AIRD & BERLIS LLP

Barristers and Solicitors

Scott Stoll Direct: 416.865.4703 E-mail:sstoll@airdberlis.com

July 22, 2013

BY COURIER, EMAIL AND RESS

Ms. Kirsten Walli Board Secretary Ontario Energy Board P.O. Box 2319, 27th 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

Filed: 2013-06-22 EB-2012-0406 EB-2013-0081 IGPC Supplementary Materials

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 Brookfield Place, Box 754 181 Bay Street, Suite 1800 Toronto, ON M5J 2T9

Dennis M. O'Leary Scott A. Stoll

Telephone: 416.865.4711 416.865.4703 Facsimile: 416.863.1515 doleary@airdberlis.com sstoll@airdberlis.com

Filed: 2013-06-22 EB-2012-0406 EB-2013-0081 IGPC Supplementary Materials A State

SUPPLEMENTARY MATERIALS OF IGPC IN SUPPORT OF MOTION, JULY 29, 2013

INDEX

Tab	Date	Description				
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:				
		 Scott Stoll to Richard King and Lawrence Thacker, at 6:26 p.m., re Replacement of Letters of Credit; and 				
		ii) response from Lawrence Thacker to Scott Stoll and Richard King, at 7:16 p.m.				
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)				

15079650.1

Karen Parkinson

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 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: <u>King, Richard</u> To: <u>Scott Stoll</u> Cc: <u>Moran, Patrick</u> ; <u>raiken@xcelco.com</u> 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 Suite 3800, P.O. Box 84 Royal Bank Plaza, South Tower 200 Bay Street Toronto, Ontario M5J 2Z4 Phone: (416) 216-2311 Fax: (416) 216-3930 rking@ogilvyrenault.com

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Contingency Costs	\$ 10.00% 6,476,338
NPV of Costs NPV of Revenue plus Tax Shield	\$6,047,001 \$4,014,309
Aid to Construction	\$2,032,692
Benefit/Cost Ratio	0.664

Benefit/Cost Ratio

Pipeline Costs 6"	\$	<u>Year 1</u> 6,061,338 \$	Year 2	Year 3	Year 4	Year 5	<u>Year 6</u> - \$	<u>Year 7</u> - \$	Total 6,061,338
4 "	Φ	0,001,000 \$	- \$	- \$	- \$	- \$		- 5	0,001,330
3"		-	_	-	-	-	-	- 5	-
2"		-	-	-	-	-	-	- J - S	-
1.25"		-	_	-	-	-	-	- 4	_
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:

Tax shield = (UCC x tax rate x CCA rate) (2+discount rate)

----- X -----(CCA rate + discount rate) 2x(1+ disc. rate)

State Class Residential Commercial Industrial-Rate 1 Year 1 Year 2 Year 3 Year 4 Year 5 Year 7 NB - 4 - <td< th=""><th></th><th></th><th>An</th><th>nual</th><th></th><th></th><th></th><th></th></td<>			An	nual				
Residential - <th< th=""><th></th><th>Yea</th><th><u>1</u> Year</th><th>2 <u>Year 3</u></th><th>Year 4</th><th>Year 5</th><th>Year 6</th><th>Year 7</th></th<>		Yea	<u>1</u> Year	2 <u>Year 3</u>	Year 4	Year 5	Year 6	Year 7
Commercial Industrial - Rate 1 - <td< th=""><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th></td<>								
Industrial-Rate 1 IND - 4 Seasonal Industrial-Rate 3 - Firm Industrial-Rate 3 - Interruptible Sales Revenues (5) Residential Commercial Industrial-Rate 3 - Interruptible Industrial-Rate 3 - Firm Industrial-Rate 3 - Interruptible Industrial-Rate					-	-	-	-
IND - 4 Seasonal -					-	-	-	-
Seasonal Industrial - Rate 3 - Firm Industrial - Rate 3 - Firm Commercial Industrial - Rate 3 - Firm Industrial - Rate 3 - Firm Industrial - Rate 3 - Interruptible I 08, 188 108, 188					-	-	-	-
Industrial - Rate 3 - Interruptible 1 -				· -	-	-	-	-
Industrial - Rate 3 - Interruptible 1 -					-	-	-	-
			1 -		-	-	-	-
Total Annual Sates Volumes (m*3) Rate Class Residential Commercial Industrial-Rate 1 IND - 4 Seasonal Industrial-Rate 3 - Interruptible Year 7 Year 3 (Year 4) (Year 3) (Year 4) Year 4) (Year 7) Year 4) Year 4) (Year 7) Year 4) Year 6) Year 7 Year 4) Year 6) Year 7 Year 4) Year 6) Year 7 Year 4) Year 7) Year 4) Year 6) Year 7) Year 4) Year 6) Year 7) Year 4) Year 6) Year 7) Year 4) Year 7) Year 4) Year 6) Year 7) Year 6) Year 6) Year 7) Year 4) Year 6) Year 7) Year 6) Year 7) Year 4) Year 6) Year 7) Year 7) Year 6) Year 7) Year 7) Y					-	-	-	-
Sake Volumes (m*3) Rate Class Annual Rate Class Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Commercial - <td< th=""><th></th><th></th><th></th><th>108,188</th><th>· · · · · · · · · · · · · · · · · · ·</th><th></th><th></th><th>108,188</th></td<>				108,188	· · · · · · · · · · · · · · · · · · ·			108,188
Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Residential Commercial -	Total		1 -	· _	-	-	-	-
Residential	Sales Volumes (m*3)		An	nual				
Commercial Industrial-Rate 1 - <td< th=""><th>Rate Class</th><th>Year</th><th>1 Year</th><th>2 Year 3</th><th>Year 4</th><th>Year 5</th><th>Year 6</th><th>Year 7</th></td<>	Rate Class	Year	1 Year	2 Year 3	Year 4	Year 5	Year 6	Year 7
Industrial-Rate 1 -	Residential			-	-	-	-	-
IND -4 Seasonal industrial - Rate 3 - Firm industrial - Rate 3 - Firm industrial - Rate 3 - Interruptible 29,836,266	Commercial			· -	-	-	-	-
Seasonal Industrial - Rate 3 - Firm Industrial - Rate 3 - Interruptible 29,836,266 29,836,261 29,8	Industrial- Rate 1				-	-	-	-
Industrial - Rate 3 - Firm Industrial - Rate 3 - Interruptible 29,836,266 <th>IND - 4</th> <th></th> <th></th> <th></th> <th>-</th> <th>-</th> <th>-</th> <th>-</th>	IND - 4				-	-	-	-
Industrial - Rate 3 - Interruptible -	Seasonal			. <u>-</u>	-	-	-	-
Total 29,836,266 29,236,266 29,236,266 29,836,266 29,836,266 29,836,266 29,836,266 29,836,266 29,836,266 29,836,266 29,836,266 29,836,266 29,836,266 29,836,266 29,836,266 29,836,266 29,836,266 29,836,266 29,836,266 29,836,266		29,836,26	6 29,836,266	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266
Gas Sales Revenues (\$) Residential \$	Industrial - Rate 3 - Interruptible			-	-	-		-
Residential \$ <th< th=""><th>Total</th><th>29,836,26</th><th>6 29,836,266</th><th>29,836,266</th><th>29,836,266</th><th>29,836,266</th><th>29,836,266</th><th>29,836,266</th></th<>	Total	29,836,26	6 29,836,266	29,836,266	29,836,266	29,836,266	29,836,266	29,836,266
Commercial Industrial-Rate 1 - <td< td=""><td>Gas Sales Revenues (\$)</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>	Gas Sales Revenues (\$)							
Industrial- Rate 1 -	Residential	\$	- \$ -	\$ -	\$-	\$ -	\$-	\$ -
IND - 4 - </td <td>Commercial</td> <td></td> <td></td> <td></td> <td>-</td> <td>-</td> <td>-</td> <td>-</td>	Commercial				-	-	-	-
Seasonal Industrial - Rate 3 - Firm Industrial - Rate 3 - Interruptible 1,128,079 1,1	Industrial- Rate 1			-	-	-	-	-
Industrial - Rate 3 - Firm Industrial - Rate 3 - Interruptible1,128,0791,128,0791,128,0791,128,0791,128,0791,128,079Total Revenue1,128,0791,128,0791,128,0791,128,0791,128,0791,128,0791,128,0791,128,079Less M9 Delivery Costs402,705402,705402,705402,705402,705402,705402,705402,705O&M Expense Capital Tax50,00050,00050,00050,00050,00050,00050,00050,000Property Taxes18,45818,45818,45818,45818,45818,45818,458Property Taxes334,029334,029334,029334,029334,029334,029334,029Pre-Tax Revenue932,541932,541932,541932,541932,541932,541932,541932,541932,541Less: Income Tax932,641336,834336,834336,834336,834336,834336,834336,834336,834	IND - 4			-	-	-	-	-
Industrial - Rate 3 - InterruptibleTotal Revenue1,128,0791,128,0791,128,0791,128,0791,128,0791,128,079LessM9 Delivery Costs402,705402,705402,705402,705402,705402,705O&M Expense50,00050,00050,00050,00050,00050,00050,000Capital Tax18,45818,45818,45818,45818,45818,458Property Taxes58,40558,40558,40558,40558,40558,405Add1334,029334,029334,029334,029334,029334,029Pre-Tax Revenue932,541932,541932,541932,541932,541932,541932,541Less: Income Tax336,834336,834336,834336,834336,834336,834336,834	Seasonal			-	-	-	-	-
Total Revenue1,128,0791,128,0791,128,0791,128,0791,128,0791,128,0791,128,079Less M9 Delivery Costs402,705402,705402,705402,705402,705402,705402,705402,705O&M Expense Capital Tax Property Taxes50,00050,00050,00050,00050,00050,00050,000Add Fixed Revenue334,029334,029334,029334,029334,029334,029334,029334,029Pre-Tax Revenue Less: Income Tax932,541932,541932,541932,541932,541932,541932,541932,541932,541932,541		1,128,07	9 1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079
Less 402,705				-	-	-	-	-
M9 Delivery Costs 402,705 402,	Total Revenue	1,128,07	9 1,128,079	1,128,079	1,128,079	1,128,079	1,128,079	1,128,079
M9 Delivery Costs 402,705 402,	Less							
Capital Tax 18,458 </td <td>M9 Delivery Costs</td> <td>402,70</td> <td>5 402,705</td> <td>402,705</td> <td>402,705</td> <td>402,705</td> <td>402,705</td> <td>402,705</td>	M9 Delivery Costs	402,70	5 402,705	402,705	402,705	402,705	402,705	402,705
Property Taxes 58,405 58,4025 58,405 58,405 <t< td=""><td>O&M Expense</td><td>50,00</td><td>0 50,000</td><td>50,000</td><td>50,000</td><td>50,000</td><td>50,000</td><td>50,000</td></t<>	O&M Expense	50,00	0 50,000	50,000	50,000	50,000	50,000	50,000
Add Fixed Revenue334,029334,029334,029334,029334,029334,029334,029334,029Pre-Tax Revenue932,541 <td< td=""><td>Capital Tax</td><td>18,45</td><td>8 18,458</td><td>18,458</td><td>18,458</td><td>18,458</td><td>18,458</td><td>18,458</td></td<>	Capital Tax	18,45	8 18,458	18,458	18,458	18,458	18,458	18,458
Fixed Revenue 334,029 332,541 336,834 336,834<	Property Taxes	58,40	5 58,405	58,405	58,405	58,405	58,405	58,405
Fixed Revenue 334,029 332,541 336,834 336,834<	Add							
Less: Income Tax 336,834 336,834 336,834 336,834 336,834 336,834 336,834 336,834 336,834		334,02	9 334,029	334,029	334,029	334,029	334,029	334,029
Less: Income Tax 336,834 336,834 336,834 336,834 336,834 336,834 336,834 336,834 336,834				000 5 11	000 5 11	000 5 11	000 5 44	000 541
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	Net Kevenue	<u>ә</u> 595,70	(\$ 595,707	φ 595,707	a 292,/U/	a 292'101	a 295,707	φ 395,101

Contingency Costs	\$ 10.00% 6,476,338
NPV of Costs NPV of Revenue plus Tax Shield	\$6,050,391 \$3,765,488
Aid to Construction	\$2,284,902
Benefit/Cost Ratio	0.622

Benefit/Cost Ratio

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"	Ŷ	0,001,000 \$	-	- *	- *	- *	- *	- \$	-
3"		-	-	_	_	_	_	- \$	-
2"		-	_	-	_		-	- \$	-
1.25"		-	-	-	-	_	_	φ 	_
1"		-	-	-	-	_	-	- 4 - 5	
1/2"		-	-	-	-	_		- ¥ - \$	_
Total Pipeline Costs		6,061,338	-	-	-			Ψ	6,061,338
Service Costs		5,000			-	-	-	-	5,000
Meters & Regulators			-	-	-	-	-		410,000
		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
r tojeci cosis	<u>ф</u>	0,470,550 \$	~ Þ	- 4		p	- · · ·	- 4	0,470,550
Tax Shield		Class 1	Class 49						
	*								
PV of tax shield =	Þ	819,684 \$	-						

PV of tax shield =

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)

1 of 2

		Ann	ual				
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)	108.188	108,188	108,188	108,188	108.188	108,188	108,188
Total	1					-	-
Sales Volumes (m*3)		Ann	ual				
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 (\$)	•	•	•	•	r	\$-	
Residential	\$ -	\$-	\$-	\$ -	\$-	\$ -	Ф -
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
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
Less							
M9 Delivery Costs	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
Capital Tax	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
	00,100	,.00	,	,	,		•
Add	000 54 /	000 511	000 E : 1	000 511	200 51 4	006 54 4	206 514
Fixed Revenue	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
Less: Income Tax	309,500	309,500	309,500	309,500	309,500	309,500	309,500
Net Revenue	\$ 547,366			\$ 547,366			\$ 547,366
	+ 000	+ 017,000	+ 017,000	+ 0.1,200	,	,	

10000

2 of 2

Contingency Costs	\$ 10.00% 6,476,338
NPV of Costs NPV of Revenue plus Tax Shield	\$6,047,001 \$3,251,024
Aid to Construction	\$2,795,977
Benefit/Cost Ratio	0.538

Benefit/Cost Ratio

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

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

Formula based on the following: -----

Tax shield = (UCC x tax rate x CCA rate) (2+discount rate)

10.00

----- x ----(CCA rate + discount rate) 2x(1+ disc. rate)

		Anr	nual				
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)	108,188	108,188	108,188	108,188	108,188	108,188	108,188
Total	1		-	-	-	-	-
		_					
Sales Volumes (m*3)		Ann			N		
Rate Class	Year 1	Year 2	<u>Year 3</u>	Year 4	Year 5	<u>Year 6</u>	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
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
Less							
M9 Delivery Costs	402,705	402.705	402,705	402,705	402,705	402,705	402,705
O&M Expense	50,000	50,000	50,000	402,703 50,000	50,000	50,000	50,000
Capital Tax	18,458	18,458	18,458	18,458	18,458	18,458	18,458
Property Taxes	58,405	10,458 58,405	16,456 58,405	18,456 58,405	58,405	58,405	58,405
	30,403	00,400	00,100	00, 100	00,100	00,00	00,.00
Add	664.600	004 600	004.000	204.022	224.000	224.000	224.020
Fixed Revenue	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
Less: Income Tax	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	\$ 595,707

Contingency Costs	\$ 10.00% 6,476,338
NPV of Costs NPV of Revenue plus Tax Shield	\$6,050,391 \$3,061,591
Aid to Construction	\$2,988,800
Benefit/Cost Ratio	0.506

Benefit/Cost Ratio

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						

819,684 \$

-

13866

Tax Shield PV of tax shield =

\$

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)

		Ann	nual				
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)	108,188	108,188	108,188	108,188	108,188	108,188	108,188
Total	1	-	-	-	-	-	
Sales Volumes (m*3)		Ann	ual				
Rate Class	Year 1		Year 3	Year 4	Year 5	Year 6	Year 7
Residential		<u></u>		<u></u>	<u></u>		
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	20,000,200	20,000,200	20,000,200				
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
Industrial - Rate 3 - Interruptible	1,000,010	1,000,010	1,000,010	1,000,010	1,000,010	1,000,010	1,000,010
Total Revenue	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
O&M Expense	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
Property Taxes	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
Pre-Tax Revenue	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
Net Revenue	\$ 547,366	\$ 547,366	\$ 547,366	\$ 547,366	\$ 547,366		\$ 547,366
				,	,		

2 of 2

Contingency Costs	\$ 10.00% 6,476,338
NPV of Costs NPV of Revenue plus Tax Shield	\$6,047,001 \$4,441,413
Aid to Construction	\$1,605,588
Benefit/Cost Ratio	0.734

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

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

Formula based on the following:

Tax shield = (UCC x tax rate x CCA rate) (2+discount rate)

(CCA rate + discount rate) 2x(1+ disc. rate)

		Ann	ual				
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)	118,331	118,331	118,331	118,331	118,331	118,331	118,331
Total	 1	-	_	-	-	_	-
Sales Volumes (m*3)		Ann	ual				
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	1,263,449	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
Less							
M9 Delivery Costs	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
C a pital Tax	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
Add							
Fixed Revenue	365,177	365,177	365,177	365,177	365,177	365,177	365,177
Theu nevenue							
Pre-Tax Revenue	1,057,036	1,057,036	1,057,036	1,057,036	1,057,036	1,057,036	1,057,036
	\$ 381,801	381,801	1,057,036 381,801 \$ 675,234	1,057,036 381,801 \$ 675,234	381,801	1,057,036 381,801 \$ 675,234	1,057,036 381,801 \$ 675,234

Contingency Costs	\$ 10.00% 6,476,338
NPV of Costs NPV of Revenue plus Tax Shield	\$6,050,391 \$4,165,844
Aid to Construction	\$1,884,547

Benefit/Cost Ratio

Pipeline Costs 6"	\$	<u>Year 1</u> 6,061,338 \$	<u>Year 2</u> ~ \$	<u>Year 3</u> - \$	<u>Year 4</u> - \$	<u>Year 5</u> - \$	<u>Year6</u> - \$	<u>Year 7</u> - \$	Total 6,061,338
4"	Ψ	-	- Ψ -	- ¥ -	- ¥ -	- ¥ -	- ¥	- \$	-
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

0.689

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

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)

				Ann	ual				
Customer Additions		Year 1	<u>Y</u>	ear 2	Year	<u>3 Yea</u> r	<u>4 Year</u>	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	118,33			118,331
Total		1		-	-	•	-		
Sales Volumes (m*3)				Annu	ual				
Rate Class		Year 1	Ye	ear 2	Year	<u>Year</u>	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	33,416,61	8 33,416,61	33,416,618	33,416,618
Industrial - Rate 3 - Interruptible		-		-	-		-		-
Total		33,416,618	33,416,	618	33,416,618	33,416,61	8 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	1,220,70	9 1,220,70	1,220,709	1,220,709
Industrial - Rate 3 - Interruptible		-		-	-				-
Total Revenue		1,220,709	1,220,	709	1,220,709	1,220,70	9 1,220,709	9 1,220,709	1,220,709
Less									
M9 Delivery Costs		444,727	444,	727	444,727	444,72	7 444,72	444,727	444,727
O&M Expense		50,000		000	50,000	50,00			50,000
Capital Tax		18,458		458	18,458	18,45		18,458	18,458
Property Taxes		58,405		405	58,405	58,40	5 58,405	58,405	58,405
Add									
Fixed Revenue		324,201	324,	201	324,201	324,20	1 324,201	324,201	324,201
Pre-Tax Revenue		973,320	973,	320	973.320	973,32	973,320	973,320	973,320
Less: Income Tax		351,563	351,		351,563	351,56			351,563
Net Revenue	\$		\$ 621,		\$ 621,757	\$ 621,75			\$ 621,757
	· ·	JE 1,1 07	,			,,,,			

Contingency Costs	\$ 10.00% 6,476,338
NPV of Costs NPV of Revenue plus Tax Shield	\$6,047,001 \$3,576,229
Aid to Construction	\$2,470,772
Benefit/Cost Ratio	0.591

Pipeline Costs Year 6 Year 7 Year 5 Year 1 Year 2 Year 3 Year 4 \$ 6,061,338 6" \$ 6,061,338 \$ \$ \$ \$ \$ \$ ---_ -4" \$ -_ 3" -\$ -_ 2" _ \$ -1.25" _ \$ 1" -\$ 1/2" _ \$ 6,061,338 6,061,338 **Total Pipeline Costs** ----~ _ 5,000 Service Costs -_ 410,000 Meters & Regulators 410,000 --less Class 49 Pipelines 6,476,338 6,476,338 Class 1 Equipment ---_ --Class 49 Equipment ---_ -_ - \$ 6,476,338 Project Costs - \$ - \$ \$ 6,476,338 \$ - \$ - \$ - \$ <u>Tax Shield</u> PV of tax shield = Class 49 Class 1 \$ 815,032 \$

Total

5,000

-

-

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)

			Ann	ual				
Customer Additions	Y	ear 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)			Ann	ual				
Rate Class	Y	ear 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	3,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618
Industrial - Rate 3 - Interruptible		-	-	-	-		-	-
Total	33,416	618 33	3,416,618	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
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
Less		707	444 707	444 707	444 707	444 707	444 707	444,727
M9 Delivery Costs	444,		444,727	444,727	444,727	444,727	444,727	
O&M Expense		000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Tax		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
Add	005	477	00 5 477	205 477	DCE 177	26E 477	265 177	365 177
	365,	177	365,177	365,177	365,177	365,177	365,177	365,177
Fixed Revenue								
Fixed Revenue 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, 381, \$ 675.	801	381,801	1,057,036 381,801 \$ 675,234	1,057,036 381,801 \$ 675,234	381,801	381,801	1,057,036 381,801 \$ 675,234

2 of 2

Contingency Costs	\$ 10.00% 6,476,338
NPV of Costs NPV of Revenue plus Tax Shield	\$6,050,391 \$3,366,282
Aid to Construction	\$2,684,109
Benefit/Cost Ratio	0.556

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
· · · , · · · · · · · · · ·	<u> </u>	0, 110,000 \$	¥	``	· · · · ·	¥		•	-,
Tax Shield		Class 1	Class 49						
PV of tax shield =	\$	819,684 \$	-						

 $> \sqrt{3} \sqrt{2}$

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)

				Anr	nual									
Customer Additions		Year 1	Ļ	Year 2	2	Year 3		Year 4		Year 5	į	Year	3	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	11	8,331	1	118,331		118,331		118,331
Total		1		-		-		-		-		-		
Sales Volumes (m*3)			-		nual									
Rate Class		Year 1	-	Year 2	2	<u>Year 3</u>		<u>Year 4</u>	:	Year 5		Year 6	5	Year 7
Residential		-		-		-		-		-		-		-
Commercial		-		-		-		-		-		-		-
Industrial- Rate 1		-		-		-		-		-		-		-
IND - 4 Seasonal		-		-		-		-		-		-		-
Industrial - Rate 3 - Firm		- 33,416,618		- 416,618		-	33,41	-	22.4	-	22	- 416,618	22	416,618
Industrial - Rate 3 - Interruptible		33,410,010	55,	+10,010	- 33	1,410,010	55,41	0,010	55,4	- 10,010	55,	410,010	55,	
Total		33,416,618	33,	416,618	33	,416,618	33,41	6,618	33,4	16,618	33,	416,618	33,	416,618
Gas Sales Revenues (\$)														
Residential	\$	_	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Commercial		· _		-		-		-		-		-		-
Industrial- Rate 1		-		-		-		-		-		-		-
IND - 4		-		-		-		-		-		-		-
Seasonal		-		-		-		-		-		-		-
Industrial - Rate 3 - Firm		1,220,709	1,1	220,709	1	,220,709	1,22	0,709	1,2	20,709	1,	220,709	1,1	220,709
Industrial - Rate 3 - Interruptible		-		-		-		-		-		-		-
Total Revenue		1,220,709	1,:	220,709	1	,220,709	1,22	0,709	1,2	20,709	1,	220,709	1,2	220,709
Less														
M9 Delivery Costs		444,727		144,727		444,727	44	4,727	4	44,727		444,727	4	44,727
O&M Expense		50,000		50,000		50,000	5	0,000		50,000		50,000		50,000
Capital Tax		18,458		18,458		18,458	1	8,458		18,458		18,458		18,458
Property Taxes		58,405		58,405		58,405	5	8,405		58,405		58,405		58,405
Add														
Fixed Revenue		324,201	:	324,201		324,201	324	4,201	3	24,201	:	324,201	:	324,201
Pre-Tax Revenue		973,320	ç	973,320		973,320	97	3,320	9	73,320	:	973,320	ç	73,320
Less: Income Tax		351,563		351,563		351,563		1,563		51,563		351,563		51,563
Net Revenue	\$	621,757		521,757				1,757		21,757		321,757		21,757
	•		<u> </u>	,					, ,					í

2 of 2

Contingency Costs	\$ 10.00% 6,476,338
NPV of Costs NPV of Revenue plus Tax Shield	\$6,047,001 \$4,411,779
Aid to Construction	\$1,635,222
Benefit/Cost Ratio	0.730

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

			Anr	nual				
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)		108,188	108,188	108,188	108,188	108,188	108,188	108,188
Total	·	1	-		-	-	-	-
			i i i i i i i i i i i i i i i i i i i					
Sales Volumes (m*3)							Ŷ	
Rate Class Residential		<u>Year 1</u>	Year 2	Year 3	Year 4	Year 5	Year 6	<u>Year 7</u>
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		33,410,010	33,410,010	33,410,010	33,410,010	33,410,010	55,410,010	33,410,010
Total		33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618
					00,110,010			
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
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
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		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
Add								
Fixed Revenue		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
Less: Income Tax		378,681	378,681	378,681	378,681	378,681	378,681	378,681
Net Revenue	\$	669,717		\$ 669,717	\$ 669,717			\$ 669,717
INGLINEVENUE	φ	003,717	ψ 003,117	Ψ UU3,/1/	φ 003,117	φ 003,117	ψ 003,111	φ 000,117

2 of 2

Contingency Costs	\$ 10.00% 6,476,338
NPV of Costs NPV of Revenue plus Tax Shield	\$6,050,391 \$4,148,047
Aid to Construction	\$1,902,344
Benefit/Cost Ratio	0.686

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 ⁿ	-	-	-	-	-	-	- \$	-
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
oldoo i Equipinolit	0,470,550							0, 170,000
Class 49 Equipment		_	_		_	_	_	_
olado 40 Equipment	 				-		-	
Project Costs	\$ 6,476,338 \$	- \$	- \$	- \$	- \$	- \$	- \$	6,476,338
Tax Shield	Class 1	Class 49						
PV of tax shield =	\$ 819,684 \$	-						

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)

			Ani	nual				
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)		108,188	108,188	108,188	108,188	108,188	108,188	108,188
Total		1	-	-	-	-	-	-
Sales Volumes (m*3)			0					
Rate Class		Year 1	Year 2	nual Year 3	Year 4	Year 5	Year 6	Year 7
Residential		<u>Teal I</u>	Teal 2	<u>rears</u>	<u>1ear 4</u>	Teal 5	Tearo	<u>Ital r</u>
Commercial		-	-	-	-	-	-	-
Industrial- Rate 1		-	-	-	-	-	-	-
IND - 4		-	-	-	-	-	-	-
Seasonal		-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	22	- ,416,618	-	- 33,416,618	-	33,416,618	33,416,618	33,416,618
Industrial - Rate 3 - Interruptible	33	,410,010	33,416,618	33,410,010	33,416,618	55,410,010	55,410,010	55,410,010
Total		416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618
		,410,010	53,410,018	35,410,010	55,410,010	33,410,010	33,410,010	33,410,010
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
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
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		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
Add								
Fixed Revenue		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
Less: Income Tax		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	\$ 618,450

2 of 2

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		CONSUMPTION PROFILE RES	СОМ	SEAS	IND-1 IND - 4	
FIXED CHARGE			-	-	-	-
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 6" 4" 3"	2.05 0.00 0.00	80.71 0 0	Steel	
RATE 3 CUSTOMER CHARGE FIRM CD PER M*3 FIRM COMMODITY INT COMMODITY	 \$ 150.00 \$ 0.255904 \$ 0.037809 \$ 0.061491 	2" Average rate FEDERAL CAPITAL TAX RATE PROV. CAPITAL TAX RATE	0.00 0.00	0 0.025362 0 0.00285		
RATE 4 FIRST 1,000 M*3 ALL OVER 1,000 M*3 FIXED CHARGE		Cost				
DISCOUNT RATE CLASS 1 CCA RATE CLASS 49 CCA RATE MARGINAL TAX RATE	LT DEBT 7.10% DEMAND L 4.00% ST DEBT 8.00% EQUITY 36.12%	Allocation Debt/C 66.10% 0.00% -1.10% 35.00% 100.00%	apital 8.45% 0.00% 6.00% 10.20% 7.10%			
COST OF GAS (UNION M9 DELIVERY CHARGE)	Residential Commercia \$ 0.005450 \$ 0.005450 METERS/ SERVICES REGS COST COST EACH EACH) \$ 0.005450 [°] \$ 0.	.005450 \$ ING CE E	Contract 0.005450 O & M EXPENSE PER CUST	Demand \$ 0.184938	
RESIDENTIAL COMMERCIAL IND - RATE 1 IND - RATE 4 SEASONAL IND - RATE 3 and RATE 5	140 190 140 190 2,150 250 2,250 450 2,450 575 410,000 5,000	8,700 \$ - 35,400 \$ - 13,200 \$ - 28,000 \$ -	20070200	50/000		

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

RATE 1 - GENERAL SERVICE RATE FIRST 1,000 M*3		CONSUMPTION PROFILE RES	СОМ	SEAS	IND-1	IND - 4
ALL OVER 1,000 M*3 FIXED CHARGE						-
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 6" 4" 3" 2"	RATES 2.05 0.00 0.00 0.00 0.00	80.71 0 0 0	Steel	
RATE 3 CUSTOMER CHARGE FIRM CD PER M*3 FIRM COMMODITY INT COMMODITY	 \$ 100.00 \$ 0.227470 \$ 0.036530 \$ 0.059412 	Average rate FEDERAL CAPITAL TAX RATE PROV. CAPITAL TAX RATE	0.00	0.025362 0 0.00285		
RATE 4 FIRST 1,000 M*3 ALL OVER 1,000 M*3 FIXED CHARGE		Cos	t of			
DISCOUNT RATE CLASS 1 CCA RATE CLASS 49 CCA RATE MARGINAL TAX RATE	LT DEBT 7.04% DEMAND L 4.00% ST DEBT 8.00% EQUITY 36.12%	Allocation Debt/C 31.43% 0.00% 18.57% 50.00% 100.00%				
COST OF GAS (UNION M9 DELIVERY CHARGE)	Residential Commercial \$ 0.005450 \$ 0.005450 METERS/ SERVICES REGS COST		.005450 \$.ING	Contract 0.005450 O & M EXPENSE	Demand \$ 0.184938	
RESIDENTIAL COMMERCIAL IND - RATE 1 IND - RATE 4 SEASONAL IND - RATE 3 and RATE 5	COST EACH EACH 140 190 140 190 2,150 250 2,250 450 2,450 575 410,000 500	8,700 \$ 35,400 \$ 13,200 \$ 28,000 \$	- - - -	PER CUST		

6

Scott Stoll

From:	DiPaolo, Roberta <rdipaolo@ogilvyrenault.com> on behalf of Moran, Patrick <pmoran@ogilvyrenault.com></pmoran@ogilvyrenault.com></rdipaolo@ogilvyrenault.com>
Sent:	September-21-06 2:11 PM
То:	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

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>	MAV m3	<u>Firm CD</u> m3/day	<u>Term</u> years	<u>Rates</u>	Required Aid \$
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: Sent: To: Subject: Moran, Patrick <pmoran@ogilvyrenault.com> September-23-06 9:57 AM Scott Stoll 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

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 <<u>pmoran@ogilvyrenault.com</u>> 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

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

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2

Karen Parkinson

From:	Randy Aiken [raiken@xcelco.on.ca]
Sent:	September 29, 2006 3:23 PM
То:	Patrick Moran; Scott Stoll; Mark Bristoll
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

Costs	\$	9,100,001							
NPV of Costs NPV of Revenue plus Tax Shield		\$8,499,908 \$7,086,245							
Aid to Construction		\$1,413,663							
Benefit/Cost Ratio		0.834							
Pipeline Costs 6"	s	<u>Year 1</u> 8,600,001	Year 2 \$	Year 3	<u>} Year 4</u> \$-	Year 5		<u>Year7</u> \$-\$	Total 8,600,001
4"	Ŷ	0,000,001	-	Ψ -	÷ -	÷ -	J -	φ - φ - \$	0,000,001
3" 2"		-	-	-		-	-	- \$ - \$	-
1.25"		-	-	-	-	-	-	- \$	-
1" 1/2"		-	-	-	-	-	-	- \$	-
Total Pipeline Costs		8,600,001				-		- \$	8,600,001
Service Costs		-	-	-	-	-	-	-	-
Meters & Regulators less Class 49 Pipelines		500,000	-	-		-	-	-	500,000
Class 1 Equipment		9,100,001		-	-	-	-	•	9,100,001
Class 49 Equipment		-				-	-		_
Project Costs	\$	9,100,001	\$ -	\$ -	\$-	\$-	\$-	\$-\$	9,100,001
<u>Tax Shield</u> PV of tax shield ≕	ŕ	Class 1	Class 49	1					
Formula based on the following:	\$	1,149,564	ə -						
Tax shield = (UCC x tax rate x CCA rate) (2+discount rate) (CCA rate + discount rate) 2x(1+ disc. rate)									
(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,				Annual					
Customer Additions Rate Class		Year 1	Year		<u>3 Year 4</u>	Year 5	Year 6	Year 7	
Residential		-	-			_		_	
Commerciai		-	-		. <u>-</u>		-	-	
industrial- Rate 1 IND - 4		-	•			-	-	-	
Seasonal		-			· -	-	-	-	
Industrial - Rate 3 - Firm		1	-		· •	-	-	-	
Industriai - Rate 3 - Interruptible (FiRM CD - M*3)		- 108,188	-		-	-	•	-	
Total		1	-			-		-	
Saies Volumes (m*3) Rate Class				Annuai					
Residential		Year 1	Year	Year	<u>3 Year4</u>	Year 5	Year 6	Year 7	
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 (\$) Residentiai					_	_			
Commercial	\$	-	\$-	\$.	\$-	\$-	\$-	5 -	
industrial- Rate 1		-	-			-	-	-	
IND - 4 Seasonaí		-	-		-	-		-	
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		1,246,774	1,246,774		· -	1,246,774	1,246,774	1,246,774	
iotal Revenue									
Less			422,217			422,217 50,000	422,217 50,000	422,217 50,000	
Less M9 Delivery Costs		422,217		EU 000					
Less M9 Delivery Costs O&M Expense Capital Tax		422,217 50,000 25,935	50,000						
Capitai Tax Property Taxes		50,000	50,000	25,935	25,935	25,935 58,405	25,935 58,405	25,935 58,405	
Less M9 Delivery Costs O&M Expense Capitai Tax		50,000 25,935	50,000 25,935	25,935 58,405	25,935 58,405	25,935	25,935	25,935	
Less M9 Delivery Costs O&M Expense Capital Tax Property Taxes Add Fixed Revenue Pre-Tax Revenue		50,000 25,935 58,405 334,029 1,024,245	50,000 25,935 58,405 334,029 1,024,245	25,935 58,405 334,029	25,935 58,405 334,029	25,935 58,405	25,935 58,405 334,029	25,935 58,405 334,029	
Less M9 Delivery Costs O&M Expense Capital Tax Property Taxes Add Fixed Revenue	\$	50,000 25,935 58,405 334,029	50,000 25,935 58,405 334,029	25,935 58,405 334,029 1,024,245 369,957	25,935 58,405 334,029 1,024,245 369,957	25,935 58,405 334,029 1,024,245 369,957	25,935 58,405 334,029 1,024,245 369,957	25,935 58,405 334,029 1,024,245 369,957	654,28

Costs	\$ 9,100,001
NPV of Costs NPV of Revenue plus Tax Shield	\$8,499,908 \$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"	-	-	-	-	-	-	- \$	-
1ª	-	-	-	-	-	-	- \$	-
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

Class 1 Class 49 1,149,564 \$ -

\$

<u>Tax Shield</u> PV of tax shield =

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

			Annual				
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	<u>108,188</u> 1		<u> </u>				<u> </u>
Total				-		-	
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	-	-	-	-	-	-
industrial - Rate 3 - interruptible	-	-	-	-	-		-
Total	33,416,618	-		•	-		-
Gas Sales Revenues (\$)							
Residential	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Commercial		-	-	-	-	-	-
Industrial- Rate 1	-	-	-	•	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonai	-	-	-	-	-	-	-
industriai - 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
Capitai Tax	25,935	25, 9 35	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

202

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 6" 4" 2" 1.25" 1" 1/2" Total Pipeline Costs Service Costs Meters & Regulators less Class 49 Pipelines	\$ <u>Year 1</u> 8,600,001 \$ - - - 8,600,001 - 500,000	Year 2 - \$ - - - - - - - - - - - - -	Year 3 - - - - - - - - - - - - - -	Year 4 - \$ - - - - - - - - - - - - - - - - - -	Year 5 - \$ - - - - - - - - - - - - - - - - - -	<u>Year 6</u> - \$ - - - - - - - - - - - -	Year 7 - \$ - \$ - \$ - \$ - \$ - - - - - - - -	Totai 8,600,001 - - - - - - - - - - - - - - - - - -
Class 1 Equipment	 9,100,001		-		•	<u> </u>	-	9,100,001
Class 49 Equipment	 <u>-</u>	_	u .	-	-	-	-	<u> </u>
Project Costs	\$ 9,100.001 \$	- \$	- \$	- \$	- \$	- \$	- \$	9,100,001

<u>Tax Shield</u> PV of tax shield =

Class 1 Class 49 1,149,564 \$ -\$

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

			Annual				
Customer Additions	Year 1	Year 2		Year 4	Year 5	Year 6	Year 7
Rate Class							
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	
Industrial- Rate 1	-	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
industrial - Rate 3 - Firm	1	-	-	-	-	-	
Industriai - Rate 3 - interruptible	-	-	-	-	-	-	_
(FIRM CD - M*3)	108,188	-	-	-	-		
Total	1	-	-	-			-
Sales Volumes (m*3)							
Rate Class	Year 1	Year 2	Annual Year 3	Yaar 4	Year 5	Year 6	V 7
Residential	<u>tear</u> i		tears	<u>ruar</u> 4	rear 5	reart	Year 7
Commercial		-	-	-	-	-	-
Industrial- Rate 1	•	-	-	-	-	-	-
IND - 4	-	-	-	-	-	-	-
Seasonal	•	-	-	-	•	-	-
Industrial - Rate 3 - Firm	33,416,618	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	33,410,018	-	-	-	-	-	-
Total		-		-			-
1 otal	33,416,618	-		-	-	-	-
Gas Sales Revenues (\$)							
Residential	\$-	\$-	\$-	\$-	\$-	s -	\$ -
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	11=10(111	1,210,114	1,240,114	1,240,774	1,240,774	1,240,774	1,240,774
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 D&M Expense	422,217	422,217	422,217	422,217	422,217	422,217	422,217
	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 Revenua	1,024,245	1,024,245	1,024,245	1,024,245	1,024,245	1,024,245	1.004.045
Less: income Tax	369,957	369,957	369,957	369,957	369,957	369,957	1,024,245 369,957
Nat Revenue	\$ 654,288			\$ 654.288	\$ 654,288	\$ 654,288	\$ 654,288
· · · · · · · · · · · · · · · · · · ·	÷ 004,200	+ 004,200	Ψ 007,200		Ψ 004,200	φ 004,288	φ 004,∠08

654,288

Costs	\$	9,100,001								
NPV of Costs NPV of Revenue plus Tax Shield		\$8,499,908 \$3,827,969								
Aid to Construction		\$4,671,938								
Benefit/Cost Ratio		0.450								
Pipeline Costs 6"	\$	<u>Year 1</u> 8,600,001	Year \$	<u>2</u> :	Year 3	<u>Year 4</u> \$-	<u>Year 5</u> \$-	<u>Year6</u> \$-		Tota 8,600,001
4" 3"	Ŷ	-	¥	-	-	-	-	-	- \$; -
2" 1.25"		-			-	-	-	-	- 5	
1" 1/2"		-		-	-	-	-	-	- 5	
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	\$	- \$		\$-	\$ -	\$-	\$ - 1	\$ 9,100,001
-										
T <u>ax Shield</u> PV of tax shield =	\$	Class 1 1,149,564		-						
Formula based on the following: Tax shield = (UCC x tax rate x CCA rate) (2+discount rate)										
(CCA rate + discount rate) 2x(1+ disc. rate)										
Customer Additions		Year 1	Yea	Annuai 2	Year 3	Year 4	Year	5 <u>Year</u>	6 Year 7	
Rate Class Residential		-		-	-	-				
Commercial industrial- Rate 1		-		-	-	-				
IND - 4		-		-	-					
Seasonal Industrial - Rete 3 - Firm		- 1		-	-				· -	
industrial - Rate 3 - Interruptible		-		-	-				· -	
(FIRM CD - M*3) Total		108,188		-	-	-				
Sales Volumes (m*3)				Annual						
Rate Class Residential		Year 1	Yea	-	<u>Year 3</u> -	Year 4	Year			
Commercial		-		-	-	-			· .	
industrial- Rate 1 IND - 4		-		-	-	-				
Seasonal Industriai - Rate 3 - Firm		- 33,416,618		-	-	-		•		
industriai - Rate 3 - Interruptible		-		-						
Total		33,416,618		-		-			· ·	
Gas Sales Revenues (\$) Residential	\$	-	\$	- \$	-	\$-	\$	- \$	- \$ -	
Residential Commercial Industrial- Rate 1	\$	-	\$	- \$ - -	-	\$ - - -	\$	- \$ ·		
Residential Commercial industrial- Rate 1 IND - 4 Seasonal	\$		\$	- \$ - - -		\$ - - - -	\$	- \$ -		
Residential Commercial Industrial-Rate 1 IND - 4 Seasonal Industrial - Rate 3 - Firm	\$	- - - 1,246,774	\$ 1,246,77	-	- - - 46,774	\$ - - - 1,246,774	\$ 1,246,774	- ·	· ·	
Residential Commercial Industrial- Rate 1 IND - 4 Seasonal Industrial - Rate 3 - Firm Industrial - Rate 3 - Interruptible	\$	- - - 1,246,774 1,248,774		- - - 4 1,24	- - - 46,774 - 46,774	\$ - - - 1,246,774	\$ 1,246,774 1,246,774	- - 4 1,246,774	4 1,246,774	
Residential Commercial Industrial-Rate 1 IND - 4 Seasonal Industrial - Rate 3 - Firm Industrial - Rate 3 - Interruptible Total Revenue	\$	-	1,246,77	- - - 4 1,24 - 4 1,24	-	-		1,246,774	1,246,774 1,246,774	
Residential Commercial Industrial-Rate 1 IND - 4 Seasonal Industrial - Rate 3 - Firm Industrial - Rate 3 - Interruptible Total Revenue Less M9 Delivery Costs O&M Expense	\$	- 1,246,774 422,217 50,000	1,246,77 422,21 50,00	- - - 4 1,24 - 4 1,24 7 42 0 4	46,774 22,217 50,000	- 1,246,774 422,217 50,000	1,246,774 422,217 50,000	4 1,246,774 4 1,246,774 4 1,246,774 7 422,217 0 50,000	4 1,246,774 4 1,246,774 50,000	
Residential Commercial Industrial-Rate 1 IND - 4 Seasonal Industrial - Rate 3 - Firm Industrial - Rate 3 - Interruptible Total Revenue Less M9 Delivery Costs	\$	- 1,246,774 422,217	1,246,77 422,2 50,00 25,93	- - - 4 1,24 - 4 1,24 7 42 0 4 5 2	- 46,774 22,217	- 1,246,774 422,217	1,246,774	1,246,774 1,246,774 1,246,774 1,246,774 7 422,217 0 50,000 5 25,938	4 1,246,774 4 1,246,774 7 422,217 7 50,000 5 25,935	
Residential Commercial Industrial- Rate 1 IND - 4 Seasonal Industrial - Rate 3 - Firm Industrial - Rate 3 - Interruptible Total Revenue Less M9 Delivery Costs O&M Expense Capital Tax	\$	- 1,246,774 422,217 50,000 25,935	1,246,77 422,2 50,00 25,93 58,40	- - - - 4 1,24 - - 4 1,24 7 42 0 4 55 1 55 1	- 46,774 22,217 50,000 25,935	- 1,246,774 422,217 50,000 25,935	1,246,774 422,217 50,000 25,938	4 1,246,774 4 1,246,774 7 422,217 0 50,000 5 25,938 5 58,408	4 1,246,774 4 1,246,774 7 422,217 5 50,000 5 25,935 5 58,405	
Residential Commercial Industrial-Rate 1 IND - 4 Seasonal Industrial - Rate 3 - Firm Industrial - Rate 3 - Interruptible Total Revenue Less M9 Delivery Costs O&M Expense Capital Tax Property Taxes Add	\$	- 1,248,774 422,217 50,000 25,935 56,405	1,246,77 422,2 50,00 25,93 58,40 334,02	- - - 4 1,2- 4 1,2- 4 1,2- 7 42 0 4 5 1 5 1 5 1 5 1 5 1 5 1 5 1 5 1 5 1 5 1	- 46,774 22,217 50,000 25,935 58,405	1,246,774 422,217 50,000 25,935 58,405	1,246,774 422,217 50,000 25,938 58,408	4 1,246,774 4 1,246,774 7 422,217 0 50,000 5 25,938 5 58,400 9 334,025	4 1,246,774 4 1,246,774 7 422,217 7 422,217 7 50,000 5 25,935 5 58,405 9 334,029	

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Barristers and Solicitors

Scott Stoll Direct: 416.865,4703 E-mail: sstoll@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

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 Intervenors 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.

the con

Jim Grey, CEO

Scott Stoll

From:Lawrence Thacker <Ithacker@litigate.com>Sent:December-10-12 7:16 PMTo:Scott Stoll; 'richard.king@nortonrose.com'Cc:Martin Kovnats; Dennis O'LearySubject: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:sstoll@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 3rd, 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 10th, 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 14th, 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 sstoll@airdberlis.com

Brookfield Place • 181 Bay Street Suite 1800 • Box 754 Toronto ON • M5J 2T9 • Canada www.airdberlis.com

AIRD & BERLIS LLP Barristers and Solicators

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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.

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Regards, Jim Grey, CEO IGPC Ethanol Inc.,

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

Kimberly Scott

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

From: Scott Stoll [mailto:sstoll@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 sstoll@airdberlis.com

Brookfield Place • 181 Bay Street Suite 1800 • Box 754 Toronto ON • M5J 2T9 • Canada www.airdberlis.com

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Barristers and Solicitors

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