas is \$2.844/GJ and is based on price forecasts for the  
7 May 9, 2012 through May 31, 2012 period for September, 2013 deliveries.

8

9 The calculations used to forecast the Dawn purchase price are shown in the following  
10 table. The relevant prices used are shown in the Daily Energy Market Report as prices at  
11 Henry Hub along with a Dawn, ON basis. These two prices are added together to arrive  
12 at a proxy for the Dawn price. These prices from the Market Report are in US\$/MMBtu  
13 and as a result need to be converted to Cdn\$/GJ. This is accomplished through the use of  
14 a conversion factor of 1.054615 to convert MMBtu to GJ and through the use of the  
15 foreign exchange rate. The formula used is (Henry Hub Price + Dawn Basis) / 1.054615  
16 x Foreign Exchange Rate.

<u>Dawn Delivery Price Forecast</u>					
	Henry Hub (US\$/MMBtu)	Dawn Basis	MMBtu -GJ	F/X	\$/ GJ (Cdn)
<b>Sep-13</b>					
9-Aug-12	2.930	0.25	1.054615	0.9920	2.99

10-Aug-12	2.840	0.25	1.054615	0.9910	2.90
13-Aug-12	2.800	0.25	1.054615	0.9925	2.87
15-Aug-12	2.790	0.26	1.054615	0.9890	2.86
16-Aug-12	2.750	0.26	1.054615	0.9867	2.82
20-Aug-12	2.790	0.26	1.054615	0.9884	2.86
22-Aug-12	2.810	0.27	1.054615	0.9914	2.90
27-Aug-12	2.660	0.26	1.054615	0.9908	2.74
28-Aug-12	2.600	0.26	1.054615	0.9878	2.68
30-Aug-12	2.720	0.28	1.054615	0.9923	2.82
<b>10 Day Average</b>					<b>2.844</b>

1

2 Other Forecast Assumptions

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

7

8 TCPL tolls have been forecast at a rate of \$2.2429/GJ. This rate came into effect March  
9 1, 2011 and reflects the current tolls approved by the National Energy Board.

10

11 PGCVA Balance

12 The projected September, 2012 balance in the PGCVA is a credit of \$5,125.86 including  
13 a debit of \$43,970.59 in accumulated interest, based on the Board's prescribed interest  
14 rate. This estimate is based on actual and forecasted purchases and the balance brought  
15 forward from September, 2011. The PGCVA credit amounts to a rebate of  
16 approximately \$0.42 for a typical residential customer consuming approximately 1,691  
17 m<sup>3</sup> per year. These figures are shown on Schedule 2.

18

19 Proposed PGCVA Rate Changes

20 NRG proposes to adjust the reference price effective October 1, 2012 based on the  
21 projected accumulated balance in the PGCVA as of the end of September, 2012 and the  
22 forecasted cost of gas over the 12 month period beginning October, 2012 and ending

1 September, 2013. The reference price is set such that the projected PGCVA balance at  
2 the end of September, 2013 is close to zero.

3  
4 NRG's proposal will clear the PGCVA balance on a prospective basis, eliminating the  
5 need for retroactive adjustments. This is consistent with NRG's past proposals in QRAM  
6 applications, which have been accepted by the Board.

7  
8 NRG proposes to change the reference price by \$0.000165 per m<sup>3</sup> effective October 1,  
9 2012, from \$0.185634 per m<sup>3</sup> to \$0.185799 per m<sup>3</sup>. The derivation of this rate is shown  
10 in Schedule 5. This is the reference price required to bring the PGCVA balance close to  
11 zero on a twelve month forecast basis. This change will also be reflected in the gas  
12 commodity charge.

### 14 **GAS PURCHASE REBALANCING ACCOUNT**

15 The impact on the GPRA of the proposed October 1, 2012 PGCVA reference price  
16 change from \$0.185634 per m<sup>3</sup> to \$0.185799 per m<sup>3</sup> is a credit of \$534.84, as shown on  
17 Schedule 8. This figure is shown in column (J) of Schedule 8 and on the September,  
18 2012 line. It is calculated as the change in the PGCVA reference price between  
19 September and October, multiplied by the cumulative inventory balance at the end of  
20 September. This cumulative inventory balance is the sum of the actual monthly  
21 inventory balances for July, 2012 and forecasts for the subsequent months. These  
22 forecasts will be replaced with actual balances for these months in subsequent QRAM  
23 applications as this information becomes available. As well, the monthly inventory  
24 balances are based on a deemed level of unaccounted for gas ("UFG") of the total  
25 throughput volume, as shown in column (E) of Schedule 8. The 0.0% is the Board  
26 approved level of UFG from EB-2010-0018.

27  
28 NRG proposes to adjust the gas commodity charge effective October 1, 2012 based on  
29 the projected accumulated balance in the GPRA. The adjustment to the gas commodity  
30 charge will be set such that the projected GPRA balance at the end of September 2013,



1 will be close to zero. The rate required to achieve this is shown in column (K) on  
 2 Schedule 8. Column (P) shows the reduction of the inventory revaluation balance based  
 3 on this rate of \$(0.002614) per m<sup>3</sup> over the October, 2012 through September, 2013  
 4 period.

5  
 6 NRG's proposal will clear the GPRA balance on a prospective basis, eliminating the need  
 7 for retroactive adjustments. This is consistent with NRG's proposal for the continued  
 8 prospective clearance of the PGCVA. This change will also be reflected in the gas  
 9 commodity charge.

### 11 **GAS COMMODITY CHARGE**

12 The system gas supply cost of \$0.000363 per m<sup>3</sup> will be maintained at the level approved  
 13 in EB-2010-0018. This figure represents the incremental costs over and above the  
 14 commodity and transportation costs that form the PGCVA reference price to the gas  
 15 supply function. These incremental costs are portions administrative and general  
 16 expenses, regulatory and consulting fees associated with the QRAM applications, return  
 17 on rate base (working cash allowance related to gas commodity) and income taxes. This  
 18 functionalization is unchanged from that approved in EB-2010-0018.

19  
 20 The change in the gas commodity charge proposed for October 1, 2012 is summarized  
 21 below. The change in the gas commodity charge reflects both the change in the PGCVA  
 22 reference price and the change in the recovery of the inventory revaluation amount in the  
 23 GPRA. The change in the gas commodity charge is as follows:

	EB-2012-0262 July 1, 2012	Proposed Oct. 1, 2012	Difference
27 PGCVA Reference Price	\$0.185634	\$0.185799	\$0.000165
28 GPRA Recovery	\$(0.002812)	\$(0.002614)	\$0.000198
29 System Gas Supply Cost	<u>\$0.000363</u>	<u>\$0.000363</u>	<u>\$0.000000</u>
30 Gas Commodity Charge	\$0.183185	\$0.183548	\$0.000363

1 **SUMMARY**

2 In summary, NRG proposes to change the reference price for amounts to be recorded in  
3 the Purchased Gas Commodity Variance Account from \$0.185634 by \$0.000165 to  
4 \$0.185799 per m<sup>3</sup> effective October 1, 2012. Appendix B contains the accounting entries  
5 related to the PGCVA.

6

7 NRG also proposes to change the gas supply charge from \$0.183185 to \$0.183548 per m<sup>3</sup>  
8 effective October 1, 2012. This change reflects the change in the PGCVA reference  
9 price, as described above, the change related to the recovery of the GPRA balance, also  
10 as described above, and the continuation of the system gas supply cost. These changes  
11 apply to all system gas customers served under Rates 1, 2, 3, 4, 5 and 6.

12

13 The proposed rate schedules are attached as Appendix A. The proposed customer notices  
14 are attached as Appendix C.

15

16 Schedule 9 provides a residential bill comparison showing the impact of the proposed  
17 changes on a year over year basis for the appropriate quarter as well as the annual bill  
18 impact of the most recent quarterly change. The annual bill impact related to the change  
19 in the commodity charges on a customer consuming approximately 2,009 m<sup>3</sup> is a increase  
20 of \$0.73.

21

22 **CHANGES TO PROPOSED RATE SCHEDULES**

23 NRG has utilized the proposed rate schedules found in Attachment 4 of Exhibit 1, Tab 2,  
24 Schedule 1 in the EB-2012-0342 2012 IRM Application for rates effective October 1,  
25 2012 that was filed on August 7, 2012. These proposed rates have been modified to  
26 incorporate the changes to the gas supply charges to reflect this QRAM application. No  
27 other changes have been made to the rate schedules.

NATURAL RESOURCE GAS LIMITED

**PURCHASED GAS COMMODITY VARIANCE ACCOUNT - PROJECTED BALANCE**

**HISTORICAL TWELVE MONTH PERIOD - OCTOBER, 2011 TO SEPTEMBER, 2012**

<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	October	390,246	1,820,197	0.214398	0.206383	(0.008015)	-14,588.88	-31,747.80	-21.02	-45,228.76	-14,609.90	-76,976.56	105.8	1.47%
Actual	November	335,580	1,686,766	0.198949	0.206383	0.007434	12,539.42	-19,208.38	-38.89	-45,267.65	12,500.53	-64,476.03	178.1	1.47%
Actual	December	344,987	1,736,861	0.198627	0.206383	0.007756	13,471.10	-5,737.28	-23.53	-45,291.18	13,447.57	-51,028.46	255.8	1.47%
Actual	January	478,830	3,006,670	0.159256	0.201212	0.041956	126,147.85	120,410.57	-7.03	-45,298.21	126,140.82	75,112.36	304.5	1.47%
Actual	February	291,765	1,564,035	0.186546	0.201212	0.014666	22,938.14	143,348.71	147.50	-45,150.71	23,085.64	98,198.00	280.8	1.47%
Actual	March	329,302	1,727,963	0.190572	0.201212	0.010640	18,385.53	161,734.24	175.60	-44,975.11	18,561.13	116,759.13	194.9	1.47%
Actual	April	317,890	1,665,254	0.190896	0.184054	(0.006842)	-11,393.67	150,340.57	198.12	-44,776.99	-11,195.55	105,563.58	130.1	1.47%
Actual	May	330,712	1,734,704	0.190645	0.184054	(0.006591)	-11,433.43	138,907.14	184.17	-44,592.82	-11,249.26	94,314.32	71.4	1.47%
Actual	June	317,836	1,681,790	0.188986	0.184054	(0.004932)	-8,294.59	130,612.55	170.16	-44,422.66	-8,124.43	86,189.89	37.8	1.47%
Actual	July	326,487	1,714,202	0.190460	0.185634	(0.004826)	-8,272.74	122,339.81	160.00	-44,262.66	-8,112.74	78,077.15	30.1	1.47%
Forecast	August	313,966	1,657,616	0.189408	0.185634	(0.003774)	-6,255.84	116,083.97	149.87	-44,112.79	-6,105.97	71,971.18	42.8	1.47%
Forecast	September	<u>197,054</u>	<u>700,662</u>	<u>0.281240</u>	0.185634	(0.095606)	<u>-66,987.52</u>	<u>49,096.45</u>	<u>142.20</u>	<u>-43,970.59</u>	<u>-66,845.32</u>	<u>5,125.86</u>	<u>58.5</u>	1.47%
	Total	3,974,655	20,696,720	0.192043			66,255.37	49,096.45	1,237.15	-43,970.59	67,492.52	5,125.86	1,690.6	

PGCVA Balance per M\*3 Purchased (\$/M\*3) \$0.000248  
Forecast Average Residential Consumption per Customer 1,690.6 M\*3  
Estimated Impact on Average Residential Customer \$0.42 Customer Rebate

(1) Includes balance of -17,158.92 as of Sept., 2011  
(2) Includes balance of -45,207.74 as of Sept., 2011

NATURAL RESOURCE GAS LIMITED

COMPOSITION AND COST OF GAS BY SUPPLY SOURCE

HISTORICAL TWELVE MONTH PERIOD - OCTOBER, 2011 TO SEPTEMBER, 2012

	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Total</u>
<b><u>Volumes (m3)</u></b>													
Local Production (A)	292,170	209,333	211,671	201,416	178,510	247,799	258,530	38,356	82,192	84,931	84,931	82,192	1,972,031
Local Production (B)	0	0	0	0	0	0	0	255,231	205,437	194,355	115,069	117,808	887,900
Dawn Delivery	0	0	0	0	0	0	0	0	0	0	0	0	0
Parkway Delivery	1,171,241	1,134,898	1,171,582	1,169,981	1,092,506	1,167,131	1,131,720	1,159,388	1,121,613	1,154,400	1,172,662	1,134,834	13,781,957
Western Delivery	356,786	342,536	353,608	313,798	293,018	313,033	275,005	281,728	272,549	280,516	284,954	311,523	3,679,052
Ontario Delivered Gas	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,321,475</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-945,695</u>	<u>375,780</u>
Total	1,820,197	1,686,766	1,736,861	3,006,670	1,564,035	1,727,963	1,665,254	1,734,704	1,681,790	1,714,202	1,657,616	700,662	20,696,720
<b><u>Price (\$/m3)</u></b>													
Local Production (A)	0.241357	0.241357	0.241357	0.241357	0.241357	0.241357	0.241357	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	0.217386	0.176430	0.182406	0.182406	0.182406	
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	0.188664	0.182489	0.182265	0.177938	0.167879	0.172030	0.171690	0.173179	0.173237	0.173928	0.171234	0.171234	
Western Delivery	0.192028	0.142901	0.142513	0.144689	0.137738	0.134434	0.137590	0.137604	0.143756	0.144537	0.149037	0.112571	
Ontario Delivered Gas	0.000000	0.000000	0.000000	0.113510	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.110985	
<b><u>Total Gas Cost (\$)</u></b>													
Local Production (A)	70,517	50,524	51,088	48,613	43,085	59,808	62,398	11,553	24,756	25,581	25,581	24,756	498,261
Local Production (B)	0	0	0	0	0	0	0	55,484	36,245	35,451	20,989	21,489	169,659
Dawn Delivery	0	0	0	0	0	0	0	0	0	0	0	0	0
Parkway Delivery	220,970	207,107	213,538	208,184	183,409	200,782	194,305	200,782	194,305	200,782	200,800	194,322	2,419,286
Western Delivery	68,513	48,949	50,394	45,403	40,360	42,082	37,838	38,767	39,180	40,545	42,469	35,068	529,568
Ontario Delivered Gas	0	0	0	150,000	0	0	0	0	0	0	0	-104,958	45,042
TCPL Transportation	<u>30,246</u>	<u>29,001</u>	<u>29,967</u>	<u>26,630</u>	<u>24,912</u>	<u>26,630</u>	<u>23,349</u>	<u>24,127</u>	<u>23,349</u>	<u>24,127</u>	<u>24,127</u>	<u>26,377</u>	<u>312,840</u>
Total	390,246	335,580	344,987	478,830	291,765	329,302	317,890	330,712	317,836	326,487	313,966	197,054	3,974,655

NATURAL RESOURCE GAS LIMITED

ACTUAL AND FORECAST GAS PRICES

HISTORICAL TWELVE MONTH PERIOD - OCTOBER, 2011 TO SEPTEMBER, 2012

	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>
<u>Local Production</u>												
Local Production (A) (\$/GJ)	6.386	6.394	6.388	6.379	6.367	6.363	6.376	7.888	7.886	7.855	7.979	7.979
Local Production (B) (\$/GJ)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5.693	4.619	4.757	4.832	4.832
<u>Dawn</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
<u>Parkway</u> (\$/GJ)	4.992	4.834	4.824	4.703	4.429	4.536	4.536	4.536	4.536	4.536	4.536	4.536
<u>Western Deliveries</u> (\$/GJ)	5.081	3.786	3.772	3.824	3.634	3.544	3.635	3.604	3.764	3.769	3.948	2.982
Fuel Ratio (%)	1.38%	1.62%	3.25%	3.92%	4.44%	2.09%	0.86%	1.44%	0.86%	0.86%	4.00%	4.00%
<u>TCPL Transportation</u> (\$/GJ)												
TCPL Toll	2.242900	2.242900	2.242900	2.242900	2.242900	2.242900	2.242900	2.242900	2.242900	2.242900	2.242900	2.242900
GJ/day (TCPL)	435	431	431	383	383	383	347	347	347	347	347	392
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)	1,863	1,859	1,859	1,811	1,811	1,811	1,775	1,775	1,775	1,775	1,775	1,820
<u>Ontario Delivered Gas</u> (\$/GJ)	0.000	0.000	0.000	3.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.940
Heat Value (GJ/103m3)	37.80	37.75	37.78	37.84	37.91	37.93	37.85	38.18	38.20	38.35	37.75	37.75

NATURAL RESOURCE GAS LIMITED

PURCHASED GAS COMMODITY VARIANCE ACCOUNT

PROJECTED TWELVE MONTH FORWARD PERIOD - OCTOBER, 2012 TO SEPTEMBER, 2013  
(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)	Monthly Interest (\$'s)	Y-T-D Interest (\$'s)	Total PGCVA (\$'s)	Total Y-T-D PGCVA (\$'s)	Average Residential Consumption (M*3)	Monthly Interest Rate
							(1)		(2)				
October	325,045	1,753,695	0.185349	0.185799	0.000450	789.16	49,885.61	60.14	-43,910.45	849.30	5,975.16	118.7	1.47%
November	315,579	1,706,755	0.184900	0.185799	0.000899	1,534.37	51,419.98	61.11	-43,849.34	1,595.48	7,570.64	202.7	1.47%
December	327,169	1,756,980	0.186211	0.185799	(0.000412)	-723.88	50,696.10	62.99	-43,786.35	-660.89	6,909.75	321.8	1.47%
January	327,169	1,756,980	0.186211	0.185799	(0.000412)	-723.88	49,972.22	62.10	-43,724.25	-661.78	6,247.97	355.2	1.47%
February	299,037	1,606,305	0.186165	0.185799	(0.000366)	-587.91	49,384.31	61.22	-43,663.03	-526.69	5,721.28	293.2	1.47%
March	327,169	1,756,980	0.186211	0.185799	(0.000412)	-723.88	48,660.43	60.50	-43,602.53	-663.38	5,057.90	246.2	1.47%
April	317,986	1,706,755	0.186310	0.185799	(0.000511)	-872.15	47,788.28	59.61	-43,542.92	-812.54	4,245.36	186.6	1.47%
May	327,369	1,756,980	0.186325	0.185799	(0.000526)	-924.17	46,864.11	58.54	-43,484.38	-865.63	3,379.73	89.7	1.47%
June	317,986	1,706,755	0.186310	0.185799	(0.000511)	-872.15	45,991.96	57.41	-43,426.97	-814.74	2,564.99	53.1	1.47%
July	327,369	1,756,980	0.186325	0.185799	(0.000526)	-924.17	45,067.79	56.34	-43,370.63	-867.83	1,697.16	40.9	1.47%
August	327,369	1,756,980	0.186325	0.185799	(0.000526)	-924.17	44,143.62	55.21	-43,315.42	-868.96	828.20	42.8	1.47%
September	<u>317,986</u>	<u>1,706,755</u>	0.186310	0.185799	(0.000511)	<u>-872.15</u>	<u>43,271.47</u>	<u>54.08</u>	<u>-43,261.34</u>	<u>-818.07</u>	<u>10.13</u>	58.5	1.47%
Total	3,857,232	20,728,901	0.186080			-5,824.98	43,271.47	709.25	-43,261.34	-5,115.73	10.13	2,009.4	

PGCVA Balance per M\*3 Purchased (\$/M\*3) \$0.000000  
Forecast Average Residential Consumption per Customer 2,009.4 M\*3  
Estimated Impact on Average Residential Customer \$0.00 Customer Rebate

(1) Includes Sept., 2012 year-to-date balance of \$49,096.45 (See Schedule 2)  
(2) Includes Sept., 2012 year-to-date balance of (\$43,970.59) (See Schedule 2)

NATURAL RESOURCE GAS LIMITED

COMPOSITION AND COST OF GAS BY SUPPLY SOURCE

PROJECTED TWELVE MONTH FORWARD PERIOD - OCTOBER, 2012 TO SEPTEMBER, 2013

	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Total</u>
<b><u>Volumes (m3)</u></b>													
Local Production (A)	84,932	82,192	84,932	84,932	76,708	84,932	82,192	84,932	82,192	84,932	84,932	82,192	1,000,000
Local Production (B)	115,068	117,808	115,068	115,068	123,292	115,068	117,808	115,068	117,808	115,068	115,068	117,808	1,400,000
Dawn Delivery	0	0	0	0	0	0	0	0	0	0	0	0	0
Parkway Delivery	1,231,788	1,195,232	1,235,073	1,235,073	1,115,550	1,235,073	1,195,232	1,235,073	1,195,232	1,235,073	1,235,073	1,195,232	14,538,702
Western Delivery	321,907	311,523	321,907	321,907	290,755	321,907	311,523	321,907	311,523	321,907	321,907	311,523	3,790,199
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>0</u>	<u>0</u>
Total	1,753,695	1,706,755	1,756,980	1,756,980	1,606,305	1,756,980	1,706,755	1,756,980	1,706,755	1,756,980	1,756,980	1,706,755	20,728,901
<b><u>Price (\$/m3)</u></b>													
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)	0.182406	0.182406	0.182406	0.182406	0.182406	0.182406	0.182406	0.182406	0.182406	0.182406	0.182406	0.182406	
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	0.167346	0.168894	0.169309	0.169309	0.169309	0.169309	0.169196	0.169196	0.169196	0.169196	0.169196	0.169196	
Western Delivery	0.140053	0.131899	0.137410	0.137410	0.137410	0.137410	0.138467	0.138467	0.138467	0.138467	0.138467	0.138467	
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	
<b><u>Total Gas Cost (\$)</u></b>													
Local Production (A)	25,582	24,756	25,582	25,582	23,104	25,582	24,756	25,582	24,756	25,582	25,582	24,756	301,200
Local Production (B)	20,989	21,489	20,989	20,989	22,489	20,989	21,489	20,989	21,489	20,989	20,989	21,489	255,368
Dawn Delivery	0	0	0	0	0	0	0	0	0	0	0	0	0
Parkway Delivery	206,135	201,867	209,109	209,109	188,873	209,109	202,228	208,969	202,228	208,969	208,969	202,228	2,457,795
Western Delivery	45,084	41,090	44,233	44,233	39,953	44,233	43,136	44,574	43,136	44,574	44,574	43,136	521,954
Ontario Delivered Gas	0	0	0	0	0	0	0	0	0	0	0	0	0
TCPL Transportation	<u>27,256</u>	<u>26,377</u>	<u>27,256</u>	<u>27,256</u>	<u>24,618</u>	<u>27,256</u>	<u>26,377</u>	<u>27,256</u>	<u>26,377</u>	<u>27,256</u>	<u>27,256</u>	<u>26,377</u>	<u>320,914</u>
Total	325,045	315,579	327,169	327,169	299,037	327,169	317,986	327,369	317,986	327,369	327,369	317,986	3,857,232





NATURAL RESOURCE GAS LIMITED

GAS PURCHASE REBALANCING ACCOUNT

OCTOBER, 2011 THROUGH SEPTEMBER, 2013

Month	Purchase Volume (M <sup>3</sup> ) A	Throughput Volume (M <sup>3</sup> ) B	Direct Purchase Volume (M <sup>3</sup> ) C	System Sales Volume (M <sup>3</sup> ) D=B-C	Deemed U.F.G. (M <sup>3</sup> ) E	System Sales + U.F.G. (M <sup>3</sup> ) F=D+E	Monthly Inventory Balance (M <sup>3</sup> ) G=A-F	Cumulative Inventory (M <sup>3</sup> ) H (1)	Reference Price (\$/M <sup>3</sup> ) I	Inventory Revaluation (\$s) J	Inventory Rate (\$/M <sup>3</sup> ) 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
October	1,820,197	4,934,084	3,051,902	1,882,182	0	1,882,182	-61,985	1,271,230	0.206383	0.00	(0.004428)	-8,334.30	59,382.19	82.95	5,046.52	64,428.71	1.47%
November	1,686,766	5,775,867	3,064,601	2,711,266	0	2,711,266	-1,024,500	246,730	0.206383	0.00	(0.004428)	-12,005.49	47,376.70	72.74	5,119.26	52,495.96	1.47%
December	1,736,861	5,612,597	3,037,187	2,575,410	0	2,575,410	-838,549	-591,819	0.206383	3,060.30	(0.004428)	-11,403.92	39,033.08	58.04	5,177.30	44,210.38	1.47%
January	3,006,670	5,963,082	3,062,248	2,900,834	0	2,900,834	105,836	-485,983	0.201212	0.00	(0.002478)	-7,188.27	31,844.81	47.82	5,225.12	37,069.93	1.47%
February	1,564,035	5,577,944	2,857,781	2,720,163	0	2,720,163	-1,156,128	-1,642,111	0.201212	0.00	(0.002478)	-6,740.56	25,104.25	39.01	5,264.13	30,368.38	1.47%
March	1,727,963	4,805,046	2,868,163	1,936,883	0	1,936,883	-208,920	-1,851,031	0.201212	31,759.99	(0.002478)	-4,799.60	52,064.64	30.75	5,294.88	57,359.52	1.47%
April	1,665,254	4,091,031	2,747,922	1,343,109	0	1,343,109	322,145	-1,528,886	0.184054	0.00	(0.003372)	-4,528.96	47,535.68	63.78	5,358.66	52,894.34	1.47%
May	1,734,704	3,406,178	2,634,417	771,761	0	771,761	962,943	-565,943	0.184054	0.00	(0.003372)	-2,602.38	44,933.30	58.23	5,416.89	50,350.19	1.47%
June	1,681,790	3,023,970	2,557,009	466,961	0	466,961	1,214,829	648,886	0.184054	1,025.24	(0.003372)	-1,574.59	44,383.95	55.04	5,471.93	49,855.88	1.47%
July	1,714,202	2,540,336	2,108,846	431,490	0	431,490	1,282,712	1,931,598	0.185634	0.00	(0.002812)	-1,213.35	43,170.60	54.37	5,526.30	48,696.90	1.47%
August	1,657,616	3,245,595	2,639,204	606,391	0	606,391	1,051,225	2,982,823	0.185634	0.00	(0.002812)	-1,705.17	41,465.43	52.88	5,579.18	47,044.61	1.47%
September	700,662	3,141,595	2,699,547	442,048	0	442,048	258,614	3,241,437	0.185634	534.84	(0.002812)	-1,243.04	40,757.23	50.80	5,629.98	46,387.21	1.47%
October	1,753,695	4,121,595	2,783,246	1,338,349	0	1,338,349	415,346	3,656,784	0.185799	0.00	(0.002614)	-3,498.44	37,258.79	49.93	5,679.91	42,938.70	1.47%
November	1,706,755	4,921,595	2,807,687	2,113,908	0	2,113,908	-407,153	3,249,630	0.185799	0.00	(0.002614)	-5,525.76	31,733.03	45.64	5,725.55	37,458.58	1.47%
December	1,756,980	5,421,595	2,795,357	2,626,238	0	2,626,238	-869,258	2,380,373	0.185799	0.00	(0.002614)	-6,864.99	24,868.04	38.87	5,764.42	30,632.46	1.47%
January	1,756,980	5,921,595	2,824,409	3,097,186	0	3,097,186	-1,340,206	1,040,167	0.185799	0.00	(0.002614)	-8,096.04	16,772.00	30.46	5,794.88	22,566.88	1.47%
February	1,606,305	5,421,595	2,807,462	2,614,133	0	2,614,133	-1,007,828	32,338	0.185799	0.00	(0.002614)	-6,833.34	9,938.66	20.55	5,815.43	15,754.09	1.47%
March	1,756,980	4,921,595	2,744,961	2,176,634	0	2,176,634	-419,654	-387,315	0.185799	0.00	(0.002614)	-5,689.72	4,248.94	12.17	5,827.60	10,076.54	1.47%
April	1,706,755	4,021,595	2,685,665	1,335,930	0	1,335,930	370,825	-16,491	0.185799	0.00	(0.002614)	-3,492.12	756.82	5.20	5,832.80	6,589.62	1.47%
May	1,756,980	3,141,595	2,661,298	480,297	0	480,297	1,276,683	1,260,193	0.185799	0.00	(0.002614)	-1,255.50	-498.68	0.93	5,833.73	5,335.05	1.47%
June	1,706,755	3,133,595	2,638,035	495,560	0	495,560	1,211,195	2,471,388	0.185799	0.00	(0.002614)	-1,295.39	-1,794.07	-0.61	5,833.12	4,039.05	1.47%
July	1,756,980	3,137,595	2,646,622	490,973	0	490,973	1,266,007	3,737,395	0.185799	0.00	(0.002614)	-1,283.40	-3,077.47	-2.20	5,830.92	2,753.45	1.47%
August	1,756,980	3,245,595	2,639,204	606,391	0	606,391	1,150,589	4,887,984	0.185799	0.00	(0.002614)	-1,585.11	-4,662.58	-3.77	5,827.15	1,164.57	1.47%
September	1,706,755	3,141,595	2,699,547	442,048	0	442,048	1,264,707	6,152,691	0.185799	0.00	(0.002614)	-1,155.51	-5,818.09	-5.71	5,821.44	3.35	1.47%

(1) Includes balance of 1,333,215 as of Sept., 2011  
(2) Includes balance of 67,716.49 as of Sept., 2011  
(3) Includes balance of 4,963.57 as of Sept., 2011

**NATURAL RESOURCE GAS LIMITED**

**RESIDENTIAL BILL COMPARISONS**

**QUARTERLY BILL IMPACT**

	Quarter Starting 01-Oct-11 <u>EB-2011-0301</u>	Quarter Starting 01-Oct-12 <u>EB-2012-0364</u>	\$ Change	Percent Change
Average Residential Consumption for Quarter	643.2	643.2		
Monthly Charges	\$40.50	\$43.50	\$3.00	7.4%
Delivery Charges	\$98.21	\$96.94	(\$1.28)	-1.3%
Total Commodity Charges	<u>\$130.13</u>	<u>\$118.06</u>	<u>(\$12.07)</u>	<u>-9.3%</u>
Total Customer Charges	\$268.84	\$258.49	(\$10.35)	-3.8%

**ANNUAL BILL IMPACT**

	01-Jul-12 <u>EB-2012-0262</u>	01-Oct-12 <u>EB-2012-0364</u>	\$ Change	Percent Change
Average Residential Consumption	2,009.4	2,009.4		
Monthly Charges	\$162.00	\$174.00	\$12.00	7.4%
Delivery Charges	\$309.48	\$302.83	(\$6.64)	-2.1%
Total Commodity Charges	<u>\$368.09</u>	<u>\$368.82</u>	<u>\$0.73</u>	<u>0.2%</u>
Total Customer Charges	\$839.57	\$845.66	\$6.09	0.7%

**RATES USED**

	01-Oct-11 <u>EB-2011-0301</u>	01-Jul-12 <u>EB-2012-0262</u>	01-Oct-12 <u>EB-2012-0364</u>
Monthly charge	13.50	13.50	14.50
Delivery Charge	0.152693	0.154014	0.150709
Total Commodity Charge	0.202318	0.183185	0.183548

**APPENDIX "A" TO  
DECISION AND ORDER  
BOARD FILE No. EB-2012-0364  
DATED SEPTEMBER XX, 2012**

## 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	\$14.50
	Rate Rider for Shared Tax Savings - effective until September 30, 2013	\$(0.11)
b)	Delivery Charge	
	First 1,000 m <sup>3</sup> per month	15.0709 cents per m <sup>3</sup>
	All over 1,000 m <sup>3</sup> per month	10.6124 cents per m <sup>3</sup>
c)	Gas Supply Charge and System Gas Refund Rate Rider (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, 2012

Implementation: All bills rendered on or after October 01, 2012

EB-2012-0364

## 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	\$16.00	\$16.00
Rate Rider for Shared Tax Savings – effective until September 30, 2013	\$(0.19)	\$(0.19)
b) Delivery Charge		
First 1,000 m <sup>3</sup> per month	13.6510 cents per m <sup>3</sup>	17.2068 cents per m <sup>3</sup>
Next 24,000 m <sup>3</sup> per month	9.4826 cents per m <sup>3</sup>	15.6960 cents per m <sup>3</sup>
All over 25,000 m <sup>3</sup> per month	6.1698 cents per m <sup>3</sup>	15.2899 cents per m <sup>3</sup>
c) Gas Supply Charge and System Gas Refund Rate Rider (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, 2012

Implementation: All bills rendered on or after October 01, 2012

EB-2012-0364

## 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 m<sup>3</sup>; and
- c) a qualifying annual volume of at least 113,000 m<sup>3</sup>.

#### Rate

1. Bills will be rendered monthly and shall be the total of:

- a) A Monthly Customer Charge:

A Monthly Customer Charge of \$160.00 for firm or interruptible customers; or  
A Monthly Customer Charge of \$175.00 for combined (firm and interruptible) customers.

Rate Rider for Shared Tax Savings - effective until September 30, 2013                      \$(8.34)

- b) A Monthly Demand Charge:

A Monthly Demand Charge of 29.0974 cents per m<sup>3</sup> for each m<sup>3</sup> of daily contracted firm demand.

- c) A Monthly Delivery Charge:

(i) A Monthly Firm Delivery Charge for all firm volumes of 3.8013 cents per m<sup>3</sup>,

(ii) A Monthly Interruptible Delivery Charge for all interruptible volumes to be negotiated between the company and the customer not to exceed 10.9612 cents per m<sup>3</sup> and not to be less than 7.9412 per m<sup>3</sup>.

- d) Gas Supply Charge and System Gas Refund Rate Rider (if applicable)                      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 3.1530 cents per m<sup>3</sup> for firm gas and 5.4412 cents per m<sup>3</sup> 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 5.7163 cents per m<sup>3</sup> 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, 2012

Implementation: All bills rendered on or after October 01, 2012

EB-2012-0364

## 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	\$16.00	\$16.00
Rate Rider for Shared Tax Savings - effective until September 30, 2013	\$(0.55)	\$(0.55)
b) Delivery Charge		
First 1,000 m <sup>3</sup> per month	14.8927 cents per m <sup>3</sup>	18.9992 cents per m <sup>3</sup>
All over 1,000 m <sup>3</sup> per month	10.5218 cents per m <sup>3</sup>	16.9052 cents per m <sup>3</sup>
c) Gas Supply Charge and System Gas Refund Rate Rider (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, 2012

Implementation: All bills rendered on or after October 01, 2012

EB-2012-0364



## 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 m<sup>3</sup>; and
- c) a qualifying annual volume of at least 50,000 m<sup>3</sup>.

#### Rate

1. Bills will be rendered monthly and shall be the total of:

- |    |  |           |
|----|--|-----------|
| a) | Monthly Fixed Charge   | \$160.00. |
|    | Rate Rider for Shared Tax Savings - effective until September 30, 2013 | \$(3.02)  |

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 8.4612 cents per m<sup>3</sup> and not to be less than 5.4612 per m<sup>3</sup>.

c) Gas Supply Charge and System Gas Refund Rate Rider (if applicable) 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 m<sup>3</sup>. Overrun volumes will not contribute to the minimum volume. The rate applicable to the shortfall from this annual minimum shall be 5.6702 cents per m<sup>3</sup> 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, 2012

Implementation: All bills rendered on or after October 01, 2012

EB-2012-0364

## NATURAL RESOURCE GAS LIMITED

### **RATE 6 – Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility**

#### **Rate Availability**

Rate 6 is available to the Integrated Grain Processors Co-Operative, Aylmer Ethanol Production Facility only.

#### **Eligibility**

Integrated Grain Processors Co-Operative's ("IGPC") ethanol production facility located in the Town of Aylmer

#### **Rate**

1. Bills will be rendered monthly and shall be the total of:

a) Monthly Customer Charge of \$160.00 for firm services

Rate Rider for Shared Tax Savings - effective until September 30, 2013                      \$(301.03)

b) A Monthly Demand Charge:

A Monthly Demand Charge of 18.3255 cents per m<sup>3</sup> for each m<sup>3</sup> of daily contracted firm demand.

c) A Monthly Delivery Charge:

(i) A Monthly Firm Delivery Charge for all firm volumes of 3.7829 cents per m<sup>3</sup>,

(ii) A Monthly Interruptible Delivery Charge for all interruptible volumes to be negotiated between the company and IGPC not to exceed 10.9612 cents per m<sup>3</sup> and not to be less than 7.9412 per m<sup>3</sup>.

d) Gas Supply Charge and System Gas Refund Rate Rider (if applicable)                      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, IGPC 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 IGPC on such day, or if, on any day, IGPC fails to comply with any curtailment notice reducing IGPC'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 6 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, IGPC 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 IGPC is willing to contract;
- b) The load factor of IGPC's anticipated gas consumption, the pattern of annual use, and the minimum annual quantity of gas which IGPC is willing to contract to take or in any event pay for;
- c) Interruptible or curtailment provisions;
- d) Competition.

3. In each contract year, IGPC shall take delivery from the company, or in any event pay for it if available and not accepted by the IGPC, 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 3.1530 cents per m<sup>3</sup> for firm gas and 5.4412 cents per m<sup>3</sup> 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 IGPC 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 5.7163 cents per m<sup>3</sup> 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 IGPC elects under this rate schedule to directly purchase its gas from a supplier other than NRG, IGPC or its 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 IGPC if it elects said Bundled T transportation service.

Unless otherwise authorized by NRG, IGPC, when 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, 2012

Implementation: All bills rendered on or after October 01, 2012

EB-2012-0364

**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, 5 and 6.

**Rate**

The Gas Supply Charge applicable to all sales customers shall be made up of the following charges:

PGCVA Reference Price	(EB-2012-0262)	18.5799 cents per m <sup>3</sup>
GPRA Recovery Rate	(EB-2012-0262)	(0.2614) cents per m <sup>3</sup>
System Gas Fee	(EB-2010-0018)	<u>0.0363</u> cents per m <sup>3</sup>
Total Gas Supply Charge		<u>18.3548</u> cents per m <sup>3</sup>

Note:

PGCVA means Purchased Gas Commodity Variance Account

GPRA means Gas Purchase Rebalancing Account

Effective: October 01, 2012

Implementation: All bills rendered on or after October 01, 2012

EB-2012-0364

**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, 2012

Implementation: All bills rendered on or after October 01, 2012

EB-2012-0364

**NATURAL RESOURCE GAS LIMITED**

**Transmission Service**

**Availability**

Transmission Service charges shall be applied to Natural Resource Gas Corp.

**Eligibility**

Only Natural Resource Gas Corp. shall be charged the Transmission Service Rate. Fees and Charges will be applied only in those months that NRG Corp. delivers gas to a delivery point on NRG's system.

**Rate**

Administrative Charge	\$250/month
Transportation Rate	\$ 0.95/mcf

Effective: October 01, 2012

Implementation: All bills rendered on or after October 01, 2012

EB-2012-0364

**APPENDIX "B" TO  
DECISION AND ORDER  
BOARD FILE No. EB-2012-0364  
DATED SEPTEMBER XX, 2012**



**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.

To record monthly as a debit (credit) in Deferral Account No. 179-27 (PGCVA) the decrease (increase) to reflect the projected changes in gas costs and prospective recovery of the balances of the gas supply deferral accounts approved by the Board for rate making purposes.

Debit/Credit Account No. 179-27 Purchased Gas Commodity Variance Account (PGCVA)

Credit/Debit Account No. 623 Cost of Gas

To record as a debit (credit) in Deferral Account No. 179-28, interest on the balance in Deferral Account

Debit/Credit Account No. 179-28 Purchased Gas Commodity Variance Account (PGCVA)

Credit/Debit Account No. 323 Other Interest Expense

Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**APPENDIX "C" TO  
DECISION AND ORDER  
BOARD FILE No. EB-2012-0364  
DATED SEPTEMBER XX, 2012**

## **IMPORTANT INFORMATION ABOUT YOUR GAS BILL**

On all bills rendered by NRG on or after October 1, 2012, the price we charge for the gas commodity and transportation portion of your bill will be increasing by \$0.000363 per cubic meter to \$0.183548 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, 2013. 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 2,009 cubic meters of gas annually, this price change will cause your annual heating costs to increase by approximately \$1 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.