

File Ref: 823129

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 Variation of Reference Tariffs and Adjustment Charge—recovery of the 2013 flood repair costs in the Blackwater and Moura systems

On 21 May 2015, we approved Aurizon Network's variation of reference tariffs for the Blackwater system. We also approved the variation of reference tariffs and adjustment charge application for the Moura system.

We had previously approved \$16.1 million (\$2012–13) of damage repair costs in the Blackwater and Moura systems arising from the 2013 flood, and that:

- (a) the 2013 flood repair costs for the Blackwater system be recovered over the remainder of 2014–15
- (b) the costs for the Moura system be recovered over the period to the end of 2015–16.

Blackwater system

Aurizon Network, in consultation with the QRC (on behalf of Blackwater system customers), calculated a variation of reference tariffs to apply from 1 April to 30 June 2015, consistent with the QCA's decision. We are satisfied that the variation of reference tariffs in the Blackwater system recovers the costs approved by us. We have now formally approved these tariffs.

Moura system

Aurizon Network sought a variation of reference tariffs in the Moura system from 1 January 2015. In April 2015, Aurizon Network lodged an adjustment charge application for the Moura system, with:

- (a) one-third of the Moura flood claim costs to be recovered in 2014–15, through an adjustment charge for volumes railed between 1 January and 31 March 2015, to be recovered in invoices for June railings, as well as a variation of reference tariffs from 1 April to 30 June 2015
- (b) two-thirds of the Moura flood claim costs to be recovered in 2015–16, through a variation of reference tariffs.

We are satisfied that the variation of reference tariffs in the Moura system recover the costs approved by us. We have approved these tariffs.

Further, we are satisfied that Aurizon Network's application for an adjustment charge is consistent with its 2010 undertaking and has identified the access holders to which the adjustment charge applies, the adjustment charges to apply to each access holder and the billing period.

As a consequence, the QCA has approved the variation of reference tariffs for the Blackwater and Moura systems in accordance with clause 2.2.7 of Part A of Schedule F of Aurizon Network's 2010 undertaking. We have also approved the adjustment charge application for the Moura system, in accordance with clause 2.3 of Part A of Schedule F of Aurizon Network's 2010 undertaking.

Yours sincerely



John Hindmarsh
Chief Executive Officer