

29 November 2013

Mr Adam Petersen
Director
Australian Energy Regulator
GPO Box 922
Adelaide SA 5001

Dear Adam

Expenditure Forecasting Methodology

As required by section 6.8.1A of the National Electricity Rules, please find attached the methodology that SA Power Networks proposes to use to prepare forecasts of operating and capital expenditure for our 2015-2010 Regulatory Proposal.

Although the attached Expenditure Forecasting Methodology sets out the proposed methodology for developing operating and capital expenditure forecasts for the 2015-2020 regulatory control period, that methodology may, of course, be amended or further refined as we develop our Regulatory Proposal (including, for example, to take account of the AER's final Expenditure Forecast Assessment Guideline and Expenditure Incentive Guidelines to be issued contemporaneously with this document). Any deviations from the methodology described in this document will be explained in our Regulatory Proposal.

At your convenience, we would be happy to walk you through the attached document to clarify your understanding of our methodology and to address any issues or concerns that you may have. Feel free to contact me to arrange a time that suits.

If you require any immediate clarifications, please contact Mr Trevor Gusling on (08) 8404 5455 or e-mail trevor.gusling@sapowernetworks.com.au.

Yours sincerely



Wayne Lissner
Head of Regulation