

EXECUTIVE SUMMARY

This Decision addresses an Application by Natural Resources Gas Limited for a Board Order approving or fixing rates for the 2000 fiscal year commencing October 1, 1999. Based on the rates then in effect, the Company filed evidence indicating an overall 2000 revenue deficiency of \$735,379 (prior to the increase in gas commodity charges approved on December 1, 1999).

On December 1, 1999, the Board issued a EB-1999-0483 Rate Order approving an increase of \$0.033048 per m³ for increased commodity costs.

The Company and intervenors reached a comprehensive Settlement Agreement on the 2000 Revenue Requirement, which resulted in a revenue deficiency of \$721,470.

The Board finds an overall fiscal 2000 revenue deficiency of \$721,470. This revenue deficiency reflects a rate of return on common equity of 9.5% and a Rate Base of \$8,825,149.

The Board believes that fully allocated costing is the appropriate method to segregate costs that are not directly assignable into those allocable to utility operations and those allocable to ancillary programs.

The Board will approve the new rate classes – Rate 4 and Rate 5 – on an interim basis for the 2000 fiscal year. The Board will also approve the proposed changes in Rates 1, 2, and 3. The Board agrees that revenue-to-cost ratios should be at or near one and accepts the revenue-to-cost ratios for 2000.

The Board accepts and approves the proposal in the Settlement Agreement with respect to the Company's application for exemption from certain provisions of the Affiliate Relationships Code for Gas Utilities.

The new rates are effective October 1, 1999. There will be a one-time adjustment to customers' bills to reflect an allowance for the rates not being increased as of the effective date of October 1, 1999. There will also be a one-time bill adjustment to reflect the disposition of the balance in the deferral accounts as agreed in the settlement conference.