

1 September 2010

Mr Warwick Anderson
General Manager
Network Regulation North Branch
Australian Energy Regulator
GPO Box 3131
CANBERRA ACT 2601

Dear Mr Anderson

**DECISION TO VARY COUNTRY ENERGY'S WAGGA WAGGA GAS DISTRIBUTION NETWORK
ACCESS ARRANGEMENT**

Thank you for your letter of 30 August 2010 advising of the AER's intention to vary the access arrangement associated with the Country Energy Gas Pty Limited ("Country Energy Gas") natural gas distribution network at Wagga Wagga.

As requested, Country Energy Gas will provide a reconciliation of the revenue impact and tariff changes to the revised 2011-12 X factor at the time of 2011-12 tariff variation application.

Furthermore, Country Energy Gas confirms that the effect of the removal of the intangible amount in the taxation asset base does not have to be accounted for and removed from the approved capital base, as the intangible amount in question was already excluded from the opening capital base.

Country Energy Gas has reviewed the proposed variation to the access arrangement information and agrees that this appropriately reflects the required correction.

Should you require further information or clarification please feel free to contact Jason Cooke on 02 6338 3685.

Yours sincerely



Peter Williams
Acting General Manager Regulatory Affairs and Commercial Strategy