



RP-2004-0167
EB-2004-0253
EB-2004-0509

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 for the 2005 fiscal year commencing October 1, 2004;

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 January 1, 2005.

RATE ORDER

Natural Resource Gas Limited ("NRG", the "Utility" or the "Applicant") filed an application dated June 24, 2004 (the "Application") with the Ontario Energy Board (the "Board") under section 36 of the *Ontario Energy Board Act*, 1998, S.O. c. 15, Schedule B, as amended, for an order or orders of the Board approving or fixing rates for the 2005 fiscal year, commencing October 1, 2004.

An oral hearing was held in Toronto on October 14 and October 15, 2004, following which the Board issued its Decision with Reasons dated December 20, 2004. 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 2005 test year is \$9,271,494;
- b) the appropriate overall rate of return on rate base for the 2005 test year is 8.32%, including a return on equity of 9.57%;
- c) NRG has a delivery related revenue deficiency of \$9,509 for the 2005 test year.

The financial schedules for the 2005 test year are found in Appendix "A".

The Board also directed NRG to file a draft rate order that combined the changes from this Decision (EB-2004-0253) and the decision in the Quarterly Review Adjustment Mechanism (EB-2004-0509) proceeding.

THE BOARD THEREFORE ORDERS THAT:

1. The rates and other charges set forth in the rate schedules in Appendix "B" of this order, with the exception of the gas supply charge, but including the system gas fee, are approved and shall apply to all gas taken or considered to have been taken on or after October 1, 2004.
2. The gas supply charge, excluding the system gas fee, set forth in the rate schedules in Appendix "B" of this order is approved and shall apply to all gas consumed or considered to have been consumed on or after January 1, 2005.
3. With the first bill implementing the fiscal 2005 rates and charges resulting from this Rate Order, NRG shall send to each customer the appropriate notices set forth in Appendix "C".

4. NRG shall file a report documenting all available alternatives that reduce regulatory burden or support a multi-year test period, or both. This report is to be filed no later than January 31, 2005. The report must include an implementation plan for the preferred alternative - including a proposed filing schedule that would provide the Board with sufficient time both to complete an appropriate regulatory review and to set rates on a prospective basis.
5. NRG shall continue the Purchased Gas Commodity Variance Account ("PGCVA") and increase the reference price for use in determining the amounts to be recorded in the PGCVA (Account No. 179-27) to \$0.333565 per cubic meter, effective January 1, 2005, as shown in Appendix "D". NRG shall continue to record simple interest on the monthly opening balances, calculated at the Board-approved short-term debt rate.
6. NRG shall increase the gas supply charge by \$0.018256 per cubic meter from \$0.325349 per cubic meter to \$0.343605 per cubic meter for all gas bills rendered after January 1, 2005.
7. NRG shall continue the Purchased Gas Transportation Variance Account ("PGTVA") with a reference price of \$0.021848 per cubic meter, as set forth in Appendix "D". NRG shall continue to record simple interest on the monthly opening balances, calculated at the Board-approved short-term debt rate.
8. NRG shall maintain the Regulatory Expenses Deferral Account ("RED") as set forth in Appendix "D". NRG shall continue to record simple interest on the monthly opening balances, calculated at the Board-approved short-term debt rate.
9. NRG shall continue the Gas Purchase Rebalancing Account ("GPRA") as set forth in Appendix "D". NRG shall continue to record simple interest on the

monthly opening balances, calculated at the Board-approved short-term debt rate.

10. NRG shall establish the Gas Cost Difference Recovery Variance Account (“GCDRVA”) as set forth in Appendix “D”. NRG shall record simple interest on the monthly opening balances, calculated at the Board-approved short-term debt rate.

DATED at Toronto, December 31, 2004.

ONTARIO ENERGY BOARD

John Zych
Board Secretary