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July 4, 2014

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Our Matter Number: 1144223

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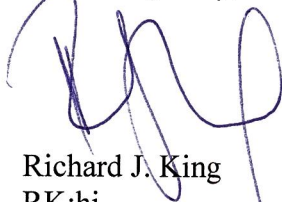
Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor, P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Walli:

Natural Resource Gas Limited
OEB File No. EB-2012-0406/EB-2013-0081
Response to Comments on Draft Rate Order

NRG has reviewed the comments of Board staff and IGPC (both filed July 2, 2014) on the draft Rate Order submitted by NRG to the Board on June 26, 2014. NRG has no issue with making the rate rider effective September 1, 2014 for a period of 25 months. A revised draft Rate Order is attached for the Board's consideration.

Yours very truly,



Richard J. King
RK:hi

Enclosure

c: All Parties to EB-2012-0406/EB-2013-0081

IN THE MATTER OF the *Ontario Energy Board Act, 1988*,
S.O. 1988, c. 15 (Schedule B) (the “Act”)

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, 1988*, 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*.

BEFORE:

Marika Hare
Presiding Member

Christine Long
Board Member

Ellen Fry
Board Member

DRAFT DECISION AND RATE ORDER
(for rates effective September 1, 2014)

Integrated Grain Processors Co-operative Inc. (“IGPC”) filed an application with the Board on October 11, 2012 seeking an order pursuant to subsection 42(3) of the Act requiring NRG to provide gas distribution services and gas sales to meet IGPC’s facility expansion and upgrading plans. That application also sought various other forms of relief. In response to this application, the Board initiated a proceeding (EB-2012-0406) to address IGPC’s request under subsection 42(3) of the Act.

The Board also issued a letter dated February 13, 2013 indicating that some of the other issues raised by IGPC, in particular IGPC’s capital contribution costs in respect of the pipeline constructed by NRG to serve IGPC, would be addressed in a separate proceeding. The Board

subsequently assigned file number EB-2013-0081 to the proceeding to deal with the capital costs of the pipeline.

The Board issued a Notice of Application on April 2, 2013 stating that it would combine the subsection 42(3) proceeding (EB-2012-0406) and the proceeding to review IGPC's capital contribution costs in respect of the pipeline (EB-2013-0081).

The Board issued its Decision and Order on February 27, 2014 with respect to the combined proceeding. As part of that Decision, the Board ordered NRG to file and serve on IGPC a table reflecting the Board's findings concerning all amounts to be paid by NRG to IGPC, including interest, together with all supporting calculations. IGPC and Board staff were permitted to file comments on the accuracy of these figures and calculations, and NRG was afforded the opportunity to respond to the comments.

The Board issued its Decision and Order on June 16, 2014. In its Decision, the Board directed NRG to file a Draft Rate Order reflecting the Board's findings in the Decision. The Board also directed NRG to:

- include detailed calculations of the amounts finalized in the Decision and the resulting rate rider applicable to Rate 6 ending September 30, 2016; and
- include the \$150,000 awarded to IGPC for maintaining an unadjusted letter of credit in the rate rider, while the Board deals with the appropriate quantum of such amount by way of a motion to review and vary.

THE BOARD THEREFORE ORDERS THAT:

1. The rate rider set out in Appendix "A" and the rate schedule for Rate 6 attached as Appendix "C" are approved effective September 1, 2014. NRG shall implement the Rate 6 Schedule on the first billing cycle on or after September 1, 2014.

2. NRG shall pay the Board's costs of this proceeding immediately upon receipt of the Board's invoice.

DATED at Toronto this _____ day of _____, 2014.

ONTARIO ENERGY BOARD

Kirsten Walli
Board Secretary

Index of Appendices

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Appendix A

Amount Owing to IGPC per OEB Decision:

Legal Costs

- 2007 Motion	\$	68,725	Decision and Order June 16, 2014 Page 5
- 2008 Motion		91,554	Decision and Order June 16, 2014 Page 5
- Contingency		132,000	Decision and Order February 27, 2014 Page 15

NRG Staff Costs 385,045 Decision and Order February 27, 2014 Page 18

Interest 28,411 Decision and Order June 16, 2014 Page 5

Insurance 62,000 Decision and Order February 27, 2014 Page 22

767,735

Interest 126,928 Decision and Order February 27, 2014 Page 26

Letter of Credit carrying cost 150,000 Decision and Order June 16, 2014 Page 6

\$ 1,044,663

Calculation of Rate Rider

Amount owing \$ 1,044,663

Payable over 25 months 25

\$ 41,786.54

Appendix B

Calculation of Interest

Date	Days	Total	Interest Rate	Interest	Cumulative Interest
1-Jan-10		767,735.00	3.25%		
1-Jul-10	181	780,108.15	3.50%	12,373.15	12,373.15
1-Aug-10	31	782,427.11	3.75%	2,318.95	14,692.11
1-Oct-10	61	787,330.67	4.00%	4,903.57	19,595.67
1-Jan-11	92	795,268.69	4.00%	7,938.02	27,533.69
1-Jan-12	366	827,166.59	4.00%	31,897.90	59,431.59
1-Jan-13	365	860,253.26	4.00%	33,086.66	92,518.26
31-Dec-13	365	894,663.39	4.00%	34,410.13	126,928.39

Appendix C

Draft Rate Order

NATURAL RESOURCE GAS LIMITED

RATE 6 – Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility

Rate Availability

Rate 6 is available to the Integrated Grain Processors Co-Operative, Aylmer Ethanol Production Facility only.

Eligibility

Integrated Grain Processors Co-Operative's ("IGPC") ethanol production facility located in the Town of Aylmer

Rate

1. Bills will be rendered monthly and shall be the total of:

a) Monthly Customer Charge of \$150.00 for firm services

Rate Rider for reduction in Aid to Construct - effective until September 30, 2016 \$(41,786.54)

b) A Monthly Demand Charge:

A Monthly Demand Charge of 18.3951 cents per m³ for each m³ of daily contracted firm demand.

c) A Monthly Delivery Charge:

(i) A Monthly Firm Delivery Charge for all firm volumes of 3.7976 cents per m³,

(ii) A Monthly Interruptible Delivery Charge for all interruptible volumes to be negotiated between the company and IGPC not to exceed 10.9612 cents per m³ and not to be less than 7.9412 per m³.

d) Gas Supply Charge and System Gas Refund Rate Rider (if applicable) Schedule A

e) Overrun Gas Charges:

Overrun gas is available without penalty provided that it is authorized by the company in advance. The company will not unreasonably withhold authorization.

If, on any day, IGPC should take, without the company's approval in advance, a volume of gas in excess of the maximum quantity of gas which the company is obligated to deliver to IGPC on such day, or if, on any day, IGPC fails to comply with any curtailment notice reducing IGPC's take of gas, then,

(i) the volume of gas taken in excess of the company's maximum delivery obligation for such day, or

(ii) the volume of gas taken in the period on such day covered by such curtailment notice (as determined by the company in accordance with its usual practice) in excess of the volume of gas authorized to be taken in such period by such curtailment notice,

as the case may be, shall constitute unauthorized overrun volume.

Any unauthorized firm overrun gas taken in any month shall be paid for at the Rate 6 Firm Delivery Charge in effect at the time the overrun occurs. In addition, the Contract Demand level shall be adjusted to the actual maximum daily volume taken and the Demand Charges stated above shall apply for the whole contract year,

including retroactively, if necessary, thereby requiring recomputation of bills rendered previously in the contract year.

Any unauthorized interruptible overrun gas taken in any month shall be paid for at the Rate 1 Delivery Charge in effect at the time the overrun occurs plus any Gas Supply Charge applicable.

For any unauthorized overrun gas taken, IGPC shall, in addition, indemnify the company in respect of any penalties or additional costs imposed on the company by the company's suppliers, any additional gas cost incurred or any sales margins lost as a consequence of the customer taking the unauthorized overrun volume.

2. In negotiating the Monthly Interruptible Commodity Charge referred to in 1(c)(ii) above, the matters to be considered include:

- a) The volume of gas for which IGPC is willing to contract;
- b) The load factor of IGPC's anticipated gas consumption, the pattern of annual use, and the minimum annual quantity of gas which IGPC is willing to contract to take or in any event pay for;
- c) Interruptible or curtailment provisions;
- d) Competition.

3. In each contract year, IGPC shall take delivery from the company, or in any event pay for it if available and not accepted by the IGPC, a minimum volume of gas as specified in the contract between the parties. Overrun volumes will not contribute to the minimum volume. The rate applicable to the shortfall from this minimum shall be 3.1530 cents per m³ for firm gas and 5.4412 cents per m³ for interruptible gas.

4. The contract may provide that the Monthly Demand Charge specified in Rate Section 1 above shall not apply on all or part of the daily contracted firm demand used by the IGPC during the testing, commissioning, phasing in, decommissioning and phasing out of gas-using equipment for a period not to exceed one year (the transition period). In such event, the contract will provide for a Monthly Firm Delivery Commodity Charge to be applied on such volume during the transition of 5.7163 cents per m³ and a gas supply commodity charge as set out in Schedule A, if applicable. Gas purchased under this clause will not contribute to the minimum volume.

Bundled Direct Purchase Delivery

Where IGPC elects under this rate schedule to directly purchase its gas from a supplier other than NRG, IGPC or its agent, must enter into a Bundled T-Service Receipt Contract with NRG for delivery of gas to NRG. Bundled T-Service Receipt Contract rates are described in rate schedule BT1. The gas supply charge will not be applicable to IGPC if it elects said Bundled T transportation service.

Unless otherwise authorized by NRG, IGPC, when delivering gas to NRG under direct purchase arrangements, must obligate to deliver said gas at a point acceptable to NRG, and must acquire and maintain firm transportation on all pipeline systems upstream of Ontario.

Delayed Payment Penalty

When payment is not made in full by the due date noted on the bill, which date shall not be less than 16 calendar days after the date of mailing, hand delivery or electronic transmission of the bill, the balance owing will be increased by 1.5%. Any balance remaining unpaid in subsequent months will be increased by a further 1.5% per month. The minimum delayed payment penalty shall be one dollar (\$1.00).

Effective: September 01, 2014

Implementation: All bills rendered on or after September 01, 2014

EB-2013-0081