

# AIRD & BERLIS LLP

Barristers and Solicitors

Scott Stoll  
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July 22, 2013

## BY COURIER, EMAIL AND RESS

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319, 27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Integrated Grain Processors Co-operative Inc.  
Board Files No. EB-2012-0406 and EB-2013-0081**

Further to Procedural Order No. 3, we enclose two copies of the Supplementary Materials of Integrated Grain Processors Co-operative Inc. ("IGPC") in support of IGPC's Motion scheduled to be heard on July 29, 2013.

We further enclose two copies of IGPC's Notice of Motion filed July 12, 2013 with Revised Appendix A, which corrects a typographical error. The reference in Appendix A to *Interrogatories Asked by IGPC - 16 (a), (b) and (c)* should read *16 (a), (b) and (e)*". The Notice of Motion and Appendix A otherwise remain as originally filed.

Yours truly,

AIRD & BERLIS LLP



Dennis M. O'Leary / Scott Stoll

cc Natural Resource Gas Limited  
cc Khalil Viraney, Board Staff  
cc Intervenors

15080667.1

**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 Integrated  
Grain Processors Co-operative Inc., pursuant to section  
42(3) of the Ontario Energy Board Act, 1998, for an order  
requiring Natural Resource Gas Limited to provide gas  
distribution services;

**AND IN THE MATTER OF** an Order to review capital  
contribution costs paid by Integrated Grain Processors  
Co-operative Inc., to Natural Resource Gas Limited  
pursuant to Section 19 and 36 of the Ontario Energy Board  
Act, 1998.

**SUPPLEMENTARY MATERIALS OF  
INTEGRATED GRAIN PROCESSORS CO-OPERATIVE INC.  
IN SUPPORT OF MOTION, JULY 29, 2013**

**Aird & Berlis LLP**  
Barristers and Solicitors  
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Toronto, ON M5J 2T9

**Dennis M. O'Leary**  
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**SUPPLEMENTARY MATERIALS OF IGPC  
IN SUPPORT OF MOTION, JULY 29, 2013**

**I N D E X**

<b>Tab</b>	<b>Date</b>	<b>Description</b>
1.	September 21, 2006	Email from Richard King to Scott Stoll, cc Patrick Moran and R. Aiken re "Scenarios", and attached Capital Contribution scenarios 1A to 6A.
2.	September 21, 2006	Email from Patrick Moran to Scott Stoll with attached Summary of Scenarios (1 – 6) – Aid to Construction
3.	September 22/23, 2006	Email exchange commencing September 22, 2006 between Patrick Moran to Scott Stoll re "Capital cost"
4.	September 29, 2006	Email from Randy Aiken to Patrick Moran, Scott Stoll and Mark Bristoll; re "Aid to Construction Calculations, and attached Capital Contribution Scenarios: 1 – 15 years; 1 – 10 years; 1 to 7 years; 1 – 5 years.
5.	January 24, 2011	Letter to Kirsten Walli from Scott Stoll, Aird & Berlis LLP, in EB-2010-0018
6.	December 3, 2012	Letter from Jim Grey, IGPC, to Natural Resource Gas Limited
7.	December 10, 2012	Email chain: <ul style="list-style-type: none"><li>i) Scott Stoll to Richard King and Lawrence Thacker, at 6:26 p.m., re Replacement of Letters of Credit; and</li><li>ii) response from Lawrence Thacker to Scott Stoll and Richard King, at 7:16 p.m.</li></ul>
8.	December 19, 2012	Letter from Jim Grey, IGPC Ethanol Inc., to Natural Resource Gas Ltd., cc Mr. L. Thacker, Mr. M. Millar, OEB, and Ms. K. Walli, OEB, and attached enclosure (copy of email dated December 12, 2012, 3:13 p.m., from Scott Stoll to Lawrence Thacker )

**Karen Parkinson**

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**From:** Randy Aiken [raiken@xcelco.on.ca]  
**Sent:** September 21, 2006 5:16 PM  
**To:** King, Richard; Scott Stoll  
**Cc:** Moran, Patrick; raiken@xcelco.com  
**Subject:** Re: Scenarios  
**Attachments:** Capital Contribution - IGPC scenario 6B.xls; Capital Contribution - IGPC scenario 6A.xls;  
Capital Contribution - IGPC scenario 5B.xls; Capital Contribution - IGPC scenario 5A.xls;  
Capital Contribution - IGPC scenario 4B.xls; Capital Contribution - IGPC scenario 4A.xls;  
Capital Contribution - IGPC scenario 3B.xls; Capital Contribution - IGPC scenario 3A.xls;  
Capital Contribution - IGPC scenario 2B.xls; Capital Contribution - IGPC scenario 2A.xls;  
Capital Contribution - IGPC scenario 1B.xls; Capital Contribution - IGPC scenario 1A.xls

Here are all the spreadsheets.

----- Original Message -----

**From:** King, Richard  
**To:** Scott Stoll  
**Cc:** Moran, Patrick ; raiken@xcelco.com  
**Sent:** Thursday, September 21, 2006 4:41 PM  
**Subject:** Scenarios

I had roberta check pat's emails - randy only sent pat the summary of scenario results, not each scenario. I assume this means that we would have to wait until Randy returns to Chatham. Is that right Randy? I think Scott wants to know what assumptions/numbers were used (e.g., which capital cost figure, etc.). I suppose we also will now have new rates.

Richard J. King  
Ogilvy Renault LLP  
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Royal Bank Plaza, South Tower  
200 Bay Street  
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DESCRIPTION: IGPC Ethanol Plant

Contingency	10.00%
Costs	\$ 6,476,338

NPV of Costs	\$6,047,001
NPV of Revenue plus Tax Shield	\$4,014,309

Aid to Construction	\$2,032,692
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Benefit/Cost Ratio	0.664
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Pipeline Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
6"	\$ 6,061,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,061,338
4"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
1.25"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1/2"	-	-	-	-	-	-	-	-
Total Pipeline Costs	6,061,338	-	-	-	-	-	-	6,061,338
Service Costs	5,000	-	-	-	-	-	-	5,000
Meters & Regulators	410,000	-	-	-	-	-	-	410,000
less Class 49 Pipelines	-	-	-	-	-	-	-	-
Class 1 Equipment	6,476,338	-	-	-	-	-	-	6,476,338
Class 49 Equipment	-	-	-	-	-	-	-	-
Project Costs	\$ 6,476,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,476,338

Tax Shield	Class 1	Class 49
PV of tax shield =	\$ 815,032	\$ -

Formula based on the following:

$$\text{Tax shield} = (\text{UCC} \times \text{tax rate} \times \text{CCA rate}) \times \frac{(2 + \text{discount rate})}{(\text{CCA rate} + \text{discount rate}) \times 2 \times (1 + \text{disc. rate})}$$

**Customer Additions**

	Annual						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
(FIRM CD - M*3)	108,188	108,188	108,188	108,188	108,188	108,188	108,188
Total	1	-	-	-	-	-	-

**Sales Volumes (m\*3)**

	Annual						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266

**Gas Sales Revenues (\$)**

Residential	\$	-	\$	-	\$	-	\$	-	\$	-
Commercial	-	-	-	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079
Less										
M9 Delivery Costs	402,705	402,705	402,705	402,705	402,705	402,705	402,705	402,705	402,705	402,705
O&M Expense	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Tax	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458
Property Taxes	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405
Add										
Fixed Revenue	334,029	334,029	334,029	334,029	334,029	334,029	334,029	334,029	334,029	334,029
Pre-Tax Revenue	932,541	932,541	932,541	932,541	932,541	932,541	932,541	932,541	932,541	932,541
Less: Income Tax	336,834	336,834	336,834	336,834	336,834	336,834	336,834	336,834	336,834	336,834
Net Revenue	\$	595,707	\$	595,707	\$	595,707	\$	595,707	\$	595,707

595,707

Contingency		10.00%
Costs	\$	6,476,338

<b>Aid to Construction</b>	<b>\$2,284,902</b>
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Pipeline Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
6"	\$ 6,061,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6,061,338
4"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
1.25"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1/2"	-	-	-	-	-	-	-	-
Total Pipeline Costs	6,061,338	-	-	-	-	-	-	6,061,338
Service Costs	5,000	-	-	-	-	-	-	5,000
Meters & Regulators	410,000	-	-	-	-	-	-	410,000
less Class 49 Pipelines	-	-	-	-	-	-	-	-
Class 1 Equipment	6,476,338	-	-	-	-	-	-	6,476,338
Class 49 Equipment	-	-	-	-	-	-	-	-
Project Costs	\$ 6,476,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6,476,338

Formula based on the following:

$$\text{Tax shield} = \frac{(\text{UCC} \times \text{tax rate} \times \text{CCA rate})}{(\text{CCA rate} + \text{discount rate})} \times \frac{1}{2 \times (1 + \text{disc. rate})}$$



**Customer Additions**

	Annual						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
(FIRM CD - M*3)	108,188	108,188	108,188	108,188	108,188	108,188	108,188
Total	1	-	-	-	-	-	-

**Sales Volumes (m\*3)**

	Annual						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266

**Gas Sales Revenues (\$)**

Residential	\$	-	\$	-	\$	-	\$	-	\$	-
Commercial	-	-	-	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919
Less										
M9 Delivery Costs	402,705	402,705	402,705	402,705	402,705	402,705	402,705	402,705	402,705	402,705
O&M Expense	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Tax	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458
Property Taxes	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405
Add										
Fixed Revenue	296,514	296,514	296,514	296,514	296,514	296,514	296,514	296,514	296,514	296,514
Pre-Tax Revenue	856,866	856,866	856,866	856,866	856,866	856,866	856,866	856,866	856,866	856,866
Less: Income Tax	309,500	309,500	309,500	309,500	309,500	309,500	309,500	309,500	309,500	309,500
Net Revenue	\$	547,366	\$	547,366	\$	547,366	\$	547,366	\$	547,366

547,366

DESCRIPTION: IGPC Ethanol Plant

Contingency 10.00%  
Costs \$ 6,476,338

NPV of Costs \$6,047,001  
NPV of Revenue plus Tax Shield \$3,251,024

Aid to Construction \$2,795,977

Benefit/Cost Ratio 0.538

Pipeline Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
6"	\$ 6,061,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,061,338
4"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
1.25"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1/2"	-	-	-	-	-	-	-	-
Total Pipeline Costs	6,061,338	-	-	-	-	-	-	6,061,338
Service Costs	5,000	-	-	-	-	-	-	5,000
Meters & Regulators	410,000	-	-	-	-	-	-	410,000
less Class 49 Pipelines	-	-	-	-	-	-	-	-
Class 1 Equipment	6,476,338	-	-	-	-	-	-	6,476,338
Class 49 Equipment	-	-	-	-	-	-	-	-
Project Costs	\$ 6,476,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,476,338

Tax Shield  
PV of tax shield = \$ Class 1 815,032 \$ Class 49 -

Formula based on the following:  
Tax shield = (UCC x tax rate x CCA rate) (2+discount rate)  
----- x -----  
(CCA rate + discount rate) 2x(1+ disc. rate)

**Customer Additions**

	Annual						
Rate Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
(FIRM CD - M*3)	108,188	108,188	108,188	108,188	108,188	108,188	108,188
Total	1	-	-	-	-	-	-

**Sales Volumes (m\*3)**

	Annual						
Rate Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266

**Gas Sales Revenues (\$)**

Residential	\$	-	\$	-	\$	-	\$	-	\$	-
Commercial	-	-	-	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079

**Less**

M9 Delivery Costs	402,705	402,705	402,705	402,705	402,705	402,705	402,705	402,705	402,705	402,705
O&M Expense	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Tax	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458
Property Taxes	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405

**Add**

Fixed Revenue	334,029	334,029	334,029	334,029	334,029	334,029	334,029	334,029	334,029	334,029
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**Pre-Tax Revenue**

Less: Income Tax	336,834	336,834	336,834	336,834	336,834	336,834	336,834	336,834	336,834	336,834
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**Net Revenue**

\$	595,707	\$	595,707	\$	595,707	\$	595,707	\$	595,707	\$	595,707	595,707
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## DESCRIPTION: IGPC Ethanol Plant

Contingency 10.00%  
Costs \$ 6,476,338

**NPV of Costs \$6,050,391**

**NPV of Revenue plus Tax Shield \$3,061,591**

**Aid to Construction** **\$2,988,800**

**Benefit/Cost Ratio 0.506**

Pipeline Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
6"	\$ 6,061,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,061,338
4"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
1.25"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1/2"	-	-	-	-	-	-	-	-
Total Pipeline Costs	6,061,338	-	-	-	-	-	-	6,061,338
Service Costs	5,000	-	-	-	-	-	-	5,000
Meters & Regulators	410,000	-	-	-	-	-	-	410,000
less Class 49 Pipelines	-	-	-	-	-	-	-	-
Class 1 Equipment	6,476,338	-	-	-	-	-	-	6,476,338
Class 49 Equipment	-	-	-	-	-	-	-	-
Project Costs	\$ 6,476,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,476,338

**Tax Shield**  
PV of tax shield = \$ 819,684 Class 1 Class 49 \$ -

Formula based on the following:

$$\text{Tax shield} = \frac{(\text{UCC} \times \text{tax rate} \times \text{CCA rate})}{(\text{CCA rate} + \text{discount rate})} \times \frac{(2 + \text{discount rate})}{2 \times (1 + \text{disc. rate})}$$

**Customer Additions**

	Annual						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
(FIRM CD - M*3)	108,188	108,188	108,188	108,188	108,188	108,188	108,188
Total	1	-	-	-	-	-	-

**Sales Volumes (m\*3)**

	Annual						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266

**Gas Sales Revenues (\$)**

Residential	\$	-	\$	-	\$	-	\$	-	\$	-
Commercial	-	-	-	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919	1,089,919
Less										
M9 Delivery Costs	402,705	402,705	402,705	402,705	402,705	402,705	402,705	402,705	402,705	402,705
O&M Expense	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Tax	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458
Property Taxes	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405
Add										
Fixed Revenue	296,514	296,514	296,514	296,514	296,514	296,514	296,514	296,514	296,514	296,514
Pre-Tax Revenue	856,866	856,866	856,866	856,866	856,866	856,866	856,866	856,866	856,866	856,866
Less: Income Tax	309,500	309,500	309,500	309,500	309,500	309,500	309,500	309,500	309,500	309,500
Net Revenue	\$	547,366	\$	547,366	\$	547,366	\$	547,366	\$	547,366

547,366

## DESCRIPTION: IGPC Ethanol Plant

Contingency 10.00%  
Costs \$ 6,476,338

**NPV of Costs \$6,047,001**

**NPV of Revenue plus Tax Shield \$4,441,413**

**Aid to Construction** **\$1,605,588**

**Benefit/Cost Ratio 0.734**

Pipeline Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
6"	\$ 6,061,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,061,338
4"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
1.25"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1/2"	-	-	-	-	-	-	-	-
Total Pipeline Costs	6,061,338	-	-	-	-	-	-	6,061,338
Service Costs	5,000	-	-	-	-	-	-	5,000
Meters & Regulators	410,000	-	-	-	-	-	-	410,000
less Class 49 Pipelines	-	-	-	-	-	-	-	-
Class 1 Equipment	6,476,338	-	-	-	-	-	-	6,476,338
Class 49 Equipment	-	-	-	-	-	-	-	-
Project Costs	\$ 6,476,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,476,338

**Tax Shield**  
PV of tax shield = \$ Class 1 815,032 \$ Class 49 -

Formula based on the following:

$$\text{Tax shield} = \frac{(\text{UCC} \times \text{tax rate} \times \text{CCA rate})}{(\text{CCA rate} + \text{discount rate})} \times \frac{(2 + \text{discount rate})}{2 \times (1 + \text{disc. rate})}$$

**Customer Additions**

	Annual						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
(FIRM CD - M*3)	118,331	118,331	118,331	118,331	118,331	118,331	118,331
Total	1	-	-	-	-	-	-

**Sales Volumes (m\*3)**

	Annual						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618

**Gas Sales Revenues (\$)**

Residential	\$	-	\$	-	\$	-	\$	-	\$	-
Commercial	-	-	-	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449
Less										
M9 Delivery Costs	444,727	444,727	444,727	444,727	444,727	444,727	444,727	444,727	444,727	444,727
O&M Expense	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Tax	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458
Property Taxes	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405
Add										
Fixed Revenue	365,177	365,177	365,177	365,177	365,177	365,177	365,177	365,177	365,177	365,177
Pre-Tax Revenue	1,057,036	1,057,036	1,057,036	1,057,036	1,057,036	1,057,036	1,057,036	1,057,036	1,057,036	1,057,036
Less: Income Tax	381,801	381,801	381,801	381,801	381,801	381,801	381,801	381,801	381,801	381,801
Net Revenue	\$ 675,234	\$ 675,234	\$ 675,234	\$ 675,234	\$ 675,234	\$ 675,234	\$ 675,234	\$ 675,234	\$ 675,234	\$ 675,234

675,234

## DESCRIPTION: IGPC Ethanol Plant

Contingency 10.00%  
Costs \$ 6,476,338

**NPV of Costs \$6,050,391**  
**NPV of Revenue plus Tax Shield \$4,165,844**

**Aid to Construction** **\$1,884,547**

**Benefit/Cost Ratio 0.689**

Pipeline Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
6"	\$ 6,061,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,061,338
4"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
1.25"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1/2"	-	-	-	-	-	-	-	-
Total Pipeline Costs	6,061,338	-	-	-	-	-	-	6,061,338
Service Costs	5,000	-	-	-	-	-	-	5,000
Meters & Regulators	410,000	-	-	-	-	-	-	410,000
less Class 49 Pipelines	-	-	-	-	-	-	-	-
Class 1 Equipment	6,476,338	-	-	-	-	-	-	6,476,338
Class 49 Equipment	-	-	-	-	-	-	-	-
Project Costs	\$ 6,476,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,476,338

**Tax Shield**  
PV of tax shield = \$ 819,684 \$ -

Formula based on the following:  
Tax shield =  $\frac{(UCC \times \text{tax rate} \times \text{CCA rate})}{(\text{CCA rate} + \text{discount rate})} \times \frac{(2 + \text{discount rate})}{2 \times (1 + \text{disc. rate})}$



**Customer Additions**

	Annual						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
(FIRM CD - M*3)	118,331	118,331	118,331	118,331	118,331	118,331	118,331
Total	1	-	-	-	-	-	-

**Sales Volumes (m\*3)**

	Annual						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618

**Gas Sales Revenues (\$)**

Residential	\$	-	\$	-	\$	-	\$	-	\$	-
Commercial	-	-	-	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709
Less										
M9 Delivery Costs	444,727	444,727	444,727	444,727	444,727	444,727	444,727	444,727	444,727	444,727
O&M Expense	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Tax	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458
Property Taxes	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405
Add										
Fixed Revenue	324,201	324,201	324,201	324,201	324,201	324,201	324,201	324,201	324,201	324,201
Pre-Tax Revenue	973,320	973,320	973,320	973,320	973,320	973,320	973,320	973,320	973,320	973,320
Less: Income Tax	351,563	351,563	351,563	351,563	351,563	351,563	351,563	351,563	351,563	351,563
Net Revenue	\$	621,757	\$	621,757	\$	621,757	\$	621,757	\$	621,757

621,757

Contingency		10.00%
Costs	\$	6,476,338

<b>Aid to Construction</b>	<b>\$2,470,772</b>
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Pipeline Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
6"	\$ 6,061,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,061,338
4"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
1.25"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1/2"	-	-	-	-	-	-	-	-
Total Pipeline Costs	6,061,338	-	-	-	-	-	-	6,061,338
Service Costs	5,000	-	-	-	-	-	-	5,000
Meters & Regulators	410,000	-	-	-	-	-	-	410,000
less Class 49 Pipelines	-	-	-	-	-	-	-	-
Class 1 Equipment	6,476,338	-	-	-	-	-	-	6,476,338
Class 49 Equipment	-	-	-	-	-	-	-	-
Project Costs	\$ 6,476,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,476,338

Formula based on the following:

$$\text{Tax shield} = \frac{(\text{UCC} \times \text{tax rate} \times \text{CCA rate})}{(\text{CCA rate} + \text{discount rate})} \times \frac{(2 + \text{discount rate})}{2 \times (1 + \text{disc. rate})}$$

**Customer Additions**

	Annual						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
(FIRM CD - M*3)	118,331	118,331	118,331	118,331	118,331	118,331	118,331
Total	1	-	-	-	-	-	-

**Sales Volumes (m\*3)**

	Annual						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618

**Gas Sales Revenues (\$)**

Residential	\$	-	\$	-	\$	-	\$	-	\$	-
Commercial		-		-		-		-		-
Industrial- Rate 1		-		-		-		-		-
IND - 4		-		-		-		-		-
Seasonal		-		-		-		-		-
Industrial - Rate 3 - Firm	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449
Less										
M9 Delivery Costs	444,727	444,727	444,727	444,727	444,727	444,727	444,727	444,727	444,727	444,727
O&M Expense	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Tax	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458
Property Taxes	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405
Add										
Fixed Revenue	365,177	365,177	365,177	365,177	365,177	365,177	365,177	365,177	365,177	365,177
Pre-Tax Revenue	1,057,036	1,057,036	1,057,036	1,057,036	1,057,036	1,057,036	1,057,036	1,057,036	1,057,036	1,057,036
Less: Income Tax	381,801	381,801	381,801	381,801	381,801	381,801	381,801	381,801	381,801	381,801
Net Revenue	\$	675,234	\$	675,234	\$	675,234	\$	675,234	\$	675,234

675,234

Contingency		10.00%
Costs	\$	6,476,338

<b>Aid to Construction</b>	<b>\$2,684,109</b>
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Pipeline Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
6"	\$ 6,061,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,061,338
4"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
1.25"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1/2"	-	-	-	-	-	-	-	-
Total Pipeline Costs	6,061,338	-	-	-	-	-	-	6,061,338
Service Costs	5,000	-	-	-	-	-	-	5,000
Meters & Regulators	410,000	-	-	-	-	-	-	410,000
less Class 49 Pipelines	-	-	-	-	-	-	-	-
Class 1 Equipment	6,476,338	-	-	-	-	-	-	6,476,338
Class 49 Equipment	-	-	-	-	-	-	-	-
Project Costs	\$ 6,476,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,476,338

PV of tax shield =	\$	819,684	\$	-
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$$\text{Tax shield} = \frac{(\text{UCC} \times \text{tax rate} \times \text{CCA rate})}{(\text{CCA rate} + \text{discount rate})} \times \frac{1}{2 \times (1 + \text{disc. rate})}$$

**Customer Additions**

	Annual						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
(FIRM CD - M*3)	-	-	-	-	-	-	-
Total	118,331	118,331	118,331	118,331	118,331	118,331	118,331
	1	-	-	-	-	-	-

**Sales Volumes (m\*3)**

	Annual						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618

**Gas Sales Revenues (\$)**

Residential	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Commercial	-	-	-	-	-	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709
Less												
M9 Delivery Costs	444,727	444,727	444,727	444,727	444,727	444,727	444,727	444,727	444,727	444,727	444,727	444,727
O&M Expense	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Tax	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458
Property Taxes	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405
Add												
Fixed Revenue	324,201	324,201	324,201	324,201	324,201	324,201	324,201	324,201	324,201	324,201	324,201	324,201
Pre-Tax Revenue	973,320	973,320	973,320	973,320	973,320	973,320	973,320	973,320	973,320	973,320	973,320	973,320
Less: Income Tax	351,563	351,563	351,563	351,563	351,563	351,563	351,563	351,563	351,563	351,563	351,563	351,563
Net Revenue	\$	621,757	\$	621,757	\$	621,757	\$	621,757	\$	621,757	\$	621,757

621,757

## DESCRIPTION: IGPC Ethanol Plant

Contingency 10.00%  
Costs \$ 6,476,338

**NPV of Costs \$6,047,001**

**NPV of Revenue plus Tax Shield \$4,411,779**

**Aid to Construction** **\$1,635,222**

**Benefit/Cost Ratio 0.730**

Pipeline Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
6"	\$ 6,061,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,061,338
4"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
1.25"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1/2"	-	-	-	-	-	-	-	-
Total Pipeline Costs	6,061,338	-	-	-	-	-	-	6,061,338
Service Costs	5,000	-	-	-	-	-	-	5,000
Meters & Regulators	410,000	-	-	-	-	-	-	410,000
less Class 49 Pipelines	-	-	-	-	-	-	-	-
Class 1 Equipment	6,476,338	-	-	-	-	-	-	6,476,338
Class 49 Equipment	-	-	-	-	-	-	-	-
Project Costs	\$ 6,476,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,476,338

**Tax Shield**  
PV of tax shield = \$ **Class 1** 815,032 \$ **Class 49** -

Formula based on the following:

$$\text{Tax shield} = (\text{UCC} \times \text{tax rate} \times \text{CCA rate}) \times \frac{(2 + \text{discount rate})}{(\text{CCA rate} + \text{discount rate}) \times 2 \times (1 + \text{disc. rate})}$$

**Customer Additions**

	Annual						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
(FIRM CD - M*3)	108,188	108,188	108,188	108,188	108,188	108,188	108,188
Total	1	-	-	-	-	-	-

**Sales Volumes (m\*3)**

	Annual						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618

**Gas Sales Revenues (\$)**

Residential	\$	-	\$	-	\$	-	\$	-	\$	-
Commercial	-	-	-	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449	1,263,449
Less										
M9 Delivery Costs	422,217	422,217	422,217	422,217	422,217	422,217	422,217	422,217	422,217	422,217
O&M Expense	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Tax	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458
Property Taxes	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405
Add										
Fixed Revenue	334,029	334,029	334,029	334,029	334,029	334,029	334,029	334,029	334,029	334,029
Pre-Tax Revenue	1,048,398	1,048,398	1,048,398	1,048,398	1,048,398	1,048,398	1,048,398	1,048,398	1,048,398	1,048,398
Less: Income Tax	378,681	378,681	378,681	378,681	378,681	378,681	378,681	378,681	378,681	378,681
Net Revenue	\$ 669,717	\$ 669,717	\$ 669,717	\$ 669,717	\$ 669,717	\$ 669,717	\$ 669,717	\$ 669,717	\$ 669,717	\$ 669,717

669,717

Contingency		10.00%
Costs	\$	6,476,338

<b>Aid to Construction</b>	<b>\$1,902,344</b>
----------------------------	--------------------

Pipeline Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
6"	\$ 6,061,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,061,338
4"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
1.25"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1/2"	-	-	-	-	-	-	-	-
Total Pipeline Costs	6,061,338	-	-	-	-	-	-	6,061,338
Service Costs	5,000	-	-	-	-	-	-	5,000
Meters & Regulators	410,000	-	-	-	-	-	-	410,000
less Class 49 Pipelines	-	-	-	-	-	-	-	-
Class 1 Equipment	6,476,338	-	-	-	-	-	-	6,476,338
Class 49 Equipment	-	-	-	-	-	-	-	-
Project Costs	\$ 6,476,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,476,338

Formula based on the following:

$$\text{Tax shield} = \frac{(\text{UCC} \times \text{tax rate} \times \text{CCA rate})}{(\text{CCA rate} + \text{discount rate})} \times \frac{(2 + \text{discount rate})}{2 \times (1 + \text{disc. rate})}$$



**Customer Additions**

	Annual						
Rate Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
(FIRM CD - M*3)	108,188	108,188	108,188	108,188	108,188	108,188	108,188
Total	1	-	-	-	-	-	-

**Sales Volumes (m\*3)**

	Annual						
Rate Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618

**Gas Sales Revenues (\$)**

Residential	\$	-	\$	-	\$	-	\$	-	\$	-
Commercial	-	-	-	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709	1,220,709
Less										
M9 Delivery Costs	422,217	422,217	422,217	422,217	422,217	422,217	422,217	422,217	422,217	422,217
O&M Expense	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Tax	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458	18,458
Property Taxes	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405	58,405
Add										
Fixed Revenue	296,514	296,514	296,514	296,514	296,514	296,514	296,514	296,514	296,514	296,514
Pre-Tax Revenue	968,143	968,143	968,143	968,143	968,143	968,143	968,143	968,143	968,143	968,143
Less: Income Tax	349,693	349,693	349,693	349,693	349,693	349,693	349,693	349,693	349,693	349,693
Net Revenue	\$	618,450	\$	618,450	\$	618,450	\$	618,450	\$	618,450

618,450

**Natural Resource Gas Limited**  
**Variables Used to Calculate Cost of Pipeline Additions**

**RATE 1 - GENERAL SERVICE RATE**

FIRST 1,000 M\*3  
 ALL OVER 1,000 M\*3  
 FIXED CHARGE

**CONSUMPTION PROFILE**

RES COM SEAS IND-1 IND - 4

-	-		-	-
		-		

**RATE 2 - SEASONAL RATE**

FIRST 1,000 M\*3  
 NEXT 24,000 M\*3  
 ALL OVER 25,000 M\*3  
 FIXED CHARGE

**PROPERTY TAX ASSESSMENT RATES**

6"	2.05	80.71	Steel
4"	0.00	0	
3"	0.00	0	
2"	0.00	0	
	0.00	0	

**RATE 3**

CUSTOMER CHARGE \$ 150.00  
 FIRM CD PER M\*3 \$ 0.255904  
 FIRM COMMODITY \$ 0.037809  
 INT COMMODITY \$ 0.061491

Average rate 0.025362

FEDERAL CAPITAL TAX RATE 0  
 PROV. CAPITAL TAX RATE 0.00285

**RATE 4**

FIRST 1,000 M\*3  
 ALL OVER 1,000 M\*3  
 FIXED CHARGE

		Allocation	Cost of Debt/Capital
	LT DEBT	66.10%	8.45%
DISCOUNT RATE	7.10% DEMAND L	0.00%	0.00%
CLASS 1 CCA RATE	4.00% ST DEBT	-1.10%	6.00%
CLASS 49 CCA RATE	8.00% EQUITY	35.00%	10.20%
MARGINAL TAX RATE	36.12%	100.00%	7.10%

**COST OF GAS**

(UNION M9 DELIVERY CHARGE)

Residential	Commercial	Industrial (R1 and R4)	Seasonal	Contract	Demand
\$ 0.005450	\$ 0.005450	\$ 0.005450	\$ 0.005450	\$ 0.005450	\$ 0.184938

METERS/ REGS COST EACH	SERVICES COST EACH	USE PER CUSTOMER (M*3)	SELLING PRICE PER M*3	O & M EXPENSE PER CUST
------------------------------	--------------------------	------------------------------	-----------------------------	------------------------------

RESIDENTIAL	140	190	2,000	\$ -	
COMMERCIAL	140	190	8,700	\$ -	
IND - RATE 1	2,150	250	35,400	\$ -	
IND - RATE 4	2,250	450	13,200	\$ -	
SEASONAL	2,450	575	28,000	\$ -	
IND - RATE 3 and RATE 5	410,000	5,000		\$ -	\$ 50,000

**Natural Resource Gas Limited**  
**Variables Used to Calculate Cost of Pipeline Additions**

**RATE 1 - GENERAL SERVICE RATE**

FIRST 1,000 M\*3  
 ALL OVER 1,000 M\*3  
 FIXED CHARGE

**CONSUMPTION PROFILE**

RES	COM	SEAS	IND-1	IND - 4
-	-	-	-	-

**RATE 2 - SEASONAL RATE**

FIRST 1,000 M\*3  
 NEXT 24,000 M\*3  
 ALL OVER 25,000 M\*3  
 FIXED CHARGE

**PROPERTY TAX ASSESSMENT RATES**

6"	2.05	80.71 Steel
4"	0.00	0
3"	0.00	0
2"	0.00	0
	0.00	0
Average rate	0.025362	

**RATE 3**

CUSTOMER CHARGE \$ 100.00  
 FIRM CD PER M\*3 \$ 0.227470  
 FIRM COMMODITY \$ 0.036530  
 INT COMMODITY \$ 0.059412

FEDERAL CAPITAL TAX RATE 0  
 PROV. CAPITAL TAX RATE 0.00285

**RATE 4**

FIRST 1,000 M\*3  
 ALL OVER 1,000 M\*3  
 FIXED CHARGE

		Allocation	Cost of Debt/Capital
DISCOUNT RATE	LT DEBT	31.43%	8.00%
CLASS 1 CCA RATE	DEMAND L	0.00%	0.00%
CLASS 49 CCA RATE	ST DEBT	18.57%	5.50%
MARGINAL TAX RATE	EQUITY	50.00%	9.57%
		100.00%	7.04%

**COST OF GAS**

(UNION M9 DELIVERY CHARGE)

Residential	Commercial	Industrial (R1 and R4)	Seasonal	Contract	Demand
\$ 0.005450	\$ 0.005450	\$ 0.005450	\$ 0.005450	\$ 0.005450	\$ 0.184938

METERS/ REGS COST EACH	SERVICES COST EACH	USE PER CUSTOMER (M*3)	SELLING PRICE PER M*3	O & M EXPENSE PER CUST
------------------------------	--------------------------	------------------------------	-----------------------------	------------------------------

RESIDENTIAL	140	190	2,000	\$ -	
COMMERCIAL	140	190	8,700	\$ -	
IND - RATE 1	2,150	250	35,400	\$ -	
IND - RATE 4	2,250	450	13,200	\$ -	
SEASONAL	2,450	575	28,000	\$ -	
IND - RATE 3 and RATE 5	410,000	5,000		\$ -	\$ 50,000

## Scott Stoll

---

**From:** DiPaolo, Roberta <rdipaolo@ogilvyrenault.com> on behalf of Moran, Patrick <pmoran@ogilvyrenault.com>  
**Sent:** September-21-06 2:11 PM  
**To:** Scott Stoll  
**Subject:** Aid to Construction - Ethanol Plant  
**Attachments:** Summary of Scenarios - Aid to Construction.xls

As requested.

Regards,

Patrick Moran  
Ogilvy Renault LLP  
(416) 216-2989  
[pmoran@ogilvyrenault.com](mailto:pmoran@ogilvyrenault.com)

Ogilvy Renault LLP  
Suite 3800, P.O. Box 84  
Royal Bank Plaza, South Tower  
200 Bay Street  
Toronto, Ontario M5J 2Z4  
Telephone: 416-216-4000  
Fax: 416-216-3930  
<<Summary of Scenarios - Aid to Construction.xls>>

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## Aid to Construction Scenarios

<u>Scenario</u>	<u>MAV</u> m3	<u>Firm CD</u> m3/day	<u>Term</u> years	<u>Rates</u>	<u>Required Aid</u> \$
1	33,416,618	108,188	5	Current Rate 3 Proposed Rate 3	\$2,697,653 \$2,493,335
2	33,416,618	108,188	7	Current Rate 3 Proposed Rate 3	\$1,902,344 \$1,635,222
3	33,416,618	118,331	5	Current Rate 3 Proposed Rate 3	\$2,684,109 \$2,470,772
4	33,416,618	118,331	7	Current Rate 3 Proposed Rate 3	\$1,884,547 \$1,605,588
5	29,836,266	108,188	5	Current Rate 3 Proposed Rate 3	\$2,988,800 \$2,795,977
6	29,836,266	108,188	7	Current Rate 3 Proposed Rate 3	\$2,284,902 \$2,032,692

## Scott Stoll

---

**From:** Moran, Patrick <[pmoran@ogilvyrenault.com](mailto:pmoran@ogilvyrenault.com)>  
**Sent:** September-23-06 9:57 AM  
**To:** Scott Stoll  
**Subject:** Re: Capital cost

I do not believe so. On that point, I said in the teleconference that the Aid to be charged by Union was in the \$650k region in fact, that is their capital cost and the Aid is under \$200k

Patrick Moran  
Ogilvy Renault LLP  
Tel 416-216-2989  
Fax 416-216-3930  
[pmoran@ogilvyrenault.com](mailto:pmoran@ogilvyrenault.com)

Suite 3800  
Royal Bank Plaza, South Tower  
200 Bay Street  
P.O. Box 84  
Toronto, Ontario, M5J 2Z4  
Canada

-----Original Message-----

From: Scott Stoll  
To: Moran, Patrick  
Sent: Sat Sep 23 08:15:37 2006  
Subject: Re: Capital cost

Is the union gas aid embedded in this number?

-----Original Message-----

From: Moran, Patrick <[pmoran@ogilvyrenault.com](mailto:pmoran@ogilvyrenault.com)>  
To: Scott Stoll  
Sent: Fri Sep 22 18:43:22 2006  
Subject: Capital cost

Hi, Scott

We have received a quote from Aecon which came in around 8.6M. You called it. Give me a call on my cell 416 550 9590 if you want to talk, otherwise see you on Monday.

Patrick Moran  
Ogilvy Renault LLP  
Tel 416-216-2989  
Fax 416-216-3930  
[pmoran@ogilvyrenault.com](mailto:pmoran@ogilvyrenault.com)

Suite 3800  
Royal Bank Plaza, South Tower  
200 Bay Street  
P.O. Box 84  
Toronto, Ontario, M5J 2Z4  
Canada

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---

## Karen Parkinson

---

**From:** Randy Aiken [raiken@xcelco.on.ca]  
**Sent:** September 29, 2006 3:23 PM  
**To:** Patrick Moran; Scott Stoll; Mark Bristol  
**Cc:** Brett Blondia  
**Subject:** Aid to Construction Calculations  
**Attachments:** Capital Contribution - IGPC Scenario 1 - 15 year.xls; Capital Contribution - IGPC Scenario 1 - 10 year.xls; Capital Contribution - IGPC Scenario 1 - 7 year.xls; Capital Contribution - IGPC Scenario 1 - 5 year.xls

Attached are 4 aid calculations (5, 7, 10 and 15 year). Each of these have been updated to reflect a \$9.1 million capital cost, the EB-2005-0544 approved Rate 3 and the EB-2005-0544 approved capital structure and cost of capital components.

The only item that may change is the \$50,000 annual O&M costs associated with the line. Brett is currently working on firming this number up. When he has a firmer estimate, I will redo the 4 scenarios and send them out (probably early next week).

Randy

Aiken & Associates  
Phone: (519) 351-8624



# DESCRIPTION: IGPC Ethanol Plant

**Costs** \$ 9,100,001

**NPV of Costs** \$8,499,908

**NPV of Revenue plus Tax Shield** \$7,086,245

**Aid to Construction** \$1,413,663

**Benefit/Cost Ratio** 0.834

Pipeline Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
6"	\$ 8,600,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8,600,001
4"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
1.25"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1/2"	-	-	-	-	-	-	-	-
Total Pipeline Costs	8,600,001	-	-	-	-	-	-	8,600,001
Service Costs	-	-	-	-	-	-	-	-
Meters & Regulators	500,000	-	-	-	-	-	-	500,000
less Class 49 Pipelines	-	-	-	-	-	-	-	-
Class 1 Equipment	9,100,001	-	-	-	-	-	-	9,100,001

Class 49 Equipment	-	-	-	-	-	-	-	-
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Project Costs	\$ 9,100,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,100,001
---------------	--------------	------	------	------	------	------	------	--------------

<b>Tax Shield</b>	Class 1	Class 49
PV of tax shield =	\$ 1,149,564	\$ -

Formula based on the following:  
Tax shield = (UCC x tax rate x CCA rate) (2+discount rate)  
(CCA rate + discount rate) x 2x(1+ disc. rate)

Customer Additions	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
(FIRM CD - M*3)	-	-	-	-	-	-	-
Total	108,188	-	-	-	-	-	-
	1	-	-	-	-	-	-

Sales Volumes (m*3)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	33,416,618	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total	33,416,618	-	-	-	-	-	-

Gas Sales Revenues (\$)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total Revenue	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774

Less							
M9 Delivery Costs	422,217	422,217	422,217	422,217	422,217	422,217	422,217
O&M Expense	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Tax	25,935	25,935	25,935	25,935	25,935	25,935	25,935
Property Taxes	58,405	58,405	58,405	58,405	58,405	58,405	58,405

Add							
Fixed Revenue	334,029	334,029	334,029	334,029	334,029	334,029	334,029

Pre-Tax Revenue	1,024,245	1,024,245	1,024,245	1,024,245	1,024,245	1,024,245	1,024,245
Less: Income Tax	369,957	369,957	369,957	369,957	369,957	369,957	369,957
Net Revenue	\$ 654,288	\$ 654,288	\$ 654,288	\$ 654,288	\$ 654,288	\$ 654,288	\$ 654,288

654,288

# DESCRIPTION: IGPC Ethanol Plant

**Costs** \$ 9,100,001

**NPV of Costs** \$8,499,908

**NPV of Revenue plus Tax Shield** \$5,732,290

**Aid to Construction** \$2,767,617

**Benefit/Cost Ratio** 0.674

Pipeline Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
6"	\$ 8,600,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8,600,001
4"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
1.25"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1/2"	-	-	-	-	-	-	-	-
Total Pipeline Costs	8,600,001	-	-	-	-	-	-	8,600,001
Service Costs	-	-	-	-	-	-	-	-
Meters & Regulators	500,000	-	-	-	-	-	-	500,000
less Class 49 Pipelines	-	-	-	-	-	-	-	-
Class 1 Equipment	9,100,001	-	-	-	-	-	-	9,100,001

Class 49 Equipment	-	-	-	-	-	-	-	-
Project Costs	\$ 9,100,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,100,001

Tax Shield	Class 1	Class 49
PV of tax shield =	\$ 1,149,564	\$ -

Formula based on the following:  
Tax shield = (UCC x tax rate x CCA rate) (2+discount rate)  
(CCA rate + discount rate) x 2x(1+ disc. rate)

Customer Additions	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
(FIRM CD - M*3)	-	-	-	-	-	-	-
Total	108,188	-	-	-	-	-	-
	1	-	-	-	-	-	-

Sales Volumes (m <sup>3</sup> )	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	33,416,618	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total	33,416,618	-	-	-	-	-	-

Gas Sales Revenues (\$)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total Revenue	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774
Less							
M9 Delivery Costs	422,217	422,217	422,217	422,217	422,217	422,217	422,217
O&M Expense	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Tax	25,935	25,935	25,935	25,935	25,935	25,935	25,935
Property Taxes	58,405	58,405	58,405	58,405	58,405	58,405	58,405
Add							
Fixed Revenue	334,029	334,029	334,029	334,029	334,029	334,029	334,029
Pre-Tax Revenue	1,024,245	1,024,245	1,024,245	1,024,245	1,024,245	1,024,245	1,024,245
Less: Income Tax	369,957	369,957	369,957	369,957	369,957	369,957	369,957
Net Revenue	\$ 654,288	\$ 654,288	\$ 654,288	\$ 654,288	\$ 654,288	\$ 654,288	\$ 654,288

654,288

**DESCRIPTION: IGPC Ethanol Plant**

**Costs** \$ 9,100,001

**NPV of Costs** \$8,499,908

**NPV of Revenue plus Tax Shield** \$4,668,347

**Aid to Construction** \$3,831,561

**Benefit/Cost Ratio** 0.549

Pipeline Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
6"	\$ 8,600,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8,600,001
4"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
1.25"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1/2"	-	-	-	-	-	-	-	-
Total Pipeline Costs	8,600,001	-	-	-	-	-	-	8,600,001
Service Costs	-	-	-	-	-	-	-	-
Meters & Regulators	500,000	-	-	-	-	-	-	500,000
less Class 49 Pipelines	-	-	-	-	-	-	-	-
Class 1 Equipment	9,100,001	-	-	-	-	-	-	9,100,001
Class 49 Equipment	-	-	-	-	-	-	-	-
Project Costs	\$ 9,100,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	9,100,001

**Tax Shield**  
PV of tax shield = \$ 1,149,564 \$ -

Formula based on the following:  
Tax shield = (UCC x tax rate x CCA rate) (2+discount rate)  
(CCA rate + discount rate) x 2x(1+ disc. rate)

Customer Additions	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
(FIRM CD - M*3)	-	-	-	-	-	-	-
Total	108,188	-	-	-	-	-	-
	1	-	-	-	-	-	-

Sales Volumes (m*3)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	33,416,618	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total	33,416,618	-	-	-	-	-	-

Gas Sales Revenues (\$)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total Revenue	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774
Less							
M9 Delivery Costs	422,217	422,217	422,217	422,217	422,217	422,217	422,217
D&M Expense	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Tax	25,935	25,935	25,935	25,935	25,935	25,935	25,935
Property Taxes	58,405	58,405	58,405	58,405	58,405	58,405	58,405
Add							
Fixed Revenue	334,029	334,029	334,029	334,029	334,029	334,029	334,029
Pre-Tax Revenue	1,024,245	1,024,245	1,024,245	1,024,245	1,024,245	1,024,245	1,024,245
Less: Income Tax	369,957	369,957	369,957	369,957	369,957	369,957	369,957
Nat Revenue	\$ 654,288	\$ 654,288	\$ 654,288	\$ 654,288	\$ 654,288	\$ 654,288	\$ 654,288

654,288

**DESCRIPTION: IGPC Ethanol Plant**
**Costs** \$ 9,100,001

**NPV of Costs** \$8,499,908

**NPV of Revenue plus Tax Shield** \$3,827,969

**Aid to Construction** \$4,671,938

**Benefit/Cost Ratio** 0.450

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
Pipeline Costs								
6"	\$ 8,600,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8,600,001
4"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
1.25"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1/2"	-	-	-	-	-	-	-	-
Total Pipeline Costs	8,600,001	-	-	-	-	-	-	8,600,001
Service Costs	-	-	-	-	-	-	-	-
Meters & Regulators	500,000	-	-	-	-	-	-	500,000
less Class 49 Pipelines	-	-	-	-	-	-	-	-
Class 1 Equipment	9,100,001	-	-	-	-	-	-	9,100,001
Class 49 Equipment	-	-	-	-	-	-	-	-
Project Costs	\$ 9,100,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	9,100,001

**Tax Shield**  
 PV of tax shield = \$ 1,149,564 \$ -

Formula based on the following:  
 Tax shield = (UCC x tax rate x CCA rate) (2+discount rate)  
 (CCA rate + discount rate) x 2x(1+ disc. rate)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<b>Customer Additions</b>							
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
(FIRM CD - M*3)	-	-	-	-	-	-	-
Total	108,188	-	-	-	-	-	-
	1	-	-	-	-	-	-

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<b>Sales Volumes (m*3)</b>							
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	33,416,618	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total	33,416,618	-	-	-	-	-	-

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<b>Gas Sales Revenues (\$)</b>							
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total Revenue	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774	1,246,774
Less							
M9 Delivery Costs	422,217	422,217	422,217	422,217	422,217	422,217	422,217
O&M Expense	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Tax	25,935	25,935	25,935	25,935	25,935	25,935	25,935
Property Taxes	58,405	58,405	58,405	58,405	58,405	58,405	58,405
Add							
Fixed Revenue	334,029	334,029	334,029	334,029	334,029	334,029	334,029
Pre-Tax Revenue	1,024,245	1,024,245	1,024,245	1,024,245	1,024,245	1,024,245	1,024,245
Less: Income Tax	369,957	369,957	369,957	369,957	369,957	369,957	369,957
Net Revenue	\$ 654,288	\$ 654,288	\$ 654,288	\$ 654,288	\$ 654,288	\$ 654,288	\$ 654,288

654,288

# AIRD & BERLIS LLP

Barristers and Solicitors

Scott Stoll  
Direct: 416.865.4703  
E-mail: [ssoll@airdberlis.com](mailto:ssoll@airdberlis.com)

January 24, 2011

## BY EMAIL AND COURIER

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

Dear Ms. Walli:

**Re: Integrated Grain Processors Co-operative Inc. and IGPC Ethanol Inc.  
Comments on Revised Draft Rate Order  
Board File No. EB-2010-0018**

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We are in receipt of the response of Natural Resource Gas Ltd. ("NRG") dated January 18, 2011.

IGPC has reviewed the methodology used to calculate the amount closed to rate base for the IGPC Pipeline. The amount now sought to be closed to rate base is \$4,872,182. While IGPC continues to disagree with the total capital cost of the IGPC Pipeline, IGPC will not dispute the amount closed to rate base in the revised draft rate order. IGPC would note that it is still not clear how the calculation provided by NRG is compliant with the Board's Decision.

As the parties to this proceeding are aware, IGPC brought a motion in August 2010 contesting, *inter alia*, the reasonable actual capital cost of the IGPC Pipeline. That motion was adjourned pending the outcome of the rate application and, hopefully, IGPC and NRG being able to resolve the underlying dispute. Therefore, IGPC reserves all of its rights to contest the capital cost of the IGPC Pipeline and the determination of the refund owed to IGPC by NRG resulting from IGPC's over-contribution to the IGPC Pipeline.

An electronic copy of the enclosed, in searchable Adobe Acrobat format, will be filed today through the Board's Regulatory Electronic Submission System.

January 24, 2011  
Page 2

Yours truly,

AIRD & BERLIS LLP



Scott Stoll

SAS:ct  
Enclosures

cc Intervenor in EB-2010-0018

7744487.1



December 3rd, 2012

Natural Resource Gas Limited  
c/o Ayerswood Development  
Anthony H. Graat, President  
1299 Oxford Street East  
London, Ontario  
N5Y 2W5

Dear Sir:

**Re: Irrevocable Standby Letter of Credit No. CT08S0L0043-B dated April 18, 2008 in favour of Natural Resource Gas Limited in the amount of \$5,214,173 (the "Pipeline Letter of Credit")**

As you are aware, IGPC Ethanol Inc. ("IGPC") has a credit facility, which facility is near its maturity date. IGPC is in the process of refinancing to (i) satisfy the remaining modest economic obligations under its current credit facilities, in a timely manner, to avoid materially adverse consequences and (ii) increase the available cash to be used to facilitate growth and revenue and profit improvement capital projects. IGPC is close to completing the establishment of new credit facilities, led by Royal Bank of Canada. We anticipate completion of the new facilities prior to Christmas. As part of that process, we have requested Royal Bank of Canada, to provide a new Pipeline Letter of Credit in favour of Natural Resource Gas Limited ("NRG"). The Royal Bank Pipeline Letter of Credit will be in identical form and amount as the existing letter of credit (although we reserve the right to question the amount at a later time).

To complete the process, the banks will need the return of the existing Pipeline Letter of Credit to Société Générale (Canada Branch), our current lender simultaneously with the delivery of the new letter of credit.

Please provide us with contact details for your solicitor at your earliest convenience, and in any event before Wednesday December 5, 2012, so that our solicitor may make arrangements for an exchange of the Pipeline Letter of Credit. At such time, we would also like to exchange the irrevocable standby letter of credit no. CT08S0L0052-B dated December 2, 2008 in the amount of \$232,666.84 with an identical one from Royal Bank of Canada.

Yours very truly,

IGPC ETHANOL INC.

A handwritten signature in dark ink, appearing to read "Jim Grey", is positioned above the printed name and title.

Jim Grey,  
CEO



## Scott Stoll

---

**From:** Lawrence Thacker <lthacker@litigate.com>  
**Sent:** December-10-12 7:16 PM  
**To:** Scott Stoll; 'richard.king@nortonrose.com'  
**Cc:** Martin Kovnats; Dennis O'Leary  
**Subject:** RE: Replacement of Letters of Credit

Scott,

Do you have drafts of the proposed substitute Letters of Credit?  
Please provide them to me so we can review and consider them.

Larry

---

**From:** Scott Stoll [<mailto:ssoll@airdberlis.com>]  
**Sent:** Monday, December 10, 2012 6:26 PM  
**To:** 'richard.king@nortonrose.com'; Lawrence Thacker  
**Cc:** Martin Kovnats; Dennis O'Leary  
**Subject:** Replacement of Letters of Credit

Mr. Thacker & Mr. King:

On December 3<sup>rd</sup>, 2012 our client, IGPC, sent the attached letter to Mr. Graat of Natural Resource Gas Ltd. ("NRG"). IGPC wishes to replace the two Letters of Credit currently held in favour of NRG as part of a refinancing transaction IGPC is undertaking. The letter confirms the replacement letters of credit will be identical in form to the existing letters of credit. As such, IGPC had requested information regarding NRG's legal counsel in order to make arrangements for the replacement of the two Letters of Credit. IGPC had requested a response by December 5, 2012 and has yet to hear from your client as at 6:00 pm on December 10<sup>th</sup>, 2012.

We would request that you speak with your client and have the requested information provided to Mr. Martin Kovnats (copied on this email) as soon as possible and, in any event, no later than 10:00 a.m. Toronto time on Friday, December 14<sup>th</sup>, 2012. Failure to provide the information within that timeframe will force IGPC to take action to protect its interests.

Scott Stoll.

---

## Scott Stoll

T 416.865.4703  
F 416.863.1515  
E [ssoll@airdberlis.com](mailto:ssoll@airdberlis.com)

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[www.airdberlis.com](http://www.airdberlis.com)

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Please consider the environment before printing this email.



December 19, 2012

Natural Resource Gas Ltd.  
c/o Ayerswood Development  
1299 Oxford Street East  
London, ON  
N5Y 2W5

Dear Mr. Graat,

On December 17, 2012, we received your letter dated December 11, 2012 indicating that IGPC had not responded to your first letter dated December 11, 2012. As such, it is necessary to set the record straight once again.

As you will recall, we contacted your solicitor, Mr. Thacker, on December 10, 2012 indicating that we had not had a response to our letter of December 3, 2012. In response, Mr. Thacker requested draft copies of the Letters of Credit. Following Mr. Thacker's request, IGPC received your first letter dated December 11, 2012. Upon receiving your letter, we forwarded it to Mr. Thacker to request that he speak with you. A copy of this email is attached to this letter. As we have not heard from either Mr. Thacker or yourself prior to your second letter received December 17, 2012 it is unclear whether you have spoken with Mr. Thacker.

We provided the two draft Letters of Credit from the Royal Bank of Canada to Mr. Thacker on December 12, 2012 and, as previously indicated, such Letters of Credit were identical to the Letters of Credit from Societe Generale that IGPC provided to NRG. The two Letters of Credit were even in the same amounts as originally provided in 2008 as NRG has in the past refused to permit IGPC to reduce the amount as specified in the Pipeline Cost Recovery Agreement. Despite the Letters of Credit being identical, we have received no response from NRG.

As such, IGPC found it necessary to expend significant additional resources to work around your intransigence. Every other entity from whom IGPC made a similar request to replace a Letter of Credit as part of the refinancing was co-operative and readily agreed to the replacement. The demand for confidential financial information to which you are not entitled in your prior

letter and your silence regarding what should be the routine replacement of two Letters of Credit continue NRG's pattern of obstructionist behaviour.

We will be forwarding this correspondence to the Ontario Energy Board as further evidence that NRG does not intend to adhere to the terms of the Pipeline Cost Recovery Agreement or Gas Delivery Contract and NRG's refusal to provide distribution service to IGPC.

Regards,



Jim Grey, CEO

IGPC Ethanol Inc.,

cc: Mr. L. Thacker  
Mr. M. Millar, OEB  
Ms. K. Walli, OEB

## Kimberly Scott

---

**From:** Jim Grey  
**Sent:** December-19-12 2:34 PM  
**To:** Kimberly Scott  
**Subject:** FW: Letter from NRG to IGPC  
**Attachments:** NRG's reply to Dec 3rd, 2012 Pipeline Letter of Credit request.pdf

**From:** Scott Stoll [mailto:ssoll@airdberlis.com]  
**Sent:** December-18-12 9:40 AM  
**To:** Jim Grey  
**Subject:** FW: Letter from NRG to IGPC

**From:** Scott Stoll  
**Sent:** December-12-12 3:13 PM  
**To:** 'Lawrence Thacker'  
**Cc:** Martin Kovnats; Dennis O'Leary  
**Subject:** Letter from NRG to IGPC

Mr. Thacker:

I have attached a letter, which you may or may not be aware, sent to IGPC that was signed by Mr. Graat of NRG. Quite frankly, the letter is not helpful to the relations between our clients. I would suggest you may want to speak your client about the letter and the possibility of your client retracting the statements made therein.

I would expect to hear from you before 6:00 p.m., Thursday, December 13, 2012 regarding any progress you have made in this respect. If we do not hear from you we will proceed on the basis that your client is unwilling to change its position.

Scott

---

### Scott Stoll

T 416.865.4703  
F 416.863.1515  
E [ssoll@airdberlis.com](mailto:ssoll@airdberlis.com)

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