

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 Natural
Resource Gas Limited for an Order or Orders approving or
fixing just and reasonable rates and other charges for the sale,
distribution, transmission and storage of gas commencing
October 1, 2010;

AND IN THE MATTER OF a hearing on the Board's Own
Motion.

**DOCUMENT BRIEF OF
INTEGRATED GRAIN PROCESSORS CO-OPERATIVE INC.**

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DOCUMENT BRIEF INDEX

Tab No.	Description
1.	Pipeline Cost Recovery Agreement between Natural Resource Gas Limited (“ NRG ”) and Integrated Grain Processors Co-operative Inc. (“ IGPC ”)
2.	EB-2012-0342, Exhibit I, Tab 3, Schedule 1, Appendix 1, page 4, Table B1.3
3.	IGPC Motion Materials, EB-2006-0243, letter dated January 3, 2008, from Lawrence E. Thacker to George R. Alkalay
4.	NRG Interrogatory Response, Board Staff IR #11, EB-2010-0018, Phase 1, Exhibit I, Tab 1, pages 16, 17, May 18, 2010
5.	Undertaking Response, J1.4, Appendices, EB-2010-0018, September 8, 2010
6.	Undertaking J2,EB-2010-0018, September 8, 2010
7.	NRG Post Construction Financial Report, July 24, 2012, EB-2006-0243

TAB 1

This **PIPELINE COST RECOVERY AGREEMENT** ("Agreement"), made as of the 31st day of January, 2007.

BETWEEN:

NATURAL RESOURCE GAS LIMITED,
a corporation formed under the laws of Ontario.

(the "Utility")

- and -

INTEGRATED GRAIN PROCESSORS CO-OPERATIVE INC.,
a co-operative corporation formed under the laws of Ontario.

(the "Customer")

(collectively the "Parties")

RECITALS:

WHEREAS the Customer is developing an ethanol facility (the "Customer Facility") in the Town of Aylmer, Ontario;

AND WHEREAS the Utility must expand its current natural gas distribution infrastructure to deliver natural gas to the Customer Facility to meet the volume, pressure and delivery requirements of the Customer;

AND WHEREAS the Utility has a franchise agreement to distribute natural gas in the Town of Aylmer;

AND WHEREAS the Utility has entered or will enter into an agreement with Union Gas Limited to install new facilities or modify existing facilities to supply the Utility with natural gas, such that Union Gas Limited will be capable of meeting the total supply requirements of the Utility, including the supply needs of the Customer;

AND WHEREAS the Utility and Union Gas Limited have reached an understanding regarding the Utility Connection Facilities crossing the Union Gas Limited franchise area;

AND WHEREAS the Customer has paid to the Utility a deposit of \$130,000.00 against any Aid-to-Construct that may be owed to the Utility;

AND WHEREAS the Utility and the Customer have entered into an agreement dated January 31, 2007, as the same may be amended, modified, supplemented or restated (the "Gas Delivery Contract") providing for the Utility to deliver natural gas to the Customer Facility, among other things;

AND WHEREAS the Customer, or its representative, will be purchasing the Customer's gas directly and arranging for transportation, and the Utility and the Customer will enter into a Bundled T-Service Receipt Contract;

AND WHEREAS the Utility has determined that approximately 28.53km of NPS 6 steel pipeline and related facilities are required to be installed to deliver natural gas to the Customer Facility;

AND WHEREAS the Customer has requested and the Utility has agreed to construct approximately 28.53km of NPS 6 steel pipeline and related facilities (the "Utility Connection Facilities") and to arrange with Union Gas Limited for the construction by Union for facilities required to complete the connection between the Utility Connection Facilities and the Union Gas Limited system (the "Union Gas Connection Facilities"), to deliver natural gas from the Union Gas Limited system to the Customer Facility, on the terms and conditions set forth in this Agreement; and

IN CONSIDERATION of the mutual covenants contained herein, the receipt and sufficiency of which is hereby acknowledged and accepted, the Parties to this Agreement agree as follows:

ARTICLE I – ATTACHMENTS AND INTERPRETATION

1.1 The following are hereby incorporated into and form part of this Agreement:

- (a) Schedule A - Pipeline Work
- (b) Schedule B - Project Map

1.2 For the purpose of this Agreement:

- (a) "Actual Aid-To-Construct" means the Aid-To-Construct calculated by the Utility using the Actual Capital Cost, as provided for in Article III;
- (b) "Actual Capital Cost" means the reasonable actual Capital Cost, as provided for in Article III;
- (c) "Aecon" means Aecon Utilities - A Division of Aecon Construction Inc., or any successor thereto;
- (d) "Aid-to-Construct" means the amount by which the Capital Cost exceeds the revenue recovered by the Utility through rates, as calculated in accordance with EBO 188;
- (e) "Applicable Law" means all federal, provincial, county, municipal or local laws, by-laws, statutes, rules, regulations ordinances, directives, or any decisions of a Governmental Authority.
- (f) "Business Day" means a day, other than a Saturday or Sunday or statutory holiday in the Province of Ontario or any other day on which banking institutions in Ontario are not open for the transaction of business;

- (g) "Capital Cost" means the total capital cost of the Utility Connection Facilities and the Union Gas Aid-to-Construct;
- (h) "Construction" means construction and installation of the Utility Connection Facilities;
- (i) "Construction Agreement" means the agreement between the Utility and a contractor for the completion of the Construction;
- (j) "Cubic metres" or "m³" means the volume of gas which at a temperature of 15 degrees Celsius and at an absolute pressure of 101.325 kilopascals ("kPa") occupies one cubic metre;
- (k) "Customer Facility" means the ethanol facility proposed to be built and operated by the Customer in the Town of Aylmer with an output capacity of approximately 150 million litres of ethanol annually;
- (l) "Customer Meter Facility" means the Utility's equipment to measure the gas consumed by the Customer, located at the Customer Facility, and includes but is not limited to all meters, pressure regulators, valves, fittings and communications equipment, and forms part of the Utility Connection Facilities;
- (m) "EBO 188" means the Final Report of the Board, dated January 30, 1998 regarding the economic evaluation of the expansion of natural gas systems;
- (n) "Event of Default" means either a Customer Event of Default or a Utility Event of Default;
- (o) "Governmental Authority" means any federal, provincial, municipal or local government, parliament or legislature, or any regulatory authority, agency or tribunal, commission, board or department of any such government, parliament or legislature or any court or other law, regulation or rule-making entity having jurisdiction in the relevant circumstances;
- (p) "GST" means the goods and service tax exigible pursuant to the *Excise Tax Act* (Canada) as amended from time to time;
- (q) "Initial Estimated Aid-To-Construct" means the Aid-To-Construct calculated in accordance with EBO 188 using the Initial Estimated Capital Cost;
- (r) "Initial Estimated Capital Cost" means the estimated Capital Cost provided by Aecon, including the Union Gas Aid-to-Construct;
- (s) "In-Service Date" means the later of November 1, 2007 and the date on which the pipeline is able to deliver the full amount of the gas contemplated by the Gas Delivery Contract;
- (t) "Insolvency Legislation" means the *Bankruptcy and Insolvency Act* (Canada), the *Winding Up and Restructuring Act* (Canada) and the *Companies' Creditors*

Arrangement Act (Canada) and the bankruptcy, insolvency, creditor protection or similar laws of any other jurisdiction (regardless of the jurisdiction of such application or competence of such law), as they may be amended from time to time.

- (u) "Leave-to-Construct" means the application, decision, order or approval as the context requires pursuant to section 90 of the *Ontario Energy Act, 1998* as amended;
- (v) "MMBTU" means one million British Thermal Units;
- (w) "NPS" means nominal pipe size;
- (x) "OEB" means the Ontario Energy Board or any successor organization;
- (y) "Overhead" shall, to the extent not included in other consulting costs, include the reasonable engineering, supervision, administrative salaries and expenses, construction engineering and supervision, legal expenses, taxes and other similar items allocated to the Utility Connection Facilities;
- (z) "Pipeline Work" means the work required to plan, design, construct, install, test and commission the Utility Connection Facilities and the Union Gas Connection Facilities;
- (aa) "Prime Rate" means the prime rate of interest of the Bank of Nova Scotia;
- (bb) "Revised Estimated Aid-To-Construct" means the estimated Aid-To-Construct calculated in accordance with EBO 188 using the Revised Estimated Capital Cost;
- (cc) "Revised Estimated Capital Cost" means the estimated Capital Cost, using the most current information available, in accordance with Article III;
- (dd) "Utility Connection Facilities" means the pipeline and ancillary facilities to be completed by the Utility to serve the Customer;
- (ee) "Union Gas Aid-To-Construct" means the Aid-To-Construct payable to Union Gas Ltd. by the Utility in respect of the Union Gas Connection Facilities, calculated in accordance with EBO 188;
- (ff) "Union Gas Connection Facilities" means the pipeline and ancillary facilities to be completed by Union Gas Limited upstream of the Utility Connection Facilities, that are necessary to serve the Customer.

ARTICLE II – REPRESENTATIONS AND WARRANTIES

2.1 The Customer represents and warrants to the Utility that:

- (a) it is duly incorporated, formed or registered (as applicable) under the laws of its jurisdiction of incorporation, formation or registration (as applicable);

- (b) it has all the necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations under it;
- (c) the execution, delivery and performance of the Agreement by it has been duly authorized by all necessary corporate action and does not result in a violation, a breach or a default under: (i) its charter or by-laws; (ii) any contracts or instruments to which it is bound; or (iii) any Applicable Law;
- (d) any individual executing this Agreement, and any document in connection herewith, on its behalf has been duly authorized by it to execute this Agreement and has the full power and authority to bind it;
- (e) this Agreement constitutes a legal and binding obligation on it, enforceable against it in accordance with its terms; and,
- (f) no proceedings have been instituted by or against it with respect to bankruptcy, insolvency, liquidation or dissolution.

2.2 The Utility represents and warrants to the Customer that:

- (a) it is duly incorporated, formed or registered (as applicable) under the laws of its jurisdiction of incorporation, formation or registration (as applicable);
- (b) it has all the necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations under it;
- (c) the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate action and does not result in a violation, a breach or a default under: (i) its charter or by-laws; (ii) any contracts or instruments to which it is bound; or (iii) any Applicable Law;
- (d) any individual executing this Agreement, and any document in connection herewith, on its behalf has been duly authorized by it to execute this Agreement and has the full power and authority to bind it;
- (e) this Agreement constitutes a legal and binding obligation on it, enforceable against it in accordance with its terms;
- (f) no proceedings have been instituted by or against it with respect to bankruptcy, insolvency, liquidation or dissolution; and,
- (g) the calculation of the Initial Estimated Aid-To-Construct has been completed in accordance with EBO 188.

ARTICLE III – CAPITAL COST AND AID-TO-CONSTRUCT

- 3.1 The Initial Estimated Capital Cost is estimated at \$9,100,000.00, comprised of approximately \$8,920,000.00 for the Utility Connection Facilities and \$180,000.00 for the Union Gas Aid-To-Construct. The Initial Estimated Capital Cost is included in the Leave-to-Construct application filed by the Utility with the OEB.
- 3.2 Based upon the Initial Estimated Capital Cost and applying the Utility's current OEB-approved Rate 3 to a minimum annual volume of 33,416,618 m³ and a firm contract demand of 108,188 m³/day over a seven year period, the Initial Estimated Aid-to-Construct is \$3,790,000.00, to be paid by the Customer.
- 3.3 The Customer shall make payments toward the Initial Estimated Aid-to-Construct, as follows:
- (a) \$130,000.00 on or before October 16, 2006, payment of which has been received and acknowledged;
 - (b) Prior to the award of the Construction Agreement, the amount of the monthly invoices provided by the Utility for reasonable internal, consulting and third party expenses incurred in the prior calendar month within fifteen (15) Business Days of receiving such invoice; and
 - (c) Payment, in advance as required by the Utility, of an amount equal to any required payment to be made by Utility for procuring the station material and pipe;
- the total of which payments shall not exceed the Initial Estimated Aid-to-Construct.
- 3.4 Prior to the execution of the Construction Agreement, the Utility shall provide the Customer with a Revised Estimated Capital Cost and a Revised Estimated Aid-to-Construct, based on the most current information available at the time, including the successful bid for the Construction Agreement, calculated in accordance with EBO 188, and:
- (a) The Customer shall pay the Utility an amount equal to the amount, if any, by which the Revised Aid-To-Construct exceeds the total of all payments made by the Customer to the Utility under Section 3.3. In the event that the amount paid by the Customer pursuant to Section 3.3 exceeds the Revised Estimated Aid-To-Construct then the Utility shall forthwith pay to Customer an amount equal to the payments made less the Revised Estimated Aid-To-Construct; and
 - (b) The Utility shall provide the Customer with a detailed written breakdown of the Revised Estimated Capital Cost including, but not limited to Overhead, engineering, surveying, consultant, legal, major materials (pipe, meters, major equipment, heating equipment costs), easement, internal and external construction and commissioning costs when it is available to the Utility and a copy of the cost breakdown for the Union Gas Connection Facilities as provided to the Utility by Union Gas Limited.

- 3.5 In the event that the Commencement Date under the Gas Delivery Contract is later than the In-Service Date, the Utility shall invoice and the Customer shall pay an amount equal to the Utility's reasonable debt financing costs incurred in each month between the In-Service Date and the Commencement Date under the Gas Delivery Contract.
- 3.6 The contingency amount to be included in the Revised Estimated Capital Cost shall be limited to a maximum of ten percent of the Construction Agreement cost.
- 3.7 The Utility, in its sole discretion, may elect not to proceed any further with any of its obligations under this Agreement if the Customer fails to make any payment or provide any letter of credit required under this agreement until such payment or letter of credit is delivered by the Customer to the Utility and the Utility shall not be liable for any liabilities, damages, losses, payments, costs, or expense that may be incurred by the Customer as a result.
- 3.8 From the date required for any payment required by this Agreement, all unpaid amounts will bear interest at the rate of the Prime Rate plus 1.00% per annum payable quarterly on the last day of each calendar quarter.
- 3.9 The Utility shall use best efforts to minimize the actual Capital Cost, and shall advise the Customer of actual costs as incurred, in accordance with Article IV. At a minimum, the Utility shall ensure the award of the Construction Agreement is completed through a competitive tender process unless otherwise agreed to in writing by the Customer. The Utility shall ensure that the procurement of pipe, major equipment and appliances is done using a competitive quotation process wherever possible. The Utility shall inform the Customer where a competitive process is not utilized and provide an explanation as to why a competitive process is not required. Prior to committing to any expenditure in excess of \$100,000.00, the Utility shall obtain the written consent of the Customer, such consent not to be unreasonably withheld.
- 3.10 The Utility shall request Union Gas Limited to provide it with the actual capital cost of the Union Gas Connection Facilities and the actual Union Gas Aid-to-Construct within 30 Business Days or other mutually agreeable timeframe of the pipeline being put into service.
- 3.11 The Customer and the Utility acknowledge that the Initial Estimated Capital Cost and the Revised Estimated Capital Cost may be different from the Actual Capital Cost incurred and the parties agree that the Actual Aid-to-Construct and Delivery Letter of Credit (as defined in Article VII) shall be adjusted based on an economic evaluation carried out in accordance with EBO 188.
- 3.12 The Customer reserves its rights to dispute the reasonableness of costs incurred in completing the Pipeline Work, provided that the Customer does so within 5 Business Days when such costs are provided by the Utility to the Customer.
- 3.13 Within forty-five (45) Business Days or some other mutually agreeable timeframe of the pipeline being put into service, the Utility shall provide the Customer with the Actual Capital Cost and Actual Aid-To-Construct, along with a summary of the information

provided pursuant to Section 4.3 and copies of any invoices and supporting documentation not previously provided to Customer. If the Customer agrees with the Actual Capital Cost and Actual Aid-To-Construct, and

- (a) if the Actual Aid-To-Construct is greater than the Revised Estimated Aid-To-Construct, then the Customer shall pay to the Utility the difference between the Actual Aid-To-Construct and the Revised Aid-To-Construct within five (5) Business Days; and
- (b) if the Revised Estimated Aid-To-Construct exceeds the Actual Aid-To-Construct then the Utility shall pay to the Customer the difference between the Actual Aid-To-Construct and the Revised Aid-To-Construct within five (5) Business Days.

3.14 If the Customer does not agree with the Actual Capital Cost and Actual Aid-To-Construct, the Parties shall negotiate in good faith for a period of 20 Business days to establish an Actual Capital Cost. If the Parties are unable to agree after such negotiations then either party may refer the matter to the OEB for resolution. In determining reasonable costs attributable to the Capital Cost, the following considerations will be taken into account:

- (a) Legal costs will include the reasonable legal costs of the Utility to establish gas distribution service for the Customer, including the reasonable legal cost to prepare and obtain the Leave to Construct from the OEB; acquire any temporary or permanent land rights required to complete the Pipeline Work; review any procurement or tendering documentation, and draft and negotiate this Agreement and any other agreement required to provide gas distribution service to the Customer;
- (b) Consultant costs will include the reasonable cost of consultants incurred by the Utility to provide gas distribution service to the Customer, including the reasonable cost to complete the economic analysis to determine the Initial Estimated Aid-to-Construct, the Revised Estimated Aid-to-Construct and the Actual Aid-to-Construct; to carry out title searches to identify adjacent landowners and others with interests in adjacent lands that may be impacted by the Utility Connection Facilities; and the estimated cost of a Surveyor in the amount of \$52,400;
- (c) The Capital Cost will include the cost of services provided to the Utility by Aecon and any sub-contractors to Aecon, to complete the design of the Utility Connection Facilities, obtain all permits and approvals, , prepare and complete the request for quotation documents for the Construction Agreement and all other competitive processes for services and materials, and the cost estimated by Aecon to be in the range of \$30,000 to \$50,000 for the third party borehole drilling sub-contractor for the completion of boreholes used in the preparation of the Tender Package;
- (d) Utility costs shall include the reasonable cost of interest during construction calculated in accordance with the OEB approved methodology and Overhead

related to the Pipeline Work. Internal utility costs will include reasonable administrative and supervisory costs; and technician and field personnel required for the testing and commissioning of the Utility Connection Facilities.

- (e) The reasonable costs of non-destructive testing of the welds and third party inspection of the Construction.
- (f) The reasonable cost of the completion of as-built drawings for the Utility Connection Facilities.
- (g) All consulting and third party costs include reasonable disbursements made by the third party or consultant unless such disbursements are included in a fixed fee quotation.

- 3.15 The Utility shall calculate and provide a partial refund of the Actual Aid-To-Construct, using the same methodology used to calculate the Actual Aid-To-Construct, if available capacity is assigned to another customer within seven years of the date on which the Utility Connection Facilities come into service, provided that the Utility is permitted by the Board to obtain any financial contribution that might be required from the subsequent customer to cover the amount of the refund. The calculation will be carried out once a year, based on the aggregate customer additions for the year. The calculation for the refund will be based on the same inputs used for the original calculation of the Actual Aid-To-Construct, except for the Capital Cost of the facilities which shall be prorated on the basis of the total capacity of the Utility Connection Facilities minus the capacity assigned to any subsequent customers.

ARTICLE IV – CONSTRUCTION

- 4.1 Prior to awarding of the Construction Contract, the Customer shall enter into a seven year gas delivery agreement as mutually agreed to by the Parties with a minimum annual volume of 33,416,618 m³ and a firm contract demand of 108,188 m³/day (Gas Delivery Agreement).
- 4.2 The timely completion of the Utility Connection Facilities is in the interest of the Parties. As part of the Construction Agreement, the Utility shall require the contractor to post a performance bond, including a liquidated damages provision, or other performance assurance measures acceptable to the Customer acting in a reasonable manner.
- 4.3 Prior to the termination of this Agreement, the Utility shall provide the Customer with weekly updates in writing as to costs incurred, costs committed to but not yet incurred and projected costs associated with the Pipeline Work. The Utility shall provide all supporting documentation (quotations, estimates, invoices, bills of lading, receipts, timesheets, etc.) for all costs incurred. As part of the updates, the Utility shall provide the Customer with a description of upcoming work; the anticipated procurement method and a recommended course of action. The Customer and the Utility shall discuss significant upcoming expenditures prior to committing to such expenditures and shall work co-operatively to meet all timelines and to minimize the costs in the circumstances. The

Customer shall consent to such significant expenditures prior to the Utility committing to such expenditures, such consent to be given in a timely manner and not to be unreasonably withheld.

- 4.4 The Parties acknowledge that any change in the scope of the Pipeline Work may result in a change to the Capital Cost, the Aid-to-Construct, the Customer Letter of Credit and the Construction schedule. A change in scope of the Pipeline Work may come about as a result of any of the following:
- (a) a Customer-initiated scope change;
 - (b) a requirement or condition imposed by a Governmental Authority, including without limitation, the OEB;
 - (c) unplanned delays on the part of the Customer or Subcontractor; or
 - (d) an event of Force Majeure (as determined in accordance with Article VI).
- 4.5 In the event of a change in the scope of the Pipeline Work, as contemplated in Section 4.4, in excess of \$25,000, the Utility shall inform the Customer immediately of the nature of the change and the corresponding impact on the cost of the Pipeline Works. In the event such change will cause an increase in the Actual Capital Cost, the Utility shall obtain the Customer's consent to such increase prior to incurring such cost, such consent not to be unreasonably withheld and to be provided within 3 Business Days of receiving the information. In the event the Customer's consent has not been given within 3 Business Days, the Customer shall be deemed to have given consent to complete such work.
- 4.6 The Utility shall use all reasonable efforts to have the Pipeline Work (as described in Schedule A) completed by November 1, 2007 provided that:
- (a) the Customer executes and returns this Agreement to the Utility by no later than February 1, 2007 (the "Execution Date");
 - (b) the Pipeline Work is completed in accordance with Schedule A of this Agreement;
 - (c) the Customer is in compliance with its obligations under this Agreement;
 - (d) there are no delays associated with third parties, including but not limited to Union Gas Limited, the Utility's lender and any companies selected to carry out Construction;
 - (e) the Utility is granted Leave-to-Construct by March 1, 2007; and,
 - (f) the Utility does not have to use its employees, agents and contractors performing the Pipeline Work elsewhere on its system due to an emergency, or an event of Force Majeure. For the purposes of this paragraph, an emergency means a line-break, leak, fire or similar event requiring an immediate response from the Utility.

- 4.7 As soon as the Utility becomes aware of any delay that may prevent the Utility from achieving the November 1, 2007 deadline, the Utility shall provide the Customer with notice in writing of such potential delay, the length of the anticipated delay and the reasons for such potential delay.

ARTICLE V – DEFAULT AND REMEDIES

- 5.1 Each of the following will constitute an Event of Default by the Customer (“Customer Event of Default”):

- (a) The Customer fails to make any payment when due, if such failure is not remedied within ten (10) Business Days after written notice of such failure from the Utility.
- (b) The Customer fails to deliver or maintain the Customer Letter of Credit or the Delivery Letter of Credit when due.
- (c) The Customer fails to perform any material covenant or obligation set forth in this Agreement if such failure is not remedied within fifteen (15) Business Days after written notice of such failure from the Utility.
- (d) Any representation made by the Customer in this Agreement is not true or correct in any material respect when made and is not made true or correct in all material respects within thirty (30) Business Days after receipt by the Customer of written notice of such fact from the Utility.
- (e) An effective resolution is passed or documents are filed in an office of public record in respect of, or a judgment or order is issued by a court of competent jurisdiction ordering, the dissolution, termination of existence, liquidation or winding up of the Customer, unless such filed documents are immediately revoked or otherwise rendered inapplicable, or unless there has been a permitted and valid assignment of this Agreement by the Customer under this Agreement to a person which is not dissolving, terminating its existence, liquidating or winding up and such person has assumed all of the Customer’s obligations under this Agreement.
- (f) The Customer makes an assignment for the benefit of its creditors generally under any Insolvency Legislation, or consents to the appointment of a receiver, manager, receiver-manager, monitor, trustee in bankruptcy, or liquidator for all or part of its property or files a petition or proposal to declare bankruptcy or to reorganize pursuant to the provision of any Insolvency Legislation, or otherwise seeks the protection of Insolvency Legislation regardless of whether a proposal or plan is proposed.
- (g) A receiver, manager, receiver-manager, liquidator, monitor or trustee in bankruptcy of the Customer or of any of the Customer’s property is appointed by a Governmental Authority or pursuant to the terms of a debenture or a similar instrument, and such receiver, manager, receiver-manager, liquidator, monitor or

trustee in bankruptcy is not discharged or such appointment is not revoked or withdrawn within thirty (30) days of the appointment.

- (h) By decree, judgment or order of a Governmental Authority, the Customer is adjudicated bankrupt or insolvent or any substantial part of the Customer's property is sequestered, and such decree continues undischarged and unstayed for a period of thirty (30) days after the entry thereof.
- (i) A petition, proceeding or filing is made against the Customer seeking to have the Customer declared bankrupt or insolvent, or seeking adjustment or composition of any of their respective debts pursuant to the provisions of any Insolvency Legislation, and such petition, proceeding or filing is not dismissed or withdrawn within thirty (30) days.

5.2 Each of the following will constitute an Event of Default by the Utility ("Utility Event of Default"):

- (a) The Utility fails to perform any material covenant or obligation set forth in this Agreement if such failure is not remedied within fifteen (15) Business Days after written notice of such failure from the Customer.
- (b) Any representation made by the Utility in this Agreement is not true or correct in any material respect when made and is not made true or correct in all material respects within thirty (30) Business Days after receipt by the Utility of written notice of such fact from the Customer.
- (c) An effective resolution is passed or documents are filed in an office of public record in respect of, or a judgment or order is issued by a court of competent jurisdiction ordering, the dissolution, termination of existence, liquidation or winding up of the Utility, unless such filed documents are immediately revoked or otherwise rendered inapplicable, or unless there has been a permitted and valid assignment of this Agreement by the Utility under this Agreement to a person which is not dissolving, terminating its existence, liquidating or winding up and such person has assumed all of the Utility's obligations under this Agreement.
- (d) The Utility makes an assignment for the benefit of its creditors generally under any Insolvency Legislation, or consents to the appointment of a receiver, manager, receiver-manager, monitor, trustee in bankruptcy, or liquidator for all or part of its property or files a petition or proposal to declare bankruptcy or to reorganize pursuant to the provision of any Insolvency Legislation, or otherwise seeks the protection of Insolvency Legislation regardless of whether a proposal or plan is proposed.
- (e) A receiver, manager, receiver-manager, liquidator, monitor or trustee in bankruptcy of the Utility or of any of the Utility's property is appointed by a Governmental Authority or pursuant to the terms of a debenture or a similar instrument, and such receiver, manager, receiver-manager, liquidator, monitor or

trustee in bankruptcy is not discharged or such appointment is not revoked or withdrawn within thirty (30) days of the appointment.

- (f) By decree, judgment or order of a Governmental Authority, the Utility is adjudicated bankrupt or insolvent or any substantial part of the Utility's property is sequestered, and such decree continues undischarged and unstayed for a period of thirty (30) days after the entry thereof.
- (g) A petition, proceeding or filing is made against the Utility seeking to have the Utility declared bankrupt or insolvent, or seeking adjustment or composition of any of their respective debts pursuant to the provisions of any Insolvency Legislation, or such petition, proceeding or filing is not dismissed or withdrawn within thirty (30) days.
- (h) A failure to maintain in good standing any franchise agreement or any other approval, permit or license from any Governmental Authority required for the construction and operation of the Pipeline Works and the supply of natural gas to the Customer Facility.

ARTICLE VI – FORCE MAJEURE

- 6.1 In the event that either the Customer or the Utility is rendered unable, in whole or in part, by Force Majeure, to perform or comply with any obligation or condition of this Agreement, then the obligations (other than the obligations to make payment of money then due and to provide or maintain any letter of credit) of both parties so far as they are directly related to and affected by such Force Majeure, shall be suspended during the continuance of the Force Majeure.
- 6.2 The party claiming Force Majeure shall give notice in writing, with full particulars, to the other party as soon as possible after the occurrence of Force Majeure.
- 6.3 The party claiming Force Majeure shall also give notice to the other party as soon as possible after the Force Majeure is remedied in whole or part.
- 6.4 Force Majeure means:
 - (a) Acts of God, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to its machinery or equipment or lines of pipe;
 - (b) freezing or failure of wells or lines of pipe; curtailment of firm transportation or firm storage by other natural gas service providers;
 - (c) strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections, civil disturbance, acts of terrorism, wars, arrests or restraint of governments and people;
 - (d) any laws, orders, rules, regulations, acts of any government body or authority, civil or military;

- (e) any act or omission by parties not controlled by the party claiming Force Majeure; and
- (f) any other similar causes not within the control of the party claiming Force Majeure

which by the exercise of due diligence such party is unable to prevent or overcome. The party claiming Force Majeure shall make reasonable efforts to avoid, or correct the Force Majeure and to remedy the Force Majeure once it has occurred in order to resume performance.

6.5 Neither party shall be entitled to claim Force Majeure if any of the following circumstances prevail:

- (a) the failure resulting in Force Majeure was caused by the negligence of the party claiming suspension;
- (b) the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation);
- (c) the party claiming suspension failed to resume the performance of such conditions or obligations with reasonable dispatch;
- (d) the failure was caused by lack of funds; and
- (e) the party claiming suspension did not give to the other party the required notice as soon as possible after determining or within a period within which it should have determined, acting reasonably, that the occurrence was in the nature of Force Majeure and would affect its ability to observe or perform any of its conditions or obligations under the Agreement.

ARTICLE VII – SECURITY AND PERFORMANCE ASSURANCE

7.1 Prior to the Utility ordering the pipe and the stations, the Customer shall provide to the Utility an irrevocable letter or letters of credit (“Customer Letter of Credit”) in an amount equal to the quoted cost of the pipe and the stations minus any payments made by the Customer to the Utility in respect of the pipe and the stations. The Customer shall be entitled to reduce the Customer Letter of Credit by the amount of any subsequent payments by the Customer to the Utility in respect of the pipe and the stations, upon making such payments. The Utility shall be entitled to draw upon the Customer Letter of Credit in the following circumstances:

- (a) Subject to (b), if the Customer fails to make a payment of the Aid-to-Construct in accordance with Article III, such draw not to exceed the amount owed by the Customer to the Utility.

- (b) Notwithstanding (a) the Utility shall not be entitled to draw upon the Customer Letter of Credit within any cure periods established in Article V, in which the Customer may make payment to the Utility.

7.2 The Utility shall return the Customer Letter of Credit upon receipt of any payment required from the Customer in accordance with section 3.4 and delivery of the Delivery Letter of Credit required under section 7.3.

7.3 Prior to the award of the Construction Agreement by the Utility, the Customer shall provide to the Utility an irrevocable letter of credit ("Delivery Letter of Credit") in an amount equal to the difference between the Revised Estimated Capital Cost and the Revised Estimated Aid-to-Construct.

7.4 The Utility shall be entitled to draw upon the Delivery Letter of Credit if:

- (a) The Customer terminates this Agreement prior to the In-Service Date and fails to pay any amount owing to the Utility within 30 Business Days of receiving the invoice for monies owed for actual reasonable costs incurred prior to Termination; or
- (b) The Customer terminates this Agreement and the Gas Delivery Contract after the In-Service Date but prior to the seventh anniversary of the Commencement Date under the Gas Delivery Contract;
- (c) For any year, the Customer fails to take receipt of the Minimum Annual Volume under the Gas Delivery Contract and the Customer fails to pay the invoice for such failure to take the Minimum Annual Volume within 15 days of receiving such invoice;
- (d) For reasons other than Force Majeure, the Customer ceases taking service for a period of 30 days during the term of the Gas Delivery Contract or at any time after that where service has continued past the end of the term of the Gas Delivery Contract;
- (e) the Delivery Letter of Credit will not be maintained and the Customer fails to provide a substitute acceptable to the Utility and its lender; or
- (f) The Customer commits a Customer Event of Default listed in 5.1 (e), (f), (g), (h) and (i).
- (g) The Customer fails to restore the balance of the Delivery Letter of Credit as required by 7.5.

7.5 The Customer shall maintain the Delivery Letter of Credit for as long as the Customer continues to receive service from the Utility. In the event that the Utility draws on the Delivery Letter of Credit pursuant to 7.4(c), the Customer shall restore the Delivery Letter of Credit to the balance that existed immediately prior to the draw, within 10 Business Days from the date of the draw.

- 7.6 Subject to section 7.7, the Customer shall be entitled to reduce the amount of the Delivery Letter of Credit on each anniversary of the commencement of deliveries under the Gas Delivery Agreement to an amount equal to the net book value of the Utility Connection Facilities allocated to the Customer at the time, as determined by the Utility in accordance with OEB-approved methodology.
- 7.7 Any letter of credit shall be in a form acceptable to the Utility and its lender. The Utility shall have its lender provide a draft form of letter of credit for review and comment by the Customer's lender.
- 7.8 The costs and expenses of establishing, renewing, substituting, cancelling, increasing and reducing the amount of (as the case may be) any letter of credit required under this Agreement shall be borne by the Customer.
- 7.9 The Utility shall return any letter of credit held by the Utility to the Customer, if the Customer is substituting a letter of credit with another letter of credit or such other financial assurance, where that substitute is acceptable to the Utility and its lender.

ARTICLE VIII – TERMINATION

- 8.1 This Agreement terminates upon the placing into service of the Utility Connection Facilities and the Union Gas Connection Facilities and the commencement of the delivery of natural gas to the Customer Facility. All payment obligations and all obligations in relation to the Customer Letter of Credit and Delivery Letter of Credit shall survive termination of this Agreement until they are fulfilled.
- 8.2 In the event that the Utility is unable to secure all necessary permits, approvals, licenses certificates necessary to complete the Pipeline Work and supply natural gas to the Customer Facility, or obtains such permits, approvals, licenses or certificates on terms and conditions that are unacceptable to the Customer, acting in a commercially reasonable manner, then the Customer has the option to terminate this Agreement. The Customer shall, however, be responsible for all actual or committed to costs incurred by the Utility and Union Gas Limited up to and including the date of termination.
- 8.3 The Utility may terminate this Agreement if a Customer Event of Default has occurred and the Utility has given notice to the Customer of such Customer Event of Default and such default is not remedied within the applicable cure period upon receiving such notice of default. Termination pursuant to this section shall not be permitted where such default has been submitted to a dispute resolution process under Article IX.

- 8.4 Subject to Section 8.5, in the event the Revised Estimated Aid-To-Construct has been paid, in full or in part, by the Customer to the Utility and the Agreement is terminated prior to completion of the Pipeline Work, then the Utility shall return to the Customer any amount of the Revised Estimated Aid-To-Construct paid by the Customer that is in excess of the actual reasonable cost incurred by the Utility up to and including the date of termination. In the event the actual reasonable cost incurred by the Utility exceed the amount of the Revised Estimated Aid-To-Construct, the Customer shall pay that amount, upon receipt of which the Utility shall forthwith return the Delivery Letter of Credit.
- 8.5 In the event Utility invokes Force Majeure and the event of Force Majeure or the aggregate duration of all such Utility events of Force Majeure exceeds 60 days in any 12 consecutive month period, then the Customer shall have the right to terminate this Agreement upon fifteen (15) Business Days written notice. Upon termination of this Agreement pursuant to this section, the Utility shall return all security and financial assurance provided by Customer, and an amount, if any, equal to any Aid-To-Construct paid by the Customer to the Utility less the Utility's reasonable costs incurred prior to the event of Force Majeure.

ARTICLE IX – DISPUTE RESOLUTION

- 9.1 In the event of any dispute arising between the Parties regarding the subject matter of this Agreement, then the Parties shall negotiate in good faith to resolve such matters.
- 9.2 In the event the Parties are unable to resolve a dispute, then either Party may refer the matter to the OEB for resolution.

ARTICLE X – INDEMNIFICATION

- 10.1 The Utility agrees to indemnify, defend, and hold harmless the Customer in respect of all actions, causes of action, suits, proceedings, claims, demands, losses, damages, penalties, fines, costs, obligations and liabilities ("Damages") arising out of the construction, installation, testing, commissioning and operation of the Utility Connection Facilities, other than any Damages caused by the negligence or wilful misconduct of the Customer.
- 10.2 The Customer agrees to indemnify, defend and hold harmless the Utility in respect of all Damages arising out of the construction, installation, testing, commissioning and operation of the Utility Connection Facilities caused by the negligence or wilful misconduct of the Customer.

ARTICLE XI – GENERAL

- 11.1 Any written notice required by this Agreement shall be deemed properly given only if either mailed or delivered to:

(a) To the Utility:

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

Tel: (519) 773-5321
Fax: (519) 773-5335

Attention: Steve Millar, General Manager
c.c. Mark Bristoll, President

(b) To the Customer:

Integrated Grain Processors Co-operative Inc.
701 Powerline Road
Brantford, Ontario N3T 5L8

Tel: (519) 752-0447
Fax: (519) 752-1887

Attention: Chair

A faxed notice will be deemed to be received on the date of the fax if received before 4 p.m. or on the next Business Day if received after 4 p.m. Notices sent by courier or registered mail shall be deemed to have been received on the date indicated on the delivery receipt. The designation of the person to be so notified or the address of such person may be changed at any time by either party by written notice.

11.2 This Agreement:


- (a) constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior oral or written representations and agreements concerning the subject matter of this Agreement;
- (b) shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Ontario and the laws of Canada applicable therein, and the courts of Ontario shall have exclusive jurisdiction to determine all disputes arising out of this Agreement;

- (c) may be executed in counterparts, including facsimile counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same agreement; and
 - (d) shall not be assigned without the prior written consent of the other party, such consent not to be unreasonably withheld. For greater certainty an assignment by way of security to the Customer's lenders shall be considered reasonable.
- 11.3 No modification of or amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by both of the parties hereto and no waiver of any breach of any term or provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.
- 11.4 If any provision of this Agreement is determined to be invalid or unenforceable or in breach of any Applicable Law in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof which provision or part shall be severed from the Agreement and the remaining part of such provision and all other provisions hereof will continue in full force and effect.
- 11.5 Notwithstanding the termination or expiration of this Agreement:
 - (a) Section 3.15 shall survive for the period of time provided in which a refund is to be calculated.
 - (b) The obligation to make any payment shall survive until all such payments are determined and paid.
 - (c) Article 7 shall survive until the Utility no longer requires financial assurance from the Customer.
 - (d) Article IX shall survive until the final resolution, including all appeals, of any dispute arising out of this Agreement.
- 11.6 Each Party shall from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.
- 11.7 This Agreement will enure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties hereto.
- 11.8 Time is of the essence in the performance of the Parties' respective obligations under this Agreement.
- 11.9 Any reference to funds is a reference to Canadian currency.

- 11.10 This Agreement is subject to the consent of the Customer's Lenders. The Customer agrees to use reasonable efforts to secure such consent in a timely manner. This paragraph is entirely for the benefit of the Customer. The Customer shall waive this condition in writing.
- 11.11 This Agreement is subject to the consent of the Utility's Lenders. The Utility agrees to use reasonable efforts to secure such consent in a timely manner. This paragraph is entirely for the benefit of the Utility. The Utility shall waive this condition in writing.
- 11.12 In the event of a change of law affecting any of the rights or obligations of one Party to the other Party, the Utility shall continue to deliver gas and the Customer shall continue to pay for the delivery of gas as if the change had not occurred unless prohibited by law. In such event the Parties shall negotiate in good faith to preserve the original intent of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the signatures of their proper officers, as of the day and year first written above.

NATURAL RESOURCE GAS LIMITED



Per: Mark Bristoll
Title: President

I have authority to bind the corporation.

INTEGRATED GRAIN PROCESSORS CO-OPERATIVE INC.

Per: Tom Cox
Title:

I have authority to bind the corporation.

Per: Brent McBlain
Title:

I have authority to bind the corporation.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the signatures of their proper officers, as of the day and year first written above.

NATURAL RESOURCE GAS LIMITED

Per: Mark Bristol

Title: President

I have authority to bind the corporation.

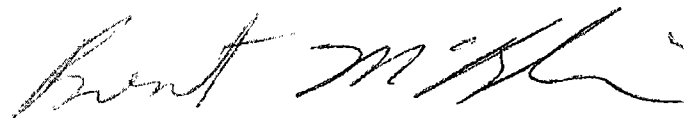
INTEGRATED GRAIN PROCESSORS CO-OPERATIVE INC.



Per: Tom Cox

Title:

I have authority to bind the corporation.



Per: Brent McBlain

Title:

I have authority to bind the corporation.

Schedule A - Pipeline Work

In carrying out the Pipeline Work (as depicted in the figure attached as Schedule B to this Agreement), the Utility or a subcontractor to the Utility will need to complete the following:

Pipeline Work Planning

Utility Connection Facilities

1. The Utility shall design, construct, install, commission and operate the Utility Connection Facilities in accordance with all Applicable Laws and good utility practice.
2. The Utility shall be responsible for making applications to all Governmental Authorities for all permits, approvals, licenses and certificates necessary to undertake and complete the Utility Connection Facilities, including without limiting the foregoing, the Leave-to-Construct from the OEB. The Utility shall be responsible for maintaining all such permits, approvals, licenses in good standing.
3. The Utility shall only contract with suppliers and contractors competent to perform their tasks and shall undertake to secure competitive bids from competent suppliers and contractors for the Utility Connection Facilities.
4. The Utility and the Customer shall agree to a suitable location at the Customer Facility for the Customer Meter Facility.
5. The Utility shall coordinate the design, construction, testing and operation of the Utility Connection Facilities with Union Gas Limited such that Union Gas Limited will be able to supply the Utility with sufficient quantities of natural gas to meet the Customer's requirements by the In-Service Date.
6. The Utility shall furnish the Customer with a complete set of engineered stamped drawings of the Utility Connection Facilities before tendering for the Construction Agreement. The engineer shall be qualified to practice engineering in Ontario.
7. The Utility shall provide a flanged connection at the outlet of the Customer Meter Facility to which the Customer may connect the house-piping for the Customer Facility. In the event the Customer installs the house-piping with flanged connection prior to the Utility, the Utility shall be responsible for completing the connections. The flanged connection shall be adequately protected to prevent the entry of dirt, water or other extraneous materials from entering the Customer Meter Facility or the house-piping.
8. The Utility shall ensure the Customer Meter Facility is properly insulated from the Customer Facility.
9. The Utility shall furnish the Customer the required communications specifications for the Customer Meter Facility with the stamped drawings.

Access To Customer Facility

10. The Customer shall provide the Utility and its contractor with reasonable access to the Customer Facility to construct, install, test, commission and operate the Customer Meter Facility.
11. The Utility shall ensure that all employees of the Utility or its contractor obey all safety requirements of the Customer while on the Customer Facility.

Pipeline Work Testing and Commissioning

12. The Utility shall coordinate hydrotesting or any other testing, including non-destructive testing of welds, of the Utility Connection Facilities with the Customer and the Utility shall not interfere with the construction, installation, testing or commissioning of the Customer Facility.
13. The Utility shall ensure that the Utility Connection Facility is completely dewatered. Dewatering shall not occur on the Customer Facility.

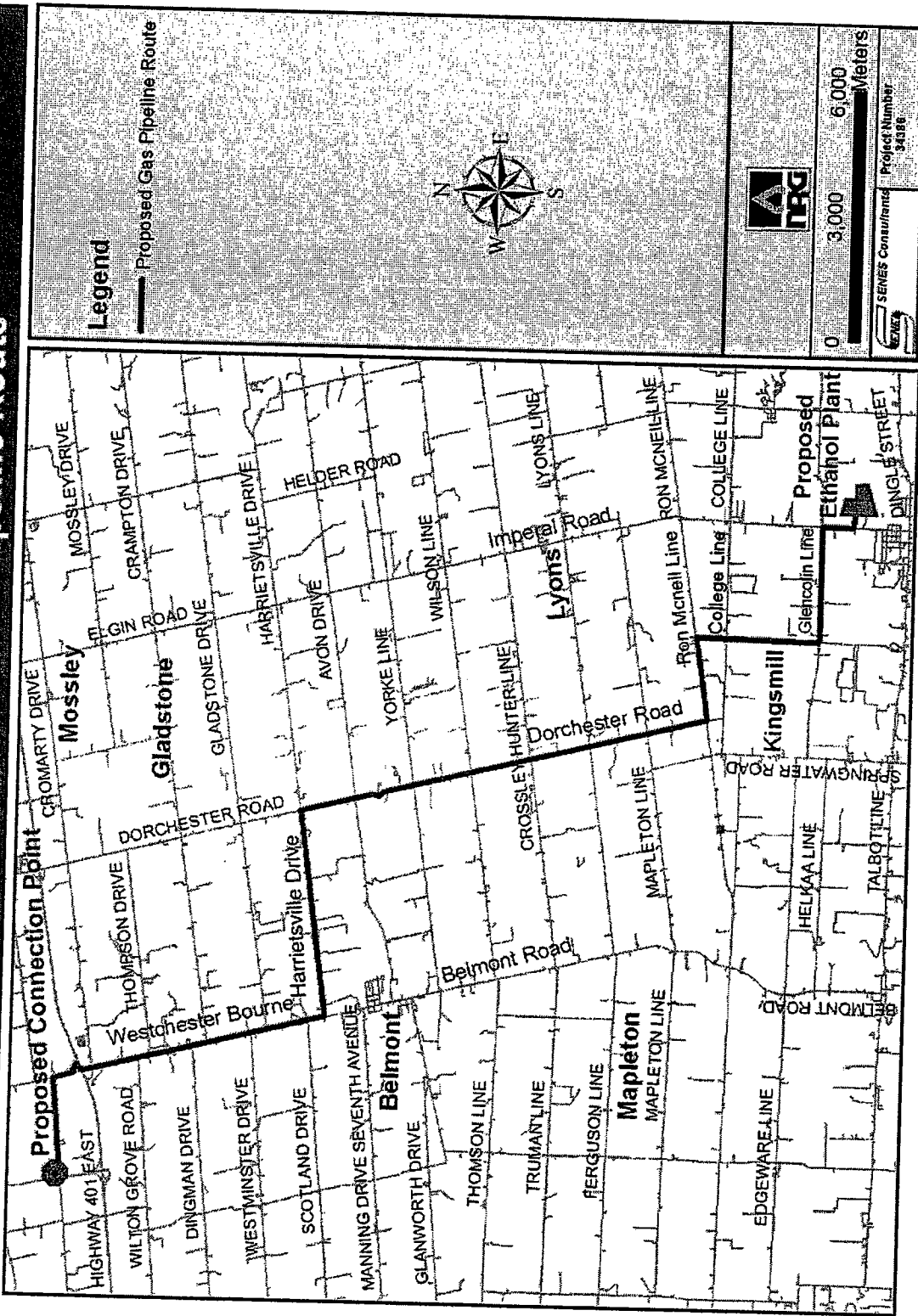
Union Gas Connection Facilities

14. The Utility shall coordinate the construction of the Utility Connection Facilities with Union Gas Ltd. to facilitate the completion of the Union Gas Connection Facilities by or before November 1, 2007.

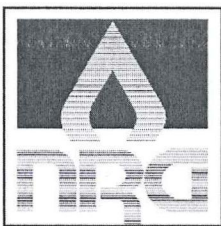
SCHEDULE B - PROJECT MAP

[To be inserted]

Proposed NRG Ltd. Gas Pipeline Route



TAB 2



File Number: EB-2012-0342

Exhibit: 1

Tab: 3

Schedule: 1

Date Filed: August 7, 2012

Appendix 1 of 1

GD IRM Rate Generator

Name of LDC: Natural Resource Gas Limited
OEB Application Number: EB-2012-0342

Revenue Requirement from Rates

Rate Group	Monthly Service Charge	Delivery First 1,000 m ³	Delivery Over 1,000 m ³	Delivery Next 24,000 m ³	Delivery Over 25,000 m ³	Demand - Firm	Delivery - Firm	Commodity	Delivery - Int - Lower	Delivery - Int - Upper	Total
RATE 1 - General Service Rate - Residential	\$ 1,062,707	\$ 1,905,119	\$ 77,271	\$ -	\$ -	\$ -	\$ -	\$ 4,757	\$ -	\$ -	\$ 3,049,854
RATE 1 - General Service Rate - Commercial	\$ 67,068	\$ 271,095	\$ 249,731	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ 589,395
RATE 1 - General Service Rate - Industrial	\$ 6,804	\$ 20,191	\$ 49,169	\$ -	\$ -	\$ -	\$ -	\$ 217	\$ -	\$ -	\$ 76,381
RATE 2 - Seasonal Service - Apr to Oct	\$ 7,665	\$ 17,211	\$ -	\$ 31,257	\$ -	\$ -	\$ -	\$ 165	\$ -	\$ -	\$ 56,298
RATE 2 - Seasonal Service - Nov to Mar	\$ 5,475	\$ 997	\$ -	\$ 6,870	\$ -	\$ -	\$ -	\$ 18	\$ -	\$ -	\$ 13,360
RATE 3 - Special Large Volume Contract Rate	\$ 7,200	\$ -	\$ -	\$ -	\$ -	\$ 82,640	\$ 74,761	\$ 797	\$ -	\$ -	\$ 165,397
RATE 4 - General Service Peaking - Apr to Dec	\$ 3,105	\$ 31,919	\$ 23,276	\$ -	\$ -	\$ -	\$ -	\$ 159	\$ -	\$ -	\$ 58,458
RATE 4 - General Service Peaking - Jan to Mar	\$ 1,035	\$ 825	\$ 2,193	\$ -	\$ -	\$ -	\$ -	\$ 6	\$ -	\$ -	\$ 4,058
RATE 5 - Interruptible Peaking Contract Rate	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ 65,496	\$ -	\$ 344	\$ -	\$ -	\$ 74,840
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	\$ 1,800	\$ -	\$ -	\$ -	\$ -	\$ 1,254,434	\$ 236,071	\$ -	\$ -	\$ -	\$ 1,492,305
	\$ 1,171,859	\$ 2,247,358	\$ 401,640	\$ 38,127	\$ -	\$ 1,402,570	\$ 310,832	\$ 7,962	\$ -	\$ -	\$ 5,580,347

TAB 3

LENCZNER SLAGHT ROYCE
SMITH GRIFFIN LLP
BARRISTERS

Direct Line: (416) 865-3097
Email: lthacker@litigate.com

January 31, 2008

VIA EMAIL

George R. Alkalay
Northfield Ventures Ltd.
95 King View Crescent
King City, ON L7B 1K5

Dear Mr. Alkalay:

**Re: Natural Resources Gas Limited and Integrated Grain
Processors Co-operative Inc.**

Letter of Credit

IGPC has asked NRG to provide it with its proposed terms for the Letter of Credit. NRG requires that the Letter of Credit must guarantee payment of the gas delivery revenue on a seven years' take or pay basis, including all applicable GST. This amount will be \$2,103,719.00, or any other rate applicable in the future, per year for seven years plus 5% of GST. As each year passes, this amount can be decreased by one year's revenue calculated at the minimum annual volume, unless that volume has been renegotiated or the applicable rate has changed. The Letter of Credit must be assignable to allow NRG to change financial institutions.

We have set out below the key terms of the proposed Letter of Credit:

Letter of Credit Coverage	Amount
Est. Unamortized Loan Balance	\$5,300,000
Decommissioning Cost ¹	2,800,000
Tax Liability wrt Debt Forgiveness	5,000,000
Loan Breakage Fees ²	1,890,000
Delivery Revenue	14,700,000
Security Deposit	525,000
Total	\$31,915,000

¹ Based upon \$2,280,000 compound at 3% for 7 years. This amount should be topped up each year to reflect any changes in costs or legislation and can be based upon an estimate provided by an independent consultant.

² Assuming a variable rate loan with a 3 month interest penalty

Terms of Default

1. IGPC fails to make any payment when due, and payment is not made within 10 business days after receipt of written notice of such failure from the Utility.
2. IGPC fails to deliver or maintain the Customer Letter of Credit or the Delivery Letter of Credit when due.
3. IGPC fails to perform any material covenant or obligation set forth in the PCRA if such failure is not remedied within 15 business days after written notice of such failure from the Utility.
4. Any representation made by IGPC in the PCRA is not true or correct in any material respect when made and is not made true or correct in all material respects within 30 business days after receipt of such fact from the Utility.
5. The dissolution, termination of existence, liquidation or winding up of IGPC.
6. Insolvency.
7. Bankruptcy.
8. A petition, proceeding or filing is made against IGPC seeking to have the IGPC declared bankrupt or insolvent.

Letter of Credit Terms & Conditions

- Assignable/Transferable
- Demand shall be honoured on demand in whole or in part
- Letter of credit to be in place throughout period in which IGPC is receiving service
- Delivery of demand should be to a fixed address
- Auto Renewal Clause only cancelable by the beneficiary
- Renewal Notification or Non-Renewal should be by courier and sufficient notice (*i.e.* 30 days) should be provided
- Reduction of the Letter of credit balance should only be permitted for balances that naturally reduce as a result of the passage of time (*i.e.* Unamortized Loan balance, Delivery Revenue)

George R. Alkalay

January 23, 2008

- Additional condition of default should a material adverse change in their business

Yours truly,


Lawrence E. Thacker

LET/gw

TAB 4

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 Natural Resource Gas Limited to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates and other charges for the sale, transmission and distribution of gas as of October 1, 2010.

**RESPONSE TO INTERROGATORIES FROM
THE ONTARIO ENERGY BOARD**

May 18, 2010

Ref: Exhibit B7/Tab2/Sch.1

2.6 Are amounts related to the IGPC pipeline added to 2009 rate base appropriate?

11. Please provide a detailed breakdown of the \$5,073,000 new steel mains costs for 2009 (actual) related to the IGPC pipeline.

RESPONSE

Please see Attachment.

Attachment to OEB 11
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	989,228	763,140	226,088	-
Survey	72,118	72,118	-	-
Non Destructive Testing	211,809	211,809	-	-
Local NRG Labour	3,528	3,528	-	-
Total Labour	2,549,077	2,285,506	226,088	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	8,435,742	5,688,748	226,088	2,520,906
Interest	217,073	217,073	-	-
Net Project Costs	8,652,814	5,905,820	226,088	2,520,906
Payments made from IGPC directly to NRG		(1,058,908)	-	1,058,908
Net Investment	8,652,814	4,846,912	226,088	3,579,814
SUMMARY	Actual	Original Budget		
Paid by NRG	4,846,912	5,310,000		
Contingencies	226,088	-		
Total Cost on NRG's books	5,073,000	5,310,000		
Paid by IGPC	3,579,814	3,790,000		
Total Cost of Project	8,652,814	9,100,000		

TAB 5

**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	-	-

TAB 6

UNDERTAKING NO. J2.4: TO PROVIDE ANALYSIS OF HOW \$1.1 MILLION REDUCTION WOULD FEED INTO CAPITAL CONTRIBUTION PAID BY IGPC AND AMOUNT THAT WOULD CLOSE TO RATE BASE.

RESPONSE: NRG reviewed its contribution model against the requirements of EBO 188. Although EBO 188 applies to Enbridge and Union (and not NRG), NRG developed its EBO 188 model consistent with EBO 188; however, the following anomalies were identified:

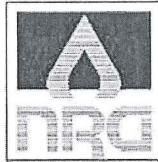
- capital and net revenues were not present valued to a common date;
- net revenues were not present valued using mid-period values (the software on which the original model was created did not permit mid-year discounting); and,
- CCA Class 1 was relied on rather than CCA Class 51.

The model was revised for these anomalies, and the \$1.1 million reduction would result in the following:

Scenario	per EBO 188, Actual Capital Costs	per EBO 188, \$1.1M Capital Cost reduction
Pipeline Capital Cost	8,626,353	7,526,353
NPV Costs	8,751,053	7,635,151
NPV Dx Rate Revenue	3,645,677	3,645,677
NPV Tax Shield	1,384,274	1,207,757
Contribution	3,721,102	2,781,718
Amount Closed to Rate Base	4,905,251	4,744,635

NRG is in the process of implementing a new contribution model to validate these results. If further anomalies are identified an update will be provided. However, it is unlikely that any further refinement to the model would result in any material changes to the results provided above.

TAB 7



Natural Resource Gas Limited

Via Courier

July 24, 2012

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

Attention: Mr. Neil McKay, Manager Facilities

Dear Mr. McKay:

Re: Natural Resource Gas Limited ("NRG")
Integrated Grain Processors Co-Operative Inc ("IGPC") Ethanol Pipeline
EB-2006-0243

Pursuant to Condition 3.4 of the Board's Conditions of Approval for the above-noted project, please find enclosed NRG's Post Construction Financial Report which highlights the variances and provides an explanation for the significant variances.

This has resulted in an overpayment on the Aid to Construct by IGPC in the amount of \$54,411.

Yours truly,

NATURAL RESOURCE GAS LIMITED

Anthony H. Graat,
President

Encl.

POST CONSTRUCTION FINANCIAL REPORT

Ethanol Pipeline

	Actual Costs	Original Budget	Over/(Under)	%
Total Material	956,242	1,145,855	(189,613)	-17%
Prime Contractor	3,188,173	3,564,400	(376,227)	-11%
Total Labour	2,267,948	2,173,800	94,148	4%
Total Other	110,142	237,000	(126,858)	-54%
Interest	113,260	250,000	(136,740)	-55%
Contingencies	132,000	1,023,237	(891,237)	-87%
SUB TOTAL	6,767,765	8,394,292	(1,626,527)	-19%
Customer Transfer Station	748,105	250,000	498,105	199%
Custody Transfer Station	884,003	500,000	384,003	77%
NET PROJECT COSTS	8,399,873	9,144,292	(744,419)	-8%

Material - Pipe and construction material lower than forecast due to hard negotiations with supplier by our experienced and senior project manager

Prime Contractor/contingencies - below budget due to hands on management by project manager and our senior project manager negotiated at length to get a closed contract so there would be no extras.

Other costs - budget included \$125,000 for Temporary Land Use & Damages which did not occur (again due to hands on project manager)

Customer Transfer Station - the original forecast supplied by Union Gas was a project cost of \$640,000 with the Aid to Construct portion of \$185,000; the final amount supplied by Union Gas was \$700,000 which included \$60,000 cost for land and the full amount was considered the Aid to Construct portion.

Custody Transfer Station - payment was not received from IGPC to go forward with work; IGPC was directed by the Board to deal with Lakeside directly; all future negotiations and management of this aspect were handled directly by IGPC.