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ONTARIO ENERGY BOARD

June 3 2014

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

*HR 9/6/14*

*EB-2014-0053*

OEB BOARD SECRETARY	
File No:	Sub File: <i>5</i>
Panel	<i>MH, KR, MM, JL</i>
Licensing	<i>Lawrie G.</i>
Other	
00/04	<i>NRG</i>

**RE: EB-2014-0053**

At the Aylmer Town Council meeting held on June 2, 2014, Town Council received the attached communication from the Municipality of Bayham. Town Council supported the actions of the Municipality of Bayham, and resolved:

Resolution No. 241-14

Moved by Councillor Oslach and seconded by Councillor Vandermeersch:

**That the following actions be taken with respect to the Municipality of Bayham's resolution from its meeting held on May 15, 2014 about the Ontario Energy Board Case No. EB 2014-0053 wherein the Natural Resource Gas Limited (NRG) has requested 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:**

- (a) That the Town of Aylmer Council supports the Municipality of Bayham's resolution, as stated;
- (b) That the Ontario Energy Board be advised that the Town of Aylmer Council is of the opinion that the NRG not be granted permission to recover, from customers, the penalty costs associated with NRG's failure to fulfill the obligations of its contract to Union Gas Limited; and further;

**(c) That a copy of this resolution be forwarded to Elgin County and all lower tier municipalities in Elgin County.**

The motion is Carried.

Sincerely,

A handwritten signature in cursive script that reads "Nancie J. Irving".

Nancie J. Irving, CMO  
Clerk, Town of Aymler

Attach

cc County of Elgin  
Municipality of Bayham  
Municipality of Central Elgin  
Municipality of Dutton/Dunwich  
Township of Malahide  
Township of Southwold  
Municipality of West Elgin



# Municipality of Bayham

P.O. Box 160, 9344 Plank Road,  
Straffordville, Ontario N0J 1Y0  
Tel: (519) 866-5521 • Fax: (519) 866-3884  
email: bayham@bayham.on.ca

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

Council June 2 2014

Action Item # (i)  
Resolution # 241-14

- 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