



Record No: D2018/112555

Container No: PM2017/2/95

Ms Paula Conboy
Chair
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3000

Dear Ms Conboy

Power and Water Corporation 2019-2024 Updated Regulatory Proposal

We are pleased to submit Power and Water Corporation's (Power and Water) updated regulatory proposal and related supporting documents for 1 July 2019 to 30 June 2024. We previously submitted documents to the Australian Energy Regulator (AER) on 31 January and 28 February 2018.

Appendix A provides a consolidated, complete master list of the final documents that support our regulatory proposal. It details which documents:

- Have not changed from the version submitted on 31 January or 28 February 2018
- Have been updated, and therefore supersede, the documents that we submitted to the AER on 31 January and 28 February 2018. This includes the final audited version of our Regulatory Information Notices (RIN), together with a signed statutory declaration by an officer of Power and Water, and
- Are new (i.e. were not submitted to the AER on 31 January or 28 February 2018).

We request that the AER use these final documents to assess our regulatory proposal.

The new and updated documents incorporate the outcomes of our final Regulatory Information Notice (RIN) audit and review process. There are three main reasons documents have been updated:

- Changes to our opex and capex forecasts to reflect fully the recent change in Australian Accounting Standard AASB 16 for the treatment of leases
- Changes to our opex forecasts to correct certain forecast modelling errors, and
- Changes to the prices for our Alternative Control Services' fee-based and quoted services triggered by historical quantity errors that have been corrected.

Where a document is confidential, we have provided public and confidential versions, in accordance with the AER's confidentiality guidelines.

We are proposing a significant reduction in our revenue compared to the current period, reflecting the significant efficiencies we have implemented. This will deliver network bill savings (excluding the impact of inflation) on average for our customers in the 2019-2024 period. Our proposed expenditure will maintain current reliability and responsiveness levels for most customers, and improve reliability for poor performing rural and urban areas.

We look forward to working with the AER and our stakeholders through the review process. If you have any questions or concerns, please contact Ms Jodi Triggs, Senior Executive Manager - Network Regulation and Commercial, on (08) 8943 6555 or via email Jodi.Triggs@powerwater.com.au.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Michael Thomson', with a stylized flourish at the end.

Michael Thomson

Chief Executive

16 March 2018