



EB-2006-0213

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, pursuant to section 36 (1) of the *Ontario Energy Board Act, 1998*, 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 October 1, 2006;

AND IN THE MATTER OF the quarterly rate adjustment mechanism approved by the Ontario Energy Board.

BEFORE: Ken Quesnelle
Presiding Member

DECISION AND ORDER

Natural Resource Gas Limited (“NRG”) filed an application with the Ontario Energy Board on September 12, 2006, for an order or orders approving or fixing just and reasonable rates for the sale and distribution of gas commencing October 1, 2006 (the “Application”). In particular, NRG’s application requested:

- An order increasing the reference price for use in determining amounts to be recorded in the Purchased Gas Commodity Variance Account (“PGCVA”) by \$0.023492 per m³ from the Board approved level of \$0.384383 per m³ to \$0.407875 per m³;
- An order increasing the gas supply charge by \$0.023979 per m³ from the Board approved level of \$0.383419 per m³ to \$0.407398 per m³. This increase is the sum of the increase related to the change in the PGCVA reference price and the

change required to prospectively clear the balance in the Gas Purchase Rebalancing Account (“GPRA”). This change also includes an increase of \$0.000669 per m³ in the system gas fee (from \$0.001159 per m³ to \$0.001828 per m³) that was approved in the 2007 Main Rates Case Decision (EB-2005-0544) issued on September 20, 2006.

NRG has provided written evidence in support of the proposed changes contained in the Application. The Application and pre-filed evidence have been provided by NRG to all parties of record in the main rates proceeding EB-2005-0544.

The Board issued a Notice of Written Hearing and Procedural Order No. 1 on September 12, 2006, allowing parties of record to file interrogatories and submissions. Board staff submitted questions on September 14, 2006 asking NRG the reasons for the increase in commodity charges when other utilities have made no changes or decreased the commodity rates as part of their October QRAM application. NRG responded with their answers on September 19, 2006 citing higher debit balances in the PGCVA account that need to be recovered on a prospective 12-month basis. NRG also cited the fact that as it is a direct purchase customer on the Union Gas system, it is unable to take advantage of lower prices in summer by purchasing and putting gas in storage.

The Board has considered the evidence and finds that it is appropriate to adjust NRG’s rates effective October 1, 2006 to reflect the projected changes in gas costs and prospective recovery of the projected twelve-month balances of the gas supply deferral accounts for the period ending September 30, 2007. The Board also finds that it is appropriate to adjust NRG’s reference prices to reflect the projected changes in gas costs. The revised schedules include changes to delivery and gas supply charges approved in NRG’s 2007 Rates Case Decision with Reasons (EB-2005-0544).

Pursuant to section 36(4.1) of the *Ontario Energy Board Act, 1998*, the Board has considered all deferral account balances related to the commodity cost of gas and is adjusting rates, as set out below, to dispose of the forecasted account balance.

THE BOARD ORDERS THAT:

1. The gas supply charge shall be increased by \$0.023979 per m³ from the Board approved level of \$0.383419 per m³ to \$0.407398 per m³ and the rates schedules attached as Appendix "A" are approved effective October 1, 2006.
2. The reference price for use in determining the amounts to be recorded in the PGCVA (Account No. 179-27) shall be increased by \$0.023492 per m³ from the Board approved level of \$0.384383 per m³ to \$0.407875 per m³, as shown in Appendix "B".
3. The customer notice in Appendix "C" shall be given to all customers with the first bill or invoice reflecting the new rates.

Issued at Toronto, September 28, 2006

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

**APPENDIX "A" TO
DECISION AND ORDER
BOARD FILE NO. EB-2006-0213
DATED SEPTEMBER 28, 2006**

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: October 01, 2006

Implementation: All bills rendered on or after October 01, 2006

EB-2006-0213

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: October 01, 2006

Implementation: All bills rendered on or after October 01, 2006

EB-2006-0213

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: October 01, 2006

Implementation: All bills rendered on or after October 01, 2006

EB-2006-0213

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: October 01, 2006

Implementation: All bills rendered on or after October 01, 2006

EB-2006-0213

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

I. 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: October 01, 2006

Implementation: All bills rendered on or after October 01, 2006

EB-2006-0213

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-2006-0213)	40.7875 cents per m ³
GPRA Recovery Rate	(EB-2006-0213)	(1.0535) cents per m ³
Gas Commodity Recovery (1)	(RP-2004-0167 / EB-2004-0413)	0.8230 cents per m ³
System Gas Fee	(EB-2005-0544)	<u>0.1828</u> cents per m ³
Total Gas Supply Charge		40.7398 cents per m ³

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: October 01, 2006

Implementation: All bills rendered on or after October 01, 2006

EB-2006-0213

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: October 01, 2006

Implementation: All bills rendered on or after October 01, 2006

EB-2006-0213

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: October 01, 2006

Implementation: All bills rendered on or after October 01, 2006

RP-2004-0167 / EB-2006-0213

**APPENDIX "B" TO
DECISION AND ORDER
BOARD FILE NO. EB-2006-0213
DATED SEPTEMBER 28, 2006**

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 \$0.407875 per m³ approved for rate making purposes effective October 1, 2006.

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
DECISION AND ORDER
BOARD FILE NO. EB-2006-0213
DATED SEPTEMBER 28, 2006**

IMPORTANT INFORMATION ABOUT YOUR GAS BILL

TO RATE 1 RESIDENTIAL, COMMERCIAL AND INDUSTRIAL CUSTOMERS

The Ontario Energy Board (OEB) has approved a number of changes that are effective October 1, 2006 that are to be charged to Rate 1 customers. These changes affect only the delivery and commodity rates charged by the Company. Under the current system of billing, NRG bills you for a gas supply charge and a delivery charge in addition to the monthly charge. You may have other amounts appearing on your bill for hot water heater rental, work orders and other items.

The gas supply charge is comprised of the purchased cost of the gas commodity, which is a combination of gas purchased in Western Canada and Ontario delivered gas, and the transportation charges incurred to get the gas from Western Canada to Ontario. 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 gas commodity portion gets adjusted regularly throughout the year as the price of the gas commodity changes. Customers receive notices during the year once OEB approves these changes.

The delivery charge includes the cost of load balancing and delivery to you. Some of these costs are dependent upon the amount of gas that you consume, while other costs are fixed. The fixed charge is designed to recover a portion of the fixed costs incurred by the company for providing gas service. These would include items such as insurance, meter reading, system maintenance, property taxes and other costs that the company incurs regardless of the volume of gas delivered to customers. The delivery rates are designed to recover the balance of costs incurred by the company, exclusive of commodity related costs. The Ontario Energy Board has recently approved a change to the delivery rates charged by Natural Resource Gas Limited. For an average residential customer consuming 2,000 cubic meters of gas per year, the adjustments to the monthly and delivery charges will amount to an increase in costs of approximately \$2.09 per year.

These changes are effective for all gas bills rendered after October 1, 2006.

The new rates that are now in effect are as follows.

	Prior Rates	Effective October 1, 2006
Fixed Monthly charge	\$ 9.50	\$ 11.50
First 1,000 m ³ per month	\$0.163901 per m ³	\$0.152990 per m ³
Over 1,000 m ³ per month	\$0.080771 per m ³	\$0.104073 per m ³
Gas supply and transportation	\$0.383419 per m ³	\$0.407398 per m ³

The change in the gas commodity charge will amount to an increase of approximately \$48.18 per year.

The gas supply and transportation charge shown above will continue to apply to those customers who want to have NRG remain as their gas supplier. For customers who choose an alternate gas supplier, the gas supply and transportation charge that appears on your bill will depend on the contract you sign with the alternate supplier.

If you have any questions about the changes in rates or any other item that appears on your bill, please feel free to call our office at 519-773-5321. We would be more than happy to help explain them more fully to you. On behalf of everyone at NRG, we would like to thank you for your business and for choosing to make natural gas your energy of choice.

NATURAL RESOURCE GAS LIMITED

TO RATE 2 SEASONAL CUSTOMERS

The Ontario Energy Board (OEB) has approved a number of changes that are effective October 1, 2006 that are to be charged to Rate 2 customers. These changes affect only the delivery and commodity rates charged by the Company. Under the current system of billing, NRG bills you for a gas supply charge and a delivery charge in addition to the monthly charge. You may have other amounts appearing on your bill for hot water heater rental, work orders and other items.

The gas supply charge is comprised of the purchased cost of the gas commodity, which is a combination of gas purchased in Western Canada and Ontario delivered gas, and the transportation charges incurred to get the gas from Western Canada to Ontario. 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 gas commodity portion gets adjusted regularly throughout the year as the price of the gas commodity changes. Customers receive notices during the year once these changes are approved by the OEB.

The delivery charge includes the cost of load balancing and delivery to you. Some of these costs are dependent upon the amount of gas that you consume, while other costs are fixed. The fixed charge is designed to recover a portion of the fixed costs incurred by the company for providing gas service. These would include items such as insurance, meter reading, system maintenance, property taxes and other costs that the company incurs regardless of the volume of gas delivered to customers. The delivery rates are designed to recover the balance of costs incurred by the company, exclusive of commodity related costs. The Ontario Energy Board has recently approved a change to the delivery rates charged by Natural Resource Gas Limited. For an average seasonal customer consuming 24,000 cubic meters of gas per year, the adjustments to the monthly and delivery charges will amount to an increase in costs of approximately \$474.57 per year.

The new rates that are now in effect are as follows.

	Prior Rates		Effective October 1, 2006	
	April 1 to October 31	November 1 to March 31	April 1 to October 31	November 1 to March 31
Monthly charge	\$ 10.75	\$ 10.75	\$ 12.75	\$ 12.75
First 1,000 m ³ per month	\$.153914 per m ³	\$.185648 per m ³	\$.145000 per m ³	\$.185648 per m ³
Next 24,000 m ³ per month	\$.076929 per m ³	\$.166254 per m ³	\$.100431 per m ³	\$.166254 per m ³
Over 25,000 m ³ per month	\$.041915 per m ³	\$.161952 per m ³	\$.065417 per m ³	\$.161952 per m ³
Gas supply and transportation	\$.383419 per m ³	\$.383419 per m ³	\$.407398 per m ³	\$.407398 per m ³

The change in the gas commodity charge will amount to an increase of approximately \$581.11 per year.

The gas supply and transportation charge shown above will continue to apply to those customers who want to have NRG remain as their gas supplier. For customers who choose an alternate gas supplier, the gas supply and transportation charge that appears on your bill will depend on the contract you sign with the alternate supplier.

If you have any questions about the changes in rates, rate unbundling or any other item that appears on your bill, please feel free to call our office at 519-773-5321. We would be more than happy to help explain it more fully to you. On behalf of everyone at NRG, we would like to thank you for your business and for choosing to make natural gas your energy of choice.

NATURAL RESOURCE GAS LIMITED

TO RATE 3 CONTRACT CUSTOMERS

The Ontario Energy Board (OEB) has approved a number of changes that will be effective October 1, 2006 that are to be charged to Rate 3 customers. These changes affect only the delivery and commodity rates charged by the Company. Under the current system of billing, NRG bills you for a gas supply charge and a delivery charge in addition to the monthly charge. You may have other amounts appearing on your bill for hot water heater rental, work orders and other items. The changes approved by the OEB only affect the amount charged for the delivery charge, the monthly charge and, if any firm service is taken, a monthly demand charge.

Contract customers have the option of obtaining firm service, interruptible service or a combination of both. Regardless of which option is taken, the monthly customer charge will apply. For those customers who elect to obtain firm service for all, or a portion, of their gas supply needs, a monthly demand charge will also apply.

The gas supply charge is comprised of the purchased cost of the gas commodity, which is a combination of gas purchased in Western Canada and Ontario delivered gas, and the transportation charges incurred to get the gas from Western Canada to Ontario. 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 gas commodity portion gets adjusted regularly throughout the year as the price of the gas commodity changes. Customers receive notices during the year once these changes are approved by the OEB.

The delivery charge includes the cost of load balancing and delivery to you. Some of these costs are dependent upon the amount of gas that you consume, while other costs are fixed. The fixed charge is designed to recover a portion of the fixed costs incurred by the company for providing gas service. These would include items such as insurance, meter reading, system maintenance, property taxes and other costs that the company incurs regardless of the volume of gas delivered to customers. The delivery rates are designed to recover the balance of costs incurred by the company, exclusive of commodity related costs. The Ontario Energy Board has recently approved a change to the delivery rates charged by Natural Resource Gas Limited.

The new rates that are now in effect are as follows.

Rate 3 Contract Rate

	Prior Rates	Effective October 1, 2006
Monthly charge	\$ 100.00 firm service \$ 125.00 firm and interruptible service	\$ 150.00 firm service \$ 175.00 firm and interruptible service
Firm delivery charge per m ³	\$.036530	\$.037310
Monthly demand charge per m ³	\$.227470	\$.255904
Interruptible delivery charge per m ³	\$.059412 - \$.089612	\$.060992 - \$.092249
Gas supply and transportation per m ³	\$0.383419 per m ³	\$.407398 per m ³

The gas supply and transportation charge will continue to apply to those customers who want to have NRG remain as their gas supplier. For customers who choose an alternate gas supplier, the gas supply and transportation charge that appears on your bill will depend on the contract that you sign with the alternate supplier.

If you have any questions about the changes in rates or any other charges that appear on your bill, please

feel free to call our office at 519-773-5321. We would be more than happy to help explain it more fully to you. On behalf of everyone at NRG, we would like to thank you for your business and for choosing to make natural gas your energy of choice.

NATURAL RESOURCE GAS LIMITED

TO RATE 4 INDUSTRIAL CUSTOMERS

The Ontario Energy Board (OEB) has approved a number of changes that will be effective October 1, 2006 that are to be charged to Rate 4 customers. These changes affect only the delivery and commodity rates charged by the Company. Under the current system of billing, NRG bills you for a gas supply charge and a delivery charge in addition to the monthly charge. You may have other amounts appearing on your bill for hot water heater rental, work orders and other items. The changes approved by the OEB only affect the amount charged for the delivery charge and the monthly charge.

The gas supply charge is comprised of the purchased cost of the gas commodity, which is a combination of gas purchased in Western Canada and Ontario delivered gas, and the transportation charges incurred to get the gas from Western Canada to Ontario. 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 gas commodity portion gets adjusted regularly throughout the year as the price of the gas commodity changes. Customers receive notices during the year once these changes are approved by the OEB.

The delivery charge includes the cost of load balancing and delivery to you. Some of these costs are dependent upon the amount of gas that you consume, while other costs are fixed. The fixed charge is designed to recover a portion of the fixed costs incurred by the company for providing gas service. These would include items such as insurance, meter reading, system maintenance, property taxes and other costs that the company incurs regardless of the volume of gas delivered to customers. The delivery rates are designed to recover the balance of costs incurred by the company, exclusive of commodity related costs. The Ontario Energy Board has recently approved a change to the delivery rates charged by Natural Resource Gas Limited.

The new rates that are now in effect are as follows.

	Prior Rates		Effective October 1, 2006	
	April 1 to December 31	January 1 to March 31	April 1 to December 31	January 1 to March 31
Monthly charge	\$ 10.75	\$ 10.75	\$ 12.75	\$ 12.75
First 1,000 m ³ per month	\$.153914 per m ³	\$.185648 per m ³	\$.144501 per m ³	\$.185648 per m ³
Over 1,000 m ³ per month	\$.080175 per m ³	\$.166254 per m ³	\$.103477 per m ³	\$.166254 per m ³
Gas supply and transportation	\$.383419 per m ³	\$.383419 per m ³	\$.407398 per m ³	\$.407398 per m ³

The gas supply and transportation charge shown above will continue to apply to those customers who want to have NRG remain as their gas supplier. For customers who choose an alternate gas supplier, the gas supply and transportation charge that appears on your bill will depend on the contract you sign with the alternate supplier.

If you have any questions about the changes in rates or any other charges that appear on your bill, please feel free to call our office at 519-773-5321. We would be more than happy to help explain them more fully to you. On behalf of everyone at NRG, we would like to thank you for your business and for choosing to make natural gas your energy of choice.

NATURAL RESOURCE GAS LIMITED

TO RATE 5 CONTRACT CUSTOMERS

The Ontario Energy Board (OEB) has approved a number of changes that will be effective October 1, 2006 that are to be charged to Rate 5 customers. These changes affect only the delivery and commodity rates charged by the Company. Under the current system of billing, NRG bills you for a gas supply charge and a delivery charge in addition to the monthly charge. You may have other amounts appearing on your bill for hot water heater rental, work orders and other items. The changes approved by the OEB only affect the amount charged for the monthly charge.

The gas supply charge is comprised of the purchased cost of the gas commodity, which is a combination of gas purchased in Western Canada and Ontario delivered gas, and the transportation charges incurred to get the gas from Western Canada to Ontario. 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 gas commodity portion gets adjusted regularly throughout the year as the price of the gas commodity changes. Customers receive notices during the year once these changes are approved by the OEB.

The delivery charge includes the cost of load balancing and delivery to you. Some of these costs are dependent upon the amount of gas that you consume, while other costs are fixed. The fixed charge is designed to recover a portion of the fixed costs incurred by the company for providing gas service. These would include items such as insurance, meter reading, system maintenance, property taxes and other costs that the company incurs regardless of the volume of gas delivered to customers. The delivery rates are designed to recover the balance of costs incurred by the company, exclusive of commodity related costs. The Ontario Energy Board has recently approved a change to the delivery rates charged by Natural Resource Gas Limited.

The new rates that are now in effect are as follows.

	Prior Rates	Effective October 1, 2006
Monthly charge	\$ 100.00	\$150.00
Interruptible delivery charge per m ³	\$0.054612 - \$0.084612	\$0.057192 - \$0.088345
Gas supply and transportation	\$0.383419 per m ³	\$0.407398 per m ³

The gas supply and transportation charge will continue to apply to those customers who want to have NRG remain as their gas supplier. For customers who choose an alternate gas supplier, the gas supply and transportation charge that would appear on your bill depends on the contract that you sign with the alternate supplier.

If you have any questions about the changes in rates or any other charges that appear on your bill, please feel free to call our office at 519-773-5321. We would be more than happy to help explain it more fully to you. On behalf of everyone at NRG, we would like to thank you for your business and for choosing to make natural gas your energy of choice.

NATURAL RESOURCE GAS LIMITED