



The Australian Gas Light Company

Formed in  
New South Wales in  
1837 with limited liability

AGL Centre  
111 Pacific Highway  
North Sydney NSW 2060  
Locked Bag 944  
North Sydney NSW 2059

Telephone 02 9922 0101  
Facsimile 02 9957 3871

31 March 2004

Dr T G Parry  
Chairman  
Independent Pricing and Regulatory Tribunal  
PO Box Q290  
QVB POST OFFICE NSW 1230

Dear Dr Parry,

**KPMG Supporting Paper on WVACC**

Enclosed is a copy of a report entitled "AGL Gas Networks Ltd – Weighted Average Cost of Capital" prepared by KPMG.

It should be noted that this report is dated February 2004 and is an updated version of the work used by AGLGN to form the basis of section 5.6 of AGLGN's AAI relating to the Rate of Return. It should also be noted that this report formed KPMG's advice to AGLGN and in some cases AGLGN has elected to adopt specific parameter values or more narrow ranges in its AAI Submission, reflecting its own views on the relevant parameters.

The report is not of a confidential or commercially sensitive nature.

Yours faithfully

**David Pringle**  
**Manager Regulatory Affairs Gas Networks**

For and on behalf of AGL Gas Networks Limited