

Mr Alan Tregilgas
Utilities Commissioner
Utilities Commission
5th Floor, 38 Cavenagh Street
DARWIN NT 0800

Alan
Dear Utilities Commissioner,

Re: 2006-07 Network Access Tariffs Submission

Please find attached the Power and Water Corporation's (Power and Water) proposed regulated Network Access Tariffs for 2006-07 (excluding GST) and supporting documents as requested. These tariffs have been prepared in accordance with the *Electricity Networks (Third Party Access) Code* (the Code), the *2004 Regulatory Reset: Final Determination* (2004 Final Determination), the *2005 Network Asset Valuation Off-Ramp Review Final Decision* (2005 Off-Ramp Review Final Decision) and Power and Water's 2006 Network Pricing Principles Statement.

Power and Water have made some minor re-balancing adjustments to the 2006-07 Network Access Tariffs, as a number of customers are expected to shift from contestable customer tariffs to franchise tariffs, following amendments to the *Electricity Reform (Administration) Regulations* allowing this to occur. Power and Water considers that the 2006-07 Network Tariff Schedules (and therefore the proposed rebalancing) complies with the approved 2006 Network Pricing Principles, and have submitted a Statement of Reasons to support this.

The supporting documents include Power and Water's Statement of Reasons, a spreadsheet model that contains the proposed published tariffs and demonstrates compliance with the price constraint and spreadsheets demonstrating compliance with the side constraint.

In line with Power and Water's decision in 2004 to utilise the CPI+10% side constraint for 2005-06 Network Access Tariffs and subsequently, the UC's 2005 Off-Ramp Review Final Decision that the S Factor be deferred for 2005-06, Power and Water have applied the CPI+10% side constraint in the setting of tariffs for 2006-07.

Please direct any comments or queries regarding this matter to Mr Darren Nelson, Manager, Economic Regulation and Services at darrenb.nelson@powerwater.com.au and/or 08 8924 7922.

Yours sincerely


Kim Wood
Managing Director

4 May 2006