

30 June 2017

Ms Paula Conboy  
Chair  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

Dear Paula

**RE: LODGEMENT OF EXPENDITURE FORECAST METHODOLOGY**

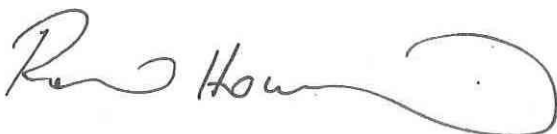
I am writing to inform the AER of the methodologies that Endeavour Energy proposes to use to prepare our forecasts of both operating expenditure and capital expenditure for our regulatory proposal commencing on 1 July 2019.<sup>1</sup> Our Expenditure Forecasting Methodology statement is attached.

Since we are not required to submit our regulatory proposal until January 2018, not all details of our forecast methods for these expenditures can be finalised at the current time. As a consequence, this statement provides an overview of the methodologies we intend to use for forecasting both our capital and operating expenditure plans. Full details of these methodologies, including key variables and assumptions, will be included in our regulatory proposal, as required by the National Electricity Rules.

Nevertheless, the forecasting method statement serves an important role in the distribution determination process for Endeavour Energy and the AER as it is intended to be the starting point for early engagement on two key elements of our revenue requirement, being forecast capital expenditure and forecast operating expenditure. We are confident that our statement fulfils this objective and would greatly assist the AER in deciding on the information it needs to assess these proposed forecast expenditures.

If you have any queries or wish to discuss this matter further please contact Jon Hocking, Manager of Network Regulation at Endeavour Energy on (02) 9853 4386 or via email at [jon.hocking@endeavourenergy.com.au](mailto:jon.hocking@endeavourenergy.com.au).

Yours sincerely



Rod Howard  
Chief Operating Officer

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<sup>1</sup> As required by clause 6.8.1A of the National Electricity Rules