

File Ref: 1185384

12 May 2016

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

Alex

Dear Mr Kummant

Approval: Aurizon Network's 2014–15 capital expenditure claim

On 11 May 2016, we approved Aurizon Network's revised 2014–15 capital expenditure claim for \$614.3 million to be included in the regulatory asset base (RAB), in accordance with Schedule A of the 2010 Access Undertaking. The breakdown of the approved claim is provided in Table 1 to this letter.

As you would be aware, we engaged CMT Solutions (CMT) to undertake an engineering assessment of the claim for \$614.6 million (inclusive of interest during construction) submitted in October 2015.

Overall, we found the claim to be prudent with the exception of \$0.3 million relating to axle counter replacements that are to be deferred until commissioning.

We will be publishing a copy of this letter on our website.

Yours sincerely



John Hindmarsh
Chief Executive Officer

Table 1 Approved Capital Expenditure for 2014–15 (\$)

	<i>Claim</i>			<i>Adjustments</i>		<i>Revised Claim</i>
	<i>As incurred</i>	<i>IDC</i>	<i>Commissioned</i>	<i>As incurred</i>	<i>IDC</i>	<i>Commissioned</i>
Major Projects						
Wiggins Balloon Loop	188,501,416	45,016,180	233,517,596	-	-	233,517,596
Rocklands to Stanwell Duplications	162,422,586	29,478,036	191,900,622	-	-	191,900,622
Bauhinia North Upgrade	14,733,398	1,426,931	16,160,329	-	-	16,160,329
Moura East	14,189,041	1,737,183	15,926,224	-	-	15,926,224
Sub-total (major projects)	379,846,441	77,658,331	457,504,772	-	-	457,504,772
Non-major Projects						
Track and civil	83,774,314	623,771	84,398,085	-	-	84,398,085
Corridor	5,850,364	35,170	5,885,534	-	-	5,885,534
Telecom	5,277,646	54,528	5,332,174	-	-	5,332,174
Electrical	7,765,491	41,260	7,806,751	-	-	7,806,751
Signalling and track side systems	7,749,422	446,099	8,195,521	(308,761)	(37,057)	7,849,703
Growth	10,088,869	2,264,625	12,353,494	-	-	12,353,494
Other	29,844,636	3,320,385	33,165,021	-	-	33,165,021
Sub-total (non-major projects)	150,350,742	6,785,838	157,136,580	(308,761)	(37,057)	156,790,762
Total	530,197,183	84,444,169	614,641,352	(308,761)	(37,057)	614,295,534