

Delivering energy to South Australians

14 May 2008

ETSA Utilities ABN 15 352 530 749, a partnership of:

CKI Utilities Holdings Pty Ltd ABN 54 091 142 380

HEI Utilities Holdings Pty Ltd ABN 50 091 142 362

CKI/HEI Utilities Distribution Pty Ltd ABN 19 091 143 038

each incorporated in Australia

CKI Utilities Development Limited ABN 65 090 718 880

HEI Utilities Development Limited ABN 82 090 718 951

each incorporated in The Bahamas

Mr Chris Pattas General Manager Network Regulation South Branch Australian Energy Regulator GPO Box 520 MELBOURNE VIC 3001

Dear Mr Pattas

Proposed Electricity Distribution Network Service Providers:

- Post-tax Revenue Model

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Efficiency Benefit Sharing Scheme

This letter is in response to the AER's proposed post-tax revenue model and the proposed efficiency benefit sharing scheme.

As we have responded in depth to the Issues Papers released by the AER we have kept our remarks in the attached paper deliberately at a high level and have focussed on key concerns.

Should you have any questions with respect to any matters raised then please contact Patrick Makinson on 08 84045865 or Eric Lindner on 08 84045694.

Yours sincerely

Eric Lindner

General Manager Regulation and Company Secretary