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20 August 2009

Mr Michael Carter
Executive General Manager
QR Network Pty Ltd
GPO Box 1429
Brisbane Qld 4001

Dear Mr Carter

QR Network's Central Queensland Coal Region Asset Base Roll-forward 2007-08

On 7 August 2009, QR Network submitted for the Authority's approval an asset base roll-forward for the central Queensland coal region (CQCR), as required by the 2008 access undertaking.

The Authority has reviewed QR Network's proposal and considers that it is consistent with the requirements in the access undertaking, including that it:

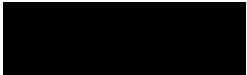
- (a) provides information in the level of detail and format required in accordance with the access undertaking;
- (b) includes capital expenditure for 2007-08 of \$250.9 million – consistent with that approved by the Authority in June 2009; and
- (c) calculates each component of the asset base roll-forward in accordance with the approach outlined in the access undertaking.

On this basis, the Authority accepts QR Network's proposed asset base roll-forward for 2007-08 – as set out in **Attachment 1**.

Attachment 1 includes the asset roll-forward for the Gindie-Minerva line (i.e. the line from the Minerva mine to Burngrove) which the Authority also approved today as part of its decision on the West Blackwater Reference Tariff draft amending access undertaking.

The Authority also notes that clause 9.2.4 of the 2008 access undertaking requires QR Network to publicly release an annual report of changes to its regulatory asset base within one month of receiving this notice of acceptance.

Yours sincerely



EJ Hall
Chief Executive

Attachment 1

Table 1: 2007-08 CQCR Regulatory Asset Base Roll-forward ('000)

	<i>Goonyella</i>	<i>Hail Creek</i>	<i>Blackwater</i>	<i>Minerva</i>	<i>Rolleston</i>	<i>Moura</i>	<i>Newlands</i>	<i>Total Non-Electric</i>
Non-electric Assets								
<i>Opening</i>	782,643	97,165	821,761	75,434	247,674	249,663	156,837	2,431,176
<i>Capex</i>	117,948	-	90,758	-	-	2,962	8,982	220,651
<i>Plus Inflation</i>	40,387	4,973	42,453	3,861	12,677	12,854	8,255	125,461
<i>Less Depreciation</i>	34,301	2,493	34,069	2,898	11,193	8,380	6,483	99,818
<i>Closing</i>	906,678	99,645	920,902	76,397	249,158	257,100	167,590	2,677,470
Electric Assets								<i>Total Electric</i>
<i>Opening</i>	114,008	16,279	126,801					257,088
<i>Capex</i>	19,462	-	10,756					30,218
<i>Plus Inflation</i>	5,888	833	6,507					13,229
<i>Less Depreciation</i>	10,909	815	6,451					18,175
<i>Closing</i>	128,449	16,297	137,613					282,359