

File Ref: 1201964

9 September 2016

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

Dear Mr Kummant

Aurizon Network's 2013–14 and 2014–15 regulatory asset base (RAB) roll-forward

I am pleased to inform you that on 8 September 2016, the QCA approved Aurizon Network's proposed 2013–14 and 2014–15 RAB roll-forward applications, as set out in the tables included as an attachment to this letter.

We are satisfied that the 2013–14 and 2014–15 roll-forwards are consistent with the requirements of clause 1.2 of Schedule A of the 2010 access undertaking (UT3), including that they:

- include capital expenditure consistent with the amounts previously approved by us
- calculate each component of the RAB roll-forward appropriately:
 - inflation reflects Brisbane CPI of 3.22% for 2013–14 and 1.51% for 2014–15, except for assets deferred for pricing purposes which are indexed at a WACC of 7.17%
 - depreciation is calculated in accordance with the asset lives and depreciation profile endorsed in the QCA's final decision on the 2014 DAU
 - disposals and transfers are appropriately subtracted.

I note that clause 9.3.3 of UT3 requires Aurizon Network to publicly release an annual report of changes to its RAB within one month of receiving this notice of approval. This notice will be placed on the QCA's website.

This decision in relation to the RAB roll-forward relates to UT3 and does not limit our consideration of matters in the approval of the replacement undertaking.

Any enquiries in relation to this matter should be directed to Catherine Barker on 07 3222 0547.

Yours sincerely,



Charles Millstead
Chief Executive Officer

Table 1 Aurizon Network's 2013–14 RAB Roll-forward (\$, nominal)

	<i>Goonyella (inc Middlemount, Hail Creek and excl Vermont)</i>	<i>Vermont</i>	<i>Blackwater (inc WIRP excl Rolleston and Minerva)</i>	<i>Rolleston (Inc WIRP)</i>	<i>Minerva</i>	<i>Moura</i>	<i>Newlands (inc NAPE and Byerwen NAPE)</i>	<i>GAPE (inc GSE and Byerwen GAPE)</i>	<i>Total</i>
Non-electric									
Opening	1,315,228,148	43,420,942	1,103,347,197	225,338,580	69,669,259	251,088,751	316,598,255	1,058,906,098	4,383,597,230
Capex	165,271,407	-	97,543,530	3,013,619	-	3,689,484	7,924,060	17,785,643	295,227,743
Plus inflation	47,664,864	1,397,943	38,662,823	7,351,827	2,243,010	8,202,616	15,610,974	39,440,907	160,574,965
Less depreciation	80,554,494	2,891,541	64,342,357	13,569,613	3,365,855	10,334,158	9,590,949	56,045,404	240,694,371
Less disposals	-	-	-	-	-	-	-	-	-
Closing	1,447,609,925	41,927,343	1,175,211,194	222,134,412	68,546,415	252,646,693	330,542,340	1,060,087,245	4,598,705,567
Electric									
Opening	227,084,249	7,882,710	284,039,952	-	-	-	-	4,420,725	523,427,637
Capex	15,250,369	-	5,114,223	-	-	-	-	-	20,364,591
Plus inflation	7,801,993	253,785	9,309,354	-	-	-	-	142,326	17,507,457
Less depreciation	21,162,501	524,935	28,580,477	-	-	-	-	228,399	50,496,312
Less disposals	423,500	-	272,350	-	-	-	-	-	695,850
Closing	228,550,609	7,611,560	269,610,702	-	-	-	-	4,334,651	510,107,523

Table 2 Aurizon Network's 2014–15 RAB Roll-forward (\$, nominal)

	<i>Goonyella (inc Middlemount, Hail Creek and excl Vermont)</i>	<i>Vermont</i>	<i>Blackwater (inc WIRP excl Rolleston and Minerva)</i>	<i>Rolleston (Inc WIRP)</i>	<i>Minerva</i>	<i>Moura</i>	<i>WIRP</i>	<i>Newlands (inc NAPE and Byerwen NAPE)</i>	<i>GAPE (inc GSE and Byerwen GAPE)</i>	<i>Total</i>
Non-electric										
Opening	1,447,609,925	41,927,343	1,175,211,194	222,134,412	68,546,415	252,646,693	-	330,542,340	1,060,087,245	4,598,705,567
Capex	66,314,615	10,582,455	51,420,297	36,619,281	-	5,364,400	384,354,008	3,788,534	568,529	559,012,119
Plus inflation	22,894,889	794,099	18,630,523	5,400,050	1,036,619	3,901,869	27,552,609	12,984,979	22,669,047	115,864,684
Less depreciation	85,378,700	3,472,394	68,115,950	14,299,171	3,416,756	10,790,900	-	9,480,003	57,586,282	252,540,156
Less disposals	-	-	-	-	-	-	-	-	-	-
Closing	1,451,440,728	49,831,504	1,177,146,064	249,854,572	66,166,277	251,122,063	411,906,617	337,835,850	1,025,738,540	5,021,042,215
Electric										
Opening	228,550,609	7,611,560	269,610,702	-	-	-	-	-	4,334,651	510,107,522
Capex	3,920,441	-	586,342	673,405	-	-	29,202,416	-	-	34,382,604
Plus inflation	3,515,630	115,109	4,086,156	48,273	-	-	2,093,390	-	65,552	9,924,110
Less depreciation	21,541,191	532,874	28,894,832	-	-	-	-	-	231,853	51,200,750
Less disposals	-	-	-	-	-	-	-	-	-	-
Closing	214,445,490	7,193,795	245,388,368	721,679	-	-	31,295,806	-	4,168,351	503,213,489