



NOTICE

Annual adjustments to WestNet Rail's floor and ceiling costs for certain rail lines for 2010-2011

The Authority has approved WestNet Rail's proposed annual adjustments to floor and ceiling costs for its network. The adjustments are consistent with the floor and ceiling costs contained in the Authority's Final Determination of 7 July 2009.

WestNet Rail wrote to the Authority with its proposed adjusted floor and ceiling costs for certain lines (effective from 1 July 2010) on 28 June 2010. A copy of WestNet Rail's letter and updated costing model are available on the Authority's [website](#).

CPI-X and WACC Adjustments

WestNet Rail's approved Part 5 Instruments (Costing Principles) enable it to adjust its floor and ceiling costs in line with changes to the weighted average cost of capital (WACC) as determined by the Authority and 75 per cent of the relevant consumer price index (CPI).

The WACC is determined annually (and applied from 1 July of each year) with the parameters and methodology for its determination reviewed every five years. The Authority's last determination of WestNet Rail's WACC was made on 22 June 2010. The adjustment of the CPI is made in the second and third years after the Authority's floor and ceiling cost determination. The Costing Principles provide for the Authority to review and approve these adjustments.

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20 July 2010