

IN THE MATTER OF the *Municipal Franchises Act*, R.S.O. 1980, Chapter 309, as amended;

AND IN THE MATTER OF the renewal of a franchise agreement between Natural Resource Gas Limited and the Corporation of the Town of Aylmer.

ONTARIO ENERGY BOARD

EB-2008-0413

**EVIDENCE OF THE
CORPORATION OF THE TOWN OF AYLMER**

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**IN THE MATTER OF the *Municipal Franchises Act*, R.S.O.
1980, c. 309, as amended;**

**AND IN THE MATTER OF the application by Natural
Resource Gas Limited ("NRG") for a Franchise Agreement
Renewal with the Town of Aylmer.**

TOWN OF AYLMER

PRE-FILED EVIDENCE OF MARGARET HEATHER ADAMS

1. I am the Chief Administrative Officer of The Corporation of the Town of Aylmer (the "Town") and as such have knowledge of the matters herein.

The Municipal Areas Served by NRG and the Franchise Agreements in Place

2. The Town is one of six municipalities that are served by the natural gas distribution system operated by the Applicant, Natural Resource Gas Limited ("NRG").

3. In that regard, the Town is party to a Franchise Agreement dated February 27, 1984 with NRG regarding the supply of natural gas to customers within its area, a copy of which is found at Tab "C-2" of NRG's Exhibit Binder. In addition, I understand that the NRG service area includes all or parts of the areas served by the Corporations of the Townships of Malahide, and South-West Oxford, and of the Municipalities of Bayham, Central Elgin and Thames Centre. NRG has one or more Franchise Agreements with each of these municipalities, each of which have different renewal dates. To the best of the Town's knowledge, information and belief, the relevant renewal dates are as follows:

- a. The Township of Malahide: 2012 and 2014
- b. Corporation of the Municipality of Thames Centre: 2012

- c. The Municipality of Bayham: 2012 and 2015
- d. Corporation of the Township of South-West Oxford: 2013
- e. Corporation of the Municipality of Central Elgin: 2016

4. Attached as **Tab "A"** is a recent NRG System Map which has been provided by NRG to the Town.

5. I understand that the NRG service area is entirely surrounded by franchise areas served by the Intervenor, Union Gas Limited ("Union"), and that NRG is dependent upon Union to supply gas to its service area.

Summary of the Town's Position and Concerns

6. In recent proceedings before the Board, circumstances have arisen which have shaken the confidence of the Town and its constituents in NRG as the incumbent supplier of natural gas to customers within the municipal area of the Town. These concerns relate both to the financial viability of NRG, and to the quality and reliability of its service to customers. The Town has detailed these concerns in its interventions in EB-2006-0243 (Compliance Order dated June 29, 2007, and Order dated March 12, 2008) and EB-2008-0273 (Decision and Order dated November 27, 2008), and in the Town's Submissions in response to the Board's consultation regarding revisions to its Gas Distribution Access Rule (EB-2008-0313).

7. It should be emphasized that these concerns do not originate with the Town of Aylmer or its own corporate interests. Rather, they are concerns raised by NRG's own customers, both individual and industrial/commercial, who have requested that the Town bring them to the attention of the Board forcefully and urgently at this time.

8. The most pertinent of the Town's concerns arising from these recent developments are documented in a comprehensive Report from me to Council, dated October 8, 2008. A copy of

that Report is attached at **Tab “B”**, and a copy of the Resolution of Council dated October 14, 2008 adopting the recommendations set out in that Report is attached at **Tab “C”**.

9. The Town’s position and proposal specifically with respect to renewal of its Franchise Agreement, was developed based on these concerns, and approved by Council on December 15, 2008 and presented to NRG the next day. A copy of my Report to Council dated December 11, 2008, with attached proposed Draft Franchise Agreement, are found at the back of Tab D-1 of NRG’s pre-filed evidence, together with the cover letter enclosing them to NRG dated December 16, 2008, which sets out the Resolution of Council approving this position. That Report, as adopted by Council, set out the following key goals to address these concerns, as follows:

- Ensure the continued supply of cost-effective natural gas to Aylmer
- Ensure that the customer service and security deposit concerns expressed by the residents of Aylmer are dealt with effectively and efficiently
- Respect the role of the Ontario Energy Board as the regulator of monopoly natural gas distributors in Ontario
- Ensure that the economic development opportunities for the community are enhanced by having a supportive natural gas distributor who supplies a cost-effective alternative source of energy
- Repair the negative image of Aylmer in the context of our natural gas distributor
- Restore confidence in and respect for the natural gas distributor by their consumers, other residents and the Town as they put in place a permanent acceptable customer relations policy

10. The Town is generally supported by other municipalities with respect to these goals, and the position it has outlined with regard to NRG as set out in that Report. The Town received specific letters of support from the Municipality of Thames Centre and from the Township of Malahide for these positions, when they were advanced in the Town’s recent intervention before the Board in EB-2008-0273. Copies of these letters are attached at **Tab “D”**.

11. Further, and specific to the Town’s position in this proceeding, the Town has received

further letters and resolutions of support from the Township of Malahide, the Municipality of Bayham and the Township of South West Oxford, copies of which are also included at **Tab “D”**.

12. In summary, the following issues addressed in that Report are pertinent to this proceeding

- (a) Widespread customer complaints about NRG’s quality of service;
- (b) Widespread customer concerns about NRG’s security deposit practices;
- (c) NRG’s rates generally exceed those charged by Union in surrounding areas;
- (d) NRG’s recent poor record of support for new industrial development; and
- (e) NRG’s lack of responsiveness to these concerns.

The Term of the Franchise Agreement Renewal

13. In order to address these concerns in a manner consistent with the goals it has set out, the Town has proposed to renew its Franchise Agreement with NRG, initially, for a term of three years. This term has been chosen for several reasons, principally:

- (a) to allow NRG an opportunity in this time frame to regain the confidence of its customers within the Town as their incumbent gas supplier; and
- (b) to permit the next renewal to come up in 2012, at a time to coincide with the pending renewals of NRG’s Franchise Agreements with the Township of Malahide, the Municipality of Thames Centre, and the Municipality of Bayham.

14. The Town believes that, in order to allow all affected municipalities to consider the full range of alternatives with respect to the future supply of gas in these areas, including the option of renewal with NRG for a longer term, it is important to make provision for the various Franchise Agreements in NRG’s service area to have the same renewal terms. This change will

also enable all of the municipalities to exercise greater collective influence upon NRG, particularly with respect to the quality and reliability of its service to customers.

15. The Town neither intends, nor accepts the concern raised by NRG, in suggesting that this renewal may affect its ability to refinance its long term debts in the interim. I note, first, that NRG itself has been arranging financing on a relatively short term (5-year on-demand) basis and not on anything like a 20-year term. NRG has been able to conclude such arrangements even at times when NRG's Franchise Agreements with the Town and other municipalities have had shorter terms than 5-years remaining prior to renewal. That situation appears to have had no impact on NRG's ability to refinance its debt, or to finance new construction, in 2006 and 2008.

16. The Town believes that the fact that NRG's debt would be fully secured against assets regulated by the Board pursuant to its statutory mandate to regulate in the public interest has been, is, and would remain the strongest assurance of repayment to any existing or new lender to NRG. That mandate includes ensuring continuity of gas supply to customers, as well as the financial viability and quality of service of gas distributors such as NRG.

Requiring NRG to Apply to the Board for a Comprehensive Rate Hearing

17. The second aspect of the Town's proposal in paragraph 1 of Schedule "A" to its proposed Draft Franchise Agreement is that NRG immediately apply to the Board for a comprehensive rate hearing.

18. This arises in part from the concerns that have been raised that NRG's current rates for gas service remain generally higher than those charged by Union in surrounding areas.

19. In addition, however, it is driven by the fact that NRG's rates currently include a significant "return on equity" payable to NRG's shareholders on some \$13,461,418 of

“retractable” Class C shares. As noted in NRG’s most recent 2007 and 2008 Financial Statements, and as recently found by the Board in its Decision and Order in EB-2008-0273, these shares should be shown as a liability (debt) rather than as equity, because they are redeemable and retractable at the option of the shareholders at any time. A copy of NRG’s audited 2008 Financial Statement is attached at **Tab “E”**, and a copy of the Board’s Decision and Order dated November 27, 2008 in EB-2008-0273 is attached at **Tab “F”**.

20. The Town believes that no return on equity should be included in rates in respect of these shares, and that the Board should have the earliest possible opportunity to address that issue.

21. The Town’s concern also arises in part from the general concerns about NRG’s financial viability, as highlighted by the continued qualification in its 2008 financial statements, and by Union’s recent application in EB-2008-0273 as reflected in the Board’s decision.

22. Although NRG is correct that the Town did not formally intervene in the previous rate case in EB-2005-0544, which was decided in 2006, in fact the Mayor and several members of the public did attend the hearing in that case, which was held in Aylmer. In any event, as noted, the Town’s concerns about NRG’s financial viability and customer service have generally arisen since 2005. The Town’s request for an immediate rate hearing in the proposed Draft Franchise Agreement reflects the new circumstances as they have arisen and as they exist, today, and is not based on any historical review.

Customer Service and NRG’s Support for New Industrial Development

23. Next, the Town’s proposal, in paras. 2(a) and 3(b) and (c) of Schedule “A” to its proposed Draft Franchise Agreement, would require that NRG immediately commit to implement the proposed amendments to the Gas Distribution Access Rule (EB-2008-0313)

regarding customer service measures by December 15, 2009, and also by May 15, 2009 adopt a written complaint process and a new policy regarding new and relocating retail, commercial and industrial customers. These measures aim at effecting improvements to NRG's service quality and reliability, generally, but especially to address its current poor record of support for new industrial development within the Town.

24. The most recent and alarming example of this poor support and lack of effective and responsive communication, involves the development of an ethanol plant within the Town by Integrated Grain Processors Co-Operative Inc. and IGPC Ethanol Inc. ("IGPC"), and the related application for leave to construct a new pipeline to service that facility heard by the Board under EB-2005-0544 and/or EB-2006-0243. During that project, the Town and IGPC were faced with an inexplicable refusal by NRG to execute Board-approved contract documents, even following the Board's decision and Compliance Order dated June 29, 2007. Later, in February 2008, NRG again inexplicably sought additional payments with resulting delays in the project, which were addressed by the Board's Order, made on consent of the parties on February 28, 2008, and subsequent written Decision dated March 12, 2008. The challenges encountered by the ethanol plant project, as well as significant dissatisfaction expressed by Aylmer and area customers of NRG as outlined below, have been the subject of recent media coverage which has, in the Town's view, created a very negative atmosphere in which it seeks to attract much needed new industrial, commercial and residential development to its area.

25. More generally, the Town has become aware of widespread customer complaints by residents and business owners within its area about the quality of NRG's natural gas service generally. A further customer concern relates to the difficulties customers have experienced in contacting NRG with their complaints. As a result, the Town has received numerous complaints from NRG customers, public 'letters to the Editor' have appeared in the local newspaper. Copies

of some of these letters are attached at **Tab “G”**. Customer concerns are similarly outlined in a letter from some customers to the Board (which is also attached at Tab G). Further, a petition was presented to Town Council at its July 21, 2008 meeting, signed by 457 people along with an online petition with 65 entries. Copies of both the online and paper petition are attached at **Tab “H”**. The petition makes the following request:

“We are asking that NRG carefully review their deposit policy requirements. We ask that they take into account letters of reference from other utility companies as well as past credit history with them. We also ask that they have a clear policy for refunding deposits. We ask that deposits be FULLY refunded automatically one year to the date that the deposit was made if an account is in good standing. Also the deposit should be refunded in the form of a cheque or cash and NOT in the form of credit to the account.”

26. When considered together, these factors have caused the Town to be extremely concerned about NRG’s commitment to provide high quality, uninterrupted supply of natural gas to customers within the Town’s area, on reasonable terms and at reasonable rates. The proposals by the Town simply require NRG to adopt a proactive approach to these issues, based upon written commitments. The Town hopes NRG could apply these consistently in the three-year renewal period. This is essential, in order to restore customer confidence in NRG’s service quality, communications, and responsiveness.

27. It is ironic that it is only in response to the Town’s expressed concerns between July and December, 2008 that NRG has produced, in response, the copy of its existing Gas Service Rules and Regulations attached at Tab D-9 of its pre-filed evidence. If it had any meaning to NRG, this document should have been publicly available and displayed to customers all along. Instead, a review of its terms in relation to the customer complaints documented in Tabs “B”, “G” and “H” only reinforces the concern, and suggests that it is not being consistently applied or complied with by NRG on an ongoing basis.

28. The Town's proposal seeks to have the requirement for these, and perhaps other Rules and Regulations, incorporated into its Franchise Agreement with NRG. The Town proposed some such additional Rules and Regulations in adopting my October 8 Report, at page 4. NRG has never responded to these suggestions, even in its materials filed in support of this Application.

29. With respect to the Town's request that NRG adopt its own written complaint policy, the issue is raised squarely by customers concerns as expressed to the Town. NRG's response on this issue is a clear acknowledgment that it currently has no formal process to document receipt of a complaint, or the steps it has taken in response. Customers' complaints of telephone calls not returned at all, or only after an extended time, cannot be refuted or ignored. NRG does not provide a formal process to file a written complaint, nor does it track the responses to any complaints received in writing, even informally. As a result, the Town has become the default mechanism for receiving a complaint, but has no means to follow up. However, an external complaint process, whether it be through the Town or the Board, cannot substitute for an effective internal process at NRG.

30. Including these provisions in the Franchise Agreement would serve both as a point of reference for the Town to assess the customer complaints which are referred to it, and as a means to monitor and enforce compliance by NRG during the coming term of its relationship with the Town. This may enable the Town to suggest other, better Rules and Regulations where it appears these are not working effectively. It would reinforce, without in any way pre-empting, the Board's own continued efforts to improve such Rules and Regulations for the gas distribution industry as a whole. However, given the current chronic problems at NRG, some special Rules and Regulations may be required beyond those applicable to the broader industry. It is imperative to our community's continued development that we have a positive and responsive

relationship with our monopoly supplier of natural gas.

Unsecured and rising customer security deposits

31. A further, major concern addressed by paras. 3(a) and 4 of Schedule “A” to the Town’s proposed Draft Franchise Agreement, would require that NRG immediately address concerns about its practice of requiring large security deposits from customers, seemingly without regard to their creditworthiness and prior payment history, and of delays and difficulties in customers securing the release of such deposits

32. From Aylmer’s perspective and that of its customers, there was significant evidence from NRG’s financial statements as filed in the recent Union Application (EB-2008-0273) indicating that customer security deposits in the hands of NRG have risen dramatically recently, from approximately \$105,000 in 2005, to \$280,000 in 2006, again to \$603,000 in 2007. In NRG’s audited 2008 Financial Statement attached at Tab “E” it appears these deposits have risen yet again to \$757,065 in 2008. This represents an astounding 650% increase over 3 years. It cannot represent “business as usual”, or be defended as such. It coincides with a massive increase in customer complaints to the Town about NRG’s security deposit practices. Yet NRG offers no substantive explanation of, or response to this issue.

33. These deposits are not held in secure, segregated trust accounts, but rather are used as working capital in NRG’s day-to-day business. Various versions of NRG’s security deposit policy are attached at **Tab “I”**. Those policies and other circumstances also raise a concern that NRG is demanding larger amounts by way of security deposits, from a wider range of customers, and holding them longer, than would be permitted by the Board’s proposals in its consultation regarding revisions to the security deposit provisions of its Gas Distribution Access Rule (EB-2008-0313)

34. This is of concern, because the Board's Decision and Order dated November 27, 2008 in EB-2008-0273 (attached at Tab "F") specifically found, among other things, that Union was justified in its concerns that NRG's creditworthiness had become unsatisfactory, and that a significant increase in the financial risk associated with NRG had been disclosed. The concern is again compounded, because NRG's retractable Class C shares otherwise permit its shareholder to claim priority, after the Bank and Union but ahead of NRG's customers, to the monies it holds as "security deposits" from them. This concern is also highlighted by the express qualifications placed upon NRG's audited financial statements for 2007 and 2008.

35. The Town is concerned that, after repayment of the Bank and Union, there may simply be no assets within NRG with which to repay these customer deposits.

36. When considered together, these factors have caused the Town to be extremely concerned about NRG's financial position, and the security of the significant amounts in customer deposits that NRG is currently holding. In the circumstances that NRG is currently in, the Town is requesting that NRG maintain these deposits in segregated trust accounts. The Town has recommended this be adopted as policy for the entire industry in its submission responding to the Board's consultation. However, even if that is not accepted on an industry-wide basis, the Town submits it is appropriate for NRG at this time, and that the current franchise renewal hearing presents an opportunity to implement this measure.

Development of the Town's Proposal for new Franchise Agreement

37. The Town's Franchise Agreement with NRG is due for consideration and possible renewal on February 27, 2009, and those of other surrounding municipalities are due to follow on various dates between 2012 and 2016. In those circumstances, the Town began to examine its options for renewal and revisions to that agreement in the summer of 2008.

38. Contrary to the suggestions on page 1 of Tab D-1 of NRG's pre-filed evidence, the Town did not "refuse to disclose its position" when the issue was first raised in June, 2008: it specifically advised NRG that the Town was not prepared to discuss renewal until the IGPC ethanol plant was supplied with gas. Nor was the Town slow in responding to NRG. I was first contacted on June 6, got direction from the next Council meeting on June 16, and called Mr. Bristow with a response on June 17. I then received a letter of June 20, obtained direction at the next Council meeting on July 7, and provided a response by July 8.

39. As noted, during this exchange in July, Council was presented with the unprecedented petition by NRG customers referred to in Tab "B".

40. Indeed, this history shows the priority and importance given to this issue both by myself and Council. After the ethanol plant was supplied in July, the delay in meeting with NRG was solely due to the vacation schedules of both parties.

41. On September 11, 2008, the Mayor and I met with NRG's Mark Bristoll and Tony Graat. Again contrary to page 2 of Tab D-1 of NRG's pre-filed evidence, at this meeting, there were extensive discussions about NRG, including a detailed outline from me to NRG about the Town's concerns with the deposit issue, customer service concerns, complaints received from residents, police involvement by residents with respect to deposits, and our concerns relating to the Union Gas application. A copy of an email sent by me to the Town Mayor, Bob Habkirk, and the Town's counsel, reporting on this meeting, is attached at **Tab "J"**.

42. Following the September 11, 2008 meeting, there were continued discussions with NRG which are not referred to in the NRG outline. On September 17, 2008, I sent a detailed email to Mr. Bristoll, outlining issues that the Town's natural gas retailer, Comsatec, had in respect of NRG (attached at **Tab "K"**). There were also follow-up phone calls with Mr. Bristoll on or

about September 25 and October 14, 2008. After the Town's Report and resolution at Tabs "B" and "C" were provided to NRG, there were further phone discussions about all of these issues on or about October 29, 30, and November 11, 2008 with Mr. Jack Howley of NRG, pertaining to service issues and the security deposit issue. I met with Mr. Howley for further discussions on or about October 31, 2008. It was made clear by me throughout these discussions that these issues would have to be addressed in the context of any agreement for renewal of the Town's Franchise Agreement with NRG. The Town's position was also made clear to NRG in October in the context of the Town's intervention in Union Gas's Application EB-2008-0273.

43. These discussions throughout October, November and December, 2008 culminated on December 11, 2008, when I presented a second Report to Town Council, along with the Town's proposed Draft Franchise Agreement. On December 15, 2008, Town Council met and passed a resolution adopting the recommendation set out in my December 11, 2008 memo, and approving the Draft Franchise Agreement, based on renewal for a period of three years and the specific commitments outlined in Schedule "A" to our Draft Franchise Agreement.

44. A copy of my December 11, 2008 memo (with the draft franchise agreement attached) and the minutes of the December 15, 2008 Town Council meeting are attached at **Tab "L"**.

45. The Town believes that the conditions it has proposed are consistent with the Board's public interest mandate, and involve no material difficulty for NRG.

Date: February 10, 2009

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Counsel for The Corporation of the Town of
Aylmer



Natural Resource
Gas Limited

NRG System Map

- Existing Gas Lines
- 2006 Capital Project
- 2007 Capital Project



Lake Erie



Memo

To: Council

From: M. Heather Adams
Administrator

Date: October 8, 2008

Re: Natural Resource Gas Ltd. (NRG)

BACKGROUND:

At its meeting of July 7, 2008 Council passed the following resolution:

Resolution 257-08:

"That the letter from the C.A.O./Clerk of the Township of Malahide regarding NRG be received and be referred to Staff to review and to submit a report to a future Council meeting." (see attachment "A")

At its meeting of July 23, 2008 Council passed the following resolution:

Resolution 277-08:

"That the petition submitted by Mrs. Jeanette Brubacher, on behalf of local residents, with respect to the deposit policy and business practices of NRG, be referred to Staff for consideration in their review of this matter." (see Attachment "B")

On August 1, 2008, Union Gas Limited filed an application with the Ontario Energy Board (OEB) for "leave to discontinue service to Natural Resource Gas Limited ("NRG"). Union brings its application on the basis of NRG's failure to provide "Financial Assurances" to Union as required by the terms of the contracts between the parties."

On September 18, 2008, the Clerks of Municipalities within the NRG franchise areas (Malahide, Bayham, Central Elgin, Thames Centre, South-West Oxford and Aylmer) received notice from Union Gas (as ordered by the OEB) of hearings regarding Union's application to be held on Oct. 15 in Toronto and, if necessary, Oct. 20 and 21 in Aylmer. (see Attachment "C")

On February 27, 2009, the Town of Aylmer's existing 25 year Franchise Agreement with NRG expires. NRG has provided a written request for renewal as is provided for in the Agreement. They are recommending the use of the Model Franchise Agreement developed by a joint committee of Gas Company and AMO representatives and endorsed by the OEB.

DISCUSSION:

In the preparation of this report to Council, staff has considered the items outlined in the background section above and the following activities since the Spring of 2006.

July 18, 2006 – Mayor of Aylmer appears at an OEB hearing to consider NRG rates which was held in Aylmer and requests assurances that NRG could and would be able to supply natural gas to the proposed ethanol plant

July 24, 2006 – during the rate hearing, OEB requests an undertaking from NRG solicitor to provide a monthly status report on the "leave to construct" application for the IGPC pipeline.

September 7, 2006 – Mayor of Aylmer writes to OEB Vice Chair expressing concern that the ethanol plant project is in serious jeopardy due to the lack of progress in obtaining natural gas.

Jan/Feb, 2007 – OEB hearing and resulting OEB order dated February 2, 2007 approving leave to construct the natural gas pipeline required to serve the ethanol plant. Town of Aylmer is an intervener and appears at the hearing.

June, 2007 – OEB hearing is held in Toronto to resolve issues stalling the construction of the pipeline to serve the ethanol plant. Town of Aylmer is an intervener and appears at the hearing.

February, 2008 – OEB hearing is held in Aylmer to again resolve issues stalling the construction of the pipeline to serve the ethanol plant. Town of Aylmer is an intervener and appears at the hearing.

June 2007 to present – Town staff receive complaints from NRG customers regarding requirements for security deposits for both new and long-time customers; lack of answers and responses from NRG to questions and complaints about service; complaints from a business constructing a new facility about the unreasonableness of NRG in its requirements in order to provide natural gas service to the new facility – subsequently company used propane; concerns from potential residents/customers about building/buying property in Aylmer given lack of service from the local natural gas utility.

June, 2007 until September, 2008 – NRG staff does not respond to invitations nor attend at Town pre-construction meetings for major infrastructure projects.

Spring, 2006 until present, NRG has had five different General Managers and has had a notable turnover in other staff and advisors.

June, 2007 to present – Town and East Elgin Community Complex enter into an agreement with Comsatec Inc. to purchase our natural gas as part on an aggregate purchase with the Elgin Middlesex Oxford Purchasing Group and signed documents authorizing Comsatec Inc. to do so. From the beginning, there were major issues with NRG regarding their transportation charges, delays in providing information, and not responding to inquiries regarding this project.

A significant number of rate increases have been requested by and approved for NRG distribution services. NRG's service rates generally exceed those of Union Gas Ltd. who is the other distributor operating in Southwestern Ontario. Service rate increases were approved by OEB orders on the following dates:

March 25, 2008;

June 25, 2008; and

September 26, 2008

however, notice of such hearings was not provided to the Town of Aylmer. A comparison of NRG service rates in the General Service Class Rate 1 and the Special Large Volume Contract Rate 3 to those of Union Gas Ltd in comparable classes shows that NRG service rates are higher than those of Union. (see Attachment "D")

In recent years, the Town has not been advised of any distribution system improvements in the pipelines within the Town's boundaries. Since our franchise agreement requires that we be notified we must assume that no maintenance or improvement of these underground facilities has been carried out. While there have been approvals for system expansion in the southeast portion of the NRG franchise, maintenance of the existing infrastructure does not appear to be a priority. Further, in a specific instance in the Summer of 2008, a resident obtained the required locate from NRG for its pipes on or near that resident's property prior to having a contractor commence digging. NRG did provide the locate for one pipe on the property but did not identify a second of their pipes on the property and the contractor hit that unidentified pipe while digging.

After consideration of the above, staff believes that the issues can be summarized as follows:

- Quality of infrastructure
- Rates not competitive
- Reluctance to serve new commercial/industrial customers
- Significant customer service issues
- Financial issues raised by customers and suppliers are troubling
- Deterrent to local economic development

Subsequent to the identification of these issues, the Mayor and I met with representatives of NRG on September 11, 2008. A number of the issues outlined above were identified and NRG representatives provided some additional information which included a copy of their written Residential Security Deposit Contract and a letter of commitment to work with the Town of Aylmer. This expression of willingness to work with the Town is helpful however the significance of the issues and the length of time they have been outstanding would indicate that a more permanent resolution is required. (see Attachment "E")

Options available to the municipality to resolve these issues are limited. NRG has a monopoly on the distribution of natural gas which is granted by its franchise agreement authorized by Provincial legislation and regulated by the Ontario Energy Board. Any mechanism for the permanent resolution of the issues needs to be within the set of rules and regulations established by the OEB for natural gas distributors and/or provided for in any franchise agreement between the distributor and the municipality; such agreement also requires the approval of the OEB.

When looking for options and/or tools that might be useful to resolve some of these issues, staff reviewed options used in the electricity distribution system; also a monopoly system designed to provide the distribution of electricity in Ontario and regulated by the OEB. A cursory review of the electrical utility sector provides some examples of OEB rules and regulations which would be of assistance in ensuring the provision of quality customer services in the natural gas utility sector.

- When the electricity sector was changed substantially by the Province's legislation, the Energy Competition Act, 1998 in contemplation of an open market in electricity, the OEB was tasked with regulating in this new area. One issue raised by consumers during this time was that of security deposit policies of the local electricity distributors (LDC's). In response, the OEB established a working group to broadly consult and make recommendations on this issue. The results were specific amendments to the Distribution System Code for LDC's which provides detailed and consistent rules for customer deposits which can be enforced by the OEB. A similar set of consistent rules for natural gas utilities which is adopted and enforced by the OEB would go a long way to resolving the issues experienced in Aylmer.
- In the electricity sector, LDC's are required to keep statistics and report to the OEB on a number of customer service indicators and whether or not they have achieved established minimum acceptable performance standards. Some of these include:
 - time frame for the connection of new customer services;
 - time frame for completing requests for service locates;
 - time frames for answering incoming calls;
 - how often appointments made to meet with customers are fulfilled; and
 - how long it takes to provide written responses to customer requests.

These are meant to ensure a minimum standard of basic customer service.

- In the electricity sector, the LDC is also required to keep records of customer complaints, the response provided by the LDC, and written records of the details of the complaint and these are available to the OEB.
- These measures, and other Codes of Conduct governing electricity service, enable the OEB to administer a reasonably prompt and effective customer

complaint resolution process for the electricity sector, which is currently lacking in respect of gas supply.

A review of a recent speech by the Chair & CEO of the Ontario Energy Board to the Ontario Energy Association Annual Conference in September provides some additional insight into the OEB's goals in the electricity sector that would also benefit the natural gas sector. Mr. Howard Wetston notes that there has been significant change in energy regulation in Ontario and that one of the Board's four key focus areas includes "the way we are ensuring that consumers have a voice in energy regulation ..." and goes on to note that "we have issued new service quality requirements for electricity distributors..." and that "the Board believes that now is the time to accelerate our initiatives focused on the consumer." The speech goes on to note that consumers are an important constituency for the Board and they are committed to seeking out consumer input into energy policies and services. (see Attachment "F")

In its role as natural gas regulator, the OEB issued an amendment to the Gas Distribution Access Rule effective January 1, 2007 that sets out a similar set of service quality indicators as is used in the electricity sector. However access to those reports is not generally available to the public and penalties for not meeting the minimum standards and enforcement options are not clear.

Today, October 8, 2008, the OEB posted a notice on its website of its proposal to amend the Gas Distribution Access Rule to provide for standard policies for the requirement for consumers to provide security deposits to gas distributors (see Attachment "G"). These provisions are similar to those in the electricity sector. The OEB is receiving comments on these proposed changes until November 19, 2008.

Recommendation:

That Council approve the recommendations outlined below in support of resolving the issues identified in this report and by our residents regarding the natural gas distribution activities of NRG. The following resolution is recommended for the consideration of Council:

"The Council of the Town of Aylmer hereby endorses the report dated October 8, 2008, prepared by the Administrator, regarding Natural Resource Gas (NRG);

AND FURTHER THAT Council hereby approves the actions outlined below.

1. Ensure that the Ontario Energy Board is fully aware of the concerns regarding NRG by:
 - providing a copy of this report and the petitions received from the local residents regarding the issues with NRG and request that the OEB use its regulatory and oversight tools to fully inquire into the issues identified;
 - Endorsing the OEB proposed amendment to the Gas Distribution Access Rule provide direction to natural gas distributors regarding customer security deposits; and

- Intervening at OEB hearings which involve NRG to ensure the OEB is aware of issues of concern to the Town and its residents generally identified as follows:
 - Quality of infrastructure;
 - Rates not competitive;
 - Reluctance to serve new commercial/industrial customers;
 - Significant customer service issues;
 - Financial issues raised by customers and suppliers are troubling; and
 - Deterrent to local economic development.

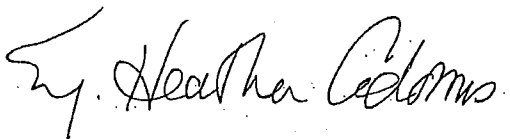
2. Request that the OEB consider the following regulatory and/or policy changes in order to improve customer service requirements of natural gas distributors

- Require that customer service measures are made available to the public
- Require that the annual audited financial statements of the distribution companies are made available to the public
- Provide a clear complaint and enforcement process, including contact information, for natural gas consumers to have complaints heard and resolved
- Require that consumer security deposits be kept in a trust fund and not used as working capital for distribution companies

3. Request that the OEB establish a process for a review of the legislation and regulations which require that municipalities and natural gas distributors enter into franchise agreements. The realities of the current process for these agreements do not operate such that they improve the distribution of natural gas to its customers. The municipality has no real ability to negotiate even the minimum of service delivery requirements, no realistic ability to enforce the provisions of the franchise agreement when a distribution company does not meet them and no real ability to change who provides the service. The legislation guiding franchises is outdated and its provisions such as the requirement for a public vote typically are replaced with the OEB approval process.

4. Circulate this report to the other municipalities with franchise agreements with NRG for their consideration and endorsement.

5. Forward the report and recommendation to the Minister of Energy and Infrastructure and our local M. P.P., the Honourable Steve Peters."



M. Heather Adams

Attachments (7)

/ha



Attachment A-1

The Corporation of the Town of Aylmer
46 Talbot Street, West, Aylmer, Ontario N5H 1J7
Office: 519-773-3164 Fax: 519-765-1446
www.aylmer.ca

July 14, 2008

Township of Malahide
87 John Street South
Aylmer ON N5H 2C3

Attn: R. Millard, CAO/Clerk

RE: Natural Resource Gas Ltd. – Franchise Agreements/Business Practices

At its meeting held on July 7, 2008, the Town of Aylmer Council received your letter dated June 23, 2008 with respect to the above concerns and resolved:

Resolution No. 257-08

Moved by Deputy Mayor R. G. Baldwin and seconded by Councillor M. French:

"That the letter from the C.A.O./Clerk of the Township of Malahide regarding NRG be received and be referred to Staff to review and to submit a report to a future Council meeting."

The motion is Carried

Further information will be submitted to you following receipt of the above-noted report by Council.

Yours truly,

Nancie J. Irving
Clerk, Town of Aylmer

~~cc: J. Reynaert~~ J. Reynaert, Administrator
J. Reynaert, Director of Finance & Human Resources

87 John Street South,
Aylmer, Ontario N5H 2C3
Telephone: 519-773-5344
Fax: 519-773-5334
www.township.malahide.on.ca

A-2 JUN 27 2008
the TOWNSHIP of
MAHAIDE
A proud tradition, a bright future.



June 23, 2008

Town of Aylmer,
Municipality of Central Elgin
Municipality of Bayham,
Municipality of South West Oxford
Municipality of Thames Centre
County of Elgin
County of Norfolk
County of Middlesex

Dear Sirs:

RE: Natural Resource Gas Ltd. (NRG)
Franchise Agreements.
Business Practices – Deposits.

Malahide Township has received concerns about Natural Resource Gas Limited (NRG) and their practice of obtaining deposits.

While individuals were advised deposits would be returned upon request, a large number still appear to be held. Requests to have them returned are ignored. A sample letter received is enclosed.

Council is interested in knowing if you have experienced similar concerns and have concerns about this business practice.

The Township of Malahide was amalgamated with two other municipalities (Village of Springfield and Township of South Dorchester) who had franchise agreements with NRG in 1997.

Each Franchise Agreement has a different renewal date but the Corporation questions if any of the existing franchise holders has experience with incorporating conditions into their last franchise. One agreement for Malahide comes due in 2010 and all will be addressed at that time.

Specifically, Council questions if conditions for deposits can be addressed through the franchise.

Council questions if there is existing legislation that addressed this issue. An alternative to each Franchise setting out terms might be to petition the government to regulate this. This is apparently regulated in the electrical industry.

RANDALL R. MILLARD
C.A.O./Clerk

SUSAN E. WILSON
Treasurer
treasurer@township.malahide.on.ca

A-3

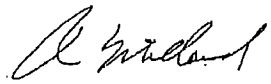
7/9/2

June 23, 2008.
Page 2.

Malahide Township Council would work with anyone who has experience with the franchises or wishes to pursue correcting the issue regarding deposits.

Your assistance and response to this inquiry would be appreciated.

Yours very truly,
TOWNSHIP OF MALAHIDE



R. MILLARD, C.A.O./CLERK

Copy - MPP Steve Peters
- Malahide Township Council

\\malahide\ets.local\users\files\dianna\dianna's files\Randy 2008\urg concerns - various municipalities june23.doc

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June 11, 2008

The Mayor and Council of the Municipality of Bayham

Re: Natural Resource Gas Limited (NRG)

Dear Madame Mayor et al:

I am a long time customer of the local natural gas distributor NRG and a life-long resident of Bayham. My wife and I are currently building a new home at 54157 Heritage Line about one half of a kilometre below Richmond; a community which NRG recently extended its natural gas distribution service to. We were well aware that there was no gas service at this location when we purchased our property on Heritage Line but NRG's extension into Richmond gave us some hope that perhaps we could indeed connect to NRG's gas service for our home energy needs.

Our building contractor first contacted NRG on our behalf in this regard in October 2007. I have worked in a utility industry (telephone and cable) for over thirty years and as we are not strangers to such requests, we made it very clear to NRG that we recognized there would likely be a cost assessed to us for construction and that we were prepared to entertain that. You see, we are ardent fans of the convenience and economics of natural gas and we use it currently to fire our furnace, hot water heater (NRG rental no less), stove and even our barbecue. We had plans to extend that to a cozy gas fireplace and a standby electrical generator at our new location near Richmond. NRG advised our contractor at that time that they would look at our request and get back to us.

We waited patiently for many months for an answer or at least some direction as to the possibility of gas from NRG as we planned our new home and we delayed key decisions on home heating and appliances and such. Our contractor would on occasion remind NRG of our enquiry and always received the same response; they were working on our request.

I became quite frustrated at our wait and in early March 2008, went to NRG's Aylmer office to see the local manager whom I had worked with previously (He apparently has since left the Company) and thus knew personally. It was not what I would call a pleasant customer-friendly experience. I was refused access to the manager and after being ignored for a sufficiently annoying period while the NRG receptionist handled several calls that came into her switch board (well after I had come in her front door) and after she had taken a payment from another customer that had come in to pay his bill, I was finally ushered in to see a sales person. In contrast to the initial reception, the sales person was very friendly but knew nothing of our long standing request for consideration of an

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extension of the gas line to our new home and he brought in the company's engineer who apparently looked after requests for such service extensions. This gentleman acknowledged that he knew of our request but had not yet had an opportunity to look into it. Remember, this was some 4-5 months following our initial enquiry. I advised the two of them that another new house was under construction between our home and Richmond and that there was another home across the road that might perhaps be interested in the service. There are also two brand new homes a few hundred metres up the hill in addition to two or three older homes. The engineer promised to revisit our request. The sales person acknowledged that NRG had some room for improvement in handling such requests and assured me he would not let this fall through the cracks again.

Now, jump ahead to April 4, 2008. Still awaiting an answer, I sent a plea for either a yes or no response or better still a firm estimate of the cost of a service extension via email to NRG to the attention of the sales person and the engineer. I reminded them of their commitment to improving customer service. I received no answer whatsoever. However, our contractor did have some communication with them immediately following my email. NRG advised him they would poll the neighbours to gauge interest in natural gas service and also advised that the cost to extend would likely be in the \$6,000 range. Following this "flurry" of communication, we once again descended into the black hole of NRG silence.

Now jump ahead to mid May. I received a call from an NRG employee who was enquiring as to the exact location of our new home. He appeared to be looking on Richmond Road rather than on Heritage Line. I redirected him and he advised me that he was going to discuss the matter with our neighbours. He also raised the spectre of a \$6,000 cost if no other customer was interested in the extension but they had not yet done any engineering to verify that cost nor had they determined if they (NRG) would even consider building the extension. He apologized for this matter having fallen through the cracks (yet again) citing high employee turnover at NRG as the reason and he committed to staying on top of this until we received an answer. Immediately thereafter, we once again descended into the NRG black hole.

I telephoned this employee at NRG on June 2, 2008 and was astounded to hear that since the engineer had recently left the company, they could not provide me with a firm answer on cost or even the likelihood of this extension request until a new engineer was hired. He assured me though that they were conducting interviews.

Obviously, we are frustrated in the extreme by the treatment, or more accurately lack of treatment, by this company. NRG enjoys a very privileged position in our municipality through the franchise process and it is after all a monopoly, near-essential service provider. I firmly believe that you as our elected officials bear a clear and distinct responsibility to the constituents of the municipality, not the utility, when awarding the distribution franchise in Bayham. I do not know if NRG's franchise is due for reconsideration, but I would suggest this company does not deserve to simply have its renewal rubber stamped by our municipality. I understand clearly how difficult it must be to disenfranchise the utility if that is deemed to be in Bayham's best long-term interests,

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but I suggest that this is no reason to simply renew NRG's monopoly in the municipality. I do not suggest this simply because of the shabby treatment that we have received, although if this is the way all potential customers are dealt with that is reason enough for some serious scrutiny of this company. I am more compelled to demand this utility be carefully and thoroughly scrutinized, and sanctioned if warranted, as a result of the stories of late in the letters to the editor of the Aylmer Express regarding NRG's draconian deposit policy. I hope you are well aware of the plight and cries for help from NRG customers who are required to pay substantial deposits to the utility simply because they move from one location to another within the utility's franchise area and the many people who have been refused repayment of their deposits after establishing a perfectly good payment and credit history with the utility. Indeed, these stories warrant investigation into this company's business practices by all of the municipalities granting franchise rights; otherwise the franchise process is obviously a façade. From the outside looking in and based on the letters in the Aylmer Express, one might suspect NRG to be cash flowing its business using deposit funds from its customers. This includes many customers who don't warrant the collection of a security deposit in the first place. And, if the information in the Aylmer Express is accurate, the OEB has no jurisdiction over the collection and handling of customer deposits which, for a monopoly utility, providing a near-essential service, I find incredulous and something that needs to be changed. In the local telephone service industry, deposit practices are regulated and controlled by the CRTC through the Tariff process. Bayham's incumbent local telephone service provider for example is in fact prohibited from collecting deposits from a customer unless the customer refuses to provide credit information, or he has a bad credit and/or payment history or he presents an abnormal risk of loss. Clearly NRG is entitled to employ acceptable means to limit its exposure to bad debt but this Company appears to have stepped far over the line of reason.

My wife and I have pretty much abandoned any hope of having gas service at our new home in time for fall occupation or in fact anytime in the near future but our experiences with NRG and the growing public sentiment against this company's purported questionable business practices and its apparent disregard for customers would suggest much greater oversight and scrutiny of this utility is required by those in a position to do so. That would include the Municipality of Bayham, the other municipalities that have franchise agreements with the utility and the OEB.

Yours truly,



Michael J. Andrews
Stratfordville

CC Town of Aylmer, Township of Malahide, OEB,
Hon. Steve Peters MPP, NRG

Attachment B B-1

The Corporation of the Town of Aylmer
46 Talbot Street, West, Aylmer, Ontario N5H 1J7
Office: 519-773-3164 Fax: 519-765-1446
www.aylmer.ca

July 23, 2008

Ms. Jeanette Brubacher
184 Elk Street
Aylmer ON N5H 1S9

Dear Ms. Brubacher:

RE: NRG – Deposit Policy & Business Practices

At its meeting held on July 21, 2008, the Town of Aylmer Council received your presentation and petition with respect to the above matter. It was noted that Council had received a letter from the Township of Malahide about this matter, which has been referred to Staff to review and submit a report to a future Council meeting.

Town Council resolved:

Resolution No. 277-08

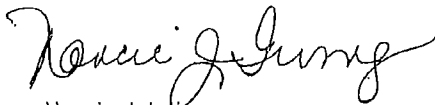
Moved by Councillor French and seconded by Councillor J. Vandermeersch.:

"That the petition submitted by Ms. Jeanette Brubacher, on behalf of local residents, with respect to the deposit policy and business practices of NRG, be referred to Staff for consideration in their review of this matter."

The motion is Carried.

Council extends its appreciation to you for your efforts on behalf of local residents.

Yours truly,



Nancie J. Irving
Clerk, Town Clerk

cc: M. H. Adams, Administrator
J. Reynaert, Dir of Finance & Human Resources

Attachment B
B-1

The Corporation of the Town of Aylmer
46 Talbot Street, West, Aylmer, Ontario N5H 1J7
Office: 519-773-3164 Fax: 519-765-1446
www.aylmer.ca

July 23, 2008

Ms. Jeanette Brubacher
184 Elk Street
Aylmer ON N5H 1S9

Dear Ms. Brubacher:

RE: NRG – Deposit Policy & Business Practices

At its meeting held on July 21, 2008, the Town of Aylmer Council received your presentation and petition with respect to the above matter. It was noted that Council had received a letter from the Township of Malahide about this matter, which has been referred to Staff to review and submit a report to a future Council meeting.

Town Council resolved:

Resolution No. 277-08

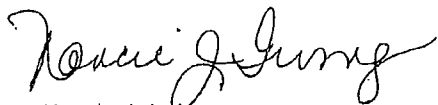
Moved by Councillor French and seconded by Councillor J. Vandermeersch.:

"That the petition submitted by Ms. Jeanette Brubacher, on behalf of local residents, with respect to the deposit policy and business practices of NRG, be referred to Staff for consideration in their review of this matter."

The motion is Carried.

Council extends its appreciation to you for your efforts on behalf of local residents.

Yours truly,



Nancie J. Irving
Clerk, Town Clerk

cc M. H. Adams, Administrator
J. Reynaert, Dir of Finance & Human Resources



TOWN OF AYLMER

B-3

COUNCIL RESOLUTION

July 21 2008

MOVED BY:

Mary French

SECONDED BY:

Wandermeersch

"That the petition submitted by Ms. Jeanette Brubacher, on behalf of local residents, with respect^{to} the deposit policy and business practices of NRG, be referred to Staff for consideration in their review of this matter."

Colt. [Signature]
Head of Council

Nancie J. Irving
Clerk

RESOLUTION # 277-08

JUL 16 2008

Petition to Return Resources to Charge Deposit Moneys

* * * NOTE: FULL PETITION BEARS 457 NAMES

Action petitioned for

We, the undersigned, are asking that NRG carefully review their deposit policy requirements. We ask that they take into account letters of reference from other utility companies as well as past credit history with them. We also ask that they have a clear policy for refunding deposits. We ask that deposits be FULLY refunded automatically one year to the date that the deposit was made if an account is in good standing. Also the deposit should be refunded in the form of a cheque or cash and NOT in the form of credit to the account.

Printed Name	Signature	Address	Comment	Date
Patt Ralf	P Ralf	18 Warren St Aylmer		June 17/08
Dennis Ralf	D Ralf	18 Warren St Aylmer		June 17/08
Pauline Rempel	Pauline Rempel	85 Warren St, Aylmer		June 17/08
RYAN CHAMBER	Ryan Chamber	31 Walnut St. Aylmer		June 17/08
CASSANDRA CHAMBER	Cassandra Chamber	31 Walnut St. Aylmer		June 17/08
DAN KING	Dan King	51044 Lions Creek Sparrowden		June 17/08
JOHANNA PEBBLES	Johanna Pebbles	51044 Lions Creek Sparrowden		June 17/08
NICOLE ADAMS	Nicole Adams	160 South St W Aylmer		June 17/08
KIM ADAMS	Kim Adams	"		"
Ryan Parsi	Ryan Parsi	RR #1 Aylmer N5H 2V1		June 17/08
PAUL STALLAERT	Paul Stallaert	49425 Dexter Line		June 17/08
Susan Wiebe	Susan Wiebe	7470 Hacienda Rd.		June 17/08

B-4



uniongas
A Spectra Energy Company

Attachment C

SEP 19 2008

C-1

September 18, 2008

VIA COURIER

TO: *ALL Clerks of Municipalities*

Union Gas has filed an application with the Ontario Energy Board on August 1, 2008 seeking approval to discontinue service of natural gas to Natural Resource Gas Limited ("NRG") pursuant to section 42(1) of the Ontario Energy Board Act, 1998.

Enclosed is a copy of the application, as well as a copy of the Notice of Application issued by the Ontario Energy Board on September 16, 2008 under Docket No. EB-2008-0273.

Yours truly,

Mark Kitchen
Director, Regulatory Affairs

Encl.

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule. B);

AND IN THE MATTER OF an Application by Union Gas Limited for an order granting it leave to discontinue gas transmission to Natural Resource Gas Limited;

APPLICATION

1. Union Gas Limited ("Union") is a business corporation, incorporated under the laws of Ontario, with its head office in the Municipality of Chatham-Kent.
2. Union conducts an integrated natural gas utility business that combines the operations of selling, distributing, transmitting and storing gas within the meaning of the *Ontario Energy Board Act, 1998* (the "Act").
3. Natural Resource Gas Limited ("NRG") delivers gas to Union in firm daily even quantities pursuant to a Bundled T Gas Contract (the "BT Contract") first made as of October 2004.
4. Union re-delivers gas, as a gas transmitter, to NRG pursuant to an M9 Delivery Contract (the "Delivery Contract") first made as of October 2006.
5. Section 5.04 of the General Terms and Conditions of both the BT Contract and Delivery Contract provides as follows:

5.04 Financial Assurance

If at any time during the Term of this contract, Union has reasonable grounds to believe that Customer's creditworthiness under the Contract has become unsatisfactory, then Union may by written Notice request financial assurances from Customer in an amount determined by Union in a commercially reasonable

manner. Upon receipt of such Notice, customer shall have fourteen days to provide such financial assurances.

6. Union has reasonable grounds to believe that NRG's creditworthiness under the Contracts has become unsatisfactory. Union has held this belief for nearly a year and has attempted, without success, to obtain financial assurances from NRG.
7. Recently, on June 16, 2008, Union wrote to NRG to advise it that Union was forecasting a maximum exposure to NRG of \$1,928,138.00 (the "Anticipated Maximum Exposure"). Based upon NRG's then available 2006 financial statements and other financial information, Union determined that it could grant NRG an unsecured credit facility of \$600,000, leaving a balance of \$1,328,138.00.
8. In its letter, Union advised NRG that it could satisfy the Anticipated Maximum Exposure in one of two ways. First, NRG could provide financial assurances in the amount of CDN \$1,328,138, being the difference between the Anticipated Maximum Exposure and the unsecured line of credit Union had assigned to NRG (the "Financial Assurances"). The Financial Assurances could be provided in the form of a cash security deposit or a letter of credit. Second, NRG could make arrangements to change the renewal date of its BT Contract to an annual anniversary date of April 1, the effect of which would be to eliminate any credit issues arising from NRG's Banked Gas Account (the primary cause of NRG's credit exposure) on a going forward basis.
9. Union sought NRG's positive response to its request for Financial Assurances or a change to the terms of the BT Contract prior to June 23, 2008, with such assurances or the change in the renewal date of the BT Contract to be in place by July 30, 2008 failing which NRG would be in default under the General Terms and Conditions. Union informed NRG that such default would entitle Union to certain contractual remedies including suspension of service and/or termination of the Contract(s) between Union and NRG.
10. On June 27, 2008, having not received a response to its letter, Union again wrote to NRG seeking the Financial Assurances. In its June 27, 2008 letter Union informed NRG that it was Union's intention to file an application with the Board to request permission to

C-4

suspend service and/or terminate the Contracts between Union and NRG pursuant to section 42.(1) of the Act.

11. On July 2, 2008, NRG, through counsel, responded to Union to advise it that NRG would not provide the requested Financial Assurances, nor would it agree to a change in the renewal date of the BT Contract.
12. Union has been left with no alternative but to apply to the Board pursuant to Section 42(1) of the Act for an order granting Union leave to discontinue service to NRG until such time as it has provided the Financial Assurances. In the alternative, Union requests an order that NRG be directed to provide the Financial Assurances within fourteen days of the date of the order. In the further alternative, Union requests an order that NRG be directed to change the renewal date of its BT Contract to an annual anniversary date of April 1 within sixty days of the date of the order.
13. Absent an order from the Board compelling NRG to provide the Financial Assurances or a change in the renewal date of the BT Contract, it can reasonably be expected that concerns regarding NRG's creditworthiness will recur on a yearly basis.
14. Union further applies to the Board for all necessary orders and directions concerning pre-hearing and hearing procedures for the determination of this application.
15. This application will be supported by written evidence. This evidence will be pre-filed and will be amended from time to time as required by the Board, or as circumstances may require.
16. The persons affected by this application are NRG and the customers resident or located in the municipalities, police villages and Indian reserves served by NRG, together with those to whom Union sells gas, or on whose behalf Union distributes, transmits or stores gas in its franchise area. It is impractical to set out in this application the names and addresses of such persons because they are too numerous.

C-5

17. The address of service for Union is:

Union Gas Limited
P.O. Box 2001
50 Keil Drive North
Chatham, Ontario
N7M 5M1

Attention: Mark Kitchen
Director, Regulatory Affairs
Telephone: (519) 436-5275
Fax: (519) 436-4641
E-mail: mkitchen@spectraenergy.com

- and -

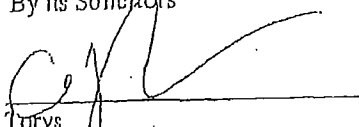
Torys LLP
Suite 3000, TD Waterhouse Tower
P.O. Box 270
Toronto-Dominion Centre
Toronto, Ontario
M5K 1N2

Attention: Crawford G. Smith
Telephone: (416) 865-8209
Fax: (416) 865-7380
email: csmith@torys.com

DATED: August 1, 2008.

UNION GAS LIMITED

By its Solicitors


Torys
Suite 3000, Maritime Life Tower
P.O. Box 270
Toronto-Dominion Centre
Toronto, Ontario
M5K 1N2

Attention: Crawford G. Smith
Telephone: (416) 865-8209
Fax: (416) 865-7380

C-6



EB-2008-0273

NOTICE OF APPLICATION AND HEARING

Union Gas Limited ("Union") has filed an application with the Ontario Energy Board on August 1, 2008 seeking approval to discontinue service of natural gas to Natural Resource Gas Limited ("NRG") pursuant to section 42(1) of the *Ontario Energy Board Act, 1998*. The Board has assigned the application file number EB-2008-0273. The Board's decision on this application may effect all of NRG's customers, as most of the natural gas that NRG distributes to its customers is acquired from Union.

NRG delivers gas to Union in firm daily even quantities pursuant to a Bundled T Gas Contract first made as of October 2004. Union re-delivers gas, as a gas transmitter, to NRG pursuant to an M9 Delivery Contract first made as of October 2006.

Union has sought certain financial assurances from NRG under the terms of a contract between the parties. In Union's view, NRG has failed to provide the requested assurances and Union considers this to be a breach of the contract between the parties.

The Board will begin this proceeding by holding an Issues Day on October 15, 2008. The purpose of the Issues Day is to clarify the issues and determine procedural matters, such as the need for the filing of evidence. At the Issues Day the Board will also hear arguments as to whether the Application properly falls under section 42(1) or section 36 of the *Ontario Energy Board Act*. Section 36 sets out the Board's jurisdiction over the setting of natural gas distribution rates.

The Issues Day will take place in Toronto at 2300 Yonge Street, in the Board's hearing room starting 9:30 a.m. Should the Board determine that it is necessary to proceed pursuant to section 42(1) then an oral hearing will be held on October 20 and 21, 2008, in the town of Aylmer. Details of the oral hearing will be published at a later date.

How to see Union's Application

Copies of the application are available for inspection at the Board's office in Toronto and on its website, www.oeb.gov.on.ca, and at Union's office and on its website.

How to Participate

You may participate in this proceeding in one of three ways:

1. Send a Letter with your Comments to the Board

Your letter with comments will be provided to the Board members deciding the application, and will be part of the public record for the application. Your letter must be received by the Board no later than 30 days from the publication or service date of this notice. The Board accepts letters of comment by either post or e-mail at the addresses below.

2. Become an Observer

Observers do not actively participate in the proceeding but monitor the progress of the proceeding by receiving documents issued by the Board.

You may request observer status in order to receive documents issued by the Board in this proceeding. If you become an observer, you need to contact the applicant and others in order to receive documents that they file in this proceeding and they may charge you for this. Most documents filed in this application will also be available on the Board's website. Your request for observer status must be made in writing and be received by the Board no later than 10 days from the publication or service date of this notice. The Board accepts observer request letters by either post or e-mail at the addresses below; however, two paper copies are also required. You must also provide a copy of your letter to the applicant.

3. Become an Intervenor

You may ask to become an intervenor if you wish to actively participate in the proceeding. Intervenor status is eligible to receive evidence and other material submitted by participants in the hearing. Likewise, intervenors will be expected to send copies of any material they file to all parties to the hearing.

Your request for intervenor status must be made by letter of intervention and be received by the Board no later than 10 days from the publication of this notice. Your letter of intervention must include a description of how you are, or may be, affected

by the outcome of this proceeding; and if you represent a group, a description of the group and its membership. The Board may order costs in this proceeding. You must indicate in your letter of intervention whether you expect to seek costs from the applicant and the grounds for your eligibility for costs. You must provide a copy of your letter of intervention to the applicant.

If you already have a user ID, please submit your intervention request through the Board's web portal at www.errr.oeb.gov.on.ca. Additionally, two paper copies are required. If you do not have a user ID, please visit the Board's website under e-filings and fill out a user ID password request. For instructions on how to submit and naming conventions please refer to the RESS Document Guidelines found at www.oeb.gov.on.ca, e-Filing Services. The Board also accepts interventions by e-mail, at the address below, and again, two additional paper copies are required. Those who do not have internet access are required to submit their intervention request on a CD or diskette in PDF format, along with two paper copies.

How to Contact Us

In responding to this Notice, please include Board file number EB-2008-0273 in the subject line of your e-mail or at the top of your letter. It is also important that you provide your name, postal address and telephone number and, if available, an e-mail address and fax number. All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

Need More Information?

Further information on how to participate may be obtained by visiting the Board's website at www.oeb.gov.on.ca or by calling our Consumer Relations Centre at 1-877-632-2727.

IMPORTANT

IF YOU DO NOT FILE AN OBJECTION TO A WRITTEN HEARING OR DO NOT REQUEST TO PARTICIPATE IN THIS PROCEEDING IN ACCORDANCE WITH THIS NOTICE, THE BOARD MAY PROCEED IN YOUR ABSENCE AND YOU WILL NOT BE ENTITLED TO ANY FURTHER NOTICE IN THIS PROCEEDING.

Addresses

The Board:

Post:
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
Attention: Board Secretary

Filings : www.erro.oeb.gov.on.ca
E-mail: Boardsec@oeb.gov.on.ca

Tel: 1-888-632-6273 (toll free)
Fax: 416-440-7656

The Applicant:

Mark Kitchen
Director, Regulatory Affairs
Union Gas Limited
P.O. Box 2001
50 Kell Drive North
Chatham ON M7M 5M1
Attention: Mr. M. Kitchen
mkitchen@spectraenergy.com
Tel: 519-436-5275
Fax: 519-436-4641

Counsel for the Applicant:

Torys LLP
Suite 3000
TD Waterhouse Tower
P.O. Box 270
Toronto-Dominion Centre
Toronto ON M5K 1N2
Attention: Crawford G. Smith
csmith@torys.com
Tel: 416-865-8209
Fax: 416-865-7380

DATED at Toronto, September 16, 2008

ONTARIO ENERGY BOARD

Original Signed By

John Pickernell
Assistant Board Secretary

Attachment D D-1

Ontario Energy
Board

Commission de l'Énergie
de l'Ontario



Note
Only relevant pages from this
Order to NRG are attached
IN THE MATTER OF the Ontario Energy Board Act, 1998,
S.O. 1998, c.15 (Sched. B);

EB-2008-0090

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 July 1, 2008;

AND IN THE MATTER OF the quarterly rate adjustment mechanism.

BEFORE: Ken Quesnelle
Presiding Member

DECISION AND ORDER

Natural Resource Gas Limited ("NRG") filed an application with the Ontario Energy Board (the "Board") on June 3, 2008, for an order or orders approving or fixing just and reasonable rates for the sale and distribution of gas commencing July 1, 2008 (the "Application"). The Application was made pursuant to NRG's Quarterly Rate Adjustment Mechanism ("QRAM") and the Board assigned file number EB-2008-0090 to the Application.

NRG 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 RP-2005-0544.

The Board issued a Notice of Written Hearing and Procedural Order No. 1 on June 11, 2008 allowing parties of record to file written comments. The Board did not receive any comments.

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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: July 01, 2008

Implementation: All bills rendered on or after July 01, 2008

EB-2008-0090

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.

D-4

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: July 01, 2008

Implementation: All bills rendered on or after July 01, 2008

EB-2008-0090



EB-2008-0033

*Note
Only. Relevant pages from this Order
to Union attached*

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 Union 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 April 1,
2008;

AND IN THE MATTER OF the Quarterly Rate Adjustment
Mechanism approved by the Ontario Energy Board in RP-
2003-0063.

BEFORE: Ken Quesnelle
Member

DECISION AND INTERIM ORDER

Union Gas Limited ("Union") filed an application (the "Application") dated February 26, 2008, with the Ontario Energy Board (the "Board") for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission, and storage of gas. The Application was made pursuant to Union's approved Quarterly Rate Adjustment Mechanism ("QRAM"). Union's Application has been given Board File No. EB-2008-0033.

Although this application deals with Union's proposed QRAM rate changes effective April 1, 2008, Union also proposes to implement concurrently rate changes to reflect the impacts of Union's Interim Rate Order issued on March 4, 2008 as part of the EB-2007-0606 proceeding.

UNION GAS LIMITED
Southern Operations Area
Summary of Changes to Sales Rates

Line No.	Particulars (cents/m ³)	EB-2007-0606 Approved January 1, 2008 Rate (a)	Rate Change (b)	EB-2008-0033 Approved April 1, 2008 Rate (c)
	<u>M1 Small Volume General Service Rate</u>	\$17.00		\$17.00
1	Monthly Charge			4.9580
		4.9580		4.7030
2	First 100 m ³	4.7030		4.0994
3	Next 150 m ³	4.0994		
4	All over 250 m ³	(0.4494) (1)	0.1300	(0.3194) (2)
5	Delivery - Price Adjustment (All Volumes)	0.9876		0.9876
6	Storage Service	(0.0149)		(0.0149) (3)
7	Storage - Price Adjustment			
	<u>M2 Large Volume General Service Rate</u>	\$70.00		\$70.00
8	Monthly Charge			3.8768
		3.8769		3.6064
9	First 1 000 m ³	3.6064		3.3964
10	Next 6 000 m ³	3.3964		3.1446
11	Next 13 000 m ³	3.1446		
12	All over 20 000 m ³	(0.1957) (4)	0.1300	(0.0657) (5)
13	Delivery - Price Adjustment (All Volumes)	0.7273		0.7273
14	Storage Service	(0.0098)		(0.0098) (6)
15	Storage - Price Adjustment			
	<u>M4 Firm commodity contract rate</u>			
	Monthly demand charge:	44.8685		44.8685
		19.4689		19.4689
16	First 8 450 m ³	16.1662		16.1662
17	Next 19 700 m ³			
18	All over 28 150 m ³			
	Monthly delivery commodity charge:	0.9277		0.9277
		0.6081		0.5081
19	First block	(0.0747) (7)	(0.0008)	(0.0755) (8)
20	All remaining use			
21	Delivery - Price Adjustment (All Volumes)	1.2450		1.2450
22	Minimum annual delivery commodity charge			

Notes:
(1) Incl. Prosp Rec of (0.0027), (0.0416), (0.0004), (0.0014), a temp credit (0.1275) for Jan 1-Mar 31 & a temp credit (0.2758) for Apr 1-Dec 31, 2008.
(2) Includes Prospective Recovery of (0.0416), (0.0004), (0.0014), (0.0002) and a temporary credit (0.2758) cents/m³ for the period Apr 1-Dec 31, 2008.
(3) Includes a temporary credit of (0.0149) cents/m³ for the period April 1 to December 31, 2008.
(4) Incl. Prosp Rec of (0.0027), (0.0416), (0.0004), (0.0014), a temp credit (0.1275) for Jan 1-Mar 31 & a temp credit (0.0221) for Apr 1-Dec 31, 2008.
(5) Includes Prospective Recovery of (0.0416), (0.0004), (0.0014), (0.0002) and a temporary credit (0.0221) cents/m³ for the period Apr 1-Dec 31, 2008.
(6) Includes a temporary credit of (0.0098) cents/m³ for the period April 1 to December 31, 2008.
(7) Includes Prospective Recovery of 0.0006, (0.0735), (0.0004) and (0.0014) cents/m³.
(8) Includes Prospective Recovery of (0.0735), (0.0004), (0.0014) and (0.0002) cents/m³.

SMALL VOLUME GENERAL SERVICE RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To general service customers whose total consumption is equal to or less than 50,000 m³ per year.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

a) Monthly Charge		\$ 17.00
b) Delivery Charge		
First	100 m ³	4.9580¢ per m ³
Next	150 m ³	4.7030¢ per m ³
All Over	250 m ³	4.0994¢ per m ³

Delivery – Price Adjustment (All Volumes) (1) (0.3194)¢ per m³

c) Storage Charge (if applicable) 0.9876 ¢ per m³

Storage – Price Adjustment (2) (0.0149)¢ per m³

Applicable to all bundled customers (sales and bundled transportation service).

d) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.
The applicable rates are provided in Schedule "A".

During any month in which a customer terminates service or begins service, the fixed charge for the month will be prorated to such customer.

Notes

(1) The Delivery – Price Adjustment includes a temporary credit of (0.2758) cents/m³ for the period April 1 to December 31, 2008.

(2) The Storage – Price Adjustment consists of a temporary credit of (0.0149) cents/m³ for the period April 1 to December 31, 2008.

(D) Supplemental Service to Commercial and Industrial Customers Under Group Meters

Combination of readings from several meters may be authorized by the Company and the Company will not reasonably withhold authorization in cases where meters are located on contiguous pieces of property of the same owner not divided by a public right-of-way. In such cases, an additional service charge shall be rendered each month in the amount of \$15.00 per month for each additional meter so combined.

(E) Delayed Payment

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.



uniongas

Effective
2008-04-01
Rate M1
Page 2 of 2

(F) Direct Purchase

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(G) Overrun Charge

In the event that a direct purchase customer fails to deliver its contracted volumes to Union, and Union has the capability to continue to supply the customer, Union will do so. The customer may pay 5.9456¢ per m³ for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m³, plus 7¢ per m³.

(H) Bundled Direct Purchase Delivery

Where a customer elects transportation service under this rate schedule, the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union. Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

(I) Company Policy Relating to Terms of Service

- a. Customers who temporarily discontinue service during any twelve consecutive months without payment of the monthly fixed charge for the months in which the gas is temporarily disconnected shall pay for disconnection and reconnection.
- b. When gas is delivered at an absolute pressure in excess of 101.325 kilopascals, then for purposes of measurement hereunder, such volume of gas shall be corrected to an absolute pressure of 101.325 kilopascals. Atmospheric pressure is assumed to be the levels shown below in kilopascals (absolute) regardless of the actual atmospheric pressure at which the gas is measured and delivered.

<u>Zone</u>	<u>Assumed Atmospheric Pressure kPa</u>
1	100.148
2	99.494
3	98.874
4	98.564
5	98.185
6	97.754
7	97.582
8	97.065
9	96.721
10	100.561
11	99.321
12	98.883

Effective

April 1, 2008
O.E.B. ORDER # EB-2008-0033

Chatham, Ontario

Supersedes EB-2007-0606 Rate Schedule effective January 1, 2008.



uniongas

Effective
2008-04-01
Rate M2
Page 1 of 2

LARGE VOLUME GENERAL SERVICE RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To general service customers whose total consumption is greater than 50,000 m³ per year.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

- a) Monthly Charge \$ 70.00
- b) Delivery Charge
- | | | |
|----------|-----------------------|----------------------------|
| First | 1 000 m ³ | 3.6769¢ per m ³ |
| Next | 6 000 m ³ | 3.8064¢ per m ³ |
| Next | 13 000 m ³ | 3.3964¢ per m ³ |
| All Over | 20 000 m ³ | 3.1445¢ per m ³ |
- Delivery - Price Adjustment (All Volumes) (1) (0.0657)¢ per m³
- c) Storage Charge (if applicable) 0.7273¢ per m³
- Storage - Price Adjustment (2) (0.0098)¢ per m³
- Applicable to all bundled customers (sales and bundled transportation service).
- d) Gas Supply Charge (if applicable)
- The gas supply charge is comprised of charges for transportation and for commodity and fuel.
The applicable rates are provided in Schedule "A".

During any month in which a customer terminates service or begins service, the fixed charge for the month will be prorated to such customer.

Notes

- (1) The Delivery - Price Adjustment includes a temporary credit (0.0221) cents/m³ for the period April 1 to December 31, 2008.
(2) The Storage - Price Adjustment consists of a temporary credit of (0.0098) cents/m³ for the period April 1 to December 31, 2008.

(D) Supplemental Service to Commercial and Industrial Customers Under Group Meters

Combination of readings from several meters may be authorized by the Company and the Company will not reasonably withhold authorization in cases where meters are located on contiguous pieces of property of the same owner not divided by a public right-of-way. In such cases, an additional service charge shall be rendered each month in the amount of \$15.00 per month for each additional meter so combined.

(E) Delayed Payment

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.



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Effective
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Rate M2
Page 2 of 2

(F) Direct Purchase

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(G) Overrun Charge

In the event that a direct purchase customer fails to deliver its contracted volumes to Union, and Union has the capability to continue to supply the customer, Union will do so. The customer may pay 4.4042¢ per m³ for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m³, plus 7¢ per m³.

(H) Bundled Direct Purchase Delivery

Where a customer elects transportation service under this rate schedule, the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union. Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

(I) Company Policy Relating to Terms of Service

- a. Customers who temporarily discontinue service during any twelve consecutive months without payment of the monthly fixed charge for the months in which the gas is temporarily disconnected shall pay for disconnection and reconnection.
- b. When gas is delivered at an absolute pressure in excess of 101.325 kilopascals, then for purposes of measurement, hereunder, such volume of gas shall be corrected to an absolute pressure of 101.325 kilopascals. Atmospheric pressure is assumed to be the levels shown below in kilopascals (absolute) regardless of the actual atmospheric pressure at which the gas is measured and delivered.

<u>Zone</u>	<u>Assumed Atmospheric Pressure kPa</u>
1	100.148
2	99.494
3	98.874
4	98.564
5	98.185
6	97.754
7	97.582
8	97.065
9	96.721
10	100.561
11	99.321
12	98.883

Effective

April 1, 2008
O.E.B. ORDER # EB-2008-0033

Chatham, Ontario

Supersedes EB-2007-0606-Rate Schedule effective January 1, 2008.



uniongas

Effective
2008-04-01
Rate M4
Page 1 of 2

FIRM INDUSTRIAL AND COMMERCIAL CONTRACT RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a customer who enters into a contract for the purchase or transportation of gas for a minimum term of one year that specifies a daily contracted demand between 4 800 m³ and 140 870 m³.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

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

(i)	A Monthly Demand Charge		
	First	8 450 m ³ of daily contracted demand	44.8685¢ per m ³
	Next	19 700 m ³ of daily contracted demand	19.4669¢ per m ³
	All Over	28 150 m ³ of daily contracted demand	16.1662¢ per m ³
(ii)	A Monthly Delivery Commodity Charge		
	First	422 250 m ³ delivered per month	0.9277¢ per m ³
	Next	volume equal to 15 days use of daily contracted demand	0.9277¢ per m ³
		For remainder of volumes delivered in the month	0.5081¢ per m ³
	Delivery- Price Adjustment (All Volumes)		(0.0755)¢ per m ³
(iii)	Gas Supply Charge (If applicable)		

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A"

2. Overrun Charge

Authorized overrun gas is available provided that it is authorized by Union in advance. Union will not unreasonably withhold authorization. Overrun means gas taken on any day in excess of 103% of contracted daily demand. Authorized overrun will be available April 1 through October 31 and will be paid for at a Delivery Rate of 2.4028¢ per m³ and, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m³ for all volumes purchased.

Unauthorized overrun gas taken in any month shall be paid for at the rate of 5.9456¢ per m³ for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m³ for all gas supply volumes purchased.

3. Minimum Annual Charge

In each contract year, the customer shall purchase from Union or pay for a minimum volume of gas or transportation services equivalent to 146 days use of contracted demand. Overrun gas volumes will not contribute to the minimum volume. In the event that the customer shall not take such minimum volume the customer shall pay an amount equal to the deficiency from the minimum volume times a Delivery Charge of 1.2450¢ per m³ and, if applicable a gas supply commodity charge provided in Schedule "A".

In the event that the contract period exceeds one year the annual minimum volume will be prorated for any part year.



uniongas

Effective
2008-04-01
Rate M4
Page 2 of 2

(D) Delayed Payment

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.

(E) Direct Purchase

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems for all volumes. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(F) Bundled Direct Purchase Delivery

Where a customer elects transportation service under this rate schedule the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

Effective

April 1, 2008
O.E.B. ORDER # EB-2008-0033

Chatham, Ontario

Supersedes EB-2007-0606 Rate Schedule effective January 1, 2008.



NATURAL RESOURCE GAS LIMITED
Supporting your natural gas *Lifestyle*

Attachment E - E-1

RECEIVED

SEP 15 2008

CL Adams

Friday, September 12, 2008

Via Courier

The Corporation of the Town of Aylmer
46 Talbot Street West
Aylmer, ON N5H 1J7

Attention: Mr. Bob Habkirk, Mayor
Ms. Heather Adams, Administrator

Dear Sirs:

On behalf of Mr. Tony Graat, Mr. Jack Howley and myself, thank you for the opportunity to meet with you yesterday to discuss various matters as they relate to Natural Resource Gas Limited and the Town of Aylmer.

We look forward to working together with you going forward, and to building a long and prosperous relationship between The Corporation of the Town of Aylmer and Natural Resource Gas Limited.

Yours truly,
Natural Resource Gas Limited

MB

Per: Mark Bristol
President

cc: Mr. Tony Graat
Mr. Jack Howley



NATURAL RESOURCE GAS LIMITED
Supporting Your Natural Gas Lifestyle

Provided at Sept 11/08
meeting @ NRG

RESIDENTIAL SECURITY DEPOSIT CONTRACT

How does our Security Deposit program work? Why does it exist?

Thank you for choosing natural gas as your energy source! NRG takes great pride in being a financially responsible provider of natural gas in our community. Protection of rates and costs associated with servicing our community are our number one priority. As such, the introduction of security deposits is a necessary step to try to protect both NRG & our gas customers from increased rates resulting from non paying customers.

Security Deposits are not a prepayment of gas.

When do Security Deposits Apply?

Security deposits are requested for all new customers – both commercial & residential. The amount of the deposit is determined based on usage history applicable to the specific address in which gas service is installed or will be installed. The security deposit can be held indefinitely with interest paid annually as a credit right on your October statement! Accounts with poor payment history with NRG will likely require a security deposit prior to the continuation of service.

How do I apply?

Requests for a refund of security deposits can be made after 1 year of service for residential accounts and 3 years for commercial accounts and must be made in writing to our credit department. Your letter must include your address, account number and stating you are applying to have your Security Deposit refunded. Please include a copy of your original receipt. **Our Credit Department can be contacted:**

Fax 519-773-5335
Email creditdept@nrgas.on.ca
Mail 39 Beech Street, PO Box 307, Aylmer, ON N5H 2S1

Once received, a thorough examination of the following criteria will be performed and a decision made.

- 1.) If the customer's payment history has no late payments within 12 months= 50% security deposit refund.
- 2.) If the customer's payment history has no late payments within 24 months= 100% security deposit refund.
- 3.) If the customer has a disconnection notice within either timeframe, or a late payment, then 0% of the security deposit will be returned. The customer must then have a full 12 months of clean payment history in order to qualify for the 50% refund.

You will be notified in writing of our decision and at the discretion of NRG, a portion of your deposit, in whole or in part, will be returned to you. Interest accrued (1% per year) will be applied directly to your account every October. If pre-authorized chequing is setup on your account, you cannot cancel the pre-authorized chequing for 2 years.

NRG believes that the security deposit program is in the best interests of all our natural gas customer's. These deposits are not a pre-payment of gas, and are intended as an industry accepted best practice to help manage natural gas rates for our customers.

Please be advised that any future communications should be in writing.

If you have any questions, please feel free to send via mail address below, or via email at creditdept@nrgas.on.ca.

Thank You,

Natural Resource Gas Limited
Credit Department

Customer's Name (Printed): _____

Customer's Signature: _____ Date: _____

NRG Representative: _____ Date: _____

RECEIVED
SEP 17 2008
H Adams



Friday, September 16, 2008

Via Courier

The Corporation of the Town of Aylmer
46 Talbot Street West
Aylmer, ON N5H 1J7

Attention: Mr. Bob Habkirk, Mayor
Ms. Heather Adams, Administrator

Dear Sirs/Madame:

Please accept this letter as Natural Resource Gas Limited's confirmation and commitment to work with The Corporation of the Town of Aylmer on its many initiatives including, but not be limited to:

- To collaborate with the Town of Aylmer on Natural Resource Gas Limited business and/or customer issues that are of mutual concern
- Attendance at pre-construction meetings
- Review of Comsatec transportation costs
- Involvement with and attendance at Emergency Planning Committee meetings
- Actively participate in Business Development Opportunities and work closely with the Town to assure corporations interested in relocating to Aylmer that Natural Resource Gas Limited is a community partner willing and able to satisfy their natural gas needs.

As discussed, our General Manager, Mr. Jack Howley, is available at (519) 773-5321 to assist the Town of Aylmer.

Yours truly,
Ayerswood Development Corporation

Per: Mark Bristoll
President

Attachment 1

F-1



Howard I. Wetston, Q.C.
Chair & CEO
Ontario Energy Board

SPEECH

**Ontario Energy Association
Annual Conference**

Toronto, Ontario
September 18, 2008

Check against delivery

I want to congratulate the Ontario Energy Association (OEA) on putting together an excellent program for this conference. It deals with a wide range of issues, offers an excellent roster of panelists.

I look forward to hearing from panelists on Leadership and Innovation in Energy Regulation. They offer a broad view – from the perspectives of utility companies, the federal Department of Natural Resources, and the National Round Table on the Environment and the Economy.

I would like to address the changes we have seen in energy regulation in Ontario – and some of the changes we will be seeing in the years ahead. In the time I am allotted, I can't speak to everything the Board is working on, but I will focus on four key topics:

- time-of-use pricing;
- the needs of low-income energy consumers;
- transmission connection cost responsibility; and
- the way we are ensuring that consumers have a voice in energy regulation, and the opportunity to pursue their energy interests.

Looking back over the past few years, the Ontario Energy Board (OEB or the Board) has made two major shifts in how we operate. First, we have engaged in proactive regulatory policy development. Second, we have focused on improving our adjudicative processes to increase regulatory efficiency and create positive and more predictable outcomes for stakeholders.

Among other things, we have issued new service quality requirements for electricity distributors and staff discussion papers on third generation incentive rate mechanism (IRM) for electricity distributors, time-of-use pricing and transmission connection cost responsibility for generators. We are refining our approach to benchmarking utility costs. We have consolidated and updated our guidelines for electricity distributor conservation and demand management, and we are currently in the midst of a process to consider natural gas storage and transportation access.

Throughout this time, the Board has been making the transition from "regulation by application" to "anticipatory" regulation – regulation guided by policy. Through various tools such as codes, rules, filing guidelines and Board reports, we have developed regulatory policies that help to shape specific outcomes. They ensure that the Board's expectations are clear and well understood. They reduce regulatory uncertainty. And they provide structure and focus for our adjudicative processes. For example, the hearings on the Integrated Power System Plan (IPSP) and the recently completed hearings on setting payment amounts for Ontario Power Generation (OPG) both benefited from the advance policy development work done by the Board.

Over the past five years, the OEB has created innovative, new ways of doing the things we are supposed to do, in the context of a mandate that continues to evolve. It is a rare day that we do not have to think about our mandate and what that does and does not allow us to do in this complex sector. And the courts wrestle with these issues too. Two recent decisions of the Divisional Court are good examples. One is the decision on the Low Income Energy Network (LIEN) appeal in relation to the Board's jurisdiction to consider ability to pay in setting rates. The other is the decision issued just last week on the Toronto Hydro appeal relating to the Board's authority to require that the payment of dividends be approved by a majority of a distributor's independent directors. In both of these cases, the court itself was divided in its view of the Board's authority.

Confirming the scope of our mandate and refining our approach to the development of regulatory policy and adjudication will remain important as the Board proactively targets new priorities. Specifically, the Board believes that now is the time to accelerate our initiatives focused on the consumer. We believe it is an important priority to develop processes that allow us to better communicate with and understand the perspectives of consumers.

Consumers are no longer content to leave the debate of energy and the environment to others. They see the debate as something that is vitally important to them – one that touches their pocketbooks and their daily lives. What we do as a regulator – what we all do as an industry – is taking on greater importance in the minds of consumers.

A shift has occurred. Consumer groups enjoy a higher profile with decision makers than ever before. They ask probing questions about the price of energy. They want to know their rights. They want to be more self-sufficient when considering their energy options. And they want regulation based on clear principles, transparency and predictability. While energy regulators have always been focused on consumers' interests, we are seeing an increasing interest in energy regulation by consumers and an increasing focus on consumer participation by energy regulators. A good example of this new paradigm is the statement from Britain's Office of Gas and Electricity Markets (OFGEM) in May 2008 that it will recruit domestic energy consumers from British households for its new Consumer First panel, which is to be in place by October first of this year. The Board believes that regulation needs to evolve from its half-century-long history of being a complex, detail driven exercise between the regulator, the applicant and the intervenors. Regulation must become more accessible. It must become more "user friendly".

Make no mistake: The Board has always sought the views of consumers. Consumers are an important constituency. Over the past few years, we have taken a number of steps in the public interest to seek consumer input in shaping policy.

Over the next few years, we will take that to another level.

We will try to improve and enhance our efforts to educate consumers with respect to industry structure, energy policy and price; inform consumers about their energy choices, their rights and responsibilities; reduce confusion; and ensure that the consumers' toolbox is sufficiently equipped so they are better able to take advantage of conservation and demand initiatives and time-of-use rates, fulfilling our government's policy objectives. Consumers want us to paint a clearer picture for them – of the industry, their rights and their options. And we have been doing that. Through the "Energy Choice is Yours" campaign, we have put together materials that cut through the clutter and empower consumers to make more informed choices about their energy consumption and supply, choices that are right for them. And later this year we will be launching a new website devoted to consumers and their energy options.

In focusing on the consumer, we need to be mindful that a fundamental change in how people will view electricity use is occurring. Consumers will have to be conscious not just of how much energy they use, but *when* they use it.

We're seeing smart meters installed in residences and small businesses in communities across the province. Consumers are going to have to learn to think about what I like to think of as "power by the hour."

We are working on refining our time-of-use price structure, designed to recover the cost of supply at specific periods of the day and encourage load shifting – and also to give consumers the tools they need to help modify their own consumption. It will be important to communicate to consumers how they can do this.

Consumers are increasingly aware of the need to manage their bills – and not only to bring down their own costs. The OEB implemented a smart meter pilot with Hydro Ottawa. One of the things we learned regarding time-of-use price structures is that reducing costs is not the only reason consumers are likely to be motivated to manage their consumption. They also understand that they can help ensure a reliable supply of power – and contribute to a cleaner environment.

One other point I would like to make on time-of-use pricing: We have received 16 submissions in response to our staff discussion paper on the issue. The input includes information from utilities like Newmarket Tay Power Distribution, which already has a number of customers on time-of-use pricing. Their experience and insight will be very valuable and will inform our thinking as we continue to refine the time-of-use pricing model.

In addition to time-of-use pricing, our focus on the consumer includes something else: a thorough review of energy issues from the perspective of low-income

consumers. We have launched a consultation process to examine that, including a stakeholder conference that will commence next Monday.

We will hear from a number of representatives about what programs currently exist to assist low income energy consumers, we'll discuss what agencies or organizations exist that utilities can work with, and we'll hear about the experience with low-income energy assistance programs in other jurisdictions. In that respect, we have commissioned a study of how the needs of low-income energy consumers are dealt with elsewhere – that report is on our website. There are currently 59 participants representing a broad range of interests registered to take part in the consultation and the stakeholder conference will be available by webcast for others who want to listen.

We will hear about customer service issues such as disconnection policies and security deposit rules, conservation and demand programs accessible to low income consumers, and mechanisms for funding energy assistance programs. Next week, we will hear many different groups with a diverse set of expertise and opinions on these challenging issues.

Consumers care about another issue as well: The potential for development of wind and other renewable resources.

As we are all aware, the government has established a clear policy framework aimed at increasing investment in renewable forms of generation. This policy direction has been captured both within and outside of the IPSP process presently before the Board.

As a regulator, the OEB has a role in managing the costs of adapting the electricity infrastructure to meet the often unique needs associated with connecting renewable power generation to both the transmission and distribution systems, province-wide.

That is why we have made it a priority to examine responsibility for the cost of connecting new generation to the grid. It's a simple question: Who pays? It is perhaps obvious, but there is no consensus or a simple answer.

In January of this year, we launched a consultation process to examine policies regarding cost responsibility for both generation and load connections to transmission systems. The goal is to ensure we are facilitating optimal development of transmission infrastructure, in a manner that reflects the direction of the province and the needs of the electricity sector. We will be extending that consultation to examine cost responsibility for connections to distribution systems.

Our immediate focus is on generation connections. Under current practices, with a few exceptions, new connections to the transmission grid must be built and

paid for by the connecting generation customer. This framework is based on a paradigm of large, single-proponent generators located close to the grid. The framework promotes efficiency as generators assess costs and benefits of connection and have maximum incentives to minimize connection costs.

To date, it has not presented obstacles to the connection of renewables to the grid. However, the IPSP filed by the Ontario Power Authority in August of 2007 and currently under consideration by the Board identified a new category of renewable resources, renewable resource clusters, that may not be well served by our current generation connection policies.

In considering our connection policies, as in all of our consultation processes, we recognize the importance of consultation with all affected stakeholders. It is critical that we are fully informed by, and benefit from, their experience and perspectives.

All of the areas I have discussed – consumer involvement in the regulatory process, time-of-use pricing, the needs of low-income energy consumers, and transmission connection cost responsibility – are important to the people that all of us serve.

Their long-term needs must be our focus; their concerns must be reflected in our agenda and in our processes.

Thank you.

Ontario Energy
Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416-481-1967
Facsimile: 416-440-7656
Toll free: 1-888-632-6273

Commission de l'énergie
de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416-481-1967
Télécopieur: 416-440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL AND WEB POSTING

NOTICE OF PROPOSED AMENDMENT TO A RULE

THE GAS DISTRIBUTION ACCESS RULE

BOARD FILE NO: EB-2008-0313

To: All Natural Gas Distributors
All Other Interested Parties

The Ontario Energy Board (the "Board") is giving notice under section 45 of the *Ontario Energy Board Act, 1998* (the "Act") of proposed amendments to the Gas Distribution Access Rule (the "GDAR").

I. Background

The *Public Utilities Act* (Ontario) states that a gas distributor may require that a consumer give "reasonable security" as a condition of supplying or of continuing to supply natural gas.

Currently, gas distributors retain discretion in terms of when they require a security deposit. Where a gas distributor requires a security deposit, at the present time it similarly also retains discretion to determine the amount and form of the security deposit as well as the timing and frequency of review and return of the security deposit. The lack of consistency in terms of security deposit policies as between gas distributors, and the inconsistent application of those policies to individual consumers by individual gas distributors, has been the subject of concern raised with the Board by consumers and consumer groups.

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Security deposit requirements are an important condition of access to gas distribution services. The Board believes that it is appropriate at this time to standardize those requirements among gas distributors to ensure that consumers are treated fairly and are subject to consistent requirements across the Province, regardless of whose franchise area they may be located in.

Electricity distributors have, for some time, been subject to standardized security deposit policies. The Board is not aware of any compelling reason that would support the continuation of individualized security deposit policies among gas distributors. The Board notes in this regard that gas distributors are subject to similar rate treatment in relation to the risk of customer default and exposure to bad debt. Security deposits are included in rate base for the purposes of calculating a gas distributor's working capital and therefore of calculating the gas distributor's overall revenue requirement. With the move to incentive regulation, greater consistency in terms of security deposit policies will also serve to minimize over-collection by a gas distributor in a manner that might artificially enlarge its pool of low cost working capital.

II. Proposed Amendments to the GDAR

A. Introduction

The Board is proposing to amend the GDAR to provide a standardized regulatory framework for the collection and administration of security deposits by gas distributors. The Board is also taking this opportunity to include in the GDAR a provision similar to that which appears in the Board's electricity codes and which refers to the ability of the Board to make determinations with or without a hearing. This provision, proposed to be added as a new section 1.6.1 of the GDAR, reflects section 44(2) of the Act.

Security deposits have been identified as an issue in the Board's consultation process regarding issues associated with low income energy consumers (EB-2008-0150). The Board intends to defer consideration of the particular needs of low income energy consumers in relation to security deposits until such time as the low income consumer consultation process has been completed. If warranted, further amendments to the GDAR regarding security deposits may be proposed at that time.

A summary of the proposed amendments to the GDAR is set out below. The text of the proposed amendments is set out in Attachment A to this Notice.

B. Summary of Proposed Amendments

The Board is proposing to include in GDAR requirements relating to the following: the circumstances under which a consumer must be exempted from any requirement to provide a security deposit; how security deposits are to be calculated; when security deposits must be reviewed and, where applicable, returned to a customer; the forms of security deposit that must be accepted; and how interest owed on security deposits is to be determined. Many of these requirements are proposed to differ by customer class.

The proposed amendments to the GDAR are based on and largely reflect the provisions that currently apply to electricity distributors as set out in the Distribution System Code ("DSC"). Security deposits serve the same underlying purpose in both the gas and electricity sectors, and many consumers are customers of both gas and electricity distributors. It is therefore desirable to maximize symmetry between the two sectors to the extent appropriate. The DSC provisions were developed through extensive consultation and experience in dealing with security deposit issues in the electricity sector,¹ and have worked well for electricity distributors and electricity consumers alike.

There is no reason, in principle, why the DSC provisions would be inappropriate for the natural gas sector. As a result, the Board considers that it is appropriate to adopt the DSC security deposit provisions in the GDAR, with certain modifications.

1. *Documentation and Communication of Security Deposit Policy (Sections 2.4.2 to 2.4.6)*

The Board is proposing that each gas distributor be required to document its policies in a "Security Deposit Policy", file a copy of its Security Deposit Policy with the Board and make its Security Deposit Policy available to the public and to any customer or prospective customer that requests a copy. Where a gas distributor proposes changes to its Security Deposit Policy, the distributor must give customers advance notice of those proposed changes and provide a reasonable opportunity for comment.

¹ Materials relating to the development of the current security deposit provisions of the DSC are available on the Board's website at www.oeb.gov.on.ca. See the record of consultation processes RP-2002-0416, RP-2004-0166 and EB-2006-0030.

2. *Collection and Payment of Security Deposits (Sections 2.4.8 to 2.4.10, 2.4.13 and 2.4.16)*

While the Board believes that greater consistency amongst gas distributors is desirable, the Board also believes that some flexibility should be maintained. Therefore, the Board is not proposing that gas distributors be required to collect security deposits. However, the Board is proposing that a gas distributor waive the requirement for a security deposit in respect of a customer that has or can demonstrate a good payment history, that provides a satisfactory credit check or that has an AAA- or better credit rating. Customers with a good payment history generally do not represent a material non-payment risk for the gas distributor, and in the Board's view it is unreasonable to require that they provide a security deposit as a condition of obtaining service from a gas distributor.

The Board is also proposing that customers be permitted to provide any required security deposit in equal installments over four months.

3. *Maximum Amount of Security Deposits (Sections 2.4.11 to 2.4.13, 2.4.27 and 2.4.28)*

The Board believes that flexibility should also be maintained in relation to the calculation of security deposits, and is therefore proposing that the amount of a security deposit be left to the discretion of each gas distributor, subject to a maximum that cannot be exceeded. The maximum amount is to be determined based on the customer's average monthly gas consumption. The Board is also proposing that larger non-residential customers with a credit rating of at least BBB- be entitled to a reduction in the amount of the security deposit that could otherwise be required based solely on the customer's consumption.

The Board is also proposing that a customer that is a residential condominium be treated as a residential customer for purposes of determining the form and maximum amount of the security deposit that can be required.

4. *Form of Security Deposits and Interest (Sections 2.4.15 and 2.4.17)*

For all customers, the Board is proposing that gas distributors be required to accept payment of security deposits in the form of cash or a cheque. In the case of non-

- 5 -

residential customers, distributors would also be required to accept a letter of credit. Gas distributors would retain the discretion to accept other forms of security deposit if they wish.

The Board is also proposing that interest accrue monthly at a prescribed rate on security deposits that are in the form of cash or a cheque, and that interest accrued be paid out at least once every 12 months or earlier in some circumstances.

5. *Review and Return of Security Deposits (Sections 2.4.18 to 2.4.26)*

The Board is proposing that each gas distributor be required to review each security deposit at least once annually, and to return or adjust the amount of a customer's security deposit where warranted based on more current circumstances. For example, a security deposit would need to be returned when a customer has achieved the required number of years of good payment history, or would need to be adjusted where a customer's credit rating has improved. The Board is also proposing that a gas distributor be required to conduct a security deposit review at the request of a customer, which request cannot be made more than once annually.

A security deposit would be required to be returned with interest (where applicable) within six weeks of closure of a customer's account, subject to the gas distributor's right to use the security deposit to offset amounts owing by the customer to the distributor.

Where a security deposit was paid by a third party on a customer's behalf, the Board is proposing that, where certain conditions are met, the security deposit be returned to the third party, with interest where applicable.

III. Anticipated Costs and Benefits

The proposed amendments to the GDAR address an important element of access to gas distribution services and do so in a manner that will, in the Board's view, promote the fair, transparent and consistent treatment of gas customers across the Province. Harmonization of security deposit policies amongst gas distributors and consistency of those policies with those applicable in the electricity sector will provide customers with greater predictability and enable them to better manage their energy costs. The Board therefore believes that the proposed amendments will better protect the interests of consumers with respect to prices and the reliability and quality of gas service. The

Board also believes that the proposed amendments to the GDAR strike an appropriate balance between the interests of consumers and the legitimate needs of distributors in terms of risk mitigation. The proposed amendments will therefore also facilitate the maintenance of a financially viable gas distribution sector.

The Board anticipates that gas distributors will incur costs to bring their security policies into line with the proposed amendments. The Board understands that gas distributors currently apply security deposit policies that are in at least some respects similar to those that the Board is now proposing to adopt. As a result, the cost of coming into compliance with the proposed amendments may not in all cases be material or substantial. The Board also anticipates that gas distributors will incur ongoing incremental costs in relation to the administration of security deposits, notably in relation to the annual review of security deposits.

IV. Coming Into Force

The Board anticipates that gas distributors may require some time in order to bring their security deposit policies into line with the proposed new GDAR provisions. The Board is therefore proposing that the proposed amendments to the GDAR set out in Attachment A come into force on the first day of the month that is 6 full months from the date on which the amendments are published on the Board's website after having been made by the Board. This is consistent with the time given to electricity distributors to accommodate the new security deposit provisions of the DSC when they were made, and is reflected in the proposed addition of a new section 1.4.6 of the GDAR.

V. Cost Awards

Cost awards will be available under section 30 of the Act to eligible persons in relation to the provision of comments on the proposed amendments to the GDAR set out in Attachment A, to a maximum of 20 hours. Costs awarded will be recovered from all rate-regulated gas distributors, based on their respective distribution revenues.

Attachment B contains important information regarding cost awards for this notice and comment process, including in relation to eligibility requests and objections. In order to facilitate a timely decision on cost eligibility, the deadlines for filing cost eligibility requests and objections will be strictly enforced.

VI. Invitation to Comment

All interested parties are invited to provide written comments on the Board's proposed amendments to the GDAR set out in Attachment A by November 19, 2008.

Three (3) paper copies of each filing must be provided, and should be sent to:

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto Ontario M4P 1E4

The Board requests that interested parties make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the Board's web portal at www.errr.oeb.gov.on.ca. A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at www.oeb.gov.on.ca, and fill out a user ID password request. Additionally, interested parties are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation - A Quick Guide" also found on the "e-filing services" webpage. If the Board's web portal is not available, electronic copies of filings may be filed by e-mail at boardsec@oeb.gov.on.ca.

Those that do not have internet access should provide a CD or diskette containing their filing in PDF format.

Filings to the Board must be received by the Board Secretary by 4:45 p.m. on the required date. They must quote file number **EB-2008-0313** and include your name, address, telephone number and, where available, your e-mail address and fax number.

This Notice, including the proposed amendments to the GDAR, all other Board documents referred to in this Notice (including the GDAR) and all written comments received in response to this Notice will be available for inspection on the Board's website at www.oeb.gov.on.ca and at the office of the Board during normal business hours.

- 8 -

If you have any questions regarding the proposed GDAR amendments, please contact Barbara Robertson, Project Advisor, Compliance Office, at 416-440-7718, or toll-free at 1-888-632-6273.

DATED at Toronto, October 8, 2008.
ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Attachments:	Attachment A	Proposed Amendments to the Gas Distribution Access Rule
	Attachment B	Cost Awards

Attachment A

Proposed Amendments to the Gas Distribution Access Rule

Note: The text of the proposed amendments is set out in italics below, for ease of identification only.

1. Section 1.4 of the Gas Distribution Access Rule is amended by adding the following new section 1.4.6 immediately after section 1.4.5:

1.4.6 Section 2.4 of this Rule comes into force on [•], 2009. [insert date that is the first day of the month that is six full months from the date on which the final amendments to the GDAR adding section 2.4 are posted on the Board's website]

2. Section 1 of the Gas Distribution Access Rule is amended by adding the following new section 1.6 immediately after section 1.5.1:

1.6 Determinations under this Rule

1.6.1 Any matter under this Rule requiring a determination by the Board may be determined without a hearing or through an oral, written or electronic hearing, at the Board's discretion.

3. Section 2 of the Gas Distribution Access Rule is amended by adding the following new section 2.4 immediately after section 2.3.2:

2.4 Security Deposits

2.4.1 In this section 2.4:

(a) "general service consumer" means a consumer that is not a residential consumer and that annually consumes no more than 100,000 m³ of gas; and

(b) "Security Deposit Policy" means the document developed by a gas distributor in accordance with section 2.4.2 that describes the gas distributor's policies in relation to the collection and administration of security deposits.

2.4.2 A gas distributor shall develop and maintain a Security Deposit Policy that describes the gas distributor's policies in relation to the collection and administration of security deposits. Subject to this Rule and to all other applicable regulatory requirements of the Board, the gas distributor shall comply with its Security Deposit Policy

2.4.3 A gas distributor's Security Deposit Policy shall be consistent with this Rule and with all other applicable regulatory requirements of the Board, including any rate order issued under section 36 of the Act and shall at a minimum include the following:

- (a) a list of all forms of security that may be accepted;
- (b) a detailed description of how the amount of security is calculated;
- (c) limits on the amount of security required;
- (d) the planned frequency, process and timing for updating security;
- (e) criteria that must be met by a consumer in order for the requirement for a security deposit to be waived or for a security deposit to be returned; and
- (f) the consequences for the consumer if a security deposit is not paid.

2.4.4 A gas distributor shall file a copy of its Security Deposit Policy with the Board, make a current copy of its Security Deposit Policy publicly available and provide a current copy of its Security Deposit to any person upon request.

2.4.5 A gas distributor that proposes to change its Security Deposit Policy shall give advance notice of the proposed change. At a minimum, advance notice of the proposed change shall be given by means of a note on or included with the bill issued to each consumer. The note shall indicate the proposed timeline for implementation of the proposed change, where and how the consumer may obtain a copy of the proposed change and how and by when the consumer may provide written comments on the proposed change. The proposed timeline for implementation of the proposed change shall be sufficiently long to allow consumers a reasonable opportunity to provide written comments on the proposed change.

2.4.6 Where a gas distributor changes its Security Deposit Policy, the gas distributor shall file the revised version of the Security Deposit Policy with the Board, together with a covering letter that clearly identifies all changes relative to the last version filed with the Board and that summarizes any written comments received on those changes.

2.4.7 In managing consumer non-payment risk, a gas distributor shall not discriminate among consumers with similar risk profiles or risk related factors except where expressly permitted under this Rule.

2.4.8 A gas distributor may require a security deposit from a consumer who is not billed by a gas vendor under gas vendor-consolidated billing unless the consumer has a good payment history of 1 year in the case of a residential consumer, 5 years in the case of a general service consumer and 7 years in the case of any other consumer. The time period that makes up the good payment history must be the most recent period of time and some of the time period must have occurred in the previous 24 months. A gas distributor shall provide a consumer with the specific reasons for requiring a security deposit from the consumer.

2.4.9 For the purposes of section 2.4.8, a consumer is deemed to have a good payment history unless, during the relevant period of time referred to in section 2.4.8 any of the following has occurred other than by reason of an error by the gas distributor:

- (a) the consumer has received more than one disconnection notice from the gas distributor indicating that the gas distributor intends to disconnect the consumer for non-payment;
- (b) more than one cheque given to the gas distributor by the consumer has been returned by reason of insufficient funds;
- (c) more than one pre-authorized payment from the consumer to the gas distributor has failed to be made by reason of insufficient funds; or
- (d) at least one visit to the consumer's premises has been made by or on behalf of the gas distributor for the purpose of demanding payment of an overdue amount or to shut off or limit the supply of gas to the consumer's premises for non-payment.

2.4.10 Despite section 2.4.8, a gas distributor shall not require a security deposit from a consumer where:

- (a) the consumer provides a letter from another gas distributor or an electricity distributor in Canada confirming a good payment history with that distributor for the most recent relevant time period set out in section 2.4.8 where some of the time period that makes up the good payment history has occurred in the previous 24 months; or
- (b) the consumer is a residential consumer or a general service consumer and provides a satisfactory credit check conducted at the consumer's own expense.

2.4.11 Subject to sections 2.4.12 and 2.4.13, the maximum amount of a security deposit that a gas distributor may require a consumer to pay shall be

calculated as follows: billing cycle factor x consumer's estimated bill. For this purpose:

- (a) the billing cycle factor shall be 2.5 if the consumer is billed monthly and shall be 1.75 if the consumer is billed bi-monthly; and
- (b) a consumer's estimated bill shall be determined based on:
 - i. the gas distributor's rates and charges in effect at the relevant time; and
 - ii. the consumer's average monthly consumption of gas during the most recent 12 consecutive months within the past two years. Where the relevant gas consumption information is not available for a consumer for 12 consecutive months within the past two years or where the distributor does not have systems capable of making this calculation, the consumer's average monthly consumption shall be based on a reasonable estimate made by the gas distributor.

2.4.12 Where in a relevant 12-month period a consumer has received more than one disconnection notice from a gas distributor indicating that the gas distributor intends to disconnect the consumer for non-payment, the consumer's estimated bill may be determined based on the consumer's highest actual or estimated monthly consumption in the most recent 12 consecutive months within the past two years.

2.4.13 Where a consumer other than a residential consumer or a general service consumer has a credit rating from a recognized credit rating agency, the maximum amount of a security deposit that a gas distributor may require the consumer to pay shall be reduced in accordance with the following table:

Credit Rating (Using Standard and Poor's Rating Terminology)	Allowable Reduction In Security Deposit
AAA- and above or equivalent	100%
AA-, AA, AA+ or equivalent	95%
A-, From A, A+ to below AA or equivalent	85%
BBB-, From BBB, BBB+ to below A or equivalent	75%
Below BBB- or equivalent	0%

- 2.4.14 Subject to section 2.4.7, a gas distributor may reduce the amount of a security deposit that it requires a consumer to pay for any reason, including where the consumer pays under an interim payment arrangement or where the consumer makes pre-authorized payments.
- 2.4.15 A gas distributor shall accept payment of a security deposit by any consumer in the form of cash or cheque, and shall also accept from a non-residential consumer security in the form of an automatically renewing, irrevocable letter of credit from a bank as defined in the Bank Act (Canada). In either case, the form shall be at the discretion of the consumer. A gas distributor may also accept other forms of security.
- 2.4.16 A gas distributor shall permit a consumer to provide a security deposit in equal instalments paid over at least four months, or over such shorter period as the consumer may choose.
- 2.4.17 Interest shall accrue monthly on security deposits paid by way of cash or cheque, commencing on the date of receipt of the total amount of the security deposit required by the gas distributor. The interest rate shall be the Prime Business Rate published on the Bank of Canada website less 2 percent, updated quarterly. Any accrued interest shall be paid out to the consumer at least once every twelve months and shall be paid out earlier upon the return or application of the security deposit[, in whole or in part,] or the closure of the consumer's account. Payment of accrued interest may be effected by crediting the consumer's account or by other means.
- 2.4.18 A gas distributor shall, at least once in each calendar year, review each consumer's security deposit to determine whether:
- (a) the security deposit is to be returned to the consumer by reason of the fact that the consumer has become entitled to the benefit of the exemption set out in section 2.4.8 or 2.4.10; or
 - (b) the amount of the security deposit is to be adjusted based on a recalculation of the maximum amount of the security deposit in accordance with section 2.4.11.

This section applies to all security deposits, whether paid by a consumer before or after the date on which this section came into force, provided that a gas distributor shall not be required to review a security deposit paid by a consumer prior to October 1, 2008 during the calendar year 2009.

- 2.4.19 Subject to section 2.4.20, upon being requested to do so by a consumer a gas distributor shall review the consumer's security deposit to determine whether:

- (a) *the security deposit is to be returned to the consumer by reason of the fact that the consumer has become entitled to the benefit of the exemption set out in section 2.4.8 or 2.4.10; or*
- (b) *the amount of the security deposit is to be adjusted based on a recalculation of the maximum amount of the security deposit in accordance with section 2.4.11.*

This section applies to all security deposits, whether paid by a consumer before or after the date on which this section came into force.

- 2.4.20 *A gas distributor shall not be required to review a security deposit at the request of a consumer under section 2.4.19 where less than 12 months has elapsed since:*
- (a) *the date on which the total amount of the security deposit was paid; or*
 - (b) *the date on which the consumer last made a request for review under that section.*
- 2.4.21 *Subject to section 2.4.22, where a review conducted under section 2.4.18 or 2.4.19 reveals that some or all of a security deposit must be returned to a consumer, a gas distributor shall promptly return the relevant amount to the consumer, with interest where applicable, by crediting the consumer's account or otherwise.*
- 2.4.22 *Where a review conducted under section 2.4.18 or 2.4.19 reveals that a consumer other than a residential consumer or a general service consumer has become entitled to the benefit of the exemption set out in section 2.4.8 or 2.4.10, a gas distributor may nonetheless retain up to 50% of the security deposit.*
- 2.4.23 *Where a review conducted under section 2.4.18 or 2.4.19 reveals that additional security may be sought from a consumer based on the recalculation of the maximum amount of the security deposit, a gas distributor may require that the additional security be paid at the same time as the consumer's next regular bill comes due.*
- 2.4.24 *A gas distributor shall return any security deposit received from a consumer, with interest where applicable, within six weeks of closure of the consumer's account, subject to the right of the gas distributor to use all or a part of the security deposit and interest to set off other amounts owing by the consumer to the gas distributor.*

2.4.25 A gas distributor shall apply a security deposit, with interest where applicable, to the final bill prior to a change in service where a consumer changes supply from system gas to a gas vendor that uses gas vendor-consolidated billing or where a consumer changes billing options from gas distributor-consolidated billing to split billing or gas vendor-consolidated billing. However, where a consumer changes billing options from gas distributor-consolidated billing to split billing, the gas distributor may retain that portion of the security deposit amount that reflects the gas distributor's reasonable assessment of the non-payment risk associated with the new billing option. In all cases, the gas distributor shall promptly return any remaining portion of the security deposit and interest where applicable to the consumer. A gas distributor shall not pay any portion of a consumer's security deposit to a gas vendor.

2.4.26 Despite sections 2.4.18, 2.4.19, 2.4.21, 2.4.24 and 2.4.25, where all or part of a security deposit has been paid by a third party on behalf of a consumer, a gas distributor shall return the amount of the security deposit paid by the third party, including interest where applicable, to the third party. This obligation shall apply where and to the extent that:

- (a) the third party paid all or part (as applicable) of the security deposit directly to the gas distributor;
- (b) the third party has requested, at the time the security deposit was paid or within a reasonable time thereafter, that the gas distributor return all or part (as applicable) of the security deposit to it rather than to the consumer; and
- (c) there is not then any amount overdue for payment by the consumer that the gas distributor is permitted by this Rule to off set using the security deposit.

2.4.27 A consumer that is a corporation within the meaning of the Condominium Act, 1998 who has an account with a gas distributor that:

- (a) relates to a property defined in the Condominium Act, 1998 and comprised predominantly of units that are used for residential purposes; and
- (b) relates to more than one unit in the property,

shall be deemed to be a residential consumer for the purposes of sections 2.4.8 and 2.4.15 provided that the consumer has filed with the gas distributor a declaration in a form approved by the Board attesting to the consumer's status as a corporation within the meaning of the Condominium Act, 1998.

2.4.28 Sections 2.4.18 and 2.4.19 shall be applied on the basis that a consumer referred to in section 2.4.27 is a residential consumer even if the consumer paid the security deposit prior to the date on which section 2.4.27 came into force.

Attachment B

Cost Awards

Cost Award Eligibility

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person intending to request an award of costs must file with the Board a written submission to that effect by **October 22, 2008**, identifying the nature of the person's interest in this process and the grounds on which the person believes that it is eligible for an award of costs (addressing the Board's cost eligibility criteria as set out in section 3 of the Board's *Practice Direction on Cost Awards*). An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the Board's website.

Rate-regulated gas distributors will be provided with an opportunity to object to any of the requests for cost award eligibility. If a rate-regulated gas distributor has any objections to any of the requests for cost eligibility, such objections must be filed with the Board by **November 5, 2008**. Any objections will be posted on the Board's website.

The Board will then make a final determination on the cost eligibility of the requesting participants.

Eligible Activities

Cost awards will be available in relation to the provision of written comments on the proposed amendments to the GDAR set out in Attachment A, to a maximum of 20 hours.

Cost Awards

When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied. The Board expects that groups representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process.

The Board will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process. For more information on this process, please see the Board's *Practice Direction on Cost Awards* and the October 27, 2005 letter regarding the rationale for the Board acting as a clearing house for the cost award payments. These documents can be found on the Board's website at www.oeb.gov.on.ca on the "Rules, Codes, Guidelines and Forms" webpage which can be found in the "Industry Relations" drop-down menu.

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TOWN OF AYLMER

COUNCIL RESOLUTION

October 14 2008

MOVED BY:

Mary French

SECONDED BY:

R. [Signature]


"That the Council of the Town of Aylmer hereby endorses the Report dated October 8, 2008 prepared by the Administrator, regarding Natural Resource Gas Ltd. (NRG);

AND FURTHER THAT Council hereby approves the actions outlined below:

1. **Ensure that the Ontario Energy Board is fully aware of the concerns regarding NRG by:**
 - **providing a copy of this report and the petitions received from the local residents regarding the issues with NRG and request that the OEB use its regulatory and oversight tools to fully inquire into the issues identified;**
 - **endorsing the OEB proposed amendment to the Gas Distribution Access Rule provide direction to natural gas distributors regarding customer security deposits; and**
 - **intervening at OEB hearings which involve NRG to ensure the OEB is aware of issues of concern to the Town and its residents generally identified as follows:**
 - **Quality of infrastructure;**
 - **Rates not competitive;**
 - **Reluctance to serve new commercial/industrial customers;**
 - **Significant customer service issues;**
 - **Financial issues raised by customers and suppliers are troubling; and**
 - **Deterrent to local economic development.**
2. **Request that the OEB consider the following regulatory and/or policy changes in order to improve customer service requirements of natural gas distributors:**

- **Require that customer service measures are made available to the public**
 - **Require that the annual audited financial statements of the distribution companies are made available to the public**
 - **Provide a clear complaint and enforcement process for natural gas consumers to have complaints heard and resolved**
 - **Require that consumer security deposits be kept in a trust fund and not used as working capital for distribution companies;**
3. **Request that the OEB establish a process for a review of the legislation and regulations which require that municipalities and natural gas distributors enter into franchise agreements. The realities of the current process for these agreements do not operate such that they improve the distribution of natural gas to its customers. The municipality has no real ability to negotiate even the minimum of service delivery requirements, no realistic ability to enforce the provisions of the franchise agreement when a distribution company does not meet them and no real ability to change who provides the service. The legislation guiding franchises is outdated and its provisions such as the requirement for a public vote typically are replaced with the OEB approval process;**
4. **Circulate this Report to the other municipalities with franchise agreements with NRG for their consideration and endorsement;**
5. **Forward the Report and recommendation to the Minister of Energy and Infrastructure and our local M.P.P., the Honourable Steve Peters."**


Head of Council


Clerk

RESOLUTION # 370-08

October 15, 2008

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Toronto ON M4P 1E4

Attn: Howard I. Wetston, Q.C.
Chair & Chief Executive Officer

RE: Natural Resource Gas Ltd. – Franchise Agreements/Business Practices

At its meeting held on October 14, 2008, the Town of Aylmer Council received a Report from the Town's Administrator about Natural Resource Gas Ltd., and resolved:

Resolution No. 257-08

Moved by Deputy Mayor R. G. Baldwin and seconded by Councillor M. French:

"That the letter from the C.A.O./Clerk of the Township of Malahide regarding NRG be received and be referred to Staff to review and to submit a report to a future Council meeting."

"That the Council of the Town of Aylmer hereby endorses the Report dated October 8, 2008 prepared by the Administrator, regarding Natural Resource Gas Ltd. (NRG);

AND FURTHER THAT Council hereby approves the actions outlined below:

- 1. Ensure that the Ontario Energy Board is fully aware of the concerns regarding NRG by:**
 - providing a copy of this report and the petitions received from the local residents regarding the issues with NRG and request that the OEB use its regulatory and oversight tools to fully inquire into the issues identified;
 - endorsing the OEB proposed amendment to the Gas Distribution Access Rule provide direction to natural gas distributors regarding customer security deposits; and

.../2

- intervening at OEB hearings which involve NRG to ensure the OEB is aware of issues of concern to the Town and its residents generally identified as follows:
 - Quality of infrastructure;
 - Rates not competitive;
 - Reluctance to serve new commercial/industrial customers;
 - Significant customer service issues;
 - Financial issues raised by customers and suppliers are troubling; and
 - Deterrent to local economic development.
- 2. Request that the OEB consider the following regulatory and/or policy changes in order to improve customer service requirements of natural gas distributors:
 - Require that customer service measures are made available to the public
 - Require that the annual audited financial statements of the distribution companies are made available to the public
 - Provide a clear complaint and enforcement process for natural gas consumers to have complaints heard and resolved
 - Require that consumer security deposits be kept in a trust fund and not used as working capital for distribution companies;
- 3. Request that the OEB establish a process for a review of the legislation and regulations which require that municipalities and natural gas distributors enter into franchise agreements. The realities of the current process for these agreements do not operate such that they improve the distribution of natural gas to its customers. The municipality has no real ability to negotiate even the minimum of service delivery requirements, no realistic ability to enforce the provisions of the franchise agreement when a distribution company does not meet them and no real ability to change who provides the service. The legislation guiding franchises is outdated and its provisions such as the requirement for a public vote typically are replaced with the OEB approval process;
- 4. Circulate this Report to the other municipalities with franchise agreements with NRG for their consideration and endorsement;
- 5. Forward the Report and recommendation to the Minister of Energy and Infrastructure and our local M.P.P., the Honourable Steve Peters."

The motion is Carried

Council has previously authorized an intervention by the Town in a pending Application brought by Union Gas in Board File EB-2008-0273, which may relate to some of the issues raised, and which is set for hearing by a Panel of the Board on October 20 and 21, 2008. Subject to any disposition in that case, we will look forward to your response to the balance of the issues.

Yours truly,



Nancie J. Irving
Clerk, Town of Aylmer

Encl.

cc M. H. Adams, Administrator

Mark Bristol, President, NRG Ltd., 39 Beech St East, Aylmer ON N5H 1A1

Municipality of Central Elgin
Municipality of Bayham
Township of South West Oxford
Municipality of Thames Centre
Township of Malahide

Honourable George Smitherman, Minister of Energy & Infrastructure
Honourable Steve Peters, M.P.P.



RECEIVED

OCT 14 2008

Heads

Corporation of the Municipality of Thames Centre

4305 Hamilton Road, Dorchester, Ontario N0L 1G3 - Phone 519-268-7334 - Fax 519-268-3928 - www.thamescentre.on.ca - Inquiries@thamescentre.on.ca

October 8, 2008

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

Attention: Board Secretary

Dear Sir/Madam:

**RE: UNION GAS V. NATURAL RESOURCE GAS LIMITED:
LEAVE TO DISCONTINUE SERVICE APPLICATION FILED AUGUST 1, 2008**

The Municipality of Thames Centre received a request from the Town of Aylmer to support their request for intervenor status in the upcoming proceedings before the Ontario Energy Board with respect to the discontinuation of natural gas to Natural Resource Gas Limited.

At its last regular meeting held on October 6, 2008, the Council discussed the above-noted matter.

I wish to advise that the Council enacted the following resolution:

RESOLVED THAT the Council of The Corporation of the Municipality of Thames Centre hereby supports the request by the Town of Aylmer for intervenor status in any upcoming proceedings before the Ontario Energy Board (OEB) with respect to the discontinuation of natural gas to Natural Resources Gas Limited (NRG); and further, that a letter of support of the Town of Aylmer's request be forwarded to the OEB for their consideration. Carried.

The Municipality also has a vested interest in this matter, and as such would appreciate the Board's consideration concerning the discontinuation of natural gas to NRG.

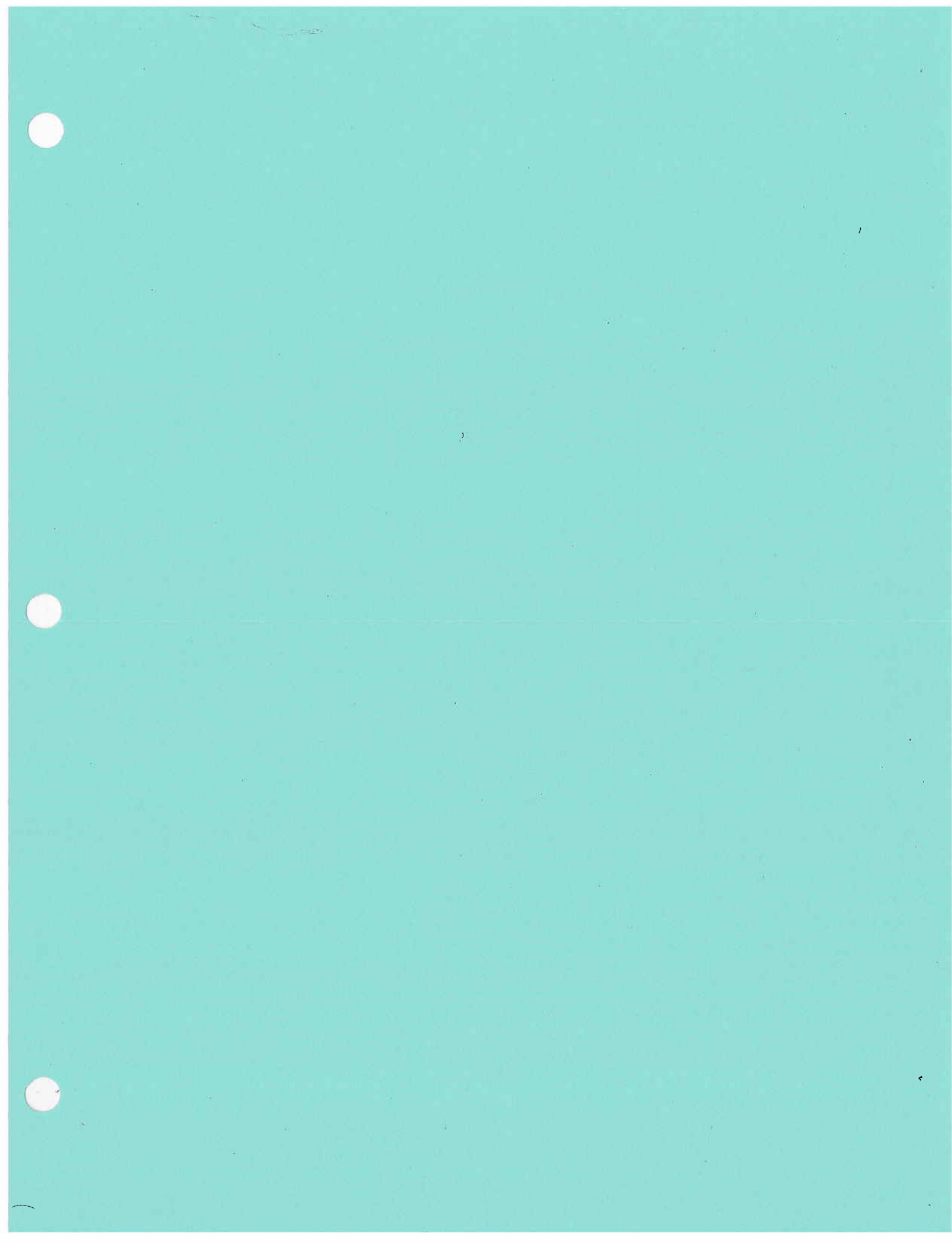
Thanking you in advance for your consideration in this matter.

Sincerely,

Margaret Lewis
Clerk

/ml

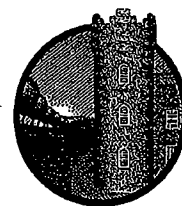
cc. Heather Adams, Administrator, Town of Aylmer



87 John Street South,
Aylmer, Ontario N5H 2C3
Telephone: 519-773-5344
Fax: 519-773-5334
www.township.malahide.on.ca

the **TOWNSHIP of**
MALAHIDE

A proud tradition, a bright future.



October 7, 2008.

Town of Aylmer,
46 Talbot Street, West,
Aylmer, Ontario.
N5H 1J7

Attention: Heather Adams.

Dear Ms. Adams:

RE: Ontario Energy Board Hearing.

Malahide Township Council met on October 2, 2008, and passed the following Resolution:

THAT Malahide Township Council agree in principle with the Town of Aylmer's intervener status and joint effort with several municipalities with the issue of NRG and Union Gas at the Ontario Energy Board Hearing.

We trust the above is satisfactory for your records at this time, but ask you to contact this office if you have any concerns or additional requests.

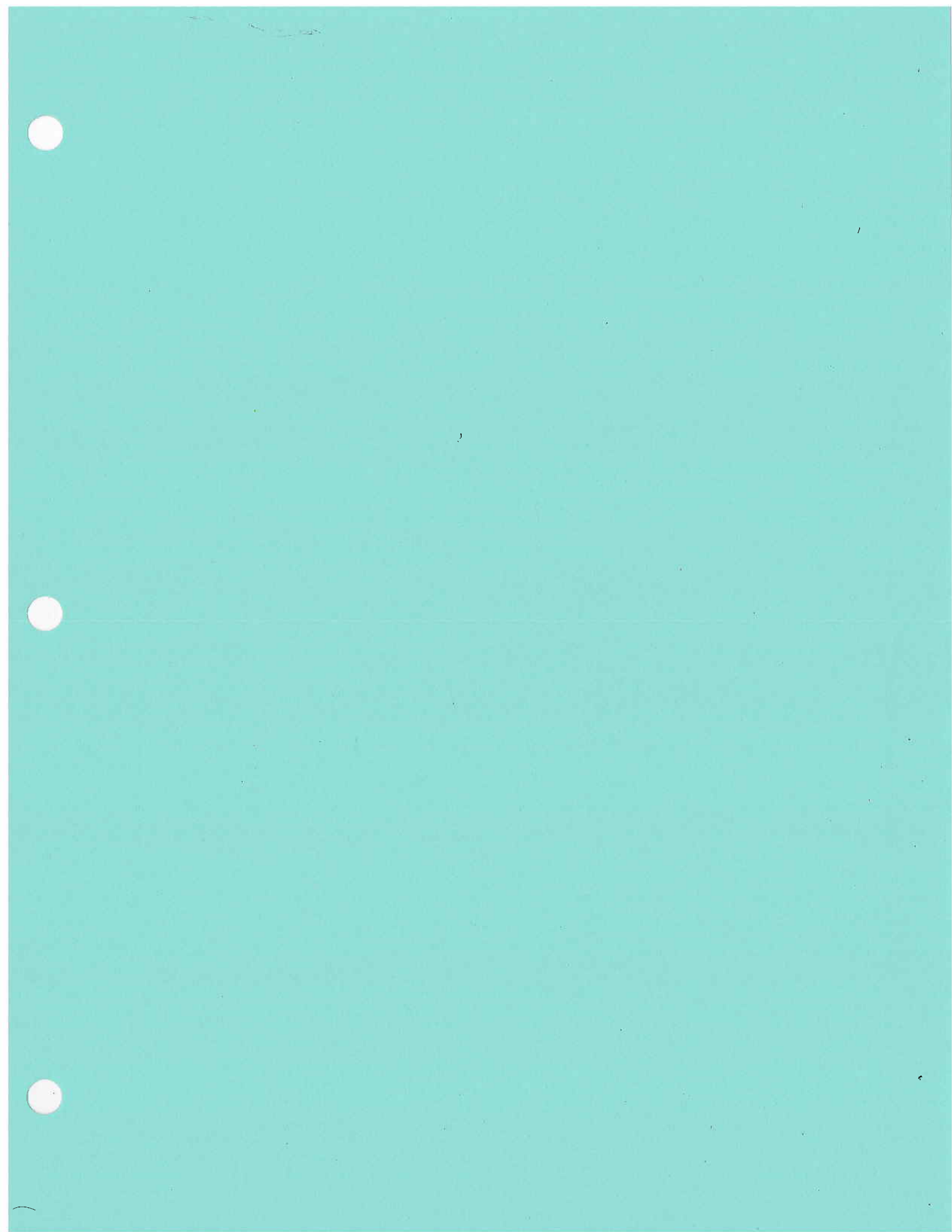
Yours very truly,
TOWNSHIP OF MALAHIDE


R. MILLARD, C.A.O./CLERK

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RANDALL R. MILLARD
C.A.O./Clerk

SUSAN E. WILSON
Treasurer
treasurer@township.malahide.on.ca





TOWNSHIP OF SOUTH - WEST OXFORD

R. R. # 1, Mount Elgin, On. N0J 1N0
312915 Dereham Line

Phone: (519) 877-2702; (519) 485-0477; Fax: (519) 485-2932

February 9, 2009

Ontario Energy Board
PO Box 2319, 27th Floor
2300 Yonge Street
Toronto ON
M4P 1E4

Attn: Kirsten Walli, Board Secretary

RE: EB-2008-0413: Natural Resource Gas Limited (NRG) Application
For an Order Pursuant to Section 10 of the Municipal Franchise Act
(Ontario)

Dear Madam:

South-West Oxford Township Council passed the following resolution on
February 5, 2009:

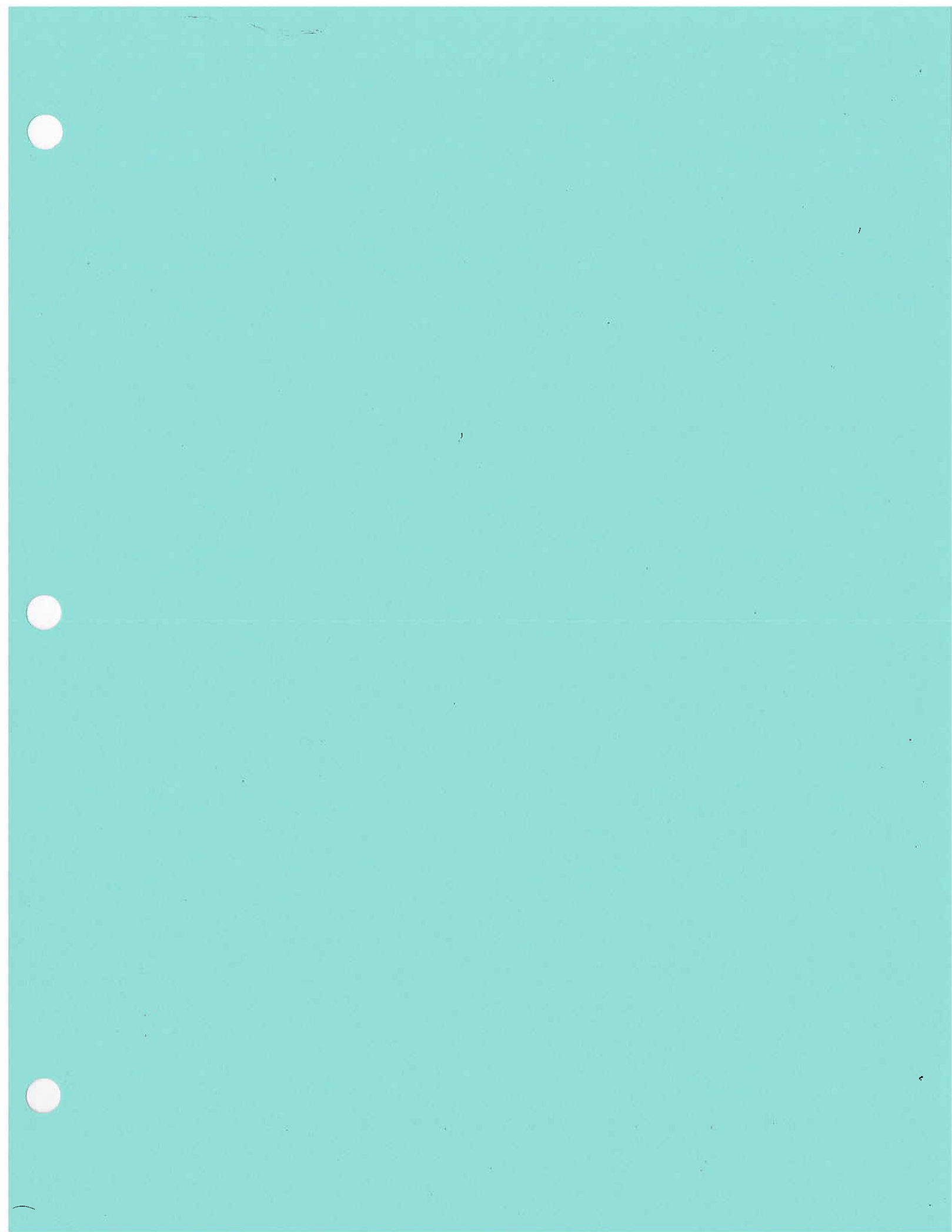
"RESOLVED that the Ontario Energy Board be informed that, although the Township of South-West Oxford would be impacted by the Board's decision in the matter of the Natural Resource Gas limited (NRG) Application for Renewal of Franchise Agreement with the Town of Aylmer, the Township of South-West Oxford supports the position of the Town of Aylmer and does not seek intervener Status for itself."

Yours truly,

A handwritten signature in cursive script, reading "Allen Forrester".

Allen Forrester
Clerk-Treasurer Administrator
Township of South-West Oxford

c.c. Corporation of the Town of Aylmer, Ms. Heather Adams, Administrator
Town of Aylmer
46 Talbot Street West
Aylmer ON N5H 1J7



87 John Street South,
Aylmer, Ontario N5H 2C3
Telephone: 519-773-5344
Fax: 519-773-5334
www.township.malahide.on.ca

the **TOWNSHIP** of
MALAHIDE

A proud tradition, a bright future.



February 5, 2009.

Town of Aylmer,
46 Talbot Street, West,
Aylmer, Ontario.
N5H 1J7

Attention: Heather Adams

Dear Ms. Adams:

RE: NRG – OEB Submission.

Malahide Township Council passed the following Resolution at a recent Council meeting:

THAT Malahide Township Council supports the Town of Aylmer's status as stated in the letter of Stockwoods dated January 9, 2009.

Please contact our office if you have any questions with respect to this matter .

Yours very truly,
TOWNSHIP OF MALAHIDE

R. MILLARD, C.A.O./CLERK

Copy - Council

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RANDALL R. MILLARD
C.A.O./Clerk

SUSAN E. WILSON
Treasurer
treasurer@township.malahide.on.ca

STOCKWOODS

Barristers

M. Philip Tunley

Direct Line: 416-593-3495

Direct Fax: 416-593-9345

philt@stockwoods.ca

January 9, 2009

Delivered

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319 - 2300 Yonge Street
27th Floor, Suite 2700
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

Re: EB-2008-0413: Natural Resource Gas Limited ("NRG") Application for an Order Pursuant to Section 10 of the *Municipal Franchises Act* (Ontario)

We are legal counsel to the Corporation of the Town of Aylmer. We have received the Notice of Application of NRG dated December 19, 2008 and related materials in the above-noted matter, as well as the Notice of Application and Notice of Hearing dated yesterday.

The Town intends to respond fully to this Application by way of filing of evidence and examination and cross-examination of witnesses at the hearing. The Town will participate in the hearing in the English language, and may wish to seek an award of costs. The representatives of the Town for the purposes of service and delivery of documents in the proceeding will be as follows:

M. Heather Adams
Chief Administrative Officer
Corporation of the Town of Aylmer
46 Talbot Street West
Aylmer ON N5H 1J7

Tel: (519) 773-4901
Fax: (519) 765-1446
Email: hadams@town.aylmer.on.ca

STOCKWOODS LLP

SUITE 2512, THE SUN LIFE TOWER, 150 KING STREET WEST, TORONTO, ONTARIO M5H 1J9 • PH: (416) 593-7200 • FAX: (416) 593-9345

M. Philip Tunley
Stockwoods LLP
2512 – 150 King Street West
Toronto, ON M5H 1J9

Tel: (416) 593-3495
Fax: (416) 593-9345
email: *philt@stockwoods.ca*

In order to assist parties, Board Staff, and the Board, it may be useful briefly to outline why, at this time, the Town is not prepared to renew the Franchise Agreement which it has with NRG on the terms, or for the length of term proposed by NRG in its Application.

The reasons for the Town's position stem from at least two sources.

First, the Board will be aware from its review of recent proceedings in EB-2006-0243 (Compliance Order dated June 29, 2007, and Order dated March 12, 2008) and EB-2008-0273 (Decision and Order dated November 27, 2008), and of the Town's Submissions in response to the Board's consultation regarding revisions to its Gas Distribution Access Rule (EB-2008-0313) that circumstances have arisen which have shaken the Town's confidence in NRG as the incumbent supplier of natural gas to customers within the municipal area of the Town. These concerns relate both to the financial viability of NRG, and to the quality and reliability of its service to customers.

Second, the Town is aware that some of its concerns are shared by other municipalities in which NRG supplies gas. NRG has one or more Franchise Agreements with each of these municipalities, each of which have different renewal dates. To the best of the Town's knowledge, information and belief, the relevant renewal dates are as follows:

1. The Township of Malahide: 2012 and 2014
2. Corporation of the Municipality of Thames Centre: 2012
3. Corporation of the Township of Bayham: 2012 and 2015
4. Corporation of the Township of South-West Oxford: 2013
5. Corporation of the Municipality of Central Elgin: 2016

The Town believes that, in order to allow all affected municipalities to consider the full range of alternatives with respect to the future supply of gas in these areas, including the option of renewal with NRG for a longer term, it is important to make provision for these various Franchise Agreements to have the same renewal terms.

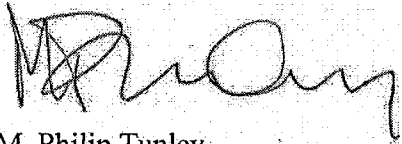
The Town asks that these municipalities be given formal notice of this Application and an opportunity to intervene herein.

In order to address these issues, the Town has proposed to renew its Franchise Agreement with NRG for a shorter term (proposed at 3 years), during which most the other agreements NRG has with the other municipalities will come up for renewal, and which is also sufficient to allow NRG an opportunity to regain the confidence of the Town and other municipalities as their incumbent gas supplier. This position has been developed by the Town and approved by its Mayor and Council, in accordance with a public Report and Resolution. The Draft Agreement proposed by the Town, and the Report and Resolution will be included in the Town's pre-filed evidence. However, as they are also a matter of public record, I can provide copies in advance to anyone interested.

The Town also wishes to note at the outset that it disputes many of the factual allegations set out NRG's Notice of Application and in the document entitled "History of Franchise Renewal Negotiations" found at Exhibit D, Tab 1, as well as many other positions taken by NRG in support of its Application. If these matters are relevant to the Application, then the Town will wish to address them vigorously at the oral hearing. However, the Town believes they are of marginal if any relevance, and in any event may be of little assistance to the Board in deciding the substantive issues at stake. We simply raise the question whether a brief "issues day" attendance at some point in the schedule would assist parties and the Board on this issue.

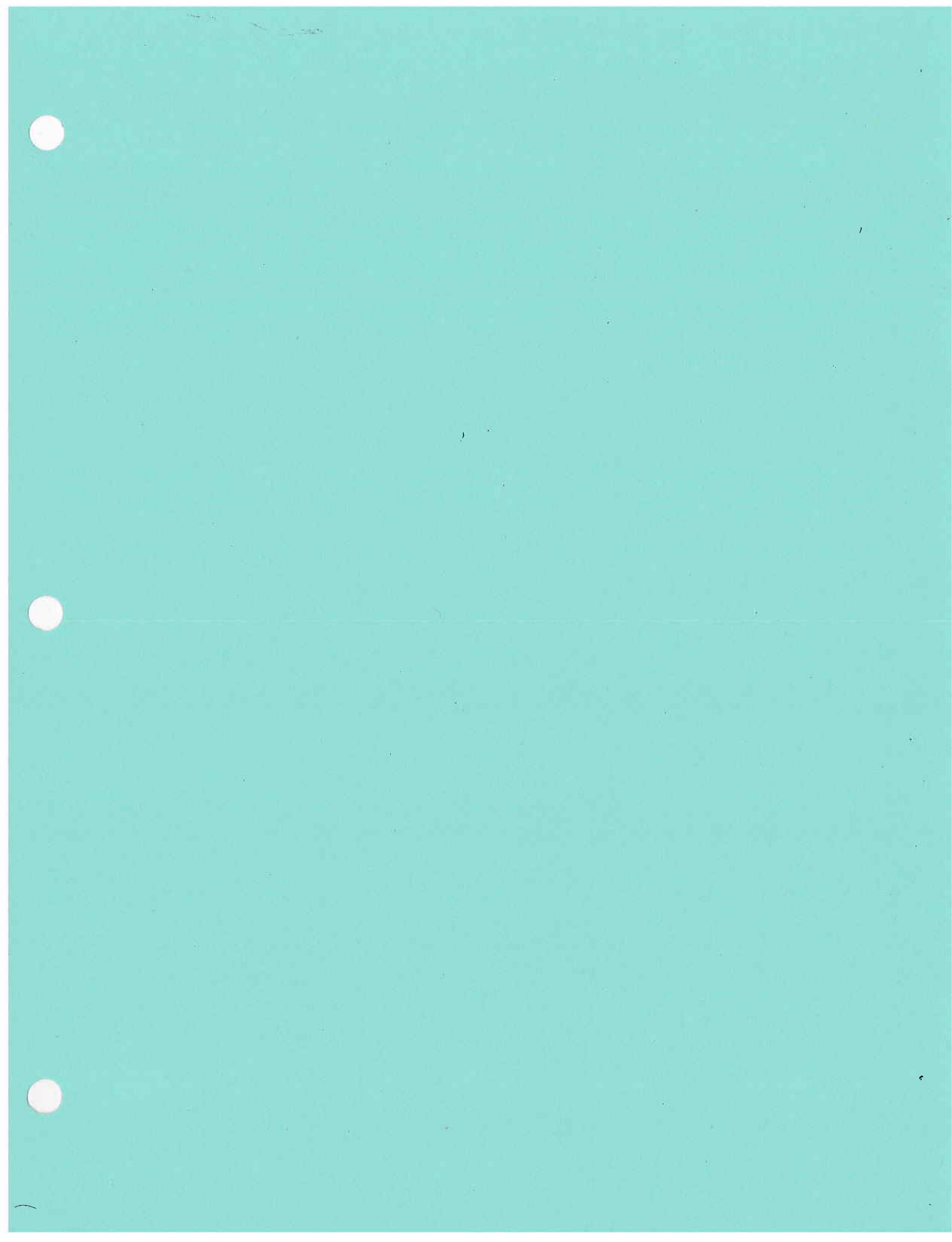
We trust this is satisfactory. On behalf of the Town and the community it represents, we thank the Board for its prompt consideration of this matter.

Yours very truly,



M. Philip Tunley
MPT/scb

c. Heather Adams
Richard King, Ogilvy Renault
Mark Bristol, NRG





Municipality of **Bayham**

P.O. Box 160, 9344 Plank Road,
Straffordville, Ontario N0J 1Y0
Tel: (519) 866-5521 • Fax: (519) 866-3884
email: bayham@bayham.on.ca

January 29, 2009

Heather Adams
Administrator
Town of Aylmer
46 Talbot Street West
Aylmer, Ontario
N5H 1J7

Re: Town of Aylmer, Gas Franchise Hearing

I am writing to confirm that the municipality of Bayham endorses the position being taken by the town of Aylmer in connection with the renewal of Aylmer's gas franchise agreement, and in particular, with respect to the following aspects of that position:

1. The agreement should have a term which expires in February 2014. By way of explanation, I can advise that the first of three current gas franchises agreement between Bayham and NRG expires in 2012, and the other follow in 2015 (three former municipalities now amalgamated). Bayham's intention is to request, at the appropriate time, that its first gas franchise agreement be extended to February 2014, and its remaining two be considered at the same time. This will permit Bayham, Aylmer and any of: Malahide, Central Elgin, Thames Centre and SouthWest Oxford, which may request the same opportunity, the ability to offer a combined, larger and more populous consumer base for the consideration of any potential supplier. A joint effort of this nature could achieve efficiencies and economies that would benefit the public interest.
2. There should be a requirement that the gas company immediately apply to the OEB for a comprehensive rate hearing, because it is the view of Bayham, that the rates charged to local consumers for gas company services are not competitive with the rates applicable in neighbouring municipalities, which are served by other franchisees.
3. There should be a requirement in the franchise agreement for Aylmer and, at the appropriate time, for other municipalities served by the gas company, that it will implement proposed amendments to the Gas Distribution Access Rule (EB-2008-0313) regarding customer service measures, whether or not the amendments become mandatory.
4. There should to be a requirement that the gas company adopt and adhere to a written and publicly available consumer security deposit policy which includes clear information about these circumstances in which a security deposit is required, how the amount of the deposit is calculated, the circumstances in which the deposit will be returned to the customer, that all deposits will be returned by cheque unless otherwise requested in writing by the customer, and that a maximum dollar value for any security deposit be calculated using the proposed population in the OEB proposed amendments to the GDAR.

5. There should be a requirement that the gas company keep all monies from consumer security deposits in a trust fund and not use such monies as working capital.

6. The gas company should be required to make its annual audited financial statements available to the public every year during the term of the franchise agreement.

7. The gas company should be required to immediately give notice to each municipality within the service area, of any proceeding before the OEB that the gas company becomes party to.

8. There should be a requirement that by no later in December 15 of each year, the gas company provide to the municipality a detailed and up-to-date map of system assets, including the estimated age of those assets and any improvements or additions made during the current year.

Bayham is concerned that in the absence of these requirements consumers in the energy service area will be exposed to the possibility of service disruptions, rate hikes and infrastructure deficiencies. Should anything further be required, please do not hesitate to contact me.

Yours truly



Kyle Kruger C.M.O.
Administrator

NATURAL RESOURCE GAS LIMITED

FINANCIAL STATEMENTS

SEPTEMBER 30, 2008



NEAL, PALLETT & TOWNSEND LLP
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Board of Directors
Natural Resource Gas Limited

We have audited the balance sheet of Natural Resource Gas Limited as at September 30, 2008 and the statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The company has issued and outstanding Class C shares with a redemption value of \$13,461,418. Canadian generally accepted accounting principles require that the company present and classify shares that are retractable at the option of the shareholder as a liability on the balance sheet. The company has presented these shares as part of Shareholders' equity. If the shares were classified as liabilities, then the total liabilities would increase by \$13,461,418 and share capital would decrease by \$13,461,418.

In our opinion, except that the Class C shares of the company have been presented as part of Shareholders' equity rather than as a liability, these financial statements present fairly, in all material respects, the financial position of the company as at September 30, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Neal, Pallett & Townsend LLP

London, Canada
December 12, 2008

Neal, Pallett & Townsend LLP
Chartered Accountants
Licensed Public Accountants

NATURAL RESOURCE GAS LIMITED

Balance Sheet

As at September 30

	2008	2007
Assets		
Current assets:		
Cash	\$ -	\$ 1,881,375
Accounts receivable (note 6)	1,612,168	1,105,820
Inventory	89,856	128,864
Prepaid expenses	54,959	64,426
Income taxes recoverable	60,377	-
Due from related company (note 6)	492,505	668,347
	2,309,865	3,848,832
Property, plant, and equipment (note 2)	14,080,608	9,549,902
Other assets:		
Franchises and consents (note 3)	97,261	64,547
Deferred finance costs (note 4)	23,896	33,455
Deferred charges (note 5)	106,636	149,277
	227,793	247,279
	\$ 16,618,266	\$ 13,646,013

See accompanying notes to the financial statements.

NATURAL RESOURCE GAS LIMITED

Balance Sheet

As at September 30

	2008	2007
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness	\$ 217,422	\$ -
Line of credit (note 7)	806,763	
Accounts payable and accrued liabilities (note 6)	3,012,956	1,620,836
Income taxes payable	-	90,712
Deferred revenue	120,193	217,713
Customer deposits	757,065	602,860
Due to related company (note 6)	795,264	-
Term note payable (note 8)	6,257,192	6,359,538
	11,966,855	8,891,659
Shareholders' equity:		
Share capital (note 11)	13,461,439	13,461,439
Deficit	(8,810,028)	(8,707,085)
	4,651,411	4,754,354
Contingent liability (note 12)		
	\$ 16,618,266	\$ 13,646,013

See accompanying notes to the financial statements.

NATURAL RESOURCE GAS LIMITED

Statement of Deficit

Year ended September 30

	2008	2007
Balance, beginning of year	\$ (8,707,085)	\$ (9,090,159)
Net income (loss) for the year	(102,943)	383,074
Balance, end of year	\$ (8,810,028)	\$ (8,707,085)

See accompanying notes to the financial statements.

NATURAL RESOURCE GAS LIMITED

Statement of Income (Loss)

Year ended September 30

	2008	2007
Gas commodity revenue	\$ 6,548,084	\$ 7,509,837
Gas commodity cost	6,509,145	7,306,666
Gross margin on commodity	38,939	203,171
Distribution revenue	3,991,759	3,751,671
Distribution costs	446,710	439,629
Gross margin on distribution	3,545,049	3,312,042
Other sales	1,113,891	1,057,476
Other costs	716,277	637,258
Gross margin on other sales	397,614	420,218
Other revenue	133,415	170,456
Total gross margin	4,115,017	4,105,887
Expenses	3,790,127	3,417,915
Income from operations	324,890	687,972
Decline in value of natural gas well	(439,833)	-
Income (loss) before provision for income taxes	(114,943)	687,972
Provision for (recovery of) income taxes (note 10)	(12,000)	304,898
Net income (loss) for the year	\$ (102,943)	\$ 383,074

Included in expenses are the following:

Amortization of deferred financing costs	\$ 9,550	\$ 9,558
Amortization of deferred charges	\$ 42,650	\$ 42,651
Amortization of franchises and consents	\$ 7,259	\$ 7,271
Amortization of property, plant and equipment	\$ 753,187	\$ 720,037
Interest on term note payable	\$ 476,110	\$ 483,490

See accompanying notes to the financial statements.

NATURAL RESOURCE GAS LIMITED

Statement of Cash Flows

Year ended September 30

	2008	2007
Cash flows from operating activities:		
Net income (loss) for the year	\$ (102,943)	\$ 383,074
Items not affecting working capital:		
Amortization	812,646	779,517
Decline in value of natural gas well	439,833	-
Changes in non-cash working capital:		
Accounts receivable	(506,351)	969,462
Inventory	39,008	24,646
Prepaid expenses	9,467	(57,505)
Income taxes recoverable (note 16)	(60,377)	83,647
Accounts payable and accrued liabilities	1,392,120	175,308
Income taxes payable (note 16)	(90,712)	90,712
Deferred revenue	(97,520)	30,462
Customer deposits	154,205	321,886
	1,989,376	2,801,209
Cash flows from investing activities:		
Additions to property, plant, and equipment	(5,723,722)	(839,661)
Additions to franchises and consents	(39,974)	-
Advances from (advances to) related company (net)	971,106	(668,347)
	(4,792,590)	(1,508,008)
Cash flows from financing activities:		
Advances from line of credit	806,763	-
Repayments of term note payable	(102,346)	(94,946)
	704,417	(94,946)
Increase (decrease) in cash and cash equivalents during the year	(2,098,797)	1,198,255
Cash and cash equivalents, beginning of year	1,881,375	683,120
Cash and cash equivalents, end of year	\$ (217,422)	\$ 1,881,375
Represented by:		
Cash	\$ -	\$ 1,881,375
Bank indebtedness	(217,422)	-
	\$ (217,422)	\$ 1,881,375

See accompanying notes to the financial statements.

NATURAL RESOURCE GAS LIMITED

Notes to the Financial Statements

September 30, 2008

Summary of significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are summarized below.

Regulation:

The utility operations of the company is a rate regulated, natural gas distribution utility and operates within a limited area of Southwestern Ontario under franchise agreements that are approved by the Ontario Energy Board (OEB).

The utility operations are subject to regulations under The Ontario Energy Board Act and The Energy Act (Ontario). Revenue rate schedules are approved periodically by the OEB and are designed to permit a fair and reasonable return to the Company on the utility investment. Realization of the allowed rate of return is subject to actual operating conditions experienced during the year.

The Company follows Canadian generally accepted accounting principles. Such accounting principles may differ for regulated entities from those otherwise expected in non-regulated entities. These differences occur when the regulatory agencies render their decisions on the Company's rate applications and generally involve the timing of revenue and expense recognition to ensure that the Company has achieved a proper matching of revenues and expenses, and as a result the Company records assets and liabilities that would not have been recorded under GAAP for non-regulated entities.

In addition to defining certain accounting requirements, the regulatory agencies have jurisdiction over a number of other matters, which include the rates to be charged for the distribution of gas and approval and recovery of costs for major construction and operations.

Inventory:

Inventory is valued at the lower of cost and net realizable value, with cost being determined on a first-in, first-out basis. Net realizable value is defined as replacement cost.

Deferred charges:

Certain costs, required or permitted by the OEB, have been deferred for recovery from future revenues. The period of recovery for these deferrals have been or will be determined by decisions of the OEB, and will determine the classification of these charges in the financial statements.

NATURAL RESOURCE GAS LIMITED

Notes to the Financial Statements - continued

September 30, 2008

Property, plant, and equipment:

Property, plant and equipment is recorded at cost, including associated labour and overhead costs. Expenditures which substantially increase the useful life of existing pipeline installations and additions to the pipeline are capitalized. Such expenditures include material, labour and overhead. Maintenance and repairs which do not extend the useful life of pipeline installations are charged to income.

Pursuant to the regulations of the OEB on the disposal of property, plant, and equipment, excluding major disposals, the company transfers the original cost of the retired assets, plus any related removal costs and net of any proceeds on disposition, to accumulated amortization. Proceeds from disposition are credited to accumulated amortization. This effectively credits gains, or charges losses on disposition to accumulated amortization. For major disposals, gains or losses are included in current earnings.

The company has reviewed its long-lived assets and determined there exists no asset retirement obligation as of September 30, 2008.

NATURAL RESOURCE GAS LIMITED

Notes to the Financial Statements - continued

September 30, 2008

Amortization:

Pursuant to the periodic review and approval by the OEB of amortization rates, amortization is calculated using the straight-line method on the total gross cost of each asset category at the end of the year, rather than on an asset specific basis, at the following annual rates for the property, plant and equipment categories listed below:

Automotive equipment	17 %
Buildings	2 %
Computer equipment	33 %
Computer software	20 %
Furniture and fixtures	7 %
Machinery and equipment	6 % to 9 %
Meters and regulators	3 % to 4 %
Pipeline installations	3 % to 13 %

Amortization of deferred finance costs (related to the issue of debt) is calculated at the annual rate of 20% using the straight-line method over the life of the related debt issuance. In the prior year, the company refinanced some of its existing debt. The deferred finance costs associated with the retired debt was amortized in full in the year of retirement.

Amortization of franchises and consents is calculated using the straight-line method over the term of the applicable franchise and consent.

Pursuant to the approval of the OEB, the company changes its amortization rates for the various categories of property, plant and equipment as well as for franchises and consents based upon OEB Rate Case filings. The last change was made at the start of the fiscal 2005 year and any such changes in estimate are applied on a prospective basis.

Income taxes:

The company's regulated billing rates as established by the OEB, allow for the recovery of income taxes as calculated on a basis which differs from the amount as determined under the asset and liability method, but approximates the taxes payable method. Accordingly, the company accounts for income taxes using the taxes payable method. This basis does not provide for future income taxes which may be payable in future years as a result of the difference between current financial reporting and reporting for income tax purposes. This method is followed for accounting purposes as there is a reasonable expectation that all such taxes will ultimately be recovered through rates when they become payable. Future income taxes not provided in these financial statements would amount to a recovery of \$55,000 for the year ended September 30, 2008 (2007 - \$41,000) and an accumulated future liability of \$332,000 at September 30, 2008 (2007 - \$387,000).

NATURAL RESOURCE GAS LIMITED

Notes to the Financial Statements - continued

September 30, 2008

Revenue recognition:

The Company recognizes revenues when gas has been delivered or services have been performed. Gas distribution revenues are recorded on the basis of regular meter readings and estimates of customer usage since the last meter reading to the end of the reporting period.

A significant portion of the Company's operations are subject to regulation and accordingly there are circumstances where the revenues recognized do not match the amounts billed. Revenue is recognized in a manner consistent with the underlying rate setting mechanism as mandated by the OEB. This may give rise to regulatory deferral accounts on the balance sheet pending disposition by a decision of the OEB.

Gas commodity costs:

Gas commodity costs are recorded using prices approved by the OEB in the determination of customers sales rates. Differences between the OEB approved reference prices and those costs actually incurred are deferred in accounts receivable or accounts payable for future disposition subject to the approval of the OEB, usually within a maximum timeframe of the next fiscal year. In a non-regulated environment periodic variances between gas commodity sales rates and costs would be reported through the income statement annually without the use of deferral accounts.

Use of estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

NATURAL RESOURCE GAS LIMITED

Notes to the Financial Statements - continued

September 30, 2008

1. Accounting policy change:

Effective October 1, 2007, the company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under sections 1530-Comprehensive income, 3250-Equity, 3855-Financial instruments – measurement and disclosure, 3861-Financial instruments – presentation and disclosure and 3865-Hedges. These new Handbook sections, which apply to years beginning on or after October 1, 2007 provide requirements for the recognition, measurement, presentation and disclosure of financial instruments. Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but are excluded from net income calculated in accordance with generally accepted accounting principles.

The adoption of these new recommendations has no material impact on the opening retained earnings or on the company's financial statements for the year ended September 30, 2008.

The company has also adopted Section 1535 – Capital Disclosures which requires disclosure of the company's objectives, policies and processes for managing capital. Implementation of this section required further note disclosure about how the company defines capital, what externally imposed capital requirements it faces, the consequences of non-compliance with external capital requirements, if any, and how it monitors and manages capital. This section applies to fiscal year ends beginning on or after October 1, 2007.

This new standard has been adopted prospectively. Adoption of this standard did not have an impact on the October 1, 2007 opening balances.

NATURAL RESOURCE GAS LIMITED

Notes to the Financial Statements - continued

September 30, 2008

2. Property, plant, and equipment:

	2008		2007	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 71,700	\$ -	\$ 71,700	\$ 71,700
Buildings	682,331	122,137	560,194	575,342
Furniture and fixtures	55,127	35,541	19,586	23,064
Machinery and equipment	2,652,774	1,175,348	1,477,426	1,357,923
Computer equipment	196,594	157,923	38,671	38,626
Computer software	106,519	90,629	15,890	15,890
Automotive equipment	465,655	250,826	214,829	285,463
Meters and regulators	3,214,423	1,584,978	1,629,445	1,650,855
Pipeline installations	9,911,722	4,223,261	5,688,461	5,531,039
Natural gas well	439,833	439,833	-	-
Pipeline under construction	4,364,406	-	4,364,406	-
	\$ 22,161,084	\$ 8,080,476	\$ 14,080,608	\$ 9,549,902

3. Franchises and consents:

	2008		2007	
Franchises and consents	\$	191,068	\$	151,094
Less: accumulated amortization		93,807		86,547
	\$	97,261	\$	64,547

NATURAL RESOURCE GAS LIMITED

Notes to the Financial Statements - continued

September 30, 2008

4. Deferred finance costs:

	2008	2007
Deferred finance costs	\$ 47,793	\$ 47,793
Less: accumulated amortization	23,897	14,338
	\$ 23,896	\$ 33,455

5. Deferred charges:

	2008	2007
Total deferred charges - other assets	\$ 213,253	\$ 213,253
Less: accumulated amortization	106,617	63,976
	\$ 106,636	\$ 149,277

The company has been given approval by the OEB to recover the above costs already incurred, from rate payers over future periods. The remaining balance will be recovered over future years as noted below:

2009	\$ 42,651
2010	42,651
2011	21,334
	\$ 106,636

NATURAL RESOURCE GAS LIMITED

Notes to the Financial Statements - continued

September 30, 2008

6. Related party transactions:

Due from related companies consists of the following:

	2008	2007
Non interest bearing with no set repayment terms	\$ -	\$ 203,347
Demand promissory note receivable, bearing interest at 4.59% payable monthly	492,505	465,000
	\$ 492,505	\$ 668,347

Due to related company consists of the following:

	2008	2007
Non interest bearing with no set repayment terms	\$ 795,264	\$ -

Included in accounts receivable are amounts receivable from related companies of \$287,594 as at September 30, 2008 (2007 - \$nil).

Included in accounts payable and accrued liabilities are amounts payable to related companies of \$864,725 as at September 30, 2008 (2007 - \$254,575).

During the year, rent of \$9,600 (2007 - \$9,600) and management fees of \$457,000 (2007 - \$107,250) were paid to a related company.

During the year, the company purchased gas in the amount of \$2,606,281 (2007 - \$2,011,482) from a related company.

NATURAL RESOURCE GAS LIMITED

Notes to the Financial Statements - continued

September 30, 2008

6. Related party transactions (continued):

During the year, the company earned interest of \$27,505 (2007 - \$nil) on the demand promissory note receivable to a related company.

During the year, maintenance charges of \$58,200 (2007 - \$58,200) were charged to a related company.

Related companies are companies controlled, directly or indirectly, by trusts, where the beneficiaries of the trusts are common to both trusts, but the trustee or group of trustees which exercise control over any of the related parties are different than the group of trustees of the trust which controls Natural Resource Gas Limited.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Operating line of credit:

The company has credit facilities in the amount of \$2,000,000 which it obtained in conjunction with the term note, consisting of:

- a) Operating line of credit in the amount of \$1,000,000 with interest at the Bank's Prime Rate on any advances, and
- b) Revolving line of credit in the amount of \$1,000,000 to be used for financing capital expenditures with interest at the Bank's Prime Rate plus 0.25% on any advances.

The continuation of the above credit facilities is subject to annual review by the Bank. These credit facilities are secured by the security agreement in place as disclosed in note 8.

NATURAL RESOURCE GAS LIMITED

Notes to the Financial Statements - continued

September 30, 2008

8. Term note payable:

	2008	2007
Bank of Nova Scotia term note payable, 7.52% interest, repayable in blended monthly installments of \$48,201, due March 2011	\$ 6,257,192	\$ 6,359,538

Although the above loan is due on demand, the company expects to make installments as per the amortization schedule which forms part of the loan agreement. The aggregate amount of principal payments required in each of the next 3 years to meet minimum retirement provisions is as follows:

2009	\$ 109,661
2010	118,222
2011	6,029,309
	\$ 6,257,192

The company has pledged the following as security against the term note payable, the operating line of credit, and the revolving line of credit (note 7):

- a) General assignment of book debts
- b) General Security Agreement over all of the present and future personal property and undertaking of the company
- c) Security under Section 427 of the Bank Act with appropriate insurance coverage assigned to the Bank
- d) Demand Debenture for \$15,000,000 secured by a first fixed and floating charge over all assets including, but not limited to, the Certificate of Public Convenience and Necessity and all Municipal Franchise Agreements, with replacement cost fire insurance coverage, loss if any, payable to the Bank as mortgagee.

NATURAL RESOURCE GAS LIMITED

Notes to the Financial Statements - continued

September 30, 2008

9. Capital management:

The Company defines capital as debt and shareholders' equity. As at September 30, 2008, the company had debt consisting of: bank indebtedness, line of credit, due to related company, and term note payable.

The company's objectives in managing capital are to:

- a) Ensure financial capacity to meet current obligations is maintained and continue as a going concern;
- b) Ensure financial capacity to maintain and expand the distribution pipeline infrastructure of the utility as determined necessary by the company; and
- c) Ensure financial capacity to execute strategic plan is maintained.

In order to manage capital, the company regularly identifies and assesses risks that threaten the ability to meet the company's capital management objectives, and determines the appropriate strategy to mitigate these risks.

The Company is subject to externally imposed capital requirements related to the term note payable (note 8). Specifically, the company must meet the following conditions:

- a) maintain a ratio of EBITDA (Earnings before interest, taxes, depreciation and amortization) to interest expense plus current portion of long term debt of 1.25:1 or better;
- b) maintain a ratio of current assets to current liabilities (excluding term note payable) of 1:1 or better; and
- c) maintain a ratio of total debt to tangible net worth of less than 3:1.

At September 30, 2008 the company was not in violation of any of the above conditions.

NATURAL RESOURCE GAS LIMITED

Notes to the Financial Statements - continued

September 30, 2008

10. Income tax expense:

Income tax expense differs from the amount that would be computed by applying the federal and provincial statutory income tax rates to income before income taxes. The reasons for the difference and the related tax effects are as follows:

	2008	2007
Income (loss) before provision for income taxes	\$ (114,943)	\$ 687,972
Statutory tax rate	34.16 %	36.12 %
Tax on net income at statutory rates	(39,265)	248,495
Amortization on financial statements in excess of Capital Cost Allowance for tax purposes	35,328	61,035
Ontario Small Business Deduction utilized	(2,884)	(5,508)
Non-deductible expenses	2,525	876
Charitable donations carried forward for tax purposes	33,555	-
Charges deferred on financial statements deductible on a cash basis for tax purposes	(41,259)	-
Provision for income taxes	\$ (12,000)	\$ 304,898

NATURAL RESOURCE GAS LIMITED

Notes to the Financial Statements - continued

September 30, 2008

11. Share capital:

	2008	2007
Authorized:		
Unlimited Class A shares, non-voting, redeemable and retractable at the paid up amount, with non-cumulative dividends		
Unlimited Class B shares, participating, non-voting, with non-cumulative dividends ranking pari passu with common shares on dissolution		
Unlimited Class C shares non-voting, with preferential 7% non-cumulative dividends redeemable and retractable at \$100 per share		
Unlimited Class Z shares voting, redeemable and retractable at \$1 per share, with no dividend entitlement		
Unlimited number of common shares		
Issued and outstanding:		
Retractable shares:		
50,000 Class A shares	\$ 1	\$ 1
10 Class B shares	10	10
134,614.18 Class C shares	13,461,418	13,461,418
10 Class Z shares	10	10
	\$ 13,461,439	\$ 13,461,439

12. Contingent liability:

The company is aware of a potential regulatory liability in an amount of a maximum of \$140,000. The matter is currently under appeal, and in the opinion of management, and its external legal counsel, the company will be successful in its appeal. The OEB and its counsel have made no attempt to defend the appeal and these proceedings, as the company's external counsel believes there to be no precedent in the OEB regulations for the regulator to levy such amounts against the company. As such, no liability has been accrued in these financial statements.

NATURAL RESOURCE GAS LIMITED

Notes to the Financial Statements - continued

September 30, 2008

13. Gas imbalances:

The Company, in the normal course of its operations experiences imbalances in the quantity of gas purchased and the quantities of gas sold and provides the gas balancing services to customers. The company records the net liability (or net asset) associated with gas imbalance volumes.

Accounts payable and accrued liabilities include \$936,466 (2007 - \$723,354) related to gas imbalances. Natural gas volumes owed from the Company are valued at the natural gas reference price as approved by the OEB as of the balance sheet dates.

14. Regulatory matters:

The Company has rates that are approved by the OEB. The fiscal year 2007 was a one year Cost of Service Rate filing. The company received the OEB decision dated September 28, 2006 and the rate order was effective September 28, 2006. The company did not make a submission for the fiscal year 2008 which left rates unchanged from 2007.

Rates for the sale of gas commodity are adjusted quarterly to reflect updated commodity price forecasts. The difference between the approved and the actual cost of gas incurred in the current period is deferred for future recovery subject to approval by the OEB. These differences are directly flowed through to customers and, therefore, no rate of return is earned on the deferred balances. The OEB's approval for recovery of these gas purchase costs primarily considers the prudence of costs incurred.

NATURAL RESOURCE GAS LIMITED

Notes to the Financial Statements - continued

September 30, 2008

15. Financial instruments and risk:

The carrying values of the company's financial current assets and liabilities, including cash, accounts receivable, bank indebtedness, line of credit, and accounts payable and accrued liabilities approximate their values due to their short-term maturity.

The fair value of the amount due to related company is less than its carrying value. As the amount is non interest bearing, and the timing of repayment is uncertain, the fair value is not readily obtainable.

The fair value of the demand promissory note receivable from related company is estimated using a discounted cash flow calculation that uses market interest rates currently charged for similar debt instruments at September 30, 2008 to expected maturity dates. Since the market interest rate at the time the demand promissory note receivable was entered into is not significantly different than the market interest rate around year end, the carrying value approximates its fair value.

The fair value of the term note payable is estimated using a discounted cash flow calculation that uses market interest rates currently charged for similar debt instruments at September 30, 2008 to expected maturity dates. Since the market interest rate at the time the term note payable was entered into is not significantly different than the market interest rate around year end, the carrying value approximates its fair value.

Natural gas prices:

The Company has entered into several material contracts for the supply of natural gas. The Company employs established policies and procedures in order to manage the risk associated with the market fluctuations of natural gas prices. The Company, through the rate regulations imposed by the OEB, is effectively allowed to fully recover its costs, reasonably incurred, and as such the ratepayers, and not the Company, are ultimately exposed to the risk of these market fluctuations.

Interest rate risk:

The term note payable bears a fixed interest rate and, as such, the company is exposed to the interest rate risk of having a fixed rate, but has the security of a fixed rate for operational management purposes.

The line of credit bears interest at a fluctuating bank prime related interest rate and, as such, the company is exposed to interest rate risk.

Credit risk:

Credit risk arises from the potential that a trade customer will fail to pay its account. The company is exposed to credit risk from its customers. However, the company has a large number of diverse customers, which minimizes concentration of credit risk.

NATURAL RESOURCE GAS LIMITED

Notes to the Financial Statements - continued

September 30, 2008

16. Additional cash flow statement information:

	2008	2007
Interest paid	\$ 476,070	\$ 483,490
Income taxes paid	\$ 183,050	\$ 149,896

17. Future accounting changes:

The Canadian Institute of Chartered Accountants has issued a number of new accounting pronouncements that have not yet come into effect that will need to be considered for subsequent years.

(a) Inventory

Section 3031 - Inventories is effective for fiscal periods commencing after January 1, 2008 and replaces section 3030 of the same name. The impact on the financial statements is currently being assessed by management.

(b) Future Income Taxes

Section 3465 - Income Taxes has been amended to include the requirement for rate-regulated enterprises to recognize future income tax asset or liabilities in accordance with this asset and liability method, rather than the taxes payable method as the company is currently using, and is effective for year ends beginning on or after January 1, 2009. The impact on the financial statements is currently being assessed by management.



NEAL, PALLETT & TOWNSEND LLP
CHARTERED ACCOUNTANTS

ADDITIONAL COMMENTS OF AUDITORS

The accompanying schedule of expenses is presented as supplementary information only. In this respect, it does not form part of the financial statements of Natural Resource Gas Limited for the year ended September 30, 2008 and is hence excluded from the opinion expressed in our report dated December 12, 2008 to the board of directors on such financial statements. The information in this schedule has been subject to audit procedures only to the extent necessary to express an opinion on the financial statements of the company and, in our opinion, is fairly presented in all respects material to those financial statements.

Neal, Pallett & Townsend LLP

London, Canada
December 12, 2008

Neal, Pallett & Townsend LLP
Chartered Accountants
Licensed Public Accountants

NATURAL RESOURCE GAS LIMITED

Unaudited Schedule of Expenses

Year ended September 30

	2008	2007
Advertising	\$ 38,006	\$ 13,850
Automotive and maintenance	137,569	114,623
Bad debts	37,239	-
Bank charges and other interest	509,089	505,517
Capital tax	21,200	37,900
Consulting fees	329,025	199,629
Donations and community sponsorships	201,720	-
Dues and fees	32,498	17,914
Employee benefits	146,885	113,602
Insurance	180,659	185,199
Legal and audit	11,628	67,308
Management fees - related company	457,000	107,250
Miscellaneous	13,558	52,709
Office	110,780	102,882
Ontario Energy Board hearings	4,345	48,559
Promotional rebates	5,978	2,652
Property taxes	334,612	286,180
Rent - related company	9,600	9,600
Salaries and wages	485,669	886,050
Telephone	61,698	54,018
Travel and promotion	7,062	6,972
Utilities	13,879	14,541
Amortization - Automotive equipment	70,635	77,299
Buildings	15,148	15,148
Computer equipment	13,543	14,375
Computer software	6,867	6,441
Deferred finance costs and charges	52,201	52,209
Franchises and consents	7,259	7,271
Furniture and Fixtures	3,721	3,705
Machinery and equipment	46,113	41,182
Meters and regulators	116,968	113,504
Pipeline installations	323,166	311,197
	3,805,320	3,469,286
Equipment expenses capitalized to pipeline installations	(11,436)	(15,152)
Interest expense (income)	2,827	(27,490)
Amortization capitalized to pipeline installations	(6,584)	(8,729)
	\$ 3,790,127	\$ 3,417,915



EB-2008-0273

IN THE MATTER OF the *Ontario Energy Board Act 1998*,
S.O.1998, c.15, (Schedule B);

AND IN THE MATTER OF an Application by Union Gas
Limited for an Order pursuant to Section 36 of the *Ontario
Energy Board Act, 1998*, seeking changes to reduce its
financial exposure in regard to a Bundled T Gas Contract
and an M9 Delivery Contract with Natural Resource Gas
Limited.

BEFORE: Gordon Kaiser
Presiding Member and Vice-Chair

Cathy Spoel
Member

DECISION AND ORDER

On August 1, 2008 Union Gas Limited ("Union") filed an Application pursuant to Section 42(1) of the *Ontario Energy Board Act, 1998* seeking the Board's approval to discontinue service to Natural Resource Gas Limited ("NRG"). The Application was amended on October 9th and Union requested alternative relief under Sections 23 and 36 of the *Act*.

The Board has granted intervenor status to two parties, Integrated Grain Processors Co-operative ("IGPC") and the Town of Aylmer.

Union proposes two alternatives to NRG. First, NRG can provide assurances in the form of a cash security deposit or a letter of credit in the amount of \$1.3 million. Alternatively, NRG can make arrangements to change the renewal date of its BT Contract to an annual anniversary date of April 1st. The result of the date change would be to limit the credit issues arising from NRG's Banked Gas Account on a going forward basis.¹

NRG's response is that its creditworthiness has not deteriorated and it has never failed to pay its bills to Union. NRG indicated in its letters of July 2 and September 5, 2008 that it would not post additional security nor change the date of the Bundled T Contract.

Union cites two developments as legitimate reasons for believing that NRG's creditworthiness has deteriorated. First, Union notes that its 2007 credit review of NRG was based on NRG's 2006 audited financial statements which contain a qualified auditor's opinion. The reason for the auditor's qualified opinion was that NRG had Class "C" retractable shares outstanding with a redemption value of about \$13.5 million and under Canadian General Accepted Accounting Principles ("GAAP") rules these shares must be presented on the balance sheet as a liability.

NRG's Financial Status

The Class "C" retractable shares have been in existence since 2003 but in previous audited statements these shares were classified as equity as opposed to liabilities. Mr. David Pallett of the firm Neal, Pallett and Townsend, the NRG auditors, testified in this proceeding. He indicated that he was aware that retractable preference shares under GAAP were to be treated as a liability but believed that there was an exemption for regulated utilities. Ultimately, he was able to clarify that matter and accordingly, the audited Financial Statements for the year ended September 30, 2006 stated that the shares were to be treated as liabilities. According to Union, decreasing NRG's equity by \$13.5 million and increasing NRG's liabilities by the same amount meant NRG had negative shareholders equity which "provides no protection for creditors".

¹ Currently, the renewal date of the Bundled T Contract is September 30th each year. NRG supplies gas to Union in firm, daily, even quantities throughout the year. However, NRG takes gas from Union according to daily and monthly demand. That demand is greatest during the winter heating season. That means that by the end of the heating season on March 31st, NRG owes Union Gas in an amount valued at approximately \$1.9 million dollars. Changing the renewal date to March 31st would mean that the balance would have to be zero at that date. This would reduce Union's liability and would impose a one time gas cost on NRG.

Financial Disclosure

The Board agrees that Union's concerns are serious. Any allegation that a Utility faces financial difficulties must always be addressed carefully by the Board. In this connection, the Board is very concerned that NRG's financial reporting is invariably late. NRG's year end is September 30th. Under the Board's Rules², NRG is required to file its audited Financial Statements within four months of year end, i.e. by January 31st of the following year. In 2007 this filing did not occur until July 16th, almost six months late.

It is a condition of this Order that NRG file its 2008 Audited Financial Statements within the four month deadline. And the Board further orders NRG to provide Union with unaudited quarterly statements within 60 days of the end of each quarter and to provide a copy to the Board. This is to begin with the quarter ended December 31, 2008. The Board will carefully monitor NRG's financial performance on an ongoing basis.

NRG should understand that these filing requirements will form part of the contract with Union and a failure to provide these Statements to Union in the timeframe specified would constitute a breach of the Agreement in which case Union would be entitled to pursue any remedies under the Contract related to the breach including an application under Section 42 of the *Act*.

Jurisdiction

The Board recognizes that it is unusual to specify terms such as these in a contract between a utility and its customer. The Board believes however that in this case it is important to improve the degree of financial disclosure. This will allow Union to protect its interests and the Board to monitor the situation more closely.

On previous occasions, the Board has clearly stated that it has the power "to compel the provision of service by an LDC to any customer including entry into a Board specified contract. This is part of the inherent jurisdiction which the Board has as a regulator of gas monopolies"³. The Board has also previously stated that "rates include more than

² Natural Gas Reporting and Record Keeping Requirements (RRR) Rules for Gas Utilities, December 22, 2004

³ Re Contract Carriage Arrangements for the Consumers Gas Company Ltd., ICG Utilities Ltd. and Union Gas Limited, Ontario Distribution Systems, EBRO 410-11, March 23, 1987 at p. 23

In the case of Union's request for security, NRG did not act in a timely manner. The record suggests that NRG essentially stone-walled Union. This resulted in significant costs for Union, the Board, the Town of Aylmer and the Integrated Grain Processors Co-operative. This type of brinkmanship is not helpful where 6,500 customers and a recently activated ethanol plant supported by substantial Federal and Provincial funding are involved. The Board also directs that costs being paid by NRG shall be paid by NRG's shareholder and not passed on to the NRG rate payers.

DATED at Toronto, November 27, 2008

ONTARIO ENERGY BOARD

Original signed by

Gordon Kaiser
Vice-Chair and Presiding Member

Original signed by

Cathy Spoel
Panel Member

NRG deposit policy leaves customers feeling out in cold

Aylmer Express - May 14/08

Several Aylmer and area residents are frustrated by delays in the promised return of security deposits by Natural Resource Gas Ltd.

Some of the customers who spoke to The Aylmer Express moved to this district recently while others simply moved into homes or different neighborhoods.

All were required to pay a minimum \$500 security deposit.

interest.

One year

Mary Lou Bartlett of Aylmer went to the Aylmer NRG office to inquire about getting her deposit back on February 12, a year after she paid it.

A receptionist told her the request had to be made in writ-

Some were given a letter saying the company believes it is important for the rate payers to understand that security deposits are not a prepayment of gas.

They will not be applied to accounts to pay delinquent account balances but rather will be held by Natural Resource Gas Limited as security against non-payment and bad debts.

After one year customers can request Natural Resource

ing, which she did.

She telephoned the NRG office February 19 and her call was transferred to the credit department.

"I was told that if I am inquiring about my account, I must do so by fax, email or by attending their office during

Gas Limited to review the customer's account.

Security deposits will be refunded to the customer at the discretion of Natural Resource Gas Limited after establishing a perfect payment history.

The initial deposit amount will be refunded plus accrued

business hours."

She immediately sent a fax asking NRG to confirm they received her earlier written request.

When she had no response by February 21, she telephoned the NRG credit department

CONTINUED ON PAGE 2

→ next page.

CONTINUED FROM PAGE 1

again only to be told the company did not have anyone working in that department at the time.

At Mrs. Bartlett's request, the receptionist confirmed receipt of the fax.

"When I asked if she knew how long it would take before I should expect my deposit return, she told me that she was being told to tell customers they can expect an eight week waiting period."

Mrs. Bartlett wondered why customers must ask to have their deposit returned. She thinks it should happen automatically on the anniversary of the gas connection "provided the account is in good standing."

Why wait?

"Why do I have to wait eight weeks for my deposit to be returned to me, but it was required of me before my gas would be connected and not a day later."

And, she asked if NRG would wait silently for eight weeks for a customer to pay their gas bill. "I think not."

She called the gas company again in early April and was told she would get her money in another two weeks.

Frustrated by the continuing delay she telephoned the Ontario Energy Board where staff took her information and asked her to inform them what happens once the two weeks passed.

The requested two week delay expired April 23.

When Mrs. Bartlett telephoned NRG she was told someone would call her back later in the day.

She got no telephone call at work and there was no message on her answering machine when she got home.

Steve and Debbi Burnie had a similar experience.

They have been waiting for the return of their deposit since October.

The couple moved here from Ottawa when Steve, a police officer, was seconded to Ontario Police College as an instructor.

They bought a house in Aylmer and Mrs. Burnie went to the NRG office to have the gas service put in their name.

Had references

Despite having letters of reference from other utility franchises, she was told she was required to pay the deposit.

Mrs. Burnie questioned the need for the deposit saying they had a good credit rating and bought a house in the community instead of renting.

She was told the deposit would be needed because they bought the house and might "have no money left to pay the bills".

Staff at Eric Thames Power also asked for a deposit but when Mrs. Burnie submitted a letter of reference from Ottawa Hydro, they waived that requirement.

Mr. Burnie went to the NRG office and talked to manager Steve Miller, who promised to review the family credit history and not shut off gas service to the house before the couple moved in.

But, when the Burnies moved in the next day, gas service was shut off.

Her husband again contacted the NRG manager and was told they would have to pay the \$500 deposit.

When the serviceman arrived to reconnect the service, he asked for the deposit.

Mrs. Burnie asked if he would issue a receipt and was told no.

When she refused to give him the cheque, the manager was called and came to the house.

Receipt

Mrs. Burnie insisted on a receipt before handing over the cheque.

Mr. Miller said he didn't have any, left and returned with one a short time later.

On the back of the receipt he wrote that it would be rebated in a year if the gas bills were paid on time. He also wrote that bank interest for the \$500 would be credited to the couple's account.

She telephoned NRG last October to ask for return of the deposit and was told to submit it in writing.

When she got no response to her first written request she sent a second and third. Still no response.

Last December when she wrote that she planned to contact the Better Business Bureau, Ontario Energy Board, the Provincial Ombudsman and whoever else would listen she got a telephone call from an NRG representative telling her she would soon get a letter from the company.

The letter never came nor did a cheque.

Shocked

Terri MacIntyre sold her home on Ron McNeil Line and moved to a new house built on Springfield Road last October, both situated in Springfield.

When she contacted Natural Resource Gas to have services transferred to her new home, she was shocked when told she would be required to pay a \$500 deposit.

The deposit "is held for one year and then you must apply for it back and wait for some time before this refund is even considered."

She telephoned NRG and "was advised that there is no way at all to waive this deposit."

Ms. MacIntyre lived in Springfield for more than 30 years and has been an NRG customer since 1999.

She asked to talk to the manager responsible for requiring and refunding the deposits "but they wouldn't tell me who he is or where he's from."

From answers she did get, she had the impression he does not work at the Aylmer office.

Hydro connection

At the time Ms. MacIntyre and family moved into their new home, they also required a connection to Hydro One electrical service.

They were charged \$50 for a new line from the nearest utility pole to the house, which she considered reasonable. Hydro One did not ask for a security deposit.

She sent a letter about the matter to Malahide council explaining the situation and saying "the ratepayers of our township only have one source of natural gas and NRG seems to no longer offer customer service but is dictating their service to us, the consumer."

She said there are several expenses when moving into a new home and "had I known that this deposit would have been applied and been kept by NRG, consideration would have been given to hydro or propane as a source of heat."

She sent a similar letter to Ontario Energy Board but got no apparent support from that agency or council.

Abe and Nettie Froese had to pay a \$600 deposit when they moved into their Springfield Road home in September 2006.

They were told the amount was the equivalent of the estimated cost of three months winter heat at their location.

They arranged to pay the deposit in instalments over three months. Mrs. Froese, a former NRG employee, said they had to beg and plead before the company representative agreed to let them do so.

In September that year they got a letter of agreement from "Brett Blondia, Controller Natural Resource Gas Limited" outlining terms for paying the deposit.

Company discretion

It included information that customers can request NRG to review the customer's account after a year and promised deposits plus interest would be refunded at the discretion of the company.

Mrs. Froese submitted a written request for return of the deposit last September but got a letter telling her she might have to wait another year for the money.

293

enewed her request for return of the money and was again sent a letter.

That letter told the couple the decision not to refund your security deposit at this time is based on a number of factors which have been reviewed in your specific case:

"1. Payment history with NRG

"2. Credit history (i.e. Beacon score, Credit Utilization etc.)

"3. Risks based on your unique business/industry (if applicable).

"We regret that we are unable to provide a refund of your security deposit at this time due to failure to meet the criteria for one or all of the above factors. We will be happy to review written requests in the future on the anniversary of your account."

The letter went on to ask that all future communications be made in writing.

"We appreciate your feedback and support as we continue to strive for utility service excellence!"

That letter was signed "Sincerely, The NRG Credit Department."

Wrong address

Mrs. Froese said they had one late payment.

It was late because NRG sent the bill to the wrong address.

She again telephoned NRG on April 11 and spoke to a man identified as the credit manager. She thought his first name was Shawn.

He told her very few security deposits had been refunded and for those that were, only a portion of the money was returned at one time. Repayments were to be spread out over time.

He also told her if her family moved to another house and wanted to transfer their account there, another deposit would be required.

Paul Stallaert bought the former Port Bruce General Store building and after extensive renovations converted it to a single family residence where he lives.

In November 2006 he approached NRG to get gas service for the building.

He was required to pay a \$500 deposit despite having two credit reference letters, one from Union Gas the other from Hydro One, companies with which he dealt for 20 years.

He paid the deposit with a credit card and was told it would be returned in a year.

He returned to collect his deposit in November 2007 and despite having no record of any late payments that year is still waiting for his money.

He was told to submit his request in writing and did so. He followed up with telephone calls and more written requests.

One third

In March, he got a letter from NRG Credit Department saying it reviewed his request and offered to repay \$166.67, one third of the deposit with no indication when he might get the rest. There was no legible name on the letter and he has not yet replied to it.

He later got the cheque but no explanation.

Mr. Stallaert submitted copies of all his paperwork to the St. Thomas office of Elgin-Middlesex-London MPP Steve Peters and asked him to intervene.

A spokesman for Mr. Peters would not comment on the matter saying it was a constituent concern.

Mr. Stallaert cannot understand why the company does not automatically return deposits when promised.

"I'm sure a lot of people forget they paid the deposit and don't apply to get it back."

As far as he was aware, he was not being paid any interest on the deposit and said that meant the company had use of his money at no cost.

3 of 3

NRG security deposits not necessarily returned

MAY 14/08

Mark Bristoll, president of Natural Resource Gas Ltd., said his company is not holding onto customer security deposits just to have use of their money.

Officials were merely trying to be diligent in operating the business to ensure the company did not have to carry a high bad debt load which, in turn could mean higher rates for consumers.

In a company letter sent to a customer last December it said "NRG takes great pride in being a financially responsible utility company in our community."

"Protection of the rates and costs associated with servicing our community are our number one priority."

"As such, the introduction of security deposits is a necessary step to try and protect both NRG and our gas customers from increased rates resulting from non-paying customers."

"Security deposits are not a prepayment of gas."

On Monday, Mr. Bristoll said not everyone is asked for a security deposit.

He said long established customers, with a good payment record, would not be asked for a security deposit

when moving from one house to another.

Customers with a bad payment history, poor credit profile or are new to the NRG system would be asked to provide a security deposit equivalent to 2.5 times the highest monthly bill for the premises.

Mr. Bristoll said some utilities might charge up to three months.

His company set the rate at 2.5 because that was how long it took for the gas company to legally cut off a service.

He said at the time the deposit is requested, the customer is told they can request a review of their account after a year and they might get a full or partial refund depending on their circumstances.

In response to a request for a deposit refund the company considers the customer's payment history and their credit history.

"We basically review their credit profile."

That review determines whether a full or partial refund to the security deposit will be made.

A customer who gets a partial refund can apply for another review a year later.

He said one customer who had a history of 59 consecutive late payments, paid promptly for a year after being asked for a security deposit.

"We try to operate in a way that is fair to everyone."

"If the debt load gets too high, it gets rolled into the rates" (charged to all customers).

He said NRG has to take on the entire risk of providing the gas service. If customers fail to pay their bills, NRG has to assume the losses.

The company also considers the business or industry being serviced.

In recent years, with the tobacco industry decline and many kilns fired with natural gas, risks servicing tobacco farms increased dramatically.

"We want to service the tobacco farmers but they're having a tough time."

He said customers confused about their security deposit refunds might have misheard the repayment policy and not understood their account would be reviewed, on their request, after a year.

The company, he said, merely tried to ensure all customers were treated fairly.

Separate School in Aylmer as she participated in a "Jump Rope for Heart" fundraiser

week. All pupils in Grades 1 through 6 took part.

(AE photo)

Energy board sets out policy for electricity security deposits

Brian Hewson, chief compliance officer for the OEB, said despite not being regulated to do so, gas utility companies voluntarily follow the board's guidelines governing security deposits and adopted policies similar to those

imposed on electricity utilities.

However, a poor credit history or just one late payment can be counted against the customer.

He confirmed his office had been contacted by several NRG customers unhappy about

their security deposits.

His office was still getting more information about their complaints and would be in touch with the gas company to ensure customers were being treated fairly and reasonably.

Those applying for electrical service from Erie Thames Power Corp. might have to pay a security deposit depending on credit history.

Deposits and rates for electricity customers are governed by the Ontario Energy Board.

However, while that agency also governs rates charged natural gas customers, it does not regulate deposits demanded by gas utility companies.

At Erie Thames Power, the requirement for a deposit can be waived if a new customer provides letters of reference from utility companies with which they previously dealt.

The policy governing security deposits is posted on its web page.

The amount requested is usually 2.5 times the normal monthly consumption for that location.

asked her to inform them happens once the two passed.

The requested two delay expired April 23.

When Mrs. Bartlett phoned NRG she was someone would call her later in the day.

She got no telephone call work and there was no mess on her answering machine when she got home.

Steve and Debbi Burnie a similar experience.

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The couple moved here from Ottawa when Steve, a police officer, was seconded to Ontario Police College as an instructor.

They bought a house Aylmer and Mrs. Burnie went to the NRG office to have the gas service put in their name.

Had references

Despite having letters of reference from other utility franchises, she was told she was required to pay the deposit.

Mrs. Burnie questioned the need for the deposit saying they had a good credit rating and bought a house in the community instead of renting.

She was told the deposit would be needed because they bought the house and might "have no money left to pay the bills".

Staff at Erie Thames Power also asked for a deposit but when Mrs. Burnie submitted a letter of reference

Flowers

ea - 5 more greenhouses open to the public"

WEEKEND SPECIALS

Martha Washington
GERANIUMS

SAVE \$2000

page 1 of 2



NOW \$5⁹⁹
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aturday, 8-6; CLOSED SUNDAY
Thomas at Yarmouth Centre



Bc

• prime rate, less two percent,
• accrued and paid at least once
• every 12 months or on return of
• the deposit.
• The customer can ask in
• writing to have their account
• reviewed annually after 12
• months to determine if the
• deposit should be returned.

Alleged robber arrested in court

A man, 22, of no fixed address wanted by Aylmer Police in connection with a robbery at a Talbot Street East apartment on April 13, was arrested in St. Thomas provincial court last week where he was appearing on an unrelated charge.

Chief Bil Segui said information about the man, including his name and picture, had been posted on the Aylmer Police computer website after a warrant for his arrest was issued.

The man told police after he was arrested that he had seen the information about himself on the website.

He and another male are charged with breaking down the door of an apartment and assaulting two males they found inside while demanding money.

requirement.

Mr. Burnie went to the NRG office and talked to manager Steve Miller, who promised to review the family credit history and not shut off gas service to the house before the couple moved in.

But, when the Burnies moved in the next day, gas service was shut off.

Her husband again contacted the NRG manager and was told they would have to pay the \$500 deposit.

When the serviceman arrived to reconnect the service, he asked for the deposit.

Mrs. Burnie asked if he would issue a receipt and was told no.

When she refused to give him the cheque, the manager was called and came to the house.

Receipt

Mrs. Burnie insisted on a receipt before handing over the cheque.

Mr. Miller said he didn't have any, left and returned with one a short time later.

On the back of the receipt he wrote that it would be rebated in a year if the gas bills were paid on time. He also wrote that bank interest for the \$500 would be credited to the couple's account.

She telephoned NRG last October to ask for return of the deposit and was told to submit it in writing.

page 2 of 2

Another deposit in limbo

I just recently submitted my request to NRG for the return of my \$500 deposit, which I paid in February of 2007.

I was shocked to read the stories about this very subject in the May 14 edition of the Aylmer Express.

I have been tempted in the past to comment on articles, especially the pipeline to the new ethanol plant, but had decided against it. This issue I cannot ignore.

My story begins in 2006 with it taking three phone calls to NRG before getting the answer if service was available at a lot I was planning on purchasing for new construction.

I have been an NRG customer since 2004. When service was required at my new lot, NRG told me I had to pay a deposit due to a large number of late payments.

I found out that an online banking payment made on the invoice's due date is considered late by NRG due to payment taking 3 days to reach their account. I questioned why no one informed me of my late payments and I never did receive an answer.

I suggested a pre-authorized payment plan to avoid having to pay the deposit and I was told I could only submit my proposal by mail, which was promptly rejected by a phone call.

I was then concerned that there wasn't going to be an invoice issued and I was just

expected to hand over my deposit without even a receipt to show for it. I finally did get one and NRG made me feel like I was the first person to ever ask for one.

I even questioned the receptionist when she told me "I may get my deposit back". She then assured me it would be returned but never specified when.

I think that with PAPP it should be returned once the waiting period has expired in the six to eight weeks without question. Now I truly wonder.

During the week my service was to be installed NRG even called me at work to ask if my installation was complete. I was sure that was a detail they should have known.

After writing this I fully expect to never have my deposit returned. I won't dispute the fact that I needed to pay a deposit.

I am very disappointed in the way NRG is treating its customers. I am also confused as to why the president of NRG mentioned the tobacco industry in this deposit discussion?

NRG needs a lesson in customer service and a documented deposit policy. It is the inconsistently applied guidelines that upset the public.

They have a monopoly in this area and it clearly shows.

Mike Hawley
Aylmer, ON
NSH 2R5

MAY 21/08

WY! OY!
BY
RON



"IT'S SORT OF LIKE A TRUST FUND,
THE LONGER WE KEEP IT, THE MORE
WE TRUST YOU."

MAY 28/08

Deposit held after account closed

I cannot believe the response from NRG president Mark Bristol about holding security deposits. I too have had problems with NRG, but not the same as everyone else. I am no longer a customer of theirs.

We purchased our house in February 2007 and instead of replacing an oil tank, we chose to put in a high efficiency gas furnace.

We had to pay a deposit of \$500 even though we had over 20 years of good credit with them. We were told that there was a lapse of four years when we had moved out of the area and they do not keep files for that long. I have a receipt for my deposit because I insisted on it.

We were told that since there had been no gas in our house, we had to pay an extra \$100 for running gas to us.

My husband got sick that year and was no longer able to keep up the work around the house, so we decided to sell and move to an apartment that has utilities included.

I went to the office with a letter three weeks before closing, and asked for our deposit back. I was told I did not need the letter and I would get my deposit with the last bill.

The final bill arrived on April 1, 2008 with no deposit with it.

I promptly went to the office where I was told by a very rude office girl, that most people

usually don't pay the last bill and it comes off the deposit. I explained that I have never had late charges applied, and I wasn't about to now. I paid the final bill on that date and asked when I could expect the deposit. She told me in about two weeks.

I called to ask where my

cheque was on May 9 and was told by the person who answered, the phone that she does not write cheques and the person who does, was not available.

I called again May 21, 2008 and spoke to the credit department. I was told I had to fill out a release for my money. We

went to the office yet again and filled out the necessary papers. Here we sit waiting again.

I wonder how a company can claim to be financially responsible while holding onto deposits of people who are no longer customers.

Sharon Chamberlain
Tylsonburg, ON

Perfect credit, deposit needed

I read your May 14 issue of the Aylmer Express with great interest and I wish to comment on NRG's security deposit policy.

I am a new resident of Aylmer and was also forced to pay the \$500 deposit when I purchased my new home, despite having 10 years of perfect credit with Enbridge Gas. I heard nothing but negative comments from my friends and

neighbours about NRG when I moved to Aylmer. I have found their staff evasive and unfriendly when I asked direct questions as to why the deposit was collected, and when it would be returned.

NRG obviously feels they have a monopoly on the supply of natural gas in this area and are making things difficult for their customers.

NRG should be ashamed of the way it treats its customers. I would rather pay higher gas rates from a competing gas supplier than be a customer of NRG any longer.

When I move from the area in a few years, I will be requesting my deposit back, in full, through my lawyer.

Adam Kelly
Aylmer, Ontario

Worry over rock pier

I am writing this open letter in connection with the "Rock pier issue" at Port Burwell.

The information that I have obtained shows a complete lack of responsibility and any sense of security for residents of Bayham or any visitors to Port Burwell. At least three councillors from Bayham have thrown their support behind the

warped report from Fire Chief Paul Groeneveld with its distortions of costs and misleading innuendos regarding responsibility and liabilities.

When the time comes that there is a serious accident or death on the pier because our representatives didn't have the courage to provide a cost-effective local rescue plan in

place, I would encourage survivors to seek legal counsel to commence actions to be reimbursed. I am sure the township during these deliberations is more vulnerable to liability than it realizes.

Wayne Taylor
Stratfordville

JOE

Even though some in town feel like they are carrying their duty to help pay down the Complex and its deficit, that is fine, but we are not taking the hand-off from our parents or grandparents very well!

It is time for the boomers to step up to the plate and take more interest in what goes on

generation of Express-O-grams" have been excellent.

So do what you can!

I hope a lot of people showed up to this past Monday's council meeting to support the councillors who do seem to care about our future.

*Steve Blankenship
Aylmer*

*Alpina Express
June 4/08*

Deposit promised, never returned

I am writing in regards to the letter about NRG withholding deposits.

I am a business owner in Aylmer and have been a resident with perfect credit for 16 years.

In order for me to open my

business NRG required \$4,000 from me. It's been over a year and after repeated phone calls and a very angry visit to NRG I have gotten nowhere.

*Aldina Cavaco
Aylmer*

called idiots by Mr. Hueston's late father, who wrote with "class, style and panache."

That was because the editorial would not have contained "venom and vulgarity" when Mr. Hueston's father wrote it, Cr. Vandermeersch said. And it wouldn't have "incited public disobedience," as Mr. Hueston did when he suggested opponents of the house's demolition chain themselves to the banister.

"I no longer look forward to reading the Express-O-Gram," Cr. Vandermeersch said. "Any idiot full of crap can write an editorial."

He added that when Mr. Hueston heard chortling around Aylmer Wednesday mornings, when the newspaper came out, it wasn't laughter about the editorial cartoon.

"They're laughing at him," he said.

Cr. Vandermeersch, protest-

The old house simply isn't suitable for a library addition, she said.

She had been appointed the town heritage coordinator by council, she said, to be a good member.

But her first and foremost duty was to make decisions for council as she had been to do, whether they were right or not.

What new business wanted to come to a town "idiot councillors," she said.

She had thought the Express-O-Gram was a positive voice for the town and area.

"Go figure," she said sarcastically, echoing a comment in the editorial.

Mayor Habkirk replied that he hadn't read the editorial, "but I could care less."

He was representing taxpayers, and that was what he cared about, he said.

Ontario's Tobacco

As of May 31, 2008, tobacco products cannot be displayed

What does this mean? Tobacco products must be out of sight

on the Tobacco Display Ban, contact your Public Health Unit

TTY: 1-800-387-5559. Or visit www.ontario.ca/smoke

could hire an expensive consultant from out of town with no stake in the community to tell us what we want. Who are these guys and what have they done to earn our hearts and minds?

Aylmer Express

Express - O-gram

Editorial

June 4/08

GAS BECOMES BURNING ISSUE

We are very reluctant here to involve this newspaper in the world of consumer complaints.

However a few weeks ago we did just that after hearing of customer aggravation with Natural Resource Gas Ltd. and its policy on deposits.

That is anyone signing up as a customer might be required to pay out a deposit of at least several hundred dollars with no specific mechanism for return of that money.

Frustration brought those customers to us after receiving no satisfaction from that company, Better Business Bureau, elected officials or the Ontario Energy Board.

Natural Resource Gas Ltd. as a government-regulated monopoly enjoys special privilege in this community.

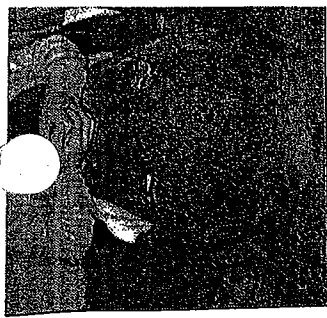
NRG justified deposits as a way of covering any losses due to potential unpaid bills. That way responsible consumers would not be saddled with increases designed to cover such losses.

However they had no solution to a predictable return of the deposits to customers in good standing.

Now their deposit agreement makes it quite clear that those monies are held indefinitely.

Somewhat we doubt if that is any real solace to disgruntled customers and can only hope that continued communication among the customers, NRG management and the Energy Board will lead to a solution beneficial to all.

This community depends on it.



Pupils in Grades 1 through 6, who were, from front to back, Marianne Cumming, Marianne Cumming, Colleen Fitzell, Michael Blyth, Annamar

Letters to the Left out

I have been reading the articles on NRG and have had experience similar to so other residents.

When I moved to town five years ago all I had to do was show them a reference letter from my previous utility company and that was good enough.

However, last year I bought a house and moved about five blocks across town and had to pay a \$300 deposit for a natural gas connection despite being a customer for almost 10 years.

I asked them to provide writing how the interest paid on the deposit and when it would be returned. They verbally told me interest was paid annually at the bank's rate and the deposit would be returned after one year.

After asking to see the interest accumulation on the deposit for one month I was

Letter also in Aylmer Express

June 11, 2008

The Mayor and Council of the Municipality of Bayham

Re: Natural Resource Gas Limited (NRG)

Dear Madame Mayor et al:

I am a long time customer of the local natural gas distributor NRG and a life-long resident of Bayham. My wife and I are currently building a new home at 54157 Heritage Line about one half of a kilometre below Richmond; a community which NRG recently extended its natural gas distribution service to. We were well aware that there was no gas service at this location when we purchased our property on Heritage Line but NRG's extension into Richmond gave us some hope that perhaps we could indeed connect to NRG's gas service for our home energy needs.

Our building contractor first contacted NRG on our behalf in this regard in October 2007. I have worked in a utility industry (telephone and cable) for over thirty years and as we are not strangers to such requests, we made it very clear to NRG that we recognized there would likely be a cost assessed to us for construction and that we were prepared to entertain that. You see, we are ardent fans of the convenience and economics of natural gas and we use it currently to fire our furnace, hot water heater (NRG rental no less), stove and even our barbecue. We had plans to extend that to a cozy gas fireplace and a standby electrical generator at our new location near Richmond. NRG advised our contractor at that time that they would look at our request and get back to us.

We waited patiently for many months for an answer or at least some direction as to the possibility of gas from NRG as we planned our new home and we delayed key decisions on home heating and appliances and such. Our contractor would on occasion remind NRG of our enquiry and always received the same response; they were working on our request.

I became quite frustrated at our wait and in early March 2008, went to NRG's Aylmer office to see the local manager whom I had worked with previously (He apparently has since left the Company) and thus knew personally. It was not what I would call a pleasant customer-friendly experience. I was refused access to the manager and after being ignored for a sufficiently annoying period while the NRG receptionist handled several calls that came into her switch board (well after I had come in her front door) and after she had taken a payment from another customer that had come in to pay his bill, I was finally ushered in to see a sales person. In contrast to the initial reception, the sales person was very friendly but knew nothing of our long standing request for consideration of an

extension of the gas line to our new home and he brought in the company's engineer who apparently looked after requests for such service extensions. This gentleman acknowledged that he knew of our request but had not yet had an opportunity to look into it. Remember, this was some 4-5 months following our initial enquiry. I advised the two of them that another new house was under construction between our home and Richmond and that there was another home across the road that might perhaps be interested in the service. There are also two brand new homes a few hundred metres up the hill in addition to two or three older homes. The engineer promised to revisit our request. The sales person acknowledged that NRG had some room for improvement in handling such requests and assured me he would not let this fall through the cracks again.

Now, jump ahead to April 4, 2008. Still awaiting an answer, I sent a plea for either a yes or no response or better still a firm estimate of the cost of a service extension via email to NRG to the attention of the sales person and the engineer. I reminded them of their commitment to improving customer service. I received no answer whatsoever. However, our contractor did have some communication with them immediately following my email. NRG advised him they would poll the neighbours to gauge interest in natural gas service and also advised that the cost to extend would likely be in the \$6,000 range. Following this "flurry" of communication, we once again descended into the black hole of NRG silence.

Now jump ahead to mid May. I received a call from an NRG employee who was enquiring as to the exact location of our new home. He appeared to be looking on Richmond Road rather than on Heritage Line. I redirected him and he advised me that he was going to discuss the matter with our neighbours. He also raised the spectre of a \$6,000 cost if no other customer was interested in the extension but they had not yet done any engineering to verify that cost nor had they determined if they (NRG) would even consider building the extension. He apologized for this matter having fallen through the cracks (yet again) citing high employee turnover at NRG as the reason and he committed to staying on top of this until we received an answer. Immediately thereafter, we once again descended into the NRG black hole.

I telephoned this employee at NRG on June 2, 2008 and was astounded to hear that since the engineer had recently left the company, they could not provide me with a firm answer on cost or even the likelihood of this extension request until a new engineer was hired. He assured me though that they were conducting interviews.

Obviously, we are frustrated in the extreme by the treatment, or more accurately lack of treatment, by this company. NRG enjoys a very privileged position in our municipality through the franchise process and it is after all a monopoly, near-essential service provider. I firmly believe that you as our elected officials bear a clear and distinct responsibility to the constituents of the municipality, not the utility, when awarding the distribution franchise in Bayham. I do not know if NRG's franchise is due for reconsideration, but I would suggest this company does not deserve to simply have its renewal rubber stamped by our municipality. I understand clearly how difficult it must be to disenfranchise the utility if that is deemed to be in Bayham's best long-term interests,

but I suggest that this is no reason to simply renew NRG's monopoly in the municipality. I do not suggest this simply because of the shabby treatment that we have received, although if this is the way all potential customers are dealt with that is reason enough for some serious scrutiny of this company. I am more compelled to demand this utility be carefully and thoroughly scrutinized, and sanctioned if warranted, as a result of the stories of late in the letters to the editor of the Aylmer Express regarding NRG's draconian deposit policy. I hope you are well aware of the plight and cries for help from NRG customers who are required to pay substantial deposits to the utility simply because they move from one location to another within the utility's franchise area and the many people who have been refused repayment of their deposits after establishing a perfectly good payment and credit history with the utility. Indeed, these stories warrant investigation into this company's business practices by all of the municipalities granting franchise rights; otherwise the franchise process is obviously a façade. From the outside looking in and based on the letters in the Aylmer Express, one might suspect NRG to be cash flowing its business using deposit funds from its customers. This includes many customers who don't warrant the collection of a security deposit in the first place. And, if the information in the Aylmer Express is accurate, the OEB has no jurisdiction over the collection and handling of customer deposits which, for a monopoly utility, providing a near-essential service, I find incredulous and something that needs to be changed. In the local telephone service industry, deposit practices are regulated and controlled by the CRTC through the Tariff process. Bayham's incumbent local telephone service provider for example is in fact prohibited from collecting deposits from a customer unless the customer refuses to provide credit information, or he has a bad credit and/or payment history or he presents an abnormal risk of loss. Clearly NRG is entitled to employ acceptable means to limit its exposure to bad debt but this Company appears to have stepped far over the line of reason.

My wife and I have pretty much abandoned any hope of having gas service at our new home in time for fall occupation or in fact anytime in the near future but our experiences with NRG and the growing public sentiment against this company's purported questionable business practices and its apparent disregard for customers would suggest much greater oversight and scrutiny of this utility is required by those in a position to do so. That would include the Municipality of Bayham, the other municipalities that have franchise agreements with the utility and the OEB.

Yours truly,



Michael J. Andrews
Stratfordville

CC Town of Aylmer, Township of Malahide, OEB,
Hon. Steve Peters MPP, NRG

June 25/08

Malahide council: **Wants NRG** **policies looked at**

Malahide council decided to contact all municipalities in which Natural Resource Gas as a franchise, to encourage the gas company to improve its customer service. Deadlines for renewing franchise agreements with NRG are in about two years.

The decision by consensus at the June 19 meeting was sparked by a letter to Bayham Township council by one of its ratepayers, Mike Andrews. The letter was sent to surrounding municipalities.

In his letter, Mr. Andrews told of frustration at trying to get gas service to a new home being constructed on Heritage Line, near Richmond, an area to which the gas company is currently expanding service.

No confirmation

Since his initial application last October, he has not been able to get confirmation that service would be available or an accurate cost estimate, despite a number of personal and written inquiries.

He was told the service line might cost \$6,000 if none of his neighbours subscribed to the service.

Earlier this month he learned the engineer dealing with his application left the company and he would have to deal with a new engineer, whenever one is hired.

He said the gas company, through its franchise, enjoyed a monopoly in the municipality.

"I firmly believe that you as our elected officials bear a

clear and distinct responsibility to the constituents of the municipality, not the utility, when awarding the distribution franchise in Bayham."

He said he was not making the suggestion based only on the way he was treated but also because of Aylmer Express stories and letters to the editor regarding the company's security deposit policy.

"I hope you are well aware of the plight and cries for help from NRG customers who are required to pay substantial deposits to the utility simply because they move from one location to another within the utility's franchise area and the many people who have been refused repayment of their deposits after establishing a

perfectly good payment and credit history with the utility.

"Indeed, these stories warrant investigation into this company's business practices by all municipalities granting

franchise rights; otherwise the franchise process is obviously a façade."

Council also waiting

Malahide Councillor Chester Glinski said he himself

had been waiting 10 years for gas service.

He was always told the service would be available next year and is still waiting.

CONTINUED ON PAGE 2

Page 1 of 2

he park at 7:30 p.m., by fireworks at dusk. ions to help pay for events will be collected at the community centre lot gates that night.

held by Barb... John looks on. They were among some two dozen riders to participate in the Aylmer needy youngsters.

(AE Photo)

Wants NRG policies looked at

CONTINUED FROM PAGE 1

Mayor John Wilson said he too was frustrated by delays when he applied to get service from a gas line near his home.

He asked when the current franchise agreement expired and was told 2010 or 2011.

Clerk Administrator Randy Millard said the former Malahide Township tried to establish five-year terms on the franchise agreements to ensure customer concerns were resolved but was forced into 25-year terms by Ontario Energy Board.

The reasoning was the company needed adequate time to recover its investment in the service.

Deputy Mayor Dave Mennill asked what would happen if the municipality did not grant a new franchise.

Mr. Millard said OEB would grant the franchise, instead.

Keep records

Councillor George Cleminshaw said he would encourage customers to keep accurate written record of their dealings with NRG and bring them to council in 2010 when the franchise renewal was being considered.

Mayor Wilson said the manner in which customers were being treated was "not the least bit acceptable".

He said he could fill a three-ring binder with complaints from people who felt they were being treated unfairly.

He suggested Malahide staff consult with Bayham staff to collectively determine whether the combined municipalities could do anything to help their ratepayers, including consulting with legal counsel.

"Maybe there's nothing we can do but we should look into it and also talk to our MPP."

After learning NRG provided service from Nilestown to the Long Point area he said he would raise the matter at the next meeting of the South

Central Ontario Region municipal partnership since most of its member municipalities also had NRG service.

He suggested staff also contact all those municipalities.

"I don't think we should take this lying down. The company can't simply walk away from people."

No choice

Councillor Max Moore said NRG customers had no choice, "they are essentially being held prisoner. If it was another business such as a grocery or car sales they could go elsewhere."

"It's just not right that the public is being used that way."

Mr. Andrews's letter was also discussed at the June 19 Bayham council meeting.

NRG "doesn't seem to be

excelling at customer relations," Cr. Ed Ketchabaw said. Perhaps the municipality should have a word with the utility.

Administrator Kyle Kruger said NRG's three franchise agreements (for the former Bayham Township and the villages of Vienna and Port Burwell) would start coming up for renewal in 2012.

He didn't believe Bayham could dictate terms to NRG, but some conditions would be open to negotiation then.

Mayor Lynn Acre suggested staff send a letter to Mr. Andrews to let him know Bayham would follow up on his complaint when the franchise agreements were negotiated.

CCCA approves permit for new Port Bruce house

Catfish Creek Conservation Authority issued a permit for construction of a new house at 3560 Imperial Road in Port Bruce.

At the June CCCA meeting, planning coordinator Tony Difazio said the owners, Dave and Kim Green wanted to replace a single-family house that burned down.

They plan to construct a 28-by-51-foot residence with an attached garage.

He said the new house would have a similar building footprint

as the former structure.

It would include a foundation with a maximum four-foot heated crawlspace.

The main floor and all electrical circuits would be above CCCA's flood proofing elevation.

On a motion by Bill Aarts and George Cleminshaw the permit was granted provided the new structure conformed to drawings submitted by the applicants and no new fill be brought to the area without prior approval.

Karate group gets rental fee break

Catfish Creek Conservation Authority voted to cut its rental rate to Springwater school house for a karate class being held at the park, Mondays until Aug. 25.

General Manager Kim Smale said the current rate was \$70 a day plus the day-use

entrance fee of \$5 per vehicle. He recommended a flat fee of \$50 a day.

The building would only be used in the event of rain.

The motion by George Cleminshaw and Bill Aarts was passed unanimously.

pg 2 of 2



JULY 23/08

Sterling
pecuniary
stions to buy two new tri-axle
trucks at the July 17 Malahide
council meeting.

And that declaration result-
ed in his being told by Mayor
John Wilson and Clerk
Administrator Randy Millard
to leave the room when he
attempted to sit in the public
gallery.

A London firm submitted
two of 10 bids to sell trucks to
Malahide.

The trucks being offered
were Sterling trucks which
Roads Superintendent Dave
(13 Hartley disqualified as not
meeting the minimum engine
horsepower specification of
425. The truck engines were
rated at 410 hp.

When Cr. Phillimore
declared a conflict of interest
Councillor Chester Ginski dis-
agreed and asked the mayor to
rule on the matter saying while
Cr. Phillimore worked for the
manufacturing company, he
was not employed by the sales
firm.

Mayor Wilson said he did
not ask Mr. Phillimore to
declare a pecuniary interest "he
decided on his own.

"I don't necessarily think
this falls under a conflict of
interest."

Cr. Phillimore, who had dif-
ficulty speaking because of

Millard said the tenders stand
on their own merit but Cr.
Phillimore would be in conflict
if he tried to sway one compa-
ny over another.

Cr. Mark Widner said he
was an employee of a Chrysler
Canada dealership and the par-
ent company had financial ties
to Sterling.
He declared a conflict of

"If there is any p
might be a conflict, it was wiser
to bow out of the discussion."

It was his perception that
pecuniary interest applied not
only to a dealership selling the
product but also persons work-
ing on the assembly line.

At the start of discussions,
both councillors vacated their

But Mayor
Millard told him he had to
leave the room.

When he questioned the rea-
soning he was told it was part
of the regulation.

Cr. Phillimore then left the
room saying he didn't agree.

The provincial Municipal
CONTINUED ON PAGE 3

Petitioners call for change to how NRG does business

tribution in this district, she
said.

The Ontario Energy Board
was investigating complaints
about the company, she said.

Deputy Mayor Ron Baldwin
asked if the petition would be
presented to the energy board.

Ms. Brubacher said it would,
along with other information.

Mayor Bob Habkirk said
that Malahide and Bayham
would certainly have explained
to the petitioners that the ener-
gy board had jurisdiction over
any complaints about how
NRG did business.

The board was one of the
most powerful in the province,
he said, and answered directly
to the Ontario Legislature.

"We ask that deposits be
fully refunded automatically,
one year to the date that the
deposit was made, if an
account is in good standing.

"Also, the deposit should be
refunded in the form of a
cheque or cash, and not in the
form of a credit to the
account."

Jeanette Brubacher, who's
one of the petition organizers,
said Malahide and Bayham
councils were "stepping up to
the plate," and she asked
Aylmer to do the same "to back
up the taxpayers in their fight
against NRG."

Many petition signers felt
they were "held hostage" by
NRG's monopoly over gas dis-

Aylmer council Monday
night received a petition signed
by almost 500 district resi-
dents, calling for a change to
how NRG (Natural Resource
Gas) Ltd. does business.

Councillors referred the
petition to staff, to be included
in a town report being prepared.
on the Aylmer-based company.

The petition said NRG
should "carefully review their
deposit policy requirements.

"We ask that they take into
account letters of reference
from other utility companies,
as well as past credit history
with them.

"We also ask that they have
a clear policy for refunding
deposits.

Aylmer Express Oct. 15/08

Energy board plans to regulate gas company security deposits

The Ontario Energy Board is proposing to regulate the imposition of security deposits by gas companies.

In its notice of the proposed amendment, the OEB said the proposed regulation would be similar to that already applied to electricity distributors.

Under the Public Utilities Act, gas distributors can require a "reasonable security" deposit as a condition of supplying or continuing to supply natural gas. And, security deposit requirements were at the discretion of the individual gas companies.

Earlier this year several Aylmer and area residents told The Aylmer Express they were frustrated by delays in the promised return of security deposits by Natural Resource Gas Ltd.

Some moved to this district in recent years while others simply moved into new homes or different neighbourhoods.

All were required to pay a minimum \$500 security deposit. Some of those deposits have since been refunded in full with interest; others credited to the customer's account.

CONTINUED ON PAGE 4

CONTINUED FROM PAGE 1

while several received only partial refunds without detailed explanation.

Jeanette Brubacher is a member of an organized group of East Elgin residents dissatisfied with the NRG policy.

They investigated possible legal action but, "A class action lawsuit would be very costly we have been told, and for a \$500 deposit, people are not interested in merely sinking all that into a lawsuit if it would be possible to get deposits returned without the legal action."

She said they chose to work with officials from Elgin-Middlesex-London MPP Steve Peters' office as well as a representative of the OEB to make changes.

As for the proposed changes to security deposit policy she said they "were extremely excited to see that the OEB is in fact listening to us and trying to help us out."

"Our ultimate goal is to

have legislation put in place to protect gas consumers across the province, so what has happened in Aylmer and surrounding area doesn't happen elsewhere."

She said some customers were getting their deposits refunded as credits and did not consider that fair.

"We had to give NRG a lump sum deposit in cash, cheque or by debit and I was personally told that it would be returned in the form of a cheque."

"That only seems fair as that is how I had to give it to them."

"Now they want to return (the deposits) in the form of a credit?"

"The money is still in NRG's hands with this policy not the consumer. People are not happy with this, but say it is at least a start."

"We would like to urge everyone to check the link and read the proposed amendment on the OEB website and to comment directly to the OEB."

On that website, OEB officials said, "The lack of consistency in terms of security deposit policies between gas distributors, and the inconsistent application of those policies to individual consumers by individual gas distributors, has been the subject of concern raised with the board by consumers and consumer groups."

The OEB proposal is to amend the Gas Distribution Access Rule "to ensure that consumers were treated fairly and subject to consistent

requirements across the province".

Gas companies are subject to the risk of customer default and bad debt. Security deposits are included in rate base used to calculate a gas distributor's working capital and overall revenue requirement before the OEB.

"Greater consistency in terms of security deposit policies will also serve to minimize over-collection by a gas distributor in a manner that might artificially enlarge its pool of low-cost working capital."

Each gas company would be required to file its Security deposit policy with OEB and make copies available to the public and any customer or prospective customer on request.

They would not be required to collect a security deposit from a customer that has a good payment history, provides a satisfactory credit check or has an AAA- or better credit rating.

"Customers with a good payment history generally do not represent a material non-payment risk for the gas distributor, and in the Board's view it is unreasonable to require they provide a security deposit."

The energy board is also proposing that customers be permitted to pay any required security deposit in four equal monthly instalments.

Interest on security deposits would accrue monthly, at a prescribed rate, and paid out at least once every 12 months or earlier.

Gas companies would be required to review each security deposit at least once annually; and return or adjust the amount of a customer's security deposit where warranted based on current circumstances.

For example, a security deposit would need to be returned when a customer has achieved the required number of years of good payment history, or would need to be adjusted where a customer's credit rating has improved.

Reviews of the deposits would be required on customer demand however, such request can not be made more than once a year.

Deposits would be required to be repaid with interest within six weeks of a customer closing an account, "subject to the gas distributor's right to use the security deposit to offset amounts owing by the customer to the distributor".

February 2, 2009

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

Attn: Kirstin Walli
Board Secretary

Re: EB-2008-0413

Dear Ontario Energy Board:

This letter is to comment on the application by Natural Resource Gas Ltd. to renew its franchise agreement with the Town of Aylmer. We want the OEB to know that we are in FULL support of ALL nine conditions The Town of Aylmer has proposed for the renewal. We feel that all nine of these conditions would help to correct a lot of the problems The Town of Aylmer's (and others in NRG's territory) residents have had in the past couple years. While NRG has taken small steps (mostly in response to many complaints and pressure from the OEB) to correct some of the issues their customer's have had with the deposit policies, customer service issues, and gas service issues; we feel there are still a lot of progress to be made by NRG in these areas. By having these conditions in the franchise agreement, it would ensure that the OEB would be able to intervene if at any time one or more of these issues should become a problem once again.

Since last spring many people have written letters to the OEB, our MPP Steve Peters, Ministry of Energy and Infrastructure, Minister of Small Business, and the Minister of Municipal Affairs and Housing. The answers we have received are that ALL are aware of the problems we have had with NRG, but ALL seem to pass the problem onto someone else. The conditions in this franchise renewal give us the protection we have long been seeking. Since NRG has a monopoly in this area, consumers are left with very little options and NRG has taken full advantage of that fact).

It is time that we, as consumers get some protection.

So once again, we want to make the OEB aware that we are in FULL support of ALL NINE of the conditions The Town of Aylmer has proposed for the Franchise Renewal.

Sincerely,

Jeanette Brubacher
Danielle Lalonde
Russ Monteith
Marcie Tenk
Hans & Mary Giesbrecht
Brian & Kathy Williams

enclosures

Natural Resource Gas Petition to Change Deposit Policy

[petition text](#) [signatures](#) [email friends](#)

The petition

We are asking that NRG carefully review their deposit policy requirements. We ask that they take into account letters of reference from other utility companies as well as past credit history with them. We also ask that they have a clear policy for refunding deposits. We ask that deposits be FULLY refunded automatically one year to the date that the deposit was made if an account is in good standing. Also the deposit should be refunded in the form of a cheque or cash and NOT in the form of credit to the account.

Sign the petition

Fields marked * are required.

* Name:

* Email:

Comments:

- ☐ Display my name as *anonymous* on the signatures list
- ☒ Yes, I want iPetitions to contact me on similar campaigns or petitions.

[Sign petition >>](#)

Petition sponsor

This petition is from anyone who is or has been a former Natural Resource Gas (NRG) customer.

Links

Ads by Google 

[Free Online Backup Trial](#)
Successful Businesses Choose DDB Get The Award Winning Service Now!
DataDepositBox.com

The views expressed in this petition are solely those of the petition's sponsor and do not in any way reflect the views of iPetitions. iPetitions is solely a provider of technical services to the petition sponsor and cannot be held liable for any damages or injury or other harm arising from this petition. In the event no adequate sponsor is named, iPetitions will consider the individual account holder with which the petition was created as the lawful sponsor.

Natural Resource Gas Petition to Change Deposit Policy

[petition text](#) [signatures](#) [email friends](#)

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www.renhelper.com

Feedback - Ads by Google

Signatures | Total: 65

Page << first < prev 1 2 next > last >>

#	Name	Comments
1	Anonymous	
2	Sharon Brown	NRG should stop using MY \$500.00 deposit (along with many other customer deposits) to keep running their company and return it to my promptly as they claim they would do when the deposit was made. Stop stalling and coming up with excuses and pay up!!!!
3	Larry Brown	NRG needs some competition and then maybe they would treat their customers honestly and stop all the stall tactics and excuses for not returning deposits made by customers. What a monopoly for this area.
4	Merlin Brubacher	
5	Lorraine Watters	NRG definitely needs to review it's deposit policy. Being the only natural gas company in our area, the consumer really has no choice but to work with NRG towards a more customer friendly program.
6	Kelly	I have been a customer of NRG's off and on for almost 15 years - I have a rental property. Last year when my tenants moved out I was told I had to pay a security deposit...My tenants didn't have to when they moved to their new house! Customer service at NRG is rude and condescending. They really need to keep their stories straight as every time you call them you get a different response. I thought we lived in a free country? Why don't we have a choice in our gas supplier in East Elgin???
7	Ben VanHarn	If you have a perfect payment history with them for your very first year and since there is no reason that you should not get your deposit back. Especially when you only spend \$600 - \$700 per year. (the deposit is almost a full years worth of payments BULL SHIT as far as I am concerned)
8	Anonymous	
9	Anonymous	
10	sharon chamberlain	What is the reason I cannot get my deposit back? I have not been a customer since March 10/08. This clearly shows how any utility, that is a monopoly, manipulates it's position.
11	Jeanette Brubacher	What a monopoly this is. Give people back their deposits as promised and start accepting letters of reference. When you decide to go into business you automatically assume the risk that some people may not pay their bill, or may be slow. That doesn't mean you can penalize EVERYONE for it. NRG has no idea what true customer service is and it is no wonder they have an ad in the paper every other week needing employees. I wouldn't want to work for them either with the attitudes in that office. If they refuse me my deposit I will see them in court.
12	Heather Anger	
13	Debbi Burnie	
14	Susan Wiltsie	Their current 'policy' has discouraged us from installing two gas fireplaces. We have decided to persue propane.
15	Katherine Burt	I agree with the above, but I would be in favour of having the option of the funds used as a credit to the account.
		I just signed on to NRg and might not have had I read the Aylmer Express letters



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- 16 Larry Jeffery regarding the deposits. NRG's leaders are obviously slimeballs. The NRG at their annual meeting should take the CEO and give him a one way ticket anywhere.
- 17 Tammi Hawley
- 18 Anonymous They are a ripoff and i totally agree with you, they are unreliable and do always charge a deposit.
- 19 anita
- 20 Brendan & Nancy Boverhof I think it is just rude of them to gladly except your money and when it comes to their end of the bargain, they don't hold it up. I would expect more from a big company like this. This was my first time owning a house, I had no idea what i was getting myself into. In good faith I trusted them and they take advantage of that.
- 21 Judy Sawatzky NRG doesn't treat their employees any better than their customers. BEWARE anyone thinking of applying for a job with them. I haven't worked for them personally but I know people who have.
- 22 Joanne Rokeby I cannot beleive a business can get away with this!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!
- 23 jim smith if nrg had some competion in aylmer they might treat people abit better
- 24 Marge Friesen-Loewen
- 25 Neil & Nettie Dyck
- 26 Mary Dyck its pretty sad when decent hards working people are held resposible for the actions of those in the world who dont care to pay their bills...if someone is in good standing then their deposit should go back to them on time no questions asked
- 27 Melissa Irwin
- 28 john loewen
- 29 Anonymous
- 30 Anonymous I think the current situation with NRG security deposits is outrageous and that a full investigation into this practice by NRG should be investigated by the OEB, OPP, the Ministry of Energy and or local MPP. Thank you!
- 31 Cindy Paget I have been waiting to receive my security deposit since July 06, and still getting the run around. At least I am one of the lucky ones because I have a receipt.
- 32 Peter&margaret Tops To me this is stealing I was told after 12 months we would get our money back then they tell you we changed our policy.
- 33 Anonymous the time has come foe a better gas supplier, NRG is the only supplier. Nrg needs to have there knuckles rapped hard for the way the treat the general public. maybe competition in an area where only one supplier exist would smarten these people up
- 34 Doug and Janice McCallum
- 35 Daniel Irwin
- 36 Brenda Smith It's almost been 2 years since I gave NRG a \$500 deposit. They told me I could get this refund back in 1 year. I sent them a letter requesting my refund & that my account was in good standing. They replied back, saying that they could not refund me this year & to re-apply next year, which will be in August. This is absolutely ridiculous. They are earning interest on my money. Account has been in good standing---my payments are automatically taken out of my account monthly. Unfortunately, I can't attend the meeting on Tuesday, so please keep me informed of our options that can be taken.
- 37 Cindy Martin
- 38 Kathy williams I have been fighting to receive my deposit back for a year. Our credit is in good standing, no problems what so ever. We own our home of 26 years. NRG finally returned \$250 (half) six months ago after getting the continuos run around from them. I was told we could apply for the other half next year but it was unlikely I would receive it. I can't beleive a business can get away with treating numerous customers so badly. Poor business ethics all around.
- 39 Russ Monteith I feel that the OEB should look into the practice of deposits with NRG and should open the marktett to other companies

- 40 Susi Neustaeter iam not with nrg right now, but a couple of years ago we were. I remember we had to call and go in person several times to argue about getting our money returned. Finally after several months of frustration we got it back!!
- 41 Rosemary NRG should respect its customers. I don't believe in deposits unless of course, the company has had a bad payment history with them. Credit histories can be wrong so I don't put much faith in them. Deposits should be refunded in a timely manner - with interest. If I wasn't a customer now I sure wouldn't start now.
- 42 Paul Hewson
- 43 Marcie Tenk
- 44 Betty McCabe I feel that the money owed to people when you say that they are to get their refund should be on that day NO later or NRG should be charged a fee just like they would do to us if we had a late fee. I feel that this deposit should not have to be given when you have proof of good record. I feel that NRG is using the money for themselves and no other reason. You are a business like any other and should be trusted when given money and when you say you are going to give the money back, then GIVE IT BACK!!!!
- 45 Barb Taylor
- 46 Anonymous I lived in Springfield "YEARS" ago..never did get my property deposit back.
- 47 Brenda A. Simons
- 48 Gail Killough I have been dealing with NRG for 8 years now (3 houses) and I still had to pay a deposit that I will probably not get back come Nov
- 49 Anonymous
- 50 Mary Giesbrech "good standing" should be clarified to indicate "up to date, and not outstanding" because their definition of "good standing" means you are PERFECT and have NEVER EVER forgotten to pay on time.

Signatures | Total: 65

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Natural Resource Gas Petition to Change Deposit Policy

[petition text](#) [signatures](#) [email friends](#)



Signatures | Total: 65

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#	Name	Comments
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51	Netti Wall	
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52	Gloria Fehr	
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53	Bob and Toniette Giesbrecht	
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54	Carol Bolt	I also think that any new customers should have a written agreement with NRG and have it ratified by their lawyers as these people obviously cannot be trusted. I would personally never deal with them again and if I did that is how it would have to be for me. I want to see the Trust Account where they are keeping our money up front. I bet you the law says they have to put our money into a trust account in the consumer protection act.
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55	Julianna Daniel	
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56	Nelly Peters	We have been with NRG for two years and never missed a payment, and they are not giving us our deposit back. I think that they treat people this way cause they are the only Natural gas company in Aylmer and I think that they should be booted out. The township of Aylmer should not allow this to continue. It doesn't matter how good your Payment history is with them, they will think up an excuse every time not to give you your deposit back! They need to be dealt with!!!!
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57	Peter & Sara Loewen	I really feel that NRG needs to give back to the customers what is theirs. when we have to make a deposit that's one thing, BUT to always being denied is wrong. the deposit is not given to NRG as a gift. The Golden Rule!!! Do unto others as you would have them do to you...
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58	Ric Murray	
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59	MCLELLAN MARIA	
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60	Amanda Smith	
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61	Anonymous	
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62	john smith	
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63	Sabrina Scrimegour	
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64	Anonymous	
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65	David Bell	
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Signatures | Total: 65

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Joe & Alex Aymer

Problems with Deposit Policy at NRG??

Please plan to attend a meeting to discuss our options!!

Where - Atlantic Family Restaurant

When - Tuesday June 17, 2008

Time - 7:00 p.m.

Anyone interested in signing a petition regarding NRG's deposit policy, please go to one of the following locations:

Atlantic Family Restaurant - John St. N. Aymer

Guns N' Gauges - Redland St. Aymer

B.K. Cigars - Talbot St. W. Aymer

Switz Hair Salon - Ron MacNeil Lane, Springfield

Or Online

www.petitions.com/petition/NRGdeposit.htm

Or call one of the following numbers for more information:

Russ Montem - 519-865-3921

Jeannette Brubacher - 519-646-9781

Maria Cavaco - 519-765-3688

Presentation by J. Brubacher B-2 Rec'd at Council
July 21/08

I want to take this opportunity to thank the Mayor and Council for giving me this opportunity to speak to you regarding NRG and their deposit policies and customer service issues. As you are all aware there have been a lot of articles in our local newspaper surrounding the unhappiness with NRG and their business practices. More recently the article in the paper was regarding Bayham and Malahide Townships stepping up to the plate and doing something about this. I would hope that you would adopt the same policy as Malahide and Bayham did. I am here tonight to request that The Town of Aylmer also get involved in such a way as to back up the tax payers in their fight against NRG. You have received a copy of a petition that has been posted at local business establishments as well as online and has received a huge response. There are over 500 names so far on this petition and online ^{the petition} is still growing. Most of the comments on the petition call NRG's business dealings a monopoly. People feel like they have no choice either pay the deposit or you don't get gas, that simple. They feel like they are being held hostage. The money has been given to NRG in good faith believing what they were told, that it would be fully returned within one year. However, people are finding out that this is not the case. Many people in this area are people on fixed incomes or young couples starting out and were depending on that money being returned in full as promised. Other people are afraid to come forward in fear of having their gas shut off for their involvement. However if an account is paid up to date that cannot happen according to the Ontario Energy Board. During this process of finding out just how many people are unhappy with NRG's business practices 4 of us have come together and formed a committee to come up with ideas of what can be done and act on them. So far we have contacted the Ontario Energy Board numerous times to ask them to act on these complaints they have received, and to hold a public hearing regarding NRG. So far the only response we have received is that they have launched an investigation into NRG, but have not received any details of that. We also contacted our MPP Mr. Steve Peters Office and were told the same thing there, that they are well aware of the situation at hand, but are in contact with the Ontario Energy Board and they are doing an investigation into them. On June 17th, our committee held a public meeting where approx. 30 people were in attendance, including Officer Gus Legrandeur from the Aylmer Police. He informed us that there is an ongoing police investigation into NRG at the present time. Anyone who wishes to file a complaint regarding NRG should go see him at the police station. So this is where we stand at this time. Our request to you Mayor and Councilors is to join forces with the surrounding townships and our fight against NRG. This would send a strong message to the Ontario Energy Board in dealing with of deposit returns, servicing issues and customer service problems. We ask that council also consider sending the Ontario Energy Board a letter putting pressure on them to hold a public hearing into these matters. It has also been brought to my attention recently that NRG's contract is up for renewal in the near future. We ask that this contract NOT be renewed and that another gas supplier provide us with our natural gas. We ask that you contact our MPP Mr. Steve Peters as well as the Ontario Energy Board and speak out against what is happening to your tax payers. If you have any further questions regarding what I have presented to you tonight, I would be happy to try to answer them for you. Again I thank you for this opportunity and ask that you join our fight!

JUL 16 2008

Petition to Natural Resource Gas to Change Deposit Policies

* * NOTE: FULL PETITION BEARS 457 NAMES

Action petitioned for	We, the undersigned, are asking that NRG carefully review their deposit policy requirements. We ask that they take into account letters of reference from other utility companies as well as past credit history with them. We also ask that they have a clear policy for refunding deposits. We ask that deposits be FULLY refunded automatically one year to the date that the deposit was made if an account is in good standing. Also the deposit should be refunded in the form of a cheque or cash and NOT in the form of credit to the account.
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Printed Name	Signature	Address	Comment	Date
Pat Ralf	P Ralf	18 Warren St Aylmer		June 17/08
Dennis Ralf	D Ralf	18 Warren St Aylmer		June 17/08
Pauline Rempel	Pauline Rempel	85 Warren St. Aylmer		June 17/08
RYAN CHAMBER	Ryan Chamber	31 Walnut St. Aylmer		June 17/08
Cassandra Chambers	Cassandra Chambers	31 Walnut St. Aylmer		June 17/08
DAN KING	Dan King	51044 Lions Creek Sparrowden		June 17/08
Johanna Pettit	Johanna Pettit	51044 Lions Creek Sparrowden		June 17/08
NICOLE ADAMS	Nicole Adams	160 South St W Aylmer		June 17/08
KIM ADAMS	Kim Adams	"		"
Ryan Parry	Ryan Parry	RR#1 Aylmer Box 24		June 17/08
PAUL STALLAERT	Paul Stallaert	49425 Dexter Line		June 17/08
Susan Wiebe	Susan Wiebe	7470 Hacienda Rd.		June 17/08

Dr. F

[illegible]

Date _____

30 June 1971

June 17. 08

17

5

Petition to Natural Resource Gas to Change Deposit Policies

(12)

Action petitioned for	We, the undersigned, are asking that NRG carefully review their deposit policy requirements. We ask that they take into account letters of reference from other utility companies as well as past credit history with them. We also ask that they have a clear policy for refunding deposits. We ask that deposits be refunded automatically one year to the date that the deposit was made if an account is in good standing. Also the deposit should be refunded in the form of a cheque or cash and NOT in the form of credit to the account.
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Printed Name	Signature	Address	Comment	Date
Aldina Cavaco	<i>Aldina Cavaco</i>	24 Johnst Worth	NRG should return the deposit & interest would like deposit back June 4/08	June 4/08
Shwenda McCann	<i>Shwenda McCann</i>	110 Nova Ave	NRG should change their policy	4/08
Frank Fink	<i>Frank Fink</i>	28 Oak St.	Deposit back. Please	June 4/08
Ben Vermeer	<i>Ben Vermeer</i>	50592 Calforn line	Want deposit back w interest	June 4/08
Angeline Broymans	<i>Angeline Broymans</i>	50592 Calforn line	IT IS NOT RIGHT	June 5/08
Peter Wiese	<i>Peter Wiese</i>	20 Linden	VERY SAD	June 5/08
Randy Jaquiss	<i>Randy Jaquiss</i>	399 John St S	NOT GOOD BUSINESS PRACTICE	"
RAY PERRY	<i>Ray Perry</i>	64 FATH AVE	VERY SAD	
KEN WARD	<i>Ken Ward</i>	60 Eckard St	It is not right	June 5/08
Dave Brown	<i>Dave Brown</i>	57 Dufferin St	Terrible	June 5/08
Norman Hartsell	<i>Norman Hartsell</i>	230 South St W	Deposit returned plus the interest	June 5/08
Laurie Sangedyk	<i>Laurie Sangedyk</i>	RR #1 Aylmer		

next me

Printed Name	Signature	Address	Comment	Date
Sharon Brown	Sharon Brown	440 Talbot St E Aylmer	SINCE WHEN IS STEALING - LEOAL Put my deposit + interest HIGHWAY ROBBERY!	June 5/08
Larry Brown	Larry Brown	440 TALBOT ST E	Need competition.	June 5/08
Bach Ralf	Bach Ralf	10 River et Aylmer	Robbery	June 5/08
Shonne Ralf	Shonne Ralf	39 Wesslow Dr. Unit 1 Aylmer Ont	unfair to everyone	June 5/08
G. Kirlough	G. Kirlough	R/R # Aylmer Ont.		June 5/08
Rick Duffels	Rick Duffels	R/R 5 Aylmer Ont.	Should return with interest & then some June 6/08	June 6/08
Herb Schaar	Herb Schaar	391 John St S Aylmer	Very unfair	
Clinton Lamm	Clinton Lamm	124 Sycamore Ave	15 is NOT fair June 6/08	June 6/08
George Lamm	George Lamm	578 Beach St Aylmer	Keeping deposit unfair. You have to keep it. FRANK	June 6/08
Brenda Fountain	Brenda Fountain	2-202 John St N	Very unfair	June 6/08
Heenan Casey	Heenan Casey	15 Crown CRT	RIP OFF ACTUAL	June 6/08
Tom Ladd	Tom Ladd	91 Spence St Apt 303		June 7/08
GARY HESSEY	GARY HESSEY	R/R 14622 Wesslow Aylmer	LESSON TAUGHT	
ALICE VANDERMEER	ALICE VANDERMEER	45 Wesslow Dr #1 Aylmer	10 year holiday	June 7/08
Tina Brix	Tina Brix	43 Birch St.		June 8/08
Steve Kewenagh	Steve Kewenagh	50 Moore Ave		June 8/08

(10)

Printed Name	Signature	Address	Comment	Date
Russ Monteleite	R. Monteleite	RED OAKS	UN FAIR	JUNE 7 2008
RENEE PROPERTIES		AYLMER	UN FAIR	JUNE 07/08
Ann + Jan Brunsma	Ann Brunsma	86 Foothill Ave Aylmer	please check into it	June 07/08
Harold Youck		49 CHESTNUT ST.	RATTLE IN THE COURT	" "
Jeff Corby		30 PINEVIEW AVE.	UNFAIR & ILLEGAL	JUN 7/08
Margaret Dannis	Margaret Dannis	AYLMER.	DISCUSSING UNFAIR.	JUNE 7/08
MARTY SPUR		AYLMER	UN FAIR	JUNE 07/08
Phil Bacht		AYLMER	COMMUNIST COUNTRY	JUNE 7/08
K. Mears	K. MERS	AYLMER	UN FAIR	JUNE 7
Peter Thorne		AYLMER	UN FAIR	JUNE 9
Susan Wells	Susan Wells	34 Fath Ave. Aylmer		
Marna Drummond		51 Pine St W Aylmer	Deposit Not Returned Could be fraud	June 9
Rorden Hobbins		Town	IS IT FRAUD?	JUNE 9
Artie Ward		60 Cedar St Aylmer	not encouraging new business in town	JUNE 8
Jackie Vengelen		60 Cedar Street Aylmer	unfair	June 8
Joyce Greer		47 Parkview Rd.	NAG - not truthful.	June 8/08

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Printed Name	Signature	Address	Comment	Date
David Voigt	[Signature]	London Ont	RIP-off	June 11/08
Bob London	[Signature]	Aylmer Ont	money back	June 11/08
James Sparks	[Signature]	Springfield	Marjorie Sparks	June 11/08
Mae Smith	[Signature]	Aylmer Ont		June 11/08
Carol Shelley	[Signature]	Box #4 Aylmer	NOT FAIR	June 11/08
Chad Davis	[Signature]	Springfield		June 11/08
R.B. Lloyd	[Signature]	RIDDINGS	SCANDALOUS	12/6/08
Bob McLeod	[Signature]	Aylmer	Degraceful	12/6/08
St. Cator	[Signature]	Aylmer ON	Mark B. is an ass	
Carol Conner	[Signature]	Pt. Burwell		12-6-8
Linda Kays	[Signature]	Aylmer		12/6/08
Danielle Landon	[Signature]	Springfield	unbelievable - DEB must do something	12 June 08
AN DRES	[Signature]	Springfield	C.R.A.P.	June 12/08
Judy Sparks	[Signature]	London, On	disgratifying	June 12/08
JOHN CAMPBELL	[Signature]	Aylmer ONT	RIP-off	June 12/08
ROSE LLOYD	[Signature]	Riddings	Criminal	12-6-08

7
next time →

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Printed Name	Signature	Address	Comment	Date
SUE THOMAS	Sue Thomas	562 Elk St. Aylmer ON	poor business ethics	June 12/08
Mark Pietrowski	Mark Pietrowski	53 Talbot West		6/13/08
Clark Keffner	Clark Keffner	213 Elgin St. W. LANSING	TO MOET 2) (CTATER	6/13/08
Kathleen Schaper	Kathleen Schaper	11983 Elm St. BR. 267 Springfield, ON.	Where is the Energy Bank? Deposits taken under false pretenses. At a interest 6/13/08	6/13/08
NIEL THOMPSON	NIEL THOMPSON	ST THOMAS	POOL BUSINESS PRACTICE	6/13/08
MURIEL DOW	Muriel Dow	ARABI BRUNSWICK Ont.	ALL OF THE ABOVE	June 13/08
Inis & Lord Gibbons	Inis & Lord Gibbons	RR1 Aylmer Kesteven	poor business	June 13/08
John Fink	John Fink	84 Myrtle St.	add of the above	June 13/08
Adena Weaver	Adena Weaver	53098 Nova Scotia Line	we kept our account in credit for most of the year so it is very wrong. We pleaded!	June 13/08
Paul Gower	Paul Gower	44 ELK ST.	DEPOSITS SHOULD NOT BE USED AS OPERATING CAPITAL	2008/06/13
Fiona Bruehle	Fiona Bruehle	150 Sydenham St. E.	credit history in NRO should be the only history req'd.	2008/06/13
Eric Smith	Eric Smith	8777 SPRINGFIELD Rd.	Report should be returned AFTER ONE YEAR 2008/06/14	2008/06/14
Bob Flacel	Bob Flacel	638 GARDEN ST. Cambridge		June 14/08
Chuck Groat	Chuck Groat	414 PARKVIEW AVE	Call of the above	June 14/08
SUE WHITE	SUE WHITE	31 JONAS STREET	Terrible business ethics	June 15/08
Matthew Fink	Matthew Fink	51134 Broadway St. Springfield	Poor Business Practice	June 16/08

Petition to Natural Resource Gas to Change Deposit Policies

Action petitioned for	We, the undersigned, are asking that NRG carefully review their deposit policy requirements. We ask that they take into account letters of reference from other utility companies as well as past credit history with them. We also ask that they have a clear policy for refunding deposits. We ask that deposits be refunded automatically one year to the date that the deposit was made if an account is in good standing. Also the deposit should be refunded in the form of a cheque or cash and NOT in the form of credit to the account.
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Printed Name	Signature	Address	Comment	Date
Jennifer Smith	Jennifer Smith	356 Talbot St E	NRG We need someone other than NRG	June 6/08
Michelle Hull	Michelle	111 Sydenham St E	No more monopolies!	June 6/08
ROB KENNEDY	Rob Kennedy		"	JUNE 6/08
Jessica Wilson	Jessica Wilson	13-230 South St. W.	"	June 6/08
John R Allen	John R Allen	336 Talbot St. E	GIVE THE IN MONEY BACK	JUNE 6/08
TERRIL LANE	Terril Lane	Melanie Dr.	where is the money?	06/08
B Anne Dove	B Anne Dove	RR #5 Aylmer	up off	June 6/08
Chris McNeil	Chris McNeil	R #2 Springfield	we need a new gas company	June 6/08
Judy Giesbrecht	Judy Giesbrecht	89 Talbot St. E	Give us our money BACK!!	June 6/08
Susan Killovich	Susan Killovich	34 Bockin Ave	ripping us off!!	June 6/08
A. Schmeitz	A. Schmeitz	224 Sydenham St	No use!	June 6/08
Priscilla Melvin	Priscilla Melvin	95 ELK ST	up off	June 6/08

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Printed Name	Signature	Address	Comment	Date
✓ Andy Peters	✓ Andy Peters	83 Decker in St	disgusting business practice	June 6/08
✓ ROBERT REYNOLDS	✓ Robert Reynolds	32 MOORE	rip off	June 6/08
✓ FRANK DE RYK	✓ Frank de Ryk	108 JOHNSTON S	rip off	June 6/08
✓ VERNIE MERVILLE	✓ Vernie Merville	231 JOHN ST. S.	rip off	JUNE 6/08
✓ Amanda Hill	✓ Amanda Hill	50 Melville Dr	RIP off	June 6/08
✓ Mary Wall	✓ Mary Wall	47 Queen	valued customer unfair treatment of	June 6/08
✓ DNE DNE	✓ DNE	48737 Townhouse Lane	No Comment	June 6/08
✓ ETTI FACKENHAM	✓ Etti Fackenheim	K R 1 Cragmore	POOR BUSINESS PRACTICE	June 6/08
✓ Andy Dagg	✓ Andy Dagg	62 Myrtle St	RIP off	June 6/08
✓ Jeff Jewell	✓ Jeff Jewell	605 Main Brownsville	I'd like to invest my money	June 6/08
✓ Laura McTAGUE	✓ Laura McTague	26 Valbot St E	can't afford it	June 6/08
✓ Henry & Maurine	✓ Henry & Maurine	TALBOT ST W. ARLMER	NRA feels above accountability	June 6/08
✓ LOUIS SLEEGERS	✓ Louis Sleegers	RPT 1 ARLMER	"	June 6/08
✓ Rita Lyarker	✓ Rita Lyarker	103 Pine St Aylmer	"	" "
✓ Rick Huro	✓ Rick Huro	18 HOLLAND AVE ARLMER	POOR BUS PRACTICE	June 6/08
✓ Marilyn Petter	✓ Marilyn Petter	136 Eld St Aylmer	"	June 6/08

Printed Name	Signature	Address	Comment	Date
SAM PETTIT	<i>Sam Pettit</i>	136 ELK ST		06-06-08
RICK SMITH	<i>Rick Smith</i>	306 ALBERT ST E	N.H.G needs to go	06-06-08
C CAMP	<i>C Camp</i>	16 Queen St W	Rip Off	06-06-08
D KERR	<i>D Kerr</i>	Aylmer	BAD Policy off	06-06-08
Traci Wheaton	<i>Traci Wheaton</i>	Aylmer	all the above	06-06-08
Kendon Foulds	<i>Kendon Foulds</i>	Aylmer	all the above	06-06-08
MIKE CARROLL	<i>Mike Carroll</i>	Aylmer	all the above	06-06-08
GRETA STYVE	<i>Greta Stye</i>	AYLMER		06-07-08
Debra Harder	<i>Debra Harder</i>	Aylmer	Poor Customer Service - Very hard to deal	06-07-08
Chris Reymor	<i>Chris Reymor</i>	Aylmer	" "	06/07/08
Steve RALF	<i>Steve Ralf</i>	Aylmer	Should Should Leave town	06/07/08
Jamie Robbins	<i>Jamie Robbins</i>	Aylmer	all the above	06/07/08
Cathy Ward	<i>Cathy Ward</i>	Aylmer	Rip off	06/07/08
D Boyle	<i>D Boyle</i>	"	" "	06/07/08
E. Smith	<i>E. Smith</i>	RR 1 Aylmer	TOTAL RIP OFF - too bad only game featured	06/07/08
Complis Enns	<i>Complis Enns</i>	RR 4 Aylmer	" " "	06/07/08

10









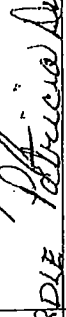
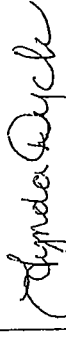
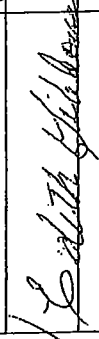
Printed Name	Signature	Address	Comment	Date
✓ Jackie Rabay	Jackie Rabay	311 Talbot St. E	give back money	" "
✓ Fran Frodoost	Fran Frodoost	50054 Noyes Station Gene.	bring back money service, card	" "
✓ Harry NewBark	Harry NewBark	228 Spycher Hwy SE	" "	" "
✓ Leonard Underhill	Leonard Underhill	148 John St S.	Need New Gas Rip me off	" "
✓ [unclear]	[unclear]	[unclear]	" "	" "
✓ christine Duck	Christine Duck	33-2 South St. E.	" "	June 8/08
✓ Kevin Carterwood	Kevin Carterwood	22 Forest St	" "	June 8/08
✓ John Lanza	John Lanza	123 S. GREEN HAN ST. W	NO NEED FOR THIS	June 9/08
✓ FRANK GRAC	Frank Grac	41 VICTORIA S. S.	TAX PAYERS DON'T DESERVE DIS	June 8/08
✓ Jim Thoonen	Jim Thoonen	65 water st	" "	June 8/08
✓ Sue Hollowell	Sue Hollowell	24 Centennial Ave.	" "	June 8/08
✓ PETE FAST	Pete Fast	9420 Spring Rd Rd	" "	June 9/08
✓ M. M. M. M.	M. M. M. M.	258 T A L BOT	" "	June 9/08
✓ M. BARNETT	Marylou Barnett	522 Trevelwell St Aylmer	I WANT MY DEPOSIT	June 9/08
✓ C. Bracht	Cheryl Bracht	102 Moore Ave Aylmer	We want changes!! we can't afford deposit	June 9/08
✓ Tina Giesbrecht	Tina Giesbrecht	200 Talbot St. E. Aylmer	working for Min. wage June 9/08	June 9/08

Printed Name	Signature	Address	Comment	Date
Joe Cornelissen	<i>Joe Cornelissen</i>	RR#2 Aylmer	"	Jun 9/08
Courtnay Hefter	<i>Courtnay Hefter</i>	211 Talbot St. E.	"	June 9/08
TAKE KLASSEN	<i>Jacobs Klassen</i>	31 ERIEUS ST PARRIS	"	JUNE 9/08
N CAMPBELL	<i>N Campbell</i>	44 Pine St.	"	June 9/08
Mike Moore	<i>Mike Moore</i>	RR#4 Aylmer	"	June 9/08
Kristen Stoe	<i>Kristen Stoe</i>	194 Talbot Street E.	"	June 9/08
Adam Grigg	<i>Adam Grigg</i>	5592 Tunnel Hill View	Give it back	June 10/08
STEWART BARKS	<i>Stewart Barks</i>	6733 IMPERIAL Aylmer	"	June 10/08
Alvin Peters	<i>Alvin Peters</i>	Springfield	Give it back	June 10/08
A MILLARD	<i>A. Millard</i>	Springwater	very unfair policies	June 10/08
PAM McDERMID	<i>Pam McDermid</i>	67 Queen St. S.	"	June 10/08
Rose Bercan	<i>Rose Bercan</i>	R.R. 5 Aylmer, ONT	Could me my money	June 10/08
ANDREA MANTLE	<i>Andrea Mantle</i>	26 Sinclair Cres. Aylmer	Not proper use of office	June 10/08
Kelly Wilton	<i>Kelly Wilton</i>	26 Sinclair Cr. Aylmer	NO MORE STALLING	June 10/08
Tony WHALEY	<i>Tony Whaley</i>	234 Elk St Aylmer	"	June 11/08
Ruth Ann Walsh	<i>Ruth Ann Walsh</i>	604 Pine St. Aylmer	"	June 11/08

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Printed Name	Signature	Address	Comment	Date
✓ Tony Van Rooy	<i>nm Van Rooy</i>	R R Aylmer	"	June 11/08
✓ Dea Fisher	<i>Dea Fisher</i>	Springfield	CHANGE YOUR WAYS OF DOING BUSINESS	June 11/08
✓ Ed Van Den Broek	<i>Ed Van Den Broek</i>	RR#1 Aylmer	"	June 11/08
✓ David Weber	<i>David Weber</i>	325 Talbot St. E Aylmer	to Council	June 11/08
✓ Anne Dyer	<i>Anne Dyer</i>	14 Victoria St. S.	"	June 12/08
✓ Harold Lambles	<i>Harold Lambles</i>	3-89 Talbot St. E	"	June 12/08
✓ MEGHAN SCOTT	<i>Meghan Scott</i>	"	"	June 12/08
✓ Kishy Luce	<i>Kishy Luce</i>	Port Burwell	"	June 11/08
✓ JOHN ENS	<i>John Ens</i>	10 East St.	"	June 11/08
✓ Matt Fehr	<i>Matt Fehr</i>	Not telling	pressholes	"
✓ Linda Foxeby	<i>Linda Foxeby</i>	RR#4 Aylmer	DEPOSIT PLUS INTEREST	June 11/08
✓ R. Schmitt	<i>R. Schmitt</i>	490 Talbot East	I agree	June 11/08
✓ D. Stortz	<i>D. Stortz</i>	RR#4 Aylmer	you rip off people's hard way & can't pay	June 11/08
✓ Emily Duck	<i>Emily Duck</i>	8 Queen St	"	"
✓ Velma Sheppard	<i>Velma Sheppard</i>	RR#1 Aylmer	"	June 11/08
✓ Velma Sheppard	<i>Velma Sheppard</i>	RR#1 Aylmer	"	June 12/08

Printed Name	Signature	Address	Comment	Date
✓ Don McGee	<i>[Signature]</i>	Rt 2 Springfield	" "	06/00/08
✓ DON SHEPPARD	<i>[Signature]</i>	Rt 2 Springfield	" "	June 12/08
✓ Larry Miller	<i>[Signature]</i>	397 Talbot	" "	June 12/08
✓ Mike Sammons	<i>[Signature]</i>	193 Somerset	" "	June 12/08
✓ Lynn Semance	<i>[Signature]</i>	193 Somerset	" "	June 12/08
✓ Kristie Smith	<i>[Signature]</i>	36 Victoria St. S.	" "	June 12/08
✓ Linda Wenzel	<i>[Signature]</i>	6 Clarence St.	" "	June 12/08
✓ Don & Margaret Brown	<i>[Signature]</i>	44 Victoria St. N. Ames	" "	June 12/08
✓ Randy & Toni Sheils	<i>[Signature]</i>	51049 Broadway Springfield	" "	June 12/08
✓ Frank Knelsen	<i>[Signature]</i>	179 Cavalry	It's a rip off	" "
✓ Lisa Wiebe	<i>[Signature]</i>	103 Cavalry Rd.	" "	June 12/08
✓ Dawn Applebeck	<i>[Signature]</i>	Cavalry Rd.	" "	June 12/08
✓ D. Smith	<i>[Signature]</i>	46 Victoria Street	For Business. Practice	June 13/08
✓ Justine Briggs	<i>[Signature]</i>	34 Mechanic Dr	You guys just like to rip us off	June 13/08
✓ Mary Csikos	<i>[Signature]</i>	3 Hawthorne	Give Back what is ours	June 13/08
✓ Margaret Applebeck	<i>[Signature]</i>	14 Fath Ave	" "	June 13/08

Printed Name	Signature	Address	Comment	Date
Bill DeSutton		RR 1 Aylmer	"	6-11-08
Vickie Huipers		RR 2 Aylmer	"	6/14/08
Angie Croonen		RR 1 Aylmer	"	6/14/08
Lisa Moosbergen		201 Elk St Aylmer	"	6/14/08
DAN FENN		402 TALBOT ST. E	"	6/14/08
Mike Sawatzky		256 Talbot St. E	NR. 6 is a rip off. I would love to have my # back 6/14/08	6/14/08
Tracy Sawatzky		Aylmer.	"	6/14/08
BEN BEMPEL		RR 1 Aylmer	We need more competition	6/15/08
PATRICIA DUDIE		RR 7 Aylmer	We need someone to handle money 6/15/08	6/15/08
Lynda Dyck			"	6/15/08
Edith Hillman		333 Talbot St. E Aylmer	"	"













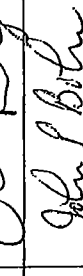



Petition to Natural Resource Gas to Change Deposit Policies

Action petitioned for

We, the undersigned, are asking that NRG carefully review their deposit policy requirements. We ask that they take into account letters of reference from other utility companies as well as past credit history with them. We also ask that they have a clear policy for refunding deposits. We ask that deposits be refunded automatically one year to the date that the deposit was made if an account is in good standing. Also the deposit should be refunded in the form of a cheque or cash and NOT in the form of credit to the account.

Printed Name	Signature	Address	Comment	Date
DEREK RAILLY	[Signature]	49490 Nova Scotia Line Aylmer, Ontario N5H2R7	Deposits should be refunded " Better Line"	JUNE 2/08
TERESA HANE	[Signature]	Aylmer, ONT N5H3G7	Deposits should be refunded after 6 mos. and money returned than allowed period 6 1/2 months def outstanding bus.	JUNE 2/08
BURDENY NIOBE	[Signature]	Aylmer, ON, N5H1K3	11	JUNE 2/08
HELEN AUSTIN	[Signature]	Aylmer ONT N5H2R7	DEPOSITS SHOULD BE REFUNDED	JUNE 2/08
JAMIE DUNDE	[Signature]	Aylmer Ont.	Deposit should be Returned	JUNE 4/08
Senise deKoster	[Signature]	Aylmer Ont	Should be Returned	JUNE 4/08
Alicia Brunelle	[Signature]	Aylmer ont.	Returned	JUNE 4/08
Don McKeown	[Signature]	53 Warren St Aylmer	Must be returned - return or taken off of bills	JUNE 5/08
Hail Geling	[Signature]	3 Tree Lane Aylmer, ONT.	return it.	JUNE 5/08
Twebe.	[Signature]	Aylmer ont	Return we work	JUNE 5/08
McKerswick	[Signature]	RR1 Aylmer	Must Return	JUNE 5/08
Bert Van der	[Signature]	RR1 Aylmer	Must Return	JUNE 5/08

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Printed Name	Signature	Address	Comment	Date
Mike Silverthorn		6950 Hacienda Rd		June 6
MARK KING		12 Warren St	THEY ARE BANKING STEERING MONEY money should be returned	June 6
BARB PEDE		170 Caverly Rd		June 6
JOHN BARNARD		77 Maple St.		June 7
AL THURMAN		46 Tarry Pk.		"
TENOR MILLER		50 Melanie Dr.	money should be returned	"
Maria Reist		2-106 Forest St	money should be returned !!!	June 7
Mary Dyke		2-106 Forest St	THIS IS MENTAL IF WE OWED THEM THEY'D WANT IT	June 7
THERESA MacHARRIS		66 ELK ST.	return money!	June 7
NIGEL "		66 ELK ST.	return money!	June 7
SHARON MARCOTTA		12 CLAYSONCE	DEPOSIT NOT ADDRESS	June 7
BUTAH PETERS		80 FATH	no deposit	June 8
Chns Bray		2605 John	whole deposit returned cash	June 8/08
Joetha Bolton		80 York St (near 187th)	18 years - service	June 9 2008
Isaac Fehl		RR 1 EDEN	deposit returned with interest	June 9/08
Nettie Fehl		RR 1 Eden	deposit with interest should be returned after 1 year	June 9/08

Printed Name	Signature	Address	Comment	Date
BARRY NEWELL	<i>Barry Newell</i>	51779 Chateau Lane	Deposits should be made	June 11/08
Steve Foster	<i>Steve Foster</i>	9 Keweenaw Ave	PIRATES	June 11/08
Pat Kuscombe	<i>Pat Kuscombe</i>	280 John St S	CROOKS	June 11/08
Christian Bouds	<i>Christian Bouds</i>	116 Spadina St E	PIRATES	June 11/08
Julie Froese	<i>Julie Froese</i>	250 John St S	CROOKS BR. TIME	June 11/08
KAREN DATE	<i>Karen Date</i>	102 Louisa Ave	THE STAFF ALL GET RAISES	June 12/08
Ken Kuscombe	<i>Ken Kuscombe</i>	RR 4 Aylmer	Quit because of it!	June 12/08
Penny Methner	<i>Penny Methner</i>	RR 4 Aylmer	BUILDING A NEW HOME	June 12/08
Lee Jasper	<i>Lee Jasper</i>	60 Clarence St	Outrageous policy!	June 13/08
John Walley	<i>John Walley</i>	R.R. 6, Aylmer, ON	C SHOULD BE REFUSED	June 13/08
ELAINE CORP	<i>Elaine Corp</i>	RR 4 Aylmer	They shouldn't be deposits your get business	June 13/08
FRANK BURCH	<i>Frank Burch</i>	67 MELANIE DR Aylmer	all above	June 13/08
Jodi Springer	<i>Jodi Springer</i>	Aylmer	all above	June 13/08
Danuel Blatz	<i>Danuel Blatz</i>	Aylmer	"all above"	June 15/08
John Blatz	<i>John Blatz</i>	Aylmer	"all above"	June 15/08

Petition to Natural Resource Gas to Change Deposit Policies

Action petitioned for	We, the undersigned, are asking that NRG carefully review their deposit policy requirements. We ask that they take into account letters of reference from other utility companies as well as past credit history with them. We also ask that they have a clear policy for refunding deposits. We ask that deposits be FULLY refunded automatically one year to the date that the deposit was made if an account is in good standing. Also the deposit should be refunded in the form of a cheque or cash and NOT in the form of credit to the account.		
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Printed Name	Signature	Address	Comment	Date
Ramona Uinnai	Ramona Uinnai	APT 2 Vienna	People should get their deposits back	June 13/08
Michelle Redneck	Michelle Redneck	RR #2 Vienna	People should not have to pay more a high deposit and get it back after so long	June 13, 2008
Samie Mathews	Samie Mathews	17 Centre St Vienna	We pay are bills they should pay the rest	June 13 2008
Steve Valke	Steve Valke	17 Centre St Vienna	People should get their deposit back	June 13 2008
Jacob Klassen	Jacob Klassen	33 1st St Vienna ON	Had to give a deposit of \$500 and never got it back	June 13/08
LYNN TREMBLETT	Lynn Tremblott	24 PHANK RD. VIENNA	We gave \$500.00 before June 15/08 and had to wait 1 more year.	June 15/08
Peter TOPS	Peter TOPS	16 Annd Vienna		June 13/08
Margaret TOPS	Margaret TOPS	42 Union St Vienna		
Steve Kuderman	Steve Kuderman	15 Chatham St Port Burwell Ont.		June 13/08
Darlene Gienetello	Darlene Gienetello	25 CENTREST VICTORIA, B.C.		June 13/08
John	John			June 13/08
John	John	#2 King St Vienna		6/13/08









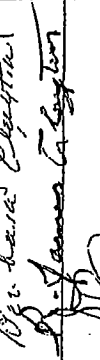


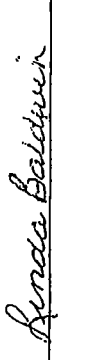
Printed Name	Signature	Address	Comment	Date
✓ Stacey Broughton	Stacey Broughton	Victoria St. Burrell	Bulldog	June 13
✓ Terence Lee	Terence Lee	10 Ann St. Vienna	Lie here to year and put deposit there	13 June 08
✓ MARLENE ILLIEN	MARLENE ILLIEN	Box 85 Vienna	Planned should get their deposit back	June 13/08
✓ Victoria Vanderhelm	Vict. Vanderhelm	116 Chapel St. Vienna	Outrageous deposits for first time home owner	June 13/08
✓ Patsy Henschman	Patsy Henschman	13 Victoria St. Burrell	Nasty	June 13/08
✓ [Signature]	[Signature]	15 King St. Vienna	Get deposit on 2 properties building house for #3.	June 13/08
✓ [Signature]	[Signature]	11 King St. Vienna	Was to give our deposits back because they have interest	June 13/08
✓ Kathryn Lomas	K M. Lomas	43, Fulton Street	Unfair to retain security deposits after home	13/06/08
✓ Patsy Friesen	Patsy Friesen	14 Ann St. Vienna	Got to get to work	13/06/08
✓ MARGA GUENIDERT	MARGA GUENIDERT	6650 Toll Gate Rd	That's stealing! You have NO RIGHT!	13/08/08
✓ EVA HEIDE	EVA HEIDE	12 King St		13/06/08
✓ [Signature]	[Signature]	3 King St.		
✓ Megan Burt	Megan Burt	Light Lane		14/06/08
✓ [Signature]	[Signature]	36 Fulton St. Vienna		14/06/08
✓ DANIELLE THIVIERE	DANIELLE THIVIERE	45 Oak St. Vienna	enough is enough	15-06-08
✓ Sean Hackett	Sean Hackett	4 Edison Dr. Vienna	THIS IS FRAUD!	June 14/08

CROOKS!!

Petition to Natural Resource Gas to Change Deposit Policies

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Printed Name	Signature	Address	Comment	Date
John Peters		83 Dufferin St		6/5/08
Paul Perry		61 MELANIE DR		6/5/08
Wm Rubbo		115 St. Andrew St.		6/5/08
CO				6/5/08
George Rompni		8807 Pleasant RD.		6/5/08
Jeanette Brubaker		184 Elk St. N5H1S9	They think they can do what they want because there is no contract	6/5/08
PETER GROSSKOPF		417. JOHN ST-S.		6/18/08






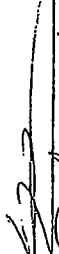


Printed Name	Signature	Address	Comment	Date
✓ SUE ANDREWS		4 SWEAIRE CRES	for business Ethics	June 16/08
✓ LARRY ANDREWS		RR2 Aylmer	Feed Ethics	"
✓ VANCE TOLL		7 Park Ave		June 16/08
✓ JEFF WILSON		Box 211 Aylmer		June 16/08
✓ TOM FOLEY				
✓ TOMMY CHURCH		10 WILSON		June 16/08
✓ Pete Peters		7419 Hacienda Rd.	Worst Service in town. Poor cust. service.	June 16/08
✓ Ruth-Anne BARR		181 Dufferin	Give your head a shake.	June 16/08
✓ TIM CHAYTON		115 FORT ST Aylmer	A TERRIBLE BUSINESS	June 16/08
✓ SHARKE SHIP		Aylmer 21 Commerce St	Get some on 2 to Run the business	June 16/08
✓ DAVID LEE		RR#1 Pt Burwell	LISTEN TO YOUR CUSTOMERS.	June 17/08
✓ LINDA BALDWIN		103 Tarry Parkway Aylmer		June 17/08

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[illegible]

Petition to Natural Resource Gas to Change Deposit Policies

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Printed Name	Signature	Address	Comment	Date
Jacob Thiessen		RR #2 Aylmer		June 9/2008
Neil Froese		RR 6 Aylmer		June 9/2008
Eddie Thiessen		Aylmer, ON		06/09/08
Anne Harder		111 Treelawn Ave Aylmer		06/09/08
Jenny Froese		22 Holland Ave Aylmer		06/09/08
Kenneth Wyse		203 John st s Aylmer		06/11/08
David P. Froese		8982 Walker Rd Aylmer		06/11/08
Bruce Thiessen		301/ah ST N		06/13/08

Petition to Natural Resource Gas to Change Deposit Policies

Customers sign here ↓ (2)

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Printed Name	Signature	Address	Comment	Date
BABY SANE WATERS	Jean L. Satter	28 Nelson St Springfield	No Dep yet lined	June 16/08
Anna Wallers	A. Oatley	51285 Broadway St	No Deposit/declined	June 16/08
Stacy Deutsch	Stacy Deutsch	262 John St S		June 17/08
Piet Boutloot	Piet Boutloot	RR1 Belmont	Small deposit 50	11/08
Rosie Schultz	Rosie Schultz	42 Cedar St Ayer		June 18/08
MARK RICHMOND	MARK RICHMOND	RR#3 ST ARVIS	Come on you guys IT SOUNDS LIKE MAFIA	JUNE 18-08
RZimmer	RZimmer	114 Hyman		JUNE 16/08
Theresa Johnston	Theresa Johnston	ST THOMAS		June 19/08
Amber Chiving	Amber Chiving	505 Talbot	Horrible	June 19/08
Jake Kneisen	Jake Kneisen	11 Chestnut St E	bad business habit they did it to me too!!	June 19/08
Essen Midding	Essen Midding	68-5 Brest St		June 26/08
Candice Cox	Candice Cox	58 Dufferin St	Refused deposit return	June 29/08

(3)

Petition to Natural Resource Gas to Change Deposit Policies

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Printed Name	Signature	Address	Comment	Date
Mike Card	[Signature]	Agomer	You know what? 17/07/08	
David	[Signature]	Agomer	"	
Henry Klassen	[Signature]	Agomer		08/06/08
Robert A. L. L.	[Signature]	Agomer	"	08/06/08
Aaron Dowson	[Signature]	Agomer	NEG IDONT PAY ME BACK! 18/06/08	
Steve Posthumus	[Signature]	Agomer	" " " "	18/06/08
MARILYN HETFIELD	[Signature]	Agomer	GOD COMPLEX??	18/06/08
Bill McNamara	[Signature]	Agomer	" "	18/06/08
Fredrick Ackers	[Signature]	Agomer	" "	18/06/08
Lynn Burwell	[Signature]	Agomer		18/06/08
Amadea Smith	[Signature]	Agomer	" "	18/06/08
Gary Patterson	[Signature]	Agomer	" "	
Yuan Smith	[Signature]	Agomer	Can we say 18/06/08 " Monopoly.	

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Printed Name	Signature	Address	Comment	Date
✓ Debbie LeBlanc	<i>Debbie LeBlanc</i>	47 Victoria St. W.		June 18/08
✓ FRANK WHALEY	<i>Frank Whaley</i>	234 Ex 57		June 18/08
✓ HENRY THIESSEN	<i>Henry Thiesen</i>	56087 CANTON HUR		June 18/08
✓ BOB GREEN	<i>Bob Green</i>	31 CENTIMARK RD		June 18/08
✓ Joyce Loney	<i>Joyce Loney</i>	50 Centre St		June 18/08
✓ L. WHELAN	<i>L. Whelan</i>	211 Agincourt		June 18/08
✓ JANE DUNBOY	<i>Jane Dunboy</i>	88 SUDENHAM ST. E.	WANT MY MONEY!	June 18/08
✓ M. Dwyer	<i>M. Dwyer</i>	02 Holland Flyover		June 18/08
✓ Nettie Ferry	<i>Nettie Ferry</i>	10900 Plains Rd Eden		June 18/08
✓ Bob Bonner	<i>Bob Bonner</i>	River Valley		June 18/08
✓ BARB BONNER	<i>BARB. BENNER</i>	Agincourt		June 19/08

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Printed Name	Signature	Address	Comment	Date
Tony Heffren	<i>Tony Heffren</i>	211 Talbot St. E.	unfair.	6/22
Tina Peters	<i>Tina Peters</i>	John St. E	staff very rude.	6/22
Dana O'Sullivan	<i>D O'Sullivan</i>	106 Sydenham St. E	1% interest on deposit a joke	6/22
Andy Lammers	<i>Andy Lammers</i>	209-22 Linwood Dr	unreasonable	6/23
Gene Lammers	<i>Gene Lammers</i>	204-22 Linwood Dr	good customers need dep.	6/24
Donna Scott	<i>Donna Scott</i>	RR#1 Fylnur	RIP OFF	06/24
TW GALE	<i>TW GALE</i>	RR# AVIREP	ASSHOLE	6/24
Doris Long	<i>Doris Long</i>	R.R. 2 Springfield	unfair	24-
JAKE KEATH	<i>JAKE KEATH</i>	ALICE	unfair	June 25
Julie McKinnon	<i>Julie McKinnon</i>	Box 88 Eden	unfair.	June 25
LORNA BURWELL	<i>LORNA BURWELL</i>	31 Victoria St. S.	Arduous	June 25

Petition to Natural Resource Gas to Change Deposit Policies

Action petitioned for

We, the undersigned, are asking that NRG carefully review their deposit policy requirements. We ask that they take into account letters of reference from other utility companies as well as past credit history with them. We also ask that they have a clear policy for refunding deposits. We ask that deposits be FULLY refunded automatically one year to the date that the deposit was made if an account is in good standing. Also the deposit should be refunded in the form of a cheque or cash and NOT in the form of credit to the account

Printed Name	Signature	Address	Comment	Date
✓ James K. K.	[Signature]	12 Warren St. Agincourt	They are BASTARDLY STEALING OUR MONEY	June 14/08
✓ Vanda Leites	[Signature]	Alexander	THEY ARE STAZIS.	June 18/08
✓ Ingrid Bos	[Signature]	RRL Springfield	some people may need that money.	June 19/08
✓ changed back Ryan Thwaites	[Signature]	63 PINE ST	Give them some cash.	June 20/08
✓ MART MORGAN	[Signature]	R2 SPRINGFIELD		JUNE 21/08
✓ Neomi Maguire	[Signature]	11743 Springfield		June 21/08
✓ Michele Throsson	[Signature]	9313 Hacienda		June 22-08
✓ Ron Allen	[Signature]	336 TALBOT ST E	OH! OH! WHENES THE MONEY.	June 22/08
✓ Anna Peters	[Signature]	Rebecca Dr.		June 22/08

(14)

Printed Name	Signature	Address	Comment	Date
Charitelle Besthines		37 Caverly Rd.	refused deposit back	June 22/08
GERALD HURLEY		326 Tabb St.		
SHARLEY FALLOUGH		326 Tabb St. ALEXA	need to refund immediate for 22/08	June 22/08
Norma Chambers		330 South 22nd St. Columbus		June 22/08
Allie Mary Brown		Columbus		June 22/08
Meghan Fath		RR#1 Stratfordville	refused deposit	June 23/08
James Ray		10 Chestnut St. S. Columbus	Refused deposit	June 23/08
Fab Mutch		40 Alexander	should provide interest on deposit at prime + 2%	June 24/08
KARL KADIEL		8716 WALKER RD		✓
Pam Dackhoff		9224 EDS Stratfordville	Pay us please.	June 24/08
M. Dackhoff		Stratfordville		June 24/08
Bruno Althot		Langton		June 24/08
Rose Ann Althot		Langton		June 24/08
Beth Baldwin		103 Terry Parkway Arlington	be considerate & pay back deposits!	June 24/08

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Petition to Natural Resource Gas to Change Deposit Policies

Action petitioned for	We, the undersigned, are asking that NRG carefully review their deposit policy requirements. We ask that they take into account letters of reference from other utility companies as well as past credit history with them. We also ask that they have a clear policy for refunding deposits. We ask that deposits be FULLY refunded automatically one year to the date that the deposit was made if an account is in good standing. Also the deposit should be refunded in the form of a cheque or cash and NOT in the form of credit to the account
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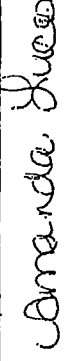









Printed Name	Signature	Address	Comment	Date
Karl Union		369 Thos. St. W.	Not coming for Customers.	June 26/08
Steve Gower		24 REBECCA DR		26 June 08
Wendy Flintoff		Rt 2 Aylmer		June 26 - 08
Peter Legg		92 Dufferin		2008/JUNE/27
Lee Pinylo		6397 SPRINGFIELD RD		2008/JUNE 27
MARGARET DAVIS		14 Maple St E Aylmer		June 27/08
Robin Hurley		40 REBECCA ST AYLMER		JUNE 28 08
George Enns		196 Sydenham St. W. Aylmer		June 28/08
Amanda Miller		22 Parkview Hts.		June 29/08
Doug McMullen		Rt 2 Aylmer		June 30/08
Christy McMullen		Rt 2 Aylmer		June 30/08

(2)

Petition to Natural Resource Gas to Change Deposit Policies

Action petitioned for








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Printed Name	Signature	Address	Comment	Date
REX BARRETT		Aylmer, Ontario	ITAL DISRESPECT FOR CUSTOMERS	
PEPE FRISEN		Aylmer, Ont.		
Amanda Lucas		Aylmer.		07/03
Melissa Johns		Aylmer, Ont.	You are totally entitled to your DEPOSIT!!!	
Arlene Hether		Aylmer, Ont.		07/3
JOHN D FULLER		Aylmer, Ont.	A DEPOSIT IS TO BE HELD IN TRUST FOR A SPECIFIC ACCOUNT TO SPEND MONEY DURING THAT OTHER CASE IS FOR A 100% REFUND	JULY 3 2008
AROLD YOUNG		Aylmer	Pip off	July 9
J. Lockey		Aylmer		July 4
Marie Lockey		Aylmer, Ont.		July 4
Randy Huse		Aylmer, Ont.	Fraud.	July 4
Ray Sam		Aylmer, Ont.	Pip off	July 5
LANT PAPERNIK		Aylmer, Ont.		July 6/08

34 Next time

Petition to Natural Resource Gas to Change Deposit Policies

Action petitioned for	We, the undersigned, are asking that NRG carefully review their deposit policy requirements. We ask that they take into account letters of reference from other utility companies as well as past credit history with them. We also ask that they have a clear policy for refunding deposits. We ask that deposits be refunded automatically one year to the date that the deposit was made if an account is in good standing. Also the deposit should be refunded in the form of a cheque or cash and NOT in the form of credit to the account.
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Printed Name	Signature	Address	Comment	Date
Bob Kristoff		57 Talbot St. W. Admire	DEPOSITS ARE TOO HIGH!	June 9/08
Grant Siffel		90 Centre St. Apt 102	Absolutely	June 14/08
Teel Kuyper		70 Terry Pkwy Admire	Pay interest, now	June 19/08
Tommy Petrovski		53 Talbot St. W. Admire	Pay deposits with interest	June 20/08
Tim Jeffrey		12 Terry Parkway	Too high!!	July 3/08
Ken Groves		Main St	2 HIGH	July 4/08
Ken McEwan		43 Victoria St. N	Arbitrary, Unfair Unaccountable	July 11/08

5

Petition to Natural Resource Gas to Change Deposit Policies

Action petitioned for	We, the undersigned, are asking that NRG carefully review their deposit policy requirements. We ask that they take into account letters of reference from other utility companies as well as past credit history with them. We also ask that they have a clear policy for refunding deposits. We ask that deposits be FULLY refunded automatically one year to the date that the deposit was made if an account is in good standing. Also the deposit should be refunded in the form of a cheque or cash and NOT in the form of credit to the account. *.
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Printed Name	Signature	Address	Comment	Date
Helen Smith	<i>Helen Smith</i>	8377 Springfield Rd. Springfield		June 25/08
DOORTRY THOMAS	<i>Doorty Thomas</i>	23 Laurel Lane, Langwell		June 25/08
John Peters	<i>John Peters</i>	6385 Plank Rd Vienna		June 25/08
BONNIE NEIL	<i>Bonnie Neil</i>	38 HARVEY ST, AYLHER	NOT A VERY NICE COMPANY BUT WHAT CAN YOU DO?	JUNE 25/08
Julie Villan	<i>Julie Villan</i>	273 Sydenham St		June 25/08
Willy Mewes	<i>Willy Mewes</i>	10489 Imperial Rd		June 26/08
Lucy Wiebe	<i>Lucy Wiebe</i>	21 Willow dr. Aylmer		June 27/08
Nancy Silverthorn	<i>Nancy Silverthorn</i>	RR# 1 Aylmer	a company is so good we its word!!	June 27/08
Judy Giesbrecht	<i>Judy Giesbrecht</i>	89 Talbot Street East	LOSER	June 27/08
STEVEN WARREN	<i>Steven Warren</i>	53331 CANTON LANE		June 27/08
Tenn Groot-Zevent	<i>Tenn Groot-Zevent</i>	6 Cottonwood Blvd	They need to work better at looking after there customers	June 27/08
Mary Peters	<i>Mary Peters</i>	RR# 6 Aylmer	worst cust. service we have had in Aylmer	June 28/08

Petition to Natural Resource Gas to Change Deposit Policies

Action petitioned for	We, the undersigned, are asking that NRG carefully review their deposit policy requirements. We ask that they take into account letters of reference from other utility companies as well as past credit history with them. We also ask that they have a clear policy for refunding deposits. We ask that deposits be FULLY refunded automatically one year to the date that the deposit was made if an account is in good standing. Also the deposit should be refunded in the form of a cheque or cash and NOT in the form of credit to the account.
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Printed Name	Signature	Address	Comment	Date
Ryan Little	<i>Ryan Little</i>	35-50 Melanice Dr Arlington		June 28/08
Norma Vandenberg	<i>Norma Vandenberg</i>	49807 Dangle St. Arlington		June 28-08
MARYLOU MARR	<i>Marylou Marr</i>	5075 Imperial Rd		June 27/08
Nicole Locker	<i>Nicole Locker</i>	535 Talbot St E.		June 28/08
Kristen Storer	<i>Kristen Storer</i>	1941 Talbot St E		June 28/08
John Soster	<i>John Soster</i>	1941 Talbot St E		June 28/08
Brew Long	<i>Brew Long</i>	126 Talbot St E		June 28/08
Myrtle Hare	<i>Myrtle Hare</i>	45 Road	2 Vienna Rd	June 29/08
Jim Dison	<i>Jim Dison</i>	77 Kennebec Hight		June 29/08
Don Belanger	<i>Don Belanger</i>	R.R. #10 Turner		June 31/08
Susan Sweetser	<i>Susan Sweetser</i>	330 Talbot St E Arl.	GIVE OUR DEPOSITS BACK!!	June 30/08
Bonnie de Ryk	<i>Bonnie de Ryk</i>	308 John St. S.	Sit to	July 1/08

(3)

Printed Name	Signature	Address	Comment	Date
Kristen Stover	Kristen Stover	194 talbot st E	GIVE our money back	July 1
Linda Peters	Linda Peters	80 FATH Ave Aylmer		July 1
Frank Knicker	Frank Knicker	179 Caverly	Deposit should be less	' '
INSISTANCE	INSISTANCE	8 Queen St N	Should not hold forever	
Frank Tannen	Frank Tannen	31 Queen St S.	Ass DIPS	July 2
Brenda Brown	Brenda Brown	RR 5 Aylmer	when on highway don't start problems	July 4/08
Paul A. Robichaux	Paul A. Robichaux	RR 6 AYLMEER	Too much Double Bill	July 4/08
Pamela Brunking	Pamela Brunking	AYLMER		
Tawnyakun	TAWNYAKUNZ	AYLMER		July 08
Cassie Gene	Cassie Gene	Aylmer	Thieves 27	July 08
Tanet Tawin	Tanet Tawin	24 York Aylmer	Pay more for Delivery than what I use	July 07/08
Frank Knicker	Frank Knicker	179 Caverly	I think you should get deposit back no matter what.	July 9/08
Todd Appleford	Todd Appleford	RR 5 Aylmer		

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[illegible]

5



NATURAL RESOURCE GAS LIMITED

Supporting Your Natural Gas Lifestyle

SECURITY DEPOSIT CALCULATION (NEW GAS APPLICATIONS)

When a new customer walks through the door and applies for a new gas hookup, the customer's information is given to the Credit/Collections Department. Once approval from the customer to pull a credit report is obtained via signature, a credit report is pulled and reviewed.

If the customer's credit report shows that they have a Credit Beacon Score of over 680 and a Credit Utilization Score under 50%, then Natural Resource Gas Limited can waive the security deposit entirely.

New customers coming in to hook up existing gas accounts for gas service –

Calculate the security deposit based on 2.5 times the average of the 3 highest months of MCF consumption of the address that the customer is applying for gas. The receptionist will then inform the customer as to how much the security deposit will be based on the calculation above or if it is waived if the customer's meet the above criteria.

SECURITY DEPOSIT POLICY

SECURITY DEPOSIT REVIEWS ON ANNIVERSARY OF ACCOUNTS

In reviewing security deposits, we require our customer's to meet the following requirements:

- 1.) If the customer's payment history has no late payments within 12 months= **50% security deposit refund.**
- 2.) If the customer's payment history has no late payments within 24 months= **100% security deposit refund.**
- 3.) If the customer has a disconnection notice within either timeframe, or a late payment, than 0% of the security deposit will be returned. The customer must then have a full 12 months of clean payment history in order to qualify for the 50% refund.



NATURAL RESOURCE GAS LIMITED

Supporting Your Natural Gas Lifestyle

RESIDENTIAL SECURITY DEPOSIT CONTRACT

How does our Security Deposit program work? Why does it exist?

Thank you for choosing natural gas as your energy source! NRG takes great pride in being a financially responsible provider of natural gas in our community. Protection of rates and costs associated with servicing our community are our number one priority. As such, the introduction of security deposits is a necessary step to try to protect both NRG & our gas customers from increased rates resulting from non paying customers.

Security Deposits are not a prepayment of gas.

When do Security Deposits Apply?

Security deposits are requested for all new customers – both commercial & residential. The amount of the deposit is determined based on usage history applicable to the specific address in which gas service is installed or will be installed. The security deposit can be held indefinitely with interest paid annually as a credit right on your October statement! Accounts with poor payment history with NRG will likely require a security deposit prior to the continuation of service.

How do I apply?

Requests for a refund of security deposits can be made after 1 year of service for residential accounts and 3 years for commercial accounts and must be made in writing to our credit department. Your letter must include your address, account number and stating you are applying to have your Security Deposit refunded. Please include a copy of your original receipt. **Our Credit Department can be contacted:**

Fax 519-773-5335
Email creditdept@nrgas.on.ca
Mail 39 Beech Street, PO Box 307, Aylmer, ON N5H 2S1

Once received, a thorough examination of the following criteria will be performed and a decision made.

- 1.) If the customer's payment history has no late payments within 12 months= 50% security deposit refund.
- 2.) If the customer's payment history has no late payments within 24 months= 100% security deposit refund.
- 3.) If the customer has a disconnection notice within either timeframe, or a late payment, then 0% of the security deposit will be returned. The customer must then have a full 12 months of clean payment history in order to qualify for the 50% refund.

You will be notified in writing of our decision and at the discretion of NRG, a portion of your deposit, in whole or in part, will be returned to you. Interest accrued (1% per year) will be applied directly to your account every October. If pre-authorized chequing is setup on your account, you cannot cancel the pre-authorized chequing for 2 years.

NRG believes that the security deposit program is in the best interests of all our natural gas customer's. These deposits are not a pre-payment of gas, and are intended as an industry accepted best practice to help manage natural gas rates for our customers.

Please be advised that any future communications should be in writing.

If you have any questions, please feel free to send via mail address below, or via email at creditdept@nrgas.on.ca.

Thank You,

Natural Resource Gas Limited
Credit Department

Customer's Name (Printed): _____

Customer's Signature: _____ Date: _____

NRG Representative: _____ Date: _____



Council Agenda - Info.

NATURAL RESOURCE GAS LIMITED

Supporting Your Natural Gas Lifestyle

*Rec'd
Jan 19/09*

Town of Aylmer
46 Talbot Street W
Aylmer, On
N5H 1J7

January 15, 2009

Attn: Heather Adams

Re: Customer Notification/ Security Deposit

As previously discussed, we have attached a copy of our Security Deposit Policy. This policy will be distributed to all NRG Customers as an enclosure with their February billing. Our revised policy notes, that the OEB is presently reviewing the provincial utility security policies and will be establishing a standard to be followed when finalized.

Our Credit Department reviews customer security deposit requests, on a daily basis, and process refunds for those who qualify. Additionally, we now are automatically reviewing accounts on the anniversary date of original security deposit.

If we can be of any assistance for future matters, please do not hesitate to contact us.

Yours truly,

J. Howley
Jack Howley
General Manager
Natural Resource Gas Limited



Natural Resource Gas Limited

TO OUR VALUED CUSTOMERS,

FOR YOUR INFORMATION ONLY, BELOW IS OUR CURRENT SECURITY DEPOSIT POLICY.

RESIDENTIAL SECURITY DEPOSIT POLICY

How does our Security Deposit program work? Why does it exist?

Thank you for choosing natural gas as your energy source! NRG takes great pride in being a financially responsible provider of natural gas in our community. Protection of rates and costs associated with servicing our community are our number one priority. As such, the introduction of security deposits is a necessary step to try to protect both NRG & our gas customers from increased rates resulting from non paying customers.

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NRG believes that the security deposit program is in the best interest of all natural gas customers. These deposits are not a prepayment of gas, and are intended as an industry accepted best practice to help manage natural gas rates for our customers.

Please be advised that any future communication should be in writing.

* The Ontario Energy Board is currently developing a standardized framework or policy for collection and administering security deposits by gas distributors. The board has proposed to do this by means of amendments to the gas distribution access rule ("GDAR") in EB-2008-0313. No final decision on these proposed changes has yet been established. NRG will comply when advised as to the date of commencement of these changes and you will be advised of any changes to our current policy.

If you have any questions, please feel free to send via mail to the address below, or via email at creditdept@nrgas.on.ca.

Heather Adams

From: Heather Adams
Sent: Thursday, September 11, 2008 1:03 PM
To: Mayor; PhilT@stockwoods.ca; Bob Habkirk [REDACTED]
Subject: Summary of meeting with Graat/Bristol re NRG

Here's a summary of today's meeting (Thursday, Sept. 11, 08) with NRG natural gas company principles Mark Bristol and Tony Graat.

They introduced themselves as Mark is the President and Mr. Graat "is just and interested party – he represents his family who own the company" and then explained how they bought is in the 80's, etc.

Mayor Habkirk outlined the concerns which have been brought to our attention by the public concerning the deposit issue and customer service and noted that Council and staff still continue to get complaints about NRG from customers. We noted that there is a real issue with the negative public image of NRG and how that plays in both the community and with prospective residents/companies, etc. when they consider Aylmer.

NRG outlined how they need to collect their bills, need to keep the company running efficiently in order to keep rates low, etc. etc. They did outline that they had put resources toward dealing with the deposit issue. They noted they had a new GM, Jack Howley, they gave us a copy of their written Residential Security Deposit Contract, they noted that they have recently begun to review the deposit levels and some deposits or partial deposits have been returned following this review.

They assured us the monies were there, they noted the Aylmer Police inquires, etc.

We explored the concerns expressed by some prospective businesses in not wanting to deal with NRG. The Mayor raised the issue of [REDACTED] and NRG says they have a good relationship with the owners and they can't understand this.

We emphasized that whatever the real facts of individual cases, that the public was extremely upset with NRG, that 400 + people had signed a petition and this was precedent setting for that number of people to sign a petition in Aylmer, that our businesses were upset and that there needed to be significant improvement in the public perception/reputation of NRG in the community. That the negative issues out there were hurting the residents, the Town, the community, our businesses and NRG.

We explored the fact that NRG doesn't deal with the Town at all - they don't return calls (Mark noted he did and we agreed but not one else does) - they don't respond to requests to review infrastructure replacement drawings – they don't attend preconstruction meetings, etc. Mr. Graat promised this would change and they gave the GM – Mr. Howley as the contact person. They then called and invited him down to the meeting so we could meet him and he would know us.

We raised the issue of the Union Gas letter to the OEB – Mr. Graat said he didn't know about it – Mark did. They essentially dismissed it as Union causing trouble to further their own interests and dismissed it as none of our concern as obviously the natural gas would not be turned off.

Despite the fact that we tried to keep the IGPC issues out of the discussion, they insisted in explaining to us that they had met every deadline and every commitment required. I responded that while it would be better to not discuss IGPC issues, I had in fact reviewed a lot of documents on the matter and that I could see where that was not always the case. Then Mr. G agreed that we should just put that behind us and move forward – that they intend to cooperate with IGPC in the future – that they need the customers/business too, etc.

Mr. G noted that he appreciated our frankness during the meeting and that we were very welcoming to them.

At the end we noted that we had received their letter with the franchise agreement and we would be reviewing it, what conditions we would need and would get back to them.

We ended with a mutual understanding that they needed to improve their customer service reputation. (I think we all agreed that is) It was a surprising cordial and meeting given the topics discussed.

Heather Adams

1/29/2009

Heather Adams

From: Heather Adams
Sent: Wednesday, September 17, 2008 5:47 PM
To: Mark J. Bristoll
Subject: Request for Info re NRG/Comsatec Issues
Importance: High

Hi Mark

Thanks for your phone call requesting information regarding the issues the Town and its natural gas aggregator Comsatec have had with NRG.

The Town, behalf of the East Elgin Community Complex and all Town accounts entered into a contract with Comsatec in July 2006 for the purchase of natural gas as part of the Elgin-Middlesex-Oxford Purchasing Group.

These are some of the issues that we and Comsatec on our behalf have had with NRG.

First, even though notice was given to NRG by Comsatec as required by the OEB rules, it was not until more than 3 months after the contract was signed that NRG made the conversion and quit charging us your regular market commodity rate.

Second, there was an issue regarding the way that NRG bill for the transportation of natural gas. Below is an excerpt from an e-mail from Comsatec dated Nov 12, 2007 which outlines the issue -

Comsatec has finally cleared up that NRG sites are to be billed separately for transportation of gas on TransCanada Pipelines. So the invoices that we have been receiving from NRG for Transport are proper and we intend to pay the outstanding NRG invoices now.

The rate set by the National Energy Board for pipeline is about 98 cents per GJ or 3.693 cents per cubic metre. Filings at the OEB indicate that all direct purchase customers are to receive them. We do not receive them for the County of Elgin which was bewildering, but I learned in October that they are being invoiced directly.

In other utilities, transport charges are collected as part of the OEB -approved Delivery charge that goes to the utility. NRG is unique in charging it as part of the gas supply charge. The high Delivery charge from NRG suggested to us that like the other utilities, it included the transportation tolls; it is 15.3 cents/cubic metre and 10.4 cents per cubic metre after 1000cubic metres). Union Gas charges a little under 10 cents for delivery including transportation
http://www.oeb.gov.on.ca/documents/qrams/uniongas_southern_20071001.pdf

In this document filed with the OEB, there is a on page fourteen a section on Bundled rates "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". Previous years filings are the same or similar in language.
[http://www.oeb.gov.on.ca/documents/cases/EB-2007-](http://www.oeb.gov.on.ca/documents/cases/EB-2007-0734/dec_order_appendices_NRG_QRAM_20070928.pdf)

[0734/dec_order_appendices_NRG_QRAM_20070928.pdf](http://www.oeb.gov.on.ca/documents/cases/EB-2007-0734/dec_order_appendices_NRG_QRAM_20070928.pdf)

I am going to add up the invoices that we have received and make a few proposals about billing them. I think that there are invoices from January through August. We can invoice them to the sites, increase the ABC rates until they are paid off, or a combination of the two.
We can put the rates up by 3.7 cents per cubic metre and then an

Regards,

1/29/2009

Paul Waqué Jr.
Operations Manager
Comsatec Inc.

This sets out the anomaly with the billing – bigger issue was that it took more than 18 months to sort it out due to lack of co-operation and communication from NMRG. E-mails and phone calls would be made to NRG and no one responded.

The continuing problem now that this part of the issue has been sorted is that Comsatec waits for a very long time before they get the TransCanada Transport charges and customer charges from NRG. Then Comsatec cannot reconcile our bills and then there are problems with our getting either substantial retroactive bills and/or our accounts with Comsatec get totally skewed because we don't have the real costs for natural gas available.

Here is an e-mail from March 28, 2008 from Comsatec noting that they are waiting for reports from NRG back to September 2007 – that's almost 6 months. That is unacceptable.

We are waiting on ABC reports from the NRG utility going back to September. Though the customers bill that you have been faxing to us should have everything it would be comforting to us to have this. This morning we have asked them again for report updates and the dollar remittances from January and February. I guess until then we can provide a report to you that has a note that states that it is pending confirmation from the utility.

Regards,
Paul

Here is another e-mail with similar issues:

These are the two pages of reports that shows the most current balance. It reads that as of Nov 2007 we are owed \$11,485.68. The last Commodity remittance from NRG was from August (column I). If the commodity remittances were caught-up, the monthly balance (in x) would be much smaller and probably positive. We will update this when we receive money from NRG.

Paul

This e-mail was sent on April 1, 2008 and notes that the last Commodity remittance from NRG was August, 2007. It shows that we would not owe Comsatec \$11,485.68 if NRG's commodity remittances were up to date.

Third, there was this whole issue with account numbers. It starts with a call from NRG to me saying that Comsatec uses the wrong account numbers.

Here is an excerpt from the e-mail I sent Comsatec to get this sorted – note: I did this at the request of NRG and I'm still not certain why NRG couldn't have done it themselves.

From: Heather Adams [mailto:hadams@town.aylmer.on.ca]
Sent: Tuesday, April 29, 2008 1:50 PM
To: Paul Waque Jr
Cc: Jennifer Reynaert
Subject: RE: Town of Aylmer

Good Afternoon, Paul

I received a phone call from a staff person (Carrie) at NRG regarding the Town's natural gas accounts managed by Comsatec. They indicated that the account number for the "fire hall" being used is incorrect. They believe that we are using the account number for the old fire hall demolished in 2006 rather than the correct one which is the one for the new fire hall.

1/29/2009

The old fire hall was on Sydenham street and used account C00110-01 – this account should not be used

The new fire hall is on John Street South and the account number is D49528-01. This is the account which should be used.

Would you please check this for me and adjust as appropriate and advise me?

Thank you very much for your assistance

M. Heather Adams
Administrator
Town of Aylmer

This e-mail was dated April 29, 2008. In the end and after many e-mails – we determine that in fact NRG is the one using both accounts and Comsatec just used them as well. Here is what Comsatec eventual found out from NRG in June of 2008.

Attached is a scan of the consumption report from NRG detailing the account numbers. Unfortunately, the accounts in question are highlighted on the original and they are difficult to make out on the scan. It does display clearly on the paper copy that #C00110-01&D49528 are shown together where all other accounts are shown separately. Also the fact that NRG highlighted this account number indicates it must be of special concern in some manner or another.

I believe when you contact them they will be able to verify which account number is active and which one isn't. They should then be encouraged to change their reporting to reflect the active account number. Usually when a building is demolished and the meter removed, there is no consumption to report. I hope it is a simple case of switching accounts and forgetting to update their files. This should be verified with meter readings for the "old" account and meter readings for the "new" account to make sure they actually do match.

So these are the details of the issues that I can remember and kept the e-mails. The biggest issue is lack of communication with and from NRG – the staff just doesn't return calls, e-mails, etc. The second issue is with the unacceptable delays in getting required data from NRG.

Please let me know if you have any questions about this.

Heather Adams
Administrator
Town of Aylmer

Memo



To: Council

From: M. Heather Adams
Administrator

Date: December 11, 2008

Re: Natural Resource Gas Ltd. (NRG) Franchise

Discussion:

The franchise agreement between the Town of Aylmer and NRG expires on February 27, 2009. At its meeting of October 14, 2008, Council considered a report on issues related to NRG and passed the following resolution:

Resolution No. 370-08

Moved by Councillor M. French and seconded by Deputy Mayor R. G. Baldwin:

"That the Council of the Town of Aylmer hereby endorses the Report dated October 8, 2008 prepared by the Administrator, regarding Natural Resource Gas Ltd. (NRG);

AND FURTHER THAT Council hereby approves the actions outlined below:

- 1. Ensure that the Ontario Energy Board is fully aware of the concerns regarding NRG by:**
 - providing a copy of this report and the petitions received from the local residents regarding the issues with NRG and request that the OEB use its regulatory and oversight tools to fully inquire into the issues identified;
 - endorsing the OEB proposed amendment to the Gas Distribution Access Rule provide direction to natural gas distributors regarding customer security deposits; and

- intervening at OEB hearings which involve NRG to ensure the OEB is aware of issues of concern to the Town and its residents generally identified as follows:
 - Quality of infrastructure;
 - Rates not competitive;
 - Reluctance to serve new commercial/industrial customers;
 - Significant customer service issues;
 - Financial issues raised by customers and suppliers are troubling; and
 - Deterrent to local economic development.
2. Request that the OEB consider the following regulatory and/or policy changes in order to improve customer service requirements of natural gas distributors
 - Require that customer service measures are made available to the public
 - Require that the annual audited financial statements of the distribution companies are made available to the public
 - Provide a clear complaint and enforcement process for natural gas consumers to have complaints heard and resolved
 - Require that consumer security deposits be kept in a trust fund and not used as working capital for distribution companies
 3. Request that the OEB establish a process for a review of the legislation and regulations which require that municipalities and natural gas distributors enter into franchise agreements. The realities of the current process for these agreements do not operate such that they improve the distribution of natural gas to its customers. The municipality has no real ability to negotiate even the minimum of service delivery requirements, no realistic ability to enforce the provisions of the franchise agreement when a distribution company does not meet them and no real ability to change who provides the service. The legislation guiding franchises is outdated and its provisions such as the requirement for a public vote typically are replaced with the OEB approval process.
 4. Circulate this Report to the other municipalities with franchise agreements with NRG for their consideration and endorsement.
 5. Forward the Report and recommendation to the Minister of Energy and Infrastructure and our local M.P.P., the Honourable Steve Peters."

Since that time the following has taken place:

- OEB hearing into the application by Union Gas re NRG was held in Aylmer on October 20, 2008. Town was successful in having its evidence stay on the record. The OEB has made its decision on the application and the Union and NRG are to sign new 5 year agreements for the supply of natural gas, NRG is to provide Union with regular Financial Statements and NRG is to provide Union with

a postponement agreement related to the retractable shares. Further, those retractable shares are to be treated as debt not equity. The NRG shareholder was directed to pay the costs of the Town and IGPC as interveners in the hearing.

- To date, there has been no response from the OEB or from the Provincial Minister of Energy to the comprehensive report and resolution forwarded to them.
- Staff has had several conversations and a meeting with Jack Howley who is the General Manager of NRG as well as Mark Bristoll. NRG has attended the most recent meeting regarding the South Street infrastructure project and have promised to attend future meetings. They have requested and received information on our 5 year infrastructure plans. NRG has provided the Town with a detailed map of its infrastructure in Aylmer. They have met with us and assured us they are now dealing with all requests and complaints regarding their customer security deposits. They have reviewed the issues we have had with the statements for our gas purchasing contract and they have committed to providing the required information to Comsatec on a more regular basis.
- The Town has received another letter from NRG requesting that we meet with them prior to November 30, to outline our position regarding renewal of the franchise agreement and a meeting has been scheduled for next week.

Goals:

- Ensure the continued supply of cost-effective natural gas to Aylmer
- Ensure that the customer service and security deposit concerns expressed by the residents of Aylmer are dealt with effectively and efficiently
- Respect the role of the Ontario Energy Board as the regulator of monopoly natural gas distributors in Ontario
- Ensure that the economic development opportunities for the community are enhanced by having a supportive natural gas distributor who supplies a cost-effective alternative source of energy
- Repair the negative image of Aylmer in the context of our natural gas distributor
- Restore confidence in and respect for the natural gas distributor by their consumers, other residents and the Town as they put in place a permanent acceptable customer relations policy

Staff Recommendation:

After consideration of all of the options, the impact of various options and previous direction and decisions of Council, Staff recommends the following approach:

- Meet with NRG and offer to renew the franchise agreement for 3 years to February 27, 2012 with the addition of a list of conditions Council wants to have NRG commit to undertake during that 3 years.
- Whether or not NRG agrees to the terms, the Town applies to the OEB for approval of its proposed agreement and conditions and requests that the OEB hold a hearing in Aylmer where the consumers can provide comments to the Board.
- Suggested Conditions for Franchise Renewal:
 1. The NRG immediately apply to the OEB for a comprehensive rate hearing
 2. NRG agrees to implement the proposed amendments to the Gas Distribution Access Rule (EB-2008-0313), regarding customer service measures by the end of 2009 whether or not the OEB has made them mandatory by the time.
 3. NRG makes the distribution company's annual audited financial statements available to the public no later than 4 months following the close of its fiscal year.
 4. NRG adopts, and adheres to a written and publicly available consumer security deposit policy which includes clear information about the circumstances in which a security deposit is required, how the amount of the deposit is calculated, the circumstances in which the deposit will be returned to the customer, that all deposits will be returned by cheque unless otherwise requested in writing by the customer; and that a maximum dollar value for any security deposit be calculated using the proposed calculation in the OEB proposed amendments to the GDAR (EB-2008-0313)
 5. NRG adopts, and adheres to a written and publicly available complaint process for its customers
 6. NRG keeps all monies from consumer security deposits in a trust fund and not used as working capital for distribution company.
 7. NRG ensures that written notice is given to all the municipalities with whom they have franchises of any application by NRG to the OEB.
 8. NRG provides to the Town of Aylmer annually prior to December 15, a detailed and up to date system map of its

assets within the Town of Aylmer including the estimated age of those assets and any improvements or additions during the year are highlighted.

9. NRG agrees to prepare and adhere to a written policy regarding meeting with new and relocating retail, commercial and industrial customers to provide information and natural gas service cost estimates on a timely basis and at a competitive rate.

A proposed franchise agreement has been drafted using the terms of the Model Franchise Agreement and adding the conditions outlined above. A copy of the agreement is attached.

Council Action:

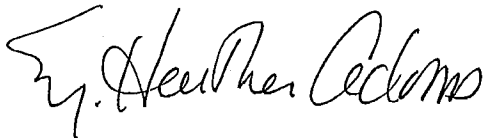
It is recommended that Council pass the following resolution:

"That the Council of the Town of Aylmer adopts the staff recommendations set out in the report of the Administrator dated December 11, 2008 regarding the franchise agreement between the Town and NRG.

That Council approve the draft franchise agreement as presented in that report and that the agreement be presented to NRG as the Town's position regarding the renewal of the franchise for a period of 3 years.

And Further that following the meeting with NRG, the Town applies to the OEB for approval of the franchise agreement as drafted by the Town."

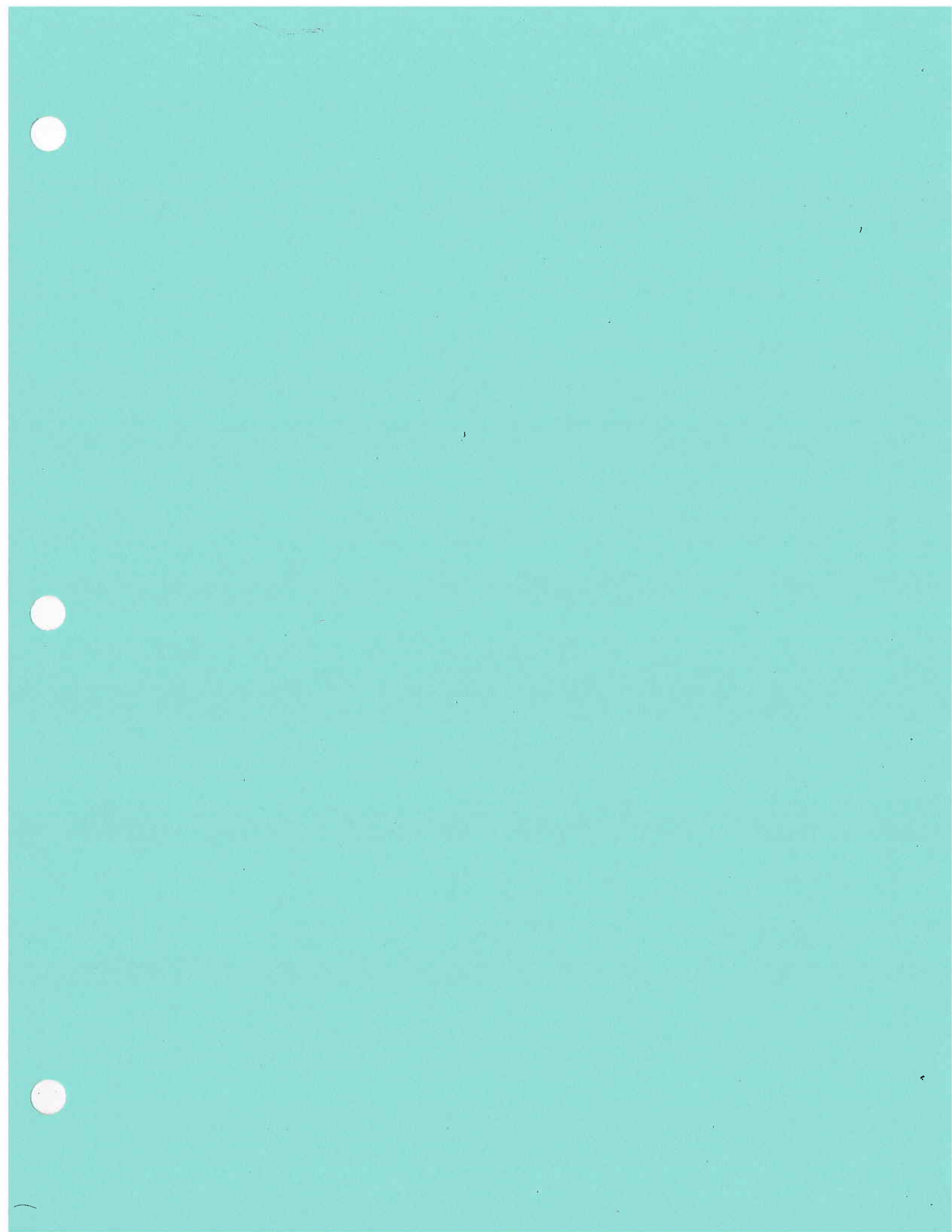
Respectfully submitted



M. Heather Adams
Administrator

Attachments (1)

/ha



Franchise Agreement

THIS AGREEMENT effective this ____ day of _____, 2009.

BETWEEN:

THE CORPORATION OF THE TOWN OF AYLMER

hereinafter called the "Corporation"

- and -

NATURAL RESOURCE GAS LIMITED

hereinafter called the "Gas Company"

WHEREAS the Gas Company desires to distribute, store and transmit gas in the Municipality upon the terms and conditions of this Agreement;

AND WHEREAS by by-law passed by the Council of the Corporation (the "By-law"), the duly authorized officers have been authorized and directed to execute this Agreement on behalf of the Corporation;

THEREFORE the Corporation and the Gas Company agree as follows:

Part I – Definitions

1. In this Agreement:

- (a) "decommissioned" and "decommissions" when used in connection with parts of the gas system, mean any parts of the gas system taken out of active use and purged in accordance with the applicable CSA standards and in no way affects the use of the term 'abandoned' pipeline for the purposes of the *Assessment Act*;
- (b) "Engineer/Road Superintendent" means the most senior individual employed by the Corporation with responsibilities for highways within the Municipality or the person designated by such senior employee or such other person as may from time to time be designated by the Council of the Corporation;
- (c) "gas" means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not

include a liquefied petroleum gas that is distributed by means other than a pipeline;

- (d) "gas system" means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as the Gas Company may require or deem desirable for the distribution, storage and transmission of gas in or through the Municipality;
- (e) "highway" means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas forming part of the road allowance now or at any time during the term hereof under the jurisdiction of the Corporation;
- (f) "Model Franchise Agreement" means the form of agreement which the Ontario Energy Board uses as a standard when considering applications under the *Municipal Franchises Act*. The Model Franchise Agreement may be changed from time to time by the Ontario Energy Board;
- (g) "Municipality" means the territorial limits of the Corporation on the date when this Agreement takes effect, and any territory which may thereafter be brought within the jurisdiction of the Corporation;
- (h) "Plan" means the plan described in Paragraph 5 of this Agreement required to be filed by the Gas Company with the Engineer/Road Superintendent prior to commencement of work on the gas system; and
- (i) whenever the singular, masculine or feminine is used in this Agreement, it shall be considered as if the plural, feminine or masculine has been used where the context of the Agreement so requires.

Part II - Rights Granted

2. To provide gas service.

The consent of the Corporation is hereby given and granted (subject to the conditions set out herein and in Schedule A) to the Gas Company to distribute, store and transmit gas in and through the Municipality to the Corporation and to the inhabitants of the Municipality. The Corporation signs this Agreement on the condition that the Gas Company agrees to and adheres to those conditions set out in Schedule A.

3. To Use Highways.

Subject to the terms and conditions of this Agreement the consent of the Corporation is hereby given and granted to the Gas Company to enter upon all highways now or at any time hereafter under the jurisdiction of the Corporation and to lay, construct, maintain,

replace, remove, operate and repair a gas system for the distribution, storage and transmission of gas in and through the Municipality.

4. Duration of Agreement and Renewal Procedures.

- (a) The rights hereby given and granted, and the terms hereof, shall be for a term of 3 (three) years from the date of final passing of the By-law. If during the 3-year term of this Agreement, the Model Franchise Agreement is changed, then 1 (one) year following the date such change(s) is effected, this Agreement shall be deemed to be amended to incorporate such change(s) in the Model Franchise Agreement, unless the parties hereto agree otherwise in writing. Such deemed amendments shall not apply to alter the 3 (three) year term of this Agreement.
- (b) At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue, notwithstanding the expiration of this Agreement. This shall not preclude either party from applying to the Ontario Energy Board for a renewal of the Agreement pursuant to section 10 of the *Municipal Franchises Act*.

Part III – Conditions

5. Approval of Construction.

- (a) The Gas Company shall not undertake any excavation, opening or work which will disturb or interfere with the surface of the travelled portion of any highway unless a permit therefore has first been obtained from the Engineer/Road Superintendent and all work done by the Gas Company shall be to his satisfaction.
- (b) Prior to the commencement of work on the gas system, or any extensions or changes to it (except service laterals which do not interfere with municipal works in the highway), the Gas Company shall file with the Engineer/Road Superintendent a Plan, satisfactory to the Engineer/Road Superintendent, drawn to scale and of sufficient detail considering the complexity of the specific locations involved, showing the highways in which it proposes to lay its gas system and the particular parts thereof it proposes to occupy.
- (c) The Plan filed by the Gas Company shall include geodetic information for a particular location:
 - (i) where circumstances are complex, in order to facilitate known projects, including projects which are reasonably anticipated by the Engineer/Road Superintendent, or
 - (ii) when requested, where the Corporation has geodetic information for its own services and all others at the same location.

- (d) The Engineer/Road Superintendent may require sections of the gas system to be laid at greater depth than required by the latest CSA standard for gas pipeline systems to facilitate known projects or to correct known highway deficiencies.
- (e) Prior to the commencement of work on the gas system, the Engineer/Road Superintendent must approve the location of the work as shown on the Plan filed by the Gas Company, the timing of the work and any terms and conditions relating to the installation of the work.
- (f) In addition to the requirements of this Agreement, if the Gas Company proposes to affix any part of the gas system to a bridge, viaduct or other structure, if the Engineer/Road Superintendent approves this proposal, he may require the Gas Company to comply with special conditions or to enter into a separate agreement as a condition of the approval of this part of the construction of the gas system.
- (g) Where the gas system may affect a municipal drain, the Gas Company shall also file a copy of the Plan with the Corporation's Drainage Superintendent for purposes of the *Drainage Act*, or such other person designated by the Corporation as responsible for the drain.
- (h) The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer/Road Superintendent to do so is received.
- (i) The Engineer/Road Superintendent's approval, where required throughout this Paragraph, shall not be unreasonably withheld.
- (j) The approval of the Engineer/Road Superintendent is not a representation or warranty as to the state of repair of the highway or the suitability of the highway for the gas system.

6. As Built Drawings.

The Gas Company shall, within six months of completing the installation of any part of the gas system, provide two copies of "as built" drawings to the Engineer/Road Superintendent. These drawings must be sufficient to accurately establish the location, depth (measurement between the top of the gas system and the ground surface at the time of installation) and distance of the gas system. The "as built" drawings shall be of the same quality as the Plan and, if the approved pre-construction plan included elevations that were geodetically referenced, the "as built" drawings shall similarly include elevations that are geodetically referenced. Upon the request of the Engineer/Road Superintendent, the Gas Company shall provide one copy of the drawings in an electronic format and one copy as a hard copy drawing.

7. Emergencies.

In the event of an emergency involving the gas system, the Gas Company shall proceed with the work required to deal with the emergency, and in any instance where prior approval of the Engineer/Road Superintendent is normally required for the work, the Gas

Company shall use its best efforts to immediately notify the Engineer/Road Superintendent of the location and nature of the emergency and the work being done and, if it deems appropriate, notify the police force, fire or other emergency services having jurisdiction. The Gas Company shall provide the Engineer/Road Superintendent with at least one 24 hour emergency contact for the Gas Company and shall ensure the contacts are current.

8. Restoration.

The Gas Company shall well and sufficiently restore, to the reasonable satisfaction of the Engineer/Road Superintendent, all highways, municipal works or improvements which it may excavate or interfere with in the course of laying, constructing, repairing or removing its gas system, and shall make good any settling or subsidence thereafter caused by such excavation or interference. If the Gas Company fails at any time to do any work required by this Paragraph within a reasonable period of time, the Corporation may do or cause such work to be done and the Gas Company shall, on demand, pay the Corporation's reasonably incurred costs, as certified by the Engineer/Road Superintendent.

9. Indemnification.

The Gas Company shall, at all times, indemnify and save harmless the Corporation from and against all claims, including costs related thereto, for all damages or injuries including death to any person or persons and for damage to any property, arising out of the Gas Company operating, constructing, and maintaining its gas system in the Municipality, or utilizing its gas system for the carriage of gas owned by others. Provided that the Gas Company shall not be required to indemnify or save harmless the Corporation from and against claims, including costs related thereto, which it may incur by reason of damages or injuries including death to any person or persons and for damage to any property, resulting from the negligence or wrongful act of the Corporation, its servants, agents or employees.

10. Insurance.

- (a) The Gas Company shall maintain Comprehensive General Liability Insurance in sufficient amount and description as shall protect the Gas Company and the Corporation from claims for which the Gas Company is obliged to indemnify the Corporation under Paragraph 9. The insurance policy shall identify the Corporation as an additional named insured, but only with respect to the operation of the named insured (the Gas Company). The insurance policy shall not lapse or be cancelled without sixty (60) days' prior written notice to the Corporation by the Gas Company.
- (b) The issuance of an insurance policy as provided in this Paragraph shall not be construed as relieving the Gas Company of liability not covered by such insurance or in excess of the policy limits of such insurance.

- (c) Upon request by the Corporation, the Gas Company shall confirm that premiums for such insurance have been paid and that such insurance is in full force and effect.

11. Alternative Easement.

The Corporation agrees, in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, to give the Gas Company reasonable notice of such proposed sale or closing and, if is feasible, to provide the Gas Company with easements over that part of the highway proposed to be sold or closed sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation and the Gas Company shall share the cost of relocating or altering the gas system to facilitate continuity of gas service, as provided for in Paragraph 12 of this Agreement.

12. Pipeline Relocation.

- (a) If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.
- (b) Where any part of the gas system relocated in accordance with this Paragraph is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate that part of the gas system at its sole expense.
- (c) Where any part of the gas system relocated in accordance with this Paragraph is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:
 - (i) the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
 - (ii) the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
 - (iii) the amount paid by the Gas Company to contractors for work related to the project,
 - (iv) the cost to the Gas Company for materials used in connection with the project, and

- (v) a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (i), (ii), (iii) and (iv) above.
- (d) The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by the Gas Company, except where the part of the gas system required to be moved is located in an unassumed road or in an unopened road allowance and the Corporation has not approved its location, in which case the Gas Company shall pay 100% of the relocation costs.

Part IV - Procedural And Other Matters

13. Municipal By-laws of General Application.

The Agreement is subject to the provisions of all regulating statutes and all municipal bylaws of general application, except by-laws which have the effect of amending this Agreement.

14. Giving Notice.

Notices may be delivered to, sent by facsimile or mailed by prepaid registered post to the Gas Company at its head office or to the authorized officers of the Corporation at its municipal offices, as the case may be.

15. Disposition of Gas System.

- (a) If the Gas Company decommissions part of its gas system affixed to a bridge, viaduct or structure, the Gas Company shall, at its sole expense, remove the part of its gas system affixed to the bridge, viaduct or structure.
- (b) If the Gas Company decommissions any other part of its gas system, it shall have the right, but is not required, to remove that part of its gas system. It may exercise its right to remove the decommissioned parts of its gas system by giving notice of its intention to do so by filing a Plan as required by Paragraph 5 of this Agreement for approval by the Engineer/Road Superintendent. If the Gas Company does not remove the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in any highway, the Corporation may remove and dispose of so much of the decommissioned gas system as the Corporation may require for such purposes and neither party shall have recourse against the other for any loss, cost, expense or damage occasioned thereby. If the Gas Company has not removed the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in a highway, the Gas

Company may elect to relocate the decommissioned gas system and in that event Paragraph 12 applies to the cost of relocation.

16. Use of Decommissioned Gas System.

- (a) The Gas Company shall provide promptly to the Corporation, to the extent such information is known:
 - (i) the names and addresses of all third parties who use decommissioned parts of the gas system for purposes other than the transmission or distribution of gas; and
 - (ii) the location of all proposed and existing decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas.
- (b) The Gas Company may allow a third party to use a decommissioned part of the gas system for purposes other than the transmission or distribution of gas and may charge a fee for that third party use, provided
 - (i) the third party has entered into a municipal access agreement with the Corporation; and
 - (ii) the Gas Company does not charge a fee for the third party's right of access to the highways.
- (c) Decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas are not subject to the provisions of this Agreement. For decommissioned parts of the gas system used for purposes other than the transmission and distribution of gas, issues such as relocation costs will be governed by the relevant municipal access agreement.

17. Franchise Handbook.

The Parties acknowledge that operating decisions sometimes require a greater level of detail than that which is appropriately included in this Agreement. The Parties agree to look for guidance on such matters to the Franchise Handbook prepared by the Association of Municipalities of Ontario and the gas utility companies, as may be amended from time to time.

18. Agreement Binding Parties.

This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

IN WITNESS WHEREOF the parties have executed this Agreement effective from the date written above.

THE CORPORATION OF THE TOWN OF AYLMER

By: _____
Duly Authorized Officer

NATURAL RESOURCE GAS LIMITED

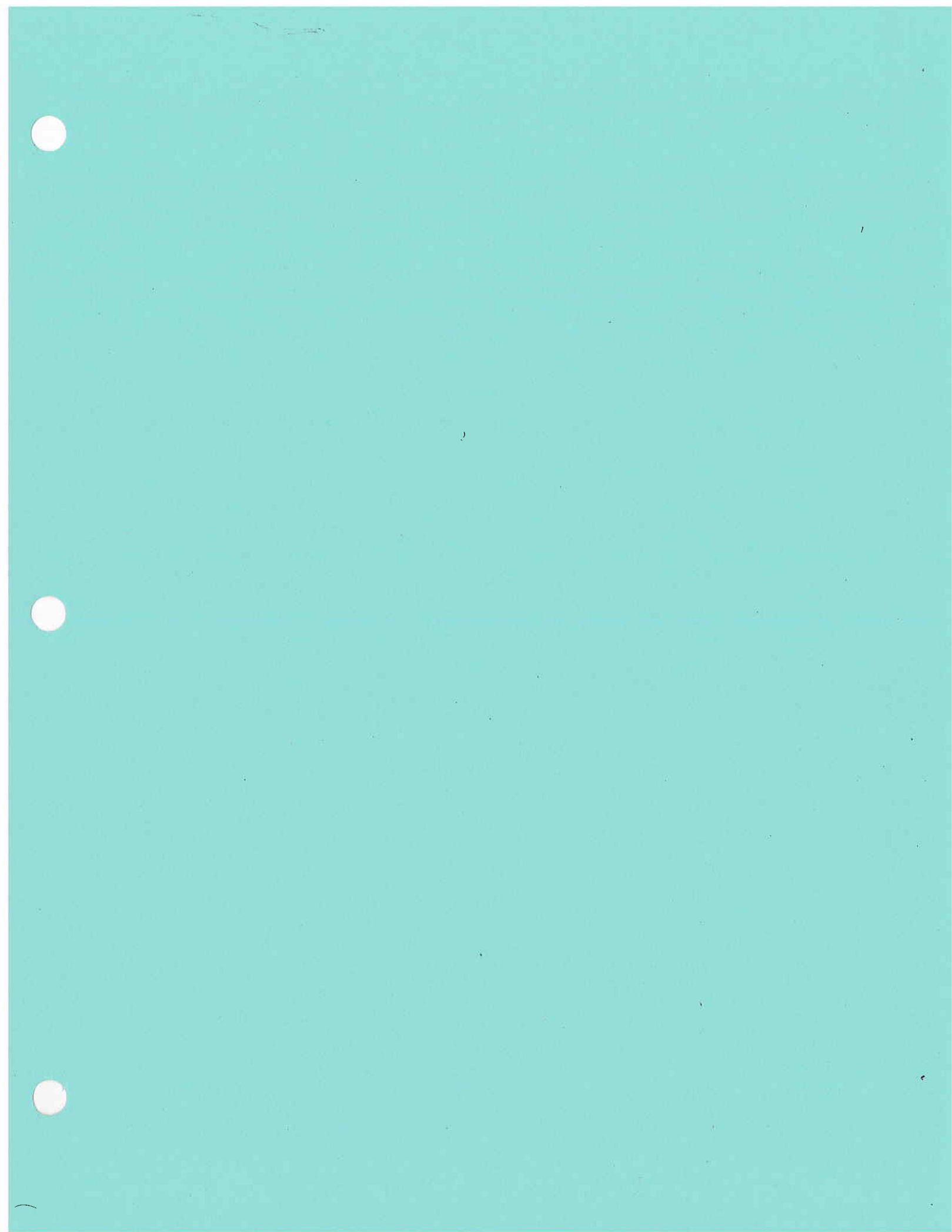
By: _____
Duly Authorized Officer

SCHEDULE 'A'

'Schedule A' to the Franchise Renewal Agreement between Natural Resource Gas Ltd. and the Corporation of the Town of Aylmer

The Corporation signs this Agreement on the condition that the Gas Company agrees to and adheres to the following.

- 1) Immediately upon the execution of this Agreement, the Gas Company will apply to the Ontario Energy Board ("OEB") for a comprehensive rate hearing.
- 2) The Gas Company will, by December 15, 2009,
 - a) implement the proposed amendments to the Gas Distribution Access Rule (EB-2008-0313) regarding customer service measures, whether or not the OEB has made them mandatory by such time.
- 3) The Gas Company will, by May 15, 2009,
 - a) adopt and adhere to a written and publicly available consumer security deposit policy which includes clear information about the circumstances in which a security deposit is required, how the amount of the deposit is calculated, the circumstances in which the deposit will be returned to the customer, that all deposits will be returned by cheque unless otherwise requested in writing by the customer; and that a maximum dollar value for any security deposit be calculated using the proposed calculation in the OEB proposed amendments to the GDAR (EB-2008-0313);
 - b) adopt and adhere to a written and publicly available complaint process for its customers; and
 - c) adopt and adhere to a written policy regarding meeting with and providing written estimates for providing natural gas services to new and relocating retail, commercial and industrial customers on a timely basis and at a competitive rate.
- 4) The Gas Company will keep all monies from consumer security deposits in a trust fund and it will not use such monies as working capital.
- 5) The Gas Company will make its annual audited financial statements available every year for the next three years to the public no later than 4 months following the close of the Gas Company's fiscal year.
- 6) The Gas Company will give notice to the Corporation of any proceeding before the OEB that the Gas Company is a party to, particularly, but not limited to, any application to the OEB made by the Gas Company.
- 7) By no later than December 15 of each year, the Gas Company will provide the Corporation with annual detailed and up-to-date maps of its system assets, including but not limited to system assets within the Town of Aylmer, including the estimated age of those assets and any improvements or additions during the year are highlighted.



THIRTY-SEVENTH SESSION
REGULAR SESSION

December 15, 2008

The Council of the Corporation of the Town of Aylmer meets in Regular Session at 7:00 p.m. with Mayor Bob Habkirk presiding.

Present are:	Mayor	B. Habkirk
	Deputy Mayor	R. G. Baldwin
	Councillor	J. Couckuyt
	Councillor	G. H. Richer
	Councillor	J. Vandermeersch
	Councillor	M. French
	Councillor	J. L. Wright
	Administrator	M. H. Adams
	Clerk	N. J. Irving
	Dir of Finance & HR	J. Reynaert
	Dir of Operations	R. Tapp
	Dir of Planning	D. Dale
	& Munic Services	

1. PRAYER

All rise as Mayor Habkirk reads a brief prayer.

2. ROLL CALL

All are present.

3. CONFIRMATION OF AGENDA

Resolution No. 454-08

Moved by Councillor J. Vandermeersch and seconded by Councillor M. French:

“That Council adopt the Agenda for the meeting of December 15, 2008, as amended, by adding:

(a) a communication from Andrew Henry, Division Manager, Regional Water Supply – with respect to a newspaper article entitled “Erie Tap Water Scare” which appeared in the London Free Press on December 13, 2008, as Agenda Item #8(i); and

(b) a communication from Jeanette Brubacher, with respect to the Natural Resource Gas franchise, as Agenda Item #8(j)); noting that this item relates to Agenda Item #8(g).”

The motion is Carried.

4. DECLARATION OF PECUNIARY INTEREST

There are no disclosures.

5. DELEGATIONS AND PUBLIC MEETINGS

Stephen Douglas and Keith Hunt, representatives from the Aylmer Heritage Committee, present a Heritage Plaque for the Town Hall, to Town Council.

6. ADOPTION OF COUNCIL AND COMMITTEE MINUTES

Resolution No. 455-08

Moved by Councillor G. Richer and seconded by Councillor J. Vandermeersch:

“That Council adopt and approve the Minutes of the December 8, 2008 Regular Session.”

The motion is Carried.

7. CONSENT AGENDA

There are no Consent Items.

8. ACTION ITEMS

- (a) Report from Director of Planning & Municipal Services – Extension of HVAC Service Agreement.

Resolution No. 456-08

Moved by Councillor J. Vandermeersch and Councilor J. Couckuyt:

“That following actions be taken with respect to the extension of HVAC Service Agreement:

- (a) Council receives the report dated December 9, 2008 submitted by the Director of Planning and Municipal Services as information;
- (b) Council extends the Preventative Maintenance Agreement with Pro-Tech Mechanical for maintenance of all municipal building HVAC systems including the new Fire Hall, to December 31, 2009;
- (c) Council gives three readings to the required by-law; and
- (d) Council directs Staff to tender for a new three-year maintenance agreement contract to take effective January 1, 2010.”

Carried.

The By-law is considered under the By-law portion of the meeting.

(b) Report from Director of Finance & Human Resources – Cheque Disbursements for November 2008.

Resolution No. 457-08

Moved by Councillor J. Couckuyt and seconded by Councillor J. Vandermeersch:

“That Council approves payment of the General Account cheques, including Payroll, for the Month of November 2008, in the amount of \$1,323,912.74.”

The motion is Carried.

(c) Report from Director of Finance & Human Resources – 2008 Tax Write-Off Report.

Resolution No. 458-08

Moved by Councillor G. Richer and seconded by Councillor J. Vandermeersch:

“That Council approves tax write-offs of \$167,591.34 pursuant to Part X, Section 354 of the Municipal Act R.S.O. 2001, S.O. 2001, C. 25, as amended, and as outlined in detail in the Report No. 31-08 dated December 5, 2008 submitted by the Director of Finance and Human Resources.”

The motion is Carried.

(d) Report from the Director of Finance & Human Resources – Reserve Funds.

Resolution No. 459-08

Moved by Councillor J. Couckuyt and seconded by Councillor J. Vandermeersch:

“That the Council of the Town of Aylmer approves the following with respect to Reserve Funds:

- (a) That funds levied through the 2008 Capital Budget approved by Council which are not spent on that capital project as specified in the budget be transferred to the reserve funds;**
- (b) That where funds have been allocated from the reserve funds for projects that were not completed or projects where the cost was not as budgeted, that those funds be left in the reserve funds and not transferred to the revenue fund;**
- (c) That where funds have been allocated for a capital project in the 2008 Budget and where the expenditures on the project exceed the budgeted expenditure by less than 10% that the monies be transferred from the reserve funds to the revenue fund, if available, to cover that expenditure: and**

(d) That the capital projects or project additions approved by Council subsequent to the passing of the 2008 budget for which the source of financing was approved from reserve funds, that those monies be transferred in the amount required to cover the 2008 expenditures.”

The motion is Carried.

(e) Report from the Clerk – Municipal Investigator.

Resolution No. 460-08

Moved by Councillor J. Wright and seconded by G. Richer:

“That the Town of Aylmer supports the appointment of JGM Consulting (Mr. John Maddox) as the Municipal Investigator for a one-year term to commence January 1, 2009 on the understanding that the County of Elgin will pay the retainer fee for the municipality; and further, that Council consider giving three readings to By-law No. 49-08.”

The motion is Carried.

The By-law is considered under the By-law portion of the meeting.

(f) Report from the Administrator – Economic Development/Community Development Activities.

Resolution No. 461-08

Moved by Councillor M. French and seconded by Councillor J. Couckuyt:

“That the Report submitted by the Administrator with respect to Economic Development / Community Development Activities for 2008, be received for information.”

The motion is Carried.

(g) Report from the Administrator – Natural Gas Resources Ltd. (NRG) Franchise Agreement.

Resolution No. 462-08

Moved by Councillor J. Vandermeersch and seconded by Councillor J. Couckuyt:

“That the following actions be taken with respect to the franchise agreement between the Town of Aylmer and Natural Resource Gas Ltd. (NRG):

(a) that the Council of the Town of Aylmer adopts the staff recommendations set out in the report of the Administrator dated December 11, 2008 regarding the franchise agreement between the Town and NRG;

(b) that Council approves the draft franchise agreement as presented in the report and that the agreement be presented to NRG as the Town’s position regarding the renewal of the franchise for a period of 3 years; and further,

(c) that following the meeting with NRG, the Town applies to the OEB for approval of the franchise agreement as drafted by the Town."

The motion is Carried.

(h) Aylmer Police Services Board – Proposed 2009 Budget.

Resolution No. 463-08

Moved by Councillor J. Couckuyt and seconded by Councillor J. Vandermeersch:

"That the Proposed 2009 Budget from Aylmer Police Services be referred to the Finance Committee for consideration during the 2009 Budget deliberations."

The motion is Carried.

(i) a communication from Andrew Henry, Division Manager, Regional Water Supply – with respect to a newspaper article entitled "Erie Tap Water Scare" which appeared in the London Free Press on December 13, 2008, as Agenda Item #8(i)

Resolution No. 464-08

Moved by Councillor J. Wright and seconded by Councillor G. Richer:

"That the communication received from Andrew Henry, Division Manager, Regional Water Supply, with respect to a newspaper article entitled "Erie Tap Water Scare" which appeared in the London Free Press on December 13, 2008, be received for information purposes."

The motion is Carried.

Additional Items:

(j) a communication from Jeanette Brubacher, with respect to the Natural Resource Gas franchise - relates to Agenda Item #8(g)

Resolution No. 465-08

Moved by Councillor M. French and seconded by Councillor J. Wright:

"That the communication received from Jeanette Brubacher with respect to the Natural Resource Gas franchise, be received for information purposes; noting that this item relates to Agenda Item #8(g)."

The motion is Carried.

9. NEW BUSINESS AND MATTERS OF URGENCY

There are no matters.

10. READING OF BY-LAWS AND PROCEEDINGS THEREON

Resolution No. 466-08

Moved by Councillor M. French and seconded by Councillor J. Wright:

“That Council suspend the procedural polices and proceed with first, second and third reading of By-laws 49-08, 50-08 and 51-08.”

The motion is Carried.

Resolution No. 467-08

Moved by Councillor J. Wright and seconded by Deputy Mayor R. G. Baldwin:

“The following By-laws be read a first, second and third time, be finally passed, signed, sealed and numbered by the Mayor and Clerk:

(i) By-law No. 49-08 - Being a By-law to re-appoint JGM Consulting (Mr. John Maddox) as the Municipal Investigator.

(ii) By-law No. 50-08 - Being a By-Law to authorize the signing of an Agreement between The Corporation of the Town of Aylmer and Pro-Tech Mechanical Services Limited to provide Preventative Maintenance for the Town of Aylmer Municipal Buildings.

(iii) By-law No. 51-08 - Being a By-Law to confirm the proceedings of Council at all of its meetings held during the calendar year 2008.”

The motion is Carried.

11. INQUIRIES BY MEMBERS

(a) Councillor Couckuyt reminds the public to attend the open house about the Town Square development to be held on Thursday, December 18, 2008 from 4:00 p.m. to 8:00 p.m. at the Old Town Hall.

12. REPORT OF MAYOR

There is no report.

13. NOTICE OF MOTION

There are no notices of motion.

14. CLOSED SESSION

There are no matters.

15. ADJOURNMENT

Resolution No. 468-08

Moved by Councillor J. Vandermeersch and seconded by Councillor M. French:

“That Council do now adjourn at 7:45 p.m.”

The motion is Carried.

MAYOR

CLERK

Memo



To: Council

From: M. Heather Adams
Administrator

Date: December 11, 2008

Re: Natural Resource Gas Ltd. (NRG) Franchise

Discussion:

The franchise agreement between the Town of Aylmer and NRG expires on February 27, 2009. At its meeting of October 14, 2008, Council considered a report on issues related to NRG and passed the following resolution:

Resolution No. 370-08

Moved by Councillor M. French and seconded by Deputy Mayor R. G. Baldwin:

“That the Council of the Town of Aylmer hereby endorses the Report dated October 8, 2008 prepared by the Administrator, regarding Natural Resource Gas Ltd. (NRG);

AND FURTHER THAT Council hereby approves the actions outlined below:

- 1. Ensure that the Ontario Energy Board is fully aware of the concerns regarding NRG by:**
 - providing a copy of this report and the petitions received from the local residents regarding the issues with NRG and request that the OEB use its regulatory and oversight tools to fully inquire into the issues identified;
 - endorsing the OEB proposed amendment to the Gas Distribution Access Rule provide direction to natural gas distributors regarding customer security deposits; and

- **intervening at OEB hearings which involve NRG to ensure the OEB is aware of issues of concern to the Town and its residents generally identified as follows:**
 - Quality of infrastructure;**
 - Rates not competitive;**
 - Reluctance to serve new commercial/industrial customers;**
 - Significant customer service issues;**
 - Financial issues raised by customers and suppliers are troubling; and**
 - Deterrent to local economic development.**
2. **Request that the OEB consider the following regulatory and/or policy changes in order to improve customer service requirements of natural gas distributors**
 - **Require that customer service measures are made available to the public**
 - **Require that the annual audited financial statements of the distribution companies are made available to the public**
 - **Provide a clear complaint and enforcement process for natural gas consumers to have complaints heard and resolved**
 - **Require that consumer security deposits be kept in a trust fund and not used as working capital for distribution companies**
 3. **Request that the OEB establish a process for a review of the legislation and regulations which require that municipalities and natural gas distributors enter into franchise agreements. The realities of the current process for these agreements do not operate such that they improve the distribution of natural gas to its customers. The municipality has no real ability to negotiate even the minimum of service delivery requirements, no realistic ability to enforce the provisions of the franchise agreement when a distribution company does not meet them and no real ability to change who provides the service. The legislation guiding franchises is outdated and its provisions such as the requirement for a public vote typically are replaced with the OEB approval process.**
 4. **Circulate this Report to the other municipalities with franchise agreements with NRG for their consideration and endorsement.**
 5. **Forward the Report and recommendation to the Minister of Energy and Infrastructure and our local M.P.P., the Honourable Steve Peters."**

Since that time the following has taken place:

- **OEB hearing into the application by Union Gas re NRG was held in Aylmer on October 20, 2008. Town was successful in having its evidence stay on the record. The OEB has made its decision on the application and the Union and NRG are to sign new 5 year agreements for the supply of natural gas, NRG is to provide Union with regular Financial Statements and NRG is to provide Union with**

a postponement agreement related to the retractable shares. Further, those retractable shares are to be treated as debt not equity. The NRG shareholder was directed to pay the costs of the Town and IGPC as interveners in the hearing.

- To date, there has been no response from the OEB or from the Provincial Minister of Energy to the comprehensive report and resolution forwarded to them.
- Staff has had several conversations and a meeting with Jack Howley who is the General Manager of NRG as well as Mark Bristol. NRG has attended the most recent meeting regarding the South Street infrastructure project and have promised to attend future meetings. They have requested and received information on our 5 year infrastructure plans. NRG has provided the Town with a detailed map of its infrastructure in Aylmer. They have met with us and assured us they are now dealing with all requests and complaints regarding their customer security deposits. They have reviewed the issues we have had with the statements for our gas purchasing contract and they have committed to providing the required information to Comsatec on a more regular basis.
- The Town has received another letter from NRG requesting that we meet with them prior to November 30, to outline our position regarding renewal of the franchise agreement and a meeting has been scheduled for next week.

Goals:

- Ensure the continued supply of cost-effective natural gas to Aylmer
- Ensure that the customer service and security deposit concerns expressed by the residents of Aylmer are dealt with effectively and efficiently
- Respect the role of the Ontario Energy Board as the regulator of monopoly natural gas distributors in Ontario
- Ensure that the economic development opportunities for the community are enhanced by having a supportive natural gas distributor who supplies a cost-effective alternative source of energy
- Repair the negative image of Aylmer in the context of our natural gas distributor
- Restore confidence in and respect for the natural gas distributor by their consumers, other residents and the Town as they put in place a permanent acceptable customer relations policy

Staff Recommendation:

After consideration of all of the options, the impact of various options and previous direction and decisions of Council, Staff recommends the following approach:

- Meet with NRG and offer to renew the franchise agreement for 3 years to February 27, 2012 with the addition of a list of conditions Council wants to have NRG commit to undertake during that 3 years.
- Whether or not NRG agrees to the terms, the Town applies to the OEB for approval of its proposed agreement and conditions and requests that the OEB hold a hearing in Aylmer where the consumers can provide comments to the Board.
- Suggested Conditions for Franchise Renewal:
 1. The NRG immediately apply to the OEB for a comprehensive rate hearing
 2. NRG agrees to implement the proposed amendments to the Gas Distribution Access Rule (EB-2008-0313), regarding customer service measures by the end of 2009 whether or not the OEB has made them mandatory by the time.
 3. NRG makes the distribution company's annual audited financial statements available to the public no later than 4 months following the close of its fiscal year.
 4. NRG adopts, and adheres to a written and publicly available consumer security deposit policy which includes clear information about the circumstances in which a security deposit is required, how the amount of the deposit is calculated, the circumstances in which the deposit will be returned to the customer, that all deposits will be returned by cheque unless otherwise requested in writing by the customer; and that a maximum dollar value for any security deposit be calculated using the proposed calculation in the OEB proposed amendments to the GDAR (EB-2008-0313)
 5. NRG adopts, and adheres to a written and publicly available complaint process for its customers
 6. NRG keeps all monies from consumer security deposits in a trust fund and not used as working capital for distribution company.
 7. NRG ensures that written notice is given to all the municipalities with whom they have franchises of any application by NRG to the OEB.
 8. NRG provides to the Town of Aylmer annually prior to December 15, a detailed and up to date system map of its

assets within the Town of Aylmer including the estimated age of those assets and any improvements or additions during the year are highlighted.

9. NRG agrees to prepare and adhere to a written policy regarding meeting with new and relocating retail, commercial and industrial customers to provide information and natural gas service cost estimates on a timely basis and at a competitive rate.

A proposed franchise agreement has been drafted using the terms of the Model Franchise Agreement and adding the conditions outlined above. A copy of the agreement is attached.

Council Action:

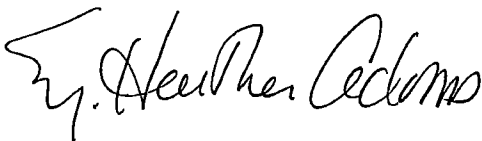
It is recommended that Council pass the following resolution:

"That the Council of the Town of Aylmer adopts the staff recommendations set out in the report of the Administrator dated December 11, 2008 regarding the franchise agreement between the Town and NRG.

That Council approve the draft franchise agreement as presented in that report and that the agreement be presented to NRG as the Town's position regarding the renewal of the franchise for a period of 3 years.

And Further that following the meeting with NRG, the Town applies to the OEB for approval of the franchise agreement as drafted by the Town."

Respectfully submitted



M. Heather Adams
Administrator

Attachments (1)

/ha

Franchise Agreement

THIS AGREEMENT effective this ____ day of _____, 2009.

BETWEEN:

THE CORPORATION OF THE TOWN OF AYLMER

hereinafter called the "Corporation"

- and -

NATURAL RESOURCE GAS LIMITED

hereinafter called the "Gas Company"

WHEREAS the Gas Company desires to distribute, store and transmit gas in the Municipality upon the terms and conditions of this Agreement;

AND WHEREAS by by-law passed by the Council of the Corporation (the "By-law"), the duly authorized officers have been authorized and directed to execute this Agreement on behalf of the Corporation;

THEREFORE the Corporation and the Gas Company agree as follows:

Part I – Definitions

1. In this Agreement:

- (a) "decommissioned" and "decommissions" when used in connection with parts of the gas system, mean any parts of the gas system taken out of active use and purged in accordance with the applicable CSA standards and in no way affects the use of the term 'abandoned' pipeline for the purposes of the *Assessment Act*;
- (b) "Engineer/Road Superintendent" means the most senior individual employed by the Corporation with responsibilities for highways within the Municipality or the person designated by such senior employee or such other person as may from time to time be designated by the Council of the Corporation;
- (c) "gas" means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not

include a liquefied petroleum gas that is distributed by means other than a pipeline;

- (d) "gas system" means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as the Gas Company may require or deem desirable for the distribution, storage and transmission of gas in or through the Municipality;
- (e) "highway" means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas forming part of the road allowance now or at any time during the term hereof under the jurisdiction of the Corporation;
- (f) "Model Franchise Agreement" means the form of agreement which the Ontario Energy Board uses as a standard when considering applications under the *Municipal Franchises Act*. The Model Franchise Agreement may be changed from time to time by the Ontario Energy Board;
- (g) "Municipality" means the territorial limits of the Corporation on the date when this Agreement takes effect, and any territory which may thereafter be brought within the jurisdiction of the Corporation;
- (h) "Plan" means the plan described in Paragraph 5 of this Agreement required to be filed by the Gas Company with the Engineer/Road Superintendent prior to commencement of work on the gas system; and
- (i) whenever the singular, masculine or feminine is used in this Agreement, it shall be considered as if the plural, feminine or masculine has been used where the context of the Agreement so requires.

Part II - Rights Granted

2. To provide gas service.

The consent of the Corporation is hereby given and granted (subject to the conditions set out herein and in Schedule A) to the Gas Company to distribute, store and transmit gas in and through the Municipality to the Corporation and to the inhabitants of the Municipality. The Corporation signs this Agreement on the condition that the Gas Company agrees to and adheres to those conditions set out in Schedule A.

3. To Use Highways.

Subject to the terms and conditions of this Agreement the consent of the Corporation is hereby given and granted to the Gas Company to enter upon all highways now or at any time hereafter under the jurisdiction of the Corporation and to lay, construct, maintain,

replace, remove, operate and repair a gas system for the distribution, storage and transmission of gas in and through the Municipality.

4. Duration of Agreement and Renewal Procedures.

- (a) The rights hereby given and granted, and the terms hereof, shall be for a term of 3 (three) years from the date of final passing of the By-law. If during the 3-year term of this Agreement, the Model Franchise Agreement is changed, then 1 (one) year following the date such change(s) is effected, this Agreement shall be deemed to be amended to incorporate such change(s) in the Model Franchise Agreement, unless the parties hereto agree otherwise in writing. Such deemed amendments shall not apply to alter the 3 (three) year term of this Agreement.
- (b) At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue, notwithstanding the expiration of this Agreement. This shall not preclude either party from applying to the Ontario Energy Board for a renewal of the Agreement pursuant to section 10 of the *Municipal Franchises Act*.

Part III – Conditions

5. Approval of Construction.

- (a) The Gas Company shall not undertake any excavation, opening or work which will disturb or interfere with the surface of the travelled portion of any highway unless a permit therefore has first been obtained from the Engineer/Road Superintendent and all work done by the Gas Company shall be to his satisfaction.
- (b) Prior to the commencement of work on the gas system, or any extensions or changes to it (except service laterals which do not interfere with municipal works in the highway), the Gas Company shall file with the Engineer/Road Superintendent a Plan, satisfactory to the Engineer/Road Superintendent, drawn to scale and of sufficient detail considering the complexity of the specific locations involved, showing the highways in which it proposes to lay its gas system and the particular parts thereof it proposes to occupy.
- (c) The Plan filed by the Gas Company shall include geodetic information for a particular location:
 - (i) where circumstances are complex, in order to facilitate known projects, including projects which are reasonably anticipated by the Engineer/Road Superintendent, or
 - (ii) when requested, where the Corporation has geodetic information for its own services and all others at the same location.

- (d) The Engineer/Road Superintendent may require sections of the gas system to be laid at greater depth than required by the latest CSA standard for gas pipeline systems to facilitate known projects or to correct known highway deficiencies.
- (e) Prior to the commencement of work on the gas system, the Engineer/Road Superintendent must approve the location of the work as shown on the Plan filed by the Gas Company, the timing of the work and any terms and conditions relating to the installation of the work.
- (f) In addition to the requirements of this Agreement, if the Gas Company proposes to affix any part of the gas system to a bridge, viaduct or other structure, if the Engineer/Road Superintendent approves this proposal, he may require the Gas Company to comply with special conditions or to enter into a separate agreement as a condition of the approval of this part of the construction of the gas system.
- (g) Where the gas system may affect a municipal drain, the Gas Company shall also file a copy of the Plan with the Corporation's Drainage Superintendent for purposes of the *Drainage Act*, or such other person designated by the Corporation as responsible for the drain.
- (h) The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer/Road Superintendent to do so is received.
- (i) The Engineer/Road Superintendent's approval, where required throughout this Paragraph, shall not be unreasonably withheld.
- (j) The approval of the Engineer/Road Superintendent is not a representation or warranty as to the state of repair of the highway or the suitability of the highway for the gas system.

6. As Built Drawings.

The Gas Company shall, within six months of completing the installation of any part of the gas system, provide two copies of "as built" drawings to the Engineer/Road Superintendent. These drawings must be sufficient to accurately establish the location, depth (measurement between the top of the gas system and the ground surface at the time of installation) and distance of the gas system. The "as built" drawings shall be of the same quality as the Plan and, if the approved pre-construction plan included elevations that were geodetically referenced, the "as built" drawings shall similarly include elevations that are geodetically referenced. Upon the request of the Engineer/Road Superintendent, the Gas Company shall provide one copy of the drawings in an electronic format and one copy as a hard copy drawing.

7. Emergencies.

In the event of an emergency involving the gas system, the Gas Company shall proceed with the work required to deal with the emergency, and in any instance where prior approval of the Engineer/Road Superintendent is normally required for the work, the Gas

Company shall use its best efforts to immediately notify the Engineer/Road Superintendent of the location and nature of the emergency and the work being done and, if it deems appropriate, notify the police force, fire or other emergency services having jurisdiction. The Gas Company shall provide the Engineer/Road Superintendent with at least one 24 hour emergency contact for the Gas Company and shall ensure the contacts are current.

8. Restoration.

The Gas Company shall well and sufficiently restore, to the reasonable satisfaction of the Engineer/Road Superintendent, all highways, municipal works or improvements which it may excavate or interfere with in the course of laying, constructing, repairing or removing its gas system, and shall make good any settling or subsidence thereafter caused by such excavation or interference. If the Gas Company fails at any time to do any work required by this Paragraph within a reasonable period of time, the Corporation may do or cause such work to be done and the Gas Company shall, on demand, pay the Corporation's reasonably incurred costs, as certified by the Engineer/Road Superintendent.

9. Indemnification.

The Gas Company shall, at all times, indemnify and save harmless the Corporation from and against all claims, including costs related thereto, for all damages or injuries including death to any person or persons and for damage to any property, arising out of the Gas Company operating, constructing, and maintaining its gas system in the Municipality, or utilizing its gas system for the carriage of gas owned by others. Provided that the Gas Company shall not be required to indemnify or save harmless the Corporation from and against claims, including costs related thereto, which it may incur by reason of damages or injuries including death to any person or persons and for damage to any property, resulting from the negligence or wrongful act of the Corporation, its servants, agents or employees.

10. Insurance.

- (a) The Gas Company shall maintain Comprehensive General Liability Insurance in sufficient amount and description as shall protect the Gas Company and the Corporation from claims for which the Gas Company is obliged to indemnify the Corporation under Paragraph 9. The insurance policy shall identify the Corporation as an additional named insured, but only with respect to the operation of the named insured (the Gas Company). The insurance policy shall not lapse or be cancelled without sixty (60) days' prior written notice to the Corporation by the Gas Company.
- (b) The issuance of an insurance policy as provided in this Paragraph shall not be construed as relieving the Gas Company of liability not covered by such insurance or in excess of the policy limits of such insurance.

- (c) Upon request by the Corporation, the Gas Company shall confirm that premiums for such insurance have been paid and that such insurance is in full force and effect.

11. Alternative Easement.

The Corporation agrees, in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, to give the Gas Company reasonable notice of such proposed sale or closing and, if is feasible, to provide the Gas Company with easements over that part of the highway proposed to be sold or closed sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation and the Gas Company shall share the cost of relocating or altering the gas system to facilitate continuity of gas service, as provided for in Paragraph 12 of this Agreement.

12. Pipeline Relocation.

- (a) If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.
- (b) Where any part of the gas system relocated in accordance with this Paragraph is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate that part of the gas system at its sole expense.
- (c) Where any part of the gas system relocated in accordance with this Paragraph is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:
 - (i) the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
 - (ii) the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
 - (iii) the amount paid by the Gas Company to contractors for work related to the project,
 - (iv) the cost to the Gas Company for materials used in connection with the project, and

- (v) a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (i), (ii), (iii) and (iv) above.
- (d) The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by the Gas Company, except where the part of the gas system required to be moved is located in an unassumed road or in an unopened road allowance and the Corporation has not approved its location, in which case the Gas Company shall pay 100% of the relocation costs.

Part IV - Procedural And Other Matters

13. Municipal By-laws of General Application.

The Agreement is subject to the provisions of all regulating statutes and all municipal bylaws of general application, except by-laws which have the effect of amending this Agreement.

14. Giving Notice.

Notices may be delivered to, sent by facsimile or mailed by prepaid registered post to the Gas Company at its head office or to the authorized officers of the Corporation at its municipal offices, as the case may be.

15. Disposition of Gas System.

- (a) If the Gas Company decommissions part of its gas system affixed to a bridge, viaduct or structure, the Gas Company shall, at its sole expense, remove the part of its gas system affixed to the bridge, viaduct or structure.
- (b) If the Gas Company decommissions any other part of its gas system, it shall have the right, but is not required, to remove that part of its gas system. It may exercise its right to remove the decommissioned parts of its gas system by giving notice of its intention to do so by filing a Plan as required by Paragraph 5 of this Agreement for approval by the Engineer/Road Superintendent. If the Gas Company does not remove the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in any highway, the Corporation may remove and dispose of so much of the decommissioned gas system as the Corporation may require for such purposes and neither party shall have recourse against the other for any loss, cost, expense or damage occasioned thereby. If the Gas Company has not removed the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in a highway, the Gas

Company may elect to relocate the decommissioned gas system and in that event Paragraph 12 applies to the cost of relocation.

16. Use of Decommissioned Gas System.

- (a) The Gas Company shall provide promptly to the Corporation, to the extent such information is known:
 - (i) the names and addresses of all third parties who use decommissioned parts of the gas system for purposes other than the transmission or distribution of gas; and
 - (ii) the location of all proposed and existing decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas.
- (b) The Gas Company may allow a third party to use a decommissioned part of the gas system for purposes other than the transmission or distribution of gas and may charge a fee for that third party use, provided
 - (i) the third party has entered into a municipal access agreement with the Corporation; and
 - (ii) the Gas Company does not charge a fee for the third party's right of access to the highways.
- (c) Decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas are not subject to the provisions of this Agreement. For decommissioned parts of the gas system used for purposes other than the transmission and distribution of gas, issues such as relocation costs will be governed by the relevant municipal access agreement.

17. Franchise Handbook.

The Parties acknowledge that operating decisions sometimes require a greater level of detail than that which is appropriately included in this Agreement. The Parties agree to look for guidance on such matters to the Franchise Handbook prepared by the Association of Municipalities of Ontario and the gas utility companies, as may be amended from time to time.

18. Agreement Binding Parties.

This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

IN WITNESS WHEREOF the parties have executed this Agreement effective from the date written above.

THE CORPORATION OF THE TOWN OF AYLMER

By: _____
Duly Authorized Officer

NATURAL RESOURCE GAS LIMITED

By: _____
Duly Authorized Officer

SCHEDULE 'A'

'Schedule A' to the Franchise Renewal Agreement between Natural Resource Gas Ltd. and the Corporation of the Town of Aylmer

The Corporation signs this Agreement on the condition that the Gas Company agrees to and adheres to the following.

- 1) Immediately upon the execution of this Agreement, the Gas Company will apply to the Ontario Energy Board ("OEB") for a comprehensive rate hearing.
- 2) The Gas Company will, by December 15, 2009,
 - a) implement the proposed amendments to the Gas Distribution Access Rule (EB-2008-0313) regarding customer service measures, whether or not the OEB has made them mandatory by such time.
- 3) The Gas Company will, by May 15, 2009,
 - a) adopt and adhere to a written and publicly available consumer security deposit policy which includes clear information about the circumstances in which a security deposit is required, how the amount of the deposit is calculated, the circumstances in which the deposit will be returned to the customer, that all deposits will be returned by cheque unless otherwise requested in writing by the customer; and that a maximum dollar value for any security deposit be calculated using the proposed calculation in the OEB proposed amendments to the GDAR (EB-2008-0313);
 - b) adopt and adhere to a written and publicly available complaint process for its customers; and
 - c) adopt and adhere to a written policy regarding meeting with and providing written estimates for providing natural gas services to new and relocating retail, commercial and industrial customers on a timely basis and at a competitive rate.
- 4) The Gas Company will keep all monies from consumer security deposits in a trust fund and it will not use such monies as working capital.
- 5) The Gas Company will make its annual audited financial statements available every year for the next three years to the public no later than 4 months following the close of the Gas Company's fiscal year.
- 6) The Gas Company will give notice to the Corporation of any proceeding before the OEB that the Gas Company is a party to, particularly, but not limited to, any application to the OEB made by the Gas Company.
- 7) By no later than December 15 of each year, the Gas Company will provide the Corporation with annual detailed and up-to-date maps of its system assets, including but not limited to system assets within the Town of Aylmer, including the estimated age of those assets and any improvements or additions during the year are highlighted.

THIRTY-SEVENTH SESSION
REGULAR SESSION

December 15, 2008

The Council of the Corporation of the Town of Aylmer meets in Regular Session at 7:00 p.m. with Mayor Bob Habkirk presiding.

Present are:	Mayor	B. Habkirk
	Deputy Mayor	R. G. Baldwin
	Councillor	J. Couckuyt
	Councillor	G. H. Richer
	Councillor	J. Vandermeersch
	Councillor	M. French
	Councillor	J. L. Wright
	Administrator	M. H. Adams
	Clerk	N. J. Irving
	Dir of Finance & HR	J. Reynaert
	Dir of Operations	R. Tapp
	Dir of Planning & Munic Services	D. Dale

1. PRAYER

All rise as Mayor Habkirk reads a brief prayer.

2. ROLL CALL

All are present.

3. CONFIRMATION OF AGENDA

Resolution No. 454-08

Moved by Councillor J. Vandermeersch and seconded by Councillor M. French:

"That Council adopt the Agenda for the meeting of December 15, 2008, as amended, by adding:

(a) a communication from Andrew Henry, Division Manager, Regional Water Supply – with respect to a newspaper article entitled "Erie Tap Water Scare" which appeared in the London Free Press on December 13, 2008, as Agenda Item #8(i); and

(b) a communication from Jeanette Brubacher, with respect to the Natural Resource Gas franchise, as Agenda Item #8(j)); noting that this item relates to Agenda Item #8(g)."

The motion is Carried.

4. DECLARATION OF PECUNIARY INTEREST

There are no disclosures.

5. DELEGATIONS AND PUBLIC MEETINGS

Stephen Douglas and Keith Hunt, representatives from the Aylmer Heritage Committee, present a Heritage Plaque for the Town Hall, to Town Council.

6. ADOPTION OF COUNCIL AND COMMITTEE MINUTES

Resolution No. 455-08

Moved by Councillor G. Richer and seconded by Councillor J. Vandermeersch:

"That Council adopt and approve the Minutes of the December 8, 2008 Regular Session."

The motion is Carried.

7. CONSENT AGENDA

There are no Consent Items.

8. ACTION ITEMS

- (a) Report from Director of Planning & Municipal Services – Extension of HVAC Service Agreement.

Resolution No. 456-08

Moved by Councillor J. Vandermeersch and Councilor J. Couckuyt:

"That following actions be taken with respect to the extension of HVAC Service Agreement:

- (a) Council receives the report dated December 9, 2008 submitted by the Director of Planning and Municipal Services as information;
- (b) Council extends the Preventative Maintenance Agreement with Pro-Tech Mechanical for maintenance of all municipal building HVAC systems including the new Fire Hall, to December 31, 2009;
- (c) Council gives three readings to the required by-law; and
- (d) Council directs Staff to tender for a new three-year maintenance agreement contract to take effective January 1, 2010."

Carried.

The By-law is considered under the By-law portion of the meeting.

(b) Report from Director of Finance & Human Resources – Cheque Disbursements for November 2008.

Resolution No. 457-08

Moved by Councillor J. Couckuyt and seconded by Councillor J. Vandermeersch:

“That Council approves payment of the General Account cheques, including Payroll, for the Month of November 2008, in the amount of \$1,323,912.74.”

The motion is Carried.

(c) Report from Director of Finance & Human Resources – 2008 Tax Write-Off Report.

Resolution No. 458-08

Moved by Councillor G. Richer and seconded by Councillor J. Vandermeersch:

“That Council approves tax write-offs of \$167,591.34 pursuant to Part X, Section 354 of the Municipal Act R.S.O. 2001, S.O. 2001, C. 25, as amended, and as outlined in detail in the Report No. 31-08 dated December 5, 2008 submitted by the Director of Finance and Human Resources.”

The motion is Carried.

(d) Report from the Director of Finance & Human Resources – Reserve Funds.

Resolution No. 459-08

Moved by Councillor J. Couckuyt and seconded by Councillor J. Vandermeersch:

“That the Council of the Town of Aylmer approves the following with respect to Reserve Funds:

(a) That funds levied through the 2008 Capital Budget approved by Council which are not spent on that capital project as specified in the budget be transferred to the reserve funds;

(b) That where funds have been allocated from the reserve funds for projects that were not completed or projects where the cost was not as budgeted, that those funds be left in the reserve funds and not transferred to the revenue fund;

(c) That where funds have been allocated for a capital project in the 2008 Budget and where the expenditures on the project exceed the budgeted expenditure by less than 10% that the monies be transferred from the reserve funds to the revenue fund, if available, to cover that expenditure: and

(d) That the capital projects or project additions approved by Council subsequent to the passing of the 2008 budget for which the source of financing was approved from reserve funds, that those monies be transferred in the amount required to cover the 2008 expenditures."

The motion is Carried.

(e) Report from the Clerk – Municipal Investigator.

Resolution No. 460-08

Moved by Councillor J. Wright and seconded by G. Richer:

"That the Town of Aylmer supports the appointment of JGM Consulting (Mr. John Maddox) as the Municipal Investigator for a one-year term to commence January 1, 2009 on the understanding that the County of Elgin will pay the retainer fee for the municipality; and further, that Council consider giving three readings to By-law No. 49-08."

The motion is Carried.

The By-law is considered under the By-law portion of the meeting.

(f) Report from the Administrator – Economic Development/Community Development Activities.

Resolution No. 461-08

Moved by Councillor M. French and seconded by Councillor J. Couckuyt:

"That the Report submitted by the Administrator with respect to Economic Development / Community Development Activities for 2008, be received for information."

The motion is Carried.

(g) Report from the Administrator – Natural Gas Resources Ltd. (NRG) Franchise Agreement.

Resolution No. 462-08

Moved by Councillor J. Vandermeersch and seconded by Councillor J. Couckuyt:

"That the following actions be taken with respect to the franchise agreement between the Town of Aylmer and Natural Resource Gas Ltd. (NRG):

(a) that the Council of the Town of Aylmer adopts the staff recommendations set out in the report of the Administrator dated December 11, 2008 regarding the franchise agreement between the Town and NRG;

(b) that Council approves the draft franchise agreement as presented in the report and that the agreement be presented to NRG as the Town's position regarding the renewal of the franchise for a period of 3 years; and further,

(c) **that following the meeting with NRG, the Town applies to the OEB for approval of the franchise agreement as drafted by the Town."**

The motion is Carried.

(h) **Aylmer Police Services Board – Proposed 2009 Budget.**

Resolution No. 463-08

Moved by Councillor J. Couckuyt and seconded by Councillor J. Vandermeersch:

"That the Proposed 2009 Budget from Aylmer Police Services be referred to the Finance Committee for consideration during the 2009 Budget deliberations."

The motion is Carried.

(i) **a communication from Andrew Henry, Division Manager, Regional Water Supply – with respect to a newspaper article entitled "Erie Tap Water Scare" which appeared in the London Free Press on December 13, 2008, as Agenda Item #8(i)**

Resolution No. 464-08

Moved by Councillor J. Wright and seconded by Councillor G. Richer:

"That the communication received from Andrew Henry, Division Manager, Regional Water Supply, with respect to a newspaper article entitled "Erie Tap Water Scare" which appeared in the London Free Press on December 13, 2008, be received for information purposes."

The motion is Carried.

Additional Items:

(j) **a communication from Jeanette Brubacher, with respect to the Natural Resource Gas franchise - relates to Agenda Item #8(g)**

Resolution No. 465-08

Moved by Councillor M. French and seconded by Councillor J. Wright:

"That the communication received from Jeanette Brubacher with respect to the Natural Resource Gas franchise, be received for information purposes; noting that this item relates to Agenda Item #8(g)."

The motion is Carried.

9. NEW BUSINESS AND MATTERS OF URGENCY

There are no matters.

10. READING OF BY-LAWS AND PROCEEDINGS THEREON

Resolution No. 466-08

Moved by Councillor M. French and seconded by Councillor J. Wright:

“That Council suspend the procedural polices and proceed with first, second and third reading of By-laws 49-08, 50-08 and 51-08.”

The motion is Carried.

Resolution No. 467-08

Moved by Councillor J. Wright and seconded by Deputy Mayor R. G. Baldwin:

“The following By-laws be read a first, second and third time, be finally passed, signed, sealed and numbered by the Mayor and Clerk:

(i) By-law No. 49-08 - Being a By-law to re-appoint JGM Consulting (Mr. John Maddox) as the Municipal Investigator.

(ii) By-law No. 50-08 - Being a By-Law to authorize the signing of an Agreement between The Corporation of the Town of Aylmer and Pro-Tech Mechanical Services Limited to provide Preventative Maintenance for the Town of Aylmer Municipal Buildings.

(iii) By-law No. 51-08 - Being a By-Law to confirm the proceedings of Council at all of its meetings held during the calendar year 2008.”

The motion is Carried.

11. INQUIRIES BY MEMBERS

(a) Councillor Couckuyt reminds the public to attend the open house about the Town Square development to be held on Thursday, December 18, 2008 from 4:00 p.m. to 8:00 p.m. at the Old Town Hall.

12. REPORT OF MAYOR

There is no report.

13. NOTICE OF MOTION

There are no notices of motion.

14. CLOSED SESSION

There are no matters.

15. ADJOURNMENT

Resolution No. 468-08

Moved by Councillor J. Vandermeersch and seconded by Councillor M. French:

“That Council do now adjourn at 7:45 p.m.”

The motion is Carried.

MAYOR

CLERK