



AVERAGING PERIODS FOR RETURNS ON EQUITY AND DEBT

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1. Averaging periods

1.1 Introduction

The rate of return is determined by the Rate of Return Instrument (RORI) updated every four years by the AER. The 2022 RORI, which applies to United Energy's 2026-31 regulatory period, allows for United Energy to nominate averaging periods for return on equity risk free rate and return on debt for the 2026-31 regulatory period.

The placeholder returns on equity and debt estimated for United Energy's 2026-31 regulatory period will be replaced by the Australian Energy Regulator in its Final Decision using the averaging periods nominated by United Energy in this attachment. The return on debt will be updated annually over the subsequent four years using the debt averaging periods nominated by United Energy in this attachment.

1.2 Risk free rate

Clause 8 of the 2022 RORI states the nominated risk free rate averaging period must:

- be over a period of 20 or more business days up to a maximum of 60 business days
- start no earlier than 8 months prior to the commencement of the regulatory control period
- finish no later than 4 months prior to the commencement of the regulatory control period, and
- be nominated both:
 - i. prior to the start of the risk free rate averaging period, and
 - ii. no later than the date of lodgement of the regulatory proposal for the regulatory control period.

In accordance with the above requirements, United Energy nominates the risk free rate averaging period to be all consecutive business days from [REDACTED].

1.3 Return on debt

Clause 24 of the 2022 RORI states that the nominated return on debt averaging period must:

- be over a period of 10 or more consecutive business days, up to a maximum of 12 months
- start no earlier than 17 months prior to the commencement of a regulatory year
- finish no later than 5 months prior to the commencement of a regulatory year
- be specified for each regulatory year within the regulatory control period
- not overlap for each different regulatory year, although the averaging period is not required to be identical for each regulatory year, and
- be nominated both:
 - i. prior to the start of the return on debt averaging period, and
 - ii. no later than the lodgement date of the regulatory proposal for the regulatory control period.


In accordance with the above requirements, United Energy nominates the return on debt averaging periods shown in Table 1.1.

TABLE 1.1: RETURN ON DET AVERAGING PERIODS

REGULATORY YEAR	START DATE	END DATE
██████	██████████	██████████
██████	██████████	██████████
██████	██████████	██████████
██████	██████████	██████████
██████	██████████	██████████




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