

19 February 2003

David Evans
General Manager Environment and Planning
Gippsland Water
PO Box 348
Traralgon Victoria 3844

Dear David,

Thank you for your letter of 7 January 2003 advising of Gippsland Water's election to extend the Bulk Water Supply Agreement covering supplementary supply to Warragul and Drouin for a further period of three years, commencing 1 March 2003.

As provided by Clause 2.3(b), the further term will be on the same terms as the existing agreement, except for the exclusion of sub clause 2.3 and subject to charges at the commencement of the further term being indexed by CPI over the preceding three years.

Accordingly, charges to Gippsland Water have been revised as follows:

- fixed availability charge of \$18,008 per annum; and
- variable charge of \$42.21 per megalitre

The revised charges are based on movement in the Melbourne CPI (All Groups Index) over the period December 1999 to December 2002 (12.55%). These charges will apply for the three-year extension period.

Could you please inform Melbourne Water in writing of your agreement to changes proposed to Clause 2.3(b) and the charges for bulk water supply.

Yours sincerely

ROSS YOUNG
GROUP MANAGER SYSTEM PLANNING