

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



George Vegh
Direct Line: (416) 601-7709
Direct Fax: (416) 868-0673
Email: gvegh@mccarthy.ca

September 27, 2013

VIA RESS, EMAIL AND COURIER

Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Suite 2700
Toronto, ON M4P 1E4

**Attention: Kirsten Walli
Board Secretary**

Dear Ms. Walli:

**Re: Varna Wind Inc. (the “Applicant”) Leave to Construct Application
Board File No. EB-2012-0442
Negotiations concerning issues raised by HONI, the Oldfields and the Ritzemas**

This correspondence is in response to the Board’s letter dated June 28, 2013, wherein the Board advised that in light of the ongoing negotiations concerning the issues raised by intervenors Hydro One Networks Inc. (“**HONI**”), Brian and Helen Oldfield (the “**Oldfields**”) and Gerhard and Heather Ritzema (the “**Ritzemas**”), the Board would defer its decision on the application until such time that the negotiations had progressed and agreements, if any, had been achieved with the respective parties.

The Applicant is pleased to inform the Board that negotiations have led to the resolution of concerns raised by both HONI and the Oldfields. In respect of the issues raised by the Ritzemas, the pole placement in question will be in the Deviation Area, as agreed to in the Ritzemas’ response dated May 17, 2013 to the Applicant’s reply evidence and the Applicant’s Responses to Interrogatories on Reply Evidence dated May 27, 2013. Each of these resolutions is described below.

HONI – Matters related to operational matters and incremental costs settled

In respect of the issues relating to operational matters and incremental costs raised by HONI, the Applicant advises that it has come to an agreement with HONI on these matters and has executed a perpendicular crossing operational agreement and emergency services agreement, both dated September 16, 2013, to that effect.

Oldfields – Relocation of HONI distribution line settled

The Oldfields indicated in their submissions in this proceeding that they considered that the proposed transmission line would be too close to their property. Although the Oldfields acknowledged that the proposed location of the transmission line would be compliant with the

applicable standards, they submitted in their responses to interrogatories dated April 20, 2013 that they found these standards to be unsatisfactory.

The Applicant therefore worked with HONI on a proposal to relocate the section of the transmission line which runs adjacent to the Oldfields' house and barn across the street from these structures.

The Applicant has now successfully negotiated this arrangement with HONI. The Applicant accepted on September 24, 2013 the Terms and Conditions of the Final Estimate provided by HONI and will pay the amount of the Final Estimate, such that work on the undergrounding of HONI's distribution line across the street from the Oldfields' house and barn will begin in approximately 120 days from the date of payment.

Ritzemas – Location of pole placement to be in Deviation Area

In the Ritzemas' response dated May 17, 2013 to the Applicant's reply evidence, the Ritzemas stated that they were "prepared to agree to the placement of one pole in the deviation area" based on specific parameters outlined in their response, that is, that the pole be placed south of the traveled portion of Centennial Road and north of the waterway that meanders through the Deviation Area.¹

The Applicant has agreed, as previously indicated,² to the above pole placement. Therefore, the pole will be placed in the Deviation Area, south of the traveled portion of Centennial Road and north of the waterway that meanders through the Deviation Area. The Applicant and the Ritzemas were not able to agree on an easement agreement but in any event, as the pole placement will be on lands registered as municipal right-of-way lands, an easement agreement is not required.

Please contact the undersigned if you have any questions in relation to the foregoing. In light of the resolution of the issues described above, the Applicant requests that the Board approve the application as filed.

Sincerely,

Signed in the original

George Vegh

¹ In respect of the Ritzemas' third parameter – namely, that the Applicant consult on-site with the Ritzemas to ascertain a mutually agreeable pole placement – the Applicant continues to advise that although it cannot agree to what would in effect be a "veto" right over pole placement, it will work with the Ritzemas to attempt to find a mutually agreeable location for the pole to be placed in the Deviation Area.

² See the Applicant's Responses to Interrogatories on Reply Evidence dated May 27, 2013.