

January 12, 2016

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

Dear Ms. Walli:

Re: EB-2015-0179 – Union Gas Limited ("Union") – Community Expansion Technical Conference Undertaking Response

Please find attached Union's response to the Undertaking JT1.11 received during the Community Expansion Technical Conference held on December 15, 2015.

Consistent with the previously filed Undertaking responses from the Technical Conference, this response will also be filed in RESS and copies will be sent to the Board.

If you have any questions with respect to this submission please contact me at 519-436-5476.

Yours truly,

[original signed by]

Chris Ripley Manager, Regulatory Applications

Encl.

c.c.: C. Keizer, Torys EB-2015-0179 Intervenors

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UNION GAS LIMITED

Undertaking Response <u>To Mr. Mondrow</u>

To provide the zero discount rate to be applied with any appropriate qualifiers or assumptions set out clearly in the undertaking.

Attachment 1 to this Undertaking is a revised version of Exhibit B.LPMA.16, Attachment 1.

The undiscounted figures have been provided but have no relevant meaning in a financial sense. For example, when a zero discount rate is used the revenue from a customer in Year 40 has the same present value as the revenue from a customer in Year 1. The value of cash 40 years from now is significantly less than the value today. Given that the DCF is a discounted cash flow model, using a zero discount rate is inappropriate.

Filed 2016-01-12 EB-2015-0179 Exhibit JT1.11 Attachment 1

Opportunity Assessment Summary

		Discounted				Undiscounted			
	Community Name	NPV Before TES, ITE (Pos)/Neg	TES to be Collected	ITE to be Collected	Amount to be Collected from Existing and new Customers	Net CF zero disc Rate before TES, ITE	TES to be Collected	ITE to be Collected	Amount to be Collected from Existing Customers
Line	(\$ millions)	(a)	(b)	(c)	(d)=a-b-c	(e)	(f)	(g)	(h)=e-f-g
1	Milverton	3.1	1.0	0.2	2.0	1.6	1.1	0.2	0.3
2	Prince Township, Sault Ste Marie	1.6	0.2	0.1	1.3	0.3	0.2	0.1	(0.0)
3	Lambton Shores, Kettle Point First Nation	1.0	0.5	0.0	0.5	0.1	0.6	0.0	(0.5)
4	Walpole Island First Nation- main commercial area				Removed from	applicatio	n		
5	Moraviantown First Nation- main commercial area	0.3	0.1	0.0	0.2	0.2	0.1	0.0	0.0
6	Lagoon City (Orillia)	7.8	1.3	0.4	6.2	2.0	1.4	0.4	0.2
7	Hidden Valley/Huntsville	0.3	0.1	0.0	0.3	0.2	0.1	0.0	0.1
8	Santa's Village/Beaumont Dr, Bracebridge	0.5	0.1	0.0	0.4	0.2	0.1	0.0	0.1
9	Canal, Gravenhurst	0.8	0.1	0.0	0.6	0.4	0.1	0.0	0.3
10	Northshore Rd / Peninsula Rd North Bay	1.4	0.2	0.1	1.2	0.8	0.2	0.1	0.5
11	Hornby	1.0	0.2	0.1	0.7	0.5	0.3	0.1	0.2
12	Oneida First Nation	1.6	0.2	0.1	1.2	1.0	0.3	0.1	0.6
13	Auburn	0.4	0.1	0.0	0.3	0.2	0.1	0.0	0.1
14	Cedar Springs	0.7	0.1	0.0	0.5	0.4	0.1	0.0	0.3
15	Astorville	2.5	0.3	0.1	2.1	1.5	0.3	0.1	1.1
16	-***Brenman Line, Servern Twp (Gravenhurst)				•				
17	Nipissing First Nation / Jocko Point	2.7	0.3	0.1	2.3	1.8	0.4	0.2	1.2
18	-***Munsee Delaware First Nation								
19	Chippewa of the Thames First Nation- phase 3 & 4	0.6	0.1	0.0	0.4	0.4	0.1	0.0	0.3
20	Sheffield	0.6	0.1	0.0	0.5	0.5	0.1	0.0	0.3
21	Turkey Point	2.9	0.6	0.2	2.1	2.0	0.7	0.2	1.1
22	Rockton	0.7	0.1	0.0	0.5	0.6	0.2	0.1	0.3
23	Chippewas of the Saugeen	0.7	0.1	0.0	0.5	0.6	0.2	0.1	0.3
24	Washago	3.1	0.5	0.2	2.4	2.3	0.6	0.3	1.5
25	E Floral (T Bay area)	0.8	0.1	0.1	0.6	0.6	0.2	0.1	0.4
26	Haldimand Shores	1.4	0.2	0.1	1.1	1.1	0.3	0.1	0.7
27	Latchford, Tri Town	1.8	0.3	0.2	1.4	1.4	0.4	0.2	0.9
28	Belwood	4.7	0.9	0.4	3.4	3.8	1.1	0.4	2.3
29	*Kincardine. Tiverton, Paisley, Chesley	50.4	10.2	1.2	39.0	33.5	12.2	1.4	19.9
30	***Little Longlac								
31	Swiss Meadow	0.9	0.2	0.1	0.6	0.8	0.2	0.1	0.4
32	Boblo Island	2.2	0.5	0.2	1.6	1.9	0.6	0.3	1.1
33	Village of Warwick	1.3	0.3	0.1	0.9	1.1	0.4	0.1	0.6
	TOTALS- All Projects	\$97.9	\$19.0	\$4.2	\$74.7	\$61.9	\$22.6	\$4.8	\$34.5

*** Project does not meet definition of Community Expansion Project so would not be eligible for reduced PI without additional project scope.

* Line 29 as filed in Exhibit B.LPMA16	15.9	1.6
Corrected (per above)	10.2	1.2
Difference	5.7	0.4

Difference

0.4

- In Exhibit B.LPMA16, the reported amounts were inadvertently reported based on a TES and ITE term of 120 months. The corrected amounts are based on TES and ITE terms of 7 years which is consistent with Union's proposal. This correction does not affect any other part of evidence.