

**PAWA NETWORKS**  
**RECOVERY OF MAXIMUM ALLOWABLE REVENUE**  
**FOR 2000-01**

In accordance with clause 26 of Power and Water Authority’s Network (“PAWA Networks”) licence, PAWA has advised the Commission of the recovery of regulated network revenue for the 2000-01 financial year, as follows:

Regulated Network	Regulated revenue cap	Revenue recovered	Difference	Variation (%)
Northern Network	\$53,790,000	\$55,780,742	\$1,990,742	+3.70%
Alice Springs	\$9,713,000	\$9,599,558	-\$113,442	-1.17%
Tennant Creek	\$3,028,000	\$3,240,974	\$212,974	+7.03%
Total	\$66,531,000	\$68,621,274	\$2,090,274	+3.14%

**Commission’s analysis**

The Commission acknowledges that the revenue recovery for the Alice Springs networks is well within the  $\pm 4\%$  lower tolerance band set by the Commission in its *Revenue Determinations 2000-01 to 2002-03* paper (published in September 2000). This under-recovery amount will be carried forward, via the under’s and over’s account arrangements.

The revenue recovered for the Tennant Creek network is greater than the  $\pm 7\%$  upper tolerance limit set by the Commission. As a result, PAWA intends to provide an immediate rebate to the retailer to reduce this under’s and over’s account balance to zero.

The revenue recovered for the Northern network (Darwin-Katherine) is marginally within the Commission’s  $\pm 4\%$  lower tolerance limit of the determined regulated revenue cap. This would normally require an action plan to resolve the (account) balance within the regulatory period.

Given market circumstances, the Commission is not satisfied that there are strong grounds for believing that an offsetting under recovery is likely in 2001-02. The Commission has therefore directed PAWA to provide a rebate to the retailers

concerned to reduce the Northern networks under's and over's account balance to zero.

The Commission expects the retailers concerned to pass on these rebates to individual end-use customers in those instances where any year-on-year variations in network tariffs in the 2000-01 year were borne in full by the end-use customer. In instances where such year-on-year variations were instead borne by the retailer, and not passed on to the end-use customer, the retailer would be justified in retaining the relevant portion of the rebate for its own benefit.

### **Under's and over's account summary**

The resulting under's and over's accounts are summarised below.

Regulated Network	Total amount	Held as Over's	Held as Under's	Refund to Retailers
Northern Network	\$1,990,742			\$1,990,742*
Alice Springs	-\$113,442		-\$113,442	
Tennant Creek	\$212,974			\$212,974
Combined Networks	\$2,090,274		-\$113,442	\$2,203,716

\* In accordance with the Commission's direction

Alan Tregilgas  
Utilities Commissioner  
(for the Utilities Commission)  
27 March 2002