

# Gas Information Disclosure 2017

15 MARCH 2018

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# 1. Introduction

This disclosure of information is submitted by Powerco Limited (“Powerco”) pursuant to subpart 9 of Part 4 of the Commerce Act 1986 and in accordance with the Commerce Commission’s Gas Distribution Information Disclosure Determination 2012 (“IDD”) and all its subsequent amendments including the 2015 information disclosure amendments.

Part 4 of the Commerce Act 1986 (“the Act”) provides a regulatory regime for gas pipeline services and sets out the requirements of information disclosure regulation. The purpose of the information disclosure regulation is to ensure that sufficient information is readily available to enable interested persons to assess whether the purpose of Part 4 of the Act is being met. The purpose of Part 4 is to promote the long-term benefit of consumers by promoting outcomes that are consistent with those produced in competitive markets.

For the purpose of regulatory compliance, Powerco is a provider of “gas pipeline services”, as defined by section 55A of the Act, and is required to comply with the requirements of Part 4 of the Act.

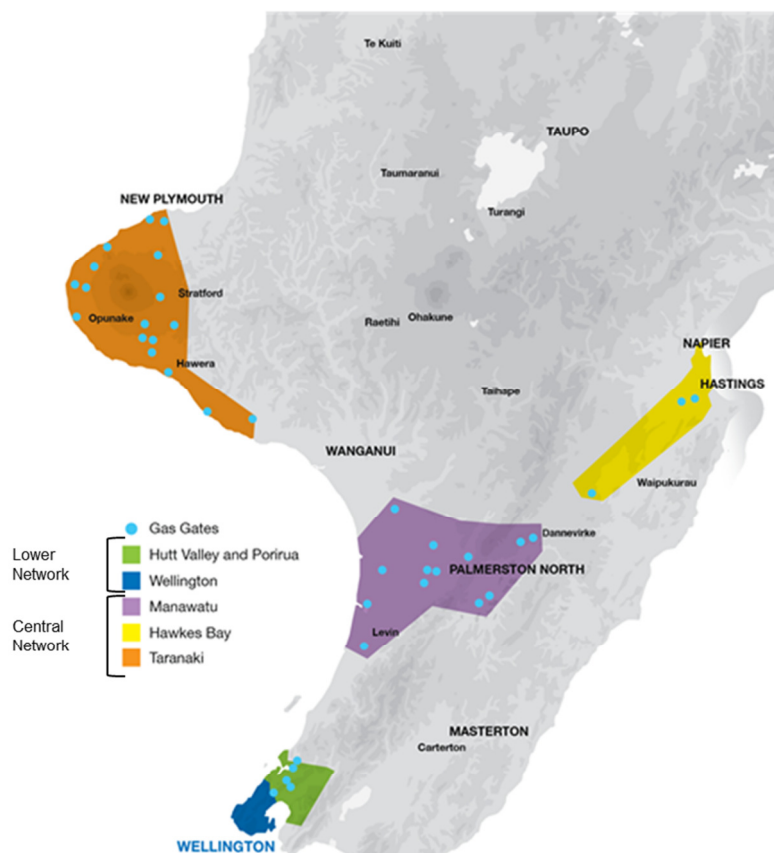
The IDD requires disclosure of the following information for the 2017 disclosure year:

Schedule	Information provided
1	Analytical ratios
2	Return on investment
3	Regulatory profit
4	Regulatory asset base (rolled forward)
5a	Regulatory tax allowance
5b	Related party transactions
5c	Term credit spread differential
5d	Report on cost allocation
5e	Report on asset allocation
6a	Capital expenditure
6b	Operational expenditure
7	Actual capital and operation expenditure compared to forecast
8	Billed quantities and line charge revenues
9a	Asset register
9b	Asset age profile
9c	Pipeline data
9d	Network demand
10a	Network reliability and interruptions
10b	Network integrity and customer service

The IDD requires that network and billed quantity information be provided separately for each sub-network of a supplier’s network. Powerco has two sub-networks in the North Island; the Central Network and Lower Network. These sub-networks are shown in Map 1.

The following schedules are provided for Powerco Limited, Powerco's Central Network and Powerco's Lower Network:

- Schedule 8 Billed quantities and line charge revenue
- Schedule 9a Asset register
- Schedule 9b Asset age profile
- Schedule 9c Pipeline data
- Schedule 9d Network demand
- Schedule 10a Network reliability and interruptions
- Schedule 10b Network integrity and customer service



Map 1: Powerco's sub-networks

Schedules 14 and 15 provide mandatory and voluntary notes to accompany the schedules relating to the current disclosure year.

Directors' certification of the 2017 information disclosure is provided in section 23 at the end of this document.

## 2. Schedule 1: Analytical Ratios

Company Name **Powerco Limited**  
For Year Ended **30 September 2017**

### SCHEDULE 1: ANALYTICAL RATIOS

This schedule calculates expenditure, revenue and service ratios from the information disclosed. The disclosed ratios may vary for reasons that are company specific and, as a result, must be interpreted with care. The Commerce Commission will publish a summary and analysis of information disclosed in accordance with the ID determination. This will include information disclosed in accordance with this and other schedules, and information disclosed under the other requirements of the determination.

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

#### 7 1(i): Expenditure Metrics

	Expenditure per TJ energy delivered to ICPs (\$/TJ)	Expenditure per average no. of ICPs (\$/ICP)	Ratio of expenditure to maximum monthly load (\$ per GJ/month)	Expenditure per km of pipeline for supply (\$/km)
Operational expenditure	1,770	146	15	2,599
Network	654	54	6	960
Non-network	1,116	92	10	1,638
Expenditure on assets	1,867	154	16	2,742
Network	1,568	129	13	2,302
Non-network	300	25	3	440

#### 17 1(ii): Revenue Metrics

	Revenue per TJ energy delivered to ICPs (\$/TJ)	Revenue per average no. of ICPs (\$/ICP)
Total line charge revenue	6,148	506
Standard consumer line charge revenue	9,979	456
Non-standard consumer line charge revenue	1,396	24,212

#### 23 1(iii): Service Intensity Measures

Demand density	172	Maximum monthly load (GJ per month) per system length
Volume density	1	Quantity of gas delivered per km of system length (TJ/km)
Connection point density	18	Average number of ICPs in disclosure year per system length
Energy intensity	82	Total GJ delivered to ICPs per average number of ICPs in disclosure year

#### 30 1(iv): Composition of Revenue Requirement

	(\$000)	% of revenue
Operational expenditure	15,438	28.83%
Pass-through and recoverable costs excluding financial incentives and wash-ups	2,312	4.32%
Total depreciation	10,086	18.83%
Total revaluations	6,689	12.49%
Regulatory tax allowance	6,276	11.72%
Regulatory profit/(loss) including financial incentives and wash-ups	26,134	48.80%
Total regulatory income	53,558	

#### 40 1(v): Reliability

41 Interruption rate	16.58	Interruptions per 100km of system length
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## 3. Schedule 2: Return on Investment

Company Name **Powerco Limited**  
For Year Ended **30 September 2017**

### SCHEDULE 2: REPORT ON RETURN ON INVESTMENT

This schedule requires information on the Return on Investment (ROI) for the GDB relative to the Commerce Commission's estimates of post tax WACC and vanilla WACC. GDBs must calculate their ROI based on a monthly basis if required by clause 2.3.3 of the ID Determination or if they elect to. If a GDB makes this election, information supporting this calculation must be provided in 2(iii).

GDBs must provide explanatory comment on their ROI in Schedule 14 (Mandatory Explanatory Notes).

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

2(i): Return on Investment		for year ended		
		CY-2 30 Sep 15	CY-1 30 Sep 16	Current Year CY 30 Sep 17
		%	%	%
7	<b>2(i): Return on Investment</b>			
8				
9	<b>ROI – comparable to a post tax WACC</b>			
10	Reflecting all revenue earned	5.53%	5.13%	7.58%
11	Excluding revenue earned from financial incentives	5.53%	5.13%	7.58%
12	Excluding revenue earned from financial incentives and wash-ups	5.53%	5.13%	7.58%
13				
14	<b>Mid-point estimate of post tax WACC</b>	6.66%	5.69%	5.18%
15	25th percentile estimate	5.85%	4.88%	4.37%
16	75th percentile estimate	7.47%	6.50%	5.99%
17				
18				
19	<b>ROI – comparable to a vanilla WACC</b>			
20	Reflecting all revenue earned	6.28%	5.71%	8.07%
21	Excluding revenue earned from financial incentives	6.28%	5.71%	8.07%
22	Excluding revenue earned from financial incentives and wash-ups	6.28%	5.71%	8.07%
23				
24	<b>WACC rate used to set regulatory price path</b>	7.44%	7.44%	7.44%
25				
26	<b>Mid-point estimate of vanilla WACC</b>	7.41%	6.26%	5.67%
27	25th percentile estimate	6.60%	5.45%	4.86%
28	75th percentile estimate	8.22%	7.07%	6.48%
29				
30	<b>2(ii): Information Supporting the ROI</b>			
31				
32	Total opening RAB value	351,954		
33	plus Opening deferred tax	(25,212)		
34	<b>Opening RIV</b>		326,742	
35				
36	<b>Line charge revenue</b>		53,635	
37				
38	Expenses cash outflow	17,751		
39	plus Assets commissioned	16,198		
40	less Asset disposals	316		
41	plus Tax payments	4,084		
42	less Other regulated income	(77)		
43	<b>Mid-year net cash flows</b>		37,793	
44				
45	<b>Term credit spread differential allowance</b>			
46				
47	Total closing RAB value	364,155		
48	less Adjustment resulting from asset allocation	(284)		
49	less Lost and found assets adjustment	-		
50	plus Closing deferred tax	(27,404)		
51	<b>Closing RIV</b>		337,035	
52				
53	<b>ROI – comparable to a vanilla WACC</b>			8.07%
54				
55	Leverage (%)			44%
56	Cost of debt assumption (%)			3.99%
57	Corporate tax rate (%)			28%
58				
59	<b>ROI – comparable to a post tax WACC</b>			7.58%
60				

61	<b>2(iii): Information Supporting the Monthly ROI</b>						
62	Opening RIV						N/A
63							
64							
65							
66		Line charge revenue	Expenses cash outflow	Assets commissioned (\$000)	Asset disposals	Other regulated income	Monthly net cash outflows
67	Month 1						-
68	Month 2						-
69	Month 3						-
70	Month 4						-
71	Month 5						-
72	Month 6						-
73	Month 7						-
74	Month 8						-
75	Month 9						-
76	Month 10						-
77	Month 11						-
78	Month 12						-
79	<b>Total</b>						
80							
81	Tax Payments						N/A
82							
83	Term credit spread differential allowance						N/A
84							
85	Closing RIV						N/A
86							
87							
88	Monthly ROI – comparable to a vanilla WACC						N/A
89							
90	Monthly ROI – comparable to a post tax WACC						N/A
91							
92	<b>2(iv): Year-End ROI Rates for Comparison Purposes</b>						
93							
94	Year-end ROI – comparable to a vanilla WACC						7.81%
95							
96	Year-end ROI – comparable to a post tax WACC						7.31%
97							
98	<i>* these year-end ROI values are comparable to the ROI reported in pre 2012 disclosures by GDBs and do not represent the Commission's current view on ROI.</i>						
99							
100	<b>2(v): Financial Incentives and Wash-Ups</b>						
101							
102	Net recoverable costs allowed under incremental rolling incentive scheme						
103	Other financial incentives						
104	<b>Financial incentives</b>						
105							
106	<b>Impact of financial incentives on ROI</b>						
107							
108	Input methodology claw-back						
109	Recoverable customised price-quality path costs						
110	Other wash-ups						
111	<b>Wash-up costs</b>						
112							
113	<b>Impact of wash-up costs on ROIs</b>						

A monthly ROI must only be calculated if during the first three months or last three months of the 2017 disclosure year, the value of assets commissioned by Powerco had exceeded 10% of the total opening regulatory asset base values. These criteria are not met and Powerco has elected to report the ROI for the full disclosure year only.

## 4. Schedule 3: Regulatory Profit

Company Name **Powerco Limited**  
For Year Ended **30 September 2017**

### SCHEDULE 3: REPORT ON REGULATORY PROFIT

This schedule requires information on the calculation of regulatory profit for the GDB for the disclosure year. GDBs must complete all sections and must provide explanatory comment on their regulatory profit in Schedule 14 (Mandatory Explanatory Notes).

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

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		(\$000)
7	<b>3(i): Regulatory Profit</b>	
8	<b>Income</b>	
9	Line charge revenue	53,635
10	plus Gains / (losses) on asset disposals	(316)
11	plus Other regulated income (other than gains / (losses) on asset disposals)	239
12		
13	<b>Total regulatory income</b>	53,558
14	<b>Expenses</b>	
15	less Operational expenditure	15,438
16		
17	less Pass-through and recoverable costs excluding financial incentives and wash-ups	2,312
18		
19	<b>Operating surplus / (deficit)</b>	35,807
20		
21	less Total depreciation	10,086
22		
23	plus Total revaluations	6,689
24		
25	<b>Regulatory profit / (loss) before tax</b>	32,410
26		
27	less Term credit spread differential allowance	-
28		
29	less Regulatory tax allowance	6,276
30		
31	<b>Regulatory profit/(loss) including financial incentives and wash-ups</b>	26,134
32		
33	<b>3(ii): Pass-through and recoverable costs excluding financial incentives and wash-ups</b>	(\$000)
34	<b>Pass through costs</b>	
35	Rates	1,428
36	Commerce Act levies	828
37	Industry Levies	56
38	CPP specified pass through costs	-
39	<b>Recoverable costs excluding financial incentives and wash-ups</b>	
40	Other recoverable costs excluding financial incentives and wash-ups	-
41	<b>Pass-through and recoverable costs excluding financial incentives and wash-ups</b>	2,312
42		
43		
44	<b>3(iii): Incremental Rolling Incentive Scheme</b>	(\$000)
45		
46		CY-1                      CY
47	Allowed controllable opex	30 Sep 16                      30 Sep 17
48	Actual controllable opex	-
49		
50	<b>Incremental change in year</b>	-
51		
52		Previous years' incremental change adjusted for inflation
53	CY-5                      30 Sep 12	-
54	CY-4                      30 Sep 13	-
55	CY-3                      30 Sep 14	-
56	CY-2                      30 Sep 15	-
57	CY-1                      30 Sep 16	-
58	<b>Net incremental rolling incentive scheme</b>	-
59		
60	<b>Net recoverable costs allowed under incremental rolling incentive scheme</b>	-
61		
62	<b>3(iv): Merger and Acquisition Expenditure</b>	(\$000)
63		
64	Merger and acquisition expenditure	-
65		
66	<i>Provide commentary on the benefits of merger and acquisition expenditure to the gas distribution business, including required disclosures in accordance with section 2.7, in Schedule 14 (Mandatory Explanatory Notes)</i>	
67		(\$000)
68	<b>3(v): Other Disclosures</b>	(\$000)
69		
70	Self-insurance allowance	-



# 5. Schedule 4: Value of Regulatory Asset Base

Company Name **Powerco Limited**  
 For Year Ended **30 September 2017**

## SCHEDULE 4: REPORT ON VALUE OF THE REGULATORY ASSET BASE (ROLLED FORWARD)

This schedule requires information on the calculation of the Regulatory Asset Base (RAB) value to the end of this disclosure year. This informs the ROI calculation in Schedule 2. GDBs must provide explanatory comment on the value of their RAB in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

	for year ended				
	30 Sep 13 (\$000)	30 Sep 14 (\$000)	30 Sep 15 (\$000)	30 Sep 16 (\$000)	30 Sep 17 (\$000)
<b>4(i): Regulatory Asset Base Value (Rolled Forward)</b>					
Total opening RAB value	337,842	339,835	340,539	348,395	351,954
less Total depreciation	9,077	9,454	9,458	9,959	10,086
plus Total revaluations	4,614	3,435	1,417	1,445	6,689
plus Assets commissioned	6,633	6,931	16,706	12,910	16,198
less Asset disposals	135	33	309	376	316
plus Lost and found assets adjustment	-	-	-	-	-
plus Adjustment resulting from asset allocation	(43)	(175)	(500)	(461)	(284)
<b>Total closing RAB value</b>	<b>339,835</b>	<b>340,539</b>	<b>348,395</b>	<b>351,954</b>	<b>364,155</b>

	Unallocated RAB *		RAB	
	(\$000)	(\$000)	(\$000)	(\$000)
<b>4(ii): Unallocated Regulatory Asset Base</b>				
Total opening RAB value		395,568		351,954
less Total depreciation		12,150		10,086
plus Total revaluations		7,519		6,689
plus Assets commissioned (other than below)	26,194		16,198	
Assets acquired from a regulated supplier	-		-	
Assets acquired from a related party	-		-	
<b>Assets commissioned</b>	<b>26,194</b>	<b>26,194</b>	<b>16,198</b>	<b>16,198</b>
less Asset disposals (other than below)	316		316	
Asset disposals to a regulated supplier	-		-	
Asset disposals to a related party	-		-	
<b>Asset disposals</b>	<b>316</b>	<b>316</b>	<b>316</b>	<b>316</b>
plus Lost and found assets adjustment				
plus Adjustment resulting from asset allocation				(284)
<b>Total closing RAB value</b>		<b>416,815</b>		<b>364,155</b>

\* The 'unallocated RAB' is the total value of those assets used wholly or partially to provide gas distribution services without any allowance being made for the allocation of costs to services provided by the supplier that are not gas distribution services. The RAB value represents the value of these assets after applying this cost allocation. Neither value includes works under construction.

<b>4(iii): Calculation of Revaluation Rate and Revaluation of Assets</b>		
CPI <sub>t</sub>		1,232
CPI <sub>t-4</sub>		1,209
Revaluation rate (%)		1.90%

	Unallocated RAB *		RAB	
	(\$000)	(\$000)	(\$000)	(\$000)
Total opening RAB value	395,568		351,954	
less Opening value of fully depreciated, disposed and lost assets	330		327	
Total opening RAB value subject to revaluation	395,238		351,627	
<b>Total revaluations</b>		<b>7,519</b>		<b>6,689</b>

	Unallocated works under construction		Allocated works under construction	
<b>4(iv): Roll Forward of Works Under Construction</b>				
Works under construction—preceding disclosure year		7,410		3,687
plus Capital expenditure	27,770		16,154	
less Assets commissioned	26,194		16,198	
plus Adjustment resulting from asset allocation			(25)	
<b>Works under construction - current disclosure year</b>		<b>8,985</b>		<b>3,619</b>
Highest rate of capitalised finance applied				5.99%

76 **4(v): Regulatory Depreciation**

77  
78  
79 Depreciation - standard  
80 Depreciation - no standard life assets  
81 Depreciation - modified life assets  
82 Depreciation - alternative depreciation in accordance with CPP  
83 **Total depreciation**

Unallocated RAB (\$000)	(\$000)	RAB (\$000)	(\$000)
10,384		9,779	
1,766		307	
	12,150		10,086

(5000 unless otherwise specified)

85 **4(vi): Disclosure of Changes to Depreciation Profiles**

Asset or assets with changes to depreciation	Reason for non-standard depreciation (text entry)	Depreciation charge for the period (RAB)	Closing RAB value under 'non-standard' depreciation	Closing RAB value under 'standard' depreciation

\* include additional rows if needed

96 **4(vii): Disclosure by Asset Category**

(5000 unless otherwise specified)

	Intermediate pressure main pipelines	Medium pressure main pipelines	Low pressure main pipelines	Service pipe	Stations	Line valve	Special crossings	Other network assets	Non-network assets	Total
<b>Total opening RAB value</b>	47,680	172,343	4,650	96,747	6,759	2,978	475	7,760	12,562	351,954
less Total depreciation	1,369	4,616	109	2,597	400	65	8	408	514	10,086
plus Total revaluations	907	3,278	88	1,840	128	55	9	145	239	6,689
plus Assets commissioned	793	2,866	77	7,559	77	279	102	2,143	2,300	16,198
less Asset disposals	7	25	1	36	43	78	-	127	0	316
plus Lost and found assets adjustment	-	-	-	-	-	-	-	-	-	-
plus Adjustment resulting from asset allocation	-	-	-	-	-	-	-	-	(284)	(284)
plus Asset category transfers	(424)	(1,531)	(41)	(4,038)	(41)	(149)	(54)	6,278	-	0
<b>Total closing RAB value</b>	47,581	172,315	4,665	99,475	6,480	3,021	523	15,792	14,303	364,155

**Asset Life**

Weighted average remaining asset life	35	37	43	37	17	46	58	19	21	(years)
Weighted average expected total asset life	67	60	60	60	35	62	70	25	28	(years)

## 6. Schedule 5a: Regulatory Tax Allowance

Company Name **Powerco Limited**  
For Year Ended **30 September 2017**

### SCHEDULE 5a: REPORT ON REGULATORY TAX ALLOWANCE

This schedule requires information on the calculation of the regulatory tax allowance. This information is used to calculate regulatory profit/loss in Schedule 3 (regulatory profit). GDBs must provide explanatory commentary on the information disclosed in this schedule, in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

		(\$000)
7	<b>5a(i): Regulatory Tax Allowance</b>	
8	Regulatory profit / (loss) before tax	32,410
9		
10	<i>plus</i> Income not included in regulatory profit / (loss) before tax but taxable	-
11	Expenditure or loss in regulatory profit / (loss) before tax but not deductible	28
12	Amortisation of initial differences in asset values	2,301
13	Amortisation of revaluations	(12)
14		2,317
15		
16	<i>less</i> Total revaluations	6,689
17	Income included in regulatory profit / (loss) before tax but not taxable	-
18	Expenditure or loss deductible but not in regulatory profit / (loss) before tax	-
19	Notional deductible interest	5,625
20		12,315
21		
22	<b>Regulatory taxable income</b>	<b>22,413</b>
23		
24	<i>less</i> Utilised tax losses	-
25	Regulatory net taxable income	22,413
26		
27	Corporate tax rate (%)	28%
28	<b>Regulatory tax allowance</b>	<b>6,276</b>

\* Workings to be provided in Schedule 14

### 5a(ii): Disclosure of Permanent Differences

In Schedule 14, Box 5, provide descriptions and workings of items recorded in the asterisked categories in Schedule 5a(i).

		(\$000)
34	<b>5a(iii): Amortisation of Initial Difference in Asset Values</b>	
35		
36	Opening unamortised initial differences in asset values	75,924
37	<i>less</i> Amortisation of initial differences in asset values	2,301
38	<i>plus</i> Adjustment for unamortised initial differences in assets acquired	-
39	<i>less</i> Adjustment for unamortised initial differences in assets disposed	92
40	Closing unamortised initial differences in asset values	73,531
41		
42	Opening weighted average remaining useful life of relevant assets (years)	33
43		



# 7. Schedule 5b: Related Party Transactions

Company Name **Powerco Limited**  
 For Year Ended **30 September 2017**

**SCHEDULE 5b: REPORT ON RELATED PARTY TRANSACTIONS**

This schedule provides information on the valuation of related party transactions, in accordance with section 2.3.6 and 2.3.7 of the ID determination. This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

7 <b>5b(i): Summary—Related Party Transactions</b>		(5000)
8	Total regulatory income	-
9	Operational expenditure	-
10	Capital expenditure	-
11	Market value of asset disposals	-
12	Other related party transactions	-

13 <b>5b(ii): Entities Involved in Related Party Transactions</b>	
14	14
Name of related party	Related party relationship
15	
16	
17	
18	
19	
20	

\* include additional rows if needed

21 <b>5b(iii): Related Party Transactions</b>				
22	22	22	22	22
Name of related party	Related party transaction type	Description of transaction	Value of transaction (\$000)	Basis for determining value
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				

\* include additional rows if needed

## 8. Schedule 5c: Term Credit Spread Differential

Company Name **Powerco Limited**  
 For Year Ended **30 September 2017**

### SCHEDULE 5c: REPORT ON TERM CREDIT SPREAD DIFFERENTIAL ALLOWANCE

This schedule is only to be completed if, as at the date of the most recently published financial statements, the weighted average original tenor of the debt portfolio (both qualifying debt and non-qualifying debt) is greater than five years. This information is part of an audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

#### 5c(i): Qualifying Debt (may be Commission only)

Issuing party	Issue date	Pricing date	Original tenor (in years)	Coupon rate (%)	Book value at issue date (NZD)	Book value at date of financial statements (NZD)	Term Credit Spread Difference	Cost of executing an interest rate swap	Debt issue cost readjustment
2005 Guaranteed Bonds - 2	28/09/2005	26/09/2005	12.0	6.74%	50,000,000	49,977,925	75,000	9,610	(102,083)
USPP (2011) US\$72m/NZ\$91.4m	7/06/2011	7/06/2011	9.0	BKBM+1.945%	91,370,558	106,889,750	137,056	-	(142,132)
USPP (2011) US\$90m/NZ\$114.2m	7/06/2011	7/06/2011	12.0	BKBM+1.835%	114,213,198	136,756,987	171,320	-	(233,185)
USPP (2011) US\$83m/NZ\$105.3m	7/06/2011	7/06/2011	15.0	BKBM+1.980%	105,329,949	128,074,912	157,995	-	(245,770)
2011 Wholesale Bond - Fixed rate	20/12/2011	20/12/2011	7.0	6.3%	65,000,000	65,734,529	97,500	13,134	(65,000)
2011 Wholesale Bond - Floating rate	20/12/2011	20/12/2011	7.0	BKBM + 2.60%	35,000,000	35,395,516	52,500	7,072	(35,000)
USPP(2013) US\$25m/NZ\$30.4m	23/01/2013	1/11/2012	12.0	BKBM + 2.20%	30,439,547	35,304,599	45,659	-	(62,147)
USPP(2013) US\$80m/NZ\$97.4m	23/01/2013	1/11/2012	15.0	BKBM + 2.21%	97,406,551	111,137,399	146,110	-	(227,282)
NZD USPP(2014) NZ\$135m	15/10/2014	3/07/2014	12.5	6.62%	135,000,000	136,053,079	202,500	20,408	(283,500)
2015 Wholesale Bond - Fixed rate	28/09/2015	16/09/2015	7.0	4.76%	150,000,000	149,751,117	225,000	22,463	(150,000)
2016 Wholesale Bond - Fixed rate	15/11/2016	4/11/2016	8.0	4.67%	100,000,000	100,465,780	150,000	20,093	(131,250)
<i>* include additional rows if needed</i>						1,055,541,593	1,460,640	92,781	(1,677,350)

#### 5c(ii): Attribution of Term Credit Spread Differential

Gross term credit spread differential		(123,929)
Total book value of interest bearing debt	1,322,074,000	
Leverage	44%	
Average opening and closing RAB values	358,054,363	
Attribution Rate (%)		12%
Term credit spread differential allowance		

# 9. Schedule 5d: Cost Allocations

Company Name **Powerco Limited**  
 For Year Ended **30 September 2017**

## SCHEDULE 5d: REPORT ON COST ALLOCATIONS

This schedule provides information on the allocation of operational costs. GDBs must provide explanatory comment on their cost allocation in Schedule 14 (Mandatory Explanatory Notes), including on the impact of any reclassifications.  
 This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

		Value allocated (\$000s)				
		Arm's length deduction	Gas distribution services	Non-gas distribution services	Total	OVBAA allocation increase (\$000s)
<b>5d(i): Operating Cost Allocations</b>						
<b>Service interruptions, incidents and emergencies</b>						
	Directly attributable		367			
	Not directly attributable		-			
	<b>Total attributable to regulated service</b>		367			
<b>Routine and corrective maintenance and inspection</b>						
	Directly attributable		2,448			
	Not directly attributable		-			
	<b>Total attributable to regulated service</b>		2,448			
<b>Asset replacement and renewal</b>						
	Directly attributable		2,890			
	Not directly attributable		-			
	<b>Total attributable to regulated service</b>		2,890			
<b>System operations and network support</b>						
	Directly attributable		3,688			
	Not directly attributable		182	887	1,069	
	<b>Total attributable to regulated service</b>		3,871			
<b>Business support</b>						
	Directly attributable		882			
	Not directly attributable		4,991	24,150	29,141	
	<b>Total attributable to regulated service</b>		5,873			
	<b>Operating costs directly attributable</b>		10,274			
	<b>Operating costs not directly attributable</b>		5,173	25,037	30,210	
	<b>Operational expenditure</b>		15,448			

		Value allocated (\$000s)				
		Arm's length deduction	Gas distribution services	Non-gas distribution services	Total	OVBAA allocation increase (\$000s)
<b>5d(ii): Other Cost Allocations</b>						
<b>Pass through and recoverable costs</b>						
<b>Pass through costs</b>						
	Directly attributable		2,256			
	Not directly attributable		56	189	245	
	<b>Total attributable to regulated service</b>		2,312			
<b>Recoverable costs</b>						
	Directly attributable		-			
	Not directly attributable		-			
	<b>Total attributable to regulated service</b>		-			

		(\$000)	
		CY-1	Current Year (CY)
<b>5d(iii): Changes in Cost Allocations* †</b>			
<b>Change in cost allocation 1</b>			
Cost category		Original allocation	
Original allocator or line items		New allocation	
New allocator or line items		Difference	
Rationale for change			
<b>Change in cost allocation 2</b>			
Cost category		Original allocation	
Original allocator or line items		New allocation	
New allocator or line items		Difference	
Rationale for change			
<b>Change in cost allocation 3</b>			
Cost category		Original allocation	
Original allocator or line items		New allocation	
New allocator or line items		Difference	
Rationale for change			

\* a change in cost allocation must be completed for each cost allocator change that has occurred in the disclosure year. A movement in an allocator metric is not a change in allocator or component.  
 † include additional rows if needed

# 10. Schedule 5e: Asset Allocations

Company Name **Powerco Limited**  
 For Year Ended **30 September 2017**

## SCHEDULE 5e: REPORT ON ASSET ALLOCATIONS

This schedule requires information on the allocation of asset values. This information supports the calculation of the RAB value in Schedule 4. GDBs must provide explanatory comment on their cost allocation in Schedule 14 (Mandatory Explanatory Notes), including on the impact of any changes in asset allocations. This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

### 5e(i): Regulated Service Asset Values

	Value allocated (\$000s)
	Gas distribution services
<b>Main pipe</b>	
Directly attributable	224,560
Not directly attributable	-
<b>Total attributable to regulated service</b>	224,560
<b>Service pipe</b>	
Directly attributable	99,475
Not directly attributable	-
<b>Total attributable to regulated service</b>	99,475
<b>Stations</b>	
Directly attributable	6,480
Not directly attributable	-
<b>Total attributable to regulated service</b>	6,480
<b>Line valve</b>	
Directly attributable	3,021
Not directly attributable	-
<b>Total attributable to regulated service</b>	3,021
<b>Special crossings</b>	
Directly attributable	523
Not directly attributable	-
<b>Total attributable to regulated service</b>	523
<b>Other network assets</b>	
Directly attributable	15,792
Not directly attributable	-
<b>Total attributable to regulated service</b>	15,792
<b>Non-network assets</b>	
Directly attributable	3,437
Not directly attributable	10,866
<b>Total attributable to regulated service</b>	14,303
<b>Regulated service asset value directly attributable</b>	353,289
<b>Regulated service asset value not directly attributable</b>	10,866
<b>Total closing RAB value</b>	364,155

### 5e(ii): Changes in Asset Allocations\* †

Change in asset value allocation 1			(\$000)	
			CY-1	Current Year (CY)
Asset category		Original allocation		
Original allocator or line items		New allocation		
New allocator or line items		Difference	-	-
Rationale for change				
Change in asset value allocation 2			(\$000)	
Asset category		Original allocation	CY-1	Current Year (CY)
Original allocator or line items		New allocation		
New allocator or line items		Difference	-	-
Rationale for change				
Change in asset value allocation 3			(\$000)	
Asset category		Original allocation	CY-1	Current Year (CY)
Original allocator or line items		New allocation		
New allocator or line items		Difference	-	-
Rationale for change				

\* a change in asset allocation must be completed for each allocator or component change that has occurred in the disclosure year. A movement in an allocator metric is not a change in allocator or component.

† include additional rows if needed



# 11. Schedule 6a: Capital Expenditure

Company Name **Powerco Limited**  
 For Year Ended **30 September 2017**

## SCHEDULE 6a: REPORT ON CAPITAL EXPENDITURE FOR THE DISCLOSURE YEAR

This schedule requires a breakdown of capital expenditure on assets incurred in the disclosure year, including any assets in respect of which capital contributions are received, but excluding assets that are vested assets. Information on expenditure on assets must be provided on an accounting accruals basis and must exclude finance costs. GDBs must provide explanatory comment on their expenditure on assets in Schedule 14 (Explanatory notes to templates). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

		(\$000)	(\$000)
7	<b>6a(i): Expenditure on Assets</b>		
8	Consumer connection		6,650
9	System growth		1,189
10	Asset replacement and renewal		1,502
11	Asset relocations		400
12	Reliability, safety and environment:		
13	Quality of supply	2,200	
14	Legislative and regulatory	-	
15	Other reliability, safety and environment	1,734	
16	<b>Total reliability, safety and environment</b>		<b>3,934</b>
17	<b>Expenditure on network assets</b>		<b>13,675</b>
18	Expenditure on non-network assets		2,616
19			
20	<b>Expenditure on assets</b>		<b>16,291</b>
21	plus Cost of financing		58
22	less Value of capital contributions		194
23	plus Value of vested assets		-
24			
25	<b>Capital expenditure</b>		<b>16,154</b>
26	<b>6a(ii): Subcomponents of Expenditure on Assets (where known)</b>		<b>(\$000)</b>
27	Research and development		-
28	<b>6a(iii): Consumer Connection</b>		
29	<i>Consumer types defined by GDB*</i>		
30	Residential/Small Commercial	5,790	
31	Commercial	821	
32	Industrial	39	
33			
34			
35	<i>* include additional rows if needed</i>		
36	<b>Consumer connection expenditure</b>		<b>6,650</b>
37			
38	less Capital contributions funding consumer connection expenditure	93	
39	<b>Consumer connection less capital contributions</b>		<b>6,557</b>
40			
41	<b>6a(iv): System Growth and Asset Replacement and Renewal</b>		
42			
43		<b>System Growth (\$000)</b>	<b>Asset Replacement and Renewal (\$000)</b>
44	<b>Intermediate pressure</b>		
45	Main pipe	59	8
46	Service pipe	-	-
47	Stations	-	215
48	Line valve	-	-
49	Special crossings	-	-
50	<b>Intermediate pressure - total</b>	<b>59</b>	<b>224</b>
51	<b>Medium pressure</b>		
52	Main pipe	1,130	1,248
53	Service pipe	-	25
54	Stations	-	-
55	Line valve	-	-
56	Special crossings	-	-
57	<b>Medium pressure - total</b>	<b>1,130</b>	<b>1,273</b>
58	<b>Low pressure</b>		
59	Main pipe	-	-
60	Service pipe	-	6
61	Line valve	-	-
62	Special crossings	-	-
63	<b>Low pressure - total</b>	<b>-</b>	<b>6</b>
64	<b>Other network assets</b>		
65	Monitoring and control systems	-	-
66	Cathodic protection systems	-	-
67	Other assets (other than above)	-	-
68	<b>Other network assets - total</b>	<b>-</b>	<b>-</b>
69			
70	<b>System growth and asset replacement and renewal expenditure</b>	<b>1,189</b>	<b>1,502</b>
71	less Capital contributions funding system growth and asset replacement and renewal	75	-
72	<b>System growth and asset replacement and renewal less capital contributions</b>	<b>1,113</b>	<b>1,502</b>

73	<b>6a(v): Asset Relocations</b>		
74	<i>Project or programme*</i>		
75		(\$000)	(\$000)
76		165	
77		-	
78		-	
79		-	
80	<i>* include additional rows if needed</i>		
81	All other projects or programmes - asset relocations	235	
82	<b>Asset relocations expenditure</b>		400
83	<i>less</i> Capital contributions funding asset relocations	26	
84	<b>Asset relocations less capital contributions</b>		375
85	<b>6a(vi): Quality of Supply</b>		
86	<i>Project or programme*</i>		
87	Wellington CBD	(\$000)	(\$000)
88	Palmerston North Eastern Reinforcement	1,387	
89		686	
90			
91			
92	<i>* include additional rows if needed</i>		
93	All other projects or programmes - quality of supply	127	
94	<b>Quality of supply expenditure</b>		2,200
95	<i>less</i> Capital contributions funding quality of supply	-	
96	<b>Quality of supply less capital contributions</b>		2,200
97			
98	<b>6a(vii): Legislative and Regulatory</b>		
99	<i>Project or programme*</i>		
100		(\$000)	(\$000)
101		-	
102		-	
103		-	
104		-	
105	<i>* include additional rows if needed</i>		
106	All other projects or programmes - legislative and regulatory	-	
107	<b>Legislative and regulatory expenditure</b>		-
108	<i>less</i> Capital contributions funding legislative and regulatory	-	
109	<b>Legislative and regulatory less capital contributions</b>		-
110			
111	<b>6a(viii): Other Reliability, Safety and Environment</b>		
112	<i>Project or programme*</i>		
113	DRS protection programme	(\$000)	(\$000)
114	Riddlers Crescent DRS Rationalisation	835	
115	Newlands disconnection	230	
116	HAB IP Valve Safety Improvement	206	
117		107	
118	<i>* include additional rows if needed</i>		
119	All other projects or programmes - other reliability, safety and environment	356	
120	<b>Other reliability, safety and environment expenditure</b>		1,734
121	<i>less</i> Capital contributions funding other reliability, safety and environment		
122	<b>Other reliability, safety and environment less capital contributions</b>		1,734
123	<b>6a(ix): Non-Network Assets</b>		
124	<b>Routine expenditure</b>		
125	<i>Project or programme*</i>		
126	IT Renewal	(\$000)	(\$000)
127	Lease Assets	172	
128		1,226	
129			
130			
131	<i>* include additional rows if needed</i>		
132	All other projects or programmes - routine expenditure	83	
133	<b>Routine expenditure</b>		1,481
134	<b>Atypical expenditure</b>		
135	<i>Project or programme*</i>		
136	Enterprise Asset Management System	(\$000)	(\$000)
137		684	
138			
139			
140			
141	<i>* include additional rows if needed</i>		
142	All other projects or programmes - atypical expenditure	451	
143	<b>Atypical expenditure</b>		1,135
144			
145	<b>Expenditure on non-network assets</b>		2,616

## 12. Schedule 6b: Operational Expenditure

		Company Name <b>Powerco Limited</b>	
		For Year Ended <b>30 September 2017</b>	
<b>SCHEDULE 6b: REPORT ON OPERATIONAL EXPENDITURE FOR THE DISCLOSURE YEAR</b>			
<p>This schedule requires a breakdown of operational expenditure incurred in the current disclosure year. GDBs must provide explanatory comment on their operational expenditure in Schedule 14 (Explanatory notes to templates). This includes explanatory comment on any atypical operational expenditure and assets replaced or renewed as part of asset replacement and renewal operational expenditure, and additional information on insurance.</p> <p>This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.</p>			
<i>sch ref</i>			
7	<b>6b(i): Operational Expenditure</b>		
8	Service interruptions, incidents and emergencies	(\$000) 367	(\$000)
9	Routine and corrective maintenance and inspection	2,448	
10	Asset replacement and renewal	2,890	
11	<b>Network opex</b>		5,704
12	System operations and network support	3,871	
13	Business support	5,863	
14	<b>Non-network opex</b>		9,734
15			
16	<b>Operational expenditure</b>		15,438
17	<b>6b(ii): Subcomponents of Operational Expenditure (where known)</b>		
18	Research and development		-
19	Insurance		92

## 13. Schedule 7: Forecast v Actual Expenditure

Company Name **Powerco Limited**  
For Year Ended **30 September 2017**

### SCHEDULE 7: COMPARISON OF FORECASTS TO ACTUAL EXPENDITURE

This schedule compares actual revenue and expenditure to the previous forecasts that were made for the disclosure year. Accordingly, this schedule requires the forecast revenue and expenditure information from previous disclosures to be inserted.

GDBs must provide explanatory comment on the variance between actual and target revenue and forecast expenditure in Schedule 14 (Mandatory Explanatory Notes). This information is part of the audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8. For the purpose of this audit, target revenue and forecast expenditures only need to be verified back to previous disclosures.

sch ref

7(i): Revenue		Target (\$000) <sup>1</sup>	Actual (\$000)	% variance
8				
9	Line charge revenue	52,462	53,635	2%
7(ii): Expenditure on Assets		Forecast (\$000) <sup>2</sup>	Actual (\$000)	% variance
10				
11	Consumer connection	4,255	6,650	56%
12	System growth	1,378	1,189	(14%)
13	Asset replacement and renewal	2,071	1,502	(27%)
14	Asset relocations	292	400	37%
15	Reliability, safety and environment:			
16	Quality of supply	3,503	2,200	(37%)
17	Legislative and regulatory	-	-	-
18	Other reliability, safety and environment	2,474	1,734	(30%)
19	<b>Total reliability, safety and environment</b>	5,977	3,934	(34%)
	<b>Expenditure on network assets</b>	13,972	13,675	(2%)
21	Expenditure on non-network assets	2,155	2,616	21%
22	<b>Expenditure on assets</b>	16,127	16,291	1%
7(iii): Operational Expenditure				
23				
24	Service interruptions, incidents and emergencies	415	367	(12%)
25	Routine and corrective maintenance and inspection	2,071	2,448	18%
26	Asset replacement and renewal	3,076	2,890	(6%)
27	<b>Network opex</b>	5,562	5,704	3%
28	System operations and network support	4,283	3,871	(10%)
29	Business support	6,802	5,863	(14%)
30	<b>Non-network opex</b>	11,085	9,734	(12%)
31	<b>Operational expenditure</b>	16,648	15,438	(7%)
7(iv): Subcomponents of Expenditure on Assets (where known)				
32				
33	Research and development	-	-	-
7(v): Subcomponents of Operational Expenditure (where known)				
34				
35	Research and development	-	-	-
36	Insurance	121	92	(24%)

<sup>1</sup> From the nominal dollar target revenue for the pricing year disclosed under clause 2.4.3(3) of this determination

<sup>2</sup> From the CY+1 nominal dollar expenditure forecasts disclosed in accordance with clause 2.6.6 for the forecast period starting at the beginning of the disclosure year (the second to last disclosure of Schedules 11a and 11b)

# 14. Schedule 8: Billed Quantities and Line Charge Revenue

Company Name	Powerco Limited
For Year Ended	30 September 2017
Network / Sub-Network Name	Powerco Limited

## SCHEDULE 8: REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES

This schedule requires the billed quantities and associated line charge revenues for the disclosure year for each consumer group or price category code used by the GDB in its pricing schedules. Information is also required on the number of ICPs that are included in each consumer group or price category code, and the energy delivered to these ICPs.

sch ref

8 **8(i): Billed quantities by price component**

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Consumer group name or price category code	Consumer type or types (eg, residential, commercial, etc.)	Standard or non-standard consumer group (specify)	Average no. of ICPs in disclosure year	Quantity of gas delivered (TJ)
G06	Residential	Standard	26,183	316
G11	Residential / Small Commercial	Standard	76,931	2,853
G12	Commercial	Standard	1,788	445
G14	Commercial	Standard	541	445
G16	Commercial	Standard	285	578
G18	Commercial	Standard	55	194
G30	Commercial	Non-standard	124	459
G40	Industrial	Non-standard	101	3,435

Add extra rows for additional consumer groups or price category codes as necessary

Standard consumer totals	105,781	4,830
Non-standard consumer totals	225	3,893
<b>Total for all consumers</b>	<b>106,006</b>	<b>8,723</b>

**Billed quantities by price component**

Add extra columns for additional billed quantities by price component as necessary

Price component  
  
Unit charging basis (eg, days, GJ, etc.)

Price component	Fixed	Variable			
Unit charging basis (eg, days, GJ, etc.)	Days	GJ			
	-	315,589			
	28,079,633	2,853,481			
	652,438	444,778			
	197,465	444,720			
	103,843	577,696			
	20,075	193,648			
	32,855	458,784			
	30,837	3,434,589			

	29,053,453	4,829,911	-	-	-
	63,692	3,893,374	-	-	-
	<b>29,117,145</b>	<b>8,723,285</b>	<b>-</b>	<b>-</b>	<b>-</b>



Company Name **Powerco Limited**

For Year Ended **30 September 2017**

Network / Sub-Network Name **Central Region**

**SCHEDULE 8: REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES**

This schedule requires the billed quantities and associated line charge revenues for the disclosure year for each consumer group or price category code used by the GDB in its pricing schedules. Information is also required on the number of ICPs that are included in each consumer group or price category code, and the energy delivered to these ICPs.

sch ref

**8(i): Billed quantities by price component**

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Consumer group name or price category code	Consumer type or types (eg, residential, commercial, etc.)	Standard or non-standard consumer group (specify)	Average no. of ICPs in disclosure year	Quantity of gas delivered (TJ)
G06	Residential	Standard	12,167	144
G11	Residential / Small Commercial	Standard	31,008	980
G12	Commercial	Standard	700	193
G14	Commercial	Standard	281	246
G16	Commercial	Standard	166	333
G18	Commercial	Standard	35	145
G30	Commercial	Non-standard	22	137
G40	Industrial	Non-standard	70	2,776

Add extra rows for additional consumer groups or price category codes as necessary

<b>Standard consumer totals</b>	44,354	2,039
<b>Non-standard consumer totals</b>	92	2,913
<b>Total for all consumers</b>	44,446	4,952

**Billed quantities by price component**

Price component  
  
Unit charging basis (eg, days, GJ, etc.)

Price component	Fixed	Variable			
Unit charging basis (eg, days, GJ, etc.)	Days	GJ			
	-	143,513			
	11,317,738	979,976			
	255,318	192,655			
	102,383	245,785			
	60,408	332,536			
	12,593	144,557			
	5,840	137,189			
	23,599	2,776,262			

Add extra columns for additional billed quantities by price component as necessary

11,748,438	2,039,022	-	-	-
29,439	2,913,450	-	-	-
11,777,877	4,952,473	-	-	-





Company Name	Powerco Limited
For Year Ended	30 September 2017
Network / Sub-Network Name	Lower Network

**SCHEDULE 8: REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES**

This schedule requires the billed quantities and associated line charge revenues for the disclosure year for each consumer group or price category code used by the GDB in its pricing schedules. Information is also required on the number of ICPs that are included in each consumer group or price category code, and the energy delivered to these ICPs.

sch ref

**8(i): Billed quantities by price component**

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Consumer group name or price category code	Consumer type or types (eg, residential, commercial, etc.)	Standard or non-standard consumer group (specify)	Average no. of ICPs in disclosure year	Quantity of gas delivered (TJ)
G06	Residential	Standard	14,016	172
G11	Residential / Small Commercial	Standard	45,923	1,874
G12	Commercial	Standard	1,088	252
G14	Commercial	Standard	261	199
G16	Commercial	Standard	119	245
G18	Commercial	Standard	21	49
G30	Commercial	Non-standard	102	322
G40	Industrial	Non-standard	31	658

Add extra rows for additional consumer groups or price category codes as necessary

<b>Standard consumer totals</b>	61,427	2,791
<b>Non-standard consumer totals</b>	133	980
<b>Total for all consumers</b>	61,560	3,771

**Billed quantities by price component**

Price component  
Unit charging basis (eg, days, GJ, etc.)

Price component	Fixed	Variable			
Unit charging basis	Days	GJ			
	-	172,077			
	16,761,895	1,873,504			
	397,120	252,122			
	95,083	198,934			
	43,435	245,160			
	7,483	49,091			
	27,015	321,596			
	7,238	658,328			

Add extra columns for additional billed quantities by price component as necessary

	17,305,015	2,790,889	-	-	-
	34,253	979,923	-	-	-
	17,339,268	3,770,812	-	-	-



# 15. Schedule 9a: Asset Register

Company Name	Powerco Limited
For Year Ended	30 September 2017
Network / Sub-network Name	Powerco Limited

## SCHEDULE 9a: ASSET REGISTER

This schedule requires a summary of the quantity of assets that make up the network, by asset category and asset class.

sch ref

sch ref	Operating Pressure	Asset Category	Asset Class	Units	Items at start of	Items at end of	Net change	Data accuracy (1-4)
					year (quantity)	year (quantity)		
8	Intermediate Pressure	Main pipe	IP PE main pipe	km	1	1	(0)	3
9	Intermediate Pressure	Main pipe	IP steel main pipe	km	264	264	0	3
10	Intermediate Pressure	Main pipe	IP other main pipe	km	-	-	-	3
11	Intermediate Pressure	Service pipe	IP PE service pipe	km	0	0	0	3
12	Intermediate Pressure	Service pipe	IP steel service pipe	km	11	11	(0)	3
13	Intermediate Pressure	Service pipe	IP other service pipe	km	1	1	0	3
14	Intermediate Pressure	Stations	Intermediate pressure DRS	No.	130	130	-	3
15	Intermediate Pressure	Line valve	IP line valves	No.	812	808	(4)	3
16	Intermediate Pressure	Special crossings	IP crossings	No.	111	104	(7)	3
17	Medium Pressure	Main pipe	MP PE main pipe	km	3,433	3,469	36	3
18	Medium Pressure	Main pipe	MP steel main pipe	km	153	152	(2)	3
19	Medium Pressure	Main pipe	MP other main pipe	km	33	31	(2)	3
20	Medium Pressure	Service pipe	MP PE service pipe	km	1,824	1,859	35	3
21	Medium Pressure	Service pipe	MP steel service pipe	km	52	51	(1)	3
22	Medium Pressure	Service pipe	MP other service pipe	km	54	54	(0)	3
23	Medium Pressure	Stations	Medium pressure DRS	No.	68	67	(1)	3
24	Medium Pressure	Line valve	MP line valves	No.	1,471	1,492	21	3
25	Medium Pressure	Special crossings	MP special crossings	No.	259	236	(23)	3
26	Low Pressure	Main pipe	LP PE main pipe	km	34	30	(4)	3
27	Low Pressure	Main pipe	LP steel main pipe	km	4	4	(0)	3
28	Low Pressure	Main pipe	LP other main pipe	km	1	1	(0)	3
29	Low Pressure	Service pipe	LP PE service pipe	km	15	11	(3)	3
30	Low Pressure	Service pipe	LP steel service pipe	km	1	1	(0)	3
31	Low Pressure	Service pipe	LP other service pipe	km	1	1	0	3
32	Low Pressure	Line valve	LP linevalves	No.	219	220	1	3
33	Low Pressure	Special crossings	LP special crossings	No.	5	2	(3)	3
34	All	Monitoring and control systems	Remote terminal units	No.	75	159	84	4
35	All	Cathodic protection systems	Cathodic protection	No.	25	52	27	3

Company Name	Powerco Limited
For Year Ended	30 September 2017
Network / Sub-network Name	Central Network

**SCHEDULE 9a: ASSET REGISTER**

This schedule requires a summary of the quantity of assets that make up the network, by asset category and asset class.

sch ref	Operating Pressure	Asset Category	Asset Class	Units	Items at start of	Items at end of	Net change	Data accuracy (1-4)
					year (quantity)	year (quantity)		
8	Intermediate Pressure	Main pipe	IP PE main pipe	km	1	1	0	3
9	Intermediate Pressure	Main pipe	IP steel main pipe	km	105	105	0	3
10	Intermediate Pressure	Main pipe	IP other main pipe	km	-	-	-	3
11	Intermediate Pressure	Service pipe	IP PE service pipe	km	0	0	0	3
12	Intermediate Pressure	Service pipe	IP steel service pipe	km	3	3	0	3
13	Intermediate Pressure	Service pipe	IP other service pipe	km	0	0	0	3
14	Intermediate Pressure	Stations	Intermediate pressure DRS	No.	52	52	-	3
15	Intermediate Pressure	Line valve	IP line valves	No.	161	156	(5)	3
16	Intermediate Pressure	Special crossings	IP crossings	No.	57	55	(2)	3
17	Medium Pressure	Main pipe	MP PE main pipe	km	1,805	1,818	14	3
18	Medium Pressure	Main pipe	MP steel main pipe	km	140	138	(2)	3
19	Medium Pressure	Main pipe	MP other main pipe	km	20	18	(2)	3
20	Medium Pressure	Service pipe	MP PE service pipe	km	976	991	15	3
21	Medium Pressure	Service pipe	MP steel service pipe	km	41	40	(1)	3
22	Medium Pressure	Service pipe	MP other service pipe	km	29	29	(0)	3
23	Medium Pressure	Stations	Medium pressure DRS	No.	45	44	(1)	3
24	Medium Pressure	Line valve	MP line valves	No.	885	874	(11)	3
25	Medium Pressure	Special crossings	MP special crossings	No.	163	147	(16)	3
26	Low Pressure	Main pipe	LP PE main pipe	km	3	3	0	3
27	Low Pressure	Main pipe	LP steel main pipe	km	3	3	(0)	3
28	Low Pressure	Main pipe	LP other main pipe	km	0	0	0	3
29	Low Pressure	Service pipe	LP PE service pipe	km	3	3	0	3
30	Low Pressure	Service pipe	LP steel service pipe	km	0	0	(0)	3
31	Low Pressure	Service pipe	LP other service pipe	km	1	1	(0)	3
32	Low Pressure	Line valve	LP line valves	No.	13	13	-	3
33	Low Pressure	Special crossings	LP special crossings	No.	-	-	-	3
34	All	Monitoring and control systems	Remote terminal units	No.	36	54	18	4
35	All	Cathodic protection systems	Cathodic protection	No.	16	37	21	3

Company Name	Powerco Limited
For Year Ended	30 September 2017
Network / Sub-network Name	Lower Network

**SCHEDULE 9a: ASSET REGISTER**

This schedule requires a summary of the quantity of assets that make up the network, by asset category and asset class.

sch ref	Operating Pressure	Asset Category	Asset Class	Units	Items at start of	Items at end of	Net change	Data accuracy (1-4)
					year (quantity)	year (quantity)		
8	Intermediate Pressure	Main pipe	IP PE main pipe	km	0	0	(0)	3
9	Intermediate Pressure	Main pipe	IP steel main pipe	km	159	159	(0)	3
10	Intermediate Pressure	Main pipe	IP other main pipe	km	-	-	-	3
11	Intermediate Pressure	Service pipe	IP PE service pipe	km	0	0	0	3
12	Intermediate Pressure	Service pipe	IP steel service pipe	km	8	8	(0)	3
13	Intermediate Pressure	Service pipe	IP other service pipe	km	1	1	0	3
14	Intermediate Pressure	Stations	Intermediate pressure DRS	No.	78	78	-	3
15	Intermediate Pressure	Line valve	IP line valves	No.	651	652	1	3
16	Intermediate Pressure	Special crossings	IP crossings	No.	54	49	(5)	3
17	Medium Pressure	Main pipe	MP PE main pipe	km	1,628	1,650	22	3
18	Medium Pressure	Main pipe	MP steel main pipe	km	13	13	(0)	3
19	Medium Pressure	Main pipe	MP other main pipe	km	13	13	(0)	3
20	Medium Pressure	Service pipe	MP PE service pipe	km	848	868	20	3
21	Medium Pressure	Service pipe	MP steel service pipe	km	11	11	(0)	3
22	Medium Pressure	Service pipe	MP other service pipe	km	25	25	(0)	3
23	Medium Pressure	Stations	Medium pressure DRS	No.	23	23	-	3
24	Medium Pressure	Line valve	MP line valves	No.	586	618	32	3
25	Medium Pressure	Special crossings	MP special crossings	No.	96	89	(7)	3
26	Low Pressure	Main pipe	LP PE main pipe	km	31	27	(4)	3
27	Low Pressure	Main pipe	LP steel main pipe	km	1	1	(0)	3
28	Low Pressure	Main pipe	LP other main pipe	km	1	1	(0)	3
29	Low Pressure	Service pipe	LP PE service pipe	km	12	9	(3)	3
30	Low Pressure	Service pipe	LP steel service pipe	km	1	1	(0)	3
31	Low Pressure	Service pipe	LP other service pipe	km	0	0	(0)	3
32	Low Pressure	Line valve	LP line valves	No.	206	207	1	3
33	Low Pressure	Special crossings	LP special crossings	No.	5	2	(3)	3
34	All	Monitoring and control systems	Remote terminal units	No.	39	105	66	4
35	All	Cathodic protection systems	Cathodic protection	No.	9	15	6	3







# 17. Schedule 9c: Report on Pipeline Data

		Company Name	Powerco Limited	
		For Year Ended	30 September 2017	
		Network / Sub-network Name	Powerco Limited	
<b>SCHEDULE 9c: REPORT ON PIPELINE DATA</b>				
This schedule requires a summary of the key characteristics of the pipeline network.				
<i>sch ref</i>				
8	<b>Network Information (end of year)</b>			
9	System length by material (defined by GDB)		Length (km)	%
10	PE		5,370	90.40%
11	Steel		483	8.13%
12	Other		88	1.47%
13				
14				
15				
16	System length		5,941	100.00%
17				
18	By operating pressure:		System length (km) (at year end)	Weighted average pipe diameter (mm)
19	Intermediate pressure		277	134
20	Medium pressure		5,615	40
21	Low pressure		49	79
22	Total		5,941	45
			Number of ICPs (at year end)	Gas conveyed for Persons not involved in the GDB (TJ)
			292	1,684
			105,288	6,723
			1,196	341
			106,776	8,748



Company Name	Powerco Limited
For Year Ended	30 September 2017
Network / Sub-network Name	Central Network

**SCHEDULE 9c: REPORT ON PIPELINE DATA**

This schedule requires a summary of the key characteristics of the pipeline network.

sch ref

**Network Information (end of year)**

System length by material (defined by GDB)	Length (km)	%
PE	2,816	89.28%
Steel	290	9.20%
Other	48	1.52%
<b>System length</b>	<b>3,154</b>	<b>100.00%</b>

By operating pressure:	System length (km) (at year end)	Weighted average		Number of ICPs (at year end)	Gas conveyed for Persons not involved in the GDB (TJ)
		pipe diameter (mm)			
Intermediate pressure	109	132		76	1,314
Medium pressure	3,035	37		44,327	3,625
Low pressure	10	49		331	21
<b>Total</b>	<b>3,154</b>	<b>40</b>		<b>44,734</b>	<b>4,960</b>

Company Name	Powerco Limited
For Year Ended	30 September 2017
Network / Sub-network Name	Lower Network

**SCHEDULE 9c: REPORT ON PIPELINE DATA**

This schedule requires a summary of the key characteristics of the pipeline network.

sch ref

**Network Information (end of year)**

System length by material (defined by GDB)	Length (km)	%
PE	2,554	91.66%
Steel	193	6.91%
Other	40	1.43%
<b>System length</b>	<b>2,787</b>	<b>100.00%</b>

By operating pressure:	System length (km) (at year end)	Weighted average		Number of ICPs (at year end)	Gas conveyed for Persons not involved in the GDB (TJ)
		pipe diameter (mm)			
Intermediate pressure	168	135		216	370
Medium pressure	2,580	44		60,961	3,098
Low pressure	38	87		865	320
<b>Total</b>	<b>2,787</b>	<b>50</b>		<b>62,042</b>	<b>3,789</b>

# 18. Schedule 9d: Network Demand

Company Name	Powerco Limited
For Year Ended	30 September 2017
Network / Sub-network Name	Powerco Limited

## SCHEDULE 9d: REPORT ON DEMAND

This schedule requires a summary of the key measures of network demand for the disclosure year (number of new connections including, maximum monthly loads and total gas conveyed)

sch ref

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### 9d(i): Consumer Connections

Number of ICPS connected in year by consumer type

<i>Consumer types defined by GDB</i>	Number of connections (ICPs)
Residential / Small Commercial	1,936
Commercial	138
Industrial	2
<b>Total</b>	<b>2,076</b>

### 9d(ii): Gas Delivered

Number of ICPS at year end	106,775	connections
Maximum daily load	44,998	(GJ per day)
Maximum monthly load	1,020,800	(GJ per month)
Number of directly billed ICPS	-	(at year end)
Total gas conveyed	8,785,886	(GJ per annum)
Average daily delivery	24,071	(GJ per day)
<b>Load factor</b>	<b>71.72%</b>	

Company Name	Powerco Limited
For Year Ended	30 September 2017
Network / Sub-network Name	Central Network

**SCHEDULE 9d: REPORT ON DEMAND**

This schedule requires a summary of the key measures of network demand for the disclosure year (number of new connections including, maximum monthly loads and total gas conveyed)

sch ref

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**9d(i): Consumer Connections**

10

Number of ICPs connected in year by consumer type

11

12

Consumer types defined by GDB	Number of connections (ICPs)
Residential / Small Commercial	792
Commercial	72
Industrial	2
<b>Total</b>	<b>866</b>

19

**9d(ii): Gas Delivered**

20

21

Number of ICPs at year end	44,734	connections
Maximum daily load	21,859	(GJ per day)
Maximum monthly load	517,723	(GJ per month)
Number of directly billed ICPs	-	(at year end)
Total gas conveyed	4,992,573	(GJ per annum)
Average daily delivery	13,678	(GJ per day)

26

27

28

<b>Load factor</b>	<b>80.36%</b>
--------------------	---------------

Company Name	Powerco Limited
For Year Ended	30 September 2017
Network / Sub-network Name	Lower Network

**SCHEDULE 9d: REPORT ON DEMAND**

This schedule requires a summary of the key measures of network demand for the disclosure year (number of new connections including, maximum monthly loads and total gas conveyed)

sch ref

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**9d(i): Consumer Connections**

Number of ICPs connected in year by consumer type

Consumer types defined by GDB	Number of connections (ICPs)
Residential / Small Commercial	1,144
Commercial	66
Industrial	-
<b>Total</b>	<b>1,210</b>

**9d(ii): Gas Delivered**

Number of ICPs at year end	62,041	connections
Maximum daily load	23,139	(GJ per day)
Maximum monthly load	503,076	(GJ per month)
Number of directly billed ICPs	-	(at year end)
Total gas conveyed	3,793,312	(GJ per annum)
Average daily delivery	10,393	(GJ per day)
<b>Load factor</b>	<b>62.84%</b>	

# 19. Schedule 10a: Network Reliability and Interruptions

Company Name	Powerco Limited
For Year Ended	30 September 2017
Network / Sub-network Name	Powerco Limited

## SCHEDULE 10a: REPORT ON NETWORK RELIABILITY AND INTERRUPTIONS

This schedule requires a summary of the key measures of network reliability (interruptions, SAIDI, SAIFI and CAIDI) for the disclosure year. GDBs must provide explanatory comment on their network reliability for the disclosure year in Schedule 14 (Explanatory Notes to Templates). The SAIDI and SAIFI information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

### 10a(i): Interruptions

#### Interruptions by class

	Actual
Class A (planned interruptions by GTB)	-
Class B (planned interruptions on the network)	344
Class C (unplanned interruptions on the network)	458
Class D (unplanned interruptions by GTB)	-
Class I (unplanned interruptions caused by third party damage)	183
<b>Total</b>	<b>985</b>

#### Number of unplanned outage events (interruptions that affect more than 5 ICPs)

	Actual
Wellington	1
Hutt Valley and Porirua	6
Taranaki	2
Manawatu & Horowhenua	-
Hawke's Bay	-

#### Number of unplanned outage events caused by third party damage (interruptions that affect more than 5 ICPs)

	Actual
Wellington	-
Hutt Valley and Porirua	3
Taranaki	-
Manawatu & Horowhenua	-
Hawke's Bay	-

### 10a(ii): Reliability

#### Overall reliability

	SAIDI	SAIFI	CAIDI
Based on the total number of interruptions	2,077.98	14.12	147.17
Class I (unplanned interruptions caused by third party damage)	970.03	4.59	211.34

#### Class B (planned interruptions on the network)

	SAIDI	SAIFI	CAIDI
Wellington	557.73	7.21	77.36
Hutt Valley and Porirua	1,516.08	6.62	229.02
Taranaki	52.38	0.90	58.20
Manawatu & Horowhenua	55.27	0.34	162.56
Hawke's Bay	-	-	-

#### Class C (unplanned interruptions on the network)

	SAIDI	SAIFI	CAIDI
Wellington	491.16	5.79	84.83
Hutt Valley and Porirua	971.31	9.35	103.88
Taranaki	240.20	3.01	79.80
Manawatu & Horowhenua	109.80	1.76	62.39
Hawke's Bay	8.96	0.20	44.80

Company Name	Powerco Limited
For Year Ended	30 September 2017
Network / Sub-network Name	Central Network

**SCHEDULE 10a: REPORT ON NETWORK RELIABILITY AND INTERRUPTIONS**

This schedule requires a summary of the key measures of network reliability (interruptions, SAIDI, SAIFI and CAIDI) for the disclosure year. GDBs must provide explanatory comment on their network reliability for the disclosure year in Schedule 14 (Explanatory Notes to Templates). The SAIDI and SAIFI information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

8 **10a(i): Interruptions**

9 **Interruptions by class**

	Actual
10 Class A (planned interruptions by GTB)	-
11 Class B (planned interruptions on the network)	27
12 Class C (unplanned interruptions on the network)	76
13 Class D (unplanned interruptions by GTB)	-
14 Class I (unplanned interruptions caused by third party damage)	101
15 <b>Total</b>	<b>204</b>

	Actual
16 <b>Number of unplanned outage events (interruptions that affect more than 5 ICs)</b>	
17 Taranaki	2
18 Manawatu & Horowhenua	-
19 Hawke's Bay	-
20	
21	

	Actual
22 <b>Number of unplanned outage events caused by third party damage (interruptions that affect more than 5 ICs)</b>	
23 Taranaki	-
24 Manawatu & Horowhenua	-
25 Hawke's Bay	-
26	
27	

28 **10a(ii): Reliability**

29 <b>Overall reliability</b>	SAIDI	SAIFI	CAIDI
30 Based on the total number of interruptions	420.22	5.51	76.23
31 Class I (unplanned interruptions caused by third party damage)	217.46	2.83	76.71

32 <b>Class B (planned interruptions on the network)</b>	SAIDI	SAIFI	CAIDI
33 Taranaki	52.38	0.90	58.35
34 Manawatu & Horowhenua	55.27	0.34	161.71
35 Hawke's Bay	-	-	-
36			
37			

38 <b>Class C (unplanned interruptions on the network)</b>	SAIDI	SAIFI	CAIDI
39 Taranaki	240.20	3.01	79.81
40 Manawatu & Horowhenua	109.80	1.76	62.47
41 Hawke's Bay	8.96	0.20	45.00
42			
43			

Company Name	Powerco Limited
For Year Ended	30 September 2017
Network / Sub-network Name	Lower Network

**SCHEDULE 10a: REPORT ON NETWORK RELIABILITY AND INTERRUPTIONS**

This schedule requires a summary of the key measures of network reliability (interruptions, SAIDI, SAIFI and CAIDI) for the disclosure year. GDBs must provide explanatory comment on their network reliability for the disclosure year in Schedule 14 (Explanatory Notes to Templates). The SAIDI and SAIFI information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

8	<b>10a(i): Interruptions</b>			
9	<b>Interruptions by class</b>			
10		<b>Actual</b>		
11	Class A (planned interruptions by GTB)			-
12	Class B (planned interruptions on the network)			317
13	Class C (unplanned interruptions on the network)			382
14	Class D (unplanned interruptions by GTB)			-
15	Class I (unplanned interruptions caused by third party damage)			82
16	<b>Total</b>			<b>781</b>
17	<b>Number of unplanned outage events (interruptions that affect more than 5 ICPs)</b>			
18		<b>Actual</b>		
19	Wellington			1
20	Hutt Valley and Porirua			6
21				
22	<b>Number of unplanned outage events caused by third party damage (interruptions that affect more than 5 ICPs)</b>			
23		<b>Actual</b>		
24	Wellington			-
25	Hutt Valley and Porirua			3
26				
27				
28	<b>10a(ii): Reliability</b>			
29	<b>Overall reliability</b>			
30		<b>SAIDI</b>	<b>SAIFI</b>	<b>CAIDI</b>
31	Based on the total number of interruptions	3,274.85	20.34	161.01
32	Class I (unplanned interruptions caused by third party damage)	1,513.37	5.86	258.25
33	<b>Class B (planned interruptions on the network)</b>			
34		<b>SAIDI</b>	<b>SAIFI</b>	<b>CAIDI</b>
35	Wellington	557.73	7.21	77.36
36	Hutt Valley and Porirua	1,516.08	6.62	229.02
37				
38	<b>Class C (unplanned interruptions on the network)</b>			
39		<b>SAIDI</b>	<b>SAIFI</b>	<b>CAIDI</b>
40	Wellington	491.16	5.79	84.83
41	Hutt Valley and Porirua	971.31	9.35	103.88
42				
43				

## 20. Schedule 10b: Network Integrity and Consumer Service

		Company Name	Powerco Limited		
		For Year Ended	30 September 2017		
		Network / Sub-network Name	Powerco Limited		
<b>SCHEDULE 10b: REPORT ON NETWORK INTEGRITY AND CONSUMER SERVICE</b>					
This schedule requires a summary of the key measures of network Integrity (gas escapes, response time to emergency					
sch ref					
8	<b>10b(i): System Condition and Integrity</b>				
9	Number of confirmed public reported gas escapes per system length (escapes/1000 km) <span style="float:right">Actual</span>				
10	Wellington		110		
11	Hutt Valley and Porirua		90		
12	Taranaki		64		
13	Manawatu & Horowhenua		67		
14	Hawke's Bay		18		
15	Number of leaks detected by routine survey per system length (leaks/1000 km) <span style="float:right">Actual</span>				
16	Wellington		3		
17	Hutt Valley and Porirua		14		
18	Taranaki		6		
19	Manawatu & Horowhenua		1		
20	Hawke's Bay		-		
21	Number of third party damage events per system length (events/1000 km) <span style="float:right">Actual</span>				
22	Wellington		37		
23	Hutt Valley and Porirua		51		
24	Taranaki		40		
25	Manawatu & Horowhenua		88		
26	Hawke's Bay		14		
27	Number of poor pressure events due to network causes <span style="float:right">Actual</span>				
28	Wellington		-		
29	Hutt Valley and Porirua		1		
30	Taranaki		1		
31	Manawatu & Horowhenua		-		
32	Hawke's Bay		-		
33					
34	Number of telephone calls to emergency numbers answered within 30 seconds per total number of calls <span style="float:right">Actual</span>				
35	All regions		94.99%	The Commerce Commission has granted Powerco an exemption from reporting this information by region.	
36					
37					
38					
39					
40	Product control—safety of distribution gas <span style="float:right">Actual</span>				
41	Number of non-compliant odour tests		-		
42	<b>10b(ii): Consumer Service</b>				
43	Response time to emergencies (RTE)	Proportion of emergencies responded to within 1 hour (%)	Proportion of emergencies responded to within 3 hours (%)	Average call response time (hours)	Number of emergencies
44	Wellington	100.00%	100.00%	0.38	7
45	Hutt Valley and Porirua	100.00%	100.00%	0.28	9
46	Taranaki	100.00%	100.00%	0.20	7
47	Manawatu & Horowhenua	100.00%	100.00%	0.27	8
48	Hawke's Bay	100.00%	100.00%	0.31	3
49	Number of complaints <span style="float:right">Actual</span>				
50	Number of complaints per average total consumer numbers		0.00036		



Company Name	Powerco Limited
For Year Ended	30 September 2017
Network / Sub-network Name	Central Network

**SCHEDULE 10b: REPORT ON NETWORK INTEGRITY AND CONSUMER SERVICE**

This schedule requires a summary of the key measures of network Integrity (gas escapes, response time to emergencies etc)

sch ref

8 **10b(i): System Condition and Integrity**

9 **Number of confirmed public reported gas escapes per system length (escapes/1000 km)**

	Actual
Taranaki	64
Manawatu & Horowhenua	67
Hawke's Bay	18

15 **Number of leaks detected by routine survey per system length (leaks/1000 km)**

	Actual
Taranaki	6
Manawatu & Horowhenua	1
Hawke's Bay	-

21 **Number of third party damage events per system length (events/1000 km)**

	Actual
Taranaki	40
Manawatu & Horowhenua	88
Hawke's Bay	14

27 **Number of poor pressure events due to network causes**

	Actual
Taranaki	1
Manawatu & Horowhenua	-
Hawke's Bay	-

34 **Number of telephone calls to emergency numbers answered within 30 seconds per total number of calls**

	Actual
All regions	94.99%

The Commerce Commission has granted Powerco an exemption from reporting this information by region and subnetwork.

40 **Product control—safety of distribution gas**

	Actual
Number of non-compliant odour tests	-

42 **10b(ii): Consumer Service**

43 **Response time to emergencies (RTE)**

	Proportion of emergencies responded to within 1 hour (%)	Proportion of emergencies responded to within 3 hours (%)	Average call response time (hours)	Number of emergencies
Taranaki	100.00%	100.00%	0.20	7
Manawatu & Horowhenua	100.00%	100.00%	0.27	8
Hawke's Bay	100.00%	100.00%	0.31	3

49 **Number of complaints**

	Actual
Number of complaints per average total consumer numbers	0.0002

50

Company Name	Powerco Limited
For Year Ended	30 September 2017
Network / Sub-network Name	Lower Network

**SCHEDULE 10b: REPORT ON NETWORK INTEGRITY AND CONSUMER SERVICE**

This schedule requires a summary of the key measures of network Integrity (gas escapes, response time to emergencies etc)

sch ref

8 **10b(i): System Condition and Integrity**

9 Number of confirmed public reported gas escapes  
per system length  
(escapes/1000 km) Actual

10 Wellington	110
11 Hutt Valley and Porirua	90
12	
13	
14	

15 Number of leaks detected by routine survey per  
system length  
(leaks/1000 km) Actual

16 Wellington	3
17 Hutt Valley and Porirua	14
18	
19	
20	

21 Number of third party damage events per system  
length  
(events/1000 km) Actual

22 Wellington	37
23 Hutt Valley and Porirua	51
24	
25	
26	

27 Number of poor pressure events due to network  
causes Actual

28 Wellington	-
29 Hutt Valley and Porirua	1
30	
31	
32	
33	

34 Number of telephone calls to emergency numbers  
answered within 30 seconds per total number of calls Actual

35 All regions	94.99%
36	
37	
38	
39	

The Commerce Commission has granted Powerco an exemption from reporting this information by region and sub-network.

40 Product control—safety of distribution gas Actual

41 Number of non-compliant odour tests

-
---

42 **10b(ii): Consumer Service**

43 Response time to emergencies (RTE)

	Proportion of emergencies responded to within 1 hour (%)	Proportion of emergencies responded to within 3 hours (%)	Average call response time (hours)	Number of emergencies
44 Wellington	100.00%	100.00%	0.38	7
45 Hutt Valley and Porirua	100.00%	100.00%	0.28	9
46				
47				
48				

49 Number of complaints Actual

50 Number of complaints per average total consumer numbers

0.0005
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## 21. Schedule 14: Mandatory Explanatory Notes

Schedule 14 contains mandatory explanatory notes required by the IDD. All clause references refer to the Gas Distribution Information Disclosure Determination 2012

### 21.1 Return on Investment (Schedule 2)

This box comments on return on investment as disclosed in Schedule 2. It includes information on reclassified items in accordance with clause 2.7.1(2).

#### Box 1: Explanatory comment on return on investment

Our disclosed ROI under both a Vanilla and Post tax approach for 2017 is higher than 2016 primarily as a result of an increase in revaluations and an increase in operating surplus.

### 21.2 Regulatory Profit (Schedule 3)

This box comments on regulatory profit for the disclosure year and includes—

- a. a description of material items included in other regulated income (other than gains / (losses) on asset disposals), as disclosed in 3(i) of Schedule 3
- b. information on reclassified items in accordance with clause 2.7.1(2).

#### Box 2: Explanatory comment on regulatory profit

Other regulatory income includes recoveries from consumers for operational activities and the recovery of bad debts.

There have been no reclassified items.

### Merger and acquisition expenses (Schedule 3(iv))

Information on merger and acquisitions expenditure during the disclosure year is provided below and includes—

- a. information on reclassified items in accordance with clause 2.7.1(2)
- b. any other commentary on the benefits of the merger and acquisition expenditure to the GDB.

#### Box 3: Explanatory comment on merger and acquisition expenditure

No merger and acquisition expenditure has been incurred during the disclosure year.

### 21.3 Value of the Regulatory Asset Base (Schedule 4)

The comments below refer to the value of the regulatory asset base (rolled forward) in Schedule 4 and include information on reclassified items in accordance with clause 2.7.1(2).

#### Box 4: Explanatory comment on the value of the regulatory asset base (rolled forward)

The Regulatory Asset Base (RAB) has increased by \$12.201m during the 2017 disclosure year. This increase was higher than 2016 primarily due to a higher revaluation rate in 2017.

Due to ongoing data quality checks and updates to asset category mapping there are reclassifications in the Asset category transfer line in Schedule 4 (vii).

The movements are detailed below.

(\$000 unless otherwise specified)										
	Intermediate pressure main pipelines	Medium pressure main pipelines	Low pressure main pipelines	Service pipe	Stations	Line valve	Special crossings	Other network assets	Non-network assets	Total
Asset category transfers	(424)	(1,531)	(41)	(4,038)	(41)	(149)	(54)	6,278	-	0
Total closing RAB value	47,581	172,315	4,665	99,475	6,480	3,021	523	15,792	14,303	364,155

## 21.4 Regulatory tax allowance: disclosure of permanent differences (schedule 5a(i) of schedule 5a)

This narrative provides descriptions and workings of the material item recorded in the asterisked categories in of 5a(i) of Schedule 5a -

- Income not included in regulatory profit / (loss) before tax but taxable
- Expenditure or loss in regulatory profit / (loss) before tax but not deductible
- Income included in regulatory profit / (loss) before tax but not taxable
- Expenditure or loss deductible but not in regulatory profit / (loss) before tax

### Box 5: Regulatory tax allowance: permanent differences

Permanent differences are comprised of entertainment totalling \$0.028m.

A revaluation gain on RAB of \$6.689m included in Regulatory Profit is not taxable.

## 21.5 Regulatory tax allowance: disclosure of temporary differences (schedule 5a(vi) of schedule 5a)

The box below provides descriptions and workings of material items recorded in the asterisked category 'Tax effect of other temporary differences' in 5a(vi) of Schedule 5a.

### Box 6: Tax effect of other temporary differences (current disclosure year)

Temporary differences relate to the movement in provision for ACC (\$0.007m) and employee entitlements of (\$0.071m).

## 21.6 Related party transactions: disclosure of related party transactions (schedule 5b)

Related party transactions beyond those disclosed in Schedule 5b are described below. This includes identification and descriptions as to the nature of directly attributable costs disclosed under clause 2.3.6(2)(b).

### Box 7: Related party transactions

There were no related party transactions in the 2017 disclosure year.

## 21.7 Cost allocation (Schedule 5d)

Comments on cost allocation as disclosed in Schedule 5d are set out below, including information on any reclassified items in accordance with clause 2.7.1(2).

### Box 8: Cost allocation

Powerco has adopted a fully distributed cost approach to allocate shared costs between Powerco's electricity and gas distribution businesses.

All operating costs except some specified systems operations and network support (SONS) costs and some specified business supports costs are directly attributable to the specific regulatory businesses.

Directly attributable costs are primarily incurred in the functional areas of:

- SONS
- Network management and administration
- Customer related costs

Powerco has opted to use cost allocators that have been calculated under the ABAA (accounting based allocation approach) methodology type as defined in the IM determination, to allocate those operating costs that are not directly attributable costs.

The use of causal relationships has been utilised where the cost driver has led to the cost being incurred.

The use of proxy relationships has been utilised to allocate operating costs for which a causal relationship cannot be established. The rationale behind the use of each proxy allocator is based on an analysis of each financial statement item that are not directly attributable and the key cost driver as determined by management. This is based on a combination of management's experience and knowledge, an analysis of the costs and the comparative sizes of the regulated businesses.

The main reason why a causal relationship cannot be established is where there isn't one key causal cost driver in a functional area and the use of one causal allocator would unfairly reflect on the allocation of costs in line with management expectations of the relevant cost split.

SONS costs that are not directly attributable relate to network IS management costs and have been allocated based on a proxy fixed asset allocator (which is based on the carrying value of network fixed assets). The not directly attributable costs include the significant cost categories below:

- Personnel costs
- Professional services

Business support costs that are not directly attributable primarily arise in the functional areas of:

- Corporate services which has a proxy cost allocator of distribution line charge revenue
- Human resources which has a proxy cost allocator of employee numbers
- Regulatory management which has a causal allocation of managements estimate of staff time working on regulated and unregulated services and legal has a proxy fixed asset allocator
- Insurance which has causal allocators of indemnity values, vehicle allocations and

employee numbers

- Facility costs which has a causal allocator of employee numbers and a proxy fixed assets allocator
- Information systems and projects which have a proxy fixed asset allocator.

The not directly attributable costs included in business support include the significant cost categories below:

- Personnel costs
- Professional services
- Information technology related expenses
- Building & insurance related costs
- Administration costs
- Communication & marketing costs.

Within each functional area across Powerco only one allocation methodology type has been used.

There have been no changes to the cost allocators applied in the current disclosure year.

## 21.8 Asset allocation (Schedule 5e)

Comments on asset allocation as disclosed in Schedule 5e are set out below, including information on any reclassified items in accordance with clause 2.7.1(2).

### Box 9: Commentary on asset allocation

Non-network assets have been allocated to the regulatory asset base (RAB) based on the split of accounting net book value between electricity and gas businesses.

During the 2017 disclosure year there have been no reclassified items affecting asset allocation. Powerco has re-categorised \$6.278m of assets. The details of this reclassification required by clause 2.7.1 (s) are provided in box 4.

## 21.9 Capital Expenditure for the Disclosure Year (Schedule 6a)

The box below includes comment on capital expenditure for the disclosure year, as disclosed in Schedule 6a. This comment includes—

- a. a description of the materiality threshold applied to identify material projects and programmes described in Schedule 6a;
- b. information on reclassified items in accordance with clause 2.7.1(2).

### Box 10: Explanation of capital expenditure for the disclosure year

#### 1. Materiality threshold

A materiality threshold of \$0.1m has been applied to identify material projects and programmes listed in schedule 6a. Network projects or programmes of work have also been considered material if their costs make up 40% or more of the total costs in the expenditure category or 10% or more of the total costs in the other reliability, safety and environment category.

Expenditure Category	Threshold
Asset relocations	Projects exceed 40% of the total costs for that category in the disclosure year
Quality of supply Other Network capex	Project costs exceed \$0.1m in the disclosure year
Other reliability, safety and environment	Projects greater than 10% of total costs for that category in the disclosure year

## 2. Items reclassified

Some items of operating expenditure have been reclassified in the 2017 disclosure period. The details are as follows:

- a) The items reclassified relate to operating lease costs. Powerco has elected to early adopt the Financial Reporting Standard NZIFRS 15 (Revenue from contracts with customers) and NZIFRS 16 (Leases), and as a result expenditure relating to some operating leases has been removed from operating expenditure.

- b) The value of the items reclassified in the current year are (\$000s):

- Capital expenditure related to Leased assets: \$1,226

In previous years these items were not classified as capital expenditure. There has been no restatement of prior years' expenditure, consistent with the accounting based approach.

- c) In 2016 the underlying costs were classified as operating expenditure
- d) NZIFRS 16 outlines that qualifying operating lease costs are no longer classified as operating expenditure. The entire lease cost is recognised as an asset, with an offsetting lease liability, with an appropriate depreciation and interest cost each year. This has led to the recognition of capital expenditure and commissioned assets in the current year, that will result in increased depreciation in future years. There is no depreciation on these assets in the current year, as there was no opening RAB value.
- e) This item has been reclassified as a result of the changes in Financial Reporting Standards.

## 21.10 Operational Expenditure for the Disclosure Year (Schedule 6b)

The box below contains commentary on operational expenditure for the disclosure year, as disclosed in Schedule 6b. This comment includes—

- Commentary on assets replaced or renewed with asset replacement and renewal operating expenditure, as reported in 6b(i) of Schedule 6b;
- Information on reclassified items in accordance with clause 2.7.1(2);

- c. Commentary on any material atypical expenditure included in operational expenditure disclosed in Schedule 6b, including the value of the expenditure, the purpose of the expenditure, and the operational expenditure categories the expenditure relates to.

#### **Box 11: Explanation of operation expenditure for the disclosure year**

##### **1. Asset Replacement and Renewal**

Powerco had asset replacement and renewal expenditure of \$2.9m for the 2017 disclosure period.

Powerco considers replacement and renewal maintenance to be operating expenditure where the primary driver is the maintenance of asset integrity to address the progressive deterioration or obsolescence of particular assets, or the need to maintain physical security.

Powerco interprets asset replacement and renewal maintenance to include defect remedy of a non-routine nature which require the replacement of assets or asset subcomponents in order to maintain the asset in its current state, but do not meet the thresholds of our capitalisation policy.

##### **2. Reclassified Items**

Some items of operating expenditure have been reclassified in the 2017 disclosure period. The details are as follows:

- f) The items reclassified relate to operating lease costs. Powerco has elected to early adopt the Financial Reporting Standard NZIFRS 15 (Revenue from contracts with customers) and NZIFRS 16 (Leases), and as a result expenditure relating to some operating leases has been removed from operating expenditure.
- g) The value of the items reclassified in the current year are (\$000s):
- System operations and network support \$73
  - Business Support \$147

In previous years these items were classified as operating expenditure. There has been no restatement of prior years' expenditure, consistent with the accounting based approach.

- h) In 2016 these costs remained in System operations and network support and Business support
- i) NZIFRS 16 outlines that qualifying operating lease costs are no longer classified as operating expenditure. The entire lease cost is recognised as an asset, with an offsetting lease liability, with an appropriate depreciation and interest cost each year. This has led to the recognition of a commissioned asset in the current year, that will result in increased depreciation in future years. There is no depreciation on these assets in the current year, as there was no opening RAB value.
- j) This item has been reclassified as a result of the changes in Financial Reporting Standards.

##### **3. Atypical Expenditure**

There have been no material items of atypical expenditure.



## 21.11 Variance between forecast and actual expenditure (Schedule 7)

This section comments on variance in actual to forecast expenditure for the disclosure year, as reported in Schedule 7. This comment must include information on reclassified items in accordance with clause 2.7.1(2).

### Box 12: Explanatory comment on variance in actual to forecast expenditure

#### CAPEX

Overall expenditure is 1% above our 2016 AMP forecasts. Whilst overall network expenditure is well aligned, non-network expenditure is above forecast.

#### Non-network CAPEX

There was an increase in non-network capex that resulted from the adoption of Financial Reporting Standard NZIFRS 16 (Leases) (as described in box 10 above). Adoption of this standard resulted in an increase to non-network capex of \$1.2m.

The increase that resulted from the adoption of Financial Reporting Standard NZIFRS 16 was partially offset by the deferral of the ERP project. The 2016 AMP included provision for the replacement of our enterprise resource planning system (ERP) due to start in RY17. The commencement of this complex project was delayed by nine months to accommodate further planning, analysis and commercial negotiations. The project started mid-September 2017, and the deferred expenditure will be included in the next disclosure year.

#### Customer-driven activities: Customer connections, Asset Relocations, System Growth

Disclosure year 2017 has been marked by a strong activity in customer-driven activities. This includes customer connections and asset relocations.

We connected a total of 2,074 customers, 26% above our initial forecast. This increase in connections, coupled with a growth in more costly commercial and industrial connections, resulted in the Customer connection expenditure category being \$2.4m (56%) above forecast.

Asset relocations are over forecast by \$108k (37%). Large, customer-driven relocation projects are happening in the Wellington and Hutt Valley and Porirua project alongside the Transmission Gully roading project. These projects are still ongoing in disclosure year 2018, and we will recover most of the costs incurred at their completion.

The last customer-driven expenditure category, System Growth, is under forecast by \$189k (14%). In our forecasting process, we make an allowance for extending the pipelines connecting new customers to the network, and reticulating new subdivisions. While subdivision-related expenditure is broadly in line with our expectations, many new connections were main-fronted and did not require the additional expenditure.

#### Asset Replacement and Renewal

Expenditure in the asset replacement and renewal category is under forecast by \$569k (27%). Our pre-85 mains renewal programme signalled in the AMP has been tracking to schedule. The renewal of the Waitangarua station supplying Porirua has, however, been delayed and accounts for most of the difference. The construction will now start in disclosure year 2018 as the equipment sourced from overseas has arrived late 2017.

#### Quality of supply

Quality of supply expenditure is \$1,303k (37%) under forecast, due to the delay of the

completion of the Palmerston North Eastern Reinforcement project, and a delay in starting the next stage of Wellington CBD pressure upgrade project.

In Palmerston North, the mains extension required to support the performance of the network and growth in the area, has been put on hold half way through construction by Palmerston North City Council's decision to realign the road along the route chosen for the pipeline.

In Wellington, we had to entered commercial negotiations with our tenderers to obtain a more efficient price, pushing the start date by 3 months.

#### **Other reliability, safety and environment**

Other reliability, safety and environment expenditure category is under forecast by \$740k (30%) because of field resource availability and cost-efficiency. We have not been able to complete the Porirua DRS rationalisation project as no service provider responded to the tender issued at the time. The Hawkes Bay IP valve safety improvement project has not started due to contractor resourcing delays. The SCADA and flow measurement project has also been put on hold, while equipment performance issues are resolved.

#### **OPEX**

Overall operational expenditure is 7% under our forecast, driven by savings in non-network opex.

#### **Non-network OPEX**

Non-network OPEX is \$1,351k (12%) under forecast. The variation has occurred with changes in overall company overhead and the allocation of the costs between Powerco's different business units.

The adoption of the Financial Reporting Standard NZIFRS 16 (Leases) (as described in box 11 above) also contributed to the variation from forecast. Adoption of this standard resulted in \$220k of expenditure relating to some operating leases being removed from operating expenditure.

#### **Network OPEX**

Network OPEX is broadly in line with our forecast, being over by \$142k (3%). Both service interruption, incidents and emergencies, and asset replacement and renewal are under forecast by \$48k (12%) and \$186k (6%) respectively, whilst routine and corrective maintenance and inspection is \$377k (18%) over forecast.

### **21.12 Information relating to revenues and quantities for the disclosure year**

Commentary in the box below explains the reasons for any material differences between target revenue disclosed before the start of the pricing year in accordance with clauses 2.4.1 and 2.4.3(3), and total billed line charge revenue for the disclosure year as disclosed in Schedule 8.

#### **Box 13: explanatory comment relating to revenue for the disclosure year**

Target revenue for the disclosure period was 1.15% lower than actual total billed line charges. The higher than forecasted revenue in the disclosure year was driven by higher than anticipated customer connections, particularly in the residential segment. While increased consumption from the commercial segments further contributed to the overall increase in energy conveyed for the period and a resulting increase in revenue from that forecasted for the period.

Commentary in the box below explains the effect of any change in price category codes, or consumer groups (as applicable) in the disclosure year, on the allocation of ICPs, quantities and revenues between consumer groups disclosed in Schedule 8.

**Box 14: Explanatory comment relating to changed price category codes or consumer groups**

Other than the CPI adjustment to distribution prices effective 1 October 2016, as permitted under the DPP, there have been no changes to prices or price category codes in this disclosure year.

### 21.13 Network Reliability for the disclosure year (Schedule 10a)

The box below provides commentary on network reliability for the disclosure year, as disclosed in Schedule 10a.

**Box 15: Commentary on network reliability for the disclosure year**

The amount of unplanned interruptions on the network remains in line with our previous disclosure year.

We have had more planned interruptions in the Lower Network region, as the preparation work for the Wellington pressure upgrade project required us to interrupt supply to individual customers.

In September, a third-party damage event in the Hutt Valley and Porirua region saw the supply to 258 customers interrupted for more than 5 hours until the repair to the pipeline was complete and the network pressurised to its nominal operating pressure. This increased the total SAIDI value by 820.2, without it, SAIDI would be similar to our 2016 disclosure year.

As discussed in our 2016 information disclosure, and previous Asset Management Plans, SAIDI remains a volatile measure which does not reflect the actual performance of the overall gas distribution network. In the event mentioned above, the duration of the interruption was necessary to purge and re-pressurise the entire affected area, ensuring the safety of end-consumers, public, and network operatives.

### 21.14 Insurance Cover

Details of insurance cover for the assets used to provide gas distribution services are given below, including—

- a. The GDB's approaches and practices in regard to the insurance of assets used to provide gas distribution services, including the level of insurance;
- b. In respect of any self-insurance, the level of reserves, details of how reserves are managed and invested, and details of any reinsurance.

**Box 16: Explanation of insurance cover**

Powerco holds significant insurance cover relating to material damage and business interruption, targeted at key assets. This includes full cover for buildings and contents, substations and IS server equipment, and natural disaster cover for distribution transformers and SCADA equipment.

Powerco's insurance strategy strikes a balance between providing the benefit to its customers of accessing material damage insurance cover that is available, and the practical

imperative of managing the associated cost burden to customers. Cover for poles, wires and pipes (commonly referred to as transmission and distribution cover) is, for all practical purposes, unavailable in NZ. Where it may be available in small amounts in our geographic region, the cost is uneconomic to our customers, as there is a restricted retained limit and a premium cost of 10-15% of the sum insured.

To manage Powerco's exposure to a catastrophic event affecting its uninsured assets, the company maintains headroom in its debt facilities as explained below. The geographically diverse nature of Powerco's assets, and the resilience of those assets, also provides some practical mitigation of seismic risks.

Powerco maintains debt facilities, in excess of net (drawn) debt, that would be available for use should events occur which require extra funds to be made available quickly. This headroom amount is in excess of our day-to-day working capital requirements.

The value of this facility headroom, currently \$70 million, is partly based on an assessment of the uninsured damage to Powerco's network assets undertaken by Marsh Risk Consulting. This analysis reviewed the catastrophic risk and expected loss from a catastrophic event, and was last assessed at \$50-70 million.

Insurance costs are allocated to Powerco's separate businesses following Powerco's allocation policies discussed earlier in this document.

### **21.15 Amendments to previously disclosed information**

Information about amendments to previously disclosed information disclosed in accordance with clause 2.12.1 in the last 7 years, including:

- a. a description of each error; and
- b. for each error, a reference to the web address where the disclosure made in accordance with clause 2.12.1 is publicly disclosed.

#### **Box 17: Disclosure of amendment to previously disclosed information**

There have been no amendments to previously disclosed information made in accordance with clause 2.12.1.

## 22. Schedule 15: Voluntary Explanatory Notes

This section includes notes, which supplement the mandatory notes set out in Schedule 14, and provides additional information to aid understanding of the required disclosure schedules.

Information in this Schedule is not part of the audited disclosure information, and so is not subject to the assurance requirements specified in section 2.8.

### 22.1 Financial Schedules

#### Monthly ROI

The calculation of monthly ROI in schedule 2 is not required in 2017. The IDD specifies that a monthly ROI calculation must only be disclosed if, during the first three months or last three months of the disclosure year, the value of assets commissioned exceeded 10% of total opening regulatory asset values or the notional net cash flows exceed 40% of the annual notional net cash flows.

Neither of these criteria were met in 2017 and Powerco has elected not to calculate a monthly ROI.

#### Weighted Average Remaining Useful Life

Opening RAB values are used to weight the average remaining useful life. Powerco does not currently have systems to maintain our RAB at an individual asset level. We have made an assumption to determine individual opening RAB values by applying each asset's financial asset register Net Book Value to generate the Weighted Average Remaining Useful Life as disclosed in Schedule 4(vii).

#### Regulatory depreciation

Depreciation in Schedule 4 includes depreciation on assets with no standard life. Non-network assets commissioned after 30 September 2009 are considered to be assets with no standard life. Depreciation on these assets is reported as "depreciation – no standard life" in segment 4(v) of Schedule 4.

### 22.2 Billed Quantities and Revenues (Schedule 8)

#### Consumer types

Powerco has identified four consumer types that are typical of the consumers connected to our network and described in table one below.

Table 1: Typical consumers in the different consumer categories

Consumer type	Price category	Typical characteristics
Residential	G06	Low-volume residential customers.
Residential/Small Commercial	G11	Standard residential customers and small commercial customers such as small cafes, fish and chip stores and pizza stores.
Commercial	G12 to G18	Commercial consumers are diverse in nature and include restaurants, office buildings and small industries.

Consumer type	Price category	Typical characteristics
	G30	Individually priced customers who do not have a time of use (TOU) meter, e.g. large commercial customers and large hotels.
<b>Industrial</b>	G40	Individually priced customers with a TOU meter and with an annual volume generally greater than 10TJ. Included in this group tend to be small manufacturing and industrial businesses such as dairy, meat or food processing plants.

For the purposes of schedule 9d, new connections for the G06 and G11 groups are reported together under the consumer type “residential/small commercial”.

## 22.3 Asset Information (Schedule 9a-9c)

### Sources of information

Powerco’s network is made up of several discrete, legacy gas distribution networks that have been amalgamated over time. This diversity of networks has created ongoing data and systems integration and improvement challenges for Powerco.

Schedules 9a and 9b require Powerco to estimate a level of accuracy around the presented results, which are drawn from the GIS. The underlying GIS data comprises a comprehensive set of network information that is generally complete and consistently applied. However, a small proportion of the asset data is either internally conflicting or not wholly reliable and, for a small number of asset categories, there are also gaps in the attribute information. These data inconsistencies and data gaps are not material for disclosure purposes. However, for completeness, Powerco has noted these issues in the data accuracy column in schedule 9a.

Powerco initiated a programme of work focused on incremental improvements to data quality and depth. Further information on this programme of work is available in section 8.8 of Powerco’s Gas Asset Management Plan 2015 available on our website or by request.

In preparation for the ODV calculation in 2005 and 2006, Powerco reviewed asset dates and verified dates where previously there were default dates. Therefore no assets with default dates are recorded on the gas network. Further investigation into line valves operating pressure has increased asset knowledge and resulted in a transfer of line valves between pressure categories.

### Network Asset Categorisation

The programmes we have put in place to ensure on-going improvement of asset data over time, means that from time to time we re-categorise small numbers of assets to reflect the latest available data.

### Network Asset Classification

The programmes we have put in place to ensure on-going improvement of asset data over time, means that from time to time we re-classify small numbers of assets to reflect the latest available data.

## 22.4 Network Demand (Schedule 9d)

### ICP numbers

There has been a net increase of 1,539 billable ICPs during 2017. While 2,076 new connections have been added to the network, 537 ICPs have either become inactive or have disconnected from the network in 2017.

### Network demand

Section 9d(ii) – gas delivered measures the amount of gas entering the network (i.e. as measured at the respective gas gates) during the disclosure year. The gas delivered to ICPs in schedule 8 is the billed quantity of gas in the disclosure year which includes a loss adjustment calculated from the UFG recorded in the prior year.

## 22.5 Network reliability, integrity and customer service (Schedule 10a and 10b)

### Customer service – telephone calls

The IDD requires the disclosure of the number of phone calls to the emergency line answered within 30 seconds as a percentage of total calls to the emergency line.

Powerco is unable to disclose this result by region or sub-network. Operationally, all calls to Powerco's emergency number are answered at a single location and all calls are treated equally regardless of the originating region. In most cases the network region for an incoming call cannot be determined from the call log. Determining the location of the incoming call is made especially difficult when calls are received from cell phones.

As a result, Powerco has reported this metric on a whole of business basis for all regions and sub-networks as permitted by the Commerce Commission's exemption issued under clause 2.11.1(1) of the IDD on 18 August 2016.

### Customer service – response time to emergencies (RTE)

Response Time to Emergency (RTE) forms the quality measures under which our Default Quality Price Path apply. Powerco has consistently been meeting our regulatory target of responding to at least 80% of emergencies within one hour, and 100% within three hours.

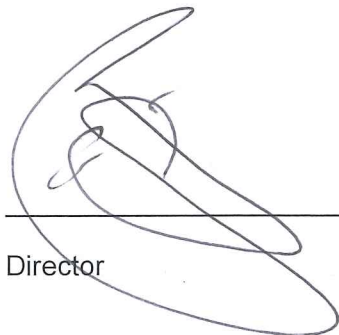
# Certificate for year-end disclosures

## CERTIFICATE FOR YEAR-END DISCLOSURES

Pursuant to clause 2.9.3 of Section 2.9


We, John Laughlin, and Michael Bessell, being directors of Powerco Limited certify that, having made all reasonable enquiry, to the best of our knowledge:

- a) the information prepared for the purposes of clauses 2.3.1, 2.3.2, 2.4.21, 2.4.22, 2.5.1, 2.5.2 and 2.7.1 of the Gas Distribution Information Disclosure Determination 2012 in all material respects complies with that determination; and
- b) the historical information used in the preparation of Schedules 8, 9a, 9b, 9c, 9d, 10a, 10b and 14 has been properly extracted from Powerco Limited's accounting and other records sourced from its financial and non-financial systems, and that sufficient appropriate records have been retained.



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Director



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Director

15/03/18

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Date

15/03/18

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Date





## **INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF POWERCO LIMITED AND THE COMMERCE COMMISSION**

### **Report on the Disclosure Information prepared in accordance with the Gas Distribution Disclosure Determination 2012 (consolidated in 2015)**

We have been engaged by Board of Directors of Powerco Limited ( the "Company") to conduct a reasonable assurance engagement to provide an opinion on whether schedules 1, 2, 3, 4, 5a-5g, 6a, 6b, 7, the system average interruption duration index ('SAIDI') and system average interruption frequency index ('SAIFI') information disclosed in Schedule 10a and the explanatory notes disclosed in boxes 1 to 12 of Schedule 14 of the Company for the disclosure year ended 30 September 2017 ('the Disclosure Information') have been prepared, in all material respects, in accordance with the Gas Distribution Information Disclosure Determination 2012 (consolidated in 2015) ('the Determination').

#### **Responsibilities of the Board of Directors for the Disclosure Information**

The Board of Directors is responsible for the preparation of the Disclosure Information in accordance with the Determination. The responsibility includes the design, implementation and maintenance of internal control relevant to the Company's compliance with the Determination.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion whether, in our opinion, the Disclosure information has been prepared, in all material respects, in accordance with the Determination.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000: *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the New Zealand Auditing and Assurance Standards Board and the Standard on Assurance Engagements 3100: *Compliance Engagements* issued by the External Reporting Board, to provide reasonable assurance that the Company has complied with the Determination. Our procedures included:

- reviewing the methodologies used in preparing the Disclosure Information and confirming that they are in accordance with the requirements set out in the Determination;
- identifying key inputs to the information;
- ensuring the information used in preparing the Disclosure Information has been properly extracted from the Company's accounting and other records, sourced from its financial and non-financial systems; and
- ensuring the calculations are mathematically correct.

These procedures have been undertaken to form an opinion as to whether the Disclosure Information has been prepared, in all material respects, in accordance with the Determination for the period 1 October 2016 to 30 September 2017. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Inherent Limitations**

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement are not performed continuously throughout the period 1 October 2016 to 30 September 2017 and the procedures performed in respect of the Company's compliance with the Determination in preparing the Disclosure Information are undertaken on a test basis, our assurance engagement cannot be relied on to detect all instances where the Company may not have complied with the Determination.

Our opinion has been formed on the above basis.

## **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Other than in our capacity as independent auditor and the provision of other assurance services including the audit of regulatory disclosure statements and trustee reporting, we have no relationship with or interests in the Company or any of its subsidiaries. These services have not impaired our independence as auditor of Powerco Limited.

The firm applies Professional and Ethical Standard 3 (Amended): *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* issued by the New Zealand Auditing and Assurance Standards Board, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Use of Report**

This report is provided solely for your exclusive use and solely for the purpose of providing you with independent audit assurance whether the Disclosure Information has been prepared, in all material respects, in accordance with the Determination. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written express consent. We accept or assume no duty, responsibility or liability to any other party in connection with the report or this engagement, including without limitation, liability for negligence in relation to the opinion expressed in this report.

## **Opinion**

This opinion has been formed on the basis of, and is subject to, the inherent limitations outlined elsewhere in this independent assurance report.

In our opinion:

- As far as appears from an examination of them, proper records to enable the complete and accurate compilation of the Disclosure Information have been kept by the Company;
- As far as appears from an examination of the records, the information used in the preparation of the Disclosure Information has been properly extracted from the Company's accounting and other records and has been sourced, where appropriate, from the Company's financial and non-financial systems; and
- The Company has complied with the Determination, in all material respects, in preparing the Disclosure Information

In forming our opinion we have obtained sufficient recorded evidence and all the explanations we have required.

The signature of Deloitte Limited is written in a cursive, handwritten style.

**Chartered Accountants**

15 March 2018

Wellington, New Zealand