OGILVY RENAULT

Direct Dial: (416) 216-2311
Direct Fax: (416) 216-3930
rking@ogilvyrenault.com

FILED ON RESS
SENT BY COURIER

Toronto, June 17, 2010

Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

RE: Natural Resource Gas Limited ("NRG")
2011 Rates Application (EB-2010-0018)
Responses to Technical Conference Undertakings

Enclosed please find NRG's responses to undertakings given at the Technical Conference on June 14, 2010.

Yours very truly,

Richard King

RK/mnm

Enclosure

cc. Jack Howley (NRG)
Laurie O'Meara (Ayerswood)
Kathi Litt (ERA)
Heather Adams (Town of Aylmer)
Phil Tunley (Counsel to Town of Aylmer)
Paula Zarnett (IGPC)
Scott Stoll (Counsel to IGPC)
Patrick McMahon (Union Gas Limited)
James Wightman (VECC)
Michael Buonaguro (Counsel to VECC)
Khalil Viraney (Ontario Energy Board)

UNDERTAKING NO. JT1.1: TO PROVIDE UPDATED APPLICATION.

RESPONSE: When the double-counting of the depreciation on water heater rentals is corrected, the deficiency in the test year is reduced by $180,012.

Please note that Exhibit D8, Tab 4, Schedule 1 shows opening Gross Value of residential water heaters of $2,366,382. This amount is overstated by $104,000 because 2010 retirements were incorrectly excluded. The amount should be $2,262,382. The revised 2011 depreciation expense is $175,237. The revised total Ancillary Services depreciation expense is $180,012.

The computed 2011 gross revenue deficiency is overstated because this depreciation expense has been removed twice. The effect of removing the second inclusion is summarized below.

	Previous	Corrected
Utility Income (before tax)	950,832	1,130,844
Income Tax	46,428	84,906
Utility Income	904,404	1,045,939
Net Deficiency	(350,282)	(208,748)
Tax Provision on Deficiencies	(111,100)	(72,622)
Gross Deficiency	(461,382)	(281,370)

UNDERTAKING NO. JT1.2: TO PROVIDE AN ANSWER TO VECC QUESTION A1.

RESPONSE: A breakdown of Management Fees is only available for 2009 and 2010 as follows:

	2009	2010
Executive Support	18,000	19,000
Financial Management	124,600	129,600
Support Staff	18,400	19,200
Office Support and Expense	55,250	57,837
Total	**216,250**	**225,637**

UNDERTAKING NO. JT1.3: TO PROVIDE UPDATED FORECAST FOR 2010 OPERATING REVENUE USING THE EXISTING TO DATE FIGURES, AS WELL AS AN UPDATED FORECAST.

RESPONSE: To April 30, 2010 in the bridge year, Other Operating Revenue was $398,507. Based on this, NRG would forecast an additional $277,572 in Other Operating Revenue prior to fiscal year end. This takes into account historically lower revenue for ancillary services in the May to September period. The total for 2010 would be $676,079 compared to the budget of $629,669.

UNDERTAKING NO. JT1.4: TO PROVIDE AN UPDATED CAPITAL SPENDING PICTURE FOR 2010 BASED ON YEAR TO DATE ACTUALS, AND UPDATED ESTIMATE FOR REMAINDER OF THE YEAR.

RESPONSE: Actual capital spending in the bridge year up to and including April 30, 2010 is $221,290. NRG's forecast for 2010 continues to be $457,512. The major capital spending to be done before end of September are two vehicles ($65,000) and the phone system ($15,000).

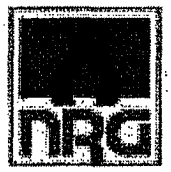
UNDERTAKING NO. JT1.5: TO DESCRIBE STATUS OF 2010 CAPITAL PROJECTS.

RESPONSE: There are four main additional projects for 2010. Their status is as follows:

		Actual	Budget
(a)	Wilson Line Extension		
	• completed November 2009	$29.2 k	$30 k
(b)	Springerhill Extension		
	• completed January 2010	$10.5 k	$11 k
(c)	Glencolin Line		
	• work to begin in next 2 weeks		
	• 4 weeks project to complete	-	$14 k
(d)	Heritage Line		
	• some re-surveying being done		
	• scheduled to start in September 2010	-	$35 k

UNDERTAKING NO. JT1.6: TO PROVIDE THE MIG PROPOSAL.

RESPONSE: Please see attached.



NATURAL RESOURCE GAS LTD.

UPDATED PROPOSAL

ENGINEERING AND ADMINISTRATION SERVICES FOR THE MAINTENANCE OF THE NPS 6 NATURGAL GAS PIPELINE

Submitted to:

Jack Howley
General Manager
Natural Resource Gas Ltd.

MIG Engineering Ltd
453 Christina St. N
Sarnia, Ontario, N7T 5W3
MIG Project No.: 10348.01

January 18, 2010

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TABLE OF APPEDICES

1 Introduction

MIG Engineering ("MIG") is pleased to be able to provide Natural Resource Gas Ltd. ("NRG") with a proposal to provide Administration and Engineering services for the required maintenance on the recently installed 28.5km of NPS 6 natural gas pipeline from London to Aylmer, Ontario. The pipeline was installed in 2008 and MIG performed the contract administration for the duration of the construction.

2 Project Scope

The required maintenance activities for the pipeline are required to ensure a safe and secure operation of the pipeline for the owner, customer and the general public. The timing of the various activities varies from monthly to annually to every 5-7 years. For each maintenance task, MIG proposes to perform the following as appropriate:

- Develop a detailed scope document and engineered drawings
- Obtain proposals from qualified contractors to complete the work
- Assess the proposals and recommend the preferred contractor
- Upon NRG's approval, procure the contractor to complete the work
- In conjunction with NRG, obtain the necessary permits / approvals to complete the work
- Ensure the work is completed in an effective and timely manner
- Provide the results to NRG
- Develop an action plan and estimate for additional work that results from the maintenance activity
- Thoroughly document all the activities related to the pipeline for NRG's records
- Represent NRG on an 'as required' basis related to this pipeline

3 Maintenance Activities

There are various maintenance activities that are recommended to be performed on the pipeline system. The activities include the following:

3.1 Valve Maintenance - Above Grade Piping Valves

The valves installed along the pipeline will be checked and cycled twice per year with a period of no more than 8 months between inspections. The valves will be turned to the half-open position and returned to the full open (or closed depending on valve) and greased and maintained as per the valve manufacturer's recommendation.

3.2 Above Grade Piping / Fitting Maintenance

The above grade piping and fittings will be inspected twice per year with a period of no more than eight months between inspections. The piping and fittings will be touched up with paint as required. A further action plan will be prepared if it is determined that a more extensive repair is required.

3.3 Pipeline Marker / Sign Maintenance

An audit of the pipeline markers will be completed annually and the damaged, faded or removed pipeline markers will be replaced as soon as possible after the completion of the audit. It is estimated that there will be 3-4 signs to be replaced a year.

3.4 Pre-Test Pipe for Emergency Use

Sections of pipe will be pressure tested and inspected and stored in a protected location at NRG with the required documentation to be used to replace sections of pipe that are damaged. The pipe is to be used in emergency situations to minimize the length of time the pipeline is out of service.

3.5 Pipeline Repair / Relocation

Repair sections of pipe that are damaged or must be relocated as a result of:

- Third party damage – pipeline strikes
- Conflicts with other utilities, land owners, municipalities
- Insufficient cover as a result of erosion, cover removal, etc
- Acts of nature – i.e. lightning strikes
- Material loss as a result of corrosion
- Defect found in pipeline

3.6 Leakage Survey

Leak detection and gas monitoring equipment will be used while walking over the pipeline to locate any leaks in the pipeline. The survey will be completed annually in warmer temperature conditions (no ground frost present) with a period of no more than 16 months between surveys. The leaks that are found will be reported to NRG immediately and an action plan to investigate and repair the leak, if required, will be developed.

3.7 Odour Level Testing

A subjective qualitative test will be completed every month to monitor the concentration levels of odourant present in the natural gas to ensure the odourant is present and distinguishable. The levels will be recorded on a subjective scale and compared to previously recorded levels.

3.8 Cathodic Protection Survey (Annual)

A survey of the pipeline will be completed annually with a period of no more than 16 months between surveys to monitor the level of cathodic protection on the pipeline to ensure the pipeline is protected from external corrosion. The results of the survey will provide an indication of required anode replacement work or additional trouble shooting activities.

3.8.1 Close Interval Survey (One Time)

A survey of the pipe to capture the current protection and distribution levels of the pipeline by completing pipe-to-soil measurements every 10m along the pipeline route. This will provide a baseline of the protection and can be used to trouble shoot and evaluate anomalies in the CP protection capture in subsequent surveys. This is a one-time survey unless additional partial surveys are required to trouble shoot low CP readings.

3.9 Anode Replacement

The life of the sacrificial anode for cathodic protection is limited. It is expected that the anodes will have to be replaced after a period of time. The results of the cathodic protection survey will identify the locations and quantities of anodes to be replaced. It is estimated that 1 anode will have to be installed per year.

3.10 Pipeline Locates

Prior to any excavation in the proximity of a buried natural gas pipeline, the pipeline owner must provide a sketch and markings on the ground (also known as locates) identifying the location of the pipeline. MIG will provide the locates that are requested in a turn-around-time that is within industry standards. Emergency locates that are requested will be completed within 24 hours. The area to be located will be provided by NRG. A seamless communication system between NRG and MIG will be developed. It is estimated that 4 regular locate requests will be required per month, 5 emergency locates during regular business hours and 1 emergency locate after-hours per year.

3.11 Weekly Observations / Inspections

The pipeline route will be driven weekly to inspect the area and ground above the pipeline for various things including (but not limited to) excavations, proposed above or below grade construction, erosion, dead vegetation (as a result of a potential leak), unusual activities, etc. The results of the inspection will provide an indication of additional follow-up / work that would be required.

3.12 3rd Party Observations

When another contractor, utility company, or land owner is excavating in the proximity of this pipeline, an inspector will be provided to ensure the contractor is following the required standards and regulations for safe excavations and is working safely and diligently near the pipeline. The notification of inspection will be provided to the recipient of the location whom must contact MIG for inspection prior to the work commencing.

3.13 Depth of Cover Survey

The depth of the pipeline will be inspected at regular intervals along its entire length to ensure there is still sufficient cover over the pipeline. The survey will be completed every 10 years. The results of the survey will determine the additional work required and an action plan will be developed.

3.13.1 Depth of Cover Survey – Sensitive Areas

The depth of the pipeline will be inspected at sensitive areas every five years including banks of river / creek / ditch crossings, across agricultural lands, and areas where it is expected that the cover has be removed. The results of the survey will determine the additional work required and an action plan will be developed.

3.14 Ground Control / Maintenance

Access to the valves at the two stations located on Bradley Ave and Rogers Rd is very important to the safe operation of the pipeline. As a result, the grounds to access and within the stations will be maintained by snow removal in the winter and weed control in the spring / summer. The stations will be monitored during the weekly inspections to determine the timing of the maintenance work.

3.15 Development Encroachment Survey (Class Location)

The area extending 200m on either side of the pipeline will be monitored annually by driving the line and comparing any development and growth to aerial photographs or pipeline records.

The impact (or additional risk) as a result of the addition of a building, place of gathering, park, factory, etc. will be assessed and an action plan will be determined to mitigate any additional risk to NRG, their customers or the public.

3.16 Manual Review (Operations, Maintenance, Integrity Management)

The notes and comments that are received by the users of the manuals will be reviewed annually and the appropriate manuals will be updated as required. Any changes to the codes or regulations will be applied and updated in the manuals. It is assumed that all existing manuals are currently up-to-date and applicable to the required regulations and standards.

3.17 Technician Training – Updated Manuals

The technicians and users of the various manuals will be informed of the updates and trained on the various changes as required. The information sessions will be organized within 2 months of the distribution of the updated manuals

3.18 Community Awareness

Annually, the local fire departments that are responsible for the coverage in the area of the pipeline will be visited and provided appropriate training material on the proper methods for handling a natural gas emergency. Additionally, pipeline awareness documents for adjacent land owners and other appropriate community awareness programs will be developed as required.

3.19 Emergency Response – Mock Emergency

A mock emergency will be coordinated annually with NRG staff to simulate a possible damage / failure / event on the pipeline that will involve examining NRG adherence to the documented procedures and protocols set out in the Emergency Response Manual. The results of the mock emergency will provide direction to possible manual updates and / or training requirements.

3.20 Make Pipeline Pigable

Complete the design for new pig launcher and receivers, obtain the necessary permits and approvals, and coordinate the modifications to the pipeline to enable the pipeline to be inspected using in-line inspection tools. The pipeline can remain in service or taken out of service for the construction.

3.21 In-Line Inspection

Supply the necessary tools and equipment to inspect the pipeline using in-line inspection tools. Depending on the minimum flow conditions of the pipeline, the pipeline may be able to remain in service for the duration of the inspection. Alternative, the inspection must occur with the pipeline taken out of service.

4 Estimated Costs

MIG will provide the administration to coordinate the various maintenance activities and the required engineering service on a time and material basis. The estimated costs provided below are estimates only and may change once the maintenance project has been approved and the costs for the maintenance activities have been provided by the approved contractor.

The estimated costs to complete the various maintenance activities by the approved contractor are:

Maintenance Activity	Estimate Provider	Frequency	Estimated Cost
Valve Maintenance	TW Johnstone	Annual	$ 1,500.00
Above Grade Piping / Fitting Maintenance[1]	TW Johnstone	Annual	-
Pipeline Marker Maintenance	Hetek	Annual	$ 950.00
Pre-test Pipe	-	One Time	$ 1,500.00
Pipeline Repair	-	As Required	-
Leakage Survey	Hetek	Annual	$ 1,187.50
Odour Level Testing	Hetek	Annual	$ 2,850.00
Cathodic Protection Survey	Corrosion Service	Annual	$ 1,295.00
Optional: CP Close Interval Survey	Corrosion Service	One Time	$ 16,290.00

Anode Replacement	TW Johnstone	Annual	$	840.00
Pipeline Locates	G-Tel	Annual	$	2,254.00
Weekly Observations / Inspections	Hetek	Annual	$	12,350.00
3rd Party Observations	-	Annual	$	4,680.00
Depth of Cover Survey - Entire Length	Hetek	Once every 10 years	$	4,750.00
Depth of Cover Survey - Sensitive Areas	Hetek	Once every 5 years	$	950.00
Ground Control / Maintenance	Weed Busters	Annual	$	1,960.00
Encroachment Survey[2]	Hetek	Annual		-
Manual Review	-	Annual	$	4,250.00
Technician Training	-	Annual	$	1,650.00
Community Awareness	-	Annual	$	8,500.00
Emergency Response - Mock Emergency	-	Annual	$	18,000.00
Make Pipeline Pigable (Material - $45,000)[3,4]	-	One Time	$	102,000.00
In-Line Inspection	Rosen	Once every 7-10 years	$	70,200.00
TOTAL			$	**257,956.50**

MIG's Activity				**Estimated Cost**
Engineering Design		Annual	$	19,500.00
Administration (15% of Maintenance Activity)		Annual	$	38,693.48
Additional Liability Insurance (Endorsement)[5]		Annual		-
Disbursements (%15 MIG's Cost)		Annual	$	8,729.02
TOTAL			$	**66,922.50**

TOTAL PROJECT ESTIMATE	$	**324,879.00**

Notes:

1 – Above Grade Piping / Fitting Maintenance will be completed with Valve Maintenance
2 – Completed during Weekly Observation / Inspections. Does not include the cost of aerial photographs.
3 – Work will be completed during in 9 hr days.
4 – Estimated that it will take 12 days to complete the work @ $4750 / day.
5 – Endorsement for additional liability insurance may be required.

5 Cost Summary

The costs provided are estimated. Estimates have been obtained from 3rd Party service providers and are included in Appendix A. MIG anticipates that a time and material contract (following the standard Professional Engineers of Ontario) will be completed with NRG.

Respectfully Submitted,
MIG Engineering Ltd.

Prepared by:

Randy Goertz, P. Eng

APPENDIX A – 3RD Party Estimates

TW Johnstone
Hetek Solutions
Corrosion Service
G-Tel
Weed Busters
Rosen

T. W. JOHNSTONE CO. LTD. CONTRACTORS LONDON-ONTARIO

284 Exeter Road, London, Ontario N6L 1A3 • Office: 519-652-5271 • Fax: 519-652-5956

January 15, 2010

MIG Engineering Ltd
453 Christina Street North
Sarnia, Ontario
N7T 5W3

Attention: Mr. Randy Goertz, P.Eng, Senior Manager

Re: Miscellaneous Maintenance on 6" Steel NRG Pipeline

T.W. Johnstone Company Limited is pleased to quote the following:

1. To supply a skilled individual to inspect two above grade valves: **$750.00 + GST per visit**

   This individual will coordinate with MIG/NRG "gas handling" prior to performing any work on the system. The work shall generally consist of a visual inspection of the valves as well as operating each valve through its full range of motion. This work will be recorded and documented on NRG forms as required.

2. To install 20-60 anodes on this system: **$840.00 + GST per anode**

   This pricing is based on the following assumptions:
   - Summer working conditions
   - Materials supplied by others
   - Standard depth of main (1.0 – 1.5 m deep)
   - Concrete and asphalt repairs are not included
   - Record of installed location will be by GPS coordinates

3. Our daily crew rate (based on a 9 hour day) to perform most typical construction and maintenance required by this system: **$4750.00 + GST**

Should you have any questions please contact me at (519) 652-5271, ext 104.

Yours truly,
T.W. Johnstone Company Limited

John S. Tolman
General Manager

HETEK SOLUTIONS INC.

2085 Piper Lane
London, ON Canada
N5V 3S5
Ph: (519) 659-1144
Fax: (519) 453-2182

January 14, 2010

Mr. Randy Goertz
MIG Engineering Limited
453 Christina St.
Sarnia, ON
N7T 5W3

Dear Randy,

Re: 6" – 30 Km NRG HP Pipeline, Maintenance Cost Projection

The following quotation is provided following our discussion and e-mails regarding various maintenance components for the 30kms of 6" HP pipe operated by NRG to service the ethanol plant in Aylmer, Ontario. Hetek Solutions will provide qualified staff to conduct these services based on the following pricing structure for 2010.

Weekly/Monthly/Annual Requirements	Remarks	Person Day Projection	Cost per Person Day	Projected Annual Total
Leakage Survey - Annual	Foot Patrol of Rural HP Line	2.5 Days/Year	$ 475.00	$ 1,187.50
Monthly Odour Level Test	Test to be taken at ethanol plant	0.5 Days/Month	$475.00	$2,850.00
Line Inspection - Weekly	Check for construction activity in vicinity of pipeline – via vehicle	0.5 Days/Week	$475.00	$12,350.00
Pipeline Marker Replacement	Replace damaged markers as required *(project 3-5 markers annually, other utility locates will be obtained)*	2.0 Days/Year	$475.00	$950.00
Additional Requirements	**Remarks**	**Person Day Projection**	**Cost per Person Day**	**Projected Total**
Depth Of Cover Surveys *(based on recording only sections of line that don't meet minimum standards)*	Depth of Cover Survey - 1/10 Years *– based on a 10 M interval, plus, identified testing locations such as ditch bottoms at road crossings, areas of evident soil loss*	10 Days/10 Years *(program can be subdivided into sections)*	$475.00	$4,750.00
Depth Of Cover Surveys	Depth of Cover Survey – 1/5 Years - *at creek crossings and areas of suspected soil removal or erosion*	2 Days/5 Years	$475.00	$950.00

Randy, I hope this meets your needs for now, please advise if there are other requirements.

Best Regards

Sent electronically

Barry Smith
Energy Operations Coordinator

CORROSION SERVICE

Proposal # 9759-R1

MIG Engineering Ltd.
453 Christina Street North
Sarnia ON N7T 5W3

DATE: January 12, 2010

TERMS: NET 30 DAYS

Attention: Mr. Randy Goertz

Subject: Cathodic Protection Engineering Services for Natural Gas Pipeline
Natural Resource Gas Limited, Aylmer, Ontario (NPS 6"/ 30 Km)

We are pleased to submit our updated proposal for engineering services required for annual inspections of the subject cathodic protection system and a close interval potential survey.

Annual; Inspection Survey of Cathodic Protection System; **$1295.^{00}$ (GST Extra)**

- **Including site work required to verify wiring termination at 26 test stations.**
- **Confirmation of effective dielectric flange isolation at the extremities of the pipeline.**
- **Supply of written inspection report approved by a NACE certified CP Technologist**
  Travel and Living (Includes Service Vehicle, Instruments, Living)

Optional; Close Interval Survey of Cathodic Protection System; **$16,290.^{00}$ (GST Extra)**

- **Including pipe-to-soil measurements at 10 metre intervals over the pipeline route**
- **Supply of written inspection report including data plotted over distance approved by a NACE certified CP Technologist**
  Travel and Living (Includes Service Vehicle, Instruments, Living)

Yours very truly,
CORROSION SERVICE CO. LTD.

Paul Bagatavicius, VP Eastern Operations
Phone: (416) 630-2600 Ext 264
E-Mail: pbagat@corrosionservice.com

Terms and conditions are attached and are an integral part of this quotation, and, in addition, form an integral part of all contracts of purchase and sale with us.

Data:\PB\2010Quotes\9759-R1 MIG Eng Aylmer NRG Pipeline.doc

CORROSION SERVICE

GENERAL TERMS AND CONDITIONS

1. **WARRANTY:** Corrosion Service Company Limited warrants that the materials and workmanship which it would provide under this contract shall be free of defects. The sole obligation of Corrosion Service Company Limited under this warranty is to replace or repair the defective materials or workmanship which it provided, subject only to a charge for any travel time and expenses incurred. This warranty does not cover materials and workmanship provided by others, and does not include repairs or replacement made necessary by misuse, accidental damage, or lack of proper maintenance. Claims made under this warranty must be received by Corrosion Service Company Limited within one year of the system's activation.

2. **INSURANCE, WORKERS' COMPENSATION, AND BONDS:** Certificates of bodily injury and property damage liability insurance, as well as compliance with Workers' Compensation requirements will be furnished upon request. The premium for any required insurance beyond Corrosion Service Company Limited's standard coverage will be extra to the contract price. The cost to Corrosion Service Company Limited to obtain any required performance and/or materials and labour bonds will be extra to the contract price.

3. Where Corrosion Service Company Limited or its subcontractors personnel are performing work on site, the client shall ensure safe access to all work locations and provide applicable work permits.

4. Prices are firm for acceptance within 30 days of the quotation date, unless otherwise specified therein.

5. Orders accepted are considered firm and may be cancelled only in writing, and upon terms that will indemnify Corrosion Service Company Limited against loss.

6. Terms are net thirty days unless otherwise specified on the face of the quotation. Interest of 2% per month will be payable on overdue balances.

7. Delivery predictions are based on information at time of quoting.

8. It is assumed that the purchaser is responsible for the receipt and storage of materials delivered to the job-site.

9. The quoted prices assume that all works will be performed by the qualified, non-unionized technical staff of Corrosion Service Company Limited or its sub-contractors. Should unionized personnel be required, they shall be provided to work under the technical direction of, and at no cost to, Corrosion Service Company Limited.

Corrosion Service Company Limited

G-Tel Proposal to Supply Locate Services to Natural Resource Gas (NRG)

Scope: Provide Underground Utility Locates services on the NRG 6" pipeline from Bradley/Westchester Bourne to Ethanol Plant in Aylmer, ON.

Standard Locate: $40
Emergency During Business Hours: $49
Emergency After Business Hours: $89

These prices are based on the following:
Price is per 300m segment.
Normal Business hours are 7:30 to 4:30
G-Tel would receive the locate info from NRG/MIG
If NRG joins Ontario One Call our price would be reduced by 2.5%
Expected volume would be 3 to 4 locates per month

Proposal

ATTN Randy

Weed Busters
Lawn Care & Irrigation

DATE Jan 14/10

P.O. BOX 122
TILLSONBURG, ONTARIO N4G 4H3

Rob Thornton 842-9357
Jamie Cattle 842-0854

SUBMITTED TO MIG Engineering
STREET
CITY Sarnia PROVINCE POSTAL CODE
PHONE FAX 519 337 8001 - 3 WORK PHONE 337 8060
JOB NAME NRL Valve JOB LOCATION Bradley Ave

Qty	Description	Total
	Snow Removal	50.00 x 17 visits
	Weed control per visit 65.00	130.00
	All prices subject to 5% GST	

DIRECTIONS

We Propose hereby to furnish material and labour in accordance with above, specifications, for the sum of:

_____ dollars ($ _____)

ALL ORDERS REQUIRE DEPOSIT.
REMAINDER DUE AT DATE OF DELIVERY

Deposit _____)

Balance _____)

Acceptance of Proposal - The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Date of Acceptance: _____

Authorized Signature

Signature _____

Signature _____

ATTN Randy

Proposal

Weed Busters
Lawn Care & Irrigation

P.O. BOX 122
TILLSONBURG, ONTARIO N4G 4H3

Rob Thornton **842-9357**
Jamie Cattle **842-0854**

DATE Jan 14/00

SUBMITTED TO MIG Engineering
STREET
CITY Tilsonburg PROVINCE POSTAL CODE
PHONE FAX WORK PHONE
JOB NAME NRG Valve JOB LOCATION Rogers Rd.

Qty	Description	Total
	Stump removal	50.00
	Weed control per visit 65.00 x 10 visits	130.00
	All prices subject to 5% GST	

DIRECTIONS

We Propose hereby to furnish material and labour in accordance with above, specifications, for the sum of:

dollars ($)

ALL ORDERS REQUIRE DEPOSIT.
REMAINDER DUE AT DATE OF DELIVERY

Deposit)

Balance)

Acceptance of Proposal

The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Date of Acceptance:

Authorized Signature

Signature

Signature

From: Michael McGee [MMcGee@RosenInspection.net]
Sent: Wednesday, March 05, 2008 1:58 PM
To: Dara Sinclair
Subject: RE: MIG Eng 06" RFQ

Attachments: XGP06 1.5DxT_metric.pdf; CDP06 1.5Du_metric.pdf; CDX 06 Rev01.pdf
Other sent early…

From: Michael McGee
Sent: Wednesday, March 05, 2008 11:53 AM
To: 'Dara Sinclair'
Subject: RE: MIG Eng 06" RFQ

Ballpark:

1.	06" Cleaning & Gauging Pig	$ 1,500
2.	06" Combination Ext-Res def & Hi-Res MFL (CDX)	$68,700
3.	***OR separately*** 06" Ext-Res deformation (XGP)	$23,900
	06" Hi-Res MFL (CDP)	$51,800
4.	XYZ mapping (outputs within 1meter)	$ 6,700

Best regards,

Michael McGee
ROSEN North America

Area Manager, Technical Services
(NA-ROSEN-HOU-OPS-OSLS)

From: Dara Sinclair [mailto:dsinclair@migeng.com]
Sent: Wednesday, March 05, 2008 11:08 AM
To: Michael McGee
Subject: RE: MIG Eng 06" RFQ

Mike:

Thank you for your quick reply. I have tried to answer most of your questions. This is a new 6" line, 29.5 kms, currently out for tender. We require a price for NEB hearing - back-up information. This is to be a budge price only. Please include gyro scoping in price.

Thanks,

Dara

From: Michael McGee [mailto:MMcGee@RosenInspection.net]
Sent: Wednesday, March 05, 2008 12:25 PM
To: Dara Sinclair
Subject: MIG Eng 06" RFQ

Thanks for the call Dara,

If you are able to provide just a few more details I can get you some pricing shortly. We have many options and I want to ensure we meet your needs.

The questions below are also on the attached technical questionnaire and can be filled in there (*questions below are sufficient for pricing*) OR if you/your client has a completed questionnaire from another vendor that can work too.

1. Location of surveys Aylmer to London
2. Expected timeframe of surveys 5 years out (in today's $)
3. pipeline min. bend radius some 90 degree bends
4. Pressure at inspection 500 psi
5. Flow rate at inspection (m/s or mph) unknown at this time
6. Launcher/receiver trap dimensions currently unknown. will accomodate your requirements
7. Nominal/min/max wall-thickness values standard
8. Prior ILI history new line, no history
9. Any valve issues or unbarred tees? one valve, full port
10. Any other problems/issues noted? no

Best regards,

Michael McGee
Area Manager, Technical Services

Canada +1-403-269-1190
US +1-281-442-8282
Cell +1-281-793-1018
Fax +1-281-442-8866
MMcGee@RosenInspection.net
www.RosenInspection.net

ROSEN North America

UNDERTAKING NO. JT1.7: TO PROVIDE SIZE OF PIPELINE SERVING THE IMPERIAL TOBACCO FACILITY AND MAXIMUM CONTRACTED DEMAND.

RESPONSE: The pipeline used to serve Imperial Tobacco was a 6-inch plastic line integrated with the rest of NRG Limited's system. At Imperial Tobacco's last contract renewal on September 30, 2006, the DCQ was 260 GJ/day.

UNDERTAKING NO. JT1.8: TO PROVIDE COPY OF INSURANCE REPORT.

RESPONSE: The report will be filed with the Board when received which is expected to be next week.

UNDERTAKING NO. JT1.9: TO PROVIDE COMPARISON OF ANNUAL IRM REPORTING TO UNION.

RESPONSE: Please see Union's reporting requirements (attached).

The following parties agree with the settlement of this issue: APPrO, BOMA, CCC, Energy Probe, GEC, IGUA, Jason Stacey, Kitchener, LPMA, OAPPA, PP, SEC, Sithe, Timmins, TransAlta, Union, VECC, WGSPG.

The following parties take no position on this issue: Coral, EGD, PWU, TCPL.

Evidence References:
1. B/T1 p.2, 11, 46.
2. C1.15, C13.6, C15.3, C15.4, C23.36, C32.15, C32.16.
3. L/T3, L/T4/S1.

10.2 IF SO, WHAT SHOULD BE THE PARAMETERS?

(Complete Settlement)

See 10.1 above.

Evidence References:
1. C13.6.

11 REPORTING REQUIREMENTS

11.1 WHAT INFORMATION SHOULD THE BOARD CONSIDER AND STAKEHOLDERS BE PROVIDED WITH DURING THE IR PLAN?

(Complete Settlement)

Union agrees to support making its RRR filings with the Board available to intervenors. Union also agrees to prepare the following utility information annually for the most recent historical year (the exhibit numbers noted below are from Union's 2007 Rate Case (EB-2005-0520) and provide an example of the "actuals" to be filed;

1. Calculation of revenue deficiency / (sufficiency) - Exhibit F6/T1/S1;
2. Statement of utility income – Exhibit F6/T2/S1;
3. Statement of earnings before interest and taxes;

4. Summary of cost of capital – Exhibit E6/T1/S1;
5. Total weather normalized throughput volume by service type and rate class – Exhibit C6/T2/S4;
6. Total actual (non-weather normalized) throughput volumes by service type and rate class;
7. Total weather normalized gas sales revenue by service type and rate class;
8. Total actual (non-weather normalized) gas sales revenue by service type and rate class;
9. Delivery revenue by service type and rate class and service class – Exhibit C6/T2/S6;
10. Total customers by service type and rate class – Exhibit C6/T2/S3;
11. Summary revenue from regulated storage and transportation – Exhibit C6/T4/S1;
12. Other revenue – Exhibit C6/T3/S1;
13. Operating and maintenance expense by cost type – Exhibit D6/T3/S2/pl – actuals only;
14. Calculation of utility income taxes – Exhibit D6/T6/S1/pl.2;
15. Calculation of capital cost allowance – Exhibit D6/T6/S2;
16. Provision for depreciation, amortization and depletion – Exhibit D6/T4/S1/pl.2.3;
17. Capital budget analysis by function – Exhibit B1/SS2; and
18. Statement of utility rate base – Exhibit B1/SS1- actuals only.

In addition, Union agrees to prepare an earnings sharing calculation following release of its audited financial statements for the prior year. Union will file this calculation (and an application for disposition of earnings meeting the threshold, if any) as soon as reasonably possible after year

end financial results have been made public, with the intention that any rate impact be implemented no later than the time of Union's July 1 QRAM. The parties agree that stakeholders, including all parties to this proceeding, should have a reasonable opportunity to review the application and calculations, including the ability to make reasonable requests for additional information with respect thereto from Union, and to make submissions or provide comments thereon.

The following parties agree with the settlement of this issue: APPrO, BOMA, CCC, Energy Probe, IGUA, Jason Stacey, Kitchener, LPMA, OAPPA, SEC, Sithe, Timmins, TransAlta, Union, VECC, WGSPG.

The following parties take no position on this issue: Coral, EGD, GEC, PP, PWU, TCPL.

Evidence References:
1. B/T1 p.42-45.
2. C1.16, C3.30, C13.29, C15.10, C23.37, C23.38, C28.1.

11.2 WHAT SHOULD BE THE FREQUENCY OF THE REPORTING REQUIREMENTS DURING THE IR PLAN (E.G., QUARTERLY, SEMI-ANNUAL OR ANNUALLY)?

(Complete Settlement)

See 11.1 above.

Evidence References:
1. B/T1 p.42-45.

UNDERTAKING NO. JT1.10: TO IDENTIFY WELLS SERVED BY RADIO HUB AND EXPLAIN WHY THIS IS INCLUDED IN THE REGULATED BUSINESS.

RESPONSE: The radio hub will allow National Resources Gas Limited to control the flow of gas into the system and monitor system pressure. The benefit of the hub is to the utility (i.e., enhancement of system operations) not the wellowner.

UNDERTAKING NO. JT1.11: TO PROVIDE UPDATE ON RATE 1 INDUSTRIAL CLASS CUSTOMER ADDITIONS

RESPONSE: NRG's application forecasted only 1 new R1 industrial customer in the bridge year. To date, 13 R1 industrial customers have been added and an additional 4 are forecast before October 1, 2010. When the test year customer count is adjusted for 16 new customers (for the entire test year) consuming at the average R1 industrial level, the test year revenue deficiency is reduced by $4,195.

UNDERTAKING NO. JT1.12: TO PROVIDE DETAILS OF "COMPUTER MAINTENANCE" LINE ITEM.

RESPONSE: Computer Maintenance includes Annual Software Support agreements for Comet and Itron (software systems). The services of an IT Consultant are used to maintain and monitor the server on a regular basis and handle other miscellaneous issues with our computer system. It also includes the services of a Comet Programmer to handle all issues with respect to Comet software (billings).

UNDERTAKING NO. JT1.13: TO PROVIDE ADVERTING COSTS

RESPONSE: The test year advertising cost is forecasted to be $98,000. Of this (as identified in the response to Board Staff IR # 17), $15,000 is budgeted for the NGV promotional rebates. In addition, NRG plans to spend $1,500 (flyers) and $5,000 (advertisements) promoting its NGV program. As mentioned in the Technical Conference, NRG has had very serious interest from one of its large grain dryer customers. NRG believes that NGV conversion is now a very viable option for its customers (as compared to earlier attempts by other Ontario utilities) and that a small scale advertising budget, such as that being proposed by NRG, is appropriate. Please see attached a recent Globe and Mail article on the topic.

The CEO of Westport says this year will be the tipping point for natural gas as a fuel. WESTPORT

Natural gas gets credibility as truckers hitch their wagons to cheaper, cleaner fuel

A Quebec transport company plans to build three of its own fuelling stations along the Montreal-Toronto corridor and a B.C. engine maker bets on a big increase in sales

BY DAVID EBNER VANCOUVER

Natural gas is rapidly becoming a significant force in the world's fuel equation, moving from a small environmental niche toward the mainstream in transportation.

The commodity's role as a transportation fuel is gaining amid growing awareness of its environmental benefits, along with favourable economics thanks to abundant supplies and low costs. Discoveries of vast new deposits of shale gas are adding to long-term supply sources.

For natural gas to become a major player in powering vehicles, companies and governments need to commit big dollars to infrastructure and technology. In some parts of North America, that commitment is under way.

In Quebec, Robert Transport is among the early adopters in Canada. The large trucking company, based in Boucherville, has a fleet of 750 trucks and plans to buy 80 new rigs with natural gas engines, with the first rigs arriving early next year.

Fuelling stations are a crucial part of the needed infrastructure, and remain a significant challenge. Robert Transport plans to build three for itself along the Montreal-Toronto corridor, in a partnership with Gaz Métro LP.

Natural gas emits fewer greenhouse gases compared with diesel refined from crude oil. Beyond the environmental benefits, the cheaper cost of gas compared with diesel was the big factor in the decision, said Daniel St-Germain, vice-president of asset management at Robert Transport.

"The economic aspect is very important," Mr. St-Germain said.

Robert Transport is looking at trucks from two companies, both of them using engines designed by Westport Innovations Inc. of Vancouver, which works in a long-term partnership with Cummins Inc. of Indiana, the large engine maker.

To date, demand for natural gas engines has been mostly limited to environmental initiatives, such as Beijing's purchase of cleaner-burning gas-fuelled buses ahead of the 2008 Olympics to reduce smog from diesel. In other examples, ports in the Los Angeles region were required to go green and bought natural gas engine trucks for short-haul operations within port facilities.

"It's really become an economic story," said David Demers, chief executive officer of Westport, which designs natural gas engines for buses and trucks.

"There's been a big change in the market enthusiasm. For Robert Transport to come out and say natural gas, it's a huge vote of confidence."

Last week, after Westport reported a quarterly revenue increase of more than 30 per cent from a year earlier, Mr. Demers told investors and analysts that this year will be seen in future as the tipping point for natural gas as a fuel. "We're now seeing a global and all-markets shift toward natural gas as a mainstream fuel."

Governments are part of the mainstream push. Incentives for natural gas as a fuel are in several bills before Congress in the United States. In Quebec's provincial budget in March, the province introduced a large tax break for trucking firms that buy rigs fuelled by liquefied natural gas. The incentive benefits companies such as Robert Transport and adds to the economic decision to buy the natural-gas-fuelled trucks.

While Robert Transport is working with Gaz Metro to build three of its own fuelling stations, a real critical mass for natural gas will require widespread infrastructure. Encana Corp., the country's No 1 gas producer, has led a lobbying effort in Ottawa to build corridors from Quebec City to Windsor, and Edmonton to Vancouver, but the federal government hasn't yet backed it. The only region of North America with any significant infrastructure is Southern California and Utah.

> ***We're now seeing a global and all-markets shift toward natural gas as a mainstream fuel.***
>
> David Demers, chief executive officer of Westport Innovations

For Westport, this moment has been a long time coming. For years, it was overshadowed by Vancouver's much better-known technology firm, Ballard Power, which developed fuel cells for vehicles. Now, however, Westport is significantly larger, in revenue and market capitalization.

Investors have buoyed Westport stock, as it has more than doubled in the past year to a market cap of close to $600-million, large enough to possibly merit inclusion in the S&P/TSX composite index as a quarterly review of the index is conducted this month.

One skeptic, analyst MacMurray Whale of Cormark Securities Inc., said investors are excited about the promise around shale gas, and the low gas price compared with oil, and they invest in Westport as a way to play the trend. But he recommends investors sell the stock, arguing the shares are worth less than half their current value.

"I don't believe a lot of people are investing in it because they really believe we'll all be driving natural gas vehicles."

Analyst Ian Tharp of Dundee Securities Corp. is "neutral" on Westport stock, calls it high risk, and titled his report on the company's latest quarter: "Building the business, and hoping the market will come."

Westport has never made money. Since its birth in 1995 from research at the University of British Columbia, it has posted annual losses that have added up to $310-million. That includes the loss of $38-million in fiscal 2010 ended March 31 on revenue of $131-million that was reported last week.

Revenue growth is predicted to remain rapid, having risen at a compound rate of 45 per cent the past four years. CEO Mr. Demers said 30 per cent annually over the next three years is realistic, which would push revenue close to $300-million.

Westport is backed primarily by foreign money. It listed on the Nasdaq Stock Market in the summer 2008, just before the financial crisis, and there are no Canadians among its top 10 investors, a list led by prominent names George Soros and Boone Pickens.

North America – primarily the U.S. – is Westport's most important market, with two-thirds of sales made on the continent. The joint venture with Cummins accounts for most of the company's revenue and it has worked in the past several years to develop its own large heavy-duty engine. In 2008, it spent about 30 per cent of its revenue on research and development, $23-million, a figure that has climbed to $28-million but has fallen as a percentage of revenue to about 20 per cent.

Beyond its own work and with Cummins, it has several other joint ventures, including a deal signed last November to work with Volvo AB.

WESTPORT (WPT)
Close: $17.43, up 9¢

UNDERTAKING NO. JT1.14: TO PROVIDE SECOND INSURANCE QUOTE, IF RECEIVED.

RESPONSE: After checking with our insurance broker, NRG can confirm that the broker was unable to get any other insurer to provide a quote (i.e., only one quote could be obtained).

UNDERTAKING NO. JT1.15: TO PROVIDE RECALCULATION OF COST OF GAS PURCHASED FROM THE AFFILIATE FOR 2007, 2008 AND 2009 USING A DIFFERENT PUBLICLY AVAILABLE SOURCE, SUCH AS THE GAS DAILY.

RESPONSE: Once we receive a public source gas price reporter from Board Staff, we will provide this information.

UNDERTAKING NO. JT1.16: TO PROVIDE TOTAL WAGES ON A FULLY-ALLOCATED BASIS FOR MARL BRISTOLL.

RESPONSE: Converting Mark Bristoll's salary, inclusive of fully-allocated utility overheads yields an hourly rate of $562 (for 2007), $592 (for 2008) and $600 (for 2009). We compared the initial figure to a charge-out rate for a senior Chartered Accountant within the London area which was $250 to $350 per hour. We felt the $295 rate ultimately charged to IGPC was reasonable, given the fact that Mr. Bristoll was not only an experienced Chartered Accountant, but also had extensive experience in the construction industry.

UNDERTAKING NO. JT1.17: TO PROVIDE DETAILS ON REBASING OR ALTERNATIVE TREATMENT OF RATE 2 CUSTOMERS IF PLAN IS APPROVED BY THE BOARD

RESPONSE: The following response assumes that NRG's proposed rates, proposed IRM and proposed Rate 2 wind-down plans are approved by the Board.

If NRG identified that the Rate 2 wind-down plan should be implemented before the next proposed rebasing (2016) Rate 2 customers could be reclassified as Rate 4 customers. This would result in no change in the applicable its Rate 2 November to March variable rates are rather higher than its Rate 4 January to March rates. This presents a unique opportunity to reclassify the affected customers in November or December and smooth the transition to Rate 4 rate levels.

Alternatively, NRG could file a rate rebasing application. This approach would provide clarify with respect to the allocation of the revenue requirement. NRG assumes that this alternative would be more appropriate if an off-ramp was to be invoked simultaneously or if Rate 2 is eliminated in the last year of the IRM.

UNDERTAKING NO. JT1.18: TO PROVIDE CAPITAL EXPENSE PST REDUCTION.

RESPONSE: No reduction required, capital costs did not include pst or gst.