

February 21, 2013

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Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
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On January 1, 2012, Macleod Dixon joined  
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EB-2012-0406

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Dear Ms. Walli:

**RE: Request for Oral Hearing (EB-2012-0406)**

On February 11, 2013, the Board issued a Notice of Application and Written Hearing in the above-referenced proceeding initiated by the Integrated Grain Processors Co-operative Inc., in which it indicated its intent to proceed by way of written hearing. On behalf of Natural Resource Gas Limited ("NRG"), we are writing to request that this matter be addressed orally before a panel of the Board.

IGPC's application seeks an order pursuant to subsection 42(3) of the Ontario Energy Board Act, 1998 requiring NRG to provide gas distribution services and gas sales to meet IGPC's facility expansion and upgrading plans. In addition to claiming that NRG has denied service to IGPC, the application sought various other forms of relief, which are summarized in the Board's correspondence dated February 13th.

As NRG submitted in its Reply Argument in EB-2012-0072 (Renewal of Franchise Agreement with Town of Aylmer), NRG has not denied service to IGPC. IGPC's application focuses on a letter from NRG dated July 9, 2012 to support its allegation that NRG denied service, but subsequent correspondence at Tab 5 of IGPC's application shows that there has been no denial of service and that IGPC is not yet ready to proceed with its expansion:

NRG to IGPC (July 24, 2012): "Re: IGPC Possible Expansion" – "I have not received any further correspondence or call to discuss the above matter in greater detail. I assume that IGPC has chosen not to pursue further expansion at this time."

IGPC to NRG (July 25, 2012): "RE: IGPC Possible Expansion" – "In response to your letter of July 24, 2012, IGPC is currently in preliminary engineering stages of an expansion to its facilities."

This is the entire content of the two most recent letters between IGPC and NRG on this issue. There was no further oral or written communication from IGPC as to its expansion plans, until the IGPC Application on October 11, 2012 wherein IGPC baldly alleges a denial of service by NRG and repeats historic grievances with which the Board is familiar. Quite frankly, when filed (in the midst of NRG's Aylmer franchise proceeding), NRG believed the letter to be an attempt to colour the Aylmer franchise proceeding. NRG further believes that IGPC might have a different agenda that we are not privy to and this is to be as difficult as possible with any interaction NRG has with them. This is indicative of how IGPC has chosen to misinterpret written correspondence and NRG feels this will worsen in a written hearing and the messages will be less clear in a written format.

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If IGPC is serious about expansion, then the question of service expansion at the IGPC facility cannot be considered without a thorough review of IGPC's financial well-being. Specifically, as pointed out by NRG in the past, IGPC is wholly dependent upon a \$28.7 million annual operating grant from the provincial government which expires in 2016. IGPC's current financial statements are not available. It would be imprudent for NRG to proceed with any expansion without asking the obvious questions about viability of IGPC beyond 2016.

NRG's obligation to connect, as it has advised IGPC on numerous occasions, has to be balanced against NRG's obligation to protect the rate payers and the shareholders. The approach that IGPC takes with any issue involving NRG is not helping. NRG is required repeatedly to seek legal advice and counsel and address matters that IGPC feels compelled to bring before the OEB instead of being able to discuss the matters directly with NRG in a meaningful way. We have suggested direct meetings with IGPC in order to resolve our issues but to no avail.

Fleshing out all of these details (in addition to trying to address the myriad of issues in IGPC's application) will, in NRG's view, require the production of documentation and would benefit from engaging parties in discussion. As a result, we believe that the Board panel would be better served by an oral hearing, as it may wish to ask IGPC, NRG, Board Staff and any other intervenors questions in order to fully explore the issues at hand. NRG expects that it would be more cost and time effective than multiple rounds of written submissions.

Please feel free to contact us if you would like to discuss, and thank you for your consideration.

Yours very truly,



for: John Beauchamp

JB/mnm