

**INTEGRATED GRAIN PROCESSORS CO-OPERATIVE INC. ("IGPC")**

**INTERROGATORIES TO**

**NATURAL RESOURCE GAS LIMITED ("NRG")**

**INTERROGATORY #1**

**Issue 1**

*Is an Order of the Board requiring NRG to provide gas distribution services and gas sales to IGPC to meet its facility expansion and upgrading plans necessary and appropriate?*

**Preamble:** IGPC is desirous of understanding why a request for gas distribution services was referred away from the Utility to Ayerswood Development and the nature of the relationship between NRG and Ayerswood

**Reference:** Letter from IGPC to NRG, June 18, 2012, IGPC Pre-filed Evidence Exhibit C, Tab 4, and NRG's response of the same date, Tab 5

**Question:**

1. Please advise as follows:

- (a) Who is the current operations manager of NRG?
- (b) Is Mr. Jack Howley still employed by NRG and if so, in what capacity?
- (c) As of June 2012, what position did Mr. Howley have with NRG?
- (d) If Mr. Howley was an employee of NRG in 2012, what was his salary and what is the value either in dollar terms or as a percentage of his salary of his benefits package? (IGPC is prepared to agree that this information and all other information requested about the personal earning of any employee or payments to a third party service provider to NRG may be filed in confidence and IGPC will execute the appropriate undertakings).
- (e) If Mr. Howley was not an employee of NRG, in what capacity does he provide services to NRG (i.e., as an independent contractor or consultant)? Please produce a copy of any service agreement and/or consulting contract with Mr. Howley (or his firm) in effect as of June 2012.
- (f) Please produce a copy of all emails, memoranda, notes and all other written documents and correspondence prepared or exchanged internally or to third parties in respect of the IGPC letter dated June 18, 2012 in respect of IGPC's planned expansion.

2. Mr. Graat's response of June 18, 2012 directs IGPC to forward future correspondence "*other than operational emergencies*" to Mr. Graat at Ayerswood Development, at an address in London, Ontario.
  - (a) Does Ayerswood Development provide services to NRG?
  - (b) What is the nature of the services provided historically (i.e., pre-June 2012)?
  - (c) What was the intent behind referring Mr. Grey to Ayerswood Development in respect of IGPC's expansion plans?
  - (d) In respect of Ayerswood Development, please respond to the following questions and requests:
    - (i) Please provide a list of all those employees at Ayerswood Development who have natural gas pipeline distribution education, training or experience. Please provide a CV of all such persons that includes a detailed breakdown of all such experience
    - (ii) Please produce a copy of the services agreement or consulting agreement between NRG and Ayerswood Development that was in effect as of June 2012 (or any other document which details the nature of the relationship between NRG and Ayerswood Development).
    - (iii) Are any of NRG's operations controlled from the Ayerswood Development' offices in London, Ontario? If so, please describe which services are controlled, managed or contributed to from Ayerswood Development in London, Ontario.
3. It appears that Mr. Graat is one of the principals of Ayerswood Development. Please advise and respond to the following:
  - (a) Please produce a copy of Mr. Graat's CV. To the extent it does not make any reference to natural gas pipeline construction, maintenance or operations experience, please provide a detailed list of all of Mr. Graat's experience in such matters, including dates, specific duties and all education and training in respect of such matters.
  - (b) As of June 2012, was Mr. Graat an employee of NRG?
  - (c) If he was an employee, what was his salary in 2012 and his benefits package (in a dollar amount or percentage of his salary)?
  - (d) If Mr. Graat was not an employee of NRG, what was the nature of his relationship with NRG (consultant, officer and/or independent contractor)? Please produce a copy of any consulting agreement or services agreement or any other document

which evidences the relationship and the duties and obligations as between Mr. Graat and NRG.

- (e) If Mr. Graat was not an employee of NRG, please explain in detail how he was remunerated in 2012 and the basis for such remuneration (dockets, fixed monthly amount, hourly rates, etc.)
- (f) What is the total amount paid by NRG to Mr. Graat in 2012? If no payments were made directly to Mr. Graat in 2012 in respect of his activities for or on behalf of NRG, please provide a detailed explanation as to how Mr. Graat was remunerated. For example, was his remuneration paid to another legal entity? (Trust, partnership or corporation?)

## **INTERROGATORY #2**

### **Issue 1**

**Reference:** IGPC letter to Ayerswood Development, dated July 3, 2012, and NRG's response dated July 9, 2012 – IGPC Pre-filed Evidence, Exhibit C, Tabs 6 and 7

### **Question:**

4. Does NRG acknowledge that it received IGPC's letter of July 3, 2012 (NRG's letter of July 9, 2012 states that it is in response to a July 6<sup>th</sup> letter).

### INTERROGATORY #3

#### Issue 1

**Preamble:** IGPC is desirous of understanding the nature of and services provided in respect of the items included in NRG's August 24, 2012 invoice.

**Reference:** NRG letter dated August 24, 2012 and attached invoice. IGPC Pre-filed Evidence, Exhibit C, Tab 8

#### Question:

1. In respect of the charge for "correspondence" in the invoice, please:
  - (a) Produce all correspondence to which this charge relates;
  - (b) Please advise who was involved in the preparation of the correspondence to which this charge relates;
  - (c) Please explain how the charge was calculated (hourly rate or some other method)?
  - (d) Please provide the particulars of all remunerations paid by NRG to all persons involved in the preparation of the correspondence for which this charge is related. The remuneration should include all salary, benefits (dollar value or percentage of salary) or if the person is not an employee, the amounts paid to another entity.
  - (e) Please provide a CV of those people involved in the preparation of the correspondence.
2. In respect of the charge for "discussions with MIG" in the invoice, please:
  - (a) Produce all correspondence or written communications to which this charge relates;
  - (b) Please advise who at NRG was involved in the discussions with MIG to which this charge relates;
  - (c) Please explain how the charge was calculated (hourly rate or some other method);
  - (d) Please provide the particulars of all remunerations paid by NRG to all persons involved in the discussions with MIG for which this charge is related. The remuneration should include all salary, benefits (dollar value or percentage of salary) or if the person is not an employee, the amounts paid to another entity;
  - (e) Please produce a CV of those people involved in the discussion with MIG.

- (f) Please identify the person(s) at MIG who was involved in the discussion(s) and produce any invoice from MIG in respect of the discussion;
  - (g) Please provide a detailed description of the discussion(s) and explain the relationship between such discussion(s) and the request from IGPC in respect of additional gas distribution services.
  - (h) Please advise how IGPC has benefited from these discussions in respect of the advancement of its request for additional gas distribution services. What steps were completed which will not be required in future?
3. Regarding the charge for "internal discussions with management" in the invoice, please:
- (a) Produce all correspondence or written communications to which this charge relates;
  - (b) Please advise who was involved in the internal discussions with management to which this charge relates and the hourly rate applicable to each person;
  - (c) Please explain how the charge was calculated (hourly rate or some other method)?
  - (d) Please provide the particulars of all remunerations paid by NRG to all persons involved in the internal discussions with management for which this charge is related. The remuneration should include all salary, benefits (dollar value or percentage of salary) or if the person is not an employee, the amounts paid to another entity.
  - (e) Please produce a CV of those people involved in the internal discussion with management which are the subject of this charge.
  - (f) Please explain how the hourly rate of \$500 per hour was determined. If dockets were kept, please produce. Please justify a rate of \$500 per hour.
  - (g) Please produce the T4s issued by the company in 2012 in respect of those persons involved in these discussions. If none of the managers were employees of NRG, please provide a complete breakdown of all remuneration paid to or on behalf of these individuals either directly to them or to another entity in respect of their work for or on behalf of NRG.
  - (h) Please produce a copy of any consulting agreement or services agreement in effect in 2012 that governs the relationship between any of the individuals involved in these "internal discussions".
4. In respect of the charge for "consultant's time" in the invoice:
- (a) Who is the consultant and with which company or firm is the consultant engaged?

- (b) What is the nature of the relationship between the consultant and NRG? Please produce any consulting agreement or services agreement and any other documents which evidence the relationship and the duties and obligations as between NRG and this consultant.
  - (c) Please produce all correspondence and written communications to which this charge relates;
  - (d) Please advise who at NRG requested the involvement of the consultant and provide a description of the request for services;
  - (e) Please explain how the charge was calculated (hourly rate or some other method)?
  - (f) Please provide the particulars of all remunerations paid by NRG to all persons involved in the consultant's time for which this charge is related. The remuneration should include all salary, benefits (dollar value or percentage of salary) or if the person is not an employee, the amounts paid to another entity.
  - (g) Please provide a detailed explanation for the \$750 charge. How does NRG justify this charge? Please provide a detailed breakdown of all of the remuneration paid to the consultant in 2012 whether paid directly or to a third party in respect of any services provided by the consultant on behalf of or to NRG.
  - (h) Has NRG charged any other ratepayer \$750 per hour in respect of services provided by an employee, officer or director of NRG or in respect of the services provided by any non-legal consultant?
  - (i) Please provide a description of the services provided by the consultant for which this charge relates. Please explain what benefit has been generated by the consultant's services. What work has been completed which will no longer require completion in respect of IGPC's request for additional gas distribution services.
5. In respect of the "MIG charge" in the invoice, please:
- (a) Produce all invoices rendered by MIG in respect of this charge.
  - (b) To the extent that the invoice does not contain a detailed description of MIG's work which is the subject of this charge, please provide a detailed breakdown of the work;
  - (c) Please produce a copy of the services agreement, consulting agreement and/or any other documentation which sets out the relationship between NRG and MIG;
  - (d) Please produce all correspondence and written communications to which this charge relates.

6. In respect of the "Admin Charge 15%":
  - (a) Please identify how this charge is calculated. Is it simply a 15% charge added to the subtotal of all other charges?
  - (b) What is the basis and justification for this charge?
  - (c) In the hourly rates and charges identified above, has NRG not already included an overhead amount?
  - (d) Has NRG levied a 15% Admin Charge in an invoice to any other ratepayer other than IGPC?
  - (e) Please produce all correspondence and written communications to which this charge relates.
7. Please provide a detailed description of the advice, information and benefits which IGPC received in respect of the invoice dated August 24, 2012. In response, please identify when and how IGPC received any such information, advice or benefits.
8. In respect of the work allegedly undertaken which is the subject of the August 24, 2012 invoice, please identify those steps which have now been completed which will not be required in response to IGPC's request for additional gas distribution services.
9. If these charges are permitted, is it NRG's intentions to include the amounts in rate base? If the answer to this question is "No, NRG does not intend to include some or any of these amounts in rate base", please explain why such amounts should not be included in rate base. Please advise if NRG's answer is the same in respect of the September 27, 2012 invoice. If the answer is different, please provide a detailed explanation.



## **INTERROGATORY #4**

### **Issue 1**

**Reference:** NRG letter dated September 27, 2012 and attached invoice dated September 27, 2012. IGPC Pre-filed Evidence, Exhibit C, Tab 8.

### **Question:**

1. In respect of the second invoice dated September 27, 2012, there are two line items: a "MIG charge" and an "Admin Charge 15%". In respect of these charges (which are similar to line items in the August 24, 2012 invoice) please provide the same information in respect of these line items in the September 27, 2012 invoice as is requested at Interrogatory 6, Questions 6 and 7.

## INTERROGATORY #5

### Issue 2

*With respect to the cost items listed below, what is the appropriate amount to be included in determining the capital cost of the IGPC pipeline facilities?*

**Preamble:** IGPC wishes to understand the actual costs claimed by NRG for the construction of the IGPC Pipeline.

**Reference:** NRG Evidence, June 3, 2013, Issue 2, paras. 26 – 118, and IGPC Pre-filed Evidence, Exhibit D, Tab 2

**Question:**

- (a) Please complete the attached table;
- (b) Please confirm that all such costs included in the table were paid by NRG to the third party that provided the service, material or equipment. If the amount paid to the third party in respect of the IGPC pipeline differs from the amounts included in the table please provide the correct figure and a detailed explanation for the variance.

**Attachment: Interrogatory #5(a)**

**IGPC PIPELINE CAPITAL COSTS ANALYSIS**

<b>Name</b>	<b>NRG Claimed Amount</b>	<b>IGPC Amount</b>
<b>Prime Contract</b>		
Prime Contractor (Somerville)		\$ 3,180,642.00
Bell Canada		\$ 2,576.00
Black & McDonald		\$ 823.00
Wellmaster		\$ 11.00
Fastenal		\$ 141.00
Union Gas Ltd.		\$ 736,000.00
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 3,920,193.00</b>
<b>Custody Transfer Station</b>		
Prime Contract (Lakeside Controls)		\$ 884,003.00
<b>Subtotal</b>		<b>\$ 884,003.00</b>
<b>Pipe and Materials</b>		
Lakeside Steel		\$ 863,420.00
CR Wall		\$ 34,539.00
Comco		\$ 35,696.00
KTT		\$ 22,587.00
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 956,242.00</b>
<b>Regulatory Costs</b>		
Aiken & Associates		\$ 7,718.00
Ogilvy Renault		\$ 205,072.06
Lenzner Slaught		\$ 126,877.12
Harrison Pensa		\$ 19,099.21
Legal Contingency		\$ -
L'observateur		\$ 1,935.00
Martin Malette		\$ 292.00
London Free Press		\$ 7,585.00
Viva Voce Reporting		\$ 2,195.00
ASAP Reporting		\$ 7,476.00
Manitoulin Transport		\$ -
Helix Courier		\$ 198.00
Purolator		\$ 498.00

<b>Subtotal</b>	\$ -	\$ 378,945.39
<b>Design, Drafting &amp; Procurement</b>		
AUE (AECON)		\$ 474,856.00
TSSA		\$ 750.00
NRG Corp.		\$ 1,046.00
Ayerswood Development		\$ 402.00
Corrosion Protection		\$ 3,714.00
<b>Subtotal</b>	\$ -	\$ 480,768.00
<b>Environmental</b>		
Stantec		\$ 26,329.00
Senes		\$ 13,547.00
Senes (IGPC)		\$ 37,483.00
Canadian Pacific Railway		\$ 650.00
Middlesex County Engineers Office		\$ -
Catfish Creek CA		\$ 100.00
Kettle Creek CA		\$ 500.00
Elgin County		\$ 800.00
Malahide Township		\$ 1,160.00
Upper Thames CA		\$ 800.00
Thames Centre		\$ 150.00
<b>Sub-total</b>	\$ -	\$ 81,519.00
<b>Lands</b>		
Land Rights (Union Gas)		\$ 12,105.00
	\$ -	\$ 12,105.00
<b>Other</b>		
Surveying (FKS)		\$ 72,118.00
Harrison Pensa (Financing)		\$ 29,295.00
Belanger, Cassino & Coulston		\$ 1,929.00
Bank of Nova Scotia		\$ 10,400.00
Societe Generale		\$ 6,518.00
MIG Non-destructive testing (x-ray)		\$ 211,809.00
MIG Engineering (1)		\$ 199,673.00
MIG Engineering (2) Change Orders		\$ 115,135.00
NRG Commissioning		\$ 3,527.55
Ayerswood		\$ -

Neal, Pallett & Townsend		\$ -
Insurance		\$ -
Project Management Cost		\$ 122,500.00
Interest During Construction		\$ 25,000.00
Administrative Penalty		\$ -
Contingency		\$ -
OEB Costs		\$ 6,281.00
Union Gas Commissioning		\$ 3,979.56
<b>Sub-total</b>	<b>\$ -</b>	<b>\$ 808,165.11</b>
<b>Total</b>		<b>\$ 7,521,940.50</b>

## INTERROGATORY #6

### Issue 2

**Preamble:** NRG has advanced the position that since the estimate it provided for the cost of the IGPC Pipeline in EB-2006-0243 was higher than the costs claimed, that the costs claimed should be deemed reasonable. Further, NRG asserts that the Board should not undertake a review of the prudence of the costs of the IGPC Pipeline.

**Reference:** NRG Evidence, June 3, 2013, paras. 26 through 31, pp. 6/7 of 22

### Question:

- (a) Did NRG provide any other cost estimates for the IGPC Pipeline to IGPC?
- (b) If so, please provide a complete copy of each estimate and the name of the person or company that prepared the estimate?
- (c) Please confirm that NRG did not build a custody transfer station at the connection to Union Gas Ltd. but rather constructed a valve nest at a lower cost than originally estimated and included in the estimate for the transfer station?
- (d) Please provide the costs included in the estimate related to:
  - (i) Contingencies;
  - (ii) Legal costs;
  - (iii) NRG Employee costs;
  - (iv) Interest During Construction;
  - (v) Land Rights;
  - (vi) Temporary Land Rights; and
  - (vii) The Custody Transfer Station for the connection with Union Gas Ltd.
- (e) What was the capital cost of the IGPC Pipeline approved by the Board in EB-2010-0018? Please provide a detailed calculation as to how this amount was derived.
- (f) What distinguishes a cost from being “reasonable” and being “prudent”?

## **INTERROGATORY #7**

### **Issue 2.1 – Legal Costs**

**Preamble:** IGPC wishes to understand the legal costs claimed by NRG in the construction of the IGPC Pipeline.

**Reference:** Evidence of NRG, June 3, 2013, p. 8 of 22 - Legal Costs \$711,633

**Question:**

- (a) Please confirm that all invoices for the 4 law firms retained by NRG which have been involved have been provided and filed in this proceeding.
- (b) Are the legal costs related to the Statement of Claim for defamation issued by NRG against IGPC (a copy is found at IGPC Pre-filed Evidence, Exhibit C, Tab 10) included in the costs claimed in respect of the IGPC Pipeline?
- (c) Do the legal costs include any charges related to:
  - (i) The police investigation into the customer security deposits?
  - (ii) The Union Gas proceeding to discontinue service?
  - (iii) The franchise renewal proceeding?
  - (iv) Providing advice to the shareholder of NRG or any of its affiliates?
- (d) What percentage of the costs claimed by NRG of constructing the IGPC Pipeline is related to legal expenses?
- (e) Did IGPC request that discussions regarding project progress take place between staff of IGPC and NRG without the need for lawyers?

## INTERROGATORY 8

### Issue 2.1 – Legal costs

**Preamble:** IGPC wishes to understand the circumstances that lead to the June 2007 motion.

**Reference:** NRG Evidence, June 3, 2013, paras. 73 - 90

**Question:**

- (a) Did NRG legal counsel settle with IGPC legal counsel the form of the Bundled T Service Receipt Agreement on or about June 15, 2007?
- (b) Did NRG legal counsel settle with IGPC legal counsel the form of the Consent and Acknowledgement Agreement on or about June 26 or 27, 2007?
- (c) When did NRG first advise IGPC it would not sign the Bundled T Service Receipt Agreement?
- (d) Why did NRG refuse to sign the Bundled T Service Receipt Agreement? Has NRG suffered any prejudice or harm by the eventual execution of this agreement?
- (e) When did NRG first advise IGPC it would not sign the Consent and Acknowledgement Agreement?
- (f) Why did NRG refuse to sign the Consent and Acknowledgement Agreement?
- (g) Why for the June 2008 Emergency Motion did NRG switch legal counsel from Norton Rose (formerly Ogilvy Renault)? Were Mr. King and Mr. Moran unavailable?
- (h) Has NRG requested any amendments to the Bundled T Service Receipt Agreement with IGPC since it was executed? If so, please provide details of the rationale for such request.
- (i) Has NRG requested any amendments to the Consent and Acknowledgement Agreement with IGPC since it was executed? If so, please provide details of the rationale for such request.



## **INTERROGATORY #9**

### **Issue 2.1**

**Preamble:** IGPC wishes to understand the circumstances that lead to the February/March 2008 motion in the Town of Aylmer.

**Reference:** NRG Evidence, June 3, 2013, paras. 80 - 86

**Question:**

- (a) Please confirm that the amount of financial assurance demanded by NRG from IGPC was \$31.915million.
- (b) Please specifically reference the provision in the PCRA that enabled NRG to make such a demand?
- (c) Please confirm that the Board scheduled the motion in Aylmer of its own accord.
- (d) What are the total legal and other costs claimed by NRG in respect of this motion? Please provide a breakdown of the costs claimed.

### **INTERROGATORY #10**

#### **Issue 2.2 – Contingency costs**

**Preamble:** IGPC is seeking to understand the basis upon which NRG feels it is entitled to recover \$132,000 in contingency.

**Reference:** NRG Evidence, June 3, 2013 – Contingency Costs \$132,000, p. 8 of 22

**Question:**

- (a) Does NRG believe utilities should be able to recoup from ratepayers amounts included in estimates as “contingencies” in addition to all of the actual costs of a capital project?
- (b) Does NRG believe it is entitled to receive monies from ratepayers for costs that it did not actually incur?
- (c) Has NRG included contingencies in any amounts closed to rate base in respect of any prior capital project? If so, please provide particulars (project, amount, date)?
- (d) What proportion of the \$132,000 in monies not spent was closed to NRG’s rate base?
- (e) Please provide the specific reference from the Uniform System of Accounts that permits NRG to claim costs for monies not spent?

## INTERROGATORY #11

### Issue 2.3 – NRG staff costs

**Preamble:** IGPC wishes to understand Mr. Graat's role as compared with the role of Mr. Bristoll. *"Mr. Graat was ... instrumental in negotiations with contractors that led to the project being completed on time"*

**Reference:** NRG Evidence, June 3, 2013, para. 31, pp. 6/7 of 22

**Question:**

- (a) At all relevant times when negotiations with contractors involved when the IGPC Pipeline was constructed, was Mr. Graat ever an employee of NRG? In what capacity did Mr. Graat undertake the negotiations (example, a third party consultant, officer of NRG, or in some other capacity). If not produced earlier, please produce a copy of any consulting agreement or services agreement, or any other documentation evidencing the relationship between Mr. Graat and NRG.
- (b) If not provided earlier in response to an earlier interrogatory, please provide a detailed list of all leave to construct applications Mr. Graat has been involved with prior to the IGPC Pipeline.
- (c) How many high pressure steel pipelines of a similar size and cost has Mr. Graat completed?
- (d) Please provide details of Mr. Graat's salary or remuneration as a NRG employee or consultant to NRG at relevant times. Please provide details of Mr. Graat's remuneration in the years 2002 through 2007.
- (e) Was Mr. Graat involved in negotiations regarding the agreements between IGPC and NRG? If so, please provide details.
- (f) Please provide copies of any reports, documents or records of Mr. Graat pertaining to the IGPC Pipeline.
- (g) Please specifically identify the evidence upon which NRG relies that was filed in any proceeding prior to this proceeding that confirmed or suggested that Mr. Graat spent any material time on the IGPC Pipeline. Please identify the evidentiary citation by Exhibit and page number. Please also indicate what evidentiary support exists from any prior proceeding which supports the current assertion that Mr. Graat spent a similar number of hours on the IGPC Pipeline as did Mr. Bristoll. Again, please provide the specific Exhibit and page number of such evidence.

## INTERROGATORY #12

### Issue 2.3 – NRG staff costs (Mr. Bristoll)

**Preamble:** IGPC wishes to understand the role of Mr. Bristoll in the construction of the IGPC Pipeline.

**Reference:** NRG Evidence, June 3, 2013, para. 31, p. 6 of 22

**Question:**

- (a) Was Mr. Bristoll an employee only of NRG at relevant times (2006-2009)? What was his position? If not provided in a response to an earlier IR, please provide a copy of his CV and a job description in respect of his position.
- (b) What was Mr. Bristoll's salary at NRG for each of the years 2006 - 2009? Please provide documentation to support this salary (such as a T4 or copies of pay stubs). This documentation may be provided confidentially if necessary.
- (c) How many steel natural gas pipeline projects had Mr. Bristoll been involved in prior to the IGPC Pipeline?
- (d) If Mr. Bristoll was wholly or partially an employee of any other entity related to NRG during the years 2006 through 2009, please provide the particulars as requested in (a) and (b) above. If Mr. Bristoll was an independent contractor or consultant, please confirm the nature of the relationship and whether it was exclusive (only providing services to NRG) or did Mr. Bristoll have duties and responsibilities to other entities and/or unrelated projects?
- (e) What was Mr. Bristoll's salary at the other entity which provided services to NRG? Please provide documentation to support such salary (such as a T4). Documentation may be provided confidentially if necessary.
- (f) Please provide a copy of any service agreement or consulting agreement between NRG and any entity that employed or retained Mr. Bristoll for the purposes of providing services in respect of the IGPC Pipeline.
- (g) When did NRG inform IGPC that Mr. Bristoll's hourly rate was \$295/hour? Please produce any supporting documents. Did IGPC ever accept this hourly rate?
- (h) How are these charges for Mr. Bristoll consistent with the Board's Uniform System of Accounts?
- (i) Please calculate the total amount of remuneration paid to Mr. Bristoll by NRG directly and /or any other entity where he was employed or engaged over the same time period that NRG has invoiced IGPC in respect of his services. To be clear, IGPC takes the position that the actual costs of Mr. Bristoll's services are

to be calculated using as a base, his actual remuneration earned over the same time frame as NRG has invoiced IGPC less adjustments for time spent by Mr. Bristoll on other matters. Please provide copies of supporting T4s confirming Mr. Bristoll's total compensation during the relevant years being 2006 through 2009.

### INTERROGATORY #13

#### Issue 2.4 – Interest during construction

**Preamble:** IGPC wishes to understand the interest during construction (“IDC”) costs claimed to be incurred by NRG in respect of the construction of the IGPC Pipeline.

**Reference:** Evidence of NRG, June 3, 2013, p. 8 of 22 - Interest During Construction \$113,272, and Exhibit “I” IGPC Project Interest Summary

**Question:**

- (a) Over what period did NRG calculate IDC? Please provide a detailed spreadsheet showing the outstanding principal, the interest rates, and the period for which interest was charged. Please also:
  - (i) Confirm the rate charged and when any rate change was effective;
  - (ii) Whether interest was compounded and if so, the method of compounding; and
  - (iii) If there was more than one category of costs and if so, a response to (i) and (ii) above.
- (b) Was this the rate of interest provided for in the Pipeline Cost Recovery Agreement (“PCRA”)? Please provide the applicable reference in the PCRA which supports the rate charged by NRG for IDC.
- (c) When did NRG place the IGPC Pipeline into rate base?
- (d) When did NRG commence charging IGPC for distribution services? Was it July 15, 2008?
- (e) Please confirm there was no interest charged in respect of the purchase of the steel pipe for IGPC Pipeline.
- (f) Please explain the discrepancies or differences between the amount currently claimed for IDC of \$113,272 and the amount earlier claimed at Exhibit I (Undertaking J1.5 filed in EB-2010-0018) which was for \$105,109.40.
- (g) Please confirm that NRG began to accrue interest when NRG received invoices from third parties, not when NRG paid the invoices.
- (h) What was the actual total amount of interest paid by NRG to third parties, such as a lender or supplier, in respect of the costs actually incurred on the IGPC Pipeline? Please provide a detailed explanation and breakdown of the amounts of interest actually charged and paid to the third party.

- (i) What is the amount of IDC which NRG closed to rate base in respect of the IGPC Pipeline?

#### **INTERROGATORY #14**

##### **Issue 2.5 – Insurance Costs and other services costs (e.g. auditing)**

**Preamble:** NRG has claimed \$62,000 in insurance costs. IGPC wishes to understand the amount of insurance procured for the construction of the IGPC pipeline?

**Reference:** NRG Evidence, June 3, 2013, p. 8 of 22

**Question:**

- (a) Did NRG procure any new insurance for the construction of the IGPC pipeline?
  - (i) If so, please provide the name of the insurance company and a copy of the policy including the declaration page which indicates the policy period and any changes in coverage.
  - (ii) When did the policy take effect? When was the policy ended?
  - (iii) What was the premium paid for insurance relating specifically to the construction of the IGPC pipeline?
  - (iv) Was this competitively tendered? Please provide complete details regarding the procurement process?
- (b) What amount did NRG forecast as its costs for insurance premiums which it used at its rates rebasing application in EB-2005-0544 (the “Forecast Insurance Costs”)?
- (c) Did NRG pay any amount for insurance premiums over and above the Forecast Insurance Costs in respect of the construction of the IGPC Pipeline? If so, please provide details and if not produced in response to the question above, please provide a copy of the applicable policy and declaration page.
- (d) Has IGPC recovered as part of its rates, costs for insurance premiums since 2008 through Administrative & General costs?
- (e) Did NRG allocate existing insurance costs to the IGPC Pipeline? What amount did NRG close to rate base in respect of insurance premiums?
- (f) Please provide a copy of NRG’s capitalization policy. If none exists, please reference the applicable section of the Standard or Code relied upon that allows NRG to capitalize insurance premiums. Please advise whether NRG has similarly capitalized part of its insurance costs to prior capital projects. Please list each of the projects and the amounts capitalized.



### INTERROGATORY #15

#### Issue 3

*Are the capital contribution amounts and the financial assurance provided to NRG by IGPC for the existing NRG facilities serving IGPC reasonable?*

**Preamble:** NRG has made assertions regarding the amount of financial assurance provided by IGPC to NRG.

**Reference:** NRG Evidence, June 2, 2013, para. 31, p. 6 of 22, and Pipeline Cost Recovery Agreement, IGPC Pre-filed Evidence, Exhibit B, Tab 1

#### Question:

1. Please respond to the following:
  - (a) Provide the details of NRG's request(s) for a Customer Letter of Credit, including amount, date?
  - (b) Provide the form of the Customer Letter of Credit and the date it was first provided to IGPC.
  - (c) Provide the details and amount of the requests for the Delivery Letter of Credit?
  - (d) Provide the form of the Delivery Letter of Credit and the date it was first provided to IGPC.
  - (e) Does NRG agree that the amount of the Delivery Letter of Credit is to be reduced in conjunction with the undepreciated cost of the IGPC Pipeline? If not, why not?
  - (f) Does NRG agree that where IGPC made a payment in respect of a cost (pipe, station) that the Customer Letter of Credit should be reduced?
  - (g) Has NRG permitted IGPC to reduce the financial assurance provided since 2008?

### INTERROGATORY #16

#### Issue 3

**Preamble:** IGPC wishes to understand NRG's position regarding the costs and the calculation of the aid-to-construct or contribution in aid of construction.

**Reference:** IGPC Pre-filed Evidence, Exhibit C, Tab 1

**Question:**

- (a) Does the total actual cost of the Pipeline as claimed by NRG only reflect cash outlays? Has NRG capitalized any future cost or expenditure which it did not incur prior to the Pipeline being commissioned? If so, please provide details and an explanation.
- (b) Provide the detailed accounting entries for the capital costs of the IGPC Pipeline in 2007 and 2008.
- (c) What is the remaining undepreciated value of the IGPC Pipeline as of June 1, 2013 from a regulatory accounting perspective?
- (d) Please provide a table showing the decline in the IGPC Pipeline from its inclusion in rate base to June 1, 2013. Provide the dates on which the value declined?

Date	Undepreciated Cost of IGPC Pipeline
August 2008	
June 2013	

- (e) Is the aid to construct calculation based upon the spreadsheet filed by NRG in EB-2006-0243? If not, why not and please provide a live Excel version of such spreadsheet. Explain in detail any differences in the spreadsheet, including formulas and inputs.
- (f) Is the aid-to-construct compliant with E.B.O. 188?
- (g) Does NRG agree that IGPC is a ratepayer?