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December 20th, 2011

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

**RE: EB-2010-0039: Update on the sale of the St. Clair Line to Dawn Gateway
Limited Partnership (“DGLP”)**

Dear Ms. Walli;

I am writing this letter to inform the Board that the Union will not be proceeding with the sale of the St. Clair Line to the DGLP. DGLP has informed Union that the Dawn Gateway project has been cancelled.

In its November 27, 2009 EB-2008-0411 Decision, the Board granted Union leave to sell the St. Clair Transmission Line to DGLP. In its second EB-2008-0411 Decision dated March 2, 2010, the Board ordered Union to create two deferral accounts. Deferral Account 179-121 was established to record the ratepayers’ share of the deemed net gain on disposition of the St. Clair Line as compensation for harm as a result of the transaction. Deferral Account 179-122 was established to capture the effect of removing the St. Clair Line from rates beginning March 1, 2010.

In the Board’s May 25, 2011 EB-2010-0039 Decision the Board ordered that:

“Union is required to dispose of the balances in Accounts 179-121- and 179-122 upon closure of the transaction for sale of the St. Clair Line on or before December 31, 2011. In the event that the transaction is cancelled Union shall inform the Board and apply for approval to close accounts 179-121 and 179-122 in order to return the St. Clair Line to rate base”.

With the cancellation of the Dawn Gateway project, Union will not be disposing of the balances in accounts 179-121 and 179-122. Pursuant to the Board’s May 25, 2011 EB-2010-0039 Decision and Order, Union will submit an application to the Board seeking approval to close accounts 179-121 and 179-122 in order to return the St. Clair Line to rate base early in 2012.

If you have any questions, please contact me at 519-436-5275.

Yours truly,

[original signed by]

Mark Kitchen
Director, Regulatory Affairs

CC: EB-2008-0411 Intervenors
EB-2009-0039 Intervenors
EB-2011-0025 Intervenors
Crawford Smith, Torys