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November 7 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**

Pursuant to Procedural Order No. 5 dated October 11, 2013, we attach two copies of the Argument-in-Chief of Integrated Grain Processors Co-operative Inc. in respect of Issues No. 2 through 5.

We will provide one hard copy of the Argument-in-Chief, and attachments, to both Mr. Thacker and Mr. King.

Yours truly,

AIRD & BERLIS LLP



Dennis M. O'Leary / Scott Stoll

cc Natural Resource Gas Limited
cc Intervenors (Per Procedural Order No. 1, April 22, 2013)

15698040.1

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 service.

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 Sections 19 and 36 of the Ontario Energy Board Act, 1998.

**ARGUMENT-IN-CHIEF OF
INTEGRATED GRAIN PROCESSORS CO-OPERATIVE INC.
IN RESPECT OF ISSUES NO. 2 TO 5**

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SUBMISSIONS OF IGPC

Introduction

1. Integrated Grain Processors Co-operative Inc. (“**IGPC**”) is seeking (i) reimbursement of \$981,708 paid to Natural Resources Gas Ltd. (“**NRG**”) as a contribution in aid of construction related to the construction of the IGPC Pipeline; (ii) interest in the amount of \$212,689.89; (iii) an order reducing the amount of financial security to be provided by IGPC to NRG from \$5,214,173 to \$3,491,731 to match the undepreciated cost of the IGPC Pipeline; and (iv) its legal costs in this proceeding.
2. The amount of contribution in aid of construction and financial assurance are dependent upon the actual reasonable capital cost of the IGPC Pipeline and the use of the EBO 188 financial model. As such, these submissions will deal with: (i) the reasonable, actual capital cost of the IGPC Pipeline; (ii) the appropriate economic model to be used for the analysis; (iii) the amounts due; (iv) interest; and (v) repayment. NRG’s witness, Mr. Cowan, confirmed costs claimed by NRG must be reasonable, actually incurred for the purposes of constructing the IGPC Pipeline and of a capital nature.¹ These submissions details NRG’s claimed costs which are not actual, reasonable capital costs to construct the pipeline and the consequences of such costs being excluded from NRG’s claims.
3. IGPC will make submissions in respect of each of Issues 2 through 5.

ISSUE 2

4. Issue 2, as set out in the Ontario Energy Board’s (“**OEB**” or the “**Board**”) Procedural Order No. 2 dated May 17, 2013, is as follows:

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

2.1.1 Legal costs

2.1.2 Contingency costs

2.1.3 NRG staff costs (Mr. Bristoll)

2.1.4 Interest during construction

¹ IGPC Pre-filed, Ex. A, p. 27; EB-2010-0018, Tr. September 9, 2012, page 31

2.1.5 Insurance costs and other service costs (e.g. auditing)
2.1.5 Administrative penalty; and
2.1.7 Cost arising from this proceeding

5. We review below the evidence as it relates to each of the areas in dispute in respect of the actual capital costs of the IGPC pipeline.
6. It is first appropriate to review the salient language in the Pipeline Cost Recovery Agreement (“**PCRA**”)² and other relevant matters. Relevant provisions in the PCRA are provided at Schedule A to these submissions.
7. In addition to applicable provisions of the PCRA, the Board, by Order dated March 4, 2008, following the Aylmer Motion on February 28, 2008, attached a Schedule³ as a condition to NRG’s leave-to-construct approval (**Attachment 1**). The following items appeared in the Schedule. Item 63 required NRG to calculate the actual Aid-to-Construct the week of August 25, 2008. Under the “Comments” to the Schedule, the document states that this is “to be completed within 5 Business Days of Union Gas providing actual numbers. Contingent upon completion, Union Gas & receipt of final invoices from contractor(s).” Item 64 provided that any “Reconciliation payment as a result of determination of Actual Aid-to-Construct” was to be made. It was noted under “Comments” to the Schedule that “Payment due after calculation, as per PCRA”.
8. The fact is that NRG did not calculate the actual Aid-to-Construct as required under both the PCRA and as a condition to the leave to construct. NRG has not provided IGPC with the reasonable actual capital costs of the IGPC pipeline, as these submissions will clearly demonstrate. There has been no attempt by NRG to recalculate and adjust the Aid-to-Construct as to do so would obligate NRG to reduce the amounts cleared to rate base and refund to IGPC any overpayments given the difference between the initial estimated capital costs and the reasonable actual capital costs of the pipeline.

² IGPC Pre-filed, Tab B1

³ EB-2006-0243, Decision and Order, March 4, 2008, Schedule “C”

The Regulatory Compact

9. With NRG being the only entity with a franchise for natural gas distribution facilities in Aylmer, Ontario, IGPC had no other supplier to construct and operate the pipeline. NRG has a monopoly, but to avoid abuses of its monopolistic position, it is regulated by the OEB. As a regulated utility, NRG is expected to comply with Board orders, rulings and policies, and be truthful and complete in all of its filings.

10. NRG knew that EBO 188 set out a process to undertake economic evaluations of new facilities, and this process was intended to protect both natural gas utilities and customers. Natural gas utilities are protected by being able to look to customers for capital contributions for pipelines whose costs exceed the forecast revenues from the pipeline. The purpose of undertaking an economic evaluation of a proposed pipeline is to determine whether the customer should be providing capital contributions so that the utility does not prejudice the utility's shareholder and ratepayers. Using estimated capital costs for the economic evaluation under EBO 188 does not give a utility the right to rate base the estimated capital costs if it did not actually incur such costs. Yet, this is precisely what NRG has done.

11. It is clear that NRG has seen the situation as a license to take advantage of IGPC. It has not only included amounts in rate base which are in excess of the actual costs incurred, in a number of material cases, it has already recovered the costs through rates and now seeks double recovery for the same costs, plus a return on the amount in rate base. This is the very type of conduct which rate regulation is intended to prevent. It is for this reason that IGPC is, once again, seeking the Board's assistance to order NRG to act in a responsible fashion and comply with its regulatory obligations.

Issue 2.1.1 Legal Costs

Amount Claimed by NRG ⁴	\$640,494
Amount IGPC is prepared to accept	\$382,272

⁴ Excludes claim for the "contingency" legal costs of \$132,000, IGPC Pre-filed, 2013-06-03, para. 90

Leave to Construct and Contractual Work

12. There is no question that NRG incurred legal fees in respect of the development of its leave to construction application and the processing of the application. It also incurred legal fees in the drafting and negotiating of the various contracts, including the Bundled T – Service Receipt Contract⁵ and Consent and Assignment⁶ (together the “**Agreements**”),⁷ which are the two agreements that NRG refused to execute, despite the advice of its own counsel. This refusal, of course, led to an emergency motion, which is discussed further below.
13. NRG has submitted invoices from Ogilvy Renault LLP now Norton Rose Fulbright Canada LLP. The majority of this time was expended by Mr. Patrick Moran and Mr. Richard King. Mr. Moran and Mr. King both acted for NRG and had complete carriage of the file leading up to and including the day of the Emergency Motion as will be discussed further below. With the exception of the time expended by these counsel in respect of the Emergency Motion, IGPC accepts NRG’s claims for the amount expended on legal fees prior to the Emergency Motion.

Emergency Motion, June 29, 2007

14. Subsequent to the Board granting leave to construct to NRG (EB-2006-0243), IGPC and NRG’s counsel agreed to the particulars of Agreements noted above. NRG’s counsel at the time, Mr. Patrick Moran, recommended execution by NRG of both of the Agreements. While this statement is not in dispute, there is evidence which supports this conclusion.⁸
15. NRG recognized that IGPC was under certain commercial deadlines with its lenders. On June 27, 2007, only days before these deadlines, NRG’s management advised it would

⁵ IGPC Pre-filed, Ex. B, Tab 3

⁶ IGPC Pre-filed, Ex. B, Tab 4

⁷ IGPC Pre-filed Ex. A, para. 17

⁸ The docket entry for Mr. Moran on June 15, 2007 - Pre-filed, Ex. D, Tab 3, p. 229 of 343 – states that he finalized the Bundled T agreement and forwarded same to M. Bristoll for execution. The docket entry of Ogilvy Renault notes that numerous hours were spent reviewing and advising NRG in respect of both Agreements.

not execute the Agreements⁹ its own lawyers had advised were satisfactory. This prompted an emergency motion by IGPC to the Board on June 29, 2007 (“**Emergency Motion**”). The Board granted the Emergency Motion and ordered NRG to execute the Agreements. With the assistance of the Board’s Order, IGPC was then able to satisfy its financiers and proceed with its financial arrangements. It should be recalled that the Bundled T – Service Receipt Contract was a regulatory requirement intended to protect NRG in respect of upstream direct purchase gas costs. The Consent and Assignment Agreement was specifically contemplated in the PCRA which the Board reviewed and approved in the leave to construct application. There was nothing in either Agreement which could have actually caused NRG concern. NRG executed the Agreements approximately one week later.¹⁰ Since that time the pipeline has been built and IGPC has paid all of NRG’s invoices on a timely basis.

16. IGPC incurred legal costs associated with the Emergency Motion and all of the additional negotiations necessary to deal with the involved lending institutions and their lawyers. Even though IGPC was successful on the motion, it did not recover any costs from NRG. In contrast, NRG has rate based approximately \$127,156¹¹ in legal fees in respect of this motion and NRG’s appeal of the Board’s Order. It has been earning a return on these amounts since August 1, 2008.
17. NRG has at no time pointed to any clause which it considered problematic in either of the Agreements it refused to sign. It has not experienced over the past five years any prejudice or loss. NRG did not then and has not now any basis to support its denial to sign the Agreements in June 2007.
18. Looking closely at the dockets that NRG has provided for the counsel who were involved in the Emergency Motion¹² it is clear that on the day of the motion, numerous counsel docketed time. This includes 10.0 hours for Mr. Moran¹³ and 6.50 hours for Mr. King.¹⁴ In

⁹ IGPC Pre-filed, Ex. A, para. 18

¹⁰ IGPC Pre-filed, Ex. A, para. 19

¹¹ IGPC Pre-filed, Ex. A, para. 94, Table 2; Ogilvy Renault \$56,204; Lenczner Slaght \$23,003 plus \$47,949 = \$127,156, and Ex. D, Tab 4, p. 1

¹² IGPC Pre-filed, Ex. D, Tabs 3 and 4

¹³ IGPC Pre-filed, Ex. D, Tab 3, p. 233, Ogilvy Renault, Invoice July 13, 2007, docket June 29, 2007

respect of Mr. King's time, his docket indicates "listening to the motion electronically". Clearly both were available to assist the Board on the day of the motion. Indeed, both Mr. Moran and Mr. King expended 6.0 hours and 6.7 hours on the day immediately preceding the Emergency Motion on related matters.¹⁵

19. In respect of Mr. Thacker, who attended on the motion but was only retained for the first time by NRG on June 26, 2007, the Lenczner Slaght invoice dated July 13, 2007 does not set out the amount of time expended, but his bill alone for the 12-day period between June 26 and July 6, 2007 is \$24,383.45.¹⁶ All of this clearly relates to the Emergency Motion.
20. No satisfactory answer has ever been given by NRG as to why neither of Mr. King nor Mr. Moran, who were both intimately familiar with the file, did not attend the Emergency Motion. While a party always has the right to select the counsel of its choice, the only credible explanation for Mr. Thacker's appearance rather than Mr. Moran and Mr. King is that had either of Mr. Moran or Mr. King attended, they would have been asked by the Board whether they recommended the execution of the Agreements or if they had any difficulties with the Agreements. They would have had to respond by saying: "No, they had indeed recommended execution of the Agreements." In short, it appears NRG instructed its regular counsel to not attend the Emergency Motion to avoid having its counsel confirm that fact.
21. The question here is whether under the circumstances IGPC should be required to pay NRG's costs associated with the Emergency Motion. IGPC submits that the costs claimed are excessive given the number of counsel involved, the hours spent and the fact that the legal fees include NRG's subsequent appeal to the Divisional Court. NRG should not recover any of its costs from IGPC for the following reasons.
22. First, the Emergency Motion should never have been necessary. Had NRG executed the Agreements, the motion would not have been brought and no time would have been

¹⁴ IGPC Pre-filed, Ex. D, Tab 3, p. 233 Ogilvy Renault, Invoice July 13, 2007, docket June 29, 2007

¹⁵ IGPC Pre-filed, Ex. D, Tab 3, p. 232, Ogilvy Renault Invoice dated July 13, 2007

¹⁶ IGPC Pre-filed, Ex. D, Tab 4 pp. 274 and 275

expended by any of NRG's counsel. NRG would not have launched an appeal, because there would have been no issue of an administrative penalty.

23. Second, NRG could have complied with the Board's Order issued at the Emergency Motion and executed the Agreements. NRG advised the Board following its Order compelling execution that it refused to do so. NRG made this conscious decision to disobey a Board Order. This resulted in the imposition of the administrative penalty, which ultimately NRG then appealed. IGPC should not be penalized for NRG's intransigence and disregard for the Board's Order.
24. Third, the legal costs associated with the Emergency Motion had nothing to do with the construction of the pipeline. Indeed, the motion was necessary to compel NRG to do the very thing it had committed to do as a matter of regulation and contract. The legal costs it incurred were solely the result of its default. It is submitted a party should never be compensated for a deliberate regulatory and contractual breach.
25. Fourth, no explanation has been offered as to why so many counsel were engaged for the purposes of the Emergency Motion, both in the time leading up to it and following NRG's refusal to comply with the Board's Order. While IGPC submits that NRG should be entitled to no costs in respect of the Emergency Motion, at a minimum, the duplication of time and the additional costs incurred by involving a completely new counsel immediately prior to the motion who had little familiarity with the OEB, clearly show that the time expended was excessive and not necessary for any purpose in support of the completion of the pipeline.
26. Rather than NRG being penalized to any extent as a result of its breach and refusal to comply with the Board Order, it has in fact been rewarded financially. The full amount of the legal costs associated with the Emergency Motion have been included in rate base and NRG has been earning a return on this amount since August 1, 2008. To demonstrate the materiality of the quantum involved in respect of the legal fees for the Emergency Motion alone, calculated using a weighted average cost of capital of 7% over five years (i.e., 35%), NRG has earned more than \$40,000 on legals of \$127,000.

27. Finally, it is a common rule in a legal proceeding that costs flow to the successful party. In this instance, IGPC was completely successful on the motion and NRG, within 7 days, signed the Agreements. Despite IGPC being completely successful on the motion, NRG has rate based 100 percent of its legal costs. IGPC has, of course, been required to pay its own legal fees. Ironically, with the return factored into the equation, NRG is looking to recover from IGPC amounts in excess of the administrative penalty. In the end, under both the PCRA and Board's requirement that only costs prudently incurred be cleared to rate base, IGPC submits that NRG's claim for legal fees associated with the Emergency Motion are not reasonable, prudent, nor necessary for the purposes of the construction of the IGPC pipeline. The amounts claimed should be denied in their entirety and IGPC should be reimbursed for the return that it has paid on these improper amounts.

The Aylmer Motion and Activities Subsequent

28. NRG is claiming a substantial amount for legals associated with the Aylmer Motion and activities undertaken subsequently. First, a brief chronology of the steps leading up to the motion and the motion are appropriate.
29. Despite having lost the Emergency Motion and executing the Agreements, on January 2, 2008, NRG forwarded several invoices to IGPC totalling more than \$413,000 for costs allegedly associated with the IGPC pipeline, including costs for the Emergency Motion and NRG's appeal to the Divisional Court in respect of the Emergency Motion. IGPC disputed its responsibility for the payment of these amounts.¹⁷
30. At the end of January 2008, IGPC received a demand for financial assurance from NRG in the amount of \$31.915 million for a pipeline with an estimated capital cost of approximately \$9 million.¹⁸
31. On February 15, 2008, IGPC filed a motion with the Board for an order, *inter alia*, establishing a timetable for the completion of the pipeline and an Order confirming that the required Delivery Letter of Credit ("LC") from IGPC to NRG was \$5.3 million, not \$31,915 million. The Board issued a Motion on its Own Accord, and the motion was

¹⁷ IGPC Pre-filed, Ex. A, para. 20

¹⁸ IGPC Pre-filed, Ex. A, para. 20, and Ex. C, Tab 3

heard orally in Aylmer, Ontario, on February 28, 2008. At this motion, NRG sought certain extraordinary relief which the Board denied in each instance. Specifically, the Board denied NRG's request for:

- (i) a LC for unsupported decommissioning costs in the amount of \$600,000;
- (ii) financial assurance for prepayment penalties NRG theoretically might incur if the IGPC pipeline was paid off early;
- (iii) financial assurance for the negative financial implications NRG might hypothetically suffer if IGPC no longer required gas deliveries; and
- (iv) financial assurance for an alleged tax liability that NRG might have to incur if it was required to draw down on the financial assurance actually provided.

32. In addition, the Board ruled that the appropriate financial assurance that IGPC was required to provide under the PCRA was approximately \$5.3 million, as IGPC had indicated – not \$31.915 million.¹⁹
33. IGPC was completely successful in all material aspects on this motion. Importantly, this included a Board-ordered timetable for future steps associated with the completion of the pipeline. This timetable was made a condition to NRG's leave to construct approval (EB-2006-0143) and included a requirement that NRG provide a reconciliation of the actual costs of the pipeline against the estimates used for the purposes of the PCRA and the determination of the amount of the capital contribution required by IGPC.²⁰ Despite the results of the motion, NRG confirmed in a response in EB-2010-0018 to an interrogatory from IGPC #17 that it has included in rate base at least \$82,553 for the legal fees for this motion.²¹
34. While it is difficult to precisely identify the exact amount docketed by NRG's various counsel in respect of the motion for the purposes of confirming the above amount, it appears that Mr. Thacker's accounts dated February 27, 2008 in the amount of \$22,058.33 and March 17, 2008 in the amount of \$72,793.57 relate to matters leading

¹⁹ IGPC Pre-filed, Ex. A, paras. 24 - 29

²⁰ IGPC Pre-filed, Ex. A, paras. 30 – 32

²¹ IGPC Pre-filed, Ex. A, para. 94, Table 2

up to the motion and the motion itself on February 28, 2008.²² While some of the time expended by Mr. Thacker appears from the dockets to be related to construction management, it is appropriate to ask what benefit he brought to the table given that it had always been Mr. Moran and Mr. King who were involved in all of the actual pipeline construction discussions. There can be no question that there has been overlawyering.

35. In addition to this, Ogilvy Renault incurred time in respect of the Aylmer Motion. While it is difficult to identify specifically the time expended assisting Mr. Thacker leading up to the motion, it appears that there is a material portion of Ogilvy Renault's accounts dated February 13, 2008 for \$3,018.75 and March 12, 2008 in the amount of \$10,110.12 that relate to the Aylmer Motion. Some of these costs should also be removed.
36. Once again, IGPC is in the situation of being responsible not only to pay 100 percent of NRG's legal costs in respect of the Aylmer motion, but also to pay a return on these costs. Once again, like the Emergency Motion, NRG was completely unsuccessful on the motion. The demands NRG made in its request for relief were all determined to be unreasonable, the most significant of which was its demand for a \$31.915 million LC.
37. If the normal rules in respect of costs applied in proceedings, NRG would have been required to pay IGPC's costs. Instead, it has added a further substantial amount to rate base and has earned a return on this amount for more than 5 years.
38. Was the position taken by NRG and the relief it sought at the Aylmer motion necessary for the purposes of the completion of the IGPC pipeline? The answer to this question is clearly "No", as the Board confirmed. These are not costs prudently incurred.
39. Was the motion necessary from IGPC's perspective to ensure that the pipeline was constructed? The answer to this is clearly "Yes", as the Board added as a condition to the leave to construct approval a Schedule which had been requested by IGPC to ensure that NRG met its obligations in future. The motion was also necessary to prohibit NRG from demanding a LC from IGPC in the amount of \$31.95 million. Of course, IGPC would never have been able to obtain a LC in this amount, as no prudent financial

²² IGPC Pre-filed, Ex. D, Tab 4, pp. 282 to 290

institution would even consider such a request under the circumstances. This was simply another example of NRG attempting to extract a concession from IGPC.

40. Accordingly, IGPC submits that none of the legals associated with the Aylmer Motion and steps undertaken subsequently should be included in rate base. Like the Emergency Motion, these costs were incurred because of NRG's conduct and its decision to pursue inappropriate demands. The full amount of NRG's legal costs associated with the Aylmer Motion should be denied, and IGPC should be reimbursed for the return that it has paid NRG to date.
41. In addition, the issue of the reasonableness of legal costs is linked to Issue 2.1.2 "Contingency Costs", because NRG is now taking the position that legal fees incurred primarily in response to the Board's Own Motion to Review its jurisdiction dated October 4, 2012 and this related proceeding were appropriate to include in rate base as of August 1, 2008.

Issue 2.1.2 Contingency Costs

Amount Claimed	\$ 132,000
Amount IGPC is prepared to accept	\$0

42. Contingency costs by very definition do not form part of the actual cost of a project. The Board's accounting rules do not permit utilities to rate base contingencies.
43. NRG admits that it has included \$132,000 in contingency costs in amounts cleared to rate base. NRG witnesses confirmed that as of June 2010, two years after the pipeline is in-service, that it had no plans for the contingency costs.²³ This means that as of the date of that oral hearing, NRG had not only received in each year the depreciation expense (5% per year) in respect of \$132,000 in costs it did not incur, it had also received a return on the \$132,000.

²³ EB-2010-0018, Transcript, Technical Conference, June 14, 2010, page 27, lines 10-13.

44. Trying to justify the inclusion of \$132,000 in costs which were not required to build the IGPC pipeline, NRG has produced various legal accounts from its counsel which total at least \$132,000 (depending on the version you accept). The first set of invoices was produced by NRG in response to IGPC Interrogatory No. 10(a) and Interrogatory No. 7(a) (Round 1). By letter dated July 8, 2013, Mr. Thacker advised that a number of accounts which had earlier been provided in support of the \$132,000 contingency costs should be removed and one further account substituted.
45. In the second round of interrogatories, IGPC prepared the Table set out below. It asked NRG to confirm that the amounts and dates of the work completed referenced in the accounts were correct. NRG refused to respond to the interrogatory. There is, therefore, no evidence on the record which would indicate that the Table is incorrect. It is, therefore, the best evidence.
46. For clarity, line items 1 through 5 in the Table below set out the amounts which NRG currently claim make up the contingency costs. This includes all of the time of Mr. Thacker which relates to the Board's October 4, 2012 Motion and this proceeding as set out in his invoice dated May 31, 2013 in the amount of \$120,459.15. NRG is also supporting its claim for including contingency costs in rate base as of August 1, 2008 on several small accounts rendered by Norton Rose for work completed in the second half of 2011 and 2012 which total about \$19,000. Finally, NRG substituted the invoice from Lenczner Slaght dated September 22, 2010 in the amount of \$23,762.92 for other accounts it had earlier produced in support of its claim for "contingency costs". These are the accounts identified in the table below at line items 1 through 5, under the heading "Invoices Removed" which are the invoices that NRG has now confirmed should not be included as they are not relevant.

	Firm and Counsel	Invoice Date	Period in which work performed	Hourly Rates	Total
Accounts NRG Continues to Rely Upon					
1.	Lenczner Slaght: L Thacker	May 31, 2013	Oct. 2, 2012 to April 25, 2013	\$800 /\$825	\$ 120,459.15
2.	Norton Rose: R. King J. Beauchamp	September 28, 2011	August 5, 2011 to August 26, 2011	\$690 \$370	\$ 14,274.73
3.	Norton Rose: J. Beauchamp	October 27, 2011	Sept. 19 – Sept. 21, 2011	\$370	\$1,567.88
4.	Norton Rose: R. King J. Beauchamp	July 18, 2012	June 13, 2012 to June 19, 2012	\$720 \$390	\$3,437.46
				TOTAL	\$139,739.22
Account Added to Accounts supporting Contingency Costs by Lenczner Slaght letter of July 8, 2013					
5.	Lenczner Slaght: L. Thacker P. Calce	September 22, 2010	August 2, 2010 to August 26, 2010 (Not all is relevant)	Not provided	\$23,762.92
				TOTAL	\$23,762.92
Invoices Removed per Lenczner letter of July 8, 2013					
1.	Lenczner Slaght: L. Thacker	September 11, 2009	August 17 to August 18, 2009	\$600	\$2,216.39
2.	Norton Rose: R. King J. Beauchamp	June 16, 2009	May 4, 2009 to May 27, 2009	\$600 \$280	\$12,350.75
3.	Norton Rose: R. King	May 25, 2009	April 2009	\$600	\$1,260.00
4.	Norton Rose: R. King P. Calce	April 8, 2009	March 2009	\$600 \$680	\$3,801.26
5.	Norton Rose: R. King	March 13, 2009	February 2009	\$600	\$472.50
6.	Norton Rose: J. Beauchamp	February 23, 2009	January 2009	\$280	\$367.50
				TOTAL	\$20,468.40

The above information is taken from NRG's response to IGPC Interrogatory 10(a) (Round 1) which referred to NRG's response to IGPC Interrogatory 7(a) (Round 1). In response to IGPC Interrogatory 7(a) (Round 1), NRG attached a number of invoices issued by Lenczner Slaght, and Norton Rose in support of its claim for contingency fees being included in rate base. By a letter dated July 8, 2013, from Lenczner Slaght, NRG's response to IGPC Interrogatory No. 7 was revised removing a number of the Norton Rose invoices previously produced and adding a further Lenczner Slaght invoice.

47. Dealing first with the Lenczner Slaght account of September 22, 2010 for \$23,762.92, a copy of this invoice was produced in response to IGPC interrogatory 7 (first round). Looking at this invoice specifically, it can be seen that the work related to many hours spent drafting, reviewing and revising an Affidavit of Documents which of course has nothing to do with the pipeline. While there is reference to a motion in this invoice, this relates to a motion brought during the NRG rates proceeding EB-2010-0018. The costs associated with this rates proceeding have been dealt with in another forum. Accordingly the account from Lenczner Slaght in the amount of \$23,762.92 does not evidence capital costs prudently incurred for the purposes of the pipeline. It certainly does not justify rate basing \$132,000 in contingency costs more than two years earlier. Producing this invoice now as part of the contingency costs claim also contradicts the evidence of NRG's own witness at the rates proceeding that they did not have any plans to expend the contingency funds.
48. The next invoices which NRG have produced are the several smaller invoices from Norton Rose which total about \$19,000. It appears from the docket entries included in these invoices that the work related to the original motion brought in 2011 in which the Board considered whether it had jurisdiction to consider the dispute over the capital costs of the pipeline. NRG argued that the Board lacked such jurisdiction, a position that was subsequently overturned by the Board on its own Motion dated October 4, 2013 in EB-2013-0396. These are amounts which should not be included in rate base.
49. It is clear from the above Table that the majority of the legal work performed which is now put forward by NRG in support of the \$132,000 contingency costs included in rate base as of August 1, 2008, primarily relate to this proceeding.²⁴ As can be seen from the Lenczner Slaght invoice dated May 31, 2013, in the amount of \$120,459.15, this invoice was for work performed for the period October 2, 2012 to April 25, 2013. Mr. Thacker first became truly engaged on October 3, 2012, with the docket indicating that he was discussing matters that day with Board Counsel, Michael Millar.²⁵ Undoubtedly,

²⁴ This proceeding also includes the earlier Board's Motion to Review its jurisdiction initiated by the Board (EB-2012-0396). The Board's Decision in that proceeding led to the proceedings identified in this matter.

²⁵ NRG IRR to IGPC No. 7(d) (Round 1) (Corrected July 8, 2013)

this related to the Board's intention to issue the Motion on its own accord to review its jurisdiction.

50. The Board issued its Notice of Motion to Review the jurisdiction issue the next day on October 4, 2012 (EB-2012-0396). IGPC filed its Application/Complaint in this proceeding on October 11, 2012 (EB-2012-0406). Clearly, all of Mr. Thacker's time relates to matters relevant to the present proceeding and not the costs of constructing the IGPC Pipeline.
51. Stated differently, but for IGPC pursuing the reconciliation of the actual costs of the pipeline and this proceeding, the \$132,000 would not have been spent; yet NRG would today be continuing to collect the depreciation expense and a return on monies it never expended.
52. There has been no explanation as to why any legal fees were required and relate to the construction of the IGPC pipeline after the pipeline was completed and operational in 2008.
53. NRG should not be entitled to book fictitious costs and then subsequently allege that it is entitled to early recovery of costs in a proceeding that relates not to the construction of the IGPC pipeline but rather to NRG's refusal to undertake a reconciliation of the actual costs as it is obligated as a regulatory and contractual matter to do. The full amount of the contingency costs, plus the return that IGPC has been paid, should be reimbursed to IGPC.

Issue 2.1.3 NRG Staff Costs (Mr. Bristoll)

Amount Claimed:

Mr. Bristoll Salary / Benefits	\$ 394,405.00
Mr. Bristoll's consulting fees	\$130,006.50
Amount IGPC is prepared to accept:	\$ 0.00

54. Mr. Bristoll was hired in 2006 and was the President of NRG during the period which involved the construction of the IGPC pipeline. He is not an engineer and had no prior experience as utility manager or in the development and construction of a pipeline.
55. NRG has included in rate base amounts in several areas. First, NRG has calculated an amount based upon an hourly rate of \$295 for Mr. Bristoll (even though he is paid a salary rather than on an hourly basis). In addition, NRG included \$130,006.50 in a consulting fee it allegedly paid to Mr. Bristoll. This \$130,006.50 figure appears as a line item in the list of consultants' costs presented to the Board in NRG's Undertaking Response J1.5 (EB-2010-0018). The aggregate amount of the consultants' fees was included in rate base. This amount appears to be in addition to the amount included for Mr. Bristoll as employee.
56. IGPC asked in the first round of interrogatories for the actual amounts that NRG paid to Mr. Bristoll. NRG refused. The Board was then asked to order NRG to respond advising of the amounts actually paid to Mr. Bristoll for the years 2006, 2007, 2008 and 2009. The interrogatory response from NRG²⁶ was filed in part in confidence, being the actual salary paid to Mr. Bristoll. This interrogatory response confirms that Mr. Bristoll was paid solely as an employee and his total earnings in the years 2006 through 2009 did not exhibit any extraordinary payments which could allegedly be linked to work in respect of the pipeline.
57. The fact is that Mr. Bristoll's salary was always contemplated in IGPC's OM&A expense. More specifically, IGPC asked a series of interrogatory questions (second round) to confirm this. For the purposes of the interrogatories, IGPC appended to its interrogatories NRG filings in previous rate proceedings.
58. IGPC first referred NRG to NRG's 2007 rates proceeding (EB-2005-0544) and NRG's evidence at Exhibit D6, Tab 3, Schedule 1 (Updated) in respect of its 2007 Test Year O&M forecasts.²⁷ IGPC also referred NRG to the Board's Rate Order²⁸ and specifically,

²⁶ NRG Interrogatory Response to IGPC No. 12(b) and (i), September 11, 2013

²⁷ Ex. D6, Tab 3, S1 (Updated) EB-2005-0544, attached to IGPC IR2 (Round 2) Attachment 1

²⁸ Board Rate Order, dated September 28, 2006, attached to IGPC IR2 (Round 2) Attachment 2

Appendix A, page 1 to the Rate Order which indicated that the Board approved a total net Operations and Maintenance expense of \$2,145,582. NRG was asked by IGPC, at Question 6, to confirm that this was correct. NRG refused to respond. IGPC also asked, at Question 7, for NRG to confirm that the rates approved in EB-2004-0544 remained in effect in fiscal years 2008 and 2009. NRG, once again, refused to respond to the question.

59. IGPC further appended to its interrogatories (second round) a copy of three exhibits filed by NRG as part of its 2011 rates proceeding (EB-2010-0018)²⁹, which set out NRG's actual Operating and Maintenance expenses in each of 2007, 2008 and 2009. NRG was asked to confirm that in each of the years 2007, 2008 and 2009 the actual total net Operating and Maintenance expense incurred by NRG was less than the total net O&M expense approved by the Board for inclusion in rates in EB-2005-0544. NRG refused to answer this question. It is therefore left with the record as it stands, and this record as a factual matter, leads to the uncontestable conclusion that NRG did not incur, as a result of the IGPC Pipeline, any extraordinary operations and maintenance costs which were not recovered in rates.
60. Given NRG's admission that it simply paid Mr. Bristoll's salary in each of the relevant years, there is no evidence that NRG incurred any additional O&M expenses in respect of Mr. Bristoll and any overhead which NRG did not recover in rates. If some of Mr. Bristoll's salary and overhead were properly allocable to the IGPC Pipeline, these amounts should have been capitalized and removed from the O&M expense in the years in question. NRG has admitted in response to Interrogatory No. 2, Question 15(b) (Round 2) that none of the amounts it capitalized in the OM&A Expense Exhibits it filed in evidence during its 2011 rates case (EB-2010-0018) for the years 2007, 2008 and 2009 related to the IGPC Pipeline.³⁰ IGPC has therefore already recovered 100 percent of Mr. Bristoll's time and its overhead in rates. NRG has then claimed a further amount

²⁹ NRG's 2011 rates proceeding, EB-2010-0018, Ex. D4, Tab 3, S1; D5, Tab 3, S1; and D6, Tab 3, S1, attached to IGPC IR2 (Round 2) Attachment 3

³⁰ NRG's 2011 rates proceeding, EB-2010-0018, Ex. D4, Tab 3, S1; D5, Tab 3, S1; and D6, Tab 3, S1, attached to IGPC IR2 (Round 2) Attachment 3

for Mr. Bristoll's salary and overhead which it did not spend over and above the costs reported as part of its O&M expense.

61. It appears that NRG also included \$130,006.50 in consultant's fees allegedly paid to Mr. Bristoll. This amount appears in the second Table to NRG's Undertaking Response J1.5, which it filed in EB-2010-0018. While this Table sets out the calculations for interest during construction, the interest calculations were based upon a list of all of the consultants' fees paid by NRG. During the second round of interrogatories, NRG was asked specifically to reconcile this \$130,006.50 consultant's fee paid to Mr. Bristoll to IGPC Interrogatory No. 12 (Round 1), which indicates that Mr. Bristoll was fully paid as an employee of NRG, not as a consultant. NRG was also asked to produce the invoice dated November 27, 2007 from Mr. Bristoll, confirm whether this payment was in addition to Mr. Bristoll's salary, and whether all of the costs identified in the second Table to Undertaking Response J1.5 were included in rate base effective August 1, 2008.
62. NRG refused to answer most of these questions, responding by only stating that the "\$130,006.50 for Mr. Bristoll is an error and should be removed from the Schedule. If removed, the interest expense is reduced by \$7,099".³¹
63. The obvious question which NRG has deliberately avoided is advising whether this \$130,006.50 for Mr. Bristoll, which is an error, was included in rate base in addition to the other amounts claimed. The fact that NRG did not answer the question should cause the Board to draw an adverse inference and conclude that these amounts were erroneously included in rate base and an should be refunded.
64. In summary, there is no evidence that NRG has paid Mr. Bristoll any amounts over and above the salary paid to him which was forecast and recovered in rates. There is also absolutely no evidence that NRG incurred any overhead expenses which were not recovered in rates. Despite this, NRG has included as part of the "actual" costs of the pipeline an additional \$394,405 for Mr. Bristoll and overhead. It also appears that NRG

³¹ NRG IRR (Round 2) to IGPC #2, Q.17, pp. 7 and 8,

has included a further \$130,006.50 in respect of an invoice rendered by Mr. Bristoll as a “consultant”. While NRG has admitted this is an error, there is no evidence that the error was caught and the \$130,006.50 removed from rate base.

Issue 2.1.4 Interest during construction

Amounts Claimed:

Aid to Construct Payments (PCRA 3.8)	\$ 8,162.74
Project interest during construction (PCRA 3.14(d))	\$ 105,109.40
Total	\$ 113,272.14
Amount IGPC is prepared to accept	\$ 25,000.00

65. IGPC has several concerns with the interest during construction claim of NRG. These are:

- (a) NRG has used a rate contrary to the Board’s prescribed rate for interest during construction as approved by the Board (EB-2006-0117);
- (b) NRG has accrued interest on amounts after the capital costs of IGPC Pipeline (including disputed amounts) were included in rate base as of August 1, 2008;
- (c) NRG appears to have calculated interest from the date of the invoice it received from a supplier on a compound basis;
- (d) NRG has admitted that there is a \$7,000 overcharge in respect of Mr. Bristoll’s consulting fee of \$130,006.50;
- (e) NRG has calculated aid to construct interest incorrectly.

Each of these issues is reviewed below.

NRG did not use the Board prescribed CWIP rates

66. In response to IGPC Interrogatory No. 13 (Round 1), NRG referenced its Undertaking Response J1.5 given in the EB-2010-0018³² proceeding, a copy of which is attached

³² Undertaking J1.5, EB-2010-0018, consisting of a 1-page response setting out the “Aid to Construct” interest and “Project Interest During Construction”. NRG attached two Tables to its Undertaking

(Attachment 2). The concern raised by IGPC relates to Project Interest During Construction – the second 3-page Table attached to the NRG Undertaking Response. Specifically, NRG stated the following in the Undertaking:

“Project Interest During Construction” (see second table attached)

- Interest is calculated from the date the last Aid-to-Construct payment was due to the date the final invoice from the primary contract was received. During this period, NRG was financing the construction costs.
- The rate applied here is Prime plus 2% in accordance with the PCRA (section 3.14(d) – a “reasonable cost of interest during construction). NRG’s position is that this represents a reasonable interest cost.”

67. The section of the PCRA referred to by NRG in Undertaking Response J1.5 being 3.14(d) specifically states as follows:

“3.14(d) Utility costs shall include the reasonable cost of **interest during construction calculated in accordance with the OEB approved methodology** and Overhead related to the Pipeline Work...”(emphasis added)

68. In the second round of interrogatories IGPC asked NRG to confirm that the reference to the OEB approved methodology in Section 3.14(d) of the PCRA meant the methodology approved by the Board in EB-2006-0117 and the “Board-Prescribed Interest Rates” that the Board periodically publishes. In its response to IGPC Interrogatory No. 18, NRG now takes the position that the interest rate payable is determined by the PCRA (Section 3.8), even though in its earlier Undertaking Response it refers to Section 3.14(d). For the sake of the discussion, Section 3.8 of the PCRA, states:

“3.8 From the date required for any payment required by this Agreement, all unpaid amounts will bear interest at the rate of the Prime Rate plus 1.00% per annum payable quarterly on the last day of each calendar quarter.

69. This is the section of the PCRA which applies to interest on Aid-to-Construct payments which are due. It is in fact the section which NRG referenced in its Undertaking Response J1.5 and used for the purposes of calculating the Aid-to-Construct interest

Response, the first being a 1-page Aid to Construct Table showing interest in the amount of \$8,162.74, and a second 3-page Table “IGPC Project Interest Summary” showing a total interest of \$105,109.40.

payments under the first Table attached to the Undertaking, totalling \$8,162.74. NRG has correctly referenced Section 3.8 of the PCRA as being applicable to any delay in aid to construct payments. The Undertaking Response J1.5 also correctly notes that the interest rate payable is Prime plus 1%.

70. In contrast, NRG is now changing its position in respect of interest during construction by arguing that the same Section 3.8 of the PCRA also applies to interest during construction claims. This position can easily be dismissed for several obvious reasons.
71. First, Section 3.8 makes no reference to interest during construction; whereas 3.14(d) of the PCRA specifically states that the utility shall include “the reasonable cost of interest during construction calculated in accordance with the OEB-approved methodology”. Aside from the fact that NRG has now taken a contradictory position to what it stated in its Undertaking Response J1.5, its current argument violates a most basic rule of contractual construction. Any interpretation of a clause which does not give effect to its obvious language must be rejected. Accordingly, to suggest that Section 3.8 which does not refer to “interest during construction” is the section which should apply to interest during construction claims would completely render meaningless Section 3.14(d), which in fact specifically refers to “interest during construction”.
72. Second, Section 3.8 of the PCRA clearly provides for an interest rate calculated at the rate of the Prime Rate plus 1%. This compares with the interest during construction claim advanced by NRG as set out in its Undertaking Response J1.5 where it has calculated interest during construction claims on the basis of Prime plus 2%. This is an indication that even NRG did not believe that Section 3.8 applied earlier, as if it did, it would have applied the lower rate. What the current position does confirm is that NRG has, at the very least, applied an interest rate which is 1% greater than required. In other words, by its now contradictory position, it has admitted that its calculation was wrong.
73. Third and most telling is NRG’s refusal to respond to IGPC’s request that NRG identify the Board-approved methodology which NRG states is applicable under Section 3.14(d). It did not answer this question because NRG has no answer. The fact is that NRG,

being a rate-regulated gas distributor, is bound by the Board's Prescribed Interest Rates, as determined in EB-2006-0117.

74. NRG has simply unilaterally increased interest rates by 2%, contrary to the Board-prescribed rules in respect of interest during construction and contrary to the PCRA.
75. IGPC asked in the second round of interrogatories for NRG to confirm that all of the interest during construction claimed accrued during 2008. NRG refused to respond to this question.
76. IGPC included a Table³³ setting out the rates of interest that NRG appears to have charged for interest during construction during the four quarters of 2008 and asked NRG to confirm the range of interest as set out was correct. NRG refused to respond to the question.
77. IGPC requested NRG to confirm that the Board-prescribed interest rates during construction for the four quarters in 2008³⁴ are:

First Quarter	5.18%
Second Quarter	5.18%
Third Quarter	5.43%
Fourth Quarter	5.43%

NRG refused to answer this question.

78. IGPC asked NRG to recalculate the interest during construction using the Board-prescribed interest rates as set out above and provide a new table equivalent to the 3-page Table NRG provided as part of its response to Undertaking J1.5. NRG again refused to answer the question.
79. There is no question that NRG was aware of the fact that interest during construction is being disputed in this proceeding and that the interest rate it used was an issue. Rather than generating a new Table which would be of assistance to the Board in the event that

³³ IGPC IR 2, Issue 2.1.4, Q. 20 (Round 2), p. 9

³⁴ IGPC IR 2, Issue 2.1.4, Q. 2 (Round 2), p. 10

it accepts IGPC's position, NRG simply refused to respond. IGPC submits that such conduct is not acceptable for a rate regulated utility in Ontario.

80. It should also be noted that it is in the second Table to NRG Undertaking Response J1.5 that an invoice for Mr. Mark Bristoll, as a consultant, dated November 27, 2007, in the amount of \$130,006.50 is included (page two of the second Table, 15th line). This entry increased the net cumulative total in Table 2 (i.e., net of aid-to-construct payments) by \$130,006.50. IGPC asked two further interrogatories about this Table. First, at Question 23 of the second round of the interrogatories, IGPC asked NRG to confirm that all of the costs identified in each of the invoices referenced in the second Table to NRG's Undertaking Response J1.5 were costs that were included in rate base effective August 1, 2008. NRG refused to answer this question.
81. IGPC asked NRG at Interrogatory 2, Issue 2.1.3, Question 17 of the second round of the interrogatories to:
- reconcile the payment to Mr. Bristoll as a consultant with NRG's response to IGPC Interrogatory No. 12 (Round 1), which was referred to earlier in this Argument in respect of NRG's staff costs (Issue 2.1.3); and
 - was this payment of \$130,006.50 in addition to Mr. Bristoll's salary?
82. NRG refused to answer virtually all of the questions asked, stating only that the \$130,006.50 is an error and if removed, the interest expense should be reduced by \$7,099.³⁵ As noted earlier, NRG did not address the question of whether Mr. Bristoll was paid the \$130,006.50 and whether or not this was over and above the amounts referenced in NRG's response to Interrogatory No. 12 (Round 1). It also does not answer the obvious question of whether this amount has been rate based, whether through error or not.
83. There is, therefore, no evidence on the record confirming that the \$130,006.50 was not included in rate base. Indeed, all of the evidence indicates that it was. The amount,

³⁵ NRG IRR to IGPC IR2, Issue 2.1.3, Q. 17, p. 8 (Round 2)

plus the interest component, and the return earned on it should be removed or reimbursed to IGPC.

Interest calculated subsequent to August 1, 2008

84. The Table attached to NRG's Undertaking Response J1.5 indicates that NRG has charged interest during construction on the capital amounts closed to rate base on August 1, 2008. It began earning a return on this date on all of the capital costs of the pipeline including those costs which are in dispute and those invoices dated on and after August 1, 2008. It is therefore attempting to recover not only a return on these amounts but an additional interest component at the same time. This would make NRG's effective return on such amounts well in excess of 13% (assuming a WAAC of 7% and interest during construction rate of 6% = 13%). According to page 3 of Table 2 attached to Undertaking Response J1.5, IGPC calculates that the interest which NRG has charged for the period subsequent to August 1, 2008 is approximately \$59,385.³⁶

NRG calculated interest inappropriately

85. In Board Staff Interrogatory No. 2, Board Staff asked for an example of NRG's interest calculation methodology. Specifically, NRG had earlier stated in its Undertaking Response J1.5 that interest was calculated "from the date the last Aid-to-Construct payment was due to the date the final invoice from the primary contract was received." NRG did not provide a detailed explanation of its methodology, but the following conclusions appear to be a correct interpretation of what NRG has done.
86. First, NRG has started accruing interest during construction from the date it receives an invoice from a contractor, despite the fact that the invoice may not be payable for 30 days and that NRG may not pay the invoice until the payment due date or even later.
87. Second, it is apparent that NRG has been compounding the interest owing. Using the example it gave in response to Board Staff Interrogatory No. 2, NRG calculated interest on Invoice No. 1 (\$1,000 x. 13 days) at \$2.85. NRG then adds this interest to the next Invoice No. 2 (\$1,000) and calculates interest not only on Invoice No. 2 but also on the

³⁶ This is the aggregate of the last 19 entries on page 3 of Table 2, NRG Undertaking Response J1.5

interest calculated on the earlier amount (i.e., \$1,002.85). This compounds the interest rate, greatly increasing the actual rate.

88. IGPC submits that NRG's methodology is not reasonable and should be denied. Construction interest is intended to compensate a utility for the use of its own monies during construction prior to the capital costs being placed into rate base. Utilities do not pay invoices on the date that they are issued and, in this instance, IGPC would have paid any vendor's invoice on a timely basis if it had been received from NRG on a timely basis. As well, using a methodology which compounds the interest rate is contrary to the Board's prescribed interest rates (EB-2006-0117) and the PCRA, as the compounded interest is greater than the rates permitted.

NRG has calculated aid to construct interest incorrectly

89. NRG appropriately turned to Section 3.8 of the PCRA for purposes of determining the interest rate payable on outstanding aid to construct payments but did not calculate the interest correctly.
90. The PCRA provides, at Section 3.3(b) that the amounts of monthly invoices provided by the utility for reasonable internal consulting and third party expenses incurred in the prior calendar month were to be paid within "15 business days" of receiving such invoice. With the exception of the June 2, 2008 invoice, all of the interest amounts claimed are very small and not worth contesting but IGPC notes that NRG appears to have charged interest 15 days following its invoice, not after 15 business days.
91. The more significant issue relates to the interest claimed in regard to the January 2, 2008 invoice for \$413,665. A significant portion of this invoice included NRG legal fees and Mr. Bristoll's time which, as noted earlier, IGPC disputed at that time and continues to dispute today. If IGPC's position is sustained and these amounts are not payable, the interest amount claimed of \$7,298.64 should also be denied.

Summary

92. In summary, interest during construction should only be calculated for the period up to the end of July 2008. This reduces NRG's claim for interest during construction by \$59,385, being the interest charged after the capital costs of the pipeline were closed to rate base on August 1, 2008. The interest claim should also be reduced by a further \$7,099 to reflect the overcharge in respect of Mr. Bristoll's consultant's fee of \$130,000, as NRG has admitted.³⁷ This reduces the claim from \$105,109.40 to \$36,625.
93. NRG refused to prepare a revised Table using the Board's prescribed interest rates. The difference is approximately 2%, or a 25% decrease in the applicable interest claimed. IGPC suggests that the remainder of NRG's interest during construction claim of \$36,625 should be reduced by 25%, or about \$9,600. The total of NRG's interest during construction claim should be no more than \$25,000. Interest on the aid to construct should be denied.

Issue 2.1.5 Insurance and Other

Amount Claimed:	Insurance	\$ 62,000 ³⁸
	- Auditor	\$7,369
Amount IGPC is prepared to accept		\$0

94. NRG has included \$62,000 in the amount cleared to rate base despite the fact that it has fully recovered all of its insurance costs through rates in all applicable years.
95. IGPC asked NRG, at Interrogatory 2, Issue 2.1.5, Question 24, to admit that its 2007 Test Year Operating and Maintenance Expense (EB-2005-0544), Exhibit D6, Tab 3, Schedule 1 (Updated), included forecast insurance costs of \$273,911. IGPC also asked NRG to confirm that this amount was included in the Board's Rate Order, without reduction, and attached a copy of the applicable section of the Rate Order to the Interrogatory. NRG once again refused to answer the question.

³⁷ NRG IRR to IGPC IR2, Issue 2.1.3, Q. 17, p. 8 (Round 2)

³⁸ EB-2010-0018, Tr. 1, September 9, 2010, p. 33, line 1 to p. 36, line 12

96. IGPC also included a Table setting out the actual insurance costs which IGPC incurred in each of the years 2007, 2008 and 2009 based upon NRG's pre-filed evidence in EB-2012-0018, at Exhibits D4, Tab 3, Schedule 1; D5, Tab 3, Schedule 1; and D6, Tab 3, Schedule 1. These amounts were:

Year	Insurance Amount
2007	\$185,199
2008	\$180,659
2009	\$197,396

The intent of the question was to simply ask NRG to confirm that these were NRG's actual insurance costs in each of these years. NRG did not respond.

97. NRG was then asked to confirm that its audited financial statement for 2006 through 2009 did not include any notes that any insurance costs were capitalized. NRG refused to answer the question.
98. The record clearly indicates that significantly more was included in NRG's rates for insurance costs with the Board Order in EB-2005-0544 than NRG actually incurred in insurance costs in each of 2007, 2008 and 2009. NRG has also confirmed in evidence in EB-2010-0018 that it did not incur any additional insurance costs as a result of the construction of the pipeline over the actual insurance costs identified above.³⁹ Furthermore, the financial statements for these years do not indicate that any portion of the insurance costs were capitalized.
99. Finally, NRG has provided no evidence that its practice was to capitalize insurance costs nor that any insurance was actually procured to insure the construction by the third party contractor.
100. Accordingly, NRG has, once again, attempted a double recovery. It has not expended any amounts over and above those contemplated and recovered in rates; yet it has included in its actual costs for the pipeline amounts for insurance which it did not incur.

³⁹ Decision with Reasons, September 20, 2006, p. 14, Amount for insurance is \$273,911 for 2007.

It has, therefore, been recovering a depreciation expense, for insurance costs it did not incur, and it has been earning a return on the declining balance.

101. NRG has claimed costs of \$7,369 related to its auditor. IGPC submits there was no need for an auditor and NRG has not provided any evidence that such costs were required for the construction of the IGPC Pipeline. Further, the final element of disputed costs relate to OEB hearing costs which IGPC submits should not be recoverable from IGPC. NRG's conduct has caused these costs to be excessively high through the multiple unnecessary proceedings its conduct has precipitated. As such, IGPC submitted such costs should be split evenly.

Issue 2.1.6 Administrative Penalty

102. IGPC is satisfied that NRG has not included the \$140,000 administrative penalty in rate base.

Issue 2.1.7 Costs from this proceeding

103. IGPC submits that there are three matters which the Board needs to deal with under this issue. First, the Board should be cognizant of the fact that this issue is related to the contingency costs issue (2.1.2), as a significant portion of the contingency amount (\$120,459.15) relates to an invoice of Lenczner Slaght (Mr. Thacker) for work during the period October 2, 2012 to April 25, 2013, which relates to this proceeding.
104. Mr. Thacker's time essentially starts on October 3, 2012, with 3.5 hours, which involved a call with Mr. Michael Millar of the Board, which clearly would have involved in Mr. Millar giving Mr. Thacker early notice of the Board's Decision to issue its Notice of Motion to Review the jurisdictional question on the Board's Own Motion. Accordingly, NRG has already been "prepaid" in respect of a significant portion of the within proceeding and recovered its costs entirely for Mr. Thacker's involvement in the Board's Own Motion to review its jurisdiction (EB-2012-0396). IGPC submits that it was inappropriate for NRG to recover costs in such a clandestine fashion, particularly in respect of a motion commenced by the Board in which NRG's position was not accepted.

105. Over the past several years, IGPC has been forced to spend hundreds of thousands of dollars on legal fees to pursue its legal rights against NRG. During each of the prior proceedings, IGPC has been successful, yet costs have not followed the result.
106. IGPC has not completed a bill of costs for this proceeding but requests the Board permit IGPC to submit a bill of costs for this proceeding. In the alternative, the Board could order NRG to pay an amount for costs of \$150,000, as this is approximately equal to previously documented costs that NRG has claimed in respect of this proceeding. IGPC accepts that this proceeding and the costs that it has incurred over the years to try and have NRG deal fairly and responsibly with the issue of the determination of the actual costs of the pipeline are not the result of decisions made by NRG's ratepayers or operations staff. There is only one entity that can and should be held responsible for the intentional misconduct and lack cooperation. NRG's complete disregard for the rules of practice and procedure which require full and adequate responses to interrogatories is but another example of its lack of respect for IGPC and, importantly, the Board. Under the circumstances, any costs award should be to the account of the shareholder.

ISSUE 3

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

107. Once the Board determines the actual reasonable capital cost of the IGPC Pipeline, the analysis can move to the next step and determine the amount of the actual contribution in aid of construction that should have been set.
108. A complicating factor in this proceeding has been NRG's amendment to the financial model between EB-2006-0243 and EB-2010-0018. NRG confirmed its position that the appropriate model is the one filed in EB-2010-0018. The use of the EB-2010-0018 model as provided by NRG is both logically inconsistent with its position that this dispute is solely a contractual matter and filled with technical deficiencies. As NRG has not provided corrected worksheets to account for the Board's Decision and Order in EB-2010-0018, IGPC has provided scenarios to the best of its ability using the various models provided by NRG.

EB-2006-0243 Economic Model

109. NRG's position is this dispute is solely a contractual matter between IGPC and NRG. The implications of such a position are that the terms of the PCRA should prevail and the connection to EB-2010-0018 is not relevant. As noted in NRG's Interrogatory Responses,⁴⁰ NRG has fundamentally altered the nature of the economic calculation in the spreadsheet. The nature of the changes in the economic model were summarized by NRG in its response to Undertaking J2.4 indicating there were 3 errors corrected in EB-2010-0018 including the following:

- *Capital and net revenues were not present valued to a common date;*
- *Net revenues were not present valued using mid period values (the software of which the original model was created did not permit mid-year discounting); and,*
- *CCA Class 1 was relied on rather than CCA 51.*

110. As such, NRG should not have the ability to unilaterally amend the contract through a change in the economic model. Table 1 below summarizes the impact to the reimbursement owed to IGPC if the EB-2006-0243 model is used with the revised capital cost. Given the result, it is no wonder that NRG chooses to rely upon the revised version filed in EB-2010-0018.

Table 1- Summary of Capital Implications of EB-2006-0243 Model

<u>Item</u>	<u>NRG⁴¹</u>	<u>IGPC⁴²</u>
(1) Capital Cost	\$8,399,881	\$7,451,417
(2) Model Calculated Aid to Construct	\$3,259,197	\$2,483,808
(3) Aid to Construct Paid by IGPC	<u>\$3,579,814</u>	<u>\$3,579,814</u>
(4) = (3) – (2) Reimbursement to IGPC	<u>\$ 320,617</u>	<u>\$1,096,006</u>

111. The PCRA, at Section 11.3, see below, expressly requires that any amendment to the PCRA be set forth in writing and executed by both parties. In the present scenario, no such amendment was ever proposed or executed. As such, on a strict reading of the PCRA, this analysis should be based upon the EB-2006-0243 information.

⁴⁰ NRG IRR to IGPC #3, (Round 2), October 28, 2013

⁴¹ Attachment 3A Model EB-2006-0143, NRG Claimed Costs

⁴² Attachment 3B Model EB-2006-0143, IGPC Accepted Costs

11.3 No modification of or amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by both of the parties hereto and no waiver of any breach of any term or provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

EB-2010-0018 Economic Analysis

112. IGPC's view is more nuanced and logically consistent. The PCRA contemplates an economic analysis that is consistent with the principles of EBO 188 and regulatory principles. IGPC views the PCRA as an agreement to adhere to the OEB's approved methodology for pipeline expansions and capital contributions. Therefore, to the extent there is an inadvertent error with the original EB-2006-0243 economic model, the model should be corrected and the model should be entirely consistent with the amount included in rate base. In this way, neither the utility nor the customer or other ratepayers are put at a disadvantage.
113. In its Decision and Order in EB-2012-0396 dated February 7, 2013, the Board confirmed the aid-to-construct was a "rate" within the meaning of the OEB Act.⁴³ As such, IGPC understands that to accord with rates that are just and reasonable, the economic analysis may need to be adjusted slightly.
114. In EB-2010-0018, the Board determined the IGPC Pipeline should be placed into rate base in August 2008. The economic analysis must incorporate the correct date that IGPC Pipeline was placed into rate base.
115. NRG confirmed in its response to IGPC IR#3 that NRG escalated the claimed costs, including costs such as interest and contingency incurred after August 1, 2008, to an October 1, 2008 date. It is entirely inappropriate for NRG to escalate the capital cost of the IGPC Pipeline to an October 1, 2008 date. This is especially egregious when one considers that NRG escalated costs incurred after the in-service date of July 15, 2008 as

⁴³ EB-2012-0396, page 14.

if they had been actually incurred on July 15, 2008, and then escalated that cost.⁴⁴ NRG's method clearly overstates the capital cost of the IGPC Pipeline.

116. Given the mistakes by NRG, the amount included in rate base is overstated as well. IGPC would note that the pattern of NRG mistakes is always to favour NRG at the expense of IGPC. For that reason, the Board should not accept that these mistakes were unintentional or inadvertent. IGPC is of the view that NRG's actions were deliberate.
117. For ease of analysis, IGPC suggests the actual capital costs be determined as of August 1, 2008. IGPC has run 2 scenarios (**Attachments 4A and 4B**) with the updated NRG EB-2010-0018 model. However, IGPC removed the capital cost escalation from each of these scenarios.
118. The difficulty is that NRG's modifications in EB-2010-0018 do not accord with the Board's Decision and Order in that proceeding and do not achieve the desire of the modifications to the model noted above. The model provided in EB-2010-0018 has the following errors:
 - The model incorrectly escalates capital costs claimed by NRG and disputed by IGPC.
 - The model does not properly calculate the present value of the capital costs to the correct date;
 - The model does not incorporate the timing of the revenue from IGPC appropriately.

⁴⁴ For example, the \$132,000 in contingency costs claimed that were incurred in 2012 and 2013 were actually escalated at an annual rate of 7.06% from July 15, 2008 to October 1, 2008 despite the fact these costs were not incurred until 2012 and 2013 in this proceeding.

Table 2- Summary of Capital Implications of EB-2010-0018

<u>Item</u>	<u>NRG⁴⁵</u>	<u>IGPC⁴⁶</u>
(1) Capital Cost	\$8,399,881	\$7,451,417
(2) Model Calculated Aid to Construct	\$3,403,978	\$2,598,106
(3) Aid to Construct Paid by IGPC	<u>\$3,579,814</u>	<u>\$3,579,814</u>
(4) = (3) – (2) Reimbursement to IGPC	<u>\$175,836</u>	<u>\$981,708</u>

119. As can be seen from Table 2, even where the NRG costs are used, IGPC is owed a substantial amount of money. However, as noted, the NRG costs include costs that are not properly included in the actual reasonable capital costs of the IGPC Pipeline. As such the reimbursement of the aid to construct is \$981,708.

Financial Assurance

120. The PCRA, section 7.6, specifically stated that the financial assurance provided by IGPC to NRG should be reduced in lockstep with the undepreciated cost of the IGPC Pipeline. IGPC provided a LC in the amount of \$5,214,173 in April 2008 prior to the construction of the IGPC Pipeline and has not been permitted by NRG to reduce the amount of the LC despite repeated requests.

121. The PCRA, as Section 7.9, provides the following:

7.9 The Utility shall return any letter of credit held by the Utility to the Customer, if the Customer is substituting a letter of credit with another letter of credit or such other financial assurance, where that substitute is acceptable to the Utility and its lender.

122. The refusal to permit a reduction in the LC is a breach of the PCRA. NRG has known the undepreciated amount since it placed the IGPC Pipeline into rate base.

123. Since the Board's Decision and Order in EB-2010-0018, NRG has had the ability to determine the undepreciated cost of the IGPC Pipeline based upon what was approved by the Board.

⁴⁵ Attachment 4A, EB-2010-0018 Model, NRG Claimed Costs

⁴⁶ Attachment 4B, EB-2010-0018 Model, IGPC Accepted Costs

124. NRG has refused to permit such an exchange. This refusal has cost IGPC to fully fund the original amount of the LC for 5 years at a cost to IGPC in excess of \$150,000.
125. The refusal to permit a replacement of the LC was intentional, unreasonable and intended to inflict harm on IGPC.
126. IGPC understands that for the NRG Fiscal 2014 rate year, the undepreciated cost of the IGPC Pipeline is \$3,491,731.⁴⁷ As such, the LC should be reduced to \$3,491,731 immediately and the Board should direct an exchange of the LC to occur within 30 days of the Board's Decision and Order in this proceeding.
127. In addition, the amount of the LC should continue to be reduced on an annual basis by the amount of depreciation. IGPC requests that the Board require the parties to complete future exchanges on or before November 1 in each year.

ISSUE 4

What if any, is the appropriate amount of payment including any interest owed by NRG to IGPC?

128. The amount owed to IGPC has been outstanding since 2008. IGPC would suggest the reconciliation could and should have been achieved by January 1, 2009. Assuming the Board orders NRG to establish the IGPC Reimbursement Account effective January 1, 2014, that would mean 5 years of interest would have accrued.
129. The PCRA provides, section 3.8, provides the following:

3.8 From the date required for any payment required by this Agreement, all unpaid amounts will bear interest at the rate of Prime Rate plus 1.00% per annum payable quarterly on the last day of each calendar quarter.

Section 1.2 provides the following definition:

(aa) **"Prime Rate"** means the prime rate of interest of the Bank of Nova Scotia;

⁴⁷ EB-2012-0406/EB-2012-0081, Exhibit C, Tab 13, page 1

130. IGPC has calculated the amount of interest owed in Table 2 below, in the amount of \$212,689.89. This amount of interest should be added to the Aid-to-Construct Reimbursement Amount of \$981,708, for a total owing of \$1,194,397.89 effective January 1, 2014.

TABLE 2

Year	Balance at January 1	Interest Rate	Interest Amount	Balance December 31
2009	\$ 981,708.00	4%	\$ 39,268.32	\$ 1,020,976.32
2010	\$ 1,020,976.32	4%	\$ 40,839.05	\$ 1,061,815.37
2011	\$ 1,061,815.37	4%	\$ 42,472.61	\$ 1,104,287.99
2012	\$ 1,104,287.99	4%	\$ 44,171.52	\$ 1,148,459.51
2013	\$ 1,148,459.51	4%	\$ 45,938.38	\$ 1,194,397.89
Total Interest			\$ 212,689.89	

131. The PCRA specifies the rate of interest which was reviewed and approved by the Board in EB-2006-0243. NRG should not be permitted to escape its obligation to pay interest as that would only encourage the continuation of its improper behaviour. IGPC respectfully requests that the Board order interest be paid.

ISSUE 5

If any amounts are owing from NRG to IGPC, by what means and in accordance with what terms should IGPC be reimbursed?

132. Given the fact that IGPC is owed \$1,194,397.80, which represents a significant portion of NRG's annual revenue requirement, IGPC suggests the Board order the amount be repaid over a period of 18 months through a rate rider incorporated into Rate 6. As such, IGPC is suggesting the Board make an accounting order requiring NRG to establish an IGPC Reimbursement Account and order the disposition of such account over the 24-month period. The IGPC Reimbursement Account should earn interest at the same rate as other Deferral and Variance Accounts and achieve a zero balance at the end of 24 months.

133. IGPC is suggesting the IGPC Reimbursement Account be established effective January 1, 2014 and the rate rider be incorporated into the next 18 invoices issued to IGPC.

134. IGPC also requests an order requiring IGPC to provide a new LC in the amount of \$3,491,731⁴⁸ and that NRG accept this LC in exchange for the current LC in the amount of \$5,214,173.
135. Finally, as noted IGPC believes that NRG's rate base has been overstated since the 2010-0018 Decision and Order. IGPC suggests that the Board provide direction as to the manner in which the overpayment that currently exists should be traced and corrected in the next rate application by NRG.

Summary

136. IGPC requests reimbursement of \$1,194,397.80 including interest over a maximum period of 2 years. IGPC further requests a reduction in the LC from \$5,214,173 to \$3,491,731.
137. Given the conduct of NRG during the previous 5 years and its failure to provide responses to IGPC and Board Staff, IGPC suggests it should be awarded its costs in this proceeding. IGPC submits that it is the shareholder that should be obligated to make this payment as it is clear that NRG's behavior has been intentional and designed to and did inflict significant harm on IGPC. IGPC has been put to significant expense as a result of NRG's conduct, and costs should be awarded to deter such behavior in the future.
138. IGPC has taken a reasoned and principled approach throughout its dealings with NRG over the past 7 years. Unfortunately, NRG has chosen to oppose, fight and harm, rather than embrace the opportunity to serve its largest customer – a customer made up of members of the community that provides a significant economic benefit to Aylmer and the surrounding communities.
139. IGPC and other ratepayers deserve that this Board hold NRG accountable for its actions to ensure this behaviour is not repeated. The time for accountability is now.

⁴⁸ EB-2012-0406/EB-2012-0081, Exhibit C, Tab 13, page 1.

All of which is respectfully submitted.

Dated: November 7, 2013

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Lawyers for Integrated Grain Processors
Co-operative Inc.

TO: Board Secretary, Ontario Energy Board

AND TO: Natural Resource Gas Limited

AND TO: Intervenors

SCHEDULE A
EXCERPTS FROM THE PCRA

Relevant provisions in the PCRA are as follows: (Sections underline for emphasis)

“1.2(a) “Actual Aid-To-Construct” means the Aid-To-Construct calculated by the Utility using the Actual Capital Cost, as provided for in Article III;

(b) “Actual Capital Cost” means the reasonable actual Capital Cost, as provided for in Article III;

(m) “EBO 188” means the Final Report of the Board, dated January 30, 1998 regarding the economic evaluation of the expansion of natural gas systems;

(q) “Initial Estimated Aid-To-Construct” means the Aid-To-Construct calculated in accordance with EBO 188 using the Initial Estimated Capital Cost;

(r) “Initial Estimated Capital Cost” means the estimated Capital Cost provided by Aecon, including the Union Gas Aid-to-Construct;

(y) “Overhead” shall, to the extent not included in other consulting costs, include the reasonable engineering, supervision, administrative salaries and expenses, construction engineering and supervision, legal expenses, taxes and other similar items allocated to the Utility Connection Facilities;

(dd) “Utility Connection Facilities” means the pipeline and ancillary facilities to be completed by the Utility to serve the Customer;

ARTICLE III – CAPITAL COST AND AID-TO-CONSTRUCT

3.1 The Initial Estimated Capital Cost is estimated at \$9,100,000.00, comprised of approximately \$8,920,000.00 for the Utility Connection Facilities and \$180,000.00 for the Union Gas Aid-To-Construct. The Initial Estimated Capital Cost is included in the Leave-to-Construct. The initial Estimated Capital Cost is included in the Leave-to-Construct application filed by the Utility with the OEB.

3.8 From the date required for any payment required by this Agreement, all unpaid amounts will bear interest at the rate of the Prime Rate plus 1.00% per annum payable quarterly on the last day of each calendar quarter.

3.9 The Utility shall use best efforts to minimize the actual capital cost, and shall advise the Customer of actual costs as incurred, in accordance with Article IV. At a minimum, the Utility shall ensure the award of the Construction Agreement is completed through a competitive tender process unless otherwise agreed to in writing by the Customer. The Utility shall ensure that the procurement of pipe, major equipment and appliances is done using a competitive quotation process wherever possible. The Utility shall inform the Customer where a competitive process is not utilized and provide an explanation as to why a competitive process is not required. Prior to committing to any expenditure in excess of \$100,000.00, the Utility shall obtain the written consent of the Customer, such consent not to be unreasonably withheld.

3.11 The Customer and the Utility acknowledge that the Initial Estimated Capital Cost and the Revised Estimated Capital Cost may be different from the Actual Capital Cost incurred and the parties agree that the Actual Aid-to-Construct and Delivery Letter of Credit (as defined in Article VII) shall be adjusted based on an economic evaluation carried out in accordance with EBO 188.

3.12 The Customer reserves its rights to dispute the reasonableness of costs incurred in completing the Pipeline Work, provided that the Customer does so within 5 Business Days when such costs are provided by the Utility to the Customer.

3.13 Within forty-five (45) Business Days or some other mutually agreeable timeframe of the pipeline being put into service, the Utility shall provide the Customer with the Actual Capital Cost and Actual Aid-To-Construct, along with a summary of the information provided pursuant to Section 4.3 and copies of any invoices and supporting documentation not previously provided to Customer. If the Customer agrees with the Actual Capital Cost and Actual Aid-To-Construct, and

(a) if the Actual Aid-To-Construct is greater than the Revised Estimated Aid-To-Construct, then the Customer shall pay to the Utility the difference between the Actual Aid-To-Construct and the Revised Aid-To-Construct within five (5) Business Days; and

(b) if the Revised Estimated Aid-To-Construct exceeds the Actual Aid-To-Construct then the Utility shall pay to the Customer the difference between the Actual Aid-To-Construct and the Revised Aid-To-Construct within five (5) Business Days.

3.14 If the Customer does not agree with the Actual Capital Cost and Actual Aid-To-Construct, the Parties shall negotiate in good faith for a period of 20 Business days to establish an Actual Capital Cost. If the Parties are unable to agree after such negotiations then either party may refer the matter to the OEB for resolution. In determining reasonable costs attributable to the Capital Cost, the following considerations will be taken into account:

(a) Legal costs will include the reasonable legal costs of the Utility to establish gas distribution service for the Customer, including the reasonable legal cost to prepare and obtain the Leave to Construct from the OEB; acquire any temporary or permanent land rights required to complete the Pipeline Work; review any procurement or tendering documentation, and draft and negotiate this Agreement and any other agreement required to provide gas distribution service to the Customer;

(d) Utility costs shall include the reasonable cost of interest during construction calculated in accordance with the OEB approved methodology and Overhead related to the Pipeline Work. Internal utility costs will include reasonable administrative and supervisory costs; and technician and field personnel required for the testing and commissioning of the Utility Connection Facilities.

Filed: 2013-11-07
EB-2012-0406
EB-2013-0081
IGPC Argument-in-Chief
Attachment 1

Schedule "C"

Board File Number (EB-2006-0243)

March 4, 2008

Additional Condition of Approval

[to be added to the Conditions of Approval (see Schedule A to this Decision and Order) attached to the Board Decision and Order granting Natural Resources Gas Limited leave to Construct natural gas pipeline [February 7, 2007 as amended on December 28, 2007]

6 Mutual Covenants

- 6.1 NRG and IGPC agree that the schedule ("the Schedule") attached hereto will be adhered to in accordance with its terms and at the times set forth therein by the appropriate party and that the Leave to Construct is contingent upon such compliance by the parties of each aspect of the Schedule.
- 6.2 This condition is not effective as against Union Gas. Any delay by Union Gas of a task identified by Union Gas shall not be a basis for alleging non-compliance or breach of the Schedule by NRG, provided that both NRG and IGPC take all necessary steps to enable Union Gas to perform its tasks in accordance with the Schedule. If there is a delay in the Schedule by reason of a delay by Union Gas and the parties are unable to agree to an amendment of the Schedule, either NRG and IGPC may apply to the Board for a resolution thereof.
- 6.3 Upon an alleged failure to comply with the Schedule, either party may apply to the Board for such order or orders as are appropriate, including a termination of the Leave to Construct and such further or other relief as the Board deems appropriate for the circumstances.

Filed: 2013-11-07
EB-2012-0406
EB-2013-0081
IGPC Argument-in-Chief
Attachment 2

UNDERTAKING NO. J1.5: TO MAKE AND PROVIDE CALCULATIONS UPON RECEIPT OF INFORMATION FROM IGPC RELATED TO APPROPRIATE INTEREST CHARGE.

RESPONSE: We have recalculated the interest based on the date that IGPC received the invoices from NRG (as opposed to original invoice date on supplier invoices). On that basis, the interest calculation is as follows:

“Aid to Construct” Interest (see attached table)

- Interest is calculated from the due date of the Aid-to-Construct invoice to the date the amount was received from IGPC.
- The rate applied here is Prime plus 1% in accordance with the PCRA (section 3.8).

“Project Interest During Construction” (see second table attached)

- Interest is calculated from the date the last Aid-to-Construct payment was due to the date the final invoice from the primary contract was received. During this period, NRG was financing the construction costs.
- The rate applied here is Prime plus 2% in accordance with the PCRA (section 3.14(d) – a “reasonable cost of interest during construction”). NRG’s position is that this represents a reasonable interest cost.

**NATURAL RESOURCE GAS LIMITED
IGPC Project Interest Summary**

As of October 28, 2008

Consultant	Invoice Number	Date	NRG Direct	GST	Total Amount	Days	Aid-to-Construct Payment	Net		Interest Rate	Interest
								Cumulative Total	Prime Premium		
Aiken & Associates	618-2006	30-Jun-06	480.00	33.60	513.60	0	-	513.60	6.00%	2.00%	-
Ogilvy Renault LLP	633876	13-Jul-06	9,601.19	576.07	10,177.26	13	-	10,690.86	6.00%	2.00%	-
NRG Corp.	915	1-Aug-06	1,046.25	-	1,046.25	19	-	11,737.11	6.00%	2.00%	-
Ogilvy Renault LLP	642776	16-Aug-06	2,088.75	125.33	2,214.08	15	-	13,951.19	6.00%	2.00%	-
Ogilvy Renault LLP	648629	15-Sep-06	1,282.52	76.95	1,359.47	30	-	15,310.66	6.00%	2.00%	-
Ogilvy Renault LLP	648627	15-Sep-06	21.25	1.28	22.53	-	-	15,333.18	6.00%	2.00%	-
AUE - Aecon Utility Engineering	262	27-Sep-06	4,800.00	288.00	5,088.00	12	-	20,421.18	6.00%	2.00%	-
Harrison Pensa LLP	68035	27-Sep-06	1,796.00	107.76	1,903.76	-	-	22,324.94	6.00%	2.00%	-
Aiken & Associates	632-2006	30-Sep-06	1,162.50	69.75	1,232.25	3	-	23,557.19	6.00%	2.00%	-
Aid-to-Construct Receipt		13-Oct-06	-	-	-	13	130,000.00	(106,442.81)	6.00%	2.00%	-
Harrison Pensa LLP	68732	17-Oct-06	5,485.34	329.12	5,814.46	4	-	(100,628.35)	6.00%	2.00%	-
Ogilvy Renault LLP	655972	17-Oct-06	2,036.25	122.18	2,158.43	-	-	(98,469.92)	6.00%	2.00%	-
Ogilvy Renault LLP	655974	17-Oct-06	33,292.07	1,997.52	35,289.59	-	-	(63,180.33)	6.00%	2.00%	-
AUE - Aecon Utility Engineering	283	25-Oct-06	35,100.00	2,106.00	37,206.00	8	-	(25,974.33)	6.00%	2.00%	-
Aiken & Associates	635-2006	31-Oct-06	468.75	28.13	496.88	6	-	(25,477.45)	6.00%	2.00%	-
TSSA Total	P0610-18532	31-Oct-06	750.00	45.00	795.00	-	-	(24,682.45)	6.00%	2.00%	-
Ogilvy Renault LLP	673462	14-Nov-06	17,675.24	1,059.02	18,734.26	14	-	(5,948.19)	6.00%	2.00%	-
Ogilvy Renault LLP	665207	17-Nov-06	17,342.71	1,040.56	18,383.27	3	-	12,435.08	6.00%	2.00%	-
Martin Malette	2378	20-Nov-06	291.74	17.50	309.24	3	-	12,744.32	6.00%	2.00%	-
AUE - Aecon Utility Engineering	303	22-Nov-06	42,225.00	2,533.50	44,758.50	2	-	57,502.82	6.00%	2.00%	-
Lobserveateur	1780	1-Dec-06	1,935.00	116.10	2,051.10	9	-	59,553.92	6.00%	2.00%	-
The London Free Press Total	1.3423E+10	2-Dec-06	7,585.20	455.11	8,040.31	1	-	67,594.24	6.00%	2.00%	-
FKS Land Surveyors	06-426	13-Dec-06	60,917.50	3,655.05	64,572.55	11	-	132,166.79	6.00%	2.00%	-
Aiken & Associates	642-2006	29-Dec-06	1,262.04	75.72	1,337.76	16	-	133,504.55	6.00%	2.00%	-
AUE - Aecon Utility Engineering	315	31-Dec-06	67,842.88	4,070.57	71,913.45	2	-	205,418.00	6.00%	2.00%	-
Viva Voce Reporting Ltd. Total	1805	31-Dec-06	2,195.31	131.72	2,327.03	-	-	207,745.03	6.00%	2.00%	-
Ogilvy Renault LLP	680927	17-Jan-07	33,570.46	2,013.86	35,584.32	17	-	243,329.35	6.00%	2.00%	-
Senes Consultants Ltd. Total	21965	18-Jan-07	13,546.92	812.82	14,359.74	1	-	257,689.09	6.00%	2.00%	-
A.S.A.P. Reporting Services	181	22-Jan-07	1,081.00	64.86	1,145.86	4	-	258,834.95	6.00%	2.00%	-
Aiken & Associates	705-2007	2-Feb-07	2,406.50	144.39	2,550.89	11	-	261,385.84	6.00%	2.00%	-
Ogilvy Renault LLP	687364	6-Feb-07	25,254.51	1,514.53	26,769.04	4	-	288,154.88	6.00%	2.00%	-
Aid-to-Construct Receipt		16-Feb-07	-	-	-	10	100,000.00	188,154.88	6.00%	2.00%	-
A.S.A.P. Reporting Services	304	20-Feb-07	1,095.00	65.70	1,160.70	4	-	189,315.58	6.00%	2.00%	-
AUE - Aecon Utility Engineering	347	20-Feb-07	106,800.25	6,408.02	113,208.27	-	-	302,523.84	6.00%	2.00%	-
Aid-to-Construct Receipt		26-Feb-07	-	-	-	6	181,454.00	121,069.84	6.00%	2.00%	-
A.S.A.P. Reporting Services	366	27-Feb-07	150.00	9.00	159.00	1	-	121,228.84	6.00%	2.00%	-
Ogilvy Renault LLP	695597	7-Mar-07	3,218.15	192.71	3,410.86	8	-	124,639.70	6.00%	2.00%	-
Harrison Pensa LLP	72913	9-Mar-07	6,519.35	391.16	6,910.51	2	-	131,550.21	6.00%	2.00%	-
FKS Land Surveyors	07-040	21-Mar-07	11,200.00	672.00	11,872.00	12	-	143,422.21	6.00%	2.00%	-
AUE - Aecon Utility Engineering	364	28-Mar-07	38,744.50	2,324.67	41,069.17	7	-	184,491.38	6.00%	2.00%	-
Aiken & Associates	712-2007	30-Mar-07	656.25	39.38	695.63	2	-	185,187.01	6.00%	2.00%	-
Ogilvy Renault LLP	703732	10-Apr-07	15,428.23	925.04	16,353.27	11	-	201,540.28	6.00%	2.00%	-
A.S.A.P. Reporting Services	567	17-Apr-07	5,149.75	308.99	5,458.74	7	-	206,999.01	6.00%	2.00%	-
Aid-to-Construct Receipt		20-Apr-07	-	-	-	3	130,159.06	76,839.95	6.00%	2.00%	-
AUE - Aecon Utility Engineering	377	25-Apr-07	420.00	25.20	445.20	5	-	77,285.15	6.00%	2.00%	-
Harrison Pensa LLP	74283	30-Apr-07	423.75	25.43	449.18	5	-	77,734.33	6.00%	2.00%	-
Ogilvy Renault LLP	712635	14-May-07	20,165.98	1,209.84	21,375.82	14	-	99,110.15	6.00%	2.00%	-
Aid-to-Construct Receipt		31-May-07	-	-	-	17	73,898.33	25,211.82	6.00%	2.00%	-
Aiken & Associates	719-2007	31-May-07	75.00	4.50	79.50	-	-	25,291.32	6.00%	2.00%	-
AUE - Aecon Utility Engineering	397	31-May-07	795.00	47.70	842.70	-	-	26,134.02	6.00%	2.00%	-
Stantec Consulting	241010	8-Jun-07	3,409.56	204.57	3,614.13	8	-	29,748.15	6.00%	2.00%	-
AUE - Aecon Utility Engineering	283	11-Jun-07	425.50	25.53	451.03	3	-	30,199.18	6.00%	2.00%	-
Ogilvy Renault LLP	719545	11-Jun-07	6,131.25	367.88	6,499.13	-	-	36,698.31	6.00%	2.00%	-
AUE - Aecon Utility Engineering	415	27-Jun-07	127.50	7.65	135.15	16	-	36,833.46	6.00%	2.00%	-
Neal, Pallett & Townsend	25378	28-Jun-07	2,014.00	100.70	2,114.70	1	-	38,948.16	6.00%	2.00%	-
Stantec Consulting	245954	29-Jun-07	2,500.42	150.03	2,650.45	1	-	41,598.61	6.00%	2.00%	-
Lenczner Slaght Royce	69539	13-Jul-07	23,003.25	1,380.20	24,383.45	14	-	65,982.06	6.25%	2.00%	-
Ogilvy Renault LLP	728429	13-Jul-07	44,487.09	2,673.88	47,160.97	-	-	113,143.03	6.25%	2.00%	-
Aiken & Associates	725-2007	31-Jul-07	375.00	22.50	397.50	18	-	113,540.53	6.25%	2.00%	-
Harrison Pensa LLP	10089	10-Aug-07	2,942.75	176.57	3,119.32	10	-	116,659.85	6.25%	2.00%	-

IGPC Argument-in-Chief Issues 2 to 5

Attachment 2

Consultant	Invoice Number	Date	NRG Direct	GST	Total Amount	Days	Aid-to-Construct Payment	Net Cumulative		Interest Rate	Interest
								Total	Prime Premium		
Stantec Consulting	254306	17-Aug-07	4,632.55	277.95	4,910.50	7	-	121,570.35	6.25%	2.00%	-
Harrison Pensa LLP	77118	21-Aug-07	2,016.25	120.98	2,137.23	4	-	123,707.58	6.25%	2.00%	-
Ogilvy Renault LLP	737740	21-Aug-07	13,976.84	838.05	14,814.89	-	-	138,522.47	6.25%	2.00%	-
AUE - Aecon Utility Engineering	447	22-Aug-07	6,075.00	351.00	6,426.00	1	-	144,948.47	6.25%	2.00%	-
Ogilvy Renault LLP	741945	12-Sep-07	831.25	49.88	881.13	21	-	145,829.60	6.25%	2.00%	-
AUE - Aecon Utility Engineering	468	26-Sep-07	13,172.00	469.92	13,641.92	14	-	159,471.52	6.25%	2.00%	-
Aid-to-Construct Receipt		5-Oct-07	-	-	-	9	23,643.43	135,828.09	6.25%	2.00%	-
Ogilvy Renault LLP	748630	11-Oct-07	8,806.86	528.41	9,335.27	6	-	145,163.36	6.25%	2.00%	-
AUE - Aecon Utility Engineering	495	24-Oct-07	14,051.00	320.40	14,371.40	13	-	159,534.76	6.25%	2.00%	-
Lakeside Steel Corporation		29-Oct-07	-	-	-	5	-	159,534.76	6.25%	2.00%	-
Aid-to-Construct Receipt		2-Nov-07	-	-	-	4	23,130.12	136,404.64	6.25%	2.00%	-
Ogilvy Renault LLP	756818	9-Nov-07	377.92	22.68	400.60	7	-	136,805.24	6.25%	2.00%	-
AUE - Aecon Utility Engineering	525	20-Nov-07	21,563.00	549.00	22,112.00	11	-	158,917.24	6.25%	2.00%	-
Lenczner Slaght Royce	71966	29-Nov-07	47,949.79	2,849.39	50,799.18	9	-	209,716.42	6.25%	2.00%	-
Mark Bristol		27-Nov-07	130,006.50	-	130,006.50	2	-	339,722.92	6.25%	2.00%	-
Ogilvy Renault LLP	765103	7-Dec-07	375.00	22.50	397.50	8	-	340,120.42	6.00%	2.00%	-
Canadian Pacific Railway	2000050470	13-Dec-07	650.00	32.50	682.50	6	-	340,802.92	6.00%	2.00%	-
AUE - Aecon Utility Engineering	552	31-Dec-07	17,705.57	241.08	17,946.65	18	-	358,749.57	6.00%	2.00%	-
Ogilvy Renault LLP	775418	21-Jan-08	1,976.50	98.83	2,075.33	21	413,665.00	(52,840.10)	6.00%	2.00%	-
AUE - Aecon Utility Engineering	571	23-Jan-08	12,456.63	176.43	12,633.06	2	-	(40,207.04)	5.75%	2.00%	7.75%
The Municipality of Thames Centre	02/08	1-Feb-08	2,175.00	-	2,175.00	9	-	(38,032.04)	5.75%	2.00%	7.75%
Stantec Consulting	288433	8-Feb-08	6,857.46	342.87	7,200.33	7	-	(30,831.71)	5.75%	2.00%	7.75%
Ogilvy Renault LLP	782617	13-Feb-08	2,875.00	143.75	3,018.75	5	-	(27,812.96)	5.75%	2.00%	7.75%
AUE - Aecon Utility Engineering	591	20-Feb-08	35,140.00	1,757.00	36,897.00	7	-	9,084.04	5.75%	2.00%	7.75%
Lenczner Slaght Royce	73976	27-Feb-08	21,007.93	1,050.40	22,058.33	7	-	31,142.37	5.75%	2.00%	7.75%
Stantec Consulting	292497	29-Feb-08	5,603.24	280.16	5,883.40	2	-	37,025.77	5.75%	2.00%	7.75%
The Municipality of Thames Centre	03/08	1-Mar-08	9,300.00	-	9,300.00	1	-	46,325.77	5.75%	2.00%	7.75%
Ogilvy Renault LLP	790238	12-Mar-08	9,628.69	481.43	10,110.12	11	-	56,435.89	5.25%	2.00%	7.25%
Kettle Creek Conservation Authority		17-Mar-08	500.00	25.00	525.00	5	-	56,960.89	5.25%	2.00%	7.25%
Lenczner Slaght Royce	74245	17-Mar-08	69,327.21	3,466.36	72,793.57	-	-	129,754.46	5.25%	2.00%	7.25%
Upper Thames River Conservation Authority		17-Mar-08	10,300.00	-	10,300.00	-	-	140,054.46	5.25%	2.00%	7.25%
Upper Thames River Conservation Authority		17-Mar-08	500.00	-	500.00	-	-	140,554.46	5.25%	2.00%	7.25%
Catfish Creek Conservation Authority		18-Mar-08	100.00	5.00	105.00	1	-	140,659.46	5.25%	2.00%	7.25%
Harrison Pensa LLP	83601	20-Mar-08	490.50	24.53	515.03	2	-	141,174.49	5.25%	2.00%	7.25%
AUE - Aecon Utility Engineering	613	26-Mar-08	25,289.74	1,264.49	26,554.23	6	-	167,728.71	5.25%	2.00%	7.25%
MIG Engineering Ltd.	24931	26-Mar-08	10,885.14	544.26	11,429.40	-	-	179,158.11	5.25%	2.00%	7.25%
The Township of Malahide Total		26-Mar-08	21,160.00	-	21,160.00	-	-	200,318.11	5.25%	2.00%	7.25%
Harrison Pensa LLP	83768	27-Mar-08	735.50	36.78	772.28	1	-	201,090.38	5.25%	2.00%	7.25%
Purolator	402081827	28-Mar-08	17.51	0.88	18.39	1	-	201,108.77	5.25%	2.00%	7.25%
Stantec Consulting	292988	28-Mar-08	3,325.53	166.28	3,491.81	-	-	204,600.58	5.25%	2.00%	7.25%
The Corporation of the County of Elgin		28-Mar-08	400.00	-	400.00	-	-	205,000.58	5.25%	2.00%	7.25%
The Corporation of the County of Elgin		28-Mar-08	400.00	-	400.00	-	-	205,400.58	5.25%	2.00%	7.25%
Helix Courier Limited	67106	31-Mar-08	132.79	6.64	139.43	3	-	205,540.01	5.25%	2.00%	7.25%
The Municipality of Thames Centre	04/08	1-Apr-08	3,425.00	-	3,425.00	1	-	208,965.01	5.25%	2.00%	7.25%
Ayerswood Development Corporation	10137	4-Apr-08	194.51	9.73	204.24	3	-	209,169.24	5.25%	2.00%	7.25%
Purolator	402127889	4-Apr-08	35.02	1.75	36.77	-	-	209,206.01	5.25%	2.00%	7.25%
Ogilvy Renault LLP	798316	14-Apr-08	2,187.50	109.38	2,296.88	10	-	211,502.89	5.25%	2.00%	7.25%
Robert B. Somerville Co. Limited	08 008 01	14-Apr-08	163,593.97	8,179.70	171,773.67	-	-	383,276.56	5.25%	2.00%	7.25%
COMCO Pipe & Supply Company	841233	15-Apr-08	4,366.40	218.32	4,584.72	1	-	387,861.28	5.25%	2.00%	7.25%
C.R. Wall & Co. Inc.	SI-55773	17-Apr-08	26,370.58	1,220.86	27,591.44	2	-	415,452.72	5.25%	2.00%	7.25%
MIG Engineering Ltd.	24975	22-Apr-08	6,708.66	335.43	7,044.09	5	-	422,496.81	5.25%	2.00%	7.25%
MIG Engineering Ltd.	24976	22-Apr-08	24,072.30	1,203.62	25,275.92	-	-	447,772.73	5.25%	2.00%	7.25%
AUE - Aecon Utility Engineering	637	23-Apr-08	15,043.93	752.20	15,796.13	1	-	463,568.86	4.75%	2.00%	6.75%
COMCO Pipe & Supply Company	841817	24-Apr-08	3,645.00	182.25	3,827.25	1	-	467,396.11	4.75%	2.00%	6.75%
KTI Limited	59686	24-Apr-08	11,448.00	530.00	11,978.00	-	-	479,374.11	4.75%	2.00%	6.75%
KTI Limited	59687	24-Apr-08	10,130.40	469.00	10,599.40	-	-	489,973.51	4.75%	2.00%	6.75%
Harrison Pensa LLP	84743	28-Apr-08	4,972.50	248.63	5,221.13	4	-	495,194.63	4.75%	2.00%	6.75%
COMCO Pipe & Supply Company	842010	29-Apr-08	25,513.57	1,275.68	26,789.25	1	-	521,983.88	4.75%	2.00%	6.75%
MIG Engineering Ltd.	24979	2-May-08	28,374.71	1,418.74	29,793.45	3	-	551,777.32	4.75%	2.00%	6.75%
Lenczner Slaght Royce	74952	7-May-08	57,844.13	2,892.21	60,736.34	5	-	612,513.66	4.75%	2.00%	6.75%

IGPC Argument-in-Chief Issues 2 to 5

Attachment 2

Consultant	Invoice Number	Date	NRG Direct	GST	Total Amount	Days	Aid-to-Construct Payment	Net Cumulative Total	Prime	Premium	Interest Rate	Interest
Robert B. Somerville Co. Limited	08 008 02	10-May-08	616,624.17	30,831.21	647,455.38	3	-	1,259,969.04	4.75%	2.00%	6.75%	467.29
Aid-to-Construct Receipt		12-May-08	-	-	-	2	-	1,259,969.04	4.75%	2.00%	6.75%	-
Ogilvy Renault LLP	805822	12-May-08	4,600.00	230.00	4,830.00	-	-	1,264,799.04	4.75%	2.00%	6.75%	2,111.63
AUE - Aecon Utility Engineering	661	21-May-08	2,915.00	145.75	3,060.75	9	-	1,267,859.79	4.75%	2.00%	6.75%	471.16
COMCO Pipe & Supply Company	843129	23-May-08	2,170.80	108.54	2,279.34	2	-	1,270,139.13	4.75%	2.00%	6.75%	1,652.63
Ayerswood Development Corporation	10146	30-May-08	39.17	1.96	41.12	7	-	1,270,180.25	4.75%	2.00%	6.75%	-
Purolator	402493106	30-May-08	35.67	1.78	37.45	-	-	1,270,217.71	4.75%	2.00%	6.75%	236.41
Ayerswood Development Corporation	10149	31-May-08	300.00	15.00	315.00	1	-	1,270,532.71	4.75%	2.00%	6.75%	236.51
Ayerswood Development Corporation	10158	1-Jun-08	1,050.57	52.53	1,103.10	1	-	1,271,635.81	4.75%	2.00%	6.75%	1,183.80
Robert B. Somerville Co. Limited	08 008 03	6-Jun-08	971,370.45	48,568.52	1,019,938.97	5	-	2,291,574.78	4.75%	2.00%	6.75%	4,255.98
MIG Engineering Ltd.	25087	16-Jun-08	118,274.97	5,913.75	124,188.72	10	-	2,415,763.50	4.75%	2.00%	6.75%	1,797.41
Ogilvy Renault LLP	816373	20-Jun-08	718.75	35.94	754.69	4	-	2,416,518.18	4.75%	2.00%	6.75%	2,249.12
AUE - Aecon Utility Engineering	685	25-Jun-08	12,511.00	625.55	13,136.55	5	-	2,429,654.73	4.75%	2.00%	6.75%	2,263.34
Ayerswood Development Corporation	10164	30-Jun-08	350.76	17.54	368.30	5	-	2,430,023.03	4.75%	2.00%	6.75%	-
Corrosion Services Company Limited	22885	30-Jun-08	1,768.77	81.89	1,850.66	-	-	2,431,873.69	4.75%	2.00%	6.75%	-
Harrison Pensa LLP	86596	30-Jun-08	227.27	11.36	238.63	-	-	2,432,112.33	4.75%	2.00%	6.75%	-
KTI Limited	60541	30-Jun-08	800.00	104.00	904.00	-	-	2,433,016.33	4.75%	2.00%	6.75%	907.42
Neal, Pallett & Townsend	27423	2-Jul-08	900.00	45.00	945.00	2	-	2,433,961.33	4.75%	2.00%	6.75%	908.10
Purolator	402725966	4-Jul-08	111.63	5.58	117.21	2	-	2,434,078.54	4.75%	2.00%	6.75%	-
Robert B. Somerville Co. Limited	08 008 04	4-Jul-08	1,044,546.56	52,227.33	1,096,773.89	-	-	3,530,852.42	4.75%	2.00%	6.75%	2,628.28
C.R. Wall & Co. Inc.	SI-56816	8-Jul-08	621.00	28.75	649.75	4	-	3,531,502.17	4.75%	2.00%	6.75%	-
Fastenal	ONSTT18433	8-Jul-08	70.47	3.26	73.73	-	-	3,531,575.90	4.75%	2.00%	6.75%	1,315.38
Fastenal	ONSTT18497	10-Jul-08	70.46	3.52	73.98	2	-	3,531,649.89	4.75%	2.00%	6.75%	-
MIG Engineering Ltd.	25134	10-Jul-08	67,909.94	3,395.50	71,305.44	-	-	3,602,955.32	4.75%	2.00%	6.75%	3,355.66
Wellmaster	76262	15-Jul-08	11.48	0.57	12.05	5	-	3,602,967.38	4.75%	2.00%	6.75%	2,015.27
Ogilvy Renault LLP	823377	18-Jul-08	7,977.50	398.88	8,376.38	3	-	3,611,343.75	4.75%	2.00%	6.75%	-
Purolator	402818259	18-Jul-08	83.21	4.16	87.37	-	-	3,611,431.12	4.75%	2.00%	6.75%	2,694.77
AUE - Aecon Utility Engineering	706	22-Jul-08	1,485.96	74.30	1,560.26	4	-	3,612,991.38	4.75%	2.00%	6.75%	1,348.96
Neal, Pallett & Townsend	10167	24-Jul-08	6,767.29	406.04	7,173.33	2	-	3,620,164.71	4.75%	2.00%	6.75%	676.06
Purolator	402867492	25-Jul-08	66.08	3.30	69.38	1	-	3,620,234.09	4.75%	2.00%	6.75%	2,028.58
C.R. Wall & Co. Inc.	SI-57065	28-Jul-08	3,157.38	146.18	3,303.56	3	-	3,623,537.65	4.75%	2.00%	6.75%	1,354.36
C.R. Wall & Co. Inc.	SI-57112	30-Jul-08	4,390.47	203.26	4,593.73	2	-	3,628,131.38	4.75%	2.00%	6.75%	678.28
Helix Courier Limited	69517	31-Jul-08	64.80	3.24	68.04	1	-	3,628,199.42	4.75%	2.00%	6.75%	-
MIG Engineering Ltd.	25193	31-Jul-08	2,088.22	104.41	2,192.63	-	-	3,630,392.05	4.75%	2.00%	6.75%	5,430.59
MIG Engineering Ltd.	25196	8-Aug-08	3,760.10	188.01	3,948.11	8	-	3,634,340.16	4.75%	2.00%	6.75%	-
Robert B. Somerville Co. Limited	08 008 05	8-Aug-08	310,681.68	15,534.08	326,215.76	-	-	3,960,555.92	4.75%	2.00%	6.75%	3,704.43
Ogilvy Renault LLP	830606	13-Aug-08	143.75	7.19	150.94	5	-	3,960,706.86	4.75%	2.00%	6.75%	3,707.99
Corrosion Services Company Limited	23276	18-Aug-08	1,945.00	97.25	2,042.25	5	-	3,962,749.11	4.75%	2.00%	6.75%	1,485.32
AUE - Aecon Utility Engineering	735	20-Aug-08	195.91	9.80	205.71	2	-	3,962,954.82	4.75%	2.00%	6.75%	1,485.95
Purolator	4505192	22-Aug-08	118.52	5.93	124.45	2	-	3,963,079.26	4.75%	2.00%	6.75%	5,946.18
Aiken & Associates	826-2008	30-Aug-08	100.70	5.04	105.74	8	-	3,963,185.00	4.75%	2.00%	6.75%	-
Aiken & Associates	828-2008	30-Aug-08	293.75	14.69	308.44	-	-	3,963,493.44	4.75%	2.00%	6.75%	744.45
Black & McDonald Limited	43-W66147	31-Aug-08	823.18	41.16	864.34	1	-	3,964,357.77	4.75%	2.00%	6.75%	2,978.99
Bell	116574	4-Sep-08	2,575.69	128.78	2,704.47	4	-	3,967,062.25	4.75%	2.00%	6.75%	745.80
KTI Limited	61488	5-Sep-08	134.00	17.42	151.42	1	-	3,967,213.67	4.75%	2.00%	6.75%	2,237.89
Ayerswood Development Corporation	10185	8-Sep-08	113.00	5.65	118.65	3	-	3,967,332.32	4.75%	2.00%	6.75%	746.40
MIG Engineering Ltd.	25274	9-Sep-08	7,610.86	380.54	7,991.40	1	-	3,975,323.72	4.75%	2.00%	6.75%	6,732.14
Union Gas Limited - Commission	140195	18-Sep-08	3,979.56	-	3,979.56	9	-	3,979,303.28	4.75%	2.00%	6.75%	5,999.97
Societe Generale	26-Sep-08	26-Sep-08	6,517.72	-	6,517.72	8	-	3,985,821.00	4.75%	2.00%	6.75%	3,009.24
Ayerswood Development Corporation	10197	30-Sep-08	55.50	2.78	58.28	4	-	3,985,879.28	4.75%	2.00%	6.75%	15,057.56
Harrison Pensa LLP - BNS	89782	20-Oct-08	29,295.25	1,460.26	30,755.51	20	-	4,016,634.79	4.25%	2.00%	6.25%	1,409.91
Lenczner Slight Royce	78010	22-Oct-08	20,098.87	1,004.94	21,103.81	2	-	4,037,738.60	4.00%	2.00%	6.00%	3,402.28
Robert B. Somerville Co. Limited (final invoice)	08 008 06	27-Oct-08	68,824.91	3,441.25	72,266.16	5	-	4,110,004.76	4.00%	2.00%	6.00%	-
\$ 105,109.40												

Robert B. Somerville Co. Limited	08-008-01	14-Apr-08	163,593.97	8,179.70	
Robert B. Somerville Co. Limited	08 008 02	10-May-08	616,624.17	30,831.21	
Robert B. Somerville Co. Limited	08 008 03	6-Jun-08	971,370.45	48,568.52	
Robert B. Somerville Co. Limited	08 008 04	4-Jul-08	1,044,546.56	52,227.33	
Robert B. Somerville Co. Limited	08 008 05	8-Aug-08	310,681.68	15,534.08	
Robert B. Somerville Co. Limited	08 008 06	27-Oct-08	68,824.91	3,441.25	
Robert B. Somerville Co. Limited Total			3,175,641.74		

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EB-2012-0406
EB-2013-0081
IGPC Argument-in-Chief
Attachment 3A

DESCRIPTION: IGPC Ethanol Plant

Costs	\$ 8,399,881
NPV of Costs	\$7,845,956
NPV of Revenue plus Tax Shield	\$4,586,759
Aid to Construction	\$3,259,197
Benefit/Cost Ratio	0.585

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
Pipeline Costs								
6"	\$ 7,552,127	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	7,552,127
4"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
1.25"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1/2"	-	-	-	-	-	-	-	-
Total Pipeline Costs	7,552,127	-	-	-	-	-	-	7,552,127
Service Costs	-	-	-	-	-	-	-	-
Meters & Regulators	847,754	-	-	-	-	-	-	847,754
less Class 49 Pipelines	-	-	-	-	-	-	-	-
Class 1 Equipment	8,399,881	-	-	-	-	-	-	8,399,881
Class 49 Equipment	-	-	-	-	-	-	-	-
Project Costs	\$ 8,399,881	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,399,881

Tax Shield	Class 1	Class 49
PV of tax shield =	\$ 1,061,120	\$ -

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)

	Annual						
	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	-	-	-	-	-	-
Total	1	-	-	-	-	-	-

	Annual						
	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	-	-	-	-	-	-

	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	23,940	23,940	23,940	23,940	23,940	23,940	23,940
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	1,026,241	1,026,241	1,026,241	1,026,241	1,026,241	1,026,241	1,026,241
Less: Income Tax	370,678	370,678	370,678	370,678	370,678	370,678	370,678
Net Revenue	\$ 655,563	\$ 655,563	\$ 655,563	\$ 655,563	\$ 655,563	\$ 655,563	\$ 655,563

	Cost Per Meter				
	Year 1	Year 2	Year 3	Year 4	Year 5
6"	\$ 264.69	\$ -	\$ -	\$ -	\$ -
4"	-	-	-	-	-
3"	-	-	-	-	-
2"	-	-	-	-	-
1.25"	-	-	-	-	-
1"	-	-	-	-	-
1/2"	-	-	-	-	-

	Pipeline (Meters)				
	Year 1	Year 2	Year 3	Year 4	Year 5
6"	28,532	-	-	-	-
4"	-	-	-	-	-
3"	-	-	-	-	-
2"	-	-	-	-	-
1.25"	-	-	-	-	-
1"	-	-	-	-	-
1/2"	-	-	-	-	-

	Cumulative						
	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	1	1	1	1	1	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	1	1	1	1	1	1

	Cumulative						
	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

DESCRIPTION: IGPC Ethanol Plant
Planned for fiscal: 2008
Date of last test:
Nature of Project (MA, MR): Facility Expansion

<u>MATERIALS</u>	<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
6" P.E. Pipe	28,532.00 m @	\$ 264.69	= 7,552,126.24
4" P.E. Pipe	- m @	\$ 1.00	= 0.00
3" P.E. Pipe	- m @		= 0.00
2" P.E. Pipe	- m @		= 0.00
1.25" P.E. Pipe	- m @		= 0.00
1" P.E. Pipe	- m @		= 0.00
1/2" P.E. Pipe	- m @		= 0.00
Other			
Tracer Wire	28,532.00 m @	\$ -	= 0.00
			\$ <u>7,552,126.24</u>
TOTAL			7,552,126.24
Contingency	0.00%		0.00
TOTAL JOB			<u>7,552,126.24</u>
COST PER METER			<u>264.69</u>
			<u>0.58</u>

Customer Additions

<u>Rate Class</u>	<u>Total Potential</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>TOTAL</u>
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - RATE 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1	1	-	-	-	-	1
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>

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

RATE 3

CUSTOMER CHARGE	\$ 150.00
FIRM CD PER M*3	\$ 0.255904
FIRM COMMODITY	\$ 0.037310
INT COMMODITY	\$ 0.060992

PROPERTY TAX ASSESSMENT RATES

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

FEDERAL CAPITAL TAX RATE	0
PROV. CAPITAL TAX RATE	0.00285

		Allocation	Cost of Debt/Capital
DISCOUNT RATE	7.06%	LT DEBT	66.21%
CLASS 1 CCA RATE	4.00%	DEMAND L	0.00%
CLASS 49 CCA RATE	8.00%	ST DEBT	-8.21%
MARGINAL TAX RATE	36.12%	EQUITY	42.00%
			9.20%
			100.00%
			7.06%

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
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IND - RATE 3	847,754	-	\$ -	\$ 50,000
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Filed: 2013-11-07
EB-2012-0406
EB-2013-0081
IGPC Argument-in-Chief
Attachment 3B

DESCRIPTION: IGPC Ethanol Plant

Costs \$ 7,451,417

NPV of Costs \$6,960,038

NPV of Revenue plus Tax Shield \$4,476,230

Aid to Construction \$2,483,808

Benefit/Cost Ratio 0.643

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
Pipeline Costs								
6"	\$ 6,603,663	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,603,663
4"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
1.25"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1/2"	-	-	-	-	-	-	-	-
Total Pipeline Costs	6,603,663	-	-	-	-	-	-	6,603,663
Service Costs	-	-	-	-	-	-	-	-
Meters & Regulators	847,754	-	-	-	-	-	-	847,754
less Class 49 Pipelines	-	-	-	-	-	-	-	-
Class 1 Equipment	7,451,417	-	-	-	-	-	-	7,451,417
Class 49 Equipment	-	-	-	-	-	-	-	-
Project Costs	\$ 7,451,417	\$ -	\$ 7,451,417					

Cost Per Meter					
Year 1	Year 2	Year 3	Year 4	Year 5	
\$ 231.45	\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	\$ -	

Pipeline (Meters)				
Year 1	Year 2	Year 3	Year 4	Year 5
28,532	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

Tax Shield
 PV of tax shield = \$ 941,305 (Class 1) \$ - (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						
	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	-	-	-	-	-	-
Total	1	-	-	-	-	-	-

Cumulative						
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1	1	1	1	1	1	1
108,188	108,188	108,188	108,188	108,188	108,188	108,188
1	1	1	1	1	1	1

Sales Volumes (m³)	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	-	-	-	-	-	-
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
Total	33,416,618	-	-	-	-	-	-

Cumulative						
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618
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	1,246,774	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						
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	21,237	21,237	21,237	21,237	21,237	21,237	21,237
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	1,028,944						
Less: Income Tax	371,655	371,655	371,655	371,655	371,655	371,655	371,655
Net Revenue	\$ 657,289						

657,289 # 657,289 657,289 657,289 657,289 657,289 657,289

DESCRIPTION: IGPC Ethanol Plant
Planned for fiscal: 2008
Date of last test:
Nature of Project (MA, MR): Facility Expansion

<u>MATERIALS</u>	<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
6" P.E. Pipe	28,532.00 m @	\$ 231.45 =	6,603,663.64
4" P.E. Pipe	- m @	=	0.00
3" P.E. Pipe	- m @	=	0.00
2" P.E. Pipe	- m @	=	0.00
1.25" P.E. Pipe	- m @	=	0.00
1" P.E. Pipe	- m @	=	0.00
1/2" P.E. Pipe	- m @	=	0.00
Other			
Tracer Wire	28,532.00 m @	\$ - =	0.00
		\$	<u>6,603,663.64</u>
TOTAL			6,603,663.64
Contingency	0.00%		0.00
TOTAL JOB			<u>6,603,663.64</u>
COST PER METER			<u>231.45</u>
			<u>0.64</u>

Customer Additions

Rate Class	<u>Total Potential</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>TOTAL</u>
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - RATE 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1	1	-	-	-	-	1
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>

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

RATE 3

CUSTOMER CHARGE	\$ 150.00
FIRM CD PER M*3	\$ 0.255904
FIRM COMMODITY	\$ 0.037310
INT COMMODITY	\$ 0.060992

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	

FEDERAL CAPITAL TAX RATE	0
PROV. CAPITAL TAX RATE	0.00285

		Allocation	Cost of Debt/Capital
DISCOUNT RATE	7.06% LT DEBT	66.21%	8.31%
CLASS 1 CCA RATE	4.00% DEMAND L	0.00%	0.00%
CLASS 49 CCA RATE	8.00% ST DEBT	-8.21%	6.00%
CLASS 51 CCA RATE	6.00% EQUITY	42.00%	9.20%
MARGINAL TAX RATE	36.12%	100.00%	7.06%

Discount rate for Capital Assumptions
 Pipeline was Complete as of July 15, 2008
 # days of service 77
 # days in 2008 366
 Equivalent Discount factor 1.01446

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
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Filed: 2013-11-07
EB-2012-0406
EB-2013-0081
IGPC Argument-in-Chief
Attachment 4A

DESCRIPTION: IGPC Ethanol Plant
Planned for fiscal: 2008
Date of last test:
Nature of Project (MA, MR): Facility Expansion

<u>MATERIALS</u>	<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
6" P.E. Pipe	28,532.00 m @	\$ 264.69	= 7,552,126.24
4" P.E. Pipe	- m @		= 0.00
3" P.E. Pipe	- m @		= 0.00
2" P.E. Pipe	- m @		= 0.00
1.25" P.E. Pipe	- m @		= 0.00
1" P.E. Pipe	- m @		= 0.00
1/2" P.E. Pipe	- m @		= 0.00
Other			
Tracer Wire	28,532.00 m @	\$ -	= 0.00
			\$ <u>7,552,126.24</u>

TOTAL		7,552,126.24
Contingency	0.00%	0.00
TOTAL JOB		<u>7,552,126.24</u>
COST PER METER		<u>264.69</u>
		<u>0.59</u>

Customer Additions

Rate Class	<u>Total Potential</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>TOTAL</u>
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - RATE 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1	1	-	-	-	-	1
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>

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

RATE 3

CUSTOMER CHARGE	\$ 150.00
FIRM CD PER M*3	\$ 0.255904
FIRM COMMODITY	\$ 0.037310
INT COMMODITY	\$ 0.060992

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	

FEDERAL CAPITAL TAX RATE	0
PROV. CAPITAL TAX RATE	0.00285

DISCOUNT RATE	7.06%	LT DEBT
CLASS 1 CCA RATE	4.00%	DEMAND L
CLASS 49 CCA RATE	8.00%	ST DEBT
CLASS 51 CCA RATE	6.00%	EQUITY
MARGINAL TAX RATE	36.12%	

Allocation	Cost of Debt/Capital
66.21%	8.31%
0.00%	0.00%
-8.21%	6.00%
42.00%	9.20%
100.00%	7.06%

Discount rate for Capital Assumptions
 Pipeline was Complete as of July 15, 2008
 # days of service 77
 # days in 2008 366
 Equivalent Discount factor 1.01446

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
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NRG
 IGPC CiAC computation
 Timeline of Cash Flows

Discount Factor
 7.06%

Cost Data

	15-Jul-08	01-Oct-08	01-Apr-09	01-Apr-10	01-Apr-11	01-Apr-12	01-Apr-13	01-Apr-14	April 1 201:	30-Sep-14
Capital	\$ 8,399,881									
Factor		1.0144556								
PV Capital		8521306								

Revenues less Operating Costs

Net Revenues			655,563	655,563	655,563	655,563	655,563	655,563	655,563	655,563
Factor			0.9664656	0.9027326	0.8432025	0.7875981	0.7356605	0.6871478	0.6418343	
PV Net Revenues			633578.7	591797.77	552772.07	516319.88	482271.51	450468.44	420762.6	
Cumulatives PV Net Revenues		3647971								

Check \$3,525,638.30
 3647970.977

Filed: 2013-11-07
EB-2012-0406
EB-2013-0081
IGPC Argument-in-Chief
Attachment 4B

DESCRIPTION: IGPC Ethanol Plant

Costs \$ 7,451,417
 NPV of Costs \$7,451,417
 NPV of Revenue plus Tax Shield \$4,853,311

Aid to Construction \$2,598,106

Benefit/Cost Ratio 0.651

Pipeline Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
6"	\$ 6,603,663	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,603,663
4"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
1.25"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1/2"	-	-	-	-	-	-	-	-
Total Pipeline Costs	6,603,663	-	-	-	-	-	-	6,603,663
Service Costs	-	-	-	-	-	-	-	-
Meters & Regulators	847,754	-	-	-	-	-	-	847,754
less Class 49 Pipelines	-	-	-	-	-	-	-	-
Class 1 Equipment	7,451,417	-	-	-	-	-	-	7,451,417
Class 49 Equipment	-	-	-	-	-	-	-	-
Project Costs	\$ 7,451,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,451,417

	Cost Per Meter					Pipeline (Meters)				
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
6"	\$ 231.45	\$ -	\$ -	\$ -	\$ -	28,532	-	-	-	-
4"	-	-	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-	-	-
1.25"	-	-	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-	-	-
1/2"	-	-	-	-	-	-	-	-	-	-
Total Pipeline Costs	-	-	-	-	-	-	-	-	-	-
Service Costs	-	-	-	-	-	-	-	-	-	-
Meters & Regulators	-	-	-	-	-	-	-	-	-	-
less Class 49 Pipelines	-	-	-	-	-	-	-	-	-	-
Class 1 Equipment	1	-	-	-	-	-	-	-	-	-

Tax Shield
 PV of tax shield = Class 51 \$ 1,195,731

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	-	-	-	-	-	-
Total	1	-	-	-	-	-	-

Cumulative						
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1	1	1	1	1	1	1
108,188	108,188	108,188	108,188	108,188	108,188	108,188
1	1	1	1	1	1	1

Sales Volumes (m³)	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	-	-	-	-	-	-

Cumulative						
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618
33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	33,416,618	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	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
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	21,237	21,237	21,237	21,237	21,237	21,237	21,237
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	1,028,944	1,028,944	1,028,944	1,028,944	1,028,944	1,028,944	1,028,944
Less: Income Tax	371,655	371,655	371,655	371,655	371,655	371,655	371,655
Net Revenue	\$ 657,289	\$ 657,289	\$ 657,289	\$ 657,289	\$ 657,289	\$ 657,289	\$ 657,289
Net Revenue mid-period	328,645	328,645	328,645	328,645	328,645	328,645	328,645
Interest Expense	244,601	239,204	233,546	227,613	221,392	214,870	208,030
Depreciation	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Total	\$ 282,688	\$ 288,085	\$ 293,743	\$ 299,676	\$ 305,897	\$ 312,419	\$ 319,259

Principal Repayment	Interest
\$ 111,152	\$ 244,601
116,549	239,204
122,207	233,546
128,140	227,613
134,361	221,392
140,883	214,870
147,723	208,030

DESCRIPTION: IGPC Ethanol Plant
 Planned for fiscal: 2008
 Date of last test:
 Nature of Project (MA, MR): Facility Expansion

<u>MATERIALS</u>	<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
6" P.E. Pipe	28,532.00 m @	\$ 231.45	= 6,603,663.67
4" P.E. Pipe	- m @		= 0.00
3" P.E. Pipe	- m @		= 0.00
2" P.E. Pipe	- m @		= 0.00
1.25" P.E. Pipe	- m @		= 0.00
1" P.E. Pipe	- m @		= 0.00
1/2" P.E. Pipe	- m @		= 0.00
Other			
Tracer Wire	28,532.00 m @	\$ -	= 0.00
			\$ <u>6,603,663.67</u>
TOTAL			6,603,663.67
Contingency	0.00%		<u>0.00</u>
TOTAL JOB			<u>6,603,663.67</u>
COST PER METER			<u>231.45</u>
			<u>0.65</u>

Customer Additions

Rate Class	<u>Total Potential</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>TOTAL</u>
Residential	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-
Industrial- Rate 1	-	-	-	-	-	-	-
IND - RATE 4	-	-	-	-	-	-	-
Seasonal	-	-	-	-	-	-	-
Industrial - Rate 3 - Firm	1	1	-	-	-	-	1
Industrial - Rate 3 - Interruptible	-	-	-	-	-	-	-
	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>

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

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	\$ 150.00
FIRM CD PER M*3	\$ 0.255904
FIRM COMMODITY	\$ 0.037310
INT COMMODITY	\$ 0.060992

FEDERAL CAPITAL TAX RATE	0
PROV. CAPITAL TAX RATE	0.00285

		Allocation	Cost of Debt/Capital				
DISCOUNT RATE	7.06% LT DEBT	66.21%	8.31%	Discount rate for Capital Assumptions Pipeline was Complete as of July 15, 2008 # days of service 77 # days in 2008 366 Equivalent Discount factor 1.01446			
CLASS 1 CCA RATE	4.00% DEMAND L	0.00%	0.00%				
CLASS 49 CCA RATE	8.00% ST DEBT	-8.21%	6.00%				
CLASS 51 CCA RATE	6.00% EQUITY	42.00%	9.20%				
MARGINAL TAX RATE	36.12%	100.00%	7.06%				
COST OF GAS (UNION M9 DELIVERY CHARGE)	Residential \$ 0.005450	Commercial \$ 0.005450	Industrial (R1 and R4) \$ 0.005450	Seasonal \$ 0.005450	Contract \$ 0.005450	Demand \$ 0.184938	
	METERS/ REGS COST EACH	SERVICES COST EACH	USE PER CUSTOMER (M*3)	SELLING PRICE PER M*3	O & M EXPENSE PER CUST		

IND - RATE 3

847,754	-	\$ -	\$ 50,000
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NRG
 IGPC CiAC computation
 Timeline of Cash Flows

Discount Factor
 7.06%

Cost Data

	15-Jul-08	01-Oct-08	01-Apr-09	01-Apr-10	01-Apr-11	01-Apr-12	01-Apr-13	01-Apr-14	April 1 201.	30-Sep-14
Capital	\$ 7,451,417									
Factor		1.0144556								
PV Capital		7559131.8								

Revenues less Operating Costs

Net Revenues			657,289	657,289	657,289	657,289	657,289	657,289	657,289	657,289
Factor			0.9664656	0.9027326	0.8432025	0.7875981	0.7356605	0.6871478	0.6418343	
PV Net Revenues			635247.54	593356.57	554228.07	517679.87	483541.82	451654.98	421870.89	
Cumulatives PV Net Revenues		3657579.7								

Check \$3,534,924.84
 3657579.743