

**Ontario Energy
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BY EMAIL

April 8, 2015

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

Dear Ms. Walli:

**Re: Natural Resource Gas Limited
April 2014 QRAM – Phase 2
Board File Number: EB-2014-0053 / EB-2014-0361 / EB-2015-0044**

Please find attached OEB staff interrogatories for the above noted proceeding.

Yours truly,

Original Signed By

Lawrie Gluck
Case Manager

Enclosure

NATURAL RESOURCE GAS LIMITED (NRG)

APRIL 1, 2014 QRAM – PHASE 2

EB-2014-0053 / EB-2014-0361 / EB-2015-0044

OEB STAFF INTERROGATORIES

Interrogatory #1

Ref: March 25, 2015 Affidavit at p. 7

Preamble:

NRG stated that it was diligent and watched market conditions / prices daily. NRG also stated that it purchased gas monthly without exception.

Question:

- a) Please confirm that the monthly purchases referenced are the regular contracted purchases and do not reflect spot gas purchases made to meet incremental demand associated with colder than normal weather.

Interrogatory #2

Ref: March 25, 2015 Affidavit at p. 11

Preamble:

NRG stated that Union Gas Limited (Union) has an obligation to protect NRG's ratepayers because Union must look through the corporate structure of NRG and determine what is in the best interest of NRG's customers. NRG stated that Union and NRG have a joint responsibility in protecting NRG's customers.

Questions:

- a) Please confirm that NRG is a direct purchase customer of Union.
- b) Please provide a legal or broader regulatory basis for NRG's claim that Union has an obligation to protect NRG's ratepayers.
- c) Does NRG accept that it has an obligation to protect its own ratepayers?

Interrogatory #3

Ref: March 25, 2015 Affidavit at pp. 3 & 9

Preamble:

NRG stated that if it is required to pay \$50.50 / GJ it will be borne either by NRG's customers or its shareholder. Assuming that the cost is borne by NRG's customers, those customers will pay \$1,828,316 over Union's costs.

NRG also calculated that the difference between the Board approved penalty rate (\$50.50 / GJ) and Union's average cost of gas (\$7.12 / GJ) is \$45.38, which results in a total cost of \$1,157,008 (for 25,496 GJ of gas).

Question:

- a) Please provide detailed explanations supporting the above calculations. Please correct for any errors in the calculations.

Interrogatory #4

Ref: March 25, 2015 Affidavit at p. 13

Preamble:

NRG stated that it should be treated differently than an industrial customer when the Board fixes a penalty rate for NRG. NRG requested that the Board set the penalty rate at Union's cost of gas (\$7.12 / GJ). NRG stated that the Board should weigh the analysis in favour of NRG's customers as opposed to enforcing the penalty aspect of the contract due to the extreme weather conditions experienced over the 2013 / 2014 winter.

Questions:

- a) Please explain how NRG's proposal to pay only Union's cost of gas (\$7.12 / GJ) is fair to Union's other direct purchase customers (both compliant and non-compliant customers) who paid more than \$7.12 / GJ for gas associated with their winter checkpoint obligations.
- b) Please advise whether NRG is suggesting that it not be applied checkpoint balancing penalties on a going forward basis?

Interrogatory #5

Preamble:

Assuming the Board approves the recovery of the penalty amount from NRG's ratepayers, please answer the following questions.

Questions:

- a) Would the amount be entirely allocated to system supply customers? Or both system supply and direct purchase customers? Please provide the rationale for the proposed cost allocation methodology.

- b) Please provide the estimated bill impacts by rate class.