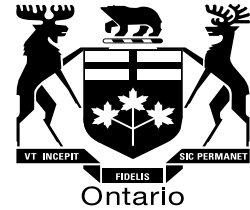


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BY E-MAIL

May 8, 2014

John A. Champion
Fasken Martineau
333 Bay Street, Suite 2400
Bay Adelaide Centre, Box 20
Toronto ON M5H 2T6

Dear Mr. Champion:

**Re: Natural Resource Gas Limited
April 1, 2014 QRAM – Phase 2 Proceeding
Board File No. EB-2014-0053
Request for Board Direction**

The Board has received your request that both the EB-2014-0053 (NRG QRAM Phase 2) and EB-2014-0154 (Union Penalty Reduction) matters be heard together or that the EB-2014-0053 matter be heard after the EB-2014-0154 proceeding concludes.

The Board would like to clarify its intentions for all parties involved in the two proceedings. In the interest of expediency, the Board plans to hear both proceedings at the same time.

In the EB-2014-0154 proceeding, the Board will determine whether to grant Union a one-time exemption from the use of its approved tariffs with respect to certain penalty charges applied to direct purchase customers who did not meet their contractual obligations during the months of February and March 2014. The outcome of this proceeding will be the Board setting a final penalty charge that Union will be allowed to apply to those customers who did not meet their contractual obligations during the months cited above.

The Board intends to hear, as part of the EB-2014-0154 proceeding, arguments as to whether the exemption should be granted and if so, what penalty charge should be applied in its place having regard for the intended purpose of the penalty charge and its efficacy. The penalty charge set in the EB-2014-0154 proceeding will be utilized for Phase 2 of NRG's QRAM proceeding (EB-2014-0053). Therefore, the Board intends to

make a final decision in this proceeding prior to making a final decision in NRG's QRAM proceeding.

In the EB-2014-0053 proceeding, the Board will review the prudence of NRG's incremental gas purchases made over the past winter. As part of the EB-2014-0053 proceeding, the Board will also review whether the costs associated with the penalty should be recovered from ratepayers. The quantum of the penalty charge, however, will be set by the Board in the EB-2014-0154 proceeding.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary

c: Brian Lippold, Natural Resource Gas Limited
Laurie O'Meara, Natural Resource Gas Limited
Chris Ripley, Union Gas Limited
Crawford Smith, Torys