



Ref: B/D/19/30098

29 November 2019

Attention: Flavio Menezes
Chair
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

Dear Mr Menezes

Gladstone Area Water Board – Price Monitoring 2020-2025

We thank you for making us aware that the Queensland Competition Authority (QCA) made available additional information regarding GAWB's proposal to recover the accumulated under recovered revenues from customers by way of future annuities (Part B).

Based on the information provided, CS Energy does not believe sufficient information has been provided to allow a full assessment of the nature timing and extent of the under recovered revenues. CS Energy consequently cannot comment as to whether the proposed annuity structure is a fair or appropriate methodology for the recovery from existing customers.

As noted in our letter dated 25 October 2019, CS Energy's key concerns regarding the GAWB submission and under recovery are:

- Clear articulation of the changes in the cost structure as applicable to Raw Water;
- Appropriate inclusion of capital expenditure (CAPEX); and
- A clear explanation of the basis on which the revenue under-recovery has been calculated and apportioned.

Should you require any clarification on any of these issues please do not hesitate to contact me on 07 3854 7402.

Yours sincerely

Jason Mahoney
Head of Resources and Commercial

Brisbane Office
PO Box 2227
Fortitude Valley BC Qld 4006
Phone 07 3854 7777
Fax 07 3854 7300

Callide Power Station
PO Box 392
Biloela Qld 4715
Phone 07 4992 9329
Fax 07 4992 9328

Kogan Creek Power Station
PO Box 41
Brigalow Qld 4412
Phone 07 4665 2500
Fax 07 4665 2599

Wivenhoe Power Station
PO Box 38
Fernvale Qld 4306
Phone 07 5427 1100
Fax 07 5426 7800