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15<sup>th</sup> November 2012

Dear Joel

**First Consultation on the station Long Term Charge CP5**

We would like to thank you for the opportunity to comment on Network Rail's proposal for the structure and level of the station Long Term Charge (LTC) at both franchised and managed stations in Control Period 5 (CP5).

I will respond to each question in turn.

**Question 1**

We agree that the established Long Term Charge structure should be broadly its current form for CP5.

**Question 2**

We agree that the costs of capital associated with stations should continue to be excluded from the Long Term Charges.

**Questions 3**

We agree it seems appropriate for SISS costs to be recovered with LTC as this was an anomaly in CP4.

**Question 4**

I agree that the industry should not move towards a portfolio approach. The rationale for this proposal appears to be that the current process is administratively burdensome and generates complex account statements. My experience of LTC is that Network Rail does a single invoice for LTC which is then supported by a detailed breakdown of costs by station and is quite straightforward to manage. This doesn't appear significantly different from the portfolio approach they are proposing so not sure what benefit it delivers.

The portfolio approach will make it more difficult to recharge LTC to beneficiaries as the recharges will not be consistent with the charges paid to Network Rail. Currently the LTC charges by station are published by ORR so it is clear to all parties what the charges by station are, and that they are consistent with the costs actually paid by the SFO.

Finally, the process for updating the portfolio charge when there is franchise remapping or a change to the portfolio size seems quite complex. Given the current uncertainty over the re-franchising programme it would seem sensible to retain the current approach.

**Question 5**

No. We believe that portfolio charging is likely to involve increased administration to each individual TOC.

**Question 6**

We are not sure if we agree with this proposal.

**Question 7**

We have no opinion as Merseyrail do not serve any Managed Stations.

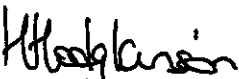
**Question 8**

Merseyrail have no experience about LTC in light of the transfer of MMR activities to SFO on some routes.

**Question 9**

All industry engaged is welcomed.

Yours sincerely



Helen Hodgkinson  
Legal and Compliance Manager  
Merseyrail