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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 2009-10 Regulatory Asset Base (RAB) Roll-forward**

On 30 July 2012, I wrote advising you of the Authority's approval of the 2009-10 RAB roll-forward.

Your subsequent letter of 3 September 2012 (in relation to the 2010-11 roll-forward) advised that the approved 2009-10 RAB roll-forward contained an error that resulted in the closing asset value being under-valued by around \$5.8 million. This error occurred because forecast CPI (2.5%), rather than actual CPI (3.2%), had been applied to the capital expenditure that had occurred over the period of the 2006 access undertaking, while actual CPI had been correctly applied to the remaining assets (i.e. the pre-existing asset base and the 2009-10 capital expenditure).

The Authority has now reviewed QR Network's 2009-10 RAB roll-forward calculations and confirms that the approved closing value was under-valued by \$5.8 million.

Accordingly, the Authority has decided to remake its 2009-10 RAB roll-forward decision and, in doing so, replaces its July 2012 decision on the 2009-10 RAB roll-forward with the one set out in **Attachment 1**. Consequently, the approved 2009-10 closing RAB value is now the same as the 2010-11 opening RAB value.

This notice will be placed on the Authority's website at [www.qca.org.au](http://www.qca.org.au).

Yours sincerely



EJ Hall  
Chief Executive

## Attachment 1

### QR Network's revised 2009-10 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>Variance<sup>a</sup></i> |
|------------------------------|------------------|-------------------|--------------|-----------------|----------------|----------------|------------------|--------------|-----------------------------|
| <b><i>Non-Electric</i></b>   |                  |                   |              |                 |                |                |                  |              |                             |
| <i>Opening</i>               | 1,079,477        | 1,030,551         | 253,842      | 165,290         | 45,438         | 74,988         | 242,769          | 2,892,356    | <b>0</b>                    |
| <i>Capex</i>                 | 166,627          | 57,030            | 2,200        | 750             | 3,684          | 0              | 0                | 230,292      | <b>0</b>                    |
| <i>Add: Inflation</i>        | 37,205           | 33,898            | 8,161        | 5,304           | 1,513          | 2,401          | 7,772            | 96,253       | <b>5,005</b>                |
| <i>Less:</i>                 | 48,500           | 42,947            | 8,831        | 7,127           | 2,503          | 3,051          | 11,785           | 124,744      | <b>155</b>                  |
| <i>Depreciation</i>          |                  |                   |              |                 |                |                |                  |              |                             |
| <i>Closing</i>               | 1,234,808        | 1,078,532         | 255,373      | 164,217         | 48,132         | 74,338         | 238,756          | 3,094,157    | <b>4,850</b>                |
| <b><i>Electric</i></b>       |                  |                   |              |                 |                |                |                  |              |                             |
| <i>Opening</i>               | 199,788          | 146,067           |              |                 | 8,862          |                |                  | 354,717      | <b>0</b>                    |
| <i>Capex</i>                 | 45,660           | 6,132             |              |                 | 128            |                |                  | 51,920       | <b>0</b>                    |
| <i>Add: Inflation</i>        | 7,121            | 4,774             |              |                 | 286            |                |                  | 12,180       | <b>964</b>                  |
| <i>Less:</i>                 | 16,024           | 16,259            |              |                 | 472            |                |                  | 32,756       | <b>30</b>                   |
| <i>Depreciation</i>          |                  |                   |              |                 |                |                |                  |              |                             |
| <i>Closing</i>               | 236,545          | 140,713           |              |                 | 8,803          |                |                  | 386,061      | <b>934</b>                  |
| <b><i>Total Variance</i></b> |                  |                   |              |                 |                |                |                  |              | <b>5,784</b>                |

*(a) This indicates the difference between the Authority's original July 2012 and the re-made October 2012 RAB roll-forward decisions.*