

Our Ref: Paul Bilyk
Direct Line: 07 3222 0506
File Ref: 473748

30 October 2012

Mr Michael Carter
Chief Executive Officer
QR Network Pty Ltd
GPO Box 456
Brisbane QLD 4001

Dear Mr Carter

QR Network's 2010-11 Regulatory Asset Base (RAB) Roll-forward

On 26 October 2012, the Authority approved QR Network's proposed 2010-11 RAB roll-forward application, as amended on 3 September 2012, as set out in **Attachment 1**.

In reaching this decision, the Authority reviewed QR Network's submission, as amended on 3 September 2012, and considered that it was consistent with the requirements contained in clause 1.2, Schedule A of the access undertaking, including that it:

- (a) provided information in the level of detail and format required by separately reporting the roll-forwards for individual coal systems and spur lines such as Rolleston and Minerva;
- (b) included capital expenditure for 2010-11 of \$119.5 million – consistent with that approved by the Authority in June 2012;
- (c) calculated each component of the asset base roll-forward in accordance with the approach outlined in the access undertaking:
 - (i) *inflation* – using Brisbane CPI index of 3.8% for 2010-11;
 - (ii) *depreciation* – applying a straight-line depreciation approach using the Authority's endorsed asset lives; and
 - (iii) *disposals and transfers* – specifying assets that were disposed of in 2010-11.

The Authority notes that clause 9.3.3 of the 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. This notice will be placed on the Authority's website at www.qca.org.au.

Yours sincerely



EJ Hall
Chief Executive

Attachment 1

QR Network's revised 2010-11 RAB Roll-forward ('000)

	<i>Goonyella</i>	<i>Blackwater</i>	<i>Moura</i>	<i>Newlands</i>	<i>Vermont</i>	<i>Minerva</i>	<i>Rolleston</i>	<i>Total</i>
<i>Non-Electric</i>								
<i>Opening</i>	1,234,808	1,078,532	255,373	164,217	48,132	74,338	238,756	3,094,157
<i>Capex</i>	87,743	9,949	687	1,600	354	0	0	100,334
<i>Add: Inflation</i>	49,025	41,554	9,807	6,329	1,853	2,851	9,157	120,576
<i>Less:</i>	57,896	46,602	9,254	7,487	2,712	3,168	12,237	139,356
<i>Depreciation</i>								
<i>Closing</i>	1,313,681	1,083,433	256,614	164,659	47,627	74,021	235,676	3,175,711
<i>Electric</i>								
<i>Opening</i>	236,545	140,713			8,803			386,061
<i>Capex</i>	18,921	268			0			19,190
<i>Add: Inflation</i>	9,432	5,402			338			15,171
<i>Less:</i>	18,325	17,051			494			35,870
<i>Depreciation</i>								
<i>Closing</i>	246,573	129,332			8,646			384,552