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July 25, 2013

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Ms. E. Kirsten Walli
Board Secretary
Ontario Energy Board
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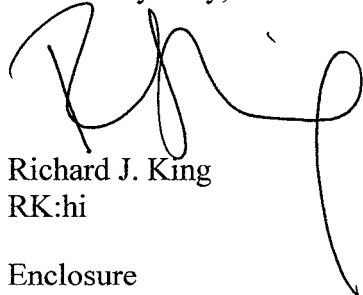
New York

Dear Ms. Walli:

**NRG/IGPC – Capital Cost Dispute and Service Denial
(EB-2012-0406/EB-2013-0081)**

Further to the Board's Procedural Order No. 3 in the above-noted matter, this letter is to advise the Board that NRG is not filing any responding materials to those filed by IGPC on July 22, 2013. We are attaching a letter previously sent by the President of NRG regarding this motion and continued litigation with IGPC, which does not appear to have been posted to the Board's webdrawer. Please note that NRG will be in attendance to argue the motion this coming Monday.

Yours very truly,



Richard J. King
RK:hi

Enclosure

c: All Parties to EB-2012-0406/EB-2013-0081
T. Graat and L. O'Meara (NRG)
L. Thacker (Co-counsel to NRG)

July 17, 2013

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
27th Floor, 2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: IGPC Motion (EB-2012-0406/EB-2013-0081)

I am writing as President of NRG to express my serious concerns over a situation that is clearly out of control – namely, the continued litigation against NRG brought by IGPC. The motion filed by IGPC on July 12, 2013 is yet another example of IGPC's attempt to force NRG to incur unnecessary legal costs. The Board needs to stop indulging IGPC's requests, which are almost consistently beyond matters that the Board needs to deal with.

NRG's franchise agreements provide for it to supply natural gas to its customers. NRG has done this without interruption for the past 30 years. NRG now finds itself in a situation where one customer (that happens to account for approximately 40% of NRG's revenue) has been able to draw out unnecessary proceedings and litigation over the cost of a pipeline that was installed more than 5 years ago. NRG has spent hundreds of thousands of dollars defending the cost of the pipeline and other matters related to IGPC. All of this money has been spent despite the fact that the pipeline was constructed and came into operation on time and under budget. In fact, NRG was not paid until the pipeline was some 95% complete because IGPC was unable to arrange for suitable payment.

In response, IGPC has continued to drag out litigation over the cost of the pipeline and other matters and consistently opposed the renewal of NRG franchise arrangements – all of which has caused NRG to spend hours upon hours of management time and hundreds of thousands of dollars on legal and other assistance. In addition, IGPC has attempted to discredit NRG at every opportunity before this Board, and others and through various news media.

NRG continues to fulfill its duty to IGPC to deliver gas to IGPC's facility. This NRG has done without fail since completion of the pipeline. In return, NRG was to receive payment for its delivery services. That should be the relationship between the parties, and is indicative of NRG's relationship with every other customer. Instead, IGPC engages in relentless litigation, public criticism and lobbying other stakeholders to criticize and oppose NRG.

In the fifty years that I have been in business, I have never been involved in a situation such as this. We are literally spending hundreds of thousands of dollars annually litigating over a \$9 million project. This is also costing NRG's ratepayers and this Board time and money. And the most offensive part of this is that it is at

absolutely no real cost to IGPC. As NRG has explained to the Board, IGPC has received annually tens of millions of dollars in government grants (not loans) – and it is this money that is being used to drive litigation for no economic purpose and with complete disregard for NRG, its ratepayers or the Board. This disregard was most evidently on display at one of the earlier meetings that I had with the President and Secretary of IGPC (Mr. Grey and Adrian Vanderhoop). When the subject of a litigation came up, instead of taking up the offer to discuss and resolve the litigation, their response was that they were not worried because they were insured for the activities giving rise to the litigation.

At its absolute best, IGPC's argument may have been NRG had overspent a few hundred thousand dollars primarily defending IGPC'S continuous questioning of the pipeline construction and its progress through their Toronto Law firm , that resulted in the current president and the previous president responding and issuing some 1,100 emails through out the construction, in spite of that the pipeline came in on time and under budget. It clearly does not warrant the protracted litigation brought by IGPC – the latest component of which is the motion of July 12 for additional information. It makes no economic sense to litigate this – but because of its government grants, IGPC does not have to conduct itself in a commercially sensible manner.

Despite my personal experience working on both large and small projects, I cannot seem to bring this matter to an end. We are determined not to side step any of our obligation with IGPC. NRG Staff and Officers can not keep pace with the voluminous questions, reports and responding to other issues internally to bring this matter to a conclusion. We will instruct an outside accounting /consultant firm to evaluate this situation and put forward a clear understanding of the issues. We estimate the cost for this undertaking to be \$300,000, and time frame to be up to 3 to 4 months.

We are asking the Board to deny IGPC's motion and proceed with the capital cost determination based on the substantial amount of evidence before it. This unnecessary litigation and utter foolishness must end so that NRG can simply get on with its core business (i.e., the uninterrupted delivery of natural gas).

Yours very truly,

Anthony H. Graat
President