



Our ref: 64689
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17 December 2018

Ms Jennifer Crichton
Executive General Manager Regulatory Strategy
NBN Co Ltd
Level 11, 100 Arthur Street
SYDNEY NSW 2000

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

Dear Ms Crichton,

ACCC preliminary view on LTRCM capital and operating expenditure for 2017-18

The Australian Competition and Consumer Commission (ACCC) has formed a preliminary view in accordance with 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 2017-18 Long Term Revenue Constraint Methodology (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 forming this preliminary view, the ACCC has considered NBN Co's regulatory information that was submitted under Schedule 1F of the SAU and other supporting documents provided by NBN Co.

The ACCC will prepare a draft LTRCM determination which will be followed by a consultation period, in accordance with the SAU. We are planning to commence this consultation process in the first quarter of 2019. We will then consider submissions and other relevant information before making a final determination. The LTRCM determination will set out the values for NBN's annual revenue requirement (ABBRR), regulated asset base (RAB) and loss capitalisation account (ICRA).

The ACCC anticipates that NBN Co will provide adequate transparency during the consultation process, including providing access to confidential information to interested parties under appropriate confidentiality arrangements. We understand the need to balance appropriate disclosure and the protection of NBN Co's confidential information, and we will monitor the operation of NBN Co's confidentiality arrangements to identify any concerns.

Please contact Scott Harding on (03) 9658 6434 if you have any queries in regards to this matter.

Yours sincerely



Cristina Cifuentes
Commissioner
ACCC