



Natural Resource Gas Limited

December 4, 2006

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2601
Toronto, Ontario
M4P 1E4

BY PUROLATOR

Dear Kirsten:

Re: EB-2006-0503

Please find attached ten copies of an Application and pre-filed evidence for an Order to change the gas rates from those authorized in EB-2006-0213. The information contained in this filing deals with the two gas related deferral accounts – the Purchased Gas Commodity Variance Account, the Gas Purchase Revaluation Account. The disposition of all other variance/deferral variance accounts has been dealt with through a separate communication with the Board.

In order to provide NRG with the necessary lead-time to make the necessary system changes and print the customer notices, it requests that the Board make its decision on this matter by December 20, 2006. We also enclose one copy of the application on disk.

If you require any further information regarding this Application, please do not hesitate to contact us.

Yours very truly

NATURAL RESOURCE GAS LIMITED

Brett Blondia
Financial Controller
Encl.

Cc. Mr. Randy Aiken
All intervenors in RP-2005-0544

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.15 (Sched. B);

AND IN THE MATTER OF an Application by Natural Resource Gas Limited for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of January 1, 2007;

AND IN THE MATTER OF the Quarterly Rate Adjustment Mechanism.

APPLICATION

1. As part of the EB-2006-0213 Decision and Order dated September 28, 2006 the Board approved a PGCVA reference price of \$0.407875 per m³ and a gas supply charge of \$0.407398 per m³, both effective October 1, 2006.
2. Based on actual and forecast natural gas prices for the January, 2006 through December, 2006 period the PGCVA balance is projected to be a debit of approximately \$47 per residential customer. If unadjusted, the projected PGCVA balance at the end of December, 2007 would be a credit of approximately \$107 per residential customer.
3. The PGTVA balance is projected to have a credit balance of approximately \$8 per residential customer over this period. NRG is not requesting any change to the PGTVA reference price in this proceeding. The actual PGTVA balance at the end of Fiscal 2006 will be disposed of as part of a separate application.
4. Based on the requested change in the PGCVA reference price effective January 1, 2007, the GPRA, if unadjusted, would have a projected debit balance of approximately \$134,000, including accumulated interest, at the end of December, 2007.

5. NRG hereby applies to the Board for further orders effective January 1, 2007 as follows:

- a) an order changing the reference price for use in determining the amounts to be recorded in the Purchased Gas Commodity Variance Account (Account No. 179-27) by \$0.052112 per m³ from the Board approved level of \$0.407875 per m³ to \$0.355763 per m³;
- b) an order changing the rates and other charges from those authorized by the Board's EB-2006-0213 rate order to reflect a projected \$0.045876 per m³ change in the gas supply charge from the Board approved level of \$0.407398 m³ to a projected cost of \$0.361522 per m³. This change is the sum of the change in the PGCVA reference price and the change required to prospectively clear the balance of the GPRA.

6. This application will be supported by written evidence that will be pre-filed with the Board and intervenors of record in EB-2005-0544.

7. The address of service for Natural Resource Gas Limited is:

Mr. Brett Blondia
Natural Resource Gas Limited
39 Beech Street East
P.O. Box 307
Aylmer, Ontario, N5H 2S1

Telephone: (519) 773-5321
Fax: (519) 773-5335

And

Mr. Randy Aiken
Aiken & Associates
578 McNaughton Ave. West
Chatham, Ontario, N7L 4J6

Telephone: (519) 351-8624
Fax: (519) 351-4331

Dated at Aylmer, Ontario, this 4th day of December, 2006.

NATURAL RESOURCE GAS LIMITED

Brett Blondia
Controller

1 NATURAL RESOURCE GAS LIMITED

2
3 Introduction

4 As part of the EB-2006-0213 Decision and Order dated September 28, 2006, the Board
5 approved a PGCVA reference price of \$0.407875 per m³ and a gas supply charge of
6 \$0.407398 per m³, both effective October 1, 2006.

7
8 In EB-2005-0544 (Decision with Reasons dated September 20, 2006), the Board
9 approved a Purchased Gas Transportation Variance Account (“PGTVA”) reference price
10 of \$0.019029 per m³, effective October 1, 2006.

11
12 In RP-2002-0147/EB-2003-0286 (Accounting Order dated January 30, 2004), the Board
13 approved a Gas Purchase Rebalancing Account (“GPRA”) to record the increase
14 (decrease) in the value of the gas inventory available for sale to sales service customers
15 due to changes in NRG’s PGCVA reference price. In EB-2006-0213, the Board approved
16 a GPRA rate of (\$0.010535) per m³.

17
18 NRG is proposing to adjust the gas supply charge and the PGCVA reference price
19 effective January 1, 2007 to reflect an updated forecast of gas costs, the projected balance
20 in the PGCVA and the projected balance in the GPRA.

21
22 NRG is not proposing any change to the PGTVA reference price as part of this
23 proceeding.

24
25 PGCVA

26 Updated Forecasts

27 The purpose of this evidence is to provide the projected PGCVA account balance for the
28 twelve-month period ending December 31, 2006 and for the twelve-month period ending
29 December 31, 2007. Based on actual and forecast costs, the PGCVA account balance
30 totals a charge of \$47.48 per residential customer for the twelve month period ending
31 December 31, 2006 (Schedule 2). This debit, in the absence of a change in the PGCVA

December, 2006

1 reference price, would become a credit of \$106.93 per residential customer by the end of
2 December, 2007 (Schedule 5).

3
4 The current forecast reflects the forecast for natural gas prices over the relevant period.
5 These gas prices reflect current market conditions, including alternative energy prices,
6 demand for natural gas, the weather outlook and the impact of storage levels.

7
8 The PGCVA balance has been calculated using the most recent information available,
9 including actual volumes and costs through October, 2006. The remaining months in the
10 twelve-month period ending December 31, 2006 are based on estimated prices based on
11 the best information available at the current time. Forecast prices have been used for the
12 period January, 2007 through December, 2007 period, except where actual contracted
13 prices are available.

14
15 The gas supply portfolio reflects the current and forecasted mix of delivery points utilized
16 by NRG for system gas purchases.

17
18 Gas Supply Portfolio

19 NRG's gas supply portfolio includes local production, deliveries of Western Canadian
20 gas at the Alberta border, Ontario Delivered gas and purchases at Parkway on the Union
21 Gas ("Union") system. When required, NRG also purchases additional Ontario
22 Delivered gas in February and/or September. The requirement for these purchases is
23 discussed below.

24
25 NRG is required to balance its total supply with its total demand on the Union Gas
26 system on an annual basis, at the time that the direct purchase contract with Union Gas is
27 renewed. This may entail NRG purchasing Ontario Delivered gas or shedding excess
28 gas. NRG is a direct purchase customer on the Union Gas system. Under its bundled
29 transportation contract, NRG is obligated to deliver a fixed amount of gas each day to

1 Union. This amount is determined by Union and is based on the expected annual volume
2 divided by 365.

3
4 Additional Ontario delivered gas that may be purchased in February of each year is
5 required for NRG to meet its forecast banked gas account balancing checkpoint on the
6 Union Gas system at the end of February if consumption is greater than forecast. The
7 Board approved this requirement for Bundled-T customers on Union's system in RP-
8 2003-0063 (Decisions with Reasons, dated March 18, 2004).

9
10 At the beginning of October, 2006, NRG was required to deliver 1,500 GJ/day to Union
11 Gas. NRG assigned a total of 400 GJ/day to its direct purchase customers, leaving 1,100
12 GJ/day for system gas customers. As of November 1, 2006, the assignment to direct
13 purchases customers increased to 423 GJ/day and on December 1, 2006, increased to 443
14 GJ/day, reflecting the movement of system gas customers to direct purchase. The
15 composition of this gas for system gas customers is shown in the following table. In
16 addition, for a six month period, December, 2006 through May 2007, NRG has assigned
17 a further 10GJ/day at AECO to a direct purchase customer to allow that customer to bring
18 their banked gas account in line with consumption.

19
20 NRG's firm system gas deliveries are shown by delivery point in the following table:

21 GJ/s per Day

Delivery Point	October, 2006	November, 2006	December, 2006	June, 2006
Direct Purchase	400	423	453	443
AECO	361	338	308	318
Parkway	739	739	739	739
Dawn	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	1,500	1,500	1,500	1,500

22
23
24 In addition to the obligated deliveries described above, NRG purchases gas from local
25 producers in its franchise area.

26

1 As indicated previously, NRG is required to balance its supply with its demand on the
2 Union system to within +/- 4% at the end of the contract year under its bundled
3 transportation contract with Union. The bundled transportation contract year-end
4 corresponds with the end of NRG's fiscal year (September 30). NRG purchases
5 additional balancing gas (or Ontario Delivered gas) or sells gas or reduces deliveries such
6 that total demand on the Union system is offset by the supply provided to Union Gas to
7 remain within the contract parameters. As shown in Schedule 3, NRG sold gas in
8 September, 2006. As shown in Schedule 4, NRG also reduced its deliveries to Union at
9 Parkway in September, 2006. These measures were required to avoid paying penalties on
10 the Union system for being out of balance by more than the allowed tolerance. The
11 excess gas was primarily the result of a warmer than normal winter combined with a
12 somewhat below normal tobacco curing season.

13
14 The composition of the gas supply portfolio volumes for the January, 2006 through
15 December, 2006 period is shown on the top of Schedule 3. This schedule shows the
16 monthly volume of gas purchased or forecast to be purchased from local producers,
17 obligated deliveries at Dawn, Parkway and the Alberta border (Western), and balancing
18 gas (Ontario Delivered). Similarly, the composition of the gas supply portfolio volumes
19 for the January, 2007 through December, 2007 period is shown on the top of Schedule 6.

20
21 Gas Costs

22 NRG's actual and forecast gas costs for the January, 2006 through December, 2006
23 period, by source of supply, are shown in Schedule 4 in \$/GJ. These prices are also
24 shown in the middle section of Schedule 3 in $\$/m^3$. The conversion factor used is based
25 on the heat values used by Union Gas in their calculation of NRG's Banked Gas Account
26 balances. The conversion factors used are shown in Schedules 4 and 7. All prices shown
27 are actual prices paid in January, 2006 through October, 2006. Prices for the remaining
28 months in 2006 are based on estimated and contracted prices to be paid for these months.

1 Prices for January, 2007 through December, 2007 are based on prices averaged over the
2 ten day period from November 6, 2006 through November 17, 2006. These prices are
3 shown in Schedule 7 in \$/GJ and in the middle section of Schedule 6 in $\$/m^3$. Gas prices
4 for each of the sources of supply are described below. In addition to the above,
5 contracted prices have been used where purchase decisions have been made.

6
7 The first source of supply noted in Schedules 4 and 7 is "Local Production (A)". This
8 refers to gas that is produced in NRG's franchise area and purchased from an affiliated
9 company. This gas has been contracted for through September 30, 2007 at a fixed price
10 of $\$0.3012/m^3$ ($\$8.004/GJ$). NRG expects to purchase this gas on a new one year contract
11 beginning October 1, 2007 at the one year strip price out of January, 2007 for Dawn
12 delivery. The forecast for this price is $\$8.887/GJ$ as shown in Schedule 7.

13
14 The second source of local production is noted as "Local Production (B)" in Schedules 4
15 and 7. The price paid for this gas is for Dawn delivery. The forecast price for this gas is
16 $\$8.887/GJ$ over the January, 2007 through December, 2007 period and is the average one
17 year strip price out of January, 2007 at Dawn. NRG continues to purchase this gas on a
18 month-to-month basis.

19
20 NRG also purchases gas for delivery at Parkway and Empress. The pricing of this gas at
21 these delivery points is discussed below.

22
23 The Empress price over the January, 2007 through December, 2007 period shown in
24 Schedule 7 (Western Deliveries) is a weighted average of fixed price contracts and
25 forecast prices. The Empress delivery rate is $\$9.280/GJ$ for January through March and
26 $\$8.189/GJ$ for the period April through December, 2007. This rate is inclusive of a fuel
27 ratio of 6.0%. These prices reflect the one year strip price out of January, 2007 for
28 Empress deliveries of $\$7.725/GJ$ (plus fuel). For the January through March period, the
29 weighted price noted above reflects the last three months of two existing contracts at
30 $\$9.070$ and $\$9.550/GJ$ (plus fuel), respectively, and the one year strip price noted above.

1 The April through December period reflects the one year strip price of \$7.725/GJ (plus
2 fuel) noted above for all deliveries.

3
4 The Parkway price over the January, 2007 through March, 2007 period is a weighted
5 average of fixed price contracts and forecast prices. In particular, the average price of
6 \$9.750/GJ for this period reflects the final three months for three existing contracts
7 (\$10.900/GJ for 100 GJ/day, \$10.650/GJ for 100 GJ/day and \$10.400/GJ for 100 GJ/day)
8 along with 439 GJ/day at the forecasted cost of \$9.135/GJ. This is the one year strip
9 price out of January, 2007 for Parkway deliveries.

10
11 For the April, 2007 through December, 2007 period, the average price is the forecast
12 price of \$9.135/GJ for all deliveries.

13
14 NRG is forecasting the purchase of a small amount of delivered gas in September, 2007.
15 This purchase has been priced at the price for Dawn deliveries of \$8.951/GJ. This price
16 is the average price over the November 6 through November 17 period for September,
17 2007 deliveries.

18
19 Other Forecast Assumptions

20 A number of other assumptions have been used to calculate the projected balance in the
21 PGCVA. As shown on Schedules 4 and 7, the fuel ratio for Western deliveries has been
22 forecast at 6.0%. This ratio has been reflected in the forecast prices shown in the
23 schedules for western deliveries.

24
25 TCPL tolls have been forecast at a rate of \$0.93502/GJ. This is the current rate charged
26 by TCPL and approved by the National Energy Board effective March 1, 2006.

27
28 The delivery commitment credit ("DCC") is a credit from Union that reduces the overall
29 upstream transportation costs to NRG. The DCC rate is \$0.023/GJ effective January 1,
30 2006 and is eliminated as of January 1, 2007. This reduction is reflected in Schedule 7.

1 PGCVA Balance

2 The projected December, 2006 balance in the PGCVA is a debit of \$517,908.90,
3 including a debit of \$36,238.10 in accumulated interest, based on the Board approved
4 short term interest rate. This estimate is based on actual and forecasted purchases and the
5 balance brought forward from December, 2005. The PGCVA debit amounts to a charge
6 of approximately \$47.48 for a typical residential customer consuming approximately
7 1,878 m³ per year. These figures are shown on Schedule 2. The interest rate used for
8 October, 2006 and subsequent months is 4.59% as calculated in EB-2006-0117.

9

10 Proposed PGCVA Rate Changes

11 Schedule 5 shows the impact at the end of the twelve-month period beginning January,
12 2007 if no change is made to the reference price. At the end of December, 2007, the
13 balance in the PGCVA is a credit balance of \$1,117,384.20, including a debit balance of
14 \$23,658.86 in accumulated interest. This represents a rebate of \$106.93 for a residential
15 customer consuming approximately 2,009 m³ per year.

16

17 NRG proposes to adjust the reference price effective January 1, 2007 based on the
18 projected accumulated balance in the PGCVA as of the end of December, 2006 and the
19 forecasted cost of gas over the 12 month period beginning January, 2007 and ending
20 December, 2007. The reference price will be set such that the projected PGCVA balance
21 at the end of December, 2007 would be close to zero.

22

23 NRG's proposal will clear the PGCVA balance on a prospective basis, eliminating the
24 need for retroactive adjustments. This is consistent with NRG's past proposals in QRAM
25 applications, which were accepted by the Board. In those proceedings, NRG indicated
26 that its customers had made clear their opinion on retroactive adjustments. A large
27 percentage of NRG's gas sales volumes are agriculturally based and these customers
28 cannot recover any retroactive charges. The proposal contained in this application is
29 designed to minimize, and eliminate where possible, the existence of further retroactive
30 billing adjustments.

1 NRG proposes to decrease the reference price by \$0.052112 per m³ effective January 1,
2 2007, from \$0.407875 per m³ to \$0.355763 per m³. The derivation of this rate is shown
3 in Schedule 8. This is the reference price required to bring the PGCVA balance close to
4 zero on a twelve month forecast basis. This change will also be reflected in the gas
5 commodity charge.

6

7 GPRA

8 The impact on the GPRA of the proposed January 1, 2007 change in the PGCVA
9 reference price from \$0.407875 per m³ to \$0.355763 per m³ is a debit of \$45,952.06, as
10 shown on Schedule 9. This debit is shown in column (J) of Schedule 9 and on the
11 December, 2006 line. It is calculated as the change in the PGCVA reference price
12 between January and December, multiplied by the cumulative inventory balance at the
13 end of December. This cumulative inventory balance is the sum of the actual monthly
14 inventory balances for September, 2006 and forecasts for the subsequent months. These
15 forecasts will be replaced with actual balances for these months in subsequent QRAM
16 applications. As well, the monthly inventory balances are based on a deemed level of
17 unaccounted for gas ("UFG") of the total throughput volume, as shown in column (E) of
18 Schedule 9. The 0.0% is the Board approved level of UFG from EB-2005-0544.

19

20 NRG proposes to adjust the gas commodity charge effective January 1, 2007 based on the
21 projected accumulated balance in the GPRA. The adjustment to the gas commodity
22 charge will be set such that the projected GPRA balance at the end of December, 2007
23 would be close to zero. The rate required to achieve this is shown in column (K) on
24 Schedule 9. Column (L) shows the reduction of the inventory revaluation credit based on
25 this rate of (\$0.004299) per m³ over the January, 2007 through December, 2007 period.

26

27 NRG's proposal will clear the GPRA balance on a prospective basis, eliminating the need
28 for retroactive adjustments. This is consistent with NRG's proposal for the continued
29 prospective clearance of the PGCVA and is made with the same reasons in mind as

1 outlined above for the PGCVA. This change will also be reflected in the gas commodity
2 charge.

4 **GAS COMMODITY CHARGE**

5 The system gas supply cost of \$0.001828 per m³ will be maintained. This figure
6 represents the functionalization of additional costs over and above the commodity and
7 transportation costs that form the PGCVA reference price to the gas supply function.
8 These additional costs are portions of the wages and benefits, management fee, return on
9 rate base (working cash) and income taxes. This functionalization is unchanged from that
10 approved in EB-2005-0544. Similarly, the gas commodity recovery of \$0.008230 per m³
11 will be maintained. The Board approved this charge in the RP-2004-0167/EB-2004-0413
12 Decision and Interim Rate Order dated September, 24, 2004.

14 The change in the gas commodity charge proposed for January 1, 2007 is summarized
15 below. The change in the gas commodity charge reflects both the change in the PGCVA
16 reference price and the change in the recovery of the inventory revaluation amount in the
17 GPRA. The change in the gas commodity charge is as follows:

	EB-2006-0213	Proposed	
	Oct. 1, 2006	Jan. 1, 2007	Difference
21 PGCVA Reference Price	\$0.407875	\$0.355763	(\$0.052112)
22 GPRA Recovery	(\$0.010535)	(\$0.004299)	\$0.006236
23 Gas Commodity Recovery	\$0.008230	\$0.008230	\$0.000000
24 System Gas Supply Cost	<u>\$0.001828</u>	<u>\$0.001828</u>	<u>\$0.000000</u>
25 Gas Commodity Charge	\$0.407398	\$0.361522	\$0.045876

28 **PGTVA**

29 **PGTVA Balance**

30 Based on the current reference price of \$0.019029 per m³, the projected December, 2006
31 balance in the PGTVA is a credit of \$43,426.39, including a credit of \$79.45 in
32 accumulated interest, based on the Board approved short term interest rate. This estimate
33 is based on actual and forecasted costs and assumes clearance of the Fiscal 2006 year-end

1 balance to customers. The PGTVA credit amounts to a rebate of approximately \$3.51 for
2 a typical residential customer consuming approximately 1,878 m³ per year. These figures
3 are shown on Schedule 10.

4
5 Schedule 11 shows the impact at the end of the twelve-month period beginning January,
6 2007 based on the reference price of \$0.019029 per m³. At the end of December, 2007,
7 the balance in the PGTVA is a credit balance of \$96,012.51, including a credit balance of
8 \$3,793.38 in accumulated interest. This represents a rebate of \$8.19 for a residential
9 customer consuming approximately 2,009 m³ per year.

10
11 The balance in the PGTVA forms part of the distribution delivery rate charged by NRG
12 and, as such, is not impacted by changes in gas costs. NRG is not proposing to change
13 the PGTVA reference price as part of this gas cost proceeding. NRG plans to dispose of
14 the actual balance in the PGTVA at the end of September, 2006 based on final fiscal
15 2006 delivery volumes by way of a one-time rebate to customers based on their actual
16 consumption in fiscal 2006. This is the same approach as approved by the Board in EB-
17 2005-0555 for the actual balance in the PGTVA at the end of September, 2005. NRG
18 expects to file a separate application shortly when the Fiscal 2006 figures have been
19 confirmed.

20 21 SUMMARY

22 In summary, NRG proposes to change the reference price for amounts to be recorded in
23 the Purchased Gas Commodity Variance Account from \$0.407875 by \$0.052112 to
24 \$0.355763 per m³ effective January 1, 2007. This change is shown in Appendix B.

25
26 NRG also proposes to change the gas supply charge from \$0.407398 to \$0.361522 per m³
27 effective January 1, 2007. This change reflects the decrease of \$0.052112 per m³ related
28 to the change in the PGCVA reference price, as described above, and an increase of
29 \$0.006236 per m³ related to the recovery of the GPRA balance, also as described above.
30 These changes apply to all system gas customers served under Rates 1, 2, 3, 4 and 5.

1 There are no other changes to these rate schedules. The proposed rate schedules are
2 attached as Appendix A. The proposed customer notices are attached as Appendix C.

3

4 Schedule 12 provides a residential bill comparison showing the impact of the proposed
5 changes on a year over year basis for the appropriate quarter as well as the annual bill
6 impact of the most recent quarterly change.

7

NATURAL RESOURCE GAS LIMITED

PURCHASED GAS COMMODITY VARIANCE ACCOUNT - PROJECTED BALANCE

TWELVE MONTH PERIOD ENDING DECEMBER, 2006

Act/Fcst	Month	Purchase Cost (\$s)	M*3	Actual/Forecast Price (\$/M*3)	Reference Price (\$/M*3)	Unit Rate Difference (\$/M*3)	Monthly PGCVA (\$s)	Y-T-D PGCVA (\$s) (1)	Monthly Interest (\$s)	Y-T-D Interest (\$s) (2)	Total PGCVA (\$s)	Total Y-T-D PGCVA (\$s)	Average Residential Consumption (M*3)	Monthly Interest Rate
Actual	January	834,463	1,673,735	0.498563	0.499494	0.000931	1,558.25	(566,573.48)	(2,558.10)	(7,504.54)	(999.85)	(564,078.02)	292.6	5.50%
Actual	February	766,600	1,565,755	0.489604	0.499494	0.009890	15,485.32	(541,088.16)	(2,550.96)	(10,055.50)	12,934.36	(551,143.66)	288.1	5.50%
Actual	March	926,750	1,904,084	0.486717	0.499494	0.012777	24,328.48	(516,759.68)	(2,479.99)	(12,535.49)	21,848.49	(529,295.17)	262.7	5.50%
Actual	April	770,557	1,815,862	0.424348	0.419787	(0.004561)	(8,282.15)	(525,041.83)	(2,368.48)	(14,903.97)	(10,650.63)	(539,945.80)	144.7	5.50%
Actual	May	728,215	1,740,724	0.418340	0.419787	0.001447	2,518.83	(522,523.00)	(2,406.44)	(17,310.41)	112.39	(539,833.41)	77.6	5.50%
Actual	June	590,719	1,480,981	0.398870	0.419787	0.020917	30,977.69	(491,545.31)	(2,394.90)	(19,705.31)	28,582.79	(511,250.62)	45.7	5.50%
Actual	July	668,777	1,653,861	0.404373	0.384383	(0.019990)	(33,060.68)	(524,605.99)	(2,252.92)	(21,958.23)	(35,313.60)	(546,564.22)	34.4	5.50%
Actual	August	903,192	2,091,486	0.431842	0.384383	(0.047459)	(99,259.84)	(623,865.83)	(2,404.44)	(24,362.67)	(101,664.28)	(648,228.50)	37.5	5.50%
Actual	September	678,929	914,515	0.742392	0.384383	0.358009	(327,404.67)	(951,270.50)	(2,859.39)	(27,222.06)	(330,264.06)	(978,492.56)	51.0	5.50%
Actual	October	601,769	1,893,115	0.317872	0.407875	0.090003	170,386.06	(780,884.44)	(3,638.61)	(30,860.67)	166,747.45	(811,745.11)	118.7	4.59%
Forecast	November	593,223	1,836,661	0.322990	0.407875	0.084885	155,905.00	(624,979.44)	(2,986.88)	(33,847.55)	152,918.12	(658,826.99)	202.7	4.59%
Forecast	December	634,724	1,907,526	0.332747	0.407875	0.075128	143,308.64	(481,670.80)	(2,390.55)	(36,238.10)	140,918.09	(517,908.90)	321.8	4.59%
	Total	8,697,917	20,478,307	0.424738			76,460.93	(481,670.80)	(31,291.66)	(36,238.10)	45,169.27	(517,908.90)	1,877.5	

PGCVA Balance per M*3 Purchased (\$/M*3) (\$0.025291)

Forecast Average Residential Consumption per Customer 1,877.5 M*3

Estimated Impact on Average Residential Customer \$47.48 Customer Charge

(1) Includes balance of (558,131.73) as of December, 2005

(2) Includes balance of (4,946.44) as of December, 2005

NATURAL RESOURCE GAS LIMITED

COMPOSITION AND COST OF GAS BY SUPPLY SOURCE

TWELVE MONTH PERIOD ENDING DECEMBER, 2006

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Total
Volumes (m3)													
Local Production (A)	567,415	559,064	814,227	768,851	658,812	449,906	588,416	1,026,041	1,083,971	954,470	927,812	968,382	9,367,366
Local Production (B)	41,158	44,610	24,695	15,936	16,467	0	0	0	0	32,935	31,889	32,952	240,643
Dawn Delivery	0	0	0	0	0	0	0	0	0	0	0	0	0
Parkway Delivery	732,608	661,710	732,608	709,163	732,802	709,163	732,802	732,802	438,247	608,473	589,158	608,796	7,988,332
Western Delivery	332,554	300,372	332,554	321,912	332,643	321,912	332,643	332,643	321,912	297,238	287,802	297,396	3,811,582
Ontario Delivered Gas	0	0	0	0	0	0	0	0	<u>-929,615</u>	0	0	0	<u>(929,615)</u>
Total	1,673,735	1,565,755	1,904,084	1,815,862	1,740,724	1,480,981	1,653,861	2,091,486	914,515	1,893,115	1,836,661	1,907,526	20,478,307

Price (\$/m3)

Local Production (A)	0.500570	0.500570	0.500570	0.500570	0.500570	0.500570	0.500570	0.500570	0.500570	0.301200	0.301200	0.301200	0.301200
Local Production (B)	0.396560	0.347978	0.280567	0.304965	0.300447	0.000000	0.000000	0.000000	0.000000	0.188360	0.307475	0.326591	0.326591
Dawn Delivery	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Parkway Delivery	0.514567	0.510157	0.507386	0.368864	0.370446	0.353762	0.348872	0.364549	0.410693	0.348026	0.336186	0.362904	0.362904
Western Delivery	0.437999	0.410440	0.390137	0.338008	0.334395	0.323674	0.324048	0.335664	0.291233	0.291469	0.337579	0.346911	0.346911
Ontario Delivered Gas	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.159297	0.000000	0.000000	0.000000	0.000000

Total Gas Cost (\$)

Local Production (A)	284,031	279,851	407,578	384,864	329,782	225,209	294,543	513,605	542,603	287,486	279,457	291,677	4,120,686
Local Production (B)	16,322	15,523	6,929	4,860	4,948	0	0	0	0	6,204	9,805	10,762	75,352
Dawn Delivery	0	0	0	0	0	0	0	0	0	0	0	0	0
Parkway Delivery	376,976	337,576	371,715	261,585	271,464	250,875	255,654	267,143	179,985	211,764	198,067	220,935	3,203,737
Western Delivery	145,658	123,285	129,742	108,809	111,234	104,195	107,792	111,656	93,752	86,636	97,156	103,170	1,323,084
Ontario Delivered Gas	0	0	0	0	0	0	0	0	-148,085	0	0	0	(148,085)
TCPL Transportation	<u>11,476</u>	<u>10,366</u>	<u>10,788</u>	<u>10,440</u>	<u>10,788</u>	<u>10,440</u>	<u>10,788</u>	<u>10,788</u>	<u>10,674</u>	<u>9,679</u>	<u>8,738</u>	<u>8,181</u>	<u>123,144</u>
Total	834,463	766,600	926,750	770,557	728,215	590,719	668,777	903,192	678,929	601,769	593,223	634,724	8,697,917

NATURAL RESOURCE GAS LIMITED

ACTUAL AND FORECAST GAS PRICES

TWELVE MONTH PERIOD ENDING DECEMBER, 2006

	<u>Jan-06</u>	<u>Feb-06</u>	<u>Mar-06</u>	<u>Apr-06</u>	<u>May-06</u>	<u>Jun-06</u>	<u>Jul-06</u>	<u>Aug-06</u>	<u>Sep-06</u>	<u>Oct-06</u>	<u>Nov-06</u>	<u>Dec-06</u>
<u>Local Production</u>												
Local Production (A) (\$/GJ)	13.292	13.292	13.292	13.295	13.295	13.295	13.295	13.295	13.295	8.000	8.004	8.004
Local Production (B) (\$/GJ)	10.530	9.240	7.450	8.100	7.980	0.000	0.000	0.000	0.000	5.003	8.171	8.679
<u>Dawn</u> (\$/GJ)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<u>Parkway</u> (\$/GJ)	13.663	13.546	13.473	9.797	9.839	9.396	9.266	9.683	10.908	9.244	8.934	9.644
<u>Western Deliveries</u> (\$/GJ)	11.630	10.899	10.359	8.978	8.882	8.597	8.607	8.915	7.735	7.742	8.971	9.219
Fuel Ratio (%)	7.92%	6.93%	5.45%	4.95%	5.45%	6.93%	6.19%	5.10%	3.96%	4.99%	6.00%	6.00%
<u>ICPL Transportation</u> (\$/GJ)												
TCPL Toll	0.990000	0.990000	0.935020	0.935020	0.935020	0.935020	0.935020	0.935020	0.935020	0.935020	0.935020	0.935020
GJ/day	404	404	404	404	404	404	404	404	361	318	338	308
Delivery Commitment Credit (\$/GJ)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)	(0.023)
GJ/day	1,294	1,294	1,294	1,294	1,294	1,294	1,294	1,294	911	1,100	1,077	1,047
<u>Ontario Delivered Gas</u> (\$/GJ)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4.231	0.000	0.000	0.000
Heat Value (GJ/103m3)	37.66	37.66	37.66	37.65	37.65	37.65	37.65	37.65	37.65	37.65	37.63	37.63

NATURAL RESOURCE GAS LIMITED

PURCHASED GAS COMMODITY VARIANCE ACCOUNT - PROJECTED BALANCE

PROJECTED TWELVE MONTH FORWARD PERIOD - JANUARY, 2007 TO DECEMBER, 2007

(NO CHANGE IN REFERENCE PRICE)

Month	Purchase Cost (\$)	M ³	Forecast Price (\$/M ³)	Reference Price (\$/M ³)	Unit Rate Difference (\$/M ³)	Monthly PGCVA (\$)	Y-T-D PGCVA (\$)	Monthly Interest (\$)	Y-T-D Interest (\$)	Total PGCVA (\$)	Total Y-T-D PGCVA (\$)	Average Residential Consumption (M ³)	Monthly Interest Rate
January	623,491	1,856,568	0.335830	0.407875	0.072045	133,756.46	(347,914.34)	(1,842.39)	(38,080.49)	131,914.07	(385,994.83)	355.2	4.59%
February	602,443	1,807,344	0.333330	0.407875	0.074545	134,728.49	(213,185.85)	(1,330.77)	(39,411.26)	133,397.72	(252,597.11)	293.2	4.59%
March	622,537	1,853,400	0.335889	0.407875	0.071986	133,418.87	(79,766.98)	(815.44)	(40,226.70)	132,603.43	(119,993.68)	246.2	4.59%
April	602,346	1,877,746	0.320781	0.407875	0.087094	163,540.44	83,773.46	(305.11)	(40,531.81)	163,235.33	43,241.65	186.6	4.59%
May	588,574	1,827,956	0.321985	0.407875	0.085890	157,003.17	240,776.63	320.43	(40,211.38)	157,323.60	200,565.25	89.7	4.59%
June	461,366	1,408,754	0.327499	0.407875	0.080376	113,230.04	354,006.67	920.97	(39,290.41)	114,151.01	314,716.26	53.1	4.59%
July	443,107	1,344,034	0.329684	0.407875	0.078191	105,091.39	459,098.06	1,354.08	(37,936.33)	106,445.47	421,161.73	40.9	4.59%
August	544,176	1,679,590	0.323994	0.407875	0.083881	140,885.71	599,983.77	1,756.05	(36,180.28)	142,641.76	563,803.49	42.8	4.59%
September	599,711	1,862,442	0.322003	0.407875	0.085872	159,931.65	759,915.42	2,294.94	(33,885.34)	162,226.59	726,030.08	58.5	4.59%
October	654,855	1,935,850	0.338278	0.407875	0.069597	134,729.34	894,644.76	2,906.68	(30,978.66)	137,636.02	863,666.10	118.7	4.59%
November	604,350	1,786,661	0.338257	0.407875	0.069618	124,383.79	1,019,028.55	3,422.02	(27,556.64)	127,805.81	991,471.91	202.7	4.59%
December	<u>594,836</u>	<u>1,757,526</u>	<u>0.338451</u>	0.407875	0.069424	<u>122,014.51</u>	<u>1,141,043.06</u>	<u>3,897.78</u>	<u>(23,658.86)</u>	<u>125,912.29</u>	<u>1,117,384.20</u>	<u>321.8</u>	4.59%
Total	6,941,792	20,997,874	0.330595			1,622,713.86	1,141,043.06	12,579.24	(23,658.86)	1,635,293.10	1,117,384.20	2,009.4	

PGCVA Balance per M³ Purchased (\$/M³) \$0.053214
 Forecast Average Residential Consumption per Customer 2,009.4 M³
 Estimated Impact on Average Residential Customer \$106.93 Customer Rebate

(1) Includes Dec., 2006 year-to-date balance of (\$481,670.80) (See Schedule 2)
 (2) Includes Dec., 2006 year-to-date balance of (\$36,238.10) (See Schedule 2)

NATURAL RESOURCE GAS LIMITED

COMPOSITION AND COST OF GAS BY SUPPLY SOURCE

PROJECTED TWELVE MONTH FORWARD PERIOD - JANUARY, 2007 TO DECEMBER, 2007

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Total
Volumes (m3)													
Local Production (A)	917,424	959,085	914,256	968,897	888,812	499,905	404,890	740,446	906,019	955,515	877,812	818,382	9,851,443
Local Production (B)	32,952	29,763	32,952	31,889	32,952	31,889	32,952	32,952	31,889	32,952	31,889	32,952	387,988
Dawn Delivery	0	0	0	0	0	0	0	0	0	0	0	0	0
Parkway Delivery	608,796	549,880	608,796	589,158	608,796	589,158	608,796	608,796	589,158	649,987	589,158	608,796	7,209,275
Western Delivery	297,396	268,615	297,396	287,802	297,396	287,802	297,396	297,396	287,802	297,396	287,802	297,396	3,501,594
Ontario Delivered Gas	0	0	0	0	0	0	0	0	47,574	0	0	0	47,574
Total	1,856,568	1,807,344	1,853,400	1,877,746	1,827,956	1,408,754	1,344,034	1,679,590	1,862,442	1,935,850	1,786,661	1,757,526	20,997,874
Price (\$/m3)													
Local Production (A)	0.301200	0.301200	0.301200	0.301200	0.301200	0.301200	0.301200	0.301200	0.301200	0.334418	0.334418	0.334418	0.334418
Local Production (B)	0.334418	0.334418	0.334418	0.334418	0.334418	0.334418	0.334418	0.334418	0.334418	0.334418	0.334418	0.334418	0.334418
Dawn Delivery	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Parkway Delivery	0.366893	0.366893	0.366893	0.343750	0.343750	0.343750	0.343750	0.343750	0.343750	0.343750	0.343750	0.343750	0.343750
Western Delivery	0.349206	0.349206	0.349206	0.308152	0.308152	0.308152	0.308152	0.308152	0.308152	0.308152	0.308152	0.308152	0.308152
Ontario Delivered Gas	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.336826	0.000000	0.000000	0.000000	0.000000
Total Gas Cost (\$)													
Local Production (A)	276,328	288,876	275,374	291,832	267,710	150,571	121,953	223,022	272,893	319,541	293,556	273,682	3,055,339
Local Production (B)	11,020	9,953	11,020	10,664	11,020	10,664	11,020	11,020	10,664	11,020	10,664	11,020	129,750
Dawn Delivery	0	0	0	0	0	0	0	0	0	0	0	0	0
Parkway Delivery	223,363	201,747	223,363	202,523	209,274	202,523	209,274	209,274	202,523	223,433	202,523	209,274	2,519,093
Western Delivery	103,852	93,802	103,852	88,687	91,643	88,687	91,643	91,643	88,687	91,643	88,687	91,643	1,114,470
Ontario Delivered Gas	0	0	0	0	0	0	0	0	16,024	0	0	0	16,024
TCPL Transportation	8,928	8,064	8,928	8,640	8,928	8,920	9,217	9,217	8,920	9,217	8,920	9,217	107,116
Total	623,491	602,443	622,537	602,346	588,574	461,366	443,107	544,176	599,711	654,855	604,350	594,836	6,941,792

NATURAL RESOURCE GAS LIMITED

PURCHASED GAS COMMODITY VARIANCE ACCOUNT

PROJECTED TWELVE MONTH FORWARD PERIOD - JANUARY, 2007 TO DECEMBER, 2007

(WITH CHANGE IN REFERENCE PRICE)

Month	Purchase Cost (\$s)	M*3	Forecast Price (\$/M*3)	Reference Price (\$/M*3)	Unit Difference (\$/M*3)	Monthly PGCVA (\$s)	Y-T-D PGCVA (\$s) (1)	Monthly Interest (\$s)	Y-T-D Interest (\$s) (2)	Total PGCVA (\$s)	Total Y-T-D PGCVA (\$s)	Average Residential Consumption (M*3)	Monthly Interest Rate
January	623,491	1,856,568	0.335830	0.355763	0.019933	37,007.43	(444,663.37)	(1,842.39)	(38,080.49)	35,165.04	(482,743.86)	355.2	4.59%
February	602,443	1,807,344	0.333330	0.355763	0.022433	40,544.59	(404,118.78)	(1,700.84)	(39,781.33)	38,843.75	(443,900.11)	293.2	4.59%
March	622,537	1,853,400	0.335889	0.355763	0.019874	36,834.93	(367,283.85)	(1,545.75)	(41,327.08)	35,289.18	(408,610.93)	246.2	4.59%
April	602,346	1,877,746	0.320781	0.355763	0.034982	65,687.78	(301,596.07)	(1,404.86)	(42,731.94)	64,282.92	(344,328.01)	186.6	4.59%
May	588,574	1,827,956	0.321985	0.355763	0.033778	61,745.15	(239,850.92)	(1,153.60)	(43,885.54)	60,591.55	(283,736.46)	89.7	4.59%
June	461,366	1,408,754	0.327499	0.355763	0.028264	39,817.37	(200,033.55)	(917.43)	(44,802.97)	38,899.94	(244,836.52)	53.1	4.59%
July	443,107	1,344,034	0.329684	0.355763	0.026079	35,051.40	(164,982.15)	(765.13)	(45,568.10)	34,286.27	(210,550.25)	40.9	4.59%
August	544,176	1,679,590	0.323994	0.355763	0.031769	53,359.31	(111,622.84)	(631.06)	(46,199.16)	52,728.25	(157,822.00)	42.8	4.59%
September	599,711	1,862,442	0.322003	0.355763	0.033760	62,876.50	(48,746.34)	(426.96)	(46,626.12)	62,449.54	(95,372.46)	58.5	4.59%
October	654,855	1,935,850	0.338278	0.355763	0.017485	33,848.80	(14,897.54)	(186.45)	(46,812.57)	33,662.35	(61,710.11)	118.7	4.59%
November	604,350	1,786,661	0.338257	0.355763	0.017506	31,277.73	16,380.19	(56.98)	(46,869.55)	31,220.75	(30,489.36)	202.7	4.59%
December	<u>594,836</u>	<u>1,757,526</u>	<u>0.338451</u>	0.355763	0.017312	<u>30,426.72</u>	<u>46,806.91</u>	<u>62.65</u>	<u>(46,806.90)</u>	<u>30,489.37</u>	<u>0.01</u>	<u>321.8</u>	4.59%
Total	6,941,792	20,997,874	0.330595			528,477.71	46,806.91	(10,568.80)	(46,806.90)	517,908.91	0.01	2,009.4	

PGCVA Balance per M*3 Purchased (\$/M*3) \$0.000000
Forecast Average Residential Consumption per Customer 2,009.4 M*3
Estimated Impact on Average Residential Customer \$0.00 Customer Rebate

(1) Includes Dec., 2006 year-to-date balance of (\$481,670.80) (See Schedule 2)
(2) Includes Dec., 2006 year-to-date balance of (\$36,238.10) (See Schedule 2)

NATURAL RESOURCE GAS LIMITED
GAS PURCHASE REBALANCING ACCOUNT
JANUARY, 2006 THROUGH DECEMBER, 2007

Month	Purchase Volume (M ³)	Throughput Volume (M ³)	Direct Purchase Volume (M ³)	System Sales Volume (M ³)	Deemed U.F.G. (M ³)	System Sales + U.F.G. (M ³)	Monthly Inventory Balance (M ³)	Cumulative Inventory (M ³)	Reference Price (\$/M ³)	Inventory Revaluation (\$)	Inventory Rate (\$/M ³)	Inventory Recovery (L-K+D) (\$)	Y-T-D GPRA Balance (\$)	Monthly Interest (N) (\$)	Y-T-D Interest (\$)	Total Y-T-D GPRA P=M+O (\$)	Monthly Interest Rate
	A	B	C	D=B-C	E	F=D+E	G=A-F	H	I	J	K	L-K+D	M	O	(3)		
January	1,873,735	2,904,563	414,513	2,490,055	0	2,490,055	(816,320)	(827,382)	0.499494	0.00	(0.003974)	(9,895.48)	126,925.96	627.10	1,923.69	128,849.65	5.50%
February	1,565,755	2,848,925	403,238	2,443,687	0	2,443,687	(877,932)	(1,505,314)	0.499494	0.00	(0.003974)	(9,711.21)	117,214.75	581.74	2,505.43	119,720.18	5.50%
March	1,904,084	2,646,212	394,402	2,251,810	0	2,251,810	(347,726)	(1,853,040)	0.499494	147,700.27	(0.003974)	(8,948.69)	255,966.33	537.23	3,042.66	259,008.99	5.50%
April	1,815,862	1,498,546	258,198	1,240,348	0	1,240,348	575,514	(1,277,526)	0.419787	0.00	(0.017590)	(21,817.72)	234,148.61	1,173.18	4,215.84	238,364.45	5.50%
May	1,740,724	820,990	140,610	680,380	0	680,380	1,060,344	(217,181)	0.419787	0.00	(0.017590)	(11,967.88)	222,180.72	1,073.18	5,289.02	227,469.74	5.50%
June	1,480,981	508,371	112,484	395,887	0	395,887	1,085,094	867,913	0.419787	(30,727.60)	(0.017590)	(6,963.65)	184,489.47	1,018.33	6,307.35	190,796.82	5.50%
July	1,853,861	410,805	98,620	312,185	0	312,185	1,341,876	2,209,589	0.384383	0.00	(0.010353)	(3,232.05)	181,257.42	845.58	7,152.93	188,410.35	5.50%
August	2,091,486	1,350,125	103,117	1,247,008	0	1,247,008	844,478	3,054,067	0.384383	0.00	(0.010353)	(12,910.27)	168,347.15	830.76	7,983.69	176,330.84	5.50%
September	914,515	2,077,490	105,038	1,972,452	0	1,972,452	(1,057,937)	1,996,130	0.384383	46,893.10	(0.010353)	(20,420.80)	194,819.45	771.59	8,755.28	203,574.73	5.50%
October	1,893,115	1,625,687	157,208	1,468,479	0	1,468,479	424,636	2,420,767	0.407875	0.00	(0.010535)	(15,470.43)	179,349.02	745.18	9,500.46	188,849.48	4.59%
November	1,836,661	2,552,188	279,025	2,273,163	0	2,273,163	(436,502)	1,984,265	0.407875	0.00	(0.010535)	(23,947.77)	155,401.25	686.01	10,186.47	165,587.72	4.59%
December	1,907,526	3,425,953	415,960	3,009,993	0	3,009,993	(1,102,467)	881,798	0.407875	(45,952.06)	(0.010535)	(31,710.28)	77,738.91	594.41	10,780.88	88,519.79	4.59%
January	1,856,568	3,683,724	429,820	3,253,904	0	3,253,904	(1,397,336)	(515,537)	0.355763	0.00	(0.004299)	(13,989.87)	63,749.04	297.35	11,078.23	74,827.27	4.59%
February	1,807,344	3,409,506	405,803	3,003,703	0	3,003,703	(1,196,359)	(1,711,896)	0.355763	0.00	(0.004299)	(12,914.16)	50,834.86	243.84	11,322.07	62,156.95	4.59%
March	1,853,400	2,874,151	383,752	2,490,399	0	2,490,399	(636,999)	(2,348,895)	0.355763	0.00	(0.004299)	(10,707.25)	40,127.63	194.44	11,516.51	51,644.14	4.59%
April	1,877,746	1,949,025	238,726	1,710,300	0	1,710,300	167,446	(2,181,448)	0.355763	0.00	(0.004299)	(7,353.28)	32,774.35	153.49	11,670.00	44,444.35	4.59%
May	1,827,956	1,048,939	146,771	902,168	0	902,168	925,788	(1,255,660)	0.355763	0.00	(0.004299)	(3,878.79)	28,895.56	123.36	11,795.36	40,690.92	4.59%
June	1,408,754	541,121	119,205	421,916	0	421,916	986,838	(268,622)	0.355763	0.00	(0.004299)	(1,813.99)	27,081.56	110.53	11,905.89	38,987.45	4.59%
July	1,344,034	397,724	13,962	383,762	0	383,762	960,272	691,451	0.355763	0.00	(0.004299)	(1,649.95)	25,431.61	103.59	12,009.48	37,441.09	4.59%
August	1,679,590	818,287	14,092	804,205	0	804,205	875,385	1,566,836	0.355763	0.00	(0.004299)	(3,457.61)	21,974.01	97.28	12,106.76	34,080.77	4.59%
September	1,862,442	1,239,625	20,340	1,219,485	0	1,219,485	642,957	2,209,793	0.355763	0.00	(0.004299)	(5,243.07)	16,730.94	84.05	12,190.81	28,921.75	4.59%
October	1,935,850	1,625,687	157,208	1,468,479	0	1,468,479	467,371	2,677,164	0.355763	0.00	(0.004299)	(6,313.60)	10,417.34	64.00	12,254.81	22,672.15	4.59%
November	1,786,661	2,552,188	279,025	2,273,163	0	2,273,163	(486,502)	2,190,662	0.355763	0.00	(0.004299)	(9,775.26)	644.08	39.85	12,294.66	12,938.74	4.59%
December	1,757,526	3,425,953	415,960	3,009,993	0	3,009,993	(1,252,467)	938,196	0.355763	0.00	(0.004299)	(12,941.20)	(12,297.12)	2.46	12,297.12	(0.00)	4.59%

(1) 188,938 as of December, 2005
(2) 136,821.44 as of December, 2005
(3) 1,296.59 as of December, 2005

NATURAL RESOURCE GAS LIMITED

PURCHASED GAS TRANSPORTATION VARIANCE ACCOUNT - PROJECTED BALANCE

TWELVE MONTH PERIOD ENDING DECEMBER, 2006

Act/Fcst	Month	Purchase Cost (\$'s)	M*3	Actual/Forecast Price (\$/M*3)	Reference Price (\$/M*3)	Unit Rate Difference (\$/M*3)	Monthly PGTV A (\$'s)	Y-T-D PGTV A (\$'s)	Monthly Interest (\$'s)	Y-T-D Interest (\$'s)	Total PGTV A (\$'s)	Total Y-T-D PGTV A (\$'s)	Average Residential Consumption (M*3)
Actual	January	39,520	2,860,748	0.013815	0.021848	0.008033	22,980.39	73,036.01	229.42	378.06	23,209.81	73,414.07	292.6
Actual	February	40,389	3,039,946	0.013286	0.021848	0.008562	26,028.02	99,064.03	334.75	712.81	26,362.77	99,776.84	288.1
Actual	March	37,334	2,626,857	0.014212	0.021848	0.007636	20,058.68	119,122.71	454.04	1,166.85	20,512.72	120,289.56	262.7
Actual	April	32,156	1,422,228	0.022609	0.021848	(0.000761)	(1,082.32)	118,040.39	545.98	1,712.83	(536.34)	119,753.22	144.7
Actual	May	29,650	783,163	0.037859	0.021848	(0.016011)	(12,539.22)	105,501.17	541.02	2,253.85	(11,998.20)	107,755.02	77.6
Actual	June	29,126	464,258	0.062737	0.021848	(0.040889)	(18,983.04)	86,518.13	483.55	2,737.40	(18,499.49)	89,255.53	45.7
Actual	July	29,064	590,017	0.049259	0.021848	(0.027411)	(16,172.96)	70,345.17	396.54	3,133.94	(15,776.42)	73,479.11	34.4
Actual	August	30,475	1,407,643	0.021649	0.021848	0.000199	280.12	70,625.29	322.42	3,456.36	602.54	74,081.65	37.5
Actual	September	32,920	2,096,422	0.015703	0.021848	0.006145	12,882.51	83,507.80	323.70	3,780.06	13,206.21	87,287.86	51
Actual	October	32,863	1,928,175	0.017044	0.019029	0.001985	3,827.43	3,827.43	0.00	0.00	3,827.43	3,827.43	118.7
Forecast	November	35,450	2,552,188	0.013890	0.019029	0.005139	13,115.69	16,943.12	14.64	14.64	13,130.33	16,957.76	202.7
Forecast	December	<u>38,790</u>	<u>3,425,953</u>	<u>0.011322</u>	<u>0.019029</u>	<u>0.007707</u>	<u>26,403.82</u>	<u>43,346.94</u>	<u>64.81</u>	<u>79.45</u>	<u>26,468.63</u>	<u>43,426.39</u>	<u>321.8</u>
	Total	407,735	23,197,597	0.017577			76,799.12	43,346.94	3,710.87	79.45	80,509.99	43,426.39	1,877.5

PGTV A Balance per M*3 Purchased (\$/M*3) \$0.001872
 Forecast Average Residential Consumption per Customer 1,877.5 M*3
 Estimated Impact on Average Residential Customer \$3.51 Customer Rebate

(1) Includes balance of 50,055.62 as of December, 2005 and assumes clearance of Fiscal 2006 year-end balances.
 (2) Includes balance of 148.64 as of December, 2005 and assumes clearance of Fiscal 2006 year-end balances.

NATURAL RESOURCE GAS LIMITED
PURCHASED GAS TRANSPORTATION VARIANCE ACCOUNT - PROJECTED BALANCE

PROJECTED TWELVE MONTH FORWARD PERIOD - JANUARY, 2007 TO DECEMBER, 2007
(NO CHANGE IN REFERENCE PRICE)

Month	Purchase Cost (\$)	M ³	Forecast Price (\$/M ³)	Reference Price (\$/M ³)	Unit Rate Difference (\$/M ³)	Monthly PGTV A (\$)	Y-T-D PGTV A (\$)	Monthly Interest (\$)	Y-T-D Interest (\$)	Total PGTV A (\$)	Total Y-T-D PGTV A (\$)	Average Residential Consumption (M ³)
January	39,974	3,683,724	0.010851	0.019029	0.008178	30,125.49	73,472.43	165.80	245.25	30,291.29	73,717.68	355.2
February	38,687	3,409,506	0.011347	0.019029	0.007682	26,191.83	99,664.26	281.03	526.28	26,472.86	100,190.54	293.2
March	36,656	2,874,151	0.012754	0.019029	0.006275	18,035.30	117,699.56	381.22	907.50	18,416.52	118,607.06	246.2
April	32,630	1,949,026	0.016742	0.019029	0.002287	4,457.42	122,156.98	450.20	1,357.70	4,907.62	123,514.68	186.6
May	29,252	1,048,939	0.027887	0.019029	(0.008858)	(9,291.50)	112,865.48	467.25	1,824.95	(8,824.25)	114,690.43	89.7
June	28,767	541,121	0.053162	0.019029	(0.034133)	(18,470.08)	94,395.40	431.71	2,256.66	(18,038.37)	96,652.06	53.1
July	28,732	438,724	0.065490	0.019029	(0.046461)	(20,383.56)	74,011.84	361.06	2,617.72	(20,022.50)	76,629.56	40.9
August	28,745	777,297	0.036980	0.019029	(0.017951)	(13,953.26)	60,058.58	283.10	2,900.82	(13,670.16)	62,959.40	42.8
September	29,971	1,239,825	0.024173	0.019029	(0.005144)	(6,377.66)	53,680.92	229.72	3,130.54	(6,147.94)	56,811.46	58.5
October	31,350	1,625,687	0.019284	0.019029	(0.000255)	(414.55)	53,266.37	205.33	3,335.87	(209.22)	56,602.24	118.7
November	35,486	2,552,188	0.013904	0.019029	0.005125	13,079.96	66,346.33	203.74	3,539.61	13,283.70	69,885.94	202.7
December	<u>39,321</u>	<u>3,425,953</u>	<u>0.011477</u>	0.019029	0.007552	<u>25,872.80</u>	<u>92,219.13</u>	<u>253.77</u>	<u>3,793.38</u>	<u>26,126.57</u>	<u>96,012.51</u>	<u>321.8</u>
Total	399,570	23,566,141	0.016955			48,872.19	92,219.13	3,713.93	3,793.38	52,586.12	96,012.51	2,009.4

PGTV A Balance per M³ Purchased (\$/M³) \$0.004074
 Forecast Average Residential Consumption per Customer 2,009.4 M³
 Estimated Impact on Average Residential Customer \$8.19 Customer Rebate

(1) Includes Dec., 2006 year-to-date balance of \$43,346.94 (See Schedule 10)
 (2) Includes Dec., 2006 year-to-date balance of \$79.45 (See Schedule 10)

NATURAL RESOURCE GAS LIMITED

RESIDENTIAL BILL COMPARISONS

QUARTERLY BILL IMPACT

	Quarter Starting 01-Jan-06 EB-2005-0540	Quarter Starting 01-Jan-07 EB-2006-0503	\$ Change	Percent Change
Average Residential Consumption for Quarter	894.6	894.6		
Monthly Charges	\$28.50	\$34.50	\$6.00	21.1%
Delivery Charges	\$146.63	\$136.87	(\$9.75)	-6.7%
Total Commodity Charges	\$451.69	\$323.42	(\$128.27)	-28.4%
Total Customer Charges	\$626.82	\$494.79	(\$132.03)	-21.1%

ANNUAL BILL IMPACT

	01-Oct-06 EB-2006-0213	01-Jan-07 EB-2006-0503	\$ Change	Percent Change
Average Residential Consumption	2,009.4	2,009.4		
Monthly Charges	\$138.00	\$138.00	\$0.00	0.0%
Delivery Charges	\$307.44	\$307.44	\$0.00	0.0%
Total Commodity Charges	\$818.63	\$726.44	(\$92.18)	-11.3%
Total Customer Charges	\$1,264.06	\$1,171.88	(\$92.18)	-7.3%

RATES USED

	01-Jan-06 EB-2005-0540	01-Oct-06 EB-2006-0213	01-Jan-07 EB-2006-0503
Monthly charge	9.50	11.50	11.50
Delivery Charge	0.163901	0.152999	0.152999
Total Commodity Charge	0.504903	0.407398	0.361522

(1) Reflects EB-2005-0544 Decision dated September 20, 2006

APPENDIX "A"

TO

BOARD ORDER EB-2006-0503

DATED DECEMBER XX, 2006

**Kirsten Walli
Board Secretary**

NATURAL RESOURCE GAS LIMITED

RATE 1 - General Service Rate

Rate Availability

The entire service area of the Company.

Eligibility

All customers.

Rate

a)	Monthly Fixed Charge	\$11.50
b)	Delivery Charge	
	First 1,000 m ³ per month	15.2999 cents per m ³
	All over 1,000 m ³ per month	10.4073 cents per m ³
c)	Gas Supply Charge (if applicable)	Schedule A

Meter Readings

Gas consumption by each customer under this rate schedule shall be determined by monthly meter reading, provided that in circumstances beyond the control of the company such as strikes or non-access to a meter, the company may estimate the consumption each month as of the scheduled date of the regular monthly meter reading and render a monthly bill to the customer thereof.

Delayed Payment Penalty

When payment is not made in full by the due date noted on the bill, which date shall not be less than 16 calendar days after the date of mailing, hand delivery or electronic transmission of the bill, the balance owing will be increased by 1.5%. Any balance remaining unpaid in subsequent months will be increased by a further 1.5% per month. The minimum delayed payment penalty shall be one dollar (\$1.00).

Bundled Direct Purchase Delivery

Where a customer elects under this rate schedule to directly purchase its gas from a supplier other than NRG, the customer or their agent, must enter into a Bundled T-Service Receipt Contract with NRG for delivery of gas to NRG. Bundled T-Service Receipt Contract rates are described in rate schedule BT1. The gas supply charge will not be applicable to customers who elect said Bundled T transportation service.

Unless otherwise authorized by NRG, customers who are delivering gas to NRG under direct purchase arrangements must obligate to deliver said gas at a point acceptable to NRG, and must acquire and maintain firm transportation on all pipeline systems upstream of Ontario.

Effective: January 01, 2007

Implementation: All bills rendered on or after January 01, 2007

EB-2006-0503

NATURAL RESOURCE GAS LIMITED

RATE 2 - Seasonal Service

Rate Availability

The entire service area of the company.

Eligibility

All customers.

Rate

For all gas consumed from:	April 1 through October 31:	November 1 through March 31:
a) Monthly Fixed Charge	\$12.75	\$12.75
b) Delivery Charge		
First 1,000 m ³ per month	14.5000 cents per m ³	18.5648 cents per m ³
Next 24,000 m ³ per month	10.0431 cents per m ³	16.6254 cents per m ³
All over 25,000 m ³ per month	6.5417 cents per m ³	16.1952 cents per m ³
c) Gas Supply Charge (if applicable)	Schedule A	Schedule A

Meter Readings

Gas consumption by each customer under this rate schedule shall be determined by monthly meter reading, provided that in circumstances beyond the control of the company such as strikes or non-access to a meter, the company may estimate the consumption each month as of the scheduled date of the regular monthly meter reading and render a monthly bill to the customer thereof.

Delayed Payment Penalty

When payment is not made in full by the due date noted on the bill, which date shall not be less than 16 calendar days after the date of mailing, hand delivery or electronic transmission of the bill, the balance owing will be increased by 1.5%. Any balance remaining unpaid in subsequent months will be increased by a further 1.5% per month. The minimum delayed payment penalty shall be one dollar (\$1.00).

Bundled Direct Purchase Delivery

Where a customer elects under this rate schedule to directly purchase its gas from a supplier other than NRG, the customer or their agent, must enter into a Bundled T-Service Receipt Contract with NRG for delivery of gas to NRG. Bundled T-Service Receipt Contract rates are described in rate schedule BT1. The gas supply charge will not be applicable to customers who elect said Bundled T transportation service.

Unless otherwise authorized by NRG, customers who are delivering gas to NRG under direct purchase arrangements must obligate to deliver said gas at a point acceptable to NRG, and must acquire and maintain firm transportation on all pipeline systems upstream of Ontario.

Effective: January 01, 2007

Implementation: All bills rendered on or after January 01, 2007

EB-2006-0503

NATURAL RESOURCE GAS LIMITED

RATE 3 - Special Large Volume Contract Rate

Rate Availability

Entire service area of the company.

Eligibility

A customer who enters into a contract with the company for the purchase or transportation of gas:

- a) for a minimum term of one year;
- b) that specifies a combined daily contracted demand for firm and interruptible service of at least 700 m³; and
- c) a qualifying annual volume of at least 113,000 m³.

Rate

1. Bills will be rendered monthly and shall be the total of:

- a) A Monthly Customer Charge:

A Monthly Customer Charge of \$150.00 for firm or interruptible customers; or
A Monthly Customer Charge of \$175.00 for combined (firm and interruptible) customers.

- b) A Monthly Demand Charge:

A Monthly Demand Charge of 25.5904 cents per m³ for each m³ of daily contracted firm demand.

- c) A Monthly Delivery Charge:

(i) A Monthly Firm Delivery Charge for all firm volumes of 3.7310 cents per m³,

(ii) A Monthly Interruptible Delivery Charge for all interruptible volumes to be negotiated between the company and the customer not to exceed 9.2249 cents per m³ and not to be less than 6.0992 per m³.

- d) Gas Supply Charge (if applicable)

See Schedule A.

- e) Overrun Gas Charges:

Overrun gas is available without penalty provided that it is authorized by the company in advance. The company will not unreasonably withhold authorization.

If, on any day, the customer should take, without the company's approval in advance, a volume of gas in excess of the maximum quantity of gas which the company is obligated to deliver to the customer on such day, or if, on any day, the customer fails to comply with any curtailment notice reducing the customer's take of gas, then,

(i) the volume of gas taken in excess of the company's maximum delivery obligation for such day, or

(ii) the volume of gas taken in the period on such day covered by such curtailment notice (as determined by the company in accordance with its usual practice) in excess of the volume of gas authorized to be taken in such period by such curtailment notice,

as the case may be, shall constitute unauthorized overrun volume.

Any unauthorized firm overrun gas taken in any month shall be paid for at the Rate 3 Firm Delivery Charge in effect at the time the overrun occurs. In addition, the Contract Demand level shall be adjusted to the actual maximum daily volume taken and the Demand Charges stated above shall apply for the whole contract year, including retroactively, if necessary, thereby requiring recomputation of bills rendered previously in the contract year.

Any unauthorized interruptible overrun gas taken in any month shall be paid for at the Rate 1 Delivery Charge in effect at the time the overrun occurs plus any Gas Supply Charge applicable.

For any unauthorized overrun gas taken, the customer shall, in addition, indemnify the company in respect of any penalties or additional costs imposed on the company by the company's suppliers, any additional gas cost incurred or any sales margins lost as a consequence of the customer taking the unauthorized overrun volume.

2. In negotiating the Monthly Interruptible Commodity Charge referred to in 1(c)(ii) above, the matters to be considered include:

- a) The volume of gas for which the customer is willing to contract;
- b) The load factor of the customer's anticipated gas consumption, the pattern of annual use, and the minimum annual quantity of gas which the customer is willing to contract to take or in any event pay for;
- c) Interruptible or curtailment provisions;
- d) Competition.

3. In each contract year, the customer shall take delivery from the company, or in any event pay for it if available and not accepted by the customer, a minimum volume of gas as specified in the contract between the parties. Overrun volumes will not contribute to the minimum volume. The rate applicable to the shortfall from this minimum shall be 3.3853 cents per m³ for firm gas and 5.7536 cents per m³ for interruptible gas.

4. The contract may provide that the Monthly Demand Charge specified in Rate Section 1 above shall not apply on all or part of the daily contracted firm demand used by the customer during the testing, commissioning, phasing in, decommissioning and phasing out of gas-using equipment for a period not to exceed one year (the transition period). In such event, the contract will provide for a Monthly Firm Delivery Commodity Charge to be applied on such volume during the transition of 6.3515 cents per m³ and a gas supply commodity charge as set out in Schedule A, if applicable. Gas purchased under this clause will not contribute to the minimum volume.

Bundled Direct Purchase Delivery

Where a customer elects under this rate schedule to directly purchase its gas from a supplier other than NRG, the customer or their agent, must enter into a Bundled T-Service Receipt Contract with NRG for delivery of gas to NRG. Bundled T-Service Receipt Contract rates are described in rate schedule BT1. The gas supply charge will not be applicable to customers who elect said Bundled T transportation service.

Unless otherwise authorized by NRG, customers who are delivering gas to NRG under direct purchase arrangements must obligate to deliver said gas at a point acceptable to NRG, and must acquire and maintain firm transportation on all pipeline systems upstream of Ontario.

Delayed Payment Penalty

When payment is not made in full by the due date noted on the bill, which date shall not be less than 16 calendar days after the date of mailing, hand delivery or electronic transmission of the bill, the balance owing will be increased by 1.5%. Any balance remaining unpaid in subsequent months will be increased by a further 1.5% per month. The minimum delayed payment penalty shall be one dollar (\$1.00).

Effective: January 01, 2007

Implementation: All bills rendered on or after January 01, 2007

EB-2006-0503

NATURAL RESOURCE GAS LIMITED

RATE 4 - General Service Peaking

Rate Availability

The entire service area of the company.

Eligibility

All customers whose operations, in the judgment of Natural Resource Gas Limited, can readily accept interruption and restoration of gas service with 24 hours notice.

Rate

For all gas consumed from:	April 1 through December 31:	January 1 through March 31:
a) Monthly Fixed Charge	\$12.75	\$12.75
b) Delivery Charge		
First 1,000 m ³ per month	14.4501 cents per m ³	18.5648 cents per m ³
All over 1,000 m ³ per month	10.3477 cents per m ³	16.6254 cents per m ³
c) Gas Supply Charge (if applicable)	Schedule A	Schedule A

Meter Readings

Gas consumption by each customer under this rate schedule shall be determined by monthly meter reading provided that in circumstances beyond the control of the company such as strikes or non-access to a meter, the company may estimate the consumption each month as of the scheduled date of the regular monthly meter reading and render a monthly bill to the customer thereof.

Delayed Payment Penalty

When payment is not made in full by the due date noted on the bill, which date shall not be less than 16 calendar days after the date of mailing, hand delivery or electronic transmission of the bill, the balance owing will be increased by 1.5%. Any balance remaining unpaid in subsequent months will be increased by a further 1.5% per month. The minimum delayed payment penalty shall be one dollar (\$1.00).

Bundled Direct Purchase Delivery

Where a customer elects under this rate schedule to directly purchase its gas from a supplier other than NRG, the customer or their agent, must enter into a Bundled T-Service Receipt Contract with NRG for delivery of gas to NRG. Bundled T-Service Receipt Contract rates are described in rate schedule BT1. The gas supply charge will not be applicable to customers who elect said Bundled T transportation service.

Unless otherwise authorized by NRG, customers who are delivering gas to NRG under direct purchase arrangements must obligate to deliver said gas at a point acceptable to NRG, and must acquire and maintain firm transportation on all pipeline systems upstream of Ontario.

Effective: January 01, 2007

Implementation: All bills rendered on or after January 01, 2007

EB-2006-0503

NATURAL RESOURCE GAS LIMITED

RATE 5 - Interruptible Peaking Contract Rate

Rate Availability

Entire service area of the company.

Eligibility

A customer who enters into a contract with the company for the purchase or transportation of gas:

- a) for a minimum term of one year;
- b) that specifies a daily contracted demand for interruptible service of at least 700 m³; and
- c) a qualifying annual volume of at least 50,000 m³.

Rate

1. Bills will be rendered monthly and shall be the total of:

a) A Monthly Customer Charge:

A Monthly Customer Charge of \$150.00.

b) A Monthly Delivery Charge:

A Monthly Delivery Charge for all interruptible volumes to be negotiated between the company and the customer not to exceed 8.8345 cents per m³ and not to be less than 5.7192 per m³.

c) Gas Supply Charge (if applicable)

See Schedule A.

d) Overrun Gas Charge:

Overrun gas is available without penalty provided that it is authorized by the company in advance. The company will not unreasonably withhold authorization.

If, on any day, the customer should take, without the company's approval in advance, a volume of gas in excess of the maximum quantity of gas which the company is obligated to deliver to the customer on such day, or if, on any day, the customer fails to comply with any curtailment notice reducing the customer's take of gas, then

- (i) the volume of gas taken in excess of the company's maximum delivery obligation for such day, or
- (ii) the volume of gas taken in the period on such day covered by such curtailment notice (as determined by the company in accordance with its usual practice) in excess of the volume of gas authorized to be taken in such period by such curtailment notice,

as the case may be, shall constitute unauthorized overrun volume.

Any unauthorized overrun gas taken in any month shall be paid for at the Rate 1 Delivery Charge in effect at the time the overrun occurs plus any applicable Gas Supply Charge.

For any unauthorized overrun gas taken, the customer shall, in addition, indemnify the company in respect of any penalties or additional costs imposed on the company by the company's suppliers, any additional gas cost incurred or any sales margins lost as a consequence of the customer taking the unauthorized overrun volume.

2. In negotiating the Monthly Interruptible Commodity Charge referred to in 1(c) above, the matters to be considered include:

a) The volume of gas for which the customer is willing to contract;

- b) The load factor of the customer's anticipated gas consumption and the pattern of annual use and the minimum annual quantity of gas which the customer is willing to contract to take or in any event pay for;
- c) Interruptible or curtailment provisions;
- d) Competition.

3. In each contract year, the customer shall take delivery from the company, or in any event pay for it if available and not accepted by the customer, a minimum volume of gas of 50,000 m³. Overrun volumes will not contribute to the minimum volume. The rate applicable to the shortfall from this annual minimum shall be 5.9604 cents per m³ for interruptible gas.

Bundled Direct Purchase Delivery

Where a customer elects under this rate schedule to directly purchase its gas from a supplier other than NRG, the customer or their agent, must enter into a Bundled T-Service Receipt Contract with NRG for delivery of gas to NRG. Bundled T-Service Receipt Contract rates are described in rate schedule BT1. The gas supply charge will not be applicable to customers who elect said Bundled T transportation service.

Unless otherwise authorized by NRG, customers who are delivering gas to NRG under direct purchase arrangements must obligate to deliver said gas at a point acceptable to NRG, and must acquire and maintain firm transportation on all pipeline systems upstream of Ontario.

Delayed Payment Penalty

When payment is not made in full by the due date noted on the bill, which date shall not be less than 16 calendar days after the date of mailing, hand delivery or electronic transmission of the bill, the balance owing will be increased by 1.5%. Any balance remaining unpaid in subsequent months will be increased by a further 1.5% per month. The minimum delayed payment penalty shall be one dollar (\$1.00).

Effective: January 01, 2007

Implementation: All bills rendered on or after January 01, 2007

EB-2006-0503

NATURAL RESOURCE GAS LIMITED

SCHEDULE A – Gas Supply Charges

Rate Availability

Entire service area of the company.

Eligibility

All customers served under Rates 1, 2, 3, 4 and 5.

Rate

The Gas Supply Charge applicable to all sales customers shall be made up of the following charges:

PGCVA Reference Price	(EB-2006-0503)	35.5763 cents per m3
GPRA Recovery Rate	(EB-2006-0503)	(0.4299) cents per m3
Gas Commodity Recovery (1)	(RP-2004-0167 / EB-2004-0413)	0.8230 cents per m3
System Gas Fee	(EB-2005-0544)	<u>0.1828</u> cents per m3
Total Gas Supply Charge		36.1522 cents per m3

Note:

PGCVA means Purchased Gas Commodity Variance Account

GPRA means Gas Purchase Rebalancing Account

(1) RP-2002-0147/EB-2004-0004 Decision and Order dated April 19, 2004

Effective: January 01, 2007

Implementation: All bills rendered on or after January 01, 2007

EB-2006-0503

NATURAL RESOURCE GAS LIMITED

RATE BT1 – Bundled Direct Purchase Contract Rate

Availability

Rate BT1 is available to all customers or their agent, who enter into a Receipt Contract for delivery of gas to NRG. The availability of this option is subject to NRG obtaining a satisfactory agreement or arrangement with Union Gas and NRG's gas supplier for direct purchase volume and DCQ offsets.

Eligibility

All customers electing to purchase gas directly from a supplier other than NRG must enter into a Bundled T-Service Receipt Contract with NRG either directly or through their agent, for delivery of gas to NRG at a mutually acceptable delivery point.

Rate

For gas delivered to NRG at any point other than the Ontario Point of Delivery, NRG will charge a customer or their agent, all approved tolls and charges incurred by NRG to transport the gas to the Ontario Point of Delivery.

Note:

Ontario Point of Delivery means Dawn or Parkway on the Union Gas System as agreed to by NRG and NRG's customer or their agent.

Effective: January 01, 2007

Implementation: All bills rendered on or after January 01, 2007

EB-2006-0503

APPENDIX "B"

TO

BOARD ORDER EB-2006-0503

DATED DECEMBER XX, 2006

**Kirsten Walli
Board Secretary**

NATURAL RESOURCE GAS LIMITED

Accounting Entries for the Purchased Gas Commodity Variance Account

Note: Account numbers are in accordance with the Uniform System of Accounts for Gas Utilities, Class A, prescribed under the Ontario Energy Board Act.

Debit/Credit - Account No. 179-27
 Purchased Gas Commodity Variance Account (PGCVA)

Credit/Debit - Account No. 623
 Gas Purchases

To record monthly as a debit (credit) in Deferral Account No. 179-27 (PGCVA) the difference between the unit cost of all gas commodity purchased by NRG each month including local production and NRG's weighted average cost of gas, the latter being \$0.355763 per m³ approved for rate making purposes effective January 1, 2007.

Debit/Credit - Account No. 179-28
 Interest on PGCVA

Credit/Debit - Account No. 323
 Other Interest Expense

To record monthly as a debit (credit) in Deferral Account No. 179-28 (PGCVA), simple interest on the balance in Account No. 179-27. Such interest shall be computed monthly on the opening balance in the account at the Board approved short-term debt rate and shall not be compounded.

APPENDIX "C"

TO

BOARD ORDER EB-2006-0503

DATED DECEMBER XX, 2006

Kirsten Walli
Board Secretary

IMPORTANT INFORMATION ABOUT YOUR GAS BILL

On all bills rendered by NRG on or after January 1, 2007, the price we charge for the gas commodity and transportation portion of your bill will be decreasing by \$.045876 per cubic meter to \$.361522 per cubic meter. The Ontario Energy Board (OEB) has approved this decrease to reflect the prices that NRG expects that it will be paying to its gas suppliers through to the end of January 2007. On your gas bill this cost is on the line entitled "Gas Commodity".

As a regulated utility, NRG is permitted to recover what it pays for the purchase of gas plus any costs reasonably associated with this purchase but with no mark up or 'profit'. The price the utility charges you is based on the forecasted gas and transportation costs to NRG, which are periodically reviewed by the OEB and reconciled with actual costs. The gas commodity portion gets adjusted regularly throughout the year as the price of the gas commodity changes.

How will this price increase impact you? That will depend on the amount of gas that you use. For a typical residential customer who consumes 2,000 cubic meters of gas annually, this price change will cause your annual heating costs to decrease by approximately \$91.75 per year. For customers who have arranged to have their gas supplied by a gas marketer/broker, the price may or may not change depending on the terms of the contract the customer has with the gas marketer/broker.

If you have any questions about this rate change, please do not hesitate to contact us at 519-773-5321. We thank you for continuing to make natural gas your fuel of choice.