

File Ref: 288609

23 March 2010

Mr Michael Carter
Executive General Manager
QR Network Pty Ltd.
GPO Box 1429
BRISBANE QLD 4001

Dear Mr Carter

QR Network's 2008-09 capital expenditure in the central Queensland coal region

The Authority has approved QR Network's application (dated 30 October 2009 and amended on 8 February 2010) for the approval of \$401 million in capital expenditure in respect of projects commissioned in the central Queensland coal region during 2008-09. **Attachment 1** provides details of the expenditures approved.

It is noted that the Authority's approval includes \$34.9 million relating to early works for the Gladstone to Abbot Point Expansion (GAPE). Consistent with the Authority's draft decision on the 2009 draft access undertaking, GAPE related costs will sit outside the CQCR asset base for pricing purposes until such time that the arrangements associated with the pricing of the GAPE project has been approved by the Authority. Until then, the GAPE early works expenditure can be rolled forward at the regulated WACC.

Yours sincerely



EJ Hall
Chief Executive