



EB-2008-0051

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 to dispose of
balances in the non-commodity related deferral accounts as
of September 30, 2007;

BEFORE: Ken Quesnelle
Presiding Member

Paul Vlahos
Member

DECISION AND ORDER

Natural Resource Gas Limited (“NRG” or the “Company”) filed an application, dated September 3, 2008, with the Ontario Energy Board (the Board”) under section 36 of the *Ontario Energy Board Act, S.O. 1998, c.15, Schedule B* to dispose of non-commodity related deferral accounts. The Board has assigned file number EB-2008-0051 to the application.

The Board issued its Notice of Written Hearing and Procedural Order No. 1 on October 2, 2008. The Notice was provided to all participants in the most recent NRG main rates hearing (Board File No. EB-2005-0544) and the Board adopted these participants as parties to this proceeding. The Procedural Order set October 30, 2008 as the date for parties’ argument and November 5, 2008 as the date for NRG’s reply argument. NRG

submitted its Argument-in-Chief on October 24, 2008. None of the other parties provided argument.

The Company has applied to the Board for an order to dispose of balances in certain non-commodity related deferral accounts, accumulated as of the end of its fiscal 2007 year, September 30, 2007. NRG requested an order concerning the following non-commodity variance/deferral accounts in its fiscal 2007: Purchase Gas Transportation Variance Account ("PGTVA"), the Regulatory Expense Deferral Account ("REDA") and the Gas Cost Difference Recovery Variance Account ("GCDRVA"). The proposed disposition would have the effect of a one-time rebate to all customers in proportion to their actual fiscal 2007 delivery volumes.

The PGTVA has a credit balance of \$47,728.99 including interest, as of September 30, 2007. NRG proposed to clear this balance by way of a one-time rebate to all customers based on their actual fiscal 2007 delivery volumes. Based on the actual system delivery volumes of 22,820,706 m³, the rebate was calculated at \$0.002091 per m³ delivered in fiscal 2007 for all customers. NRG proposed to continue the PGTVA in fiscal 2008 and continue to record the differences between the unit cost of all gas transportation purchased by NRG each month and NRG's weighted average cost of all gas transportation, as approved by the Board in EB-2005-0544.

The balance in the REDA account as of September 30, 2007 was a debit of approximately \$160, including interest. NRG proposed to not recover this minor balance at this time. NRG proposed that this account be continued to record the cost to NRG of the various generic regulatory matters that have and may arise from the Board's Business Plan, such as incentive regulation and the review of the commodity pricing, load balancing and cost allocation (EB-2008-0106) process currently underway.

The GCDRVA was established in the RP-2004-0167 proceeding to collect an amount of \$531,794. The shortfall arose as a result of an error in the calculation of NRG's Purchased Gas Commodity Variance Account ("PGCVA") during the period October 1, 2002 to December 1, 2003. During this time the PGCVA did not fully account for the difference between actual gas costs and the gas costs reflected in rates. In the RP-2002-0147/EB-2004-0004 proceeding, the Board authorized NRG to collect this amount over the three-year period, fiscal 2005 through fiscal 2007. At the end of this three-year period, the GCDRVA had a debit balance of \$27,261.19. In the EB-2007-0734 QRAM decision, the Board approved the discontinuation of the collection of this gas commodity

recovery charge effective October 1, 2007. As part of that application NRG proposed to transfer the outstanding debit as of September 30, 2007 to the opening balance of the PGCVA effective October 1, 2007. As part of the EB-2007-0927 QRAM application, NRG confirmed that this had been done. The balance in the GCDRVA as of September 30, 2007 has been transferred to the PGCVA and is being recovered through that mechanism. Further, the GCDRVA is no longer required, as the commodity recovery charge was discontinued as of the end of fiscal 2007. NRG has therefore proposed that the GCDRVA be closed.

The Board finds the Company's proposals reasonable and approves them.

THE BOARD ORDERS THAT:

1. The credit balance in the Purchase Gas Transportation Variance Account shall be cleared to customers as a one-time rebate to all customers in proportion to their final fiscal 2007 delivery volumes at the unit rates shown in Appendix "A". The rebate shall be reflected in customers' bills within two months of the date of the Board's Order in this proceeding.
2. The Regulatory Expense Deferral Account shall be continued.
3. The Gas Cost Difference Recovery Variance Account shall be closed effective the date of this Order.

DATED at Toronto, November 17, 2008

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

APPENDIX "A"

BOARD FILE NO. EB-2008-0051

DATED: November 17, 2008

Rebate Unit Rates¹

Rate Class	Rebate per m³
Rate 1	\$0.002091
Rate 2	\$0.002091
Rate 3	\$0.002091
Rate 4	\$0.002091
Rate 5	\$0.002091

¹ The one-time rebate rates listed in this schedule relate to the clearance of the Purchased Gas Transportation Variance Account ("PGTVA") and will apply to all customers in proportion to their final fiscal 2007 (October, 2006 through September, 2007) delivery volumes. The rebate shall be reflected in customers' bills within two months of the date of the Board's Order in this proceeding.