

15 July 2011

Mr Jeremy Threlfall  
Assistant Director Rail  
Economic Regulation Authority  
PO Box 8469  
PERTH BC WA 6849

Dear Jeremy,

**RE: WestNet proposed Floor and Ceiling costs for FY2011-12**

WestNet submits the proposed floor and ceiling costs for the nominated lines in accordance with clause 9 of the Code and section 5.1 of the approved Costing Principles. The routes covered by this submission include:

- Kwinana to Bunbury
- Terminal "end bits" of the Kwinana to Bunbury line
- Brunswick to Premier
- Forrestfield to Kalgoorlie
- Kalgoorlie to Leonora
- Kalgoorlie to Esperance
- Kwinana to Soundcem

A confidential version of the Asset Pricing Model (APM) has also been included. This includes elements considered by WestNet to be commercially sensitive and for use by the Economic Regulation Authority (ERA), your consultants and advisors only.

WestNet will be happy to step through the submission and the model at a time suitable to the ERA. Further enquiry on any matter associated with this submission and the attachments may be directed to Ben White, Revenue and Performance Analyst by phone on 08 9212 2945 or email at BWhite@wnr.com.au.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Allan Rose', with a stylized flourish at the end.

**Allan Rose**

**Commercial Manager**

WESTNET RAIL

WNR Revenue Ceilings Route Sections	Ceiling Submission  WACC: 8.63%  Effective from 1 July 2009	Ceiling Adjustment for WACC & CPI-X  WACC: 8.91% 75% of CPI: 1.45% Effective from 1 July 2010	Ceiling Adjustment for WACC & CPI-X  WACC: 8.77% 75% of CPI: 2.22% Effective from 1 July 2011
<b>Kwinana to Bunbury Inner Harbour</b>	\$32,535,194	\$33,612,950	\$34,048,678
Route Section			
Kwinana to Mundijong Jn	\$5,416,957	\$5,595,628	\$5,668,548
Mundijong Jn to Pinjarra	\$7,948,572	\$8,215,872	\$8,320,368
Pinjarra to Pinjarra East	\$634,128	\$649,170	\$660,581
Pinjarra East to Alumina Jn	\$651,915	\$664,198	\$677,486
Pinjarra East to Pinjarra South	\$296,664	\$304,060	\$309,223
Pinjarra to Wagerup	\$4,798,609	\$4,968,067	\$5,027,196
Wagerup to Brunswick Jn	\$6,698,927	\$6,934,375	\$7,017,462
Brunswick Jn to Picton Jn	\$4,507,794	\$4,654,479	\$4,716,142
Picton Jn to Bunbury Inner Harb	\$1,581,628	\$1,627,101	\$1,651,672
<b>Brunswick to Premier</b>	\$10,826,429	\$11,177,574	\$11,326,253
Route Section			
Brunswick North - East	\$178,795	\$183,831	\$186,660
Brunswick - Brunswick East	\$513,762	\$527,437	\$535,954
Brunswick East - Worsley	\$3,382,752	\$3,496,942	\$3,541,211
Worsley - Worsley North	\$641,404	\$659,463	\$669,614
Worsley North - Hamilton	\$1,195,097	\$1,232,209	\$1,249,428
Worsley East - Worsley North	\$180,422	\$185,673	\$188,445
Worsley - Worsley East	\$344,174	\$353,597	\$359,175
Worsley East - Ewington Jn	\$3,938,084	\$4,071,526	\$4,122,812
Ewington Jn - Premier	\$451,939	\$466,896	\$472,954
<b>Forrestfield to Kalgoorlie</b>	\$159,266,317	\$165,370,984	\$167,096,333
Route Section			
F'Field Sth to Midland	\$7,624,038	\$7,889,909	\$7,985,446
Midland to Millendon Jn	\$6,697,733	\$6,941,138	\$7,020,230
Millendon Jn to Toodyay West	\$23,591,870	\$24,507,540	\$24,757,548
Toodyay West to Avon Yard	\$10,436,094	\$10,831,634	\$10,946,891
Avon Yard to West Merredin	\$36,388,912	\$37,795,257	\$38,183,823
West Merredin to Koolyanobbing	\$33,102,884	\$34,399,087	\$34,744,263
Koolyanobbing to West Kalgoorlie	\$35,731,258	\$37,090,505	\$37,482,601
West Kalgoorlie to Border	\$1,921,410	\$1,988,781	\$2,012,674
Avon to West Merredin Sidings	\$2,101,391	\$2,187,747	\$2,207,648
West Merredin to Koolyanobbing Sidings	\$1,118,281	\$1,164,237	\$1,174,828
Koolyanobbing to W Kal Sidings	\$552,446	\$575,149	\$580,381

WNR Revenue Ceilings Route Sections	Ceiling Submission  WACC: 8.63%  Effective from 1 July 2009	Ceiling Adjustment for WACC & CPI-X  WACC: 8.91% 75% of CPI: 1.45% Effective from 1 July 2010	Ceiling Adjustment for WACC & CPI-X  WACC: 8.77% 75% of CPI: 2.22% Effective from 1 July 2011
<b>Kalgoorlie to Leonora</b>	\$27,418,970	\$28,490,445	\$28,777,820
Route Section			
Kalgoorlie to Malcolm	\$24,482,149	\$25,441,886	\$25,697,000
Malcolm to Leonora	\$2,908,480	\$3,019,094	\$3,051,066
Menzies sidings	\$28,341	\$29,465	\$29,754
<b>Kalgoorlie to Esperance</b>	\$48,548,730	\$50,351,541	\$50,906,355
Route Section			
West Kalgoorlie to Hampton	\$2,911,514	\$3,012,676	\$3,049,353
Hampton to Kambalda	\$5,209,034	\$5,393,897	\$5,457,622
Kambalda to Salmon Gums	\$26,642,076	\$27,645,243	\$27,942,933
Salmon Gums to Esperance	\$13,560,650	\$14,065,340	\$14,219,758
Kambalda siding	\$56,766	\$59,017	\$59,596
Norseman Siding	\$48,843	\$50,780	\$51,278
Salmon Gums Siding	\$119,847	\$124,588	\$125,815
<b>Terminal Ends</b>	\$3,210,917	\$3,290,852	\$3,346,800
Route Section			
Inner Harbour 485 Pt to Alcoa (Inbound)	\$463,885	\$472,485	\$482,010
Inner Harbour 486 Pt to ALCOA (Outbound)	\$321,981	\$328,618	\$334,902
Inner Harbour 487 Pt to Worsley (Outbound)	\$217,905	\$222,738	\$226,824
Inner Harbour 485 Pt to 486 pts	\$422,627	\$429,696	\$438,748
Inner Harbour 486 Pt to 487 pts	\$162,766	\$165,536	\$169,000
Inner Harbour 487 Pt to Woodchips	\$450,124	\$468,655	\$472,917
Kwinana no3 points to bauxite junction	\$498,849	\$511,186	\$519,917
Alcoa Bauxite Jn - Alcoa Bauxite Sdg	\$325,154	\$333,011	\$338,793
Alcoa Bauxite Jn - Alcoa Caustic Sdg Pts	\$237,798	\$245,438	\$248,740
Alcoa Caustic Sdg Pts -Alcoa Alumina Sdg Pts	\$109,828	\$113,489	\$114,949
<b>Kwinana to Soundcem</b>	\$2,086,022	\$2,162,369	\$2,186,761
<b>Grain Lines</b>			
Avon to Goomalling	\$5,106,874	\$5,307,901	\$5,360,720
Katanning to Tambellup	\$4,027,083	\$4,177,193	\$4,222,958
Kulin to Yilminning	\$7,913,578	\$8,213,838	\$8,301,177

WNR Revenue Floors Route Sections	Floor Submission  WACC: 8.63%  Effective from 1 July 2009	Floor Adjustment for WACC & CPI-X  WACC: 8.91% 75% of CPI: 1.45% Effective from 1 July 2010	Floor Adjustment for WACC & CPI-X  WACC: 8.77% 75% of CPI: 2.22% Effective from 1 July 2011
<b>Kwinana to Bunbury Inner Harbour</b>	\$2,410,071	\$2,424,467	\$2,454,695
Route Section			
Kwinana to Mundijong Jn	\$364,421	\$366,804	\$372,250
Mundijong Jn to Pinjarra	\$538,485	\$542,605	\$551,790
Pinjarra to Pinjarra East	\$117,529	\$117,660	\$117,975
Pinjarra East to Alumina Jn	\$155,655	\$155,670	\$155,695
Pinjarra East to Pinjarra South	\$49,828	\$49,900	\$50,010
Pinjarra to Wagerup	\$252,254	\$254,506	\$258,010
Wagerup to Brunswick Jn	\$351,355	\$354,436	\$360,291
Brunswick Jn to Picton Jn	\$377,464	\$379,406	\$384,109
Picton Jn to Bunbury Inner Harb	\$203,080	\$203,480	\$204,565
<b>Brunswick to Premier</b>	\$540,543	\$546,302	\$557,538
Route Section			
Brunswick North - East	\$10,351	\$10,437	\$10,603
Brunswick - Brunswick East	\$37,857	\$38,104	\$38,788
Brunswick East - Worsley	\$223,413	\$225,783	\$230,941
Worsley - Worsley North	\$34,830	\$35,056	\$35,641
Worsley North - Hamilton	\$53,909	\$54,470	\$55,542
Worsley East - Worsley North	\$9,373	\$9,457	\$9,631
Worsley - Worsley East	\$14,982	\$15,109	\$15,306
Worsley East - Ewington Jn	\$143,473	\$145,370	\$148,321
Ewington Jn - Premier	\$12,355	\$12,516	\$12,765
<b>Forrestfield to Kalgoorlie</b>	\$7,762,126	\$7,832,264	\$7,979,996
Route Section			
F'Field Sth to Midland	\$802,983	\$806,122	\$814,134
Midland to Millendon Jn	\$493,733	\$496,415	\$503,461
Millendon Jn to Toodyay West	\$1,305,422	\$1,315,804	\$1,343,525
Toodyay West to Avon Yard	\$653,461	\$658,261	\$669,644
Avon Yard to West Merredin	\$1,484,019	\$1,499,532	\$1,530,984
West Merredin to Koolyanobbing	\$1,297,622	\$1,312,567	\$1,339,604
Koolyanobbing to West Kalgoorlie	\$1,463,402	\$1,479,311	\$1,510,088
West Kalgoorlie to Border	\$101,094	\$101,539	\$102,231
Avon to West Merredin Sidings	\$89,351	\$90,645	\$92,657
West Merredin to Koolyanobbing Sidings	\$47,549	\$48,238	\$49,309
Koolyanobbing to W Kal Sidings	\$23,490	\$23,830	\$24,359

WNR Revenue Floors Route Sections	Floor Submission  WACC: 8.63%  Effective from 1 July 2009	Floor Adjustment for WACC & CPI-X  WACC: 8.91% 75% of CPI: 1.45% Effective from 1 July 2010	Floor Adjustment for WACC & CPI-X  WACC: 8.77% 75% of CPI: 2.22% Effective from 1 July 2011
<b>Kalgoorlie to Leonora</b>	\$813,796	\$823,196	\$837,821
Route Section			
Kalgoorlie to Malcolm	\$670,045	\$678,554	\$691,793
Malcolm to Leonora	\$142,947	\$143,826	\$145,194
Menzies sidings	\$804	\$816	\$834
<b>Kalgoorlie to Esperance</b>	\$2,080,503	\$2,099,478	\$2,137,175
Route Section			
West Kalgoorlie to Hampton	\$239,268	\$240,193	\$242,111
Hampton to Kambalda	\$312,975	\$314,896	\$318,508
Kambalda to Salmon Gums	\$928,653	\$939,012	\$958,842
Salmon Gums to Esperance	\$592,157	\$597,818	\$609,988
Kambalda siding	\$1,884	\$1,912	\$1,954
Norseman Siding	\$1,621	\$1,645	\$1,681
Salmon Gums Siding	\$3,945	\$4,002	\$4,091
<b>Terminal Ends</b>	\$132,257	\$132,679	\$133,466
Route Section			
Inner Harbour 485 Pt to Alcoa (Inbound)	\$21,862	\$21,879	\$21,908
Inner Harbour 486 Pt to ALCOA (Outbound)	\$13,694	\$13,708	\$13,729
Inner Harbour 487 Pt to Worsley (Outbound)	\$8,643	\$8,655	\$8,673
Inner Harbour 485 Pt to 486 pts	\$20,786	\$20,789	\$20,793
Inner Harbour 486 Pt to 487 pts	\$7,968	\$7,970	\$7,973
Inner Harbour 487 Pt to Woodchips	\$7,999	\$8,113	\$8,290
Kwinana no3 points to bauxite junction	\$25,833	\$25,948	\$26,250
Alcoa Bauxite Jn - Alcoa Bauxite Sdg	\$13,143	\$13,187	\$13,261
Alcoa Bauxite Jn - Alcoa Caustic Sdg Pts	\$8,489	\$8,557	\$8,663
Alcoa Caustic Sdg Pts -Alcoa Alumina Sdg Pts	\$3,840	\$3,873	\$3,926
<b>Kwinana to Soundcem</b>	\$140,269	\$141,678	\$145,141
<b>Grain Lines</b>			
Avon to Goomalling	\$209,973	\$211,162	\$213,011
Katanning to Tambellup	\$168,336	\$169,298	\$170,796
Kulin to Yilminning	\$280,378	\$283,954	\$289,518