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SENT BY E-MAIL AND COURIER

Toronto, October 9, 2009

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yong St., Ste. 2700
Toronto ON M4P 1E4

Dear Ms. Walli:

RE: Natural Resource Gas Limited (Response to Compliance Letter)

We are counsel to Natural Resource Gas Limited ("NRG") and are in receipt of your compliance letter of September 28, 2009 ("Compliance Letter"). This letter replies to the outstanding items identified in the Compliance Letter (and specifically, the five categories of items noted in Appendix A to the Compliance Letter).

However, it should be noted that the Compliance Letter contains a number of errors, which are further explained below. In three of the five categories of outstanding items listed in Appendix A to the compliance letter, NRG either did provide the information (the quarterly financial statements), or the Board knew (or ought to have known) that NRG did not have to provide the information (the affiliate matters). Given that the Board has published its compliance letter widely on its "What's New" section of the Board website, NRG is requesting that the Board re-issue a corrected compliance letter removing the last three of the five categories of items noted in Appendix A of the letter. The correcting letter should note the errors in the first letter, and the correcting letter should be posted on the "What's New" section of the Board website.

Each of the five categories is discussed in turn.

Category 1 on Appendix A (Customer Count Information – RRR 2.1.3)

The first category of items that the Board indicates as being outstanding relates to customer count (i.e., number of customers) in each rate class. The Board is correct that NRG did not file

its customer count information with the Board for six of the nine most recent quarterly reporting periods. Please find attached as Appendix 1 to this letter the customer account information for all nine periods (including the six missing periods). We are unsure why this information was not filed, because the information is readily available. We can assure the Board that this information will be provided in the future.

There does appear to be one error in the dates noted by the Board under this category. The Board lists customer count information due on April 30, 2008 as not been provided. Based on the review of our records, we believe that this date should be changed to February 28, 2009 (for period ended December 31, 2008). The drafter of the letter probably meant to list April 30, 2009 (as the reporting deadline for December 31, 2008). There was not only a typographical error (2008 instead of 2009), but also an error in assuming that NRG's year end matched the calendar year end (which would give rise to a four-month reporting deadline). NRG's year end is September 30th.

Finally on this point, please advise as to whether you wish NRG to go online and enter the data for the missing periods.

Category 2 on Appendix A (Service Quality Requirements – RRR 2.1.9)

As you know, the Board is carrying out an audit of this information, and this past Wednesday a very productive teleconference was held between Mr. Jack Howley (NRG General Manager) and Mr. Daria Babaie (Manager, Regulatory Audit and Accounting). NRG has committed to working with Mr. Babaie cooperatively to ensure future compliance with the Service Quality Requirements as set out in chapter 7 of the Gas Distribution Access Rule (“GDAR”). There appear to be two reasons why previous management at NRG did not file this information: (a) at the time that chapter 7 of GDAR came into force, NRG was devoting significant time and personnel to the IGPC Ethanol Inc. pipeline project; and (b) in some cases, the requirements are ill-suited to a small utility (e.g., the IVR telephone system; NRG had some time ago sought an estimate for such a system but found the cost to be prohibitively expensive). As mentioned, NRG will work cooperatively with Mr. Babaie and his team to ensure continued compliance with this section. To the extent that some requirements are not economic for a small utility and its ratepayers, we will pursue the most appropriate solution that provides the Board with comfort that the objective of the requirement is being fulfilled.

Categories 3 and 4 on Appendix A (Affiliate Relationships – RRR 2.2.2)

The third and fourth categories of outstanding information identified by the Board in Appendix A of the Compliance Letter both deal with affiliate matters (information sharing with affiliates and compliance with the Affiliate Relationships Code for Gas Utilities). NRG provided no information on these two RRR categories because NRG has no affiliates. The Board knew (or ought to know) that NRG has no affiliates, for two reasons: (a) the corporate structure of NRG and its relationship to other companies that provide goods and services to the utility was the

subject of a fulsome discussion in NRG's last rate hearing (EB-2005-0544, for fiscal 2007 rates); and (b) on February 9, 2009, NRG's former President filed a letter with the Board asking for certain exemptions from the RRR filings, and in that letter NRG stated clearly that it had no affiliates. A copy of NRG's February 9, 2009 letter is attached to this letter as Appendix 2. Consequently, the Board knows (or ought to know) that NRG has no affiliates.

Category 5 on Appendix A (Unaudited Quarterly Statements – OEB Order EB-2008-0273)

On pages 2 and 4 of the letter, the Board states that NRG has failed to provide to the Board and Union Gas Limited the unaudited quarterly statements due May 31, 2009 and August 31, 2009, and as a result, NRG is in breach of the conditions in Board Order EB-2008-0273. This is incorrect. These quarterly statements were provided to both the Board and Union Gas Limited prior to the requisite due dates.

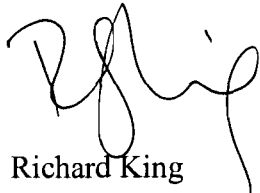
Specifically, NRG emailed the two financial statements to the Board on May 26, 2009 at 3:01 pm and August 25, 2009 at 8:54 am, respectively. Attached as Appendix 3 to this letter are copies of the emails to the Board. As you will note, the emails were sent to the correct email address for the Board Secretary, to the attention of the Assistant Board Secretary.

NRG emailed the two financial statements to Union Gas Limited on May 26, 2009 at 3:02 pm and August 25, 2009 at 8:46 am, respectively. Attached as Appendix 4 to this letter are copies of the emails to Union Gas Limited. The emails were sent to the correct email address for Mr. Pat McMahon of Union Gas Limited.

We trust the foregoing is satisfactory. Finally, on page 2 of the Compliance Letter, the Board states that NRG has failed to meet its reporting and record-keeping obligations more than once and that "NRG has been reminded via e-mail, telephone and written correspondence several times since 2007 of its failure to comply with RRR." We would like to point out that six months ago, NRG established a new management team that is committed to ensuring compliance with the RRR and all other regulatory and customer obligations.

Please contact myself or Mr. Howley if you require any further information. Otherwise, we look forward to the issuance of a corrected letter, and to continue our work with Mr. Babaie.

Yours very truly,

A handwritten signature in black ink, appearing to read 'R. King', with a stylized, flowing script.

Richard King

RK/mnm

Enclosure

Copy: M. Aldred (OEB, General Counsel)
D. Babaie (OEB, Manager, Regulatory Audit and Accounting)
J. Howley (NRG, General Manager)
B. Cowan (NRG Co-Chair)

Appendix 1

Gas RRR 2.1.3

NATURAL RESOURCE GAS LIMITED

Gas RRR 2.1.3 (Consumers on System Gas)

Period Covered: April 01, 2007 to June 30, 2007

Filing Due Date: June 30, 2007

| Rate Class | Number of Low Volume Consumers on System Gas (< 50,000 m3 per Year) | Number of Large Volume Consumers on System Gas (> 50,000 m3 per Year) | Total | Gas/Customer Analysis X-Ref. |
|---|---|---|-------|--|
| Rate 1 - General Service Rate | 6,432 | | 6,432 | Residential, Industrial R1, Commercial |
| Rate 2 - Seasonal Service | 105 | | 105 | Seasonal |
| Rate 3 - Special Large Volume Contract Rate | | 5 | 5 | Contract R3 |
| Rate 4 -General Service Peaking | 22 | | 22 | Industrial R4 |
| Rate 5 - Interruptible Peaking | | 5 | 5 | Contract R5 |
| Total | 6,559 | 10 | 6,569 | |

Period Covered: July 01, 2007 to Sept 30, 2007

Filing Due Date: January 31, 2008 (Sept 30 is fiscal year end)

| Rate Class | Number of Low Volume Consumers on System Gas (< 50,000 m3 per Year) | Number of Large Volume Consumers on System Gas (> 50,000 m3 per Year) | Total | Gas/Customer Analysis X-Ref. |
|---|---|---|-------|--|
| Rate 1 - General Service Rate | 6,451 | | 6,451 | Residential, Industrial R1, Commercial |
| Rate 2 - Seasonal Service | 99 | | 99 | Seasonal |
| Rate 3 - Special Large Volume Contract Rate | | 5 | 5 | Contract R3 |
| Rate 4 -General Service Peaking | 22 | | 22 | Industrial R4 |
| Rate 5 - Interruptible Peaking | | 5 | 5 | Contract R5 |
| Total | 6,572 | 10 | 6,582 | |

Period Covered: Oct 1, 2007 to Dec 31, 2007

Filing Due Date: February 28, 2008 - FILED

| Rate Class | Number of Low Volume Consumers on System Gas (< 50,000 m3 per Year) | Number of Large Volume Consumers on System Gas (> 50,000 m3 per Year) | Total | Gas/Customer Analysis X-Ref. |
|---|---|---|-------|--|
| Rate 1 - General Service Rate | 6,531 | | 6,531 | Residential, Industrial R1, Commercial |
| Rate 2 - Seasonal Service | 96 | | 96 | Seasonal |
| Rate 3 - Special Large Volume Contract Rate | | 4 | 4 | Contract R3 |
| Rate 4 -General Service Peaking | 22 | | 22 | Industrial R4 |
| Rate 5 - Interruptible Peaking | | 5 | 5 | Contract R5 |
| Total | 6,649 | 9 | 6,658 | |

Gas RRR 2.1.3

NATURAL RESOURCE GAS LIMITED

Gas RRR 2.1.3 (Consumers on System Gas)

Period Covered: Jan 1, 2008 to Mar 31, 2008

Filing Due Date: May 31, 2008 - FILED

| Rate Class | Number of Low Volume Consumers on System Gas (< 50,000 m3 per Year) | Number of Large Volume Consumers on System Gas (> 50,000 m3 per Year) | Total | Gas/Customer Analysis X-Ref. |
|---|---|---|-------|--|
| Rate 1 - General Service Rate | 6,594 | | 6,594 | Residential, Industrial R1, Commercial |
| Rate 2 - Seasonal Service | 96 | | 96 | Seasonal |
| Rate 3 - Special Large Volume Contract Rate | | 4 | 4 | Contract R3 |
| Rate 4 -General Service Peaking | 22 | | 22 | Industrial R4 |
| Rate 5 - Interruptible Peaking | | 5 | 5 | Contract R5 |
| Total | 6,712 | 9 | 6,721 | |

Period Covered: April 1, 2008 to June 30, 2008

Filing Due Date: August 31, 2008

| Rate Class | Number of Low Volume Consumers on System Gas (< 50,000 m3 per Year) | Number of Large Volume Consumers on System Gas (> 50,000 m3 per Year) | Total | Gas/Customer Analysis X-Ref. |
|---|---|---|-------|--|
| Rate 1 - General Service Rate | 6,633 | | 6,633 | Residential, Industrial R1, Commercial |
| Rate 2 - Seasonal Service | 95 | | 95 | Seasonal |
| Rate 3 - Special Large Volume Contract Rate | | 4 | 4 | Contract R3 |
| Rate 4 -General Service Peaking | 22 | | 22 | Industrial R4 |
| Rate 5 - Interruptible Peaking | | 5 | 5 | Contract R5 |
| Total | 6,750 | 9 | 6,759 | |

Period Covered: July 1, 2008 to Sept 30, 2008

Filing Due Date: January 31, 2009 - FILED

| Rate Class | Number of Low Volume Consumers on System Gas (< 50,000 m3 per Year) | Number of Large Volume Consumers on System Gas (> 50,000 m3 per Year) | Total | Gas/Customer Analysis X-Ref. |
|---|---|---|-------|--|
| Rate 1 - General Service Rate | 6,638 | | 6,638 | Residential, Industrial R1, Commercial |
| Rate 2 - Seasonal Service | 90 | | 90 | Seasonal |
| Rate 3 - Special Large Volume Contract Rate | | 5 | 5 | Contract R3 |
| Rate 4 -General Service Peaking | 22 | | 22 | Industrial R4 |
| Rate 5 - Interruptible Peaking | | 5 | 5 | Contract R5 |
| Total | 6,750 | 10 | 6,760 | |

Gas RRR 2.1.3

NATURAL RESOURCE GAS LIMITED

Gas RRR 2.1.3 (Consumers on System Gas)

Period Covered: Oct 1, 2008 to Dec 31, 2008

Filing Due Date: February 28, 2009

| Rate Class | Number of Low Volume Consumers on System Gas (< 50,000 m3 per Year) | Number of Large Volume Consumers on System Gas (> 50,000 m3 per Year) | Total | Gas/Customer Analysis X-Ref. |
|---|---|---|-------|--|
| Rate 1 - General Service Rate | 6,745 | | 6,745 | Residential, Industrial R1, Commercial |
| Rate 2 - Seasonal Service | 88 | | 88 | Seasonal |
| Rate 3 - Special Large Volume Contract Rate | | 5 | 5 | Contract R3 |
| Rate 4 -General Service Peaking | 23 | | 23 | Industrial R4 |
| Rate 5 - Interruptible Peaking | | 5 | 5 | Contract R5 |
| Total | 6,856 | 10 | 6,866 | |

Period Covered: Jan 1, 2009 to Mar 31, 2009

Filing Due Date: May 31, 2009

| Rate Class | Number of Low Volume Consumers on System Gas (< 50,000 m3 per Year) | Number of Large Volume Consumers on System Gas (> 50,000 m3 per Year) | Total | Gas/Customer Analysis X-Ref. |
|---|---|---|-------|--|
| Rate 1 - General Service Rate | 6,780 | | 6,780 | Residential, Industrial R1, Commercial |
| Rate 2 - Seasonal Service | 86 | | 86 | Seasonal |
| Rate 3 - Special Large Volume Contract Rate | | 5 | 5 | Contract R3 |
| Rate 4 -General Service Peaking | 23 | | 23 | Industrial R4 |
| Rate 5 - Interruptible Peaking | | 5 | 5 | Contract R5 |
| Total | 6,889 | 10 | 6,899 | |

Period Covered: Apr 1, 2009 to June 30, 2009

Filing Due Date: Aug 31, 2009

| Rate Class | Number of Low Volume Consumers on System Gas (< 50,000 m3 per Year) | Number of Large Volume Consumers on System Gas (> 50,000 m3 per Year) | Total | Gas/Customer Analysis X-Ref. |
|---|---|---|-------|--|
| Rate 1 - General Service Rate | 6,768 | | 6,768 | Residential, Industrial R1, Commercial |
| Rate 2 - Seasonal Service | 79 | | 79 | Seasonal |
| Rate 3 - Special Large Volume Contract Rate | | 5 | 5 | Contract R3 |
| Rate 4 -General Service Peaking | 22 | | 22 | Industrial R4 |
| Rate 5 - Interruptible Peaking | | 5 | 5 | Contract R5 |
| Total | 6,869 | 10 | 6,879 | |

Appendix 2



Natural Resource Gas Limited

Monday, February 09, 2009

Via Courier & Email

Ontario Energy Board
2300 Yonge Street, Suite 2600
Toronto, Ontario
M4P 1E4

Attention: Ms. Walli, Board Secretary

Dear Sirs;

Re: RRR Filings – Exemption Request

Pursuant to Section 1.7 of the Natural Gas Reporting & Record Keeping Requirements (RRR) Rule for gas utilities, Natural Resource Gas Limited ("NRG") seeks an exemption from the requirements of sections 2.1.1, 2.1.8, 2.1.11, 2.1.13, 2.2.1, 2.2.4 and 2.2.5.

OBO 188

Sections 2.1.1 and 2.1.11 relate to requirements first set out in the Board's EBO 188 Report which was issued in relation to Enbridge Gas Distribution and Union Gas Limited which are two very large utilities and whose circumstances are significantly different from NRG's.

NRG is a very small utility which does not have the distribution system expansion portfolio that the large utilities have. NRG's growth is primarily residential and has averaged approximately 250 additions per year. These customers are connected through plastic pipe located in the road allowance. The environmental reporting requirement set out in section 2.1.13 is clearly intended to apply to larger projects where leave to construct is not required rather than the kind that NRG is typically involved in.

Affiliated Relations

Since NRG has no affiliates, it has nothing to report under section 2.1.8, 2.2.1, 2.2.4 and 2.2.5 of the rule.

Gas Purchase and Acquisition Policy

Our policy is as follows:

- Approximately 30% to 40% gas purchases are from local Ontario natural gas producer under a fixed one year contract.
- Approximately 30% to 40% are through winter and summer strip contracts.
- Approximately 20% to 40% of gas purchases are open and are at the index or spot price.

Yours truly,

NATURAL RESOURCE GAS LIMITED

Per: Mark Bristoll
President

Mark J. Bristoll

From: Mark J. Bristoll
Sent: February 9, 2009 3:17 PM
To: 'BoardSec'
Cc: 'King, Richard'; 'Anshula.Ohri@oeb.gov.on.ca'; 'Rajvinder.Sabharwal@oeb.gov.on.ca'
Subject: RRR Filings Exemption Request
Attachments: 02092009 RRR Exemptions (Board Secretary).pdf

Dear Sirs,

Attached in PDF format is Natural Resource Gas Limited RRR Exemption Request Pursuant to Section 1.7 of the Natural Gas Reporting & Record Keeping Requirements (RRR) Rule for gas utilities.

Yours truly,

Mark Bristoll,
President
Natural Resource Gas Limited
P.O. Box 307, 39 Beech Street East
Aylmer, Ontario N5H 2S1

Tel: 519-773-5321
Cel: 519-617-3411
Email: mjb@cpirentals.com

09/02/2009

Appendix 3

Laurie O'Meara

From: Laurie O'Meara
Sent: Tuesday, August 25, 2009 8:54 AM
To: 'BoardSec@oeb.gov.on.ca'
Subject: Natural Resource Gas Limited June 30, 2009
Attachments: 20090825083852664.pdf

Dear John Pickernall,
Please see attached Natural Resource Gas Limited quarterly financial statements.
Regards,
Laurie

Laurie O'Meara, C.A.

Controller
Ayerswood Group of Companies
tel (519) 433-8126 ext 216
fax (519) 433-6132
email laurie.omeara@cpirentals.com

Laurie O'Meara

From: Laurie O'Meara
Sent: Tuesday, May 26, 2009 3:01 PM
To: 'BoardSec@oeb.gov.on.ca'
Subject: Natural Resource Gas Limited March 31, 2009 Financial Statements
Attachments: 20090526134249869.pdf

Dear John Pickernall,
Please see attached the quarterly financial statements.
Laurie

Laurie O'Meara, C.A.

Controller
Ayerswood Group of Companies
tel (519) 433-8126 ext 216
fax (519) 433-6132
email laurie.omeara@cpirentals.com

Appendix 4

Laurie O'Meara

From: Laurie O'Meara
Sent: Tuesday, August 25, 2009 8:46 AM
To: 'pmcmahon@uniongas.com'
Subject: Natural Resource Gas Limited - June 30, 2009 Financial Statements
Attachments: 20090825083852664.pdf

Dear Patrick,
Attached are the quarterly financial statements for Natural Resource Gas Limited.
Regards,
Laurie

Laurie O'Meara, C.A.

Controller
Ayerswood Group of Companies
tel (519) 433-8126 ext 216
fax (519) 433-6132
email laurie.omeara@cpirentals.com

Laurie O'Meara

From: Laurie O'Meara
Sent: Tuesday, May 26, 2009 3:02 PM
To: 'pmcmahon@uniongas.com'
Subject: Natural Resource Gas Limited - March 31, 2009 Financial Statements

Dear Patrick,
Attached are the quarterly financial statements for Natural Resource Gas Limited.
Laurie

Laurie O'Meara, C.A.

Controller
Ayerswood Group of Companies
tel (519) 433-8126 ext 216
fax (519) 433-6132
email laurie.omeara@cpirentals.com