

# **ONTARIO ENERGY BOARD STAFF SUPPLEMENTAL INTERROGATORIES**

**August 11, 2017**

**Natural Resource Gas Limited - EB-2017-0215**

## **Correction to Purchased Gas Transportation Variance Account Reference Price for Fiscal Years 2011 to 2015**

### **Supplemental Interrogatory #1**

Ref: Natural Resource Gas (NRG) Limited Response to OEB staff interrogatory #1,  
page 2 of 10

In its response, NRG has noted that the OEB has always treated NRG's M9 costs in the same way as it has NRG's commodity costs for system customers (i.e., a pure pass-through). It is not a cost that NRG should make or lose money on.

- a) If the OEB were to approve the requested correction, please confirm that NRG will not make a profit on transportation related costs for fiscal years 2011 to 2015 assuming the balances recorded in the Purchased Gas Transportation Variance Account (PGTVA) are disposed of.
- b) Please confirm that ratepayers are only paying for actual transportation costs incurred and all excess amounts recovered are recorded in the PGTVA.
- c) Please provide the calculation that shows that ratepayers are only paying for actual storage, transportation and load balancing costs and all excess amounts recovered are recorded in the PGTVA.

### **Supplemental Interrogatory #2**

Ref: NRG Response to OEB staff interrogatory #2, page 4 of 10

In its response, NRG has indicated that excluding volumes purchased within NRG's franchise area (or purchases where transportation costs are included in commodity costs) from the calculation of the reference price would be incorrect, as well as a departure from the OEB-approved methodology.

Please provide the reference where the OEB has approved the PGTVA calculation methodology.

### Supplemental Interrogatory #3

Ref: NRG Response to OEB staff interrogatory #4, Rate Rider and PGTVA Balance Schedule

NRG has provided the balances in the PGTVA for the years 2011 to 2015 under the existing reference prices and the corrected reference prices. The schedule also provides the rate riders.

- a) If the OEB were to approve the requested reference price change, what would be the total amount that NRG will refund to ratepayers for fiscal years 2011 to 2015 at the time of disposition?
- b) What does the adjustment amount (\$844,099.62) represent? Is it an actual over recovery from ratepayers or is it an adjustment as a result of an error (not an actual over recovery)? Please provide a detailed response.
- c) Has NRG actually over recovered approximately \$1.85 million representing transportation costs for fiscal years 2011 to 2015?

### Supplemental Interrogatory #4

Ref: NRG Response to OEB staff interrogatory #5, page 9 of 10

In its response (lines 24-29), NRG has indicated that it has in fact over recovered its actual costs. The higher incorrect reference prices would result in NRG giving more money back to ratepayers than if the correct reference price is used. Since the reference price in no way impacts the amount collected by NRG, this would result in NRG giving back money to ratepayers that it did not collect through the distribution rates.

- a) Please fully explain the last sentence about, "Since the reference price in no way impacts the amount collected by NRG, this would result in NRG giving back money to ratepayers that it did not collect through the distribution rates".
- b) What does NRG mean by, "Since the reference price in no way impacts the amount collected by NRG"?
- c) NRG has stated that it has in fact over recovered its actual costs? Is the current balance for fiscal years 2011 to 2015 of approximately \$1.85 million represent an over recovery from ratepayers?

## Supplemental Interrogatory #5

Ref: NRG Response to OEB staff interrogatory #6, page 10 of 10

In its response, NRG has indicated that it is seeking a change to the reference price expressed in an accounting order. It is the opinion of NRG that the requested correction will not lead to retroactive ratemaking since the balances have not been approved for disposition and no rate rider has been established.

- a) Please confirm that NRG is seeking a change to the reference price that is part of a final Rate Order issued in EB-2010-0018.
- b) Please confirm that if the OEB approves a change to the reference prices as requested by NRG, the final Rate Order in EB-2010-0018 will need to be amended and it will be an out-of-period adjustment.
- c) Please confirm that if the OEB were to approve the requested corrections, and amend the EB-2010-0018 Rate Order dated February 17, 2011, it would be a retroactive adjustment.