

Scott A. Stoll
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October 26, 2012

BY COURIER, EMAIL AND RESS

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

Dear Ms. Walli:

**Re: Natural Resource Gas Limited Franchise Renewal
EB-2012-0072
Submissions of Integrated Grain Processors Co-operative Inc.**

We attach a Document Book of Integrated Grain Processors Co-operative Inc. in respect of its Submissions filed on October 26, 2012, in the above-noted proceeding.

Yours truly,

AIRD & BERLIS LLP



Scott A. Stoll

SAS:ct
Enclosure

13398180.1

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Municipal Franchises Act*, R.S.O. 1990, c. M.55,
as amended;

AND IN THE MATTER OF an application by Natural Resources Gas Limited for an order approving the terms and conditions upon which, and the period for which, the Corporation of the Town of Aylmer is, by by-law, to grant to Natural Resources Gas Limited the right to construct and operate works for the distribution, transmission and storage of natural gas and the right to extend and add to the works in the Town of Aylmer;

AND IN THE MATTER OF an application by Natural Resources Gas Limited for an order directing and declaring that the assent of the municipal electors of the Town of Aylmer to the by-law is not necessary.

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

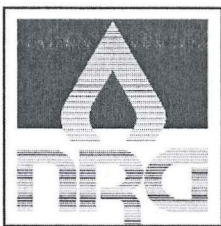
AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street
Suite 1800
Toronto, ON M5J 2T9

Scott Stoll (LSUC #45822G)
Tel: 416.865.4703
Fax: 416.863.1515

Counsel for the Intervenor Integrated Grain
Processors Co-operative Inc.

I N D E X

Tab #	Description
1.	NRG Exhibit 1, Tab 3, Schedule 1, Attachment, Table B1.3, EB-2012-0342, filed August 7, 2012
2.	AgEnergy Co-operative letter to Minister of Energy, September 10, 2012
3.	NRG IRRs to IGPC IRs 2 and 3, Exhibit C, Tab 5, pp. 3 to 5, EB-2012-0072, August 2012
4.	IGPC letter to Mr. Jack Howley, NRG, dated March 14, 2012, and attachment
5.	Email dated March 23, 2012 from Jack Howley, NRG to Doug Blair, IGPC
6.	NRG letter dated July 9, 2012 to IGPC
7.	NRG System Map, Capital Projects, NRG IRR to IGPC #5, Exhibit I, Tab 4, p. 7 attachment, EB-2010-0018, May 17, 2010



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



45 Speedvale Ave E.
Guelph, ON N1H 1J2
phone: 519-763-3026
toll free: 866-818-8828
fax: 519-763-5231

Sept. 10th, 2012

Honourable Chris Bentley
Minister of Energy
Hearst Block, 9th Floor
Queen's Park
Toronto, ON

Dear Minister Bentley,

We are writing to you on behalf of Ag Energy Co-operative Ltd.'s membership and particularly those members who reside or have business pursuits in the natural gas distribution franchise area of NRG Inc. As a marketer or reseller of natural gas within the province of Ontario, we are very familiar with the expectations and regulations that govern not only our day to day operations, but also of those utilities that support us in ensuring cost effective and dependable flow of natural gas. As such, we are writing to you on behalf of the members that fall within the franchise area of NRG but also as a Co-operative who heavily depends upon its utility to honour its commitments to the customers it serves.

Ag Energy is an Ontario based co-operative representing members in Ontario and serves more than 1000 customers in Ontario, Quebec and British Columbia. We are a services based co-operative that provides natural gas and electricity solutions to its members / customers and were incorporated 24 years ago. Our beginnings served as cost-effective procurement of natural gas for greenhouses as a result of energy deregulation, as energy is typically one of the largest input costs for our membership. We have annual sales in excess of \$25 million and our primary focus is to provide cost effective energy commodities and investment opportunities to our membership. We are a lean organization of 10 employees serving agriculture, agri-tech and agri-food. If we were to expand the impact of our efforts to two levels, Ag Energy and its membership (i.e. other co-operatives and organizations and their membership) reflect the following metrics:

- Approximately 5000 employees
- Greater than \$1/2 Billion CAD in revenue / sales per year
- Majority of the locations are rural Ontario
- 90+% of the revenue is estimated to remain in Ontario
- Any growth efforts or streamlining of bureaucracy supports these Ontario businesses/ individuals and inherently improves the province economically and socially.

Ag Energy members, who are our owners, provide regular feedback to service levels – both ours and that of the utilities. Furthermore, we have daily, monthly and annual operational processes that are completely contingent upon the effectiveness or capabilities of the utility which provides the commodity and pipeline to each member location. Given the feedback we have received and also our internal observations, Ag Energy Co-operative Ltd. is seeking your support in remedying issues with the processes and practices of NRG Inc. in the delivery of reliable natural gas. Ignoring the issues or challenges presented adversely affect our members in the NRG franchise and also negatively affect the performance of Ag Energy for the remainder of the membership not affected. Furthermore, it is an overall cost burden to all participants in the value chain, thereby negatively affecting the Ontario tax base, directly and indirectly.

Over the years, our Co-operative has received numerous complaints from members and customers (i.e. non-members) alike regarding rates and practices of NRG Inc. As an entity, we have added additional time and effort to overcome some of the obstacles with little hope of remediation longer term. As it pertains to effective operations, NRG Inc. operates at a

far lesser level of capability than its peer natural gas utilities like Union Gas Ltd. or Enbridge Gas. We have responsibly supported our members and customers but we are seeing little hope of improvement, even with extreme follow-up and due diligence.

Members and customers often times pay extreme premiums to what neighbouring customers will pay in the Union Gas Ltd. franchise. Extraordinary fees per m3 or GJ relative to market costs are not abnormal, at times even exceeding 40%. Little feedback for planning or electronic processes such as OEB mandated GDAR are not applied, thereby creating a costly and unfriendly business environment for all. This long standing problem is rooted in part to the fact that NRGs franchise is an aberration within Ontario's natural gas market place. These circumstances and NRG's disregard for their obligations to act in the public interest is placing ratepayers, affected businesses and their communities at a severe disadvantage. Specifically, this unique situation has allowed NRG to conduct business in a manner beyond the apparent jurisdiction of the OEB and as such, the OEB lacks the tools to effectively influence and affect the conduct of this utility.

Such behaviour is costly to all who are a part of the overall chain of support. It is costly not only in the servicing but also in the financial outlay while dealing with such dysfunction. As Ontario has been challenged severely by many economic woes, do we truly need further challenges to exacerbate an area which could use economic stimulus? The OEB has been ineffective at mitigating the behaviour of this company over the years and as such, we would like to propose that you provide the OEB with additional tools such that they can better manage the conduct of the utility and improve the overall service and cost to its user base.

The OEB has the powers to deal with unacceptable situations and behaviours of small electric utilities who may not be acting in the best interest of the public. This power was given to the OEB in the 1990's when the electricity marketplace was reformed. Accordingly, the OEB is authorized under section 59(1) of the OEB Act to monitor and, if necessary, take remedial action, if an electric utility is failing to meet their obligations to the public. Unfortunately, parallel powers do not exist for natural gas utilities.

We request your support to take the appropriate actions to address this situation by vesting the OEB with the added powers or tools in parallel to section 59(1) to protect the public interest and the ratepayers of Ontario. Given these additional powers to assess the governance issues, monitor financial controls, review operational issues and to remedy shortcomings, the OEB can then conduct an effective review of NRG's capacity to carry on gas distribution services in its franchise areas.

Minister, last year at the Ontario Economic Summit's round table you heard of our plea for a level playing field as it pertained to energy. Once again, we are seeking the same and ask for your intervention to remedy these untenable circumstances for our members and customers and your constituents, ratepayers and tax payers.

We would appreciate an opportunity to discuss this matter with you at your earliest convenience. Sincerest thanks for your consideration and we look forward to hearing from you.

Respectfully,



Rose Marie Gage,
Chief Executive Officer,
Ag Energy Co-operative Ltd.

INTERROGATORY #2

2. What conditions of approval, if any, are to be attached to Board's order, if the Board approves the application?

Ref:

- EB-2010-0018, Exhibit A1, Tab 3, Schedule 1 (Organizational Chart)

(a) Please provide a copy of the Trust document?

(b) Can the beneficiaries collapse the Trust?

(c) How does NRG ensure the continued separation of NRG from the related entities, such as NRG Corp., from whom it purchases natural gas?

(d) Would NRG object to a condition that obligated it to inform the Board and the Town in the event there is a change in the Trustees? If so, why?

(e) Would NRG object to a condition of approval requiring NRG to provide annual statements or certification to the municipality regarding its compliance with the regulatory requirements during the prior year?

RESPONSES

(a) Not relevant to this proceeding.

(b) Not relevant to this proceeding.

(c) NRG has no affiliated companies. The NRG Corp. pricing issue is managed in NRG's rate applications (as currently demonstrated by Phase 2 of NRG's rate application).

(d) Yes. In any case, NRG does not see how a change in Trustees would create any risk for NRG's ratepayers.

(e) Yes.

INTERROGATORY #3

3. If the Board approves the application, what is the appropriate term for the Board's order?

Ref:

- EB-2010-0018, Exhibit A1, Tab 3, Schedule 1 (Organizational Chart)
- EB-2010-0018, Phase II supply to NRG's franchised territories.
- E.B.A. 362, section 11 of the franchise agreement provided a 30 year term.

(a) Is there any obligation for the Trust to be wound up during the requested term of the franchise agreement?

(b) Is there a succession plan for the trustees that administer the Trust? If so, please provide the plan or specific details of such plan. If there is no succession plan please provide reason for not developing such a plan.

(c) Is NRG involved in any significant lawsuits, claims, actions or applications or similar proceedings? Please provide copies of statement of claims, applications or similar document and status of such action, proceeding.

(d) Are all other franchise agreements to which NRG is a party in effect and in good standing?

(e) Please provide list of the expiring franchise agreements and the date of expiration?

(f) Excluding general industry reliability issues, are there any circumstances (financial or otherwise) which pose a risk to the reliability of gas service within the franchise area within the proposed franchise renewal term? If so, what are the risks and what is being done to mitigate such risks?

RESPONSE

(a) No.

(b) No, not necessary.

(c) The only significant litigation in which NRG is currently involved is its claim against IGPC alleging malicious falsehoods and unlawful interference with economic relations for the issuance of false and misleading statements that were intended to, and did, have the effect of causing NRG to suffer losses.

(d) Yes.

(e) NRG is only seeking to renew its franchise agreement with the Town of Aylmer in this application. The other franchise arrangements are not up for renewal and are not before the Board.

- (f) NRG does not believe there are circumstances which might affect the reliability of its gas service. NRG believes that it faces a material financial risk with regards to the viability of IGPC. Refer to the attached May 9, 2012 letter to Aird & Berlis LLP which discusses NRG's concerns.

In order for NRG to manage its present risk, other items required would be as follows:

- Business interruption insurance;
- A security deposit from IGPC that more appropriately reflects the risk (the current deposit is far from adequate); and
- Arrangement for decommissioning costs.



March 14, 2012

To: Mr. Jack Howley

Re: Amendment No. 1
L/C Reference: CT08SOL0043-B

Further to our telephone conversation earlier today.

IGPC had forwarded the following information to Societe Generale for a possible reduction to the current Letter of Credit.

Clause 7.6 of the Pipeline Cost Recovery Agreement provides the right to reduce the LC on the anniversary of taking gas.

The actual dollar amount was taken from a table filed by NRG in the rate application (Response to IGPC Interrogatory 3). This document was dated August 31, 2011 and filed the following day by NRG.

Year

2011	\$ 4,222,558
2012	\$ 3,978,949
2013	\$ 3,735,340
2014	\$ 3,491,731
2015	\$ 3,248,122

The highlighted number was used by Societe Generale in drafting up the Letter of Credit Amendment No. 1, which was dropped off at your office earlier in the week, for NRG's authorization.

I hope this information addresses NRG's question in regards to the amendment. Please let me know if I can be of further assistance.

Regards

FILE COPY

Doug Blair

Phone 519-765-2575 ext 234



SOCIETE GENERALE
Corporate & Investment Banking

Date: 09 March 2012

NATURAL RESOURCE GAS LIMITED
P O Box 307
Aylmer, Ontario N5H 2S1

AMENDMENT NO. 1

Our Standby L/C Reference: **CT08SOL0043-B**
Issue date: 18 April 2008
Amount: CAD5,214,173.00

At the request of the applicant, IGPC Ethanol Inc., we hereby amend our Irrevocable Standby Letter of Credit as follows:

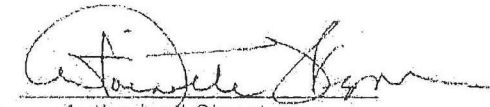
- The letter of credit amount is reduced to **CAD3,978,949.00**


All other terms and conditions remain unchanged.

This amendment is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500.

Please confirm your acceptance of this amendment by signing and returning a copy to us.

Societe Generale (Canada Branch)


Authorized Signature
Antoinette Wynn


Authorized Signature
Sally Jow

We hereby confirm acceptance of this amendment.

Natural Resource Gas Limited

Carol Thomas

From: Doug Blair [dblair@igpc.ca]
Sent: March 23, 2012 12:55 PM
To: Jim Grey; Scott Stoll
Subject: FW: Request Possible Reduction L/C

Jim / Scott

This is the response from NRG in regards to my follow up phone call yesterday.

Doug

From: Jack Howley [mailto:howley@nrgas.on.ca]
Sent: March 23, 2012 12:18 PM
To: Doug Blair
Subject: Request Possible Reduction L/C

Doug Blair

In response to your recent telephone enquiry pertaining to the reduction in the L/C as outlined in your letter of 14 March 2012, at this time we wish to confirm that your request is currently under advisement and that you will be advised in due course.

Thank you,

Jack

Jack Howley
General Manager
Phone: 519-773-5321
Fax: 519-773-5335
E-Mail: howley@nrgas.on.ca



NATURAL RESOURCE GAS LIMITED
Supporting Your Natural Gas Lifestyle

38 Beech St. E., Aylmer, Ontario N5H 1A1 | Tel: 519-773-5321 | Fax: 519-773-5335



Natural Resource Gas Limited

July 9, 2012

IGPC
89 Progress Drive
P.O. Box 205
Aylmer, ON N5H 2R9

Attention: Mr. Jim Grey
Chief Executive Officer

Dear Mr. Grey,

We are in receipt of your letter dated July 6, 2012. With respect to the current annual review of the direct purchase arrangement, you understand correctly that NRG consented to the volumes and this was communicated to both AgEnergy and Union Gas. It has not been the practice in the past to supply any further documentation to IGPC, however, we requested that Jack Howley send you a copy of the SA 8937 Parameters Report for your records.

The intention of our letter was to ensure any matters, other than operational emergencies, are addressed at the highest level and there is one contact person for all such issues. We may then choose to delegate the issues within our organization.

In the past any issue with IGPC has involved an excessive use of executive time and expense by NRG. Any future requests made by IGPC would have to include a method for IGPC to compensate NRG for the time spent and the out of pocket expenses that it occurs. These financial arrangements will have to be in place before any discussions will be entertained. NRG will not and can not spend managements' time and financial resources to discuss an IGPC request with outside consultants and lawyers, only to be told that NRG's costs are excessive and IGPC will not pay.

As you know, there are currently several large and important matters that must be resolved. It is NRG's understanding, that IGPC believes that the cost incurred by NRG on the construction of the high pressure pipeline starting in 2007 are still not agreed too. If that is correct, then that issue must also be resolved.

Just to reiterate, NRG can not enter into any discussions regarding possible new business or changes to existing business arrangements until major disagreements have been resolved.

Yours truly,

NATURAL RESOURCE GAS LIMITED

Anthony H. Graat
President

NORTH DORCHESTER

NRG Gas Main
(Existing H.P.)

NRG Gas City
(Existing M.P.)

Capital Projects

- 1998 FISCAL YEAR
- 1999 FISCAL YEAR
- 2000 FISCAL YEAR
- 2001 FISCAL YEAR
- 2002 FISCAL YEAR
- 2003 FISCAL YEAR
- 2004 FISCAL YEAR
- 2005 FISCAL YEAR
- 2006 FISCAL YEAR
- 2007 FISCAL YEAR
- 2008 FISCAL YEAR
- 2008 DEDICATED 6" LINE - IGPC _ H.P.
- 2009 FISCAL YEAR
- 2010 FISCAL YEAR

- 1 - 10 Wilson Line
- 2 - 10 Springer Hill Road (Phase -2)
- 3 - 10 Glencolin
- 4 - 10 Hertiege Line

2011 OPTIONAL

- 1 - 11 Culloden Line
- 2 - 11 Avon Drive

2012 OPTIONAL

- 1 - 12 Culloden Line

Union Gas Main

Greentree Gas Main

Above Ground Shut off Valves

Bellow Ground Shut off Valves

NORFOLK

SOUTH
DORCHESTER

SOUTH-WEST
OXFORD

BAYHAM

MALAHIDE



Natural Resource Gas Limited

NRG System Map

Scale
200m 1000m 0 2km 4km 6km 8km 10km

Lake Erie