



Natural Gas Resource Limited
39 Beech Street East
Aylmer, ON
N5H 1A1

November 2, 2012

Ms. Kirstin Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Re: 2012 IRM Application EB-2012-0342

Dear Ms. Walli:

Natural Gas Resource Limited ("NRG") hereby files its response to Board staff and VECC's interrogatories with respect to its 2012 IRM application for rates effective October 1, 2012.

This document is being filed pursuant to the Board's e-Filing Services.

Yours Truly,

Laurie O'Meara

Laurie O'Meara
Controller



Response to Board Staff IR's

NATURAL RESOURCE GAS LIMITED 2012 IRM EB-2012-0342 BOARD STAFF INTERROGATORIES

Ref: Appendix 1, page 6 of 30, D1.1 Rate 1 Adjustment

In its Application, NRG has proposed to increase the fixed charge by \$1.00.

1. Did NRG propose an increase to the fixed charge in the IRM Settlement Agreement dated November 11, 2011?

NRG Response:

NRG acknowledges that a definitive proposal was not included in the settlement agreement. However provided below is NRG's interpretation why the proposed change in fixed charges would be in line with the settlement agreement.

Per the settlement agreement item 8.2 NRG had complete settlement on section H1/1/1 of the application. That section included the following statement which indicates that NRG had initiated a movement to recover a higher proportion of fixed costs through fixed charges.

NRG interprets that as an acceptance of the "movement" to adjust fixed charges.

8 NRG is proposing to increase the monthly fixed charge from \$11.50 per month for Rate 1 customers to \$13.50. The monthly fixed charge for Rate 2 and Rate 4 customers are proposed to increase from \$12.75 to \$15.00. The monthly customer charge for Rate 3 and Rate 5 customers remain at \$150.00. The proposed monthly charge for Rate 6 customers will be set at the same level as is the fixed monthly charge for Rate 3. These changes reflect a movement to recover a higher proportion of fixed costs through fixed charges.

Refer also to response to VECC Interrogatory #2.



2. If yes, please provide a reference to the proposed increase.

NRG Response:

Please see response above.



Response to Board Staff IR's
File Number: EB-2012-0342

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Schedule: 1
Page: 3 of 6

Date Filed: November 2, 2012

1 Ref: Appendix 1, page 1-30

2
3 3. Please re-create the excel model provided in the application without the \$1 fixed
4 charge increase

5
6 NRG Response:

7
8 Please reference attachment 1. Working excel model also filed.
9
10



1 Ref: Settlement Agreement, Phase 2, EB-2010-0018, Page 3

2
3 As per the Settlement Agreement, NRG has proposed to collect \$338,400 in regulatory
4 costs in years 1 through 3 of the proposed IR Plan. Given that year 1 of the IR Plan has
5 already commenced, the Parties agreed that the remaining regulatory costs shall be
6 recovered as follows:

- 7 • \$90,000 in regulatory costs will be included in rates for Years 1 through 3 of
8 the IR Plan (for a total of \$270,000);
- 9 • the remaining \$68,400 (i.e., \$338,400 minus \$270,000) shall be recovered
10 over the remaining 34 remaining months in the IR Plan term.

- 11
12 4. Please provide the detailed calculations showing the regulatory costs that have
13 been included in rates for 2012 IRM.

14
15 NRG Response:

16
17 In the 2010 Cost of Service (EB-2010-0018 Phase I) proceeding regulatory costs of \$90,000
18 were included in the annual costs for recovery.

19
20 In the 2011 IRM (EB-2010-0018 Phase II) proceeding a one-time adjustment to fixed rates was
21 made to collect the \$68,400 over the remainder of the IRM period. To maintain the fixed charge
22 the adjustment was moved to the volumetric charge. See sample extractions below.

23
24 As this adjustment was made in 2011 no further action is required.



Date Filed: November 2, 2012

Regulatory Cost Adjustment

Annual
Regulatory
Adjustment
\$22,800.00

for 3 years

\$68,400.00 Total to be collected

A

$B = A * 3$

\$68,400.00

recovered over 33 months

\$ 2,072.73 per month

B

$C = B / 33$

\$ 2,072.73 Monthly charge annualized 12 months

C

\$24,872.73

Adjusted Regulatory
Adjustment Value

$D = C * 12$

Proposed recovery

\$24,872.73

Recovered over 9 months

\$18,654.55 Recovered in 2011/2012

\$24,872.73

Recovered over 12 months

\$24,872.73 Recovered in 2012/2013

\$24,872.73

Recovered over 12 months

\$24,872.73 Recovered in 2013/2014

\$68,400.00

rent Rate Riders C2.1 Regulatory Cost Adjustment C2.2 Alloc Reg Cost Adj C2.3 Adj Monthly Service C

1

Allocation of Regulatory Cost Adjustment

Rate Group	Revenue By Rate Class	Proportionate Revenue	Regulatory Cost Adjustment	Number of Customers	Number of Months	Fixed Rate Adjustment
RATE 1 - General Service Rate	3,696,116	66.6%	16,561	7,016	12	0.20
RATE 2 - Seasonal Service	69,292	1.2%	310	73	12	0.35
RATE 3 - Special Large Volume Contract Rate	164,530	3.0%	737	4	12	15.36
RATE 4 - General Service Peaking	62,189	1.1%	279	23	12	1.01
RATE 5 - Interruptible Peaking Contract Rate	74,448	1.3%	334	5	12	5.56
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	1,484,464	26.7%	6,651	1	12	554.29
	<u>5,551,038</u>	<u>100.0%</u>	<u>24,873</u>	<u>7,122</u>		

2

Regulatory Cost Adjustment C2.2 Alloc Reg Cost Adj C2.3 Adj Monthly Service Chg D1.1 Rate 1 Adjustment



Date Filed: November 2, 2012

Adjustment to Monthly Service Charge

Rate Group	Current Monthly Service Charge	Regulatory Cost Adjustment	Adjusted Monthly Service Charge
RATE 1 - General Service Rate - Residential	13.50	0.20	13.70
RATE 1 - General Service Rate - Commercial	13.50	0.20	13.70
RATE 1 - General Service Rate - Industrial	13.50	0.20	13.70
RATE 2 - Seasonal Service - Apr to Oct	15.00	0.35	15.35
RATE 2 - Seasonal Service - Nov to Mar	15.00	0.35	15.35
RATE 3 - Special Large Volume Contract Rate	150.00	15.36	165.36
RATE 4 - General Service Peaking - Apr to Dec	15.00	1.01	16.01
RATE 4 - General Service Peaking - Jan to Mar	15.00	1.01	16.01
RATE 5 - Interruptible Peaking Contract Rate	150.00	5.56	155.56
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	150.00	554.29	704.29

¹ Placeholder rate for average application

1

.2 Alloc Reg Cost Adj / C2.3 Adj Monthly Service Chg / D1.1 Rate 1 Adjustment / D1.2 Rate 2 Adjustment / D1.3									
Rate 1 Price Cap Adjustment									
GDP-IPI	1.30%								
Less Productivity	0.72%								
Less Stretch Factor	0.50%								
Price Cap Adjustment	0.08%								
					Billing	Revenue			
	Current Rate	Price Cap	Adjusted Rates	Determinants	Requirement		Balanced Rates	Requirement	
Monthly Service Charge	13.70	0.08%	13.71	7,016	1,154,062	No Change	13.50	1,136,579	
DeliveryFirst 1,000 m3	15.2693	0.08%	15.2815	14,261,081	2,179,309	Re-Balance	15.4014	2,196,406	
DeliveryOver 1,000 m3	10.5114	0.08%	10.5198	3,572,277	375,797	Change	10.5303	376,172	
Commodity	0.0363	0.08%	0.0363	17,833,358	6,479	Change	0.0364	6,491	
					3,715,647			3,715,647	
Alloc Reg Cost Adj / C2.3 Adj Monthly Service Chg / D1.1 Rate 1 Adjustment / D1.2 Rate 2 Adjustment / D1.3									
Average: 1443898.278 Count: 58 Sum: 50536439.73									

2



File Number:EB-2012-0342

Tab: 1
Schedule: 1

Date Filed:November 2, 2012

Attachment 1 of 1

Rate Generator for IR Response



GD Rate Generator release 1.0 © Elenchus Research Associates

Name of LDC: Natural Resource Gas Limited

OEB Application Number: EB-2012-0342

Natural Resource Gas Limited

EB-2012-0342

2012 IRM Application

Board Staff IR Response

Page 1 of 30

Filed: November 5, 2012


Distributor Information

Distributor Name

Natural Resource Gas Limited

OEB Application Number

EB-2012-0342

 *GD Rate Generator release 1.0 © Elenchus Research Associates*
Name of LDC: Natural Resource Gas Limited
OEB Application Number: EB-2012-0342

Current Distribution Tariff Sheet Rates

Rate Group	Monthly Service Charge	Delivery First 1,000 m ³	Delivery Over 1,000 m ³	Delivery Next 24,000 m ³	Delivery Over 25,000 m ³	Delivery - Firm	Demand - Firm	Commodity	Delivery - Int - Lower	Delivery - Int - Upper
RATE 1 - General Service Rate - Residential	13.50	15.4014	10.5303					0.0363		
RATE 1 - General Service Rate - Commercial	13.50	15.4014	10.5303					0.0363		
RATE 1 - General Service Rate - Industrial	13.50	15.4014	10.5303					0.0363		
RATE 2 - Seasonal Service - Apr to Oct	15.00	13.905		9.4826	6.1698			0.0363		
RATE 2 - Seasonal Service - Nov to Mar	15.00	17.527		15.696	15.2899			0.0363		
RATE 3 - Special Large Volume Contract Rate	150.00					3.7644	29.0974	0.0363	7.9412	10.9612
RATE 4 - General Service Peaking - Apr to Dec	15.00	14.7971	10.5218					0.0363		
RATE 4 - General Service Peaking - Jan to Mar	15.00	18.8772	16.9052					0.0363		
RATE 5 - Interruptible Peaking Contract Rate	150.00					6.9150 ¹		0.0363	5.4612	8.4612
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	150.00					3.7539	18.1837		7.9412	10.9612

¹ Placeholder rate for average application

Re-Basing Billing Determinants

Rate Group	Monthly Service Charge	Delivery First 1,000 m ³	Delivery Over 1,000 m ³	Delivery Next 24,000 m ³	Delivery Over 25,000 m ³	Delivery - Firm	Demand - Firm	Commodity	Delivery - Int - Lower	Delivery - Int - Upper
RATE 1 - General Service Rate - Residential	6,560	12,369,781	733,800					13,103,581		
RATE 1 - General Service Rate - Commercial	414	1,760,200	2,371,550					4,131,750		
RATE 1 - General Service Rate - Industrial	42	131,100	466,928					598,028		
RATE 2 - Seasonal Service - Apr to Oct	73	123,779		329,621	-			453,400		
RATE 2 - Seasonal Service - Nov to Mar	73	5,688		43,772	-			49,460		
RATE 3 - Special Large Volume Contract Rate	4					2,195,299	256,932	2,195,299		
RATE 4 - General Service Peaking - Apr to Dec	23	215,710	221,214					436,924		
RATE 4 - General Service Peaking - Jan to Mar	23	4,368	12,970					17,338		
RATE 5 - Interruptible Peaking Contract Rate	5					947,162		947,162		
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	1					33,416,816	1,298,256			
	7,122	14,610,626	3,806,462	373,393	-	36,559,277	1,555,188	21,932,942	-	-

Name of LDC: Natural Resource Gas Limited
OEB Application Number: EB-2012-0342

Revenue Requirement from Rates

Rate Group	Monthly Service Charge	Delivery First 1,000 m ³	Delivery Over 1,000 m ³	Delivery Next 24,000 m ³	Delivery Over 25,000 m ³	Demand - Firm	Delivery - Firm	Commodity	Delivery - Int - Lower	Delivery - Int - Upper	Total
RATE 1 - General Service Rate - Residential	\$ 1,062,707	\$ 1,905,119	\$ 77,271	\$ -	\$ -	\$ -	\$ -	\$ 4,757	\$ -	\$ -	\$ 3,049,854
RATE 1 - General Service Rate - Commercial	\$ 67,068	\$ 271,095	\$ 249,731	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ 589,395
RATE 1 - General Service Rate - Industrial	\$ 6,804	\$ 20,191	\$ 49,169	\$ -	\$ -	\$ -	\$ -	\$ 217	\$ -	\$ -	\$ 76,381
RATE 2 - Seasonal Service - Apr to Oct	\$ 7,665	\$ 17,211	\$ -	\$ 31,257	\$ -	\$ -	\$ -	\$ 165	\$ -	\$ -	\$ 56,298
RATE 2 - Seasonal Service - Nov to Mar	\$ 5,475	\$ 997	\$ -	\$ 6,870	\$ -	\$ -	\$ -	\$ 18	\$ -	\$ -	\$ 13,360
RATE 3 - Special Large Volume Contract Rate	\$ 7,200	\$ -	\$ -	\$ -	\$ -	\$ 82,640	\$ 74,761	\$ 797	\$ -	\$ -	\$ 165,397
RATE 4 - General Service Peaking - Apr to Dec	\$ 3,105	\$ 31,919	\$ 23,276	\$ -	\$ -	\$ -	\$ -	\$ 159	\$ -	\$ -	\$ 58,458
RATE 4 - General Service Peaking - Jan to Mar	\$ 1,035	\$ 825	\$ 2,193	\$ -	\$ -	\$ -	\$ -	\$ 6	\$ -	\$ -	\$ 4,058
RATE 5 - Interruptible Peaking Contract Rate	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ 65,496	\$ -	\$ 344	\$ -	\$ -	\$ 74,840
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	\$ 1,800	\$ -	\$ -	\$ -	\$ -	\$ 1,254,434	\$ 236,071	\$ -	\$ -	\$ -	\$ 1,492,305
	\$ 1,171,859	\$ 2,247,358	\$ 401,640	\$ 38,127	\$ -	\$ 1,402,570	\$ 310,832	\$ 7,962	\$ -	\$ -	\$ 5,580,347

Name of LDC: Natural Resource Gas Limited

OEB Application Number: EB-2012-0342

Current Rate Riders

Description

Effective Until

Shared Tax Savings

September 30, 2012

per customer per
month

Rate Group

RATE 1 - General Service Rate - Residential	-0.11
RATE 1 - General Service Rate - Commercial	-0.11
RATE 1 - General Service Rate - Industrial	-0.11
RATE 2 - Seasonal Service - Apr to Oct	-0.20
RATE 2 - Seasonal Service - Nov to Mar	-0.20
RATE 3 - Special Large Volume Contract Rate	-8.84
RATE 4 - General Service Peaking - Apr to Dec	-0.58
RATE 4 - General Service Peaking - Jan to Mar	-0.58
RATE 5 - Interruptible Peaking Contract Rate	-3.20
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	-319.14

D1.1 Rate 1 Adjustment
23/10/2012

Name of LDC: Natural Resource Gas Limited**OEB Application Number: EB-2012-0342****Rate 2 Price Cap Adjustment**

GDP-IPI	2.00%	MSC Increment	\$ -
Less Productivity	0.72%		
Less Stretch Factor	0.50%		
Price Cap Adjustment	0.78%		

	Current Rate	Price Cap	Adjusted Rates	Billing Determinants	Revenue Requirement		Balanced Rates	Revenue Requirement
Monthly Service Charge	15.00	0.78%	15.12	73	13,242	Change	15.00	13,140
Delivery First 1,000 m3 - Apr To Oct	13.9050	0.78%	14.0135	123,779	17,346	Re-Balance	14.3199	17,725
Delivery Next 24,000 m3 - Apr To Oct	9.4826	0.78%	9.5566	329,621	31,500	No Change	9.4826	31,257
Delivery Over 25,000 m3 - Apr To Oct	6.1698	0.78%	6.2179	-	-	No Change	6.1698	-
Delivery First 1,000 m3 - Nov To Mar	17.5270	0.78%	17.6637	5,688	1,005	Re-Balance	18.0500	1,027
Delivery Next 24,000 m3 - Nov To Mar	15.6960	0.78%	15.8184	43,772	6,924	No Change	15.6960	6,870
Delivery Over 25,000 m3 - Nov To Mar	15.2899	0.78%	15.4092	-	-	No Change	15.2899	-
Commodity	0.0363	0.78%	0.0366	502,860	184	No Change	0.0363	183
					70,201			70,201

-

Name of LDC: Natural Resource Gas Limited
OEB Application Number: EB-2012-0342

Rate 3 Price Cap Adjustment

GDP-IPI	2.00%	MSC Increment	\$ -
Less Productivity	0.72%		
Less Stretch Factor	0.50%		
Price Cap Adjustment	0.78%		

	Current Rate	Price Cap	Adjusted Rates	Billing Determinants	Revenue Requirement		Balanced Rates	Revenue Requirement
Monthly Service Charge	150.00	0.78%	151.17	4	7,256	Change	150.00	7,200
Delivery Firm	3.7644	0.78%	3.7938	2,195,299	83,284	Re-Balance	3.8232	83,930
Demand Firm	29.0974	0.78%	29.3244	256,932	75,344	No Change	29.0974	74,761
Commodity	0.0363	0.78%	0.0366	2,195,299	803	No Change	0.0363	797
					166,687			166,687

Name of LDC: Natural Resource Gas Limited

OEB Application Number: EB-2012-0342

Rate 4 Price Cap Adjustment

GDP-IPI	2.00%	MSC Increment	\$ -
Less Productivity	0.72%		
Less Stretch Factor	0.50%		
Price Cap Adjustment	0.78%		

	Current Rate	Price Cap	Adjusted Rates	Billing Determinants	Revenue Requirement		Balanced Rates	Revenue Requirement
Monthly Service Charge	15.00	0.78%	15.12	23	4,172	Change	15.00	4,140
Delivery First 1,000 m3 - Apr To Dec	14.7971	0.78%	14.9125	215,710	32,168	Re-Balance	15.0175	32,394
Delivery Over 1,000 m3 - Apr To Dec	10.5218	0.78%	10.6039	221,214	23,457	No Change	10.5218	23,276
Delivery First 1,000 m3 - Jan To Mar	18.8772	0.78%	19.0244	4,368	831	Re-Balance	19.1583	837
Delivery Over 1,000 m3 - Jan To Mar	16.9052	0.78%	17.0371	12,970	2,210	No Change	16.9052	2,193
Commodity	0.0363	0.78%	0.0366	454,263	166	No Change	0.0363	165
					63,004			63,004
								-

Name of LDC: Natural Resource Gas Limited
OEB Application Number: EB-2012-0342

Rate 5 Price Cap Adjustment

GDP-IPI	2.00%	MSC Increment	\$ -
Less Productivity	0.72%		
Less Stretch Factor	0.50%		
Price Cap Adjustment	0.78%		

	Current Rate	Price Cap	Adjusted Rates	Billing Determinants	Revenue Requirement		Balanced Rates	Revenue Requirement
Monthly Service Charge	150.00	0.78%	151.17	5	9,070	Change	150.00	9,000
Delivery Firm	6.9150	0.78%	6.9689	947,162	66,007	Re-Balance	6.9766	66,080
Commodity	0.0363	0.78%	0.0366	947,162	347	No Change	0.0363	344
					75,424			75,424

-

Name of LDC: Natural Resource Gas Limited

OEB Application Number: EB-2012-0342

Rate 6 Price Cap Adjustment

GDP-IPI	2.00%	MSC Increment	\$ -
Less Productivity	0.72%		
Less Stretch Factor	0.50%		
Price Cap Adjustment	0.78%		

	Current Rate	Price Cap	Adjusted Rates	Billing Determinants	Revenue Requirement		Balanced Rates	Revenue Requirement
Monthly Service Charge	150.00	0.78%	151.17	1	1,814	Change	150.00	1,800
Delivery Firm	3.7539	0.78%	3.7832	33,416,816	1,264,218	Re-Balance	3.7832	1,264,232
Demand Firm	18.1837	0.78%	18.3255	1,298,256	237,912	Change	18.3255	237,912
					1,503,945			1,503,945

-

Name of LDC: Natural Resource Gas Limited
OEB Application Number: EB-2012-0342

Proposed Distribution Tariff Sheet Rates

Rate Group	Monthly Service Charge	Delivery First 1,000 m ³	Delivery Over 1,000 m ³	Delivery Next 24,000 m ³	Delivery Over 25,000 m ³	Delivery - Firm	Demand - Firm	Commodity	Delivery - Int - Lower	Delivery - Int - Upper
RATE 1 - General Service Rate - Residential	13.50	15.5749	10.6124					0.0363		
RATE 1 - General Service Rate - Commercial	13.50	15.5749	10.6124					0.0363		
RATE 1 - General Service Rate - Industrial	13.50	15.5749	10.6124					0.0363		
RATE 2 - Seasonal Service - Apr to Oct	15.00	14.3199		9.4826	6.1698			0.0363		
RATE 2 - Seasonal Service - Nov to Mar	15.00	18.0500		15.6960	15.2899			0.0363		
RATE 3 - Special Large Volume Contract Rate	150.00					3.8232	29.0974	0.0363	7.9412	10.9612
RATE 4 - General Service Peaking - Apr to Dec	15.00	15.0175	10.5218					0.0363		
RATE 4 - General Service Peaking - Jan to Mar	15.00	19.1583	16.9052					0.0363		
RATE 5 - Interruptible Peaking Contract Rate	150.00					6.9766 ¹		0.0363	5.4612	8.4612
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	150.00					3.7832	18.3255		7.9412	10.9612

¹ Placeholder rate for average application

Name of LDC: Natural Resource Gas Limited
OEB Application Number: EB-2012-0342

Re-Basing Billing Determinants

Rate Group	Monthly Service Charge	Delivery First 1,000 m ³	Delivery Over 1,000 m ³	Delivery Next 24,000 m ³	Delivery Over 25,000 m ³	Delivery - Firm	Demand - Firm	Commodity	Delivery - Int - Lower	Delivery - Int - Upper
RATE 1 - General Service Rate - Residential	6,560	12,369,781	733,800	-	-	-	-	13,103,581	-	-
RATE 1 - General Service Rate - Commercial	414	1,760,200	2,371,550	-	-	-	-	4,131,750	-	-
RATE 1 - General Service Rate - Industrial	42	131,100	466,928	-	-	-	-	598,028	-	-
RATE 2 - Seasonal Service - Apr to Oct	73	123,779	-	329,621	-	-	-	453,400	-	-
RATE 2 - Seasonal Service - Nov to Mar	73	5,688	-	43,772	-	-	-	49,460	-	-
RATE 3 - Special Large Volume Contract Rate	4	-	-	-	-	2,195,299	256,932	2,195,299	-	-
RATE 4 - General Service Peaking - Apr to Dec	23	215,710	221,214	-	-	-	-	436,924	-	-
RATE 4 - General Service Peaking - Jan to Mar	23	4,368	12,970	-	-	-	-	17,338	-	-
RATE 5 - Interruptible Peaking Contract Rate	5	-	-	-	-	947,162	-	947,162	-	-
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	1	-	-	-	-	33,416,816	1,298,256	-	-	-
	7,122	14,610,626	3,806,462	373,393	-	36,559,277	1,555,188	21,932,942	-	-

Name of LDC: **Natural Resource Gas Limited**OEB Application Number: **EB-2012-0342**

Revenue Requirement from Rates

Rate Group	Monthly Service Charge	Delivery First 1,000 m ³	Delivery Over 1,000 m ³	Delivery Next 24,000 m ³	Delivery Over 25,000 m ³	Demand - Firm	Delivery - Firm	Commodity	Delivery - Int - Lower	Delivery - Int - Upper	Total
RATE 1 - General Service Rate - Residential	\$ 1,062,707	\$ 1,926,582	\$ 77,874	\$ -	\$ -	\$ -	\$ -	\$ 4,757	\$ -	\$ -	\$ 3,071,919
RATE 1 - General Service Rate - Commercial	\$ 67,068	\$ 274,150	\$ 251,679	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ 594,397
RATE 1 - General Service Rate - Industrial	\$ 6,804	\$ 20,419	\$ 49,552	\$ -	\$ -	\$ -	\$ -	\$ 217	\$ -	\$ -	\$ 76,992
RATE 2 - Seasonal Service - Apr to Oct	\$ 7,665	\$ 17,725	\$ -	\$ 31,257	\$ -	\$ -	\$ -	\$ 165	\$ -	\$ -	\$ 56,811
RATE 2 - Seasonal Service - Nov to Mar	\$ 5,475	\$ 1,027	\$ -	\$ 6,870	\$ -	\$ -	\$ -	\$ 18	\$ -	\$ -	\$ 13,390
RATE 3 - Special Large Volume Contract Rate	\$ 7,200	\$ -	\$ -	\$ -	\$ -	\$ 83,930	\$ 74,761	\$ 797	\$ -	\$ -	\$ 166,687
RATE 4 - General Service Peaking - Apr to Dec	\$ 3,105	\$ 32,394	\$ 23,276	\$ -	\$ -	\$ -	\$ -	\$ 159	\$ -	\$ -	\$ 58,934
RATE 4 - General Service Peaking - Jan to Mar	\$ 1,035	\$ 837	\$ 2,193	\$ -	\$ -	\$ -	\$ -	\$ 6	\$ -	\$ -	\$ 4,071
RATE 5 - Interruptible Peaking Contract Rate	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ 66,080	\$ -	\$ 344	\$ -	\$ -	\$ 75,424
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Produ	\$ 1,800	\$ -	\$ -	\$ -	\$ -	\$ 1,264,232	\$ 237,912	\$ -	\$ -	\$ -	\$ 1,503,945
	\$ 1,171,859	\$ 2,273,133	\$ 404,574	\$ 38,127	\$ -	\$ 1,414,242	\$ 312,673	\$ 7,962	\$ -	\$ -	\$ 5,622,570

Name of LDC: Natural Resource Gas Limited
OEB Application Number: EB-2012-0342

Tax Sharing Rate Rider

	2010	2011	2012	2013	2014
Regulatory Taxable Income	793,363	793,363	793,363	793,363	793,363
Federal Income Tax Rate	16.875%	15.375%	15.000%	15.000%	15.000%
Federal Income Tax	133,880	121,980	119,004	119,004	119,004
Provincial Income Tax					
Provincial Income Tax Rate - First \$500,000	4.50%	4.50%	4.50%	4.50%	4.50%
Provincial Income Tax - First \$500,000	22,500	22,500	22,500	22,500	22,500
Provincial Income Tax Rate - Over \$500,000	11.875%	11.625%	11.500%	11.500%	11.500%
Provincial Income Tax - Over \$500,000	34,837	34,103	33,737	33,737	33,737
Total Income Taxes Payable	191,217	178,583	175,241	175,241	175,241
Effective Tax Rate	24.1%	22.5%	22.1%	22.1%	22.1%
Grossed up Income Tax	251,939	230,458	224,923	224,923	224,923
Change in Income Taxes		21,481	27,016	27,016	27,016
50 % Change in Taxes		10,741	13,508	13,508	13,508

Name of LDC: Natural Resource Gas Limited

OEB Application Number: EB-2012-0342

Allocation of Shared Tax Sharing

Rate Group	Revenue By Rate Class	Proportionate Revenue	Shared Tax Sharing	Number of Customers	Number of Months	Fixed Rate Rider
RATE 1 - General Service Rate	3,715,630	66.6%	-8,994	7,016	12	-0.11
RATE 2 - Seasonal Service	69,658	1.2%	-169	73	12	-0.19
RATE 3 - Special Large Volume Contract Rate	165,397	3.0%	-400	4	12	-8.34
RATE 4 - General Service Peaking	62,517	1.1%	-151	23	12	-0.55
RATE 5 - Interruptible Peaking Contract Rate	74,840	1.3%	-181	5	12	-3.02
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	1,492,305	26.7%	-3,612	1	12	-301.03
	5,580,347	100.0%	-13,508	7,122		

Name of LDC: Natural Resource Gas Limited

OEB Application Number: EB-2012-0342

Natural Resource Gas Limited

EB-2012-0342

2012 IRM Application

Board Staff IR Response

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Filed: November 5, 2012

Proposed Rate Riders

Description	Shared Tax
Effective Until	Savings
	September 30, 2012
	Per Customer Per Month
Rate Group	
RATE 1 - General Service Rate - Residential	-0.11
RATE 1 - General Service Rate - Commercial	-0.11
RATE 1 - General Service Rate - Industrial	-0.11
RATE 2 - Seasonal Service - Apr to Oct	-0.19
RATE 2 - Seasonal Service - Nov to Mar	-0.19
RATE 3 - Special Large Volume Contract Rate	-8.34
RATE 4 - General Service Peaking - Apr to Dec	-0.55
RATE 4 - General Service Peaking - Jan to Mar	-0.55
RATE 5 - Interruptible Peaking Contract Rate	-3.02
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	-301.03

Name of LDC: Natural Resource Gas Limited**OEB Application Number: EB-2012-0342**

Summary of Bill Impacts

Rate Class	Fixed	Volumetric	Rate Rider	Change \$	Change %
Rate 1 - Residential	\$ -	\$ 3.47	\$ -	\$ 3.47	0.7%
Rate 1 - Commercial	\$ -	\$ 12.08	\$ -	\$ 12.08	0.8%
Rate 1 - Industrial	\$ -	\$ 14.55	\$ -	\$ 14.55	0.8%
Rate 2 - April to October	\$ -	\$ 11.75	\$ 0.07	\$ 11.82	1.4%
Rate 2 - November to March	\$ -	\$ 3.54	\$ 0.05	\$ 3.59	1.9%
Rate 2 - Annual	\$ -	\$ 15.29	\$ 0.12	\$ 15.41	1.5%
Rate 3 - Special Large Volume Contract Rate	\$ -	\$ 322.52	\$ 6.00	\$ 328.52	0.8%
Rate 4 - April to December	\$ -	\$ 12.30	\$ 0.27	\$ 12.57	0.5%
Rate 4 - January to March	\$ -	\$ 2.12	\$ 0.09	\$ 2.21	1.2%
Rate 4 - Annual	\$ -	\$ 14.42	\$ 0.36	\$ 14.78	0.6%
Rate 5 - Interruptible Peaking Contract Rate	\$ -	\$ 116.75	\$ 2.16	\$ 118.91	0.8%
Rate 6 - Special Large Volume Contract Rate	\$ -	\$ 11,638.79	\$ 217.32	\$ 11,856.11	0.8%

Name of LDC: Natural Resource Gas Limited
OEB Application Number: EB-2012-0342

Rate 1 Delivery Bill Impact

Rate 1 - Residential

	Current Rate	Proposed Rate
Customer	13.50	13.50
Block 1 (First 1,000 m ³ per month)	15.4014	15.5749
Block 2 (Over 1,000 m ³ per month)	10.5303	10.6124
System Gas Charge	0.0363	0.0363
Rate Riders		
Shared Tax Savings 2011	-0.11	
Shared Tax Savings 2012		-0.11

Average Annual Consumption


Block 1 (First 1,000 m ³ per month)	2,002
Block 2 (Over 1,000 m ³ per month)	-

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Delivery					
Customer	12	162.00	162.00	-	0.0%
Block 1 (First 1,000 m ³ per month)	2,002	308.34	311.81	3.47	1.1%
Block 2 (Over 1,000 m ³ per month)	-	-	-	-	0.0%
System Gas Charge	2,002	0.73	0.73	-	0.0%
Total Delivery		471.07	474.54	3.47	0.7%

Rate Riders

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Rate Riders					
Shared Tax Savings 2011	12	-1.32	0.00	1.32	-100.0%
Shared Tax Savings 2012	12	0.00	-1.32	-1.32	100.0%
Total Rate Riders		-1.32	-1.32	0.00	0.0%

Total Bill Impact		469.75	473.22	3.47	0.7%
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 *GD Rate Generator release 1.0 © Elenchus Research Associates*
Name of LDC: Natural Resource Gas Limited
OEB Application Number: EB-2012-0342

Rate 1 Delivery Bill Impact

Rate 1 - Commercial

	Current Rate	Proposed Rate
Customer	13.50	13.50
Block 1 (First 1,000 m ³ per month)	15.4014	15.5749
Block 2 (Over 1,000 m ³ per month)	10.5303	10.6124
System Gas Charge	0.0363	0.0363
Rate Riders		
Shared Tax Savings 2011	- 0.11	
Shared Tax Savings 2012		-0.11

Average Annual Consumption

Block 1 (First 1,000 m ³ per month)	4,252
Block 2 (Over 1,000 m ³ per month)	5,728

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Customer	12	162.00	162.00	-	0.0%
Block 1 (First 1,000 m ³ per month)	4,252	654.87	662.25	7.38	1.1%
Block 2 (Over 1,000 m ³ per month)	5,728	603.18	607.88	4.70	0.8%
System Gas Charge	9,980	3.62	3.62	-	0.0%
Total Delivery		1,423.67	1,435.75	12.08	0.8%

Rate Riders

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Rate Riders					
Shared Tax Savings 2011	12	-1.32	0.00	1.32	-100.0%
Shared Tax Savings 2012	12	0.00	-1.32	-1.32	100.0%
Total Rate Riders		-1.32	-1.32	0.00	0.0%

Total Bill Impact		1,422.35	1,434.43	12.08	0.8%
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Name of LDC: Natural Resource Gas Limited
OEB Application Number: EB-2012-0342

Rate 1 Delivery Bill Impact

Rate 1 - Industrial

	Current Rate	Proposed Rate
Customer	13.50	13.50
Block 1 (First 1,000 m ³ per month)	15.4014	15.5749
Block 2 (Over 1,000 m ³ per month)	10.5303	10.6124
System Gas Charge	0.0363	0.0363
Rate Riders		
Shared Tax Savings 2011	- 0.11	
Shared Tax Savings 2012		-0.11

Average Annual Consumption

Block 1 (First 1,000 m ³ per month)	3,122
Block 2 (Over 1,000 m ³ per month)	11,117

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Customer	12	162.00	162.00	-	0.0%
Block 1 (First 1,000 m ³ per month)	3,122	480.83	486.25	5.42	1.1%
Block 2 (Over 1,000 m ³ per month)	11,117	1,170.65	1,179.78	9.13	0.8%
System Gas Charge	14,239	5.17	5.17	-	0.0%
Total Delivery		1,818.65	1,833.20	14.55	0.8%

Rate Riders

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Rate Riders					
Shared Tax Savings 2011	12	-1.32	0.00	1.32	-100.0%
Shared Tax Savings 2012	12	0.00	-1.32	-1.32	100.0%
Total Rate Riders		-1.32	-1.32	0.00	0.0%

Total Bill Impact		1,817.33	1,831.88	14.55	0.8%
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Name of LDC: Natural Resource Gas Limited
OEB Application Number: EB-2012-0342

Rate 2 Delivery Bill Impact

Rate 2 - April to October

	Current Rate	Proposed Rate
Customer	15.00	15.00
Block 1 (First 1,000 m ³ per month)	13.9050	14.3199
Block 2 (Next 24,000 m ³ per month)	9.4826	9.4826
Block 3 (Over 25,000 m ³ per month)	6.1698	6.1698
System Gas Charge	0.0363	0.0363
Rate Riders		
Shared Tax Savings 2011	-0.20	
Shared Tax Savings 2012		-0.19

Average Seasonal Consumption

Block 1 (First 1,000 m ³ per month)	2,831
Block 2 (Next 24,000 m ³ per month)	3,380
Block 3 (Over 25,000 m ³ per month)	0

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Customer	7	105.00	105.00	-	0.0%
Block 1 (First 1,000 m ³ per month)	2,831	393.68	405.43	11.75	3.0%
Block 2 (Next 24,000 m ³ per month)	3,380	320.49	320.49	-	0.0%
Block 3 (Over 25,000 m ³ per month)	0	0.00	0.00	-	0.0%
System Gas Charge	6,211	2.25	2.25	-	0.0%
Total Delivery		821.43	833.17	11.75	1.4%

Rate Riders

Rate Riders

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Shared Tax Savings 2011	7	-1.40	0.00	1.40	-100.0%
Shared Tax Savings 2012	7	0.00	-1.33	-1.33	0.0%
Total Rate Riders		-1.40	-1.33	0.07	-5.0%

Total Bill Impact

820.03	831.84	11.82	1.4%
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Rate 2 Delivery Bill Impact

Rate 2 - November to March

	Current Rate	Proposed Rate
Customer	15.00	15.00
Block 1 (First 1,000 m ³ per month)	17.5270	18.0500
Block 2 (Next 24,000 m ³ per month)	15.6960	15.6960
Block 3 (Over 25,000 m ³ per month)	15.2899	15.2899
System Gas Charge	0.0363	0.0363
Rate Riders		
Shared Tax Savings 2011	-0.20	
Shared Tax Savings 2012		-0.19

Average Seasonal Consumption

Block 1 (First 1,000 m ³ per month)	678
Block 2 (Next 24,000 m ³ per month)	-
Block 3 (Over 25,000 m ³ per month)	-

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Customer	5	75.00	75.00	-	0.0%
Block 1 (First 1,000 m ³ per month)	678	118.76	122.31	3.54	3.0%
Block 2 (Next 24,000 m ³ per month)	-	-	-	-	0.0%
Block 3 (Over 25,000 m ³ per month)	-	-	-	-	0.0%
System Gas Charge	678	0.25	0.25	-	0.0%
Total Delivery		194.01	197.55	3.54	1.8%

Rate Riders

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Rate Riders					
Shared Tax Savings 2011	5	-1.00	0.00	1.00	-100.0%
Shared Tax Savings 2012	5	0.00	-0.95	-0.95	0.0%
Total Rate Riders		-1.00	-0.95	0.05	-5.0%

Total Bill Impact		193.01	196.60	3.59	1.9%
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Rate 2 Delivery Bill Impact

Rate 2 - Annual

	Current Rate		Proposed Rate		
Average Annual Consumption					
Block 1 (First 1,000 m ³ per month)	3,509				
Block 2 (Next 24,000 m ³ per month)	3,380				
Block 3 (Over 25,000 m ³ per month)	0				
	Metric	Current Rate	Proposed Rate	Change \$	Change %
Customer	12	180.00	180.00	-	0.0%
Block 1 (First 1,000 m ³ per month)	3,509	512.44	527.73	15.29	3.0%
Block 2 (Next 24,000 m ³ per month)	3,380	320.49	320.49	-	0.0%
Block 3 (Over 25,000 m ³ per month)	0	0.00	0.00	-	0.0%
System Gas Charge	6,889	2.50	2.50	-	0.0%
Total Delivery		1,015.43	1,030.73	15.29	1.5%
Rate Riders					
	Metric	Current Rate	Proposed Rate	Change \$	Change %
Rate Riders					
Shared Tax Savings 2011	12	-2.40	0.00	2.40	-100.0%
Shared Tax Savings 2012	12	0.00	-2.28	-2.28	100.0%
Total Rate Riders		-2.40	-2.28	0.12	-5.0%
Total Bill Impact		1,013.03	1,028.45	15.41	1.5%

Name of LDC: Natural Resource Gas Limited
OEB Application Number: EB-2012-0342

Rate 3 Delivery Bill Impact

Special Large Volume Contract Rate

	Current Rate	Proposed Rate
Customer	150.00	150.00
Delivery - Firm	3.7644	3.8232
Demand - Firm	29.0974	29.0974
System Gas Charge	0.0363	0.0363
Rate Riders		
Shared Tax Savings 2011	-8.84	
Shared Tax Savings 2012		-8.34
Average Annual Consumption		
Delivery - Firm	548,825	
Demand - Firm	64,233	

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Customer	12	1,800.00	1,800.00	-	0.0%
Delivery - Firm	548,825	20,659.96	20,982.48	322.52	1.6%
Demand - Firm	64,233	18,690.13	18,690.13	-	0.0%
System Gas Charge	548,825	199.22	199.22	-	0.0%
Total Delivery		41,349.32	41,671.84	322.52	0.8%

Rate Riders

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Rate Riders					
Shared Tax Savings 2011	12	-106.08	0.00	106.08	-100.0%
Shared Tax Savings 2012	12	0.00	-100.08	-100.08	100.0%
Total Rate Riders		-106.08	-100.08	6.00	-5.7%

Total Bill Impact		41,243.24	41,571.76	328.52	0.8%
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Name of LDC: Natural Resource Gas Limited
OEB Application Number: EB-2012-0342

Rate 4 Delivery Bill Impact

Rate 4 - April to December

	Current Rate	Proposed Rate
Customer	15.00	15.00
Block 1 (First 1,000 m ³ per month)	14.7971	15.0175
Block 2 (Over 1,000 m ³ per month)	10.5218	10.5218
System Gas Charge	0.0363	0.0363
Rate Riders		
Shared Tax Savings 2011	-0.58	
Shared Tax Savings 2012		-0.55

Average Seasonal Consumption
Block 1 (First 1,000 m³ per month)
Block 2 (Over 1,000 m³ per month)

5,580
13,417

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Customer	9	135.00	135.00	-	0.0%
Block 1 (First 1,000 m ³ per month)	5,580	825.64	837.93	12.30	1.5%
Block 2 (Over 1,000 m ³ per month)	13,417	1,411.71	1,411.71	-	0.0%
System Gas Charge	18,997	6.90	6.90	-	0.0%
Total Delivery		2,379.24	2,391.54	12.30	0.5%

Rate Riders

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Rate Riders					
Shared Tax Savings 2011	9	-5.22	0.00	5.22	-100.0%
Shared Tax Savings 2012	9	0.00	-4.95	-4.95	100.0%
Total Rate Riders		-5.22	-4.95	0.27	-5.2%

Total Bill Impact		2,374.02	2,386.59	12.57	0.5%
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Name of LDC: Natural Resource Gas Limited
OEB Application Number: EB-2012-0342

Rate 4 Delivery Bill Impact

Rate 4 - January to March

	Current Rate	Proposed Rate
Customer	15.00	15.00
Block 1 (First 1,000 m ³ per month)	18.8772	19.1583
Block 2 (Over 1,000 m ³ per month)	16.9052	16.9052
System Gas Charge	0.0363	0.0363

Rate Riders		
Shared Tax Savings 2011	-0.58	
Shared Tax Savings 2012		-0.55

Average Seasonal Consumption	
Block 1 (First 1,000 m ³ per month)	754
Block 2 (Over 1,000 m ³ per month)	-

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Customer	3	45.00	45.00	-	0.0%
Block 1 (First 1,000 m ³ per month)	754	142.30	144.42	2.12	1.5%
Block 2 (Over 1,000 m ³ per month)	-	-	-	-	0.0%
System Gas Charge	754	0.27	0.27	-	0.0%
Total Delivery		187.58	189.70	2.12	1.1%

Rate Riders

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Rate Riders					
Shared Tax Savings 2011	3	-1.74	0.00	1.74	-100.0%
Shared Tax Savings 2012	3	0.00	-1.65	-1.65	100.0%
Total Rate Riders		-1.74	-1.65	0.09	-5.2%

Total Bill Impact		185.84	188.05	2.21	1.2%
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Name of LDC: Natural Resource Gas Limited
OEB Application Number: EB-2012-0342

Rate 4 Delivery Bill Impact

Rate 4 - Annual

	Current Rate		Proposed Rate		
Average Annual Consumption					
Block 1 (First 1,000 m ³ per month)	6,334				
Block 2 (Over 1,000 m ³ per month)	13,417				
	Metric	Current Rate	Proposed Rate	Change \$	Change %
Customer	12	180.00	180.00	-	0.0%
Block 1 (First 1,000 m ³ per month)	6,334	967.94	982.36	14.42	1.5%
Block 2 (Over 1,000 m ³ per month)	13,417	1,411.71	1,411.71	-	0.0%
System Gas Charge	19,751	7.17	7.17	-	0.0%
Total Delivery		2,566.82	2,581.24	14.42	0.6%
Rate Riders					
	Metric	Current Rate	Proposed Rate	Change \$	Change %
Shared Tax Savings 2011	12	-6.96	0.00	6.96	-100.0%
Shared Tax Savings 2012	12	0.00	-6.60	-6.60	100.0%
Total Rate Riders		-6.96	-6.60	0.36	-5.2%
Total Bill Impact		2,559.86	2,574.64	14.78	0.6%

Name of LDC: Natural Resource Gas Limited
OEB Application Number: EB-2012-0342

Rate 5 Delivery Bill Impact

Interruptible Peaking Contract Rate

	Current Rate	Proposed Rate
Customer	150.00	150.00
Delivery - Firm	6.9150	6.9766
System Gas Charge	0.0363	0.0363
Rate Riders		
Shared Tax Savings 2011	-3.20	
Shared Tax Savings 2012		-3.02

Average Annual Consumption
Delivery - Firm

189,432

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Customer	12	1,800.00	1,800.00	-	0.0%
Delivery - Firm	189,432	13,099.25	13,216.00	116.75	0.9%
System Gas Charge	189,432	68.76	68.76	-	0.0%
Total Delivery		14,968.01	15,084.76	116.75	0.8%

Rate Riders

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Rate Riders					
Shared Tax Savings 2011	12	-38.40	0.00	38.40	-100.0%
Shared Tax Savings 2012	12	0.00	-36.24	-36.24	100.0%
Total Rate Riders		-38.40	-36.24	2.16	-5.6%

Total Bill Impact

	14,929.61	15,048.52	118.91	0.8%
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Name of LDC: Natural Resource Gas Limited
OEB Application Number: EB-2012-0342

Rate 6 Delivery Bill Impact

Special Large Volume Contract Rate

	Current Rate	Proposed Rate
Customer	150.00	150.00
Delivery - Firm	3.7539	3.7832
Demand - Firm	18.1837	18.3255

Rate Riders		
Shared Tax Savings 2011	-319.14	
Shared Tax Savings 2012		-301.03

Average Annual Consumption
Delivery - Firm
Demand - Firm

33,416,816
1,297,416

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Customer	12	1,800.00	1,800.00	0.00	0.0%
Delivery - Firm	33,416,816	1,254,433.86	1,264,232.48	9,798.62	0.8%
Demand - Firm	1,297,416	235,918.23	237,758.40	1,840.16	0.8%
Total Delivery		1,492,152.09	1,503,790.88	11,638.79	0.8%

Rate Riders

	Metric	Current Rate	Proposed Rate	Change \$	Change %
Rate Riders					
Shared Tax Savings 2011	12	-3,829.68	0.00	3,829.68	-100.0%
Shared Tax Savings 2012	12	0.00	-3,612.36	-3,612.36	100.0%
Total Rate Riders		-3,829.68	-3,612.36	217.32	-5.7%

Total Bill Impact		1,488,322.41	1,500,178.52	11,856.11	0.8%
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Response to VECC IR's

VECC IR #1

Reference: Exhibit 1, Tab 1, Schedule 5, page 2, Table 1, Price Escalator

a) Does NRG intend to update the calculation of the price escalator for its 2012 IRM rates?

NRG Response:

NRG original application used the most recent price escalator available at the time. NRG would update the price escalator on the Boards final approval and direction.

Oct 4-12

The Board has announced the price escalator (or inflation index) for the 3rd Generation Incentive Regulation mechanisms for adjusting electricity distribution rates effective January 1, 2013.

Consistent with the Board's findings in its July 14, 2008, [Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors](#), the Board will use the annual percent change in the Implicit Price Index for National Gross Domestic Product (GDP-IPI) for Final Domestic Demand.

In Chapter 3 of the [Filing Requirements for Transmission and Distribution Applications](#), revised June 28, 2012, the Board stated that:

For rates effective January 1, 2013, the GDP-IPI will be the annual percentage change in the GDP-IPI for the period 2011 Q3 to 2012 Q2 to 2010 Q3 to 2011 Q2. For rates effective May 1, 2013, the GDP-IPI will be the annual percentage change for calendar year 2012. (pg. 5)

On August 31, 2012, Statistics Canada published statistical data for the National Economic Accounts for 2012 Q2 (click for [Statistics Canada reference](#)). The percent change is 2.2%, calculated as the percentage change in the GDP-IPI for the 4-quarter period from 2011 Q3 to 2012 Q2 relative to the preceding 4-quarter period from 2010 Q3 to 2011 Q2, as shown in the following table:

Year	Q1	Q2	Q3	Q4
2010			116.1	116.7
2011	117.4	118.0	118.7	119.6
2012	119.9	120.4		

Source: CANSIM v1997757 Table 380-0003: Gross domestic product indexes; Canada; Implicit price indexes 2002=100; Final domestic demand (2002=100)

Average GDP-IPI	2010 Q3 to 2011 Q2	117.05
	2011 Q3 to 2012 Q2	119.65
Annual Percentage Change in GDP-IPI	=	$\frac{119.65}{117.05} - 100\% = 2.2\%$



VECC IR #2

Reference: Exhibit 1, Tab 1, Schedule 5, page 2, Attachment 5, and Appendix 1, Distribution Rates Realignment

- a) Please provide NRG's rationale for the proposed rate design change for the first year of its IRM rates.

NRG Response:

NRG would note that it originally proposed increases in fixed monthly charges as outlined on page 800 of its original application and evidence [NRG Gas Rates APPL 20100401 EB-2010-0018](#) filed Thursday, April 01, 2010, consistent with Union and Enbridge proposals.

Furthermore, consistent with the Union and Enbridge agreements, it would be appropriate for NRG to obtain OEB approval for any charges that are introduced for new services. In addition, it would be consistent for modest rate design changes to be permitted, such as the proposed increases to the fixed monthly charge that are similar to the increases implemented by Union and Enbridge, provided that there is no impact on the forecast revenue as a result of the rate design adjustments.

Per the settlement agreement item 8.2 NRG had complete settlement on section H1/1/1 of the application. That section included the following statement which indicates that NRG had initiated a movement to recover a higher proportion of fixed costs through fixed charges.

NRG interprets that as an acceptance of the "movement" to adjust fixed charges consistent with its original proposal.

NRG is proposing to increase the monthly fixed charge from \$11.50 per month for Rate 1 customers to \$13.50. The monthly fixed charge for Rate 2 and Rate 4 customers are proposed to increase from \$12.75 to \$15.00. The monthly customer charge for Rate 3 and Rate 5 customers remain at \$150.00. The proposed monthly charge for Rate 6 customers will be set at the same level as is the fixed monthly charge for Rate 3. These changes reflect a movement to recover a higher proportion of fixed costs through fixed charges.

For reference purposes NRG would note that Enbridge's residential customer charge is currently \$20.00 per month and Union's residential customer charge is currently \$21.00 per month.



b) Please explain why NRG believes its proposed Rate 1 redesign is acceptable to residential customers, given that the rate redesign amounts to a subsidy provided by typical Rate 1 residential customers to typical Rate 1 commercial and industrial customers as indicated by the asymmetrical bill impacts of the proposal, i.e., the redesign increases the typical residential bill by more than the price escalator while increasing the typical commercial and industrial bills by less than the price escalator.

NRG Response:

NRG appreciates VECC's concern here. NRG is aware that optically the proposed fixed price adjustments will cause some asymmetry in the typical customer's bill impact. NRG notes that any change in the fixed/variable split will have different impacts on customers within a class. Since the rate 1 class includes residential, commercial and industrial customers and they have different average consumption, it is unavoidable that the proposed rate changes will impact the different types of Rate 1 customers slightly differently.

NRG does not accept the suggestion that the proposed adjustments will lead to any cross subsidization between the different types of Rate1 customers. First, the adjustment is revenue neutral in its entirety when applied to this rate class as whole. Second, it is clear that adjusting the fixed charge so that it more closely matches the customer-related costs that are allocated to the Rate1 class by NRG's cost allocation model, the within class cross-subsidization from large volume customers to small volume customers is reduced. Hence the proposed change in the fixed charge will reduce, not increase, the cross subsidies within the Rate 1 class.

NRG also notes that the proposed impact on the typical residential customer is less than \$2.00 per year.



c) Please indicate whether NRG has previously received approval for its proposed rate redesign for 2012 and, if so, please provide specifics.

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NRG Response:

Please reference response to VECC 2a) above.



d) Please confirm that any proposed Rate 1 "realignment" which increases the fixed charge while adjusting the volumetric charges to be revenue neutral at the rate class level, will have an adverse bill impact on low-volume Rate 1 residential customers.

NRG Response:

For illustrative purposes NRG has determined that for a various levels of consumption the Rate 1 Residential customer would see the following % increases.

Annual M ³	500	1000	1500	2002	2500	3000	3500
Annual Increase	\$10.35	\$ 8.69	\$ 7.04	\$ 5.38	\$ 3.74	\$ 2.08	\$ 0.43
% Increase	4.4%	2.8%	1.8%	1.1%	0.7%	0.3%	0.1%

Note that 2002 is the class average used in the original bill impact calculation.



e) Please confirm that by increasing the fixed charges and simultaneously lowering the volumetric charges in a revenue neutral fashion for the rate class, the larger the percentage of the revenue requirement is collected through fixed charges, and hence the lower the weather risk faced by the utility.

NRG Response:

NRG confirms that this would be a reasonable assumption directionally, however, the qualitative impact on NRG's overall risk is not significant.



f) Please confirm that NRG is not proposing a lower RoE in this application than its currently approved RoE.

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NRG Response:

NRG confirms that it is not proposing a lower ROE than currently approved.



VECC IR #3

Reference: Exhibit 1, Tab 1, Schedule 5, page 3, Table 1, Proposed Distribution Rates, page 5, Table 4, Attachment 5, and Appendix 1, Bill Impacts.

- a) Please provide a table similar to Table 2 which sets out the rates for Rate 1 customers with no "distribution rates realignment" as in the application, i.e., with both the fixed and the volumetric delivery rate components each escalated by 0.78%.

NRG Response:

Please reference response to Board staff interrogatory #3 and the alternate model submitted.

Summary of Bill Impacts						
Rate Class	Fixed	Volumetric	Rate Rider	Change \$	Change %	
Rate 1 - Residential	\$ -	\$ 3.47	\$ -	\$ 3.47	0.7%	
Rate 1 - Commercial	\$ -	\$ 12.08	\$ -	\$ 12.08	0.8%	
Rate 1 - Industrial	\$ -	\$ 14.55	\$ -	\$ 14.55	0.8%	
Rate 2 - April to October	\$ -	\$ 11.75	\$ 0.07	\$ 11.82	1.4%	
Rate 2 - November to March	\$ -	\$ 3.54	\$ 0.05	\$ 3.59	1.9%	
Rate 2 - Annual	\$ -	\$ 15.29	\$ 0.12	\$ 15.41	1.5%	
Rate 3 - Special Large Volume Contract Rate	\$ -	\$ 322.52	\$ 6.00	\$ 328.52	0.8%	
Rate 4 - April to December	\$ -	\$ 12.30	\$ 0.27	\$ 12.57	0.5%	
Rate 4 - January to March	\$ -	\$ 2.12	\$ 0.09	\$ 2.21	1.2%	
Rate 4 - Annual	\$ -	\$ 14.42	\$ 0.36	\$ 14.78	0.6%	
Rate 5 - Interruptible Peaking Contract Rate	\$ -	\$ 116.75	\$ 2.16	\$ 118.91	0.8%	
Rate 6 - Special Large Volume Contract Rate	\$ -	\$ 11,638.79	\$ 217.32	\$ 11,856.11	0.8%	



b) Please confirm that under the rates envisioned in part a) of this question, the bill impacts for typical Rate 1 Residential, Commercial, and Industrial customers would be 0.78% for each group (i.e., residential, commercial, and industrial). If unable to so confirm, please explain fully.

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2 **NRG Response:**

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4 Please reference results above.

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VECC IR #4

Reference: Appendix 1, pages 3 and 4

- a) Please indicate the source of the billing determinants used on page 3 of this Appendix.

NRG Response:

Please reference page 21 of the highlighted document as found in the OEB webdrawer.

EB-2010-0018	BoardLetter_NRG_FUR Sysinteg Study_20110204	Correspondence	Friday, February 04, 2011
EB-2010-0018	BoardLetter_NRG_DRO_20110204	Correspondence	Friday, February 04, 2011
EB-2010-0018	NRG_DRO_20110128	Draft Rate Order	Monday, January 31, 2011
EB-2010-0018	NRG LTD_20110128	Correspondence	Friday, January 28, 2011



b) Please confirm that page 4, "Revenue requirements from Rates" uses the same billing determinants as on page 3.

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NRG Response:

NRG confirms the above.



c) Are there any changes to previously approved billing determinants in this Application?

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NRG Response:

NRG confirms that there are no changes to previously approved billing determinants.



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Tab: 1
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VECC IR #5

Reference: Exhibit 1, Tab 1, Schedule 5, page 4, Proposed Rate Riders

a) Please specify where and when the shared tax savings rate rider was first approved.

NRG Response:

Please reference Exhibit 1, Tab 2, Schedule 1, and Attachment 1 of this application.

Or refer to the highlight document as found on the OEB webdrawer.

EB-2010-0018 NRG_Argument in Chief_20111223	Applicant Argument in Chief	F
EB-2010-0018 Rate Order_NRG_Phase 2_20111222	Rate Order	Thursday, December 22, 2011



Date Filed: November 2, 2012

b) Please indicate how this rate rider was calculated and allocated among classes.

NRG Response:

This is calculated on sheet F1.1 Calc Shared Tax Savings of the submitted model and allocated on sheet F1.2 Alloc Shared Tax Savings. See extracts below.

Tax Sharing Rate Rider

	2010	2011	2012
Regulatory Taxable Income	793,363	793,363	793,363
Federal Income Tax Rate	16.875%	15.375%	15.000%
Federal Income Tax	133,880	121,980	119,004
Provincial Income Tax			
Provincial Income Tax Rate - First \$500,000	4.50%	4.50%	4.50%
Provincial Income Tax - First \$500,000	22,500	22,500	22,500
Provincial Income Tax Rate - Over \$500,000	11.875%	11.625%	11.500%
Provincial Income Tax - Over \$500,000	34,837	34,103	33,737
Total Income Taxes Payable	191,217	178,583	175,241
Effective Tax Rate	24.1%	22.5%	22.1%
Grossed up Income Tax	251,939	230,458	224,923
Change in Income Taxes		21,481	27,016
50 % Change in Taxes		10,741	13,508

Proposed Rev Req From Rate F1.1 Calc Shared Tax Savings F1.2 Alloc Shared Tax Savings F1



Date Filed: November 2, 2012

Allocation of Shared Tax Sharing

Rate Group	Revenue By Rate Class	Proportionate Revenue	Shared Tax Sharing	Number of Customers	Number of Months	Fixed Rate Rider
RATE 1 - General Service Rate	3,715,630	66.6%	-8,994	7,016	12	-0.11
RATE 2 - Seasonal Service	69,658	1.2%	-169	73	12	-0.19
RATE 3 - Special Large Volume Contract Rate	165,397	3.0%	-400	4	12	-8.34
RATE 4 - General Service Peaking	62,517	1.1%	-151	23	12	-0.55
RATE 5 - Interruptible Peaking Contract Rate	74,840	1.3%	-181	5	12	-3.02
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	1,492,305	26.7%	-3,612	1	12	-301.03
	5,580,347	100.0%	-13,508	7,122		

Proposed Rev Req From Rate	F1.1 Calc Shared Tax Savings	F1.2 Alloc Shared Tax Savings	F1.3 Proposed Rate
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c) Should the shared tax savings be escalated by the 0.78% price cap?

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- 2 **NRG Response:**
- 3 Arguably this is correct, however NRG is following the electricity IRM model for this process and
- 4 would note that this is not an adjustment made in that process. In addition the adjustment would
- 5 be a materially small amount (less than \$100 in total) and potentially lost in rounding when
- 6 applied to most rate classes.