

Contact: Heather Cerutti  
Phone No: (03) 6233 5603  
File No: REG130/2  
Our Ref: 11/1579 HC/JH



Ms K Rosinski  
Commercial Manager Network  
Aurora Energy Pty Ltd  
GPO Box 191  
HOBART TAS 7001

Dear Ms Rosinski

#### **ACCOUNTING RING-FENCING GUIDELINE ANOMALY**

I refer to your letter of 20 April 2011, raising Aurora's concerns about the inflation treatment of non-current assets recorded in the Regulated Distribution Services Business Segment of its annual ring-fenced accounts.

The Regulator has considered the matters contained in your letter and confirmed that the basis for the establishment of the regulatory asset base for the 2007 Determination, that is, using a roll-forward of the assets from the 2003 Determination on a financial year basis using the June on June eight capital cities weighted average all groups CPI, is acceptable.

Given the above, the Regulator approves, in accordance with the provisions contained within clause 4.13.1 of the Guideline, the application of the eight capital cities weighted average all groups CPI ending 30 June each year in Aurora's ring-fenced accounts. This approval extends to endorsing the use of this index used in preparing the ring-fenced accounts for the periods 2007-08 to and including 2009-10.

Yours sincerely

  
Glenn Appleyard  
**CHAIRMAN**  
**TASMANIAN ECONOMIC REGULATOR**

29 April 2011