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10 December 2014

Ms Caroline Lovell
Chief Regulatory Officer
NBN Corporation Limited
Level 11, 100 Arthur Street
SYDNEY NSW 2000

By email: CarolineLovell@nbnco.com.au
Copy to: MatthewCole@nbnco.com.au

Dear Ms Lovell

NBN Co Long Term Revenue Constraint Methodology (LTRCM) – ACCC's preliminary view pursuant to clause 1E.1.2(c)(vii) of NBN Co's SAU

The Australian Competition and Consumer Commission has formed a preliminary view pursuant to clause 1E.1.2(c)(vii) of the Special Access Undertaking (SAU) in relation to the capital and operating expenditure amounts proposed by NBN Co in its 2013–14 LTRCM proposal.

The ACCC's preliminary view is that it does not intend to determine a substitute amount of Capital Expenditure in accordance with SAU clause 1D.3.2(d) or a substitute amount of Operating Expenditure in accordance with SAU clause 1E.8.2(c). In reaching this preliminary view, the ACCC considered the Regulatory Information submitted by NBN Co under Schedule 1F of the SAU and the supporting submissions provided by NBN Co.

I would like to thank NBN Co for its constructive and cooperative approach to providing information required by the ACCC to assist it in forming its preliminary view.

The ACCC will consult publicly on its draft LTRCM determination in accordance with the SAU and will consider submissions and other relevant information before making a final determination. The LTRCM determination will set out the values for NBN Co's annual revenue requirement (ABBRR), regulated asset base (RAB) and loss capitalisation account (ICRA). The ACCC intends to commence its consultation process in early 2015.

Please contact Annette Weier on (03) 9290 6911 if you have any queries in regard to this matter.

Yours sincerely

Cristina Cifuentes
Commissioner
ACCC

