

THE LINES COMPANY LIMITED

ELECTRICITY THRESHOLD COMPLIANCE STATEMENT

As at 31 March 2011

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1. INTRODUCTION

This document contains information required to be disclosed under clause 7 of the Commerce Act (Electricity Distribution Thresholds) Notice 2004. Notice 2004 ("the Notice") as amended by the Commerce Act (Electricity Distribution Thresholds) Amendment Notice 2006 ("the Amendment Notice 2006") and as extended by the Commerce Act (Electricity Distribution Thresholds) Amendment Notice 2009 ("the Amendment Notice 2009").

2. PRICE PATH THRESHOLD COMPLIANCE STATEMENT

The Lines Company Limited (TLC) does comply with the price path threshold requirements of clause 8.5.

- (1) To comply with the requirements of clause 8.4 the notional revenue as at 31 March 2011 is not to exceed the allowable notional revenue in accordance with the formula:

$$\frac{NR_t}{R_t} \leq 1$$

NR_t is the notional revenue for the assessment period ending in March 2011 being equal to: $\sum P_{i,t} Q_{i,t-2} - K_i$

For TLC this is:

$\sum P_{2011} Q_{2009}$	Revenue:	29,929,538
K_{2011}	Pass Through Costs:	(5,469,238)
Notional Revenue		<u>\$24,460,300</u>

$$\text{And } R_t = \sum P_{i,t-1} Q_{i,t-2} - K_{i-1} (1 + \Delta CPI_t)(1 - X)$$

For TLC this is:

$\sum P_{2010} Q_{2009}$	Revenue:	30,285,036
K_{2010}	Pass Through Costs:	(5,234,068)
		<u>\$25,050,968</u>

ΔCPI_{2011}	CPI change	2.47%
X	Factor	0.00%

Allowable Notional Revenue		<u>\$25,668,484</u>
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Result:

As the notional revenue as at 31 March 2011 is less than the allowable notional revenue, The Lines Company Limited is compliant with this arm of the threshold.

- (2) To comply with the requirements of clause 8.4 the notional revenue at anytime during the period is not to exceed the greater of the allowable notional revenue at the end of the assessment period and the allowable notional revenue at the previous assessment date.

For TLC this is:

Highest allowable notional revenue (see above):	\$25,668,484
Notional revenue 1 April 2010 to 31 March 2011	\$24,460,300

Result:

The notional revenue at all times is below the highest allowable notional revenue. TLC is therefore compliant with this arm of the threshold.

Overall

The Lines Company Limited is **COMPLIANT** with the Price Threshold.

3. QUALITY THRESHOLD

The Lines Company Limited confirms that it complies with the quality threshold requirements of clauses 9.1 (a) and (b).

Clause 9.1 (a) requires that the SAIDI for the 12 month period ending 31 March 2011 is not to exceed the five year average SAIDI to 31 March 2009.

2011 SAIDI	260.350
5 year average SAIDI	307.673

The Lines Company Limited is **COMPLIANT** with this requirement.

Clause 9.1 (b) requires that the SAIFI for the 12 month period ending 31 March 2011 is not to exceed the five year average SAIFI to 31 March 2009

2011 SAIFI	3.474
5 year average SAIFI	4.177

The Lines Company Limited is **COMPLIANT** with this requirement.

Policies and Procedures for Recording SAIDI and SAIFI

As required under the Commerce Act (Electricity Distribution Services Input Methodologies) Determination 2010 the following explanation is provided on the procedures and policies used for recording the SAIDI and SAIFI statistics for the assessment period.

All asset data has been sourced from the asset information system (BASIX). Further information on this system is included in the Asset Management Plan (AMP).

The assessment dataset was normalised in accordance with Schedule 3 of Decision 685.

Reliability

The reference dataset was prepared in accordance with the terms set out in Decision 685 (Electricity distribution default price-quality path determination pursuant to Part 4 of the Commerce Act 1986 (the Act)). The reliability figures have been calculated as per Schedule 3, Reliability Limits and Assessed Values. The calculations were programmed into TLC's asset database, an asset system supplied by EMS Solutions Pty Ltd (Basix Asset Management Database). The outage information is taken from the control room logs and loaded into Basix. Reconciliations are undertaken between the control room log and Basix to ensure data is correctly entered. Customer numbers are updated daily from the billing system (Gentrack).

Procedures

- The Control Room operators record all outages that occur on the TLC network. These include 33 kV, 11 kV and Low Voltage (LV). These are then input into the outage reporting system of Basix.
- The input data includes each outage, cause of outage, duration of outage and the number of customers affected.
- The Gentrack billing system holds the customer information and any changes, (i.e. account name, billing address, demand) are automatically transferred and updated into Basix as part of the night moves. In the Gentrack system each customer is allocated an ICP, and each ICP is allocated to a transformer.
- The Basix outage calculator accesses this information to get the total number of customers that are affected by an outage. It counts the number of ICP's per transformer affected by an outage and multiplies this by the length of the outage. The calculator gives an actual figure for each outage and a normalised figure as per Schedule 3, Reliability Limits and assessed values.
- After the calculations are completed, reconciliation is undertaken to ensure the correct data has been inputted into Basix from the control room log.

Policies

- Data is collected and analysed in compliance with the Electricity Distribution (Information Disclosure) Requirements 2008 and the 2003 Reliability Plan.
- All outages are reviewed on a monthly basis. Figures are compared with the AMP (Asset Management Plan), and threshold targets are reported to the Board.

Assumptions and Explanatory Notes

Interruptions

LV Outages

All outages that may have originated in the LV system and cause the High Voltage (HV) protection to operate have been included.

Single Phase Faults

TLC has included all HV single phase faults because of the practical difficulties associated with excluding them. For example, 3 phase line fuses typically supply a combination of 3 phase and 2 phase lines. All transformers connected to the TLC network have "delta" windings on the primary. The loss of one fuse of a set of three results in varying levels of voltages. The definition of interruption in the Electricity Distribution (Information Disclosure) Requirements 2008 gives no guidance on how these situations should be included in statistics.

Private Lines

TLC figures exclude the impact of private responsibility works and installations.

TLC's figures are based on maintaining the supply to the "Point of Connection" as defined in its Terms and Conditions of supply. (Further independent information on the "Point of Connection" and "Point of Supply" and the demarcation between private responsibility lines and network lines is available from the Electricity Authority website).

In TLC's case there are about 800km of private responsibility lines connected to the network.

Decision 685 and Threshold Compliance

In late November 2009, the Commerce Commission released Decision 685, which sets thresholds for quality for the period 1st April 2010 to 31st March 2015. These limits are below TLC's present targets that have been based on customers' quality requirements.

Compliance will both be difficult and add cost to renewals. It has been agreed by stakeholders that the lowest cost approach to renewals should be taken. TLC plans to apply for a Customised Quality Path (CQP) in accordance with s 53Q of the Act.

MP1 and MP3 Load Forecasting

TLC's AMP (Asset Management Plan) has detailed information on TLC's load forecasting, methodology and assumptions made.

These assumptions include allowances for a slow down in economic activity, demand side management and likely distributed generation connections.

Overall

The Lines Company Limited is **COMPLIANT** with the Quality Threshold.

4 EVIDENCE OF PRICE THRESHOLD

Quantity Adjustment

Pursuant to clause 8.6, which concerns price restructuring, TLC has not restructured its tariff.

Evidence of Price Path Threshold Compliance

	<u>31 March 2010</u>	<u>31 March 2011</u>
Large customers	\$ 5,865,183	\$ 5,865,183
Network charge	\$ 5,431,809	\$ 5,431,809
Demand	\$ 14,832,274	\$ 14,832,274
Transformer Charge	\$ 2,345,241	\$ 2,345,241
Generators	\$ 153,896	\$ 153,896
St lights	\$ 583,872	\$ 583,872
Load shifting	\$ 14,241	\$ 14,241
Connection	\$ 418,535	\$ 418,535
Relay	\$ 639,985	\$ 284,488
	<u>\$ 30,285,036</u>	<u>\$ 29,929,538</u>
less transmission costs:		
transpower charges	\$ (4,356,875)	\$ (4,484,973)
adjustment		
others	\$ (774,703)	\$ (871,462)
loss rentals	\$ 186,777	\$ 319,578
loss rental return to customers	\$ (168,099)	\$ (267,813)
	<u>\$ (5,112,900)</u>	<u>\$ (5,304,670)</u>
Less:		
rates	\$ (78,304)	\$ (104,832)
electricity commission	\$ (42,864)	\$ (59,736)
	<u>\$ (121,168)</u>	<u>\$ (164,568)</u>
total pass through	<u>\$ (5,234,068)</u>	<u>\$ (5,469,238)</u>
	<u><u>\$ 25,050,968</u></u>	<u><u>\$ 24,460,300</u></u>
Allowable Notional Revenue March 2011	<u>\$</u>	<u>25,668,484</u>
Difference	<u>\$</u>	<u><u>1,208,184</u></u>

NOTIONAL REVENUE DETAILS

Large Customers

	<u>2009</u> <u>Quantity</u>	<u>31 March 2010</u>			<u>31 March 2011</u>		
		<u>Price</u>		<u>Revenue</u>	<u>Price</u>		<u>Revenue</u>
		<u>gross</u>	<u>net PPD</u>		<u>gross</u>	<u>net PPD</u>	
Dedicated Network							
BHP		1,666,667	1,500,000	\$ 1,500,000	1,666,667	1,500,000	\$ 1,500,000
Universal Beef		12,000	10,800	\$ 10,800	12,000	10,800	\$ 10,800
McDonalds		164,444	148,000	\$ 148,000	164,444	148,000	\$ 148,000
Winstones		70,176	63,159	\$ 63,159	70,176	63,159	\$ 63,159
Whakapapa		328,566	295,710	\$ 295,710	328,566	295,710	\$ 295,710
Turoa		248,563	223,707	\$ 223,707	248,563	223,707	\$ 223,707
Tongariro Rangipo		-	0	\$ -	0	0	\$ -
Billing	34	1560	1,404	\$ 47,736	1560	1,404	\$ 47,736
Network charge							
Waitomo	13,165	96.13	86.52	\$ 1,138,960	96.13	86.52	\$ 1,138,960
Turangi	1,270	105.29	94.76	\$ 120,346	105.29	94.76	\$ 120,346
Taumarunui	380	109.00	98.10	\$ 37,278	109.00	98.10	\$ 37,278
11kv	660	109.00	98.10	\$ 64,746	109.00	98.10	\$ 64,746
33 kv	1,500	58.35	52.52	\$ 78,773	58.35	52.52	\$ 78,773
Stepped	892	72.10	64.89	\$ 57,860	72.10	64.89	\$ 57,860
Whakamaru	600	182.00	163.80	\$ 98,280	182.00	163.80	\$ 98,280
National Park	420	140.14	126.13	\$ 52,973	140.14	126.13	\$ 52,973
Ohakune	660	105.29	94.76	\$ 62,542	105.29	94.76	\$ 62,542
Low voltage	220	101.00	90.90	\$ 19,998	101.00	90.90	\$ 19,998
Transpower connection							
Waitomo	22,774	18.81	16.93	\$ 385,541	18.81	16.93	\$ 385,541
Taumarunui	798	22.20	19.98	\$ 15,944	22.20	19.98	\$ 15,944
Turangi	1,332	29.73	26.76	\$ 35,640	29.73	26.76	\$ 35,640
Whakamaru		0.00	0	\$ -	0.00	0	\$ -
National Park	3,564	43.03	38.73	\$ 138,023	43.03	38.73	\$ 138,023
Ohakune	2,226	16.43	14.79	\$ 32,916	16.43	14.79	\$ 32,916
Transpower demand							
Waitomo	5,700	78.77	70.89	\$ 404,090	78.77	70.89	\$ 404,090
Waitomo	13,044	44.98	40.48	\$ 528,047	44.98	40.48	\$ 528,047
Turangi	1,332	40.39	36.35	\$ 48,420	40.39	36.35	\$ 48,420
Taumarunui	798	55.11	49.60	\$ 39,580	55.11	49.60	\$ 39,580
Whakamaru	913	19.44	17.50	\$ 15,974	19.44	17.50	\$ 15,974
National Park	968	52.09	46.88	\$ 45,381	52.09	46.88	\$ 45,381
National Park	1,178	78.77	70.89	\$ 83,512	78.77	70.89	\$ 83,512
Ohakune	1,005	78.77	70.89	\$ 71,247	78.77	70.89	\$ 71,247
Ohakune	0	47.65	42.89	\$ -	47.65	42.89	\$ -
				Total			\$ 5,865,183
							\$ 5,865,183

Transformer Charges

31 March 2010

31 March 2011

Transformer Size	Quantity	Price		Revenue	Price		Revenue
		<u>gross</u>	<u>net</u>		<u>gross</u>	<u>net</u>	
1500		4,682	4,214	\$ -	4,682	4,214	\$ -
1000	1	3,936	3,543	\$ 3,543	3,936	3,543	\$ 3,543
750	4	3,491	3,142	\$ 12,569	3,491	3,142	\$ 12,569
500	16	2,908	2,618	\$ 41,882	2,908	2,618	\$ 41,882
300	9	2,484	2,236	\$ 20,121	2,484	2,236	\$ 20,121
200	4	2,058	1,852	\$ 7,410	2,058	1,852	\$ 7,410
500	2	2,908	2,618	\$ 5,235	2,908	2,618	\$ 5,235
300	7	2,484	2,236	\$ 15,650	2,484	2,236	\$ 15,650
200	22	2,058	1,852	\$ 40,753	2,058	1,852	\$ 40,753
100	37	1,194	1,075	\$ 39,768	1,194	1,075	\$ 39,768
75	58	1,068	962	\$ 55,775	1,068	962	\$ 55,775
50	168	876	788	\$ 132,433	876	788	\$ 132,433
30	204	790	711	\$ 145,337	790	711	\$ 145,337
15	1,527	597	537	\$ 820,127	597	537	\$ 820,127
10	902	436	392	\$ 353,620	436	392	\$ 353,620
5	2,755	263	236	\$ 651,018	263	236	\$ 651,018
	5,716			<u>\$ 2,345,241</u>			<u>\$ 2,345,241</u>

Network Charges

	31-Mar-10			31-Mar-11			
	<u>Quantity</u>	<u>Price</u> <u>gross</u>	<u>Price</u> <u>net</u>	<u>Revenue</u>	<u>Price</u> <u>gross</u>	<u>Price</u> <u>net</u>	<u>Revenue</u>
Urban (High Density) low voltage							
Hangaitiki	22435	42.24	38.02	\$ 852,894	42.24	38.02	\$ 852,894
National Park	3016	50.64	45.58	\$ 137,464	50.64	45.58	\$ 137,464
Ohakune	10392	42.24	38.02	\$ 395,057	42.24	38.02	\$ 395,057
Ongarue	14764	42.24	38.02	\$ 561,278	42.24	38.02	\$ 561,278
Turangi	20558	42.24	38.02	\$ 781,549	42.24	38.02	\$ 781,549
Whakamaru	3480	42.24	38.02	\$ 132,295	42.24	38.02	\$ 132,295
Urban (High Density) high voltage							
Hangaitiki	11086	19.80	17.82	\$ 197,547	19.80	17.82	\$ 197,547
National Park	700	23.76	21.38	\$ 14,975	23.76	21.38	\$ 14,975
Ohakune	1433	19.80	17.82	\$ 25,539	19.80	17.82	\$ 25,539
Ongarue	3450	19.80	17.82	\$ 61,478	19.80	17.82	\$ 61,478
Turangi	1976	19.80	17.82	\$ 35,216	19.80	17.82	\$ 35,216
Whakamaru	774	19.80	17.82	\$ 13,801	19.80	17.82	\$ 13,801
Rural (Low Density) low voltage							
Hangaitiki	5958	81.36	73.22	\$ 436,241	81.36	73.22	\$ 436,241
National Park	4040	75.12	67.61	\$ 273,168	75.12	67.61	\$ 273,168
Ohakune	35	62.64	56.38	\$ 1,986	62.64	56.38	\$ 1,986
Ongarue	4093	81.36	73.22	\$ 299,686	81.36	73.22	\$ 299,686
Turangi	248	81.36	73.22	\$ 18,127	81.36	73.22	\$ 18,127
Whakamaru	2420	75.12	67.61	\$ 163,632	75.12	67.61	\$ 163,632
Rural (Low Density) high voltage							
Hangaitiki	9105	38.64	34.78	\$ 316,619	38.64	34.78	\$ 316,619
National Park	1615	35.64	32.08	\$ 51,809	35.64	32.08	\$ 51,809
Ohakune	10	29.76	26.78	\$ 265	29.76	26.78	\$ 265
Ongarue	4682	38.64	34.78	\$ 162,111	38.64	34.78	\$ 162,111
Turangi	343	38.64	34.78	\$ 11,935	38.64	34.78	\$ 11,935
Whakamaru	11443	35.64	32.08	\$ 367,037	35.64	32.08	\$ 367,037
Low option							
Hangaitiki	6930	8.64	7.78	\$ 53,888	8.64	7.78	\$ 53,888
National Park	240	8.64	7.78	\$ 1,866	8.64	7.78	\$ 1,866
Ohakune	835	8.64	7.78	\$ 7,271	8.64	7.78	\$ 7,271
Ongarue	3780	8.64	7.78	\$ 29,393	8.64	7.78	\$ 29,393
Turangi	3030	8.64	7.78	\$ 23,561	8.64	7.78	\$ 23,561
Whakamaru	530	8.64	7.78	\$ 4,121	8.64	7.78	\$ 4,121
	153482			\$ 5,431,809			\$ 5,431,809

31 March 2011

31 March 2010

Demand

Standard	Quantity	Price		Revenue	
		gross	net	gross	net
Hangaitiki	22715	254.76	229.28	5,208,297	5,208,297
National Park	3998	292.56	263.30	1,062,081	1,052,081
Ohakune	5862	219.60	197.64	1,158,584	1,158,584
Ongarue	11871	276.36	248.72	2,962,540	2,962,540
Turangi	9960	251.04	225.94	2,250,422	2,250,422
Whakamaru	7923	274.80	247.32	1,959,537	1,959,537
	62328				
Low user margin					
Urban (High Density) low voltage					
Hangaitiki	1598	76.32	68.69	109,095	109,095
National Park	49	95.40	85.86	4,199	4,199
Ohakune	213	88.69	88.69	14,650	14,650
Ongarue	855	76.32	68.69	58,741	58,741
Turangi	717	76.32	68.69	49,278	49,278
Whakamaru	108	76.32	68.69	7,429	7,429
Urban (High Density) high voltage					
Hangaitiki	125	25.32	22.79	2,850	2,850
National Park	8	34.32	30.89	256	256
Ohakune	21	25.32	22.79	477	477
Ongarue	71	25.32	22.79	1,610	1,610
Turangi	11	25.32	22.79	253	253
Whakamaru	0	25.32	22.79	-	-
Rural (Low Density) low voltage					
Hangaitiki	4	165.24	148.72	651	651
National Park	0	151.08	135.97	-	-
Ohakune	0	122.64	110.38	-	-
Ongarue	3	165.24	148.72	422	422
Turangi	0	165.24	148.72	-	-
Whakamaru	2	151.08	135.97	226	226
Rural (Low Density) high voltage					
Hangaitiki	7	68.16	61.34	449	449
National Park	0	61.32	55.19	-	-
Ohakune	0	48.00	43.20	-	-
Ongarue	4	68.16	61.34	228	228
Turangi	0	68.16	61.34	-	-
Whakamaru	0	61.32	55.19	-	-
	3787			14,832,274	14,832,274

	Quantity	31 March 2010			31 March 2011		
		Price gross	Price net	Revenue	Price gross	Price net	Revenue
Streetlights							
Assets							
Mounting service							
Taupo	0	48.00	43.20	\$ -	48.00	43.20	\$ -
Ruapehu	959	50.00	45.00	\$ 43,155	50.00	45.00	\$ 43,155
Waitomo	553	40.00	36.00	\$ 19,908	40.00	36.00	\$ 19,908
Otorohanga	313	50.00	45.00	\$ 14,085	50.00	45.00	\$ 14,085
Network - Street lights kW:							
Taupo	76.50	94.76	85.28	\$ 6,524	94.76	85.28	\$ 6,524
Ruapehu	165	55.85	50.27	\$ 8,294	55.85	50.27	\$ 8,294
Waitomo	111	96.13	86.52	\$ 9,603	96.13	86.52	\$ 9,603
Otorohanga	65.85	96.13	86.52	\$ 5,697	96.13	86.52	\$ 5,697
Under Veranda kW	10.67	64.47	58.02	\$ 619	64.47	58.02	\$ 619
Transmission demand kW:							
Taupo	76.50	36.35	32.72	\$ 2,503	36.35	32.72	\$ 2,503
Ruapehu	165	52.97	47.67	\$ 7,866	52.97	47.67	\$ 7,866
Waitomo	111	44.98	40.48	\$ 4,494	44.98	40.48	\$ 4,494
Otorohanga	65.85	44.98	40.48	\$ 2,666	44.98	40.48	\$ 2,666
Under Veranda kW	10.67	61.85	55.67	\$ 594	61.85	55.67	\$ 594
Transmission connection kW:							
Taupo	76.50	26.76	24.08	\$ 1,842	26.76	24.08	\$ 1,842
Ruapehu	165	11.73	10.56	\$ 1,742	11.73	10.56	\$ 1,742
Waitomo	111	18.81	16.93	\$ 1,879	18.81	16.93	\$ 1,879
Otorohanga	65.85	18.81	16.93	\$ 1,115	18.81	16.93	\$ 1,115
Kwh South				\$ -			\$ -
Kwh North				\$ -			\$ -
Load plant operation:							
Taupo	1460	2.50	2.25	\$ 3,285	2.50	2.25	\$ 3,285
Ruapehu	2190	2.50	2.25	\$ 4,928	2.50	2.25	\$ 4,928
Waitomo	1460	2.50	2.25	\$ 3,285	2.50	2.25	\$ 3,285
Otorohanga	730	2.50	2.25	\$ 1,643	2.50	2.25	\$ 1,643
Private light residual	400	3.06	2.75	\$ 1,101	3.06	2.75	\$ 1,101
Kva charge - urban							
Kva charge - rural							
				\$ 598,113			\$ 598,113
split							
streetlighting				\$ 583,872			\$ 583,872
load shifting				\$ 14,241			\$ 14,241
				\$ 598,113			\$ 598,113

**Generators
Summary**

	<u>Quantity</u>	<u>31 March 2010</u>		<u>30 March 2011</u>	
		<u>Price</u>	<u>Revenue</u>	<u>Price</u>	<u>Revenue</u>
		<u>Net</u>		<u>Net</u>	
asset base	1		\$ 9,120		\$ 9,120
gen 33	3125	17.505	\$ 54,703	17.505	\$ 54,703
gen 11	2875	26.073	\$ 74,960	26.073	\$ 74,960
load	105	143.93	\$ 15,113	143.93	\$ 15,113
			<u>\$ 153,896</u>		<u>\$ 153,896</u>

Load shifting

	<u>Quantity</u>	<u>31 March 2009</u>		<u>31 March 2010</u>		<u>31 March 2011</u>	
		<u>Price</u>	<u>Revenue</u>	<u>Price</u>	<u>Revenue</u>	<u>Price</u>	<u>Revenue</u>
streetlights			12680		\$14,240.88		\$14,897.88
			<u>12680</u>		<u>\$14,240.88</u>		<u>\$14,897.88</u>

Connections

	<u>2009</u>	<u>29 March 2010</u>		<u>31 March 2011</u>	
	<u>quantity</u>	<u>price</u>	<u>Revenue</u>	<u>price</u>	<u>Revenue</u>
tasks requested:					
urban					
Disconnection/Reconnection: * requested by 2:00pm and executed next working day by 4:30pm	3000	40.00	\$120,000	40.00	\$120,000
Reconnection: requested after 2:00pm executed next working day by 4:30pm	600	45.00	\$ 27,003	45.00	\$ 27,003
Disconnection/Reconnection: Requested for same working day before 3:00pm and executed that day	56	60.00	\$ 3,360	60.00	\$ 3,360
Reconnection: from 3:00pm onwards. on any given weekday, weekend or public holiday before 10pm	3	100.00	\$ 300	100.00	\$ 300
Reconnection: from 10:00pm requested for completion after 10pm on any given day including public holidays	210	200.00	\$ 42,000	200.00	\$ 42,000
Late cancellation fee: Charged if payment is not received until after 2.00pm the day before disconnection or the site has been processed for disconnection (includes the day of disconnection)	0	31.11	\$ -	31.11	\$ -
rural					
Disconnection/Reconnection:* requested by 2:00pm and executed next working day by 4:30pm	2182	50.00	\$109,100	50.00	\$109,100
Reconnection: requested after 2:00pm executed next working day by 4:30pm	436	55.00	\$ 23,982	55.00	\$ 23,982
Disconnection/Reconnection: Requested for same working day before 3:00pm and executed that day	42	70.00	\$ 2,940	70.00	\$ 2,940
Reconnection: from 3:00pm onwards. on any given weekday, weekend or public holiday before 10pm	2	150.00	\$ 300	150.00	\$ 300
Reconnection: from 10:00pm requested for completion after 10pm on any given day including public holidays	170	250.00	\$ 42,500	250.00	\$ 42,500
Late cancellation fee: Charged if payment is not received until after 2.00pm the day before disconnection or the site has been processed for disconnection (includes the day of disconnection)	0	41.11	\$ -	41.11	\$ -

remote					
Disconnection/Reconnection: * requested by 2:00pm and executed next working day by 4:30pm	198	150.00	\$ 29,700	150.00	\$ 29,700
Reconnection: requested after 2:00pm executed next working day by 4:30pm	40	175.00	\$ 7,000	175.00	\$ 7,000
Disconnection/Reconnection: Requested for same working day before 3:00pm and executed that day	4	225.00	\$ 900	225.00	\$ 900
Reconnection: from 3:00pm onwards. on any given weekday, weekend or public holiday before 10pm	0	300.00	\$ -	300.00	\$ -
Reconnection: from 10:00pm requested for completion after 10pm on any given day including public holidays	21	450.00	\$ 9,450	450.00	\$ 9,450
Late cancellation fee: Charged if payment is not received until after 2.00pm the day before disconnection or the site has been processed for disconnection (includes the day of disconnection)	0	141.11	\$ -	141.11	\$ -
	6964		<u>\$418,535</u>		<u>\$418,535</u>

*\$60.00 per request**

** Charged (on top of charges) if no contact is made by customer prior to 2 working days before disconnection. Further charges of \$15 per 10 minute blocks apply if staff member is onsite and required to wait whilst customer contacts The Lines Company for extension of payment.

5 EVIDENCE OF COMPLIANCE WITH QUALITY THRESHOLD

The following information confirms the lines business' compliance and includes evidence to this effect in the form of SAIDI and SAIFI figures, Reliability Limits and Assessed Value for the

Table 1 below illustrates SAIDI and SAIFI figures for the five years ending March 31st 2009. The data from these years was used as per the Act to calculate the normalised targets to find the reliability limit. The 2011 figures are for the full 12 months.

	2005	2006	2007	2008	2009	2011	Reliability Limits
SAIDI Actual	305.6	284.9	368.5	267.31	297.13	292.431	307.673
SAIDI Normalised						260.350	
SAIFI Actual	4.02	3.84	3.63	3.68	4.77	3.474	4.18
SAIFI Normalised						3.474	

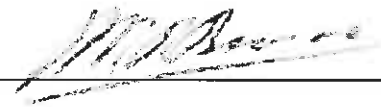
Table 1: SAIDI and SAIFI Data.

As the 2011 figures are below the reliability limits, compliance has been achieved.

**DIRECTORS' CERTIFICATE ON THRESHOLD COMPLIANCE
STATEMENT**

We, **Arthur Patrick Muldoon** and, and **Peter Milton Donald Browne**, Directors of **The Lines Company Limited**, certify that, having made all reasonable inquiry, to the best of our knowledge and belief, the attached threshold compliance statement of **The Lines Company Limited**, and related information, prepared for the purposes of the Commerce Act (Electricity Distribution Thresholds) Notice 2004 complies with the requirements of that notice.

Signature :  **Director**
Arthur Patrick Muldoon

Signature :  **Director**
P M R Browne

Date : **12 July 2011**



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF THE ANNUAL COMPLIANCE STATEMENT OF THE LINES COMPANY LIMITED FOR THE ASSESSMENT PERIOD ENDED ON 31 MARCH 2011

The Auditor-General is the auditor of The Lines Company Limited (the company). The Auditor-General has appointed me, Bruno Dente, using the staff and resources of Deloitte, to provide an opinion, on her behalf, on the company's Annual Compliance Statement for the assessment period ended on 31 March 2011 on pages 3 to 17 regarding compliance with the Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010.

We have audited the Annual Compliance Statement in respect of the default price-quality path prepared by the company for the assessment period ended on 31 March 2011 and dated 12 July 2011 for the purposes of clause 11 of the Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010 ("the Determination").

Directors' Responsibilities

The Directors of the company are responsible for the preparation of the Annual Compliance Statement in accordance with the Determination and for such internal control as the Directors determine is necessary to enable the preparation of an Annual Compliance Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on the Annual Compliance Statement based on our audit. We conducted our audit in accordance with the International Standards on Auditing, International Standards on Auditing (New Zealand) and the New Zealand Institute of Chartered Accountants Standard on Assurance Engagements 3100: *Compliance Engagements*. This standard requires that we comply with ethical and quality control requirements and plan and perform the audit to obtain reasonable assurance about whether the Annual Compliance Statement has been prepared in accordance with the Determination and is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Compliance Statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Annual Compliance Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Annual Compliance Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

In relation to the price path set out in clause 8 of the Determination, our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 3 to 17 of the Annual Compliance Statement.

In relation to the SAIDI and SAIFI statistics for the Reference Period and the Assessment Period ended on 31 March 2011, including the calculation of the Reliability Limits and the Assessed Values, which are relevant to the quality standards set out in clause 9 of the Determination, our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 3 to 17 of the Annual Compliance Statement.

Our audit also included assessment of the significant estimates and judgments, if any, made by the company in the preparation of the Annual Compliance Statement and whether adequate information has been disclosed in accordance with clause 11.1(b) of the Determination.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Limitations and Use of this Independent Auditor's Report

This independent auditor's report has been prepared solely for the Directors of The Lines Company Limited and the Commissioners of the New Zealand Commerce Commission in accordance with the Determination. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Directors of The Lines Company Limited and the Commissioners, or for any purpose other than that for which it was prepared.

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 assessment period and the procedures performed in respect of the company's compliance with the Determination are undertaken on a test basis, our 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.

Independence

We have no relationship with or interests in the company other than in our capacity as auditor.

Opinion

In our opinion, the Annual Compliance Statement of The Lines Company Limited for the Assessment Period ended on 31 March 2011, has been prepared, in all material respects, in accordance with the Determination.

Our audit was completed on 12 July 2011 and our opinion is expressed as at that date.

Bruno Dente
Deloitte
On behalf of the Auditor-General
Hamilton, New Zealand

This audit report relates to the electronic publication of the annual compliance statement prepared under the Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010 (the "annual compliance statement") of The Lines Company Limited (the company) for the assessment period ended on 31 March 2011.

We have not been engaged to report on the integrity of any website on which the annual compliance statement has been published. We accept no responsibility for any changes that may have occurred to the annual compliance statement since it was initially approved and published.

This audit report refers only to the annual compliance statement named above. If readers of this audit report are concerned with the inherent risks arising from electronic data communication they should refer to the original published hard copy of the annual compliance statement and related audit report dated 12 July 2011 to confirm the information included in the annual compliance statement published on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.