



Municipality of
Bayham

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May 20, 2014

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Toronto, Ontario, Canada
M4P 1E4

RE: EB-2014-0053

Please be advised that at the regular meeting of the Municipality of Bayham Council, held May 15, 2014, the following resolution was passed:

WHEREAS Natural Resource Gas Limited (NRG), which has a Franchise Agreement to provide natural gas to the majority of the residents serviced with natural gas in the Municipality of Bayham and surrounding areas, has made application to the Ontario Energy Board to recover from its ratepayers costs associated with servicing consumers with natural gas;

AND WHEREAS based on actual and forecast natural gas prices for the April 2013 through March 2014 the NRG Purchased Gas Commodity Variance Account (PGCVA) balance and the Ontario Energy Board decision and Interim Order have resulted in an average residential customer rate increase of approximately \$280 a year;

AND WHEREAS as outlined in the Ontario Energy Board Act, 1998 S.O. 1998, CHAPTER 15 SCHEDULE B, Section 2 (2) the Ontario Energy Board, in carrying out its responsibilities under this or any other Act in relation to gas, shall be guided by the following objectives:
To protect the interests of consumers with respect to prices and the reliability and quality of gas service;

AND WHEREAS the Notice in Appendix 'C' to Ontario Energy Board Case No. 2014-0053 submitted by NRG states:
'NRG is permitted to recover what it pays for the purchase of gas plus any costs reasonably associated with this purchase';

NOW THEREFORE BE IT RESOLVED THAT the Council of the Municipality of Bayham direct staff to submit a 'letter of comment' to the Ontario Energy Board-Case No. EB 2014-0053 regarding Natural Resource Gas Limited (NRG) request to recover from customers the costs of natural gas purchases made by NRG in February 2014 in order to fulfill its contract with Union Gas Limited.

AND THAT the 'letter of comment' highlight the Council of the Municipality of Bayham position that NRG not be granted permission from the Ontario Energy Board to recover, from customers, the penalty costs associated with NRG's failure to fulfill the obligations of

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- its contract to Union Gas Limited with due prudence as evidenced by the facts that:
- i. the penalty costs associated with the purchase of gas are a result of poor contract management and are not 'reasonable' to be passed onto customers;
 - ii. the April 1, 2014 Decision and Interim Order of the Ontario Energy Board noted that 'NRG acted imprudently during the past winter because it did not take any pre-emptive action to mitigate the shortfall in its banked gas account';
 - iii. Ontario Energy Board staff submitted that a prudent utility operator would have begun to mitigate the variance in its banked gas account early in the winter by making incremental gas purchases with a view to spread spot gas purchases over the winter and thereby diversify the risk associated with these incremental purchases;

AND THAT a copy of this resolution be forwarded to Elgin County and all lower tier municipalities in Elgin County requesting the same to submit a 'letter of comment' to the Ontario Energy Board stating the position that NRG not be granted permission to recover, from customers, the penalty costs associated with NRG's failure to fulfil the obligations of its contract to Union Gas Limited.

Thank you for your attention to this matter. If you require additional information, please do not hesitate to contact me at the undersigned.

Regards,



Paul Shipway
Administrator