



Ref: JC:JC:C1993824

29 November 2013

Mr Andrew Reeves
Chairman
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

Dear Mr Reeves

EXPENDITURE FORECASTING APPROACH

In accordance with the requirements of the National Electricity Rules, Essential Energy is pleased to submit for your consideration its expenditure forecasting approach. The expenditure forecasting approach is designed to inform the Australian Energy Regulator (AER) of the methodology Essential Energy proposes to use to prepare the forecasts of operating expenditure and capital expenditure that will form part of Essential Energy's substantive regulatory proposal.

If you or your officers have any questions in relation to this expenditure forecasting approach please contact Natalie Lindsay, Manager Network Regulation, on 02 6589 8419.

Yours sincerely

A handwritten signature in black ink that reads "Vince Graham". The signature is written in a cursive, flowing style.

Vince Graham
Chief Executive Officer

Att. 1.