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SENT BY E-FILING AND COURIER

December 19, 2008

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Walli:

**RE: Natural Resource Gas Limited ("NRG")
Application for Renewal of Franchise (Aylmer)
Board No. EB-2008-0413**

We are counsel to NRG. Please find enclosed five copies of an application by NRG to renew its franchise agreement with the Town of Aylmer, which expires on February 27, 2009. NRG's pre-filed evidence will be filed on Monday or Tuesday of next week (i.e., December 22 or 23, 2008). This letter and application are being filed on the Board's RESS system.

Please do not hesitate to contact me if you require further information.

Yours very truly,

A handwritten signature in black ink, appearing to be "R. King", written over a horizontal line.

Richard King

RK/mnm

Encl.

cc. H. Adams (Town of Aylmer)
P. Tunley (Stockwoods LLP)
M. Bristoll (NRG)

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ONTARIO ENERGY BOARD

IN THE MATTER OF the Municipal Franchises Act,
R.S.O. 1980, Chapter 309, as amended;

AND IN THE MATTER OF the renewal of a franchise
agreement between Natural Resource Gas Limited and the
Corporation of the Town of Aylmer.

APPLICATION

1. The Applicant, Natural Resource Gas Limited ("NRG"), is an Ontario corporation, and carries on the business of, among other things, owning and operating natural gas distribution facilities in the Town of Aylmer (the "Town").
2. NRG and the Town have an existing franchise agreement dated February 27, 1984 (the "Existing Franchise Agreement"), which grants NRG the right to construct and operate works for the distribution of gas in the Town's municipal boundaries and to supply gas to the Town's residents. Pursuant to section 11 of the Existing Franchise Agreement, NRG's franchise rights in Aylmer expire on February 27, 2009.
3. NRG and the Town were unable to agree on the terms and conditions of the franchise renewal. NRG is seeking to renew the rights set out in section 1 of the Existing Franchise Agreement by way of a new 20-year franchise agreement (the "NRG Preferred Agreement") based on the Model Franchise Agreement established by the Ontario Energy Board (the "Board").
4. The Town is proposing a new franchise agreement (the "Aylmer Preferred Agreement") that is also based on the Board's Model Franchise Agreement but: (a) has a term of only three years; and (b) is subject to seven conditions set out in a proposed "Schedule A" to the Aylmer Preferred Agreement.

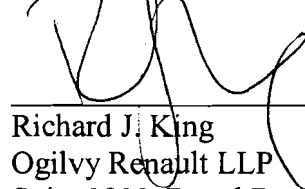
5. NRG is prepared to accept two of the seven additional conditions being proposed by the Town, and has incorporated these two conditions into the NRG Preferred Agreement included in NRG's Pre-Filed Evidence. These two conditions would require NRG to: (a) provide its audited financial statements to the Town no later than four months after the end of NRG's fiscal year end; and (b) by December 15 of each year, provide the Town with an up-to-date map of its system assets (including estimated age of those assets and any improvements or additions made during the year).
6. With respect to the other five conditions being sought by the Town, NRG believes that some are already in place (e.g., Board's existing GDAR provisions related to service requirements, NRG's existing Gas Service Rules and Regulations, etc.) and others will be met upon the completion of current Board proceedings (e.g., Board's proposed GDAR amendments to security deposit policies (EB-2008-0313)), with which NRG will comply.
7. NRG hereby applies to the Board for an Order or Orders made pursuant to Section 10 of the *Municipal Franchises Act* (Ontario) ("MFA"):
 - (a) renewing the term of the right to operate works for the distribution of gas for a period of 20 years, upon such terms and conditions as set out in the NRG Preferred Agreement, which is based upon the Model Franchise Agreement developed by the Board and modified to include two of the seven conditions being sought by the Town (section 10(2) MFA);
 - (b) if necessary, interim relief continuing the right to operate works for the distribution of gas in accordance with the Existing Franchise Agreement until an Order is made under section 10(2) of the *Municipal Franchises Act* in respect of this application (section 10(4) MFA); and
 - (c) such further and other relief as the Board may deem necessary or appropriate.

8. This Application affects the inhabitants of the Town of Aylmer, and natural gas distribution customers of NRG outside the Town of Aylmer, who are too numerous to list.

All of which is respectfully submitted this 19th day of December, 2008.

NATURAL RESOURCE GAS LIMITED

By its Counsel,



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