



PUBLIC INTEREST ADVOCACY CENTRE  
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April 25, 2016

VIA E-MAIL

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge St.  
Toronto, ON  
M4P 1E4

Dear Ms. Walli:

**Re: EB-2016-0351 Natural Resource Gas Limited  
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)**

In accordance with Procedural Order No. 1 please attached the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

M. Garner

Mr. Brian Lippold, General Manager NRG  
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Mr. Bruce Brandell, Director Commercial Services, EPCOR  
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<b>REQUESTOR NAME</b>	<b>VECC</b>
<b>TO:</b>	<b>Natural Resource Gas Limited</b>
<b>DATE:</b>	<b>April 25, 2016</b>
<b>CASE NO:</b>	<b>EB-2016-0351</b>
<b>APPLICATION NAME</b>	<b>Asset Transfer</b>

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### **VECC-1**

Reference: E1/T1/S1/pg.1

- a) What is the purpose/reason for the indirect relationship (i.e. Development Corporation and Utilities Inc.) as between EPCOR Natural Gas and EPCOR Utilities Inc.?
- b) Does the proposed corporate relationship change in any significant way the responsibilities or liabilities related to customers of the utility as compared to those existing under the current ownership of Natural Resource Gas Limited (“NRG”)?

### **VECC-2**

Reference: E1/T1/S1 & S2/pgs2 & S4

- a) What is the anticipated change in long-term debt costs of EPCOR-NRG?
- b) EPCOR states that the Asset Purchase Agreement contemplates payment of \$21million which is in excess of NRG’s net book value (NBV). How is this premium to be recorded under the Board’s USoA for regulated utilities?

### **VECC-3**

Reference: E1/T1/S1/pg.2

*Preamble: EPCOR states that it will assume responsibility for the current NRG application EB-2016-0236 (of which VECC is an intervenor). It further states that it will file an amended application with six months of closing.*

- a) For what reasons, other than legal title changes, does EPCOR believe it needs to amend the current application?
- b) Does EPCOR intend to proceed with a five year incentive rate application but updated for more current estimates or it proposing to revise the rate plan already submitted?
- c) In its application EB-2016-0236 filed August 9, 2016 NRG reported a

revenue deficiency of \$968,725. Is the completion of the Asset Purchase Agreement in any manner contingent upon recovery of this or any other proposed rate revenue deficiency? Does the Agreement in any manner include reference to the recovery of any such deficiency?

- d) What is the estimated monthly amount of unrecovered rate revenue for each month since the Board issued its interim rate decision?

#### **VECC - 4**

Reference: E1/T1/S1/pg.4 & E1/T1/S4/pg.7

- a) Will any senior management position be filled by existing EPCOR employee(s) or is EPCOR's proposal to maintain the existing NRG senior management unchanged in the immediate term?
- b) Section 6.1.11 of the Employment Agreements anticipates resolution by or before March 31, 2017. Has EPCOR completed its agreements with existing employees?
- c) Will any senior management positions or critical distribution service employees not be renewing employment with EPCOR if this transaction proceeds? If any key positions are to be vacated please explain how EPCOR intends to ensure continuation of safe and reliable service.

#### **VECC - 5**

Reference: E1/T1/S4/pg.3

*Preamble: EPCOR notes that the Asset Purchase Agreement requires NRG Corp to negotiate in good faith a Gas Purchase Agreement. Also noted is that the determination of the quantity required for system integrity purposes was indeterminate. In past rate cases the cost and quantity of NRG Corp gas purchases has been of interest to parties. The study filed in EB-2016-0236 also contains a number of recommendations for facility projects to alleviate system integrity issues.*

- a) How does EPCOR intend to minimize the risk of long-term and potentially higher costs gas contracted with NRG Corp and potential future facility projects that reduce (or eliminate) the need for system integrity gas provided by NRG Corp?
- b) Has EPCOR approached other local gas suppliers to replace or reduce NRG Corp sourced gas?
- c) Is the Asset Purchase Agreement in any way contingent upon purchase of gas from NRG Corp?

**VECC - 6**

Reference: E1/T1/Attachment 4

- a) If available, please file EPCOR Utilities Inc. year ending 2016 financial statements.
- b) Please file EPCOR Utilities Inc. most recent Annual Report.

**VECC-7**

Reference: E1/Attachment 5/Schedule 1.1F

*Preamble: EPCOR notes that Ayer wood Development Corp. (ADC) provides services in relation to regulatory matters, including the most recent rate application of NRG EB-2016-0236. The amount allowed in rates for these fees and the amount claimed to be incurred by NRG are significantly different (see EB-2016-0236, Exhibit 4, Tab 1, Schedule 2, page 1).*

- a) Does EPCOR intend on seeking recovery of the fees it is paying ADC in its amended rate application?

**VECC-8**

Reference: Attachment 5/Schedule 4.1.7

- a) Please explain what consent is required with respect to item 10: *“Consent is required pursuant to Section 16 of the indenture granted to NIGEL by The Hydro-Electric Power Commission of Ontario registered as E389111 on October 19, 1998.”*
- b) Have any impediments been encountered in respect to the required consents listed in Schedule 4.1.7? If so please identify these.

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