

9 February 2016

Mr John Hindmarsh
Chief Executive Officer
Queensland Competition Authority

Dear John

Re: DBCT 2015 Draft Access Undertaking – 20 day averaging period

With reference to the DBCT 2015 DAU currently under consideration by the Authority, DBCTM wishes to request the Authority's approval of the 20 day averaging period to apply to the determination of the time sensitive parameters of the WACC, specifically the risk free rate and debt margin.

DBCTM notes the Authority's preference for an averaging period of the 20 business days immediately preceding the start of the next regulatory cycle, over which to calculate these parameters. However, the indicated sampling period ending 30 June presents significant risk for the effective execution of DBCT's debt hedging program, in particular:

1. June is a period of low debt market liquidity, and is typically avoided in the placement of a hedging program
2. Implementing the hedging program on a 'last minute' basis, as would be the case if done over the month of June, would present significant transactional placement risk.

In consideration of these factors, DBCTM requests the Authority's approval, by the end of March 2016, for an averaging period of the 20 business days ending on 31 May 2016. In addition, DBCTM requests the Authority's confirmation that the relevant regulatory period will end on 30 June 2021.

To ensure markets are not influenced by publication of this information, we request this letter and its contents remain confidential until the QCA has published the final WACC to apply to the next regulatory period.

Yours sincerely



Jonathan Blakey
Senior Manager – Commercial and Regulatory
DBCT Management