

Essential Services Commission Fax: 03 9651 3688 29th May 2008

Attention: Angelina Garces

Re: Further Response to Draft Decision Volume II – March 2008

Angelina,

Please accept this additional response to the Draft Decision Volume II – March 2008.

Adjustments from prior regulatory period

**1. Revenue Shortfall from prior period.**

FMIT wishes to include revenue shortfall from the 2006/7 and 2007/8 periods into the revenue template for the 2008/2013 regulatory period.

**Calculation of Shortfall of Revenue Cap for 2006/07 and 2007/08**

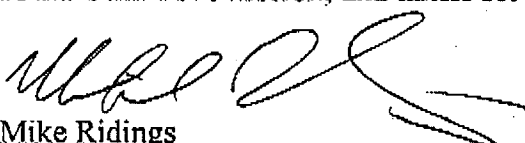
\$ millions	<u>2006/2007</u>	<u>2007/2008</u>
Revenue requirement as per Final Determination July 2006	<u>5.02</u>	<u>4.85</u>
Conversion factor to July 2006	0.971	0.971
Convert to 2006/2007 nominal rate	5.17	4.99
Conversion factor to Year of trading	1.000	1.024
<b>Revenue requirement at time of Invoicing</b>	<b>5.170</b>	<b>5.115</b>
Revenue per ESC Annual Report for 06/07	4.995	
Revenue from tariffs 2007/2008		4.974
<b>Shortfall in Revenue</b>	<b><u>0.175</u></b>	<b><u>0.140</u></b>

**2. Other Regulatory Costs from prior period**

The Following Adjustment refers to costs that were not known at time of previous Water Plan.

Prior Period Costs	<u>2006/2007</u>	<u>2007/2008</u>
Water Register - Water Share Charges		0.014
Increased ESC License Fee	0.004	0.004
ESC Regulatory Audit Costs	0.020	0.020
<b>Total Costs Claim from Prior Period</b>	<b><u>0.024</u></b>	<b><u>0.038</u></b>

These adjustments have been reflected into the template to be submitted as part of FMIT's final submission, and tariffs set accordingly.

  
Mike Ridings  
Business Manager