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Toronto, September 8, 2010

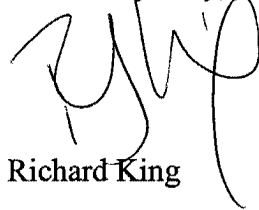
Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

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

Enclosed please find NRG's responses to undertakings J1.1, J1.2, J1.3, J1.4, J1.8, J1.9, J1.10, J1.13, J1.14, J1.15 and J1.16 given at the Oral Hearing held on September 7, 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)
Michael Millar (Ontario Energy Board)

**UNDERTAKING NO. J1.1: TO PROVIDE INSURANCE COVERAGE REPORT
REFERENCED IN IGPC INTERROGATORY NO. 40, WHEN AVAILABLE.**

RESPONSE: Please see attached.

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



Dear Mr. Howley

In response to our conversation with your insurance broker, we have reviewed our file and our underwriting position with respect to exposure to loss from the 28.5 km pipeline that serves the Ethanol Plant and Natural Resource Gas Limited's (NRG) other operations.

In our opinion the risk should be 40% of the supply of gas to the Ethanol Plant and the balance to the other operations.

While we envision the chance of loss to be greater from the residential and commercial operations, the severity loss would be greater were it to involve the Ethanol pipeline and surrounding properties.

We have as customers other natural gas utilities although they are larger in scope and size than NRG. We can advise that those Insureds do carry considerable third party liability limits on their insurance programs.

Zurich Global Energy is the energy division of Zurich Financial Services. We are comprised of approximately 105 professionals around the world are considered to be an industry leader in our chosen markets. Not only do we have experienced underwriters but we also have risk engineering professionals as part of our value proposition to the market and our customers.

Regards,



Kevin Doyle
Managing Director
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UNDERTAKING NO. J1.2: TO PROVIDE TERMS AND DETAILS OF GIC.

RESPONSE: Please see attached.

As at August 31, 2010

GIC \$	Interest Rate	Term	Maturity Date
1,809,874.93	0.50%	1 Year Cashable	1-Sep-10
48,591.78	0.36%	1 Year Cashable	1-Feb-11
350,630.00	0.35%	1 Year Cashable	19-Feb-10
600,601.32	0.59%	1 Year Cashable	30-Apr-11
<u>\$ 2,809,698.03</u>			

UNDERTAKING NO. J1.3: TO CONFIRM NOTHING INSTALLED AT CHECK MEASUREMENT STATION AT UNION GAS TRANSFER POINT.

RESPONSE: At the transfer point between the Union Gas system and the NRG system, there are two stations (adjacent to one another). One is owned by Union and one is owned by NRG. There is a measurement station at the Union Gas station (the “Union Measurement Station”), and that serves as the basis upon which Union bills NRG for gas that flows into the IGPC pipeline. There is no measurement station at the NRG station. One is not needed because the IGPC pipeline serves only a single customer, and NRG has a measurement station at the transfer point between NRG and IGPC (the “NRG Measurement Station”). NRG reconciles the measurements at the Union Measurement Station with the measurements at the NRG Measurement Station.

UNDERTAKING NO. J1.4: TO PROVIDE UPDATE TO SCHEDULES IN RESPONSES TO OEB INTERROGATORY NO. 11 AND IGPC INTERROGATORY NO. 18.

RESPONSE: Please see attached. The updated schedules include the updated legal cost noted at the start of the hearing as well as the updated insurance amount (as per the Settlement Conference).

APPENDIX

Cost of Pipeline - Summary

	Total Costs	NRG Paid Directly to 3rd Party	Payable by NRG (Contingencies)	IGPC Paid Directly to 3rd Party
Materials				
Pipe	863,420	-	-	863,420
Custody Transfer Station	884,003	-	-	884,003
Construction Material	92,822	92,822	-	
Total Material	1,840,245	92,822	-	1,747,423
Prime Contractor				
Prime	3,188,173	3,188,173	-	-
Total Labour & Material	5,028,418	3,280,995	-	1,747,423
Labour				
Project Manager/Inspection	397,945	397,945	-	-
Design, Drafting, Procurement	794,530	794,530	-	-
Environmental	79,919	42,436	-	37,483
Regulatory & Other Legal	989,233	717,233	272,000	-
Survey	72,118	72,118	-	-
Non Destructive Testing	211,809	211,809	-	-
Local NRG Labour	3,528	3,528	-	-
Total Labour	2,549,082	2,239,599	272,000	37,483
Insurance	62,000	62,000	-	-
Finance Fees	48,142	48,142	-	-
Total Other	110,142	110,142	-	-
Customer Transfer Station				
Union Aid to Construct	736,000	-	-	736,000
Land - NRG side	12,105	12,105	-	-
Total Other	748,105	12,105	-	736,000
Sub-total	8,435,747	5,642,841	272,000	2,520,906
Interest	190,605	190,605	-	-
Net Project Costs	8,626,352	5,833,446	272,000	2,520,906
Payments made from IGPC directly to NRG		(1,058,908)	-	1,058,908
Net Investment	8,626,352	4,774,538	272,000	3,579,814
SUMMARY	Actual	Original Budget		
Paid by NRG	4,774,538	5,310,000		
Contingencies	272,000	-		
Total Cost on NRG's books	5,046,538	5,310,000		
Paid by IGPC	3,579,814	3,790,000		
Total Cost of Project	8,626,352	9,100,000		

APPENDIX

Cost of Pipeline - Detailed Schedule

	Total Costs	NRG Paid Directly to 3rd Party	Payable by NRG (Contingencies)	IGPC Paid Directly to 3rd Party
Pipe				
Lakeside Steel Corporation	863,420	-	-	863,420
Sub-total	863,420	-	-	863,420
Custody Transfer Station				
Prime Contract	884,003	-	-	884,003
Lakeside Process Control Maintenance Contract	-	-	-	-
Custody Transfer Station Spare Parts	-	-	-	-
Sub-total	884,003	-	-	884,003
Construction Material				
C.R. Wall & Co. Inc.	34,539	34,539	-	-
COMCO Pipe & Supply Company	35,696	35,696	-	-
KTI Limited	22,587	22,587	-	-
Sub-total	92,822	92,822	-	-
Prime Contract				
Prime Contract - Somerville (Note 1)	3,180,642	3,180,642	-	-
Bell Canada	2,576	2,576	-	-
Black & McDonald	823	823	-	-
Wellmaster Pipe & Supply Inc	11	11	-	-
Fastenal	141	141	-	-
Union Gas Limited	3,980	3,980	-	-
Sub-total	3,188,173	3,188,173	-	-
Project Management/Customer Liaison				
Pre December 2007	130,125	130,125	-	-
December 07	11,136	11,136	-	-
January 08	25,001	25,001	-	-
February 08	21,535	21,535	-	-
March 08	34,810	34,810	-	-
April 08	18,143	18,143	-	-
May 08	13,865	13,865	-	-
June 08	31,565	31,565	-	-
July 08	24,928	24,928	-	-
August 08	25,075	25,075	-	-
September 08	21,535	21,535	-	-
October 08	22,568	22,568	-	-
Aug-Oct 08	8,300	8,300	-	-
Ayerswood Development	9,360	9,360	-	-
Sub-total	397,945	397,945	-	-
Design, Drafting, Procurement, Testing				
MIG Engineering - Project Services	199,673	199,673	-	-
MIG Engineering - Approved Change Orders	115,135	115,135	-	-
AUE Utility Engineering	474,855	474,855	-	-
TSSA	750	750	-	-
Ayerswood Development Corporation	402	402	-	-
Corrosion Protection	3,714	3,714	-	-
Sub-total	794,530	794,530	-	-
Environmental				
Stantec Consulting Ltd.	26,329	26,329	-	-
Senes Consultants Ltd.	51,030	13,547	-	37,483
Canadian Pacific Railway	650	650	-	-
Catfish Creek Conservation Authority	100	100	-	-
Kettle Creek Conservation Authority	500	500	-	-
The Corporation of the County of Elgin	-	-	-	-
The Township of Malahide	1,160	1,160	-	-
Upper Thames Conservation Authority	-	-	-	-
The Municipality of Thames Centre	150	150	-	-
Sub-total	79,919	42,436	-	37,483

	Total Costs	NRG Paid Directly to 3rd Party	Payable by NRG (Contingencies)	IGPC Paid Directly to 3rd Party
Regulatory				
OEB Administrative Penalty	140,000		140,000	-
Ogilvy Renault	437,304	305,304	132,000	-
Aiken & Associates	7,718	7,718	-	-
Harrison Pensa	25,609	25,609	-	-
L'Observateur	1,935	1,935	-	-
Martin Malette	292	292	-	-
The London Free Press	7,585	7,585	-	-
Viva Voce Reporting Ltd.	2,195	2,195	-	-
A.S.A.P. Reporting Services	7,476	7,476	-	-
Lenczner Slaght Royce	338,522	338,522	-	-
Manitoulin Transport Inc.	-	-	-	-
Helix Courier Limited	198	198	-	-
Purolator	468	468	-	-
Neal, Pallett & Townsend	7,369	7,369	-	-
EB-2006-0243 Cost Award	12,562	12,562	-	-
Sub-total	989,233	717,233	272,000	-
Survey				
FKS Land Surveyors	72,118	72,118	-	-
Sub-total	72,118	72,118	-	-
Non-Destructive Testing				
MIG Engineering Ltd.	211,809	211,809	-	-
Sub-total	211,809	211,809	-	-
Finance Fees				
Harrison Pensa LLP	29,295	29,295	-	-
Belanger, Cassino & Coulston	1,929	1,929	-	-
Bank of Nova Scotia - Commitment Fee	10,400	10,400	-	-
Societe Generale	6,518	6,518	-	-
Sub-total	48,142	48,142	-	-
Land Rights				
Union Gas Limited	12,105	12,105	-	-
Sub-total	12,105	12,105	-	-
Interest				
Interest	190,605	190,605	-	-
Disbursements	-	-	-	-
Total	190,605	190,605	-	-

UNDERTAKING NO. J1.8: TO PROVIDE CLARIFICATION ON INCLUSION OF ISSUES RELATED TO POLICE INVESTIGATION AND NEGOTIATIONS REGARDING FRANCHISE RENEWAL.

RESPONSE: Some of Mr. Thacker's time on Lenczner Slaght's invoice dated September 12, 2008 is related to non-IGPC issues (security deposit and franchise renewal). This amount of time translates into approximately \$5,600 in legal fees.

**UNDERTAKING NO. J1.9: TO PROVIDE AN ALLOCATION OF OGILVY RENAULT
LEGAL FEES ATTRIBUTABLE TO EMERGENCY MOTION IN 2007 AND APPEAL
AND MOTION IN 2008.**

RESPONSE: Approximately \$16,000 in Ogilvy Renault LLP legal fees are attributable to the June 2007 emergency motion (and subsequent appeal) and approximately \$9,000 in Ogilvy Renault LLP legal fees are attributable to the February 2008 motion.

UNDERTAKING NO. J1.10: TO DESCRIBE HOW GAS GETS FROM NRG CORP. TO UNION GAS, AND WHETHER IT USES NRG'S DISTRIBUTION SYSTEM.

RESPONSE: Any gas sold by NRG Corp. to Union Gas Limited will flow through NRG Limited's distribution system and then into a physical system owned by Greentree Gas & Oil Ltd. (a southwestern Ontario gas producer with a distribution system) and then into Union Gas' system. NRG Limited has no transportation/wheeling rate.

UNDERTAKING NO. J1.13: TO ADVISE WHETHER MIG CONSULTING ENGINEERING PROVIDES PIPELINE MAINTENANCE SERVICE AS PART OF THEIR NORMAL BUSINESS, AND ANY OTHER COMPANIES TO WHOM THEY PROVIDE SUCH SERVICE.

RESPONSE: The MIG proposal was provided by NRG at Undertaking JT1.6 (Technical Conference). As is evident from the Proposal, MIG will act as project manager of the maintenance work. According to MIG, other large gas utilities in Ontario utilize the same subcontractors being proposed by MIG (with the exception of the lawn care company).

UNDERTAKING NO. J1.14: TO PROVIDE APPLICABLE CSA OR TSSA STANDARD FOR MAINTENANCE AND EMERGENCY RESPONSE.

RESPONSE: Please see attached letter from MIG. NRG's approach to operation and maintenance of the IGPC Pipeline is not based solely on minimum legal requirements, but also on what is considered good utility practice. This is the same approach that NRG takes to the remainder of its system, and the approach to operations and maintenance that any prudent gas distributor would take.

Project No: 10348.01

August 26, 2010



MIG ENGINEERING LTD.

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Natural Resource Gas Ltd.
39 Beech Street East
Aylmer, ON N5H 3E6

Attention: Mr. Jack Howley

**Re: NRG NPS 6 Gas Pipeline
Maintenance Program**

Dear Jack Howley:

MIG Engineering Ltd. ("MIG") provided Natural Resource Gas Ltd. ("NRG") a proposal document: "Engineering and Administration Services for the Maintenance of the NPS 6 Natural Gas Pipeline" dated January 18, 2010 outlining the basic maintenance and administrative activities that are required to safely operate the NPS 6 pipeline originating on Bradley Ave in London to the customer, IGPC, located on Progress Drive in Aylmer.

The maintenance activities specified follow the requirements as identified by the regulating organization; Technical Standards and Safety Authority ("TSSA") in "O.Reg. #210.01 – Oil and Gas Pipeline Systems Regulation" and the applicable code "CSA Z662-07 – Oil and Gas Pipeline Systems".

The activities were developed in consultation with experts in the field of pipeline safety, integrity, and operation.

These activities are essential to ensure the safety of the Public, Customers, and Owner as well as ensure the integrity of the pipeline for a safe and reliable operation. The elimination of any one of the identified activities could negatively impact the safe and reliable operation.

It is recommended that the activities identified be implemented, as a minimum, in the Standard Operating Practices that are currently in place at NRG.

Yours truly,

Randy Goertz, P.Eng
Sr. Project Manager

**UNDERTAKING NO. J1.15: TO DESCRIBE SERVICE PROVIDED AS
ENGINEERING DESIGN FOR \$19,500 PER YEAR.**

RESPONSE: This amount is MIG's fee for project management as well as certain design work such as making the line pigable, etc.

UNDERTAKING NO. J1.16: TO CONFIRM WHETHER LAKESIDE PROCESS CONTROLS WAS A SOLE-SOURCED CONTRACT; TO PROVIDE INFORMATION REGARDING THE SERVICE PROVIDED BY LAKESIDE CONTROL, INCLUDING THE FREQUENCY OF SERVICE AND THE BASIS FOR DETERMINING SUCH FREQUENCY.

RESPONSE: NRG confirms that the Lakeside Process Controls contract was sole-sourced. However, prior to sole-sourcing the contract, NRG's General Manager attempted to find other companies in the London region that could perform the services but Lakeside appeared to be the only viable option. Lakeside designed and installed the control system. The services provided include the following:

1. Monthly Preventative & Reliability Maintenance

Preventative maintenance includes:

- Generator check, startup and power check, transfer switch operation
- Boiler load test, operation
- Critical equipment operation verification
- Filter Check

All work performed and any parts replaced are documented in a Service Call Report.

Ten (10) scheduled visits are provided and scheduled during regular working hours.

2. Semi Annual Preventative & Reliability Maintenance

Preventative maintenance includes:

- All monthly inspections
- Regulator lock-up verification
- Relief checks
- Boiler glycol verification

All work performed and any parts replaced are documented in a Service Call Report.

One (1) scheduled visit is provided and scheduled during regular working hours.

3. Annual Preventative & Reliability Maintenance

Preventative maintenance includes:

- All monthly inspections
- Semi Annual inspection and service

- Turbine meter spin test
- Inspection and recalibration of required instruments
- Maintenance of all regulators and reliefs
- Preventative service maintenance for control system
- Upgrade of control system software as required.
- Change filter element
- Valve inspection and maintenance as required
- Boiler inspection and maintenance, filter check, burner performance inspection
- Glycol inspection and verification

All work performed and any parts replaced are documented in a Service Call Report.

One (1) scheduled visit is provided and scheduled during regular working hours.

The frequency of these operation and maintenance site visits are based on industry best practice for an unmanned customer natural gas station to optimize long term performance and safe operation.