



RP-2002-0147

EB-2002-0446

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c.15, Schedule 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 and transmission of gas commencing October 1,
2002 and commencing October 1, 2003.

BEFORE:

Paul Vlahos
Presiding Member

Sally Zerker
Member

Art Birchenough
Member

**RATE ORDER
2003 & 2004 FISCAL YEARS**

Natural Resource Gas Limited (“NRG”) filed an application dated December 17, 2002 (the “Application”) with the Ontario Energy Board (the “Board”) under section 36 of the Ontario Energy Board Act, 1998, c. 15, Schedule B (the “Act”) for an order or orders approving or fixing just and reasonable rates and other charges for the sale and distribution of gas for its fiscal 2003 test year commencing October 1, 2002 (the “2003 Test Year”), and for its fiscal 2004 test year commencing October 1, 2003 (the “2004 Test Year”).

An oral hearing was held in Toronto on May 26, 27 and 28, 2003, following which the Board issued its Decision with Reasons dated June 27, 2003. In the decision, the Board directed the Company to, among other things, file financial schedules reflecting the Board’s findings. The Company having submitted this information, the Board finds that:

- a) NRG's rate base for its 2003 test year is \$9,520,720; 12
- b) the appropriate overall rate of return on rate base for the 2003 test year is 9.89%, including a return on equity of 9.69%; 13
- c) NRG has a delivery related revenue sufficiency of \$124,253 for the 2003 test year; 14
- d) NRG's rate base for its 2004 test year is \$9,616,333; 15
- e) the appropriate overall rate of return on rate base for the 2004 test year is 9.36%, including a return on equity of 9.72%; 16
- f) NRG has a delivery related revenue sufficiency of \$219,549 for the 2004 test year. 17

The financial schedules for the 2003 test year are found in Appendix "A" [oeb:12SFZ-0:1]. The financial schedules for the 2004 test year are found in Appendix "B" [oeb:12SFZ-0:1]. 18

THE BOARD THEREFORE ORDERS THAT: 19

- 1 The rates and other charges set forth in the rate schedules in Appendix "C" [oeb:12SFZ-0:1] of this order are hereby declared final for fiscal 2003. The 2003 delivery-related rates shall be effective October 1, 2002 and implemented in the first billing cycle of August, 2003. 20
- 2 The rates and other charges set forth in the rate schedules in Appendix "D" [oeb:12SFZ-0:1] of this order are approved and shall apply to all gas taken or considered to have been taken on or after October 1, 2003. 21
- 3 With the first bill implementing the fiscal 2003 rates and charges resulting from this Rate Order, NRG shall send to each customer the appropriate notices set forth in Appendix "E" [oeb:12SFZ-0:1]. 22
- 4 With the first bill implementing the fiscal 2004 rates and charges resulting from this Rate Order, NRG shall send to each customer the appropriate notices set forth in Appendix "F" [oeb:12SFZ-0:1]. 23
- 5 The one-time adjustments to customers' bill flowing from the new 2003 delivery-related rates being implemented subsequent to October 1, 2002 are shown in Appendix "G" [oeb:12SFZ-0:1]. 24
- 6 NRG shall continue the Purchased Gas Commodity Variance Account ("PGCVA") with the reference price of \$0.307779 per m³ as established in EB- 2003-0061 Rate Order dated April 24, 2003 and as set forth in Appendix "H" [oeb:12SFZ-0:1]. NRG shall continue to record simple interest on 25

the monthly opening balances, calculated at the Board-approved short-term debt rate of 6.17% for fiscal 2003 and fiscal 2004.

- 7 NRG shall continue the Purchased Gas Transportation Variance Account (“PGTVA”) with a reference price of \$0.022739 per m³ for fiscal 2003 and a reference price of \$0.018789 per m³ for fiscal 2004, as set forth in Appendix “H” [oeb:12SFZ-0:1]. NRG shall record simple interest on the monthly opening balances, calculated at the Board-approved short-term debt rate of 6.17% for fiscal 2003 and fiscal 2004. 26
- 8 NRG shall maintain the Regulatory Expenses Deferral Account (“REDA”) as set forth in Appendix “H” [oeb:12SFZ-0:1]. NRG shall record simple interest on the monthly opening balances, calculated at the Board-approved short-term debt rate of 6.17% for fiscal 2003 and fiscal 2004. 27
- 9 The following accounts shall be closed: 28
- 9.1 the Direct Purchase Administration Deferral Account (“DPADA”). NRG shall first transfer the fiscal 2002 year-end balance to its 2003 cost of service. 29
- 9.2 the Land and Building Purchase Deferral Account (“LBPDA”). NRG shall first transfer the fiscal 2002 year-end balance to the 2003 rate base. 30
- 9.3 the Amended Late Payment Policy Variance Account (“ALPPVA”). No disposition is required. 31

DATED at Toronto, July 28, 2003 32

ONTARIO ENERGY BOARD 33

Paul B. Pudge
Board Secretary