



Directlink Joint Venture

Directlink Revised Revenue Proposal

Attachment 3.1

Revised Proposal Confidential Information (public version)

Effective
July 2015 to June 2020

Averaging period for risk free rate

On 17 April 2014 the AER wrote to Directlink advising its position on the averaging period used to determine the risk free rate underpinning the allowed return on equity for the Directlink 2015-20 regulatory period. The AER advised that it proposed to estimate the return on equity risk free rate over the 20 business days from [Confidential] to [Confidential].

In its May 2014 revenue proposal Directlink advised that it does not object to the use of this period for the purposes of observing the yield on 10-year Commonwealth Government Securities to estimate the risk free rate for purposes of estimating Directlink's allowed return on equity.

This period has been confirmed in the draft decision (draft decision Attachment 3, Confidential Appendix I, pl-8). Directlink does not propose any amendments to this draft decision.

Averaging period for cost of debt

For the purposes of calculating the cost of debt, Directlink nominated the following market observation and averaging periods in its May 2014 revenue proposal:

For the regulatory year	Averaging period
01 July 2015 – 30 June 2016	[Confidential]
01 July 2016 – 30 June 2017	[Confidential]
01 July 2017 – 30 June 2018	[Confidential]
01 July 2018 – 30 June 2019	[Confidential]
01 July 2019 – 30 June 2020	[Confidential]

[Confidential]

For the regulatory year	Directlink proposal May 2014	Draft decision November 2014	Directlink revised proposal January 2015
01 July 2015 – 30 June 2016	[Confidential]	[Confidential]	[Confidential]
01 July 2016 – 30 June 2017	[Confidential]	[Confidential]	[Confidential]
01 July 2017 – 30 June 2018	[Confidential]	[Confidential]	[Confidential]
01 July 2018 – 30 June 2019	[Confidential]	[Confidential]	[Confidential]
01 July 2019 – 30 June 2020	[Confidential]	[Confidential]	[Confidential]