



EB-2009-0020

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, 2008.

BEFORE: Paul Vlahos
Presiding Member

Ken Quesnelle
Member

DECISION AND ORDER

The Application

Under section 36 (4.2) of the *Ontario Energy Board Act, S.O. 1998, c.15, Schedule B* (the "Act"), distributors provide information on non-commodity deferral or variance accounts to the Ontario Energy Board ("the Board") for the purpose of making and order as to the disposition of the balances in the accounts.

Natural Resource Gas Limited ("NRG") filed an application under section 36 (4.2) on June 8, 2009 for an order regarding the balances for the fiscal year ended September 30, 2008 in two non-commodity accounts: the Purchase Gas Transportation Variance Account ("PGTVA") and the Regulatory Expense Deferral Account ("REDA"). The Board assigned file number EB-2009-0020 to the application.

The Board issued its Notice of Written Hearing and Procedural Order No. 1 on June 24, 2009 (the "Notice"). The Notice was provided to all participants in the most recent NRG

-2-

main rates hearing (Board File No. EB-2005-0544) and the Board adopted those participants as parties to this proceeding. The Board proceeded by way of written hearing. NRG submitted its Argument-in-Chief on July 20, 2009. Board staff filed its submission on July 23, 2009, and the Integrated Grain Processors Cooperative ("IGPC"), the largest customer of NRG, filed a brief submission on July 24, 2009. No party opposed the application. On July 27, 2009, NRG filed a letter, in which it noted that there was no opposition to the relief sought, and therefore that it would not file a reply submission.

The PGTVA had a debit balance of \$20,316 as of September 30, 2008, including interest. Debit balances are recoverable from customers. NRG sought the disposition of only that portion of the balance attributable to all customers except for IGPC. This would result in returning \$30,593 to all customers, other than IGPC. An average residential customer would see a one-time rebate of \$2.82, based on clearance in proportion to fiscal 2008 delivery volumes. NRG did not propose to recover at this time the \$50,909 debit balance attributable to IGPC. NRG proposed instead that the PGTVA balance attributable to IGPC be carried forward to fiscal 2009. NRG anticipates that the debit balance attributable to IGPC will turn into a credit balance by the end of NRG's 2009 fiscal year. NRG's response to Board staff interrogatory number 1 indicated that the balance as of May 2009 in the PGTVA is already a credit to IGPC in excess of \$90,000. Clearing the debit balance at this time, would result in a larger credit balance for disposition later.. Board staff and IGPC supported NRG's proposal.

The REDA had a debit balance of \$71,831 as of September 30, 2008, including interest. NRG proposed that the \$71,831 debit balance not be cleared at this time as NRG expects to file a cost of service rates application later this year at which time NRG will request the clearance of this account. Parties did not comment on the proposal.

Board Findings

For the reasons set out below, the Board finds that none of the balances in the two accounts should be disposed of at this time.

In view of the changed balance in the PGTVA attributable to IGPC since September 30, 2008, the Board accepts NRG's proposal not to dispose of the PGTVA balance attributable to IGPC at this time.

However, the proposal to return the \$30,593 amount in the PGTVA to all other customers at this time but not to dispose any of the debit balance in the REDA account to the same customers is impractical. Notably the debit balance in the REDA account can only get larger than the September 30, 2008 level. NRG has not provided any rationale for this proposed treatment.

The Board considered combining the \$30,953 credit balance and the \$71,831 debit amount which would have resulted in a net charge to customers of about \$41,000. The Board also considered not disposing of the balances in the two accounts at this time. The Board determined that it would be simpler not disposing of the balances in the two accounts at this time. In so finding, the Board considered that an outstanding combined balance of about \$41,000 for the two accounts is not material for a utility the size of NRG (about \$11 million in annual revenues).

THE BOARD ORDERS THAT:

1. The September 30, 2008 balances in the Purchase Gas Transportation Variance Account and the Regulatory Expense Deferral Account shall not be disposed of at this time.

NRG shall pay any Board costs incidental to this proceeding.

DATED at Toronto, August 10, 2009

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary