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June 15, 2012

**Delivered by Email**

Ms. Kirsten Walli, Board Secretary  
Ontario Energy Board  
2300 Yonge Street, Ste. 2701  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Toronto-Hydro Electric System Limited (“THESL”)  
Settlement Discussions in the CANDAS Proceeding (EB-2011-0120)**

We have read the letter from counsel to CANDAS filed late yesterday afternoon indicating that CANDAS has “reluctantly concluded that there is no reasonable prospect of reaching a bilateral settlement with THESL.”

We write to inform the Board that THESL is not as pessimistic about continuing to explore a comprehensive settlement as CANDAS indicates. THESL remains willing to continue to discuss settlement options with CANDAS pursuant to the Board’s *Settlement Conference Guidelines*.

In view of the current impasse, THESL believes it could be fruitful to re-involve the Board’s appointed settlement facilitator, Ms. Morrison. Ms. Morrison has authority to take certain steps that may be able to assist the parties in resolving the current impasse. Given the efforts that THESL and CANDAS have both expended on settlement over the past three months, THESL believes that one final attempt with the assistance of Ms. Morrison is reasonable in the circumstances.

THESL also believes that it would be appropriate at this stage to re-engage the other intervenors involved in the March 5, 2012 multi-party settlement conference. These parties are apprised of the issues and already fall within the zone of privilege afforded by the Board’s *Settlement Conference Guidelines*.

THESL submits that it is incumbent upon both CANDAS and THESL to continue to use their best efforts to negotiate a commercially reasonable settlement. It may be possible to schedule a settlement day without further disrupting the procedural schedule set out in Procedural Order No. 10, since the deadline for reporting to the Board on the progress of negotiations is June 22.

Finally, THESL notes that we have discussed the availability of THESL experts with counsel for CANDAS. THESL can confirm that, if it becomes necessary, its three independent expert witnesses are available for an expert prehearing conference in the period of July 10<sup>th</sup> - 12<sup>th</sup>.

Yours very truly,

**BORDEN LADNER GERVAIS LLP**

*Original signed by J. Mark Rodger*

J. Mark Rodger

copy to: CANDAS, all Parties, Board Staff