Natural Gas Resource Limited
39 Beech Street East
Aylmer, ON
N5H 1A1

July 12, 2013

Ms. Kirstin Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Re: 2013 IRM Application EB-2013-0183

Dear Ms. Walli:

Natural Gas Resource Limited ("NRG") hereby files its response to interrogatories for the 2013 IRM application for rates effective October 1, 2013.

This document is being filed pursuant to the Board's e-Filing Services.

Yours Truly,

Laurie O'Meara

Laurie O'Meara

Controller

1.0 - Board Staff - 1.0 Interruptible Peaking Contract Rate

1. Ref: E1.1 Proposed Distribution Rates, Page 12 of 30

Natural Resource Gas Limited ("NRG") has provided the proposed distribution tariffs. In case of Rate 5, Interruptible Peaking Contract Rate, NRG has provided a rate of 7.0069 cents per m3 as a placeholder rate for average application. Please explain the meaning of placeholder rate. Also, please provide the range of the proposed distribution rate for this rate class.

NRG Response:

The placeholder rate is to approximate the level of revenue to be generated by this rate class for purposes of rate setting. For ease of application this was determined as the value to be charged for gas volume overruns per the description contained in NRG's tariff sheet. See Attachment 1 to this interrogatory.

The range for the distribution rate for this rate class is noted in Attachment 1 tariff sheet.

> *A Monthly Delivery Charge for all interruptible volumes to be negotiated between the company and the customer not to exceed 8.4612 cents per m3 and not to be less than 5.4612 per m3.*

Attachment 1 of 1

Attachment 1 - RATE 5 - Interruptible Peaking Contract Rate

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 m^3; and
c) a qualifying annual volume of at least 50,000 $m^{3.}$

Rate

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

a) Monthly Fixed Charge $150.00.

Rate Rider for Shared Tax Savings - effective until September 30, 2013	$(6.04)
Rate Rider for Deferred Revenue Recovery - effective until September 30, 2013	$9.73

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 8.4612 cents per m^3 and not to be less than 5.4612 per m^3.

c) Gas Supply Charge and System Gas Refund Rate Rider (if applicable) 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 m^3. Overrun volumes will not contribute to the minimum volume. The rate applicable to the shortfall from this annual minimum shall be 6.7966 cents per m^3 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: October 01, 2012
Implementation: All bills rendered on or after April 01, 2013
EB-2012-0342

1.0 - IGPC - 1.0 Off-Ramps

Preamble:

The IRM mechanism provides for an off-ramp in certain circumstances and NRG has not provided any information regarding the financials and whether the off-ramp should be applied. The off-ramp is based upon the return on equity calculation.

Reference:

Excerpt from Settlement Agreement, page 6.

Questions:

a) For the most recent completed fiscal year, please provide a copy of the audited financial statements.

NRG Response:

NRG files its audited financial statements with the OEB in accordance with the Reporting and Record-Keeping Requirements (RRR) for Natural Gas Utilities. This filing is also in accordance with the Settlement Agreement in EB-2010-0018 (see response to (e) below).

b) Provide any interim financial statements for the current fiscal year.

NRG Response:

NRG respectfully suggests this is beyond the scope of an IRM adjustment application.

c) Provide forecast financial statements for the fiscal year covered by this IRM Application.

NRG Response:

NRG respectfully suggests this is beyond the scope of an IRM adjustment application.

d) What is the applicable OEB permitted return-on-equity?

NRG Response:

NRG's applicable OEB permitted return-on-equity from its 2010 COS application was 9.85%.

e) What is the calculated return-on-equity for the most recent completed fiscal year? Please provide a detailed calculation showing the calculation.

NRG Response:

As noted in the response to (a) above, NRG's obligations with respect to off-ramps is to file its audited financial statements (which it does, as noted in our response to (a)). Based on those financial statements, the Parties to the Settlement Agreement (including IGPC) agreed that "a review will be carried out by the Board to determine if further action by the Board is required." See "Off-Ramps" section of the Settlement Agreement (bottom of page 6).

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f) What is the forecasted return-on-equity for the current fiscal year? Please provide a detailed calculation showing the calculation.

NRG Response:

This is an IRM adjustment application, and NRG respectfully suggests that forecasting ROE or over- or under-earnings is beyond the scope of this application.

g) What is the forecast return-on-equity for the fiscal year during the IRM period?

NRG Response:

This is an IRM adjustment application, and NRG respectfully suggests that forecasting ROE or over- or under-earnings is beyond the scope of this application.

h) What have been the changes to Operations, Maintenance and Administration costs from the amounts approved in EB-2010-0018?

NRG Response:

NRG respectfully suggests this is beyond the scope of an IRM adjustment application. NRG manages its global OM&A budget (approved by the Board) as any prudent business would.

i) Has there been any significant (>$25,000) increase in the costs of NRG from any related party? For this question, we are not interested in purchases of gas from related parties. If the answer is "yes", please provide a detailed explanation.

NRG Response:

NRG respectfully suggests this is beyond the scope of an IRM adjustment application.

j) Please confirm there have been no Z-factor events to date.

NRG Response:

Confirmed. NRG is obligated to bring forward Z-factor claims in accordance with the Settlement Agreement (i.e., within six months of any Z-factor event).