

File Ref: 823182

22 May 2015

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


Dear Mr Kummant

Aurizon Network's 2013-14 Revenue Cap Adjustment Application

The Queensland Competition Authority (QCA) has adjusted Aurizon Network's 2015-16 central Queensland coal revenue cap to account for approved adjustments that occurred in 2013-14. In doing so, we have approved certain components of Aurizon Network's application.

The total approved increase of \$7 million (plus future escalation for return of capital) is the net effect of a \$16 million under-recovery related to rebates and a \$9 million over-recovery of electric traction costs. The treatment of associated adjustments in respect of rebates will be reflected in our final decision on the 2014 draft access understanding (DAU).

We do not approve Aurizon Network's proposal for an increment adjustment of \$8.9 million and the subsequent notional increment proposal of \$1 million for reasons outlined in our final decision document.

The QCA's assessment of Aurizon Network's application is summarised in the attached decision document, which will be published on the QCA's website.

This letter of approval constitutes a written notice for the purposes of clause 3.2.12 of Part B of Schedule F of Aurizon Network's 2010 access undertaking.

Yours sincerely


John Hindmarsh
Chief Executive Officer