

File Ref: 1218024

8 December 2016

Mr Alex Kummant
Executive Vice President
Aurizon Network Pty Ltd
GPO Box 456
Brisbane QLD 4001

Dear Mr Kummant

Final decision: 2015 flood review event claim

I am writing to advise of our final decision on the 2015 flood review event in the Moura system associated with flooding in central Queensland in February 2015.

On 11 October 2016, we made a draft decision not to approve the flood review event claim and considered that further information was required for Aurizon Network to substantiate its cost claim.

We published the draft decision on our website and received submissions from Aurizon Network and Anglo American by the 11 November 2016 due date. Aurizon Network separately provided additional information to Jacobs, our consultant, who prepared a supplementary report for us on this matter.

We considered stakeholders' submissions and Jacobs' report.

On 8 December 2016, we approved Aurizon Network's claim to recover \$4.05 million (pre-escalation) in damage repair costs in the Moura system through tariffs variation in accordance with clause 5.5(c)(ii) and 5.5(d) of Schedule F of the 2016 access undertaking. This amount is to be recovered through variations in the Moura system AT3 and AT4 tariffs. The final decision attached to this letter constitutes a notice for the purposes of clause 5.5(d), Schedule F of the 2016 undertaking.

Our final decision is for Aurizon Network to recover those costs in 2016–17 from 1 January 2017. Aurizon Network informed it was comfortable with a longer recovery period, subject to the outcome of its negotiations for an access agreement. We consider it is open for Aurizon Network to submit a new reference tariff application reflecting an alternative recovery period if that is subsequently agreed with stakeholders.

We will publish this letter on our website for stakeholders' information.

Yours sincerely



Charles Millstead
Chief Executive Officer