



McCarthy Tétrault LLP
Box 48, Suite 5300
Toronto Dominion Bank Tower
Toronto ON M5K 1E6
Canada
Tel: 416-362-1812
Fax: 416-868-0673

Kristyn Annis
Direct Line: 416.601.7624
Email: kannis@mccarthy.ca

June 7, 2011

Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto Ontario M4P 1E4

Attention: Board Secretary

Dear Ms. Walli:

Re: EB-2010-0318 – Update on negotiations with the County of Middlesex

At the close of the oral hearing in the above noted matter on May 24, 2011, the Board Panel directed Union Gas Limited (the "Applicant") to report back by June 7, 2011 regarding the status of negotiations with the County of Middlesex (the "County") to reach a mutually acceptable solution with respect to the placement (the "Running Line") of the Applicant's proposed hydrocarbon pipeline (the "Pipeline") along Wonderland Road. The Board Panel stated that, "if no progress is apparent or not likely to occur, the Board will establish a rather expedient argument process to move this case along."

The Applicant wishes to advise the Board Panel that, despite the best efforts and goodwill of all involved, the Applicant and the County have not been able to settle on the terms of a mutually agreeable solution with respect to location and timing of construction of the Pipeline. As the Board is aware, the Pipeline is required to reinforce the gas distribution system (the "London System") in northwest London. The underlying concern of the County is with respect to the timing of the Pipeline, which must be in service for the 2011-2012 heating season, and the timing of the County's possible widening of the right of way for Wonderland Road a few years from now. As the Board Panel stated, the issue "is primarily a concern of the sequencing of public infrastructure improvements and the timing to accommodate that."

Given the obligations of Union and the County under the 2000 Model Franchise Agreement ("MFA"), executed by the parties on May 25, 2009, any arrangements would have to be completed in time to meet the needs of gas consumers served by the Pipeline, which requires that construction commence in July 2011. Despite the efforts of both the Applicant and the County, the parties have not been able to resolve this issue.

The Applicant wishes to advise the Board Panel that it will continue to engage the County in discussions regarding the Running Line and design of the Pipeline. The Applicant remains committed to working with the County on this project. Furthermore, the Applicant witness panel testified that, in working cooperatively with the County, the Applicant can design the Pipeline to mitigate future relocation, if required at all, and manage associated costs, if any. Given the urgency of the situation, such discussions should not be a barrier to the Board's determination

of this application. If the Board Panel grants leave to construct, the Applicant and the County can continue to work together in accordance with the terms of the MFA.

For all of these reasons, the Applicant requests that the Board Panel establish an expedited argument process. The Applicant can file its submissions in chief at any time directed by the Board.

Yours very truly,

McCarthy Tétrault LLP

Per:

Signed in the original

Kristyn Annis

Enc.
c: Mark Murray