THE LINES COMPANY LIMITED

DEFAULT PRICE-QUALITY PATH ANNUAL COMPLIANCE STATEMENT

For the Assessment Date 31 March 2012

Pursuant to the Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010 (consolidating all amendments to 22 March 2012)

Contents:

1. INTRODUCTION

This document contains information required to be disclosed under clause 11 of the Electricity Distribution Services default Price-Quality Path Determination 2010 (consolidating all amendments as of 22 March 2012).

2. PRICE PATH COMPLIANCE STATEMENT

The Lines Company Limited (TLC) does comply with the price path at the assessment date as specified in clauses 8.4 and 8.5.

(1) To comply with the requirements of clause 8.4 the maximum notional revenue as at 31 March 2012 is not to exceed the allowable notional revenue in accordance with the formula:

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

NR_t is the maximum notional revenue for the assessment period ending March 2012 being equal to:

$\Sigma P_{i,t} Q_{i,t-2} - K_t$;

For TLC this is:

$\Sigma P_{2012} Q_{i2010}$	Revenue:	32,089,412
K_{2012}	Pass Through Costs:	(5,437,697)
Notional Revenue		**$26,651,715**

R_t is the allowable notional revenue for the assessment period ending March 2012 being equal to:

$\Sigma ((P_{i,t-1} Q_{i,t-2} - K_{ti-1}) + (R_{t-1} - NR_{t-1})) * (1 + \Delta CPI_t)(1 - X)$

For TLC this is:

$\Sigma P_{2011} Q_{i2010}$	Revenue:	31,330,716
K_{2011}	Pass Through Costs:	(5,604,245)
$(R_{2011} - NR_{t2011})$	Difference between allowable notional revenue and notional revenue for the prior assessment period	1,208,184
		$26,934,655
ΔCPI_{2012}	CPI change	1.78%
X	Factor	0.00%
Allowable Notional Revenue		**$27,414,407**

Result:

To comply with the requirements of clause 8.4 the notional revenue at anytime during the assessment period is not to exceed the allowable notional revenue for the assessment period.

For TLC this is:	
Allowable notional revenue (see above):	**$27,414,407**
Maximum notional revenue 1 April 2011 to 31 March 2012	**$26,651,715**

Result:

The maximum notional revenue is below the allowable notional revenue. TLC is therefore compliant with the price path.

Overall

TLC is **COMPLIANT** with the Price Path.

Supporting information is presented in Section 4 of this Compliance Statement.

3. QUALITY STANDARDS COMPLIANCE STATEMENT

TLC does comply with the quality standards at the assessment date as specified in requirements of clauses 9.1 (a) and (b).

Clause 9.1 (a) requires that the assessed values must not exceed the reliability limits for the 12 month period ending 31 March 2012; or
Clause 9.1 (b) requires that the assessed values must not exceed the reliability limits for the two immediately preceding extant assessment periods.

2012 SAIDI and SAIFI

2012 SAIDI Assess	311.8921
SAIDI Limit	307.6921
2012 SAIFI Assess	3.9870
SAIFI Limit	4.1547

2011 SAIDI and SAIFI

2011 SAIDI Assess	260.35
SAIDI Limit	307.67
2011 SAIFI Assess	3.474
SAIFI Limit	4.1547

Although TLC has exceeded the SAIDI quality standard for the twelve months ended 31 March 2012 it did not exceed the quality standard for the preceding year (the first year of the DPP quality standards) and therefore TLC is **COMPLIANT** with this requirement.

Supporting information is presented in Section 5 of this Compliance Statement.

Policies and Procedures for Recording SAIDI and SAIFI

As required in accordance with clause 11.1(b)(v) the following explanation is provided on the procedures and polices 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 the DPP Determination.

Reliability

The reference dataset was prepared in accordance with the terms set out in the DPP Determination 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 inputed 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.

Background

The quality definitions set by the Commerce Commission and the application of them over the last decade has been a process of continuous improvement. In response, organisations such as TLC have developed systems and intellectual understanding to record data and provide the required information.
It is during the development of these systems that the details in the definitions above come under scrutiny. When the technical practicalities are applied, there are areas with 'shades of grey' - areas of definition judgment.
Requests have been made for clarification. The response to these requests has been to state the assumptions and practices. These are outlined in the following sections along with summary information on what occurred during the 2011/12 year.

Assumptions - Definition of Interruption

TLC has taken a conservative approach and where uncertain, has chosen to include rather than exclude interruption events. This same approach has been undertaken historically, although over time the processes for recording outages have improved as intellectual understanding and systems have been developed. Listed below is more explanation regarding the judgements which have been made.

Single 11kV fuse operations (often supplying individual customers) have been included. These faults are often caused by low voltage events (faults not being cleared by LV fusing or no existing LV fuses) that force the 11kV fuse/s to operate. These have been included in the first DPP assessment (for 2010/11) and the current DPP assessment. However they were not all included in the reference period used to set the DPP limits (2004 - 2009). (Refer TLC's 2011 Compliance Statement pg. 28.) The principle reason for improved reporting since the reference set was created has been an increased focus on the quality of faultman reports into the control room for hazard control reasons.

Single phase HV outages have been included. The low voltage experienced during these events would generally not allow customer equipment to operate. The causes of these faults vary widely and often the effects are widespread. Individual customer loadings at the time and the sizes of the distribution transformers in the areas affected will often impact on the voltages available to individual customers. Determining the voltages individual ICP's will see is not possible at this time with the modelling tools available. All single phase HV outages have been included in the first DPP assessment (for 2010/11) and the current DPP assessment. However they were not all included in the reference period used to set the DPP limits (2004 - 2009). (Refer TLC's 2011 Compliance Statement pg. 28.) TLC continues to operate a policy of capturing small events. The times recorded for these are improving in accuracy with better hazard control reporting as described previously.

Included in the calculation are outages which have been requested by customers that result in network isolations. These have been included in the first DPP assessment (for 2010/11) and the current DPP assessment. However they were not all included in the reference period used to set the DPP limits (2004 – 2009). For example, faultman and inspectors often isolated sites with less than two customers and did not disclose this to the control room during the 2004 to 2009 period.

The time of a recorded circuit breaker tripping or the initial customer call to TLC call centre is taken as the time a fault occurred. The SCADA stamping of the tripping or the time the customer call was taken is used for the outage calculations. During the assessment period (2004 – 2009), contract call centres were used for receiving after-hours calls. Due to customer requests, this function was taken back in-house during 2009. The main driver for the change was poor customer service - primarily the delay that came about in passing the calls onto TLC staff to attend faults. The quality of data as to when the first call was received was poor. This resulted in many outages during the assessment period being physically longer but recorded shorter than they actually were.
An implication of this is the data since 2009 being more accurate and captures the starting time of the smaller events more precisely. This in turn adds additional time to many of the events since 2009 and as such further distorts comparisons with the assessment limit values.

The evolution of Electricity legislation over time defines the sections of line which are customer and network owned. The boundary between customer ownership and network ownership is not consistent between network companies, and has been rolled forward in Electricity legislation in a way that adds complexity with many "shades of grey". TLC's terms and conditions of supply define the 'Point of Connection' that emanates from this legislation evolution. The implication is that customers are responsible for long lengths of HV lines that are often directly connected to TLC's lines and when these lines fault, they cause network outages. The cause of many faults from the control room and faultman's perspective is often unknown. Segregating between interruption classes therefore is often subjective. TLC has managed this uncertainty by including all such outages in Class C data. All of these types of events were included in the first DPP assessment (for 2010/11) and the current DPP assessment. However they were not all included in the reference period used to set the DPP limits (2004 – 2009).

There was a legacy practice within TLC to reclose HV fuses and reclosers/sectionalisers in remote locations without informing the control room. This practice was officially stopped at the beginning of 2004, but because of unofficial legacy tendencies, it was not fully stopped until 2009. The effect of this is that the results shown for the 2004 – 2009 period did not include events that since 2010 have been included in detail.

Quantifying the effects of 2.1 to 2.5 above, and excluding them from the comparison of 2004 to 2009 data with that from 2010 to present, is not possible. Some analysis can be done, but any adjustment of either the 2004 to 2009 data or the annual 2010/11 to 2011/12 data would be very subjective. As a consequence, TLC has not made any adjustments.

TLC deals directly with its customers and landowners. As a consequence, it maintains both a detailed customer and landowner database for the purpose of sending accounts. The charge structure includes dedicated asset charges (mostly for dedicated transformers and earthing systems).

An implication of the dedicated asset charge is that TLC must maintain an accurate and detailed knowledge of the ICP connected to specific transformers. This has resulted in TLC having the information and data to use monthly customer numbers for the calculation of SAIDI and SAIFI. The system uses these figures, then sums the monthly results to produce annual figures. This produces more accurate month to month results than an annual, beginning and end of year, average.

TLC recognised about 5 years ago that it needed to automate the outage calculation process to ensure it was going to get accurate and consistent results as well as control costs and improve TLCs operational efficiency. Continuing with simple databases and spreadsheets was not really an ideal option given that more complex requirements such as those included in Decision 685 were being developed at this time. The options were researched and it was decided to develop a full connectivity model and outage calculator in the Basix Asset Management System. (Further details on this system are included in section 2 of the AMP.) One of the implication of this is that existing data up to about 2010 had to be transferred across to allow the reference set to be calculated and for equipment and other history to be available.

A major effort was put in to minimise errors associated with the transfer of data between the systems, but some loss of accuracy did occur in the process (mostly associated with date formatting issues that occurred when multiple switching operations took place). This resulted in the 2004 to 2009 reference data set not being fully reconciled back. The errors were not material but they did exist, meaning that the calculation of the limit values was not exact.

Assessment Period Outages

In summary, the reliability assessment for the Assessment Period reflects the following outages:

Planned Outages (Class B) include works associated with:

- Customer Driven Outages
- Reliability and Security Outages
- Cumulative Capacity Outages
- Equipment Renewal Outages
- Line Renewal Outages
- Hazardous Equipment Renewal Outages
- Vegetation Control

(Planned outages are caused by scheduled activities.)

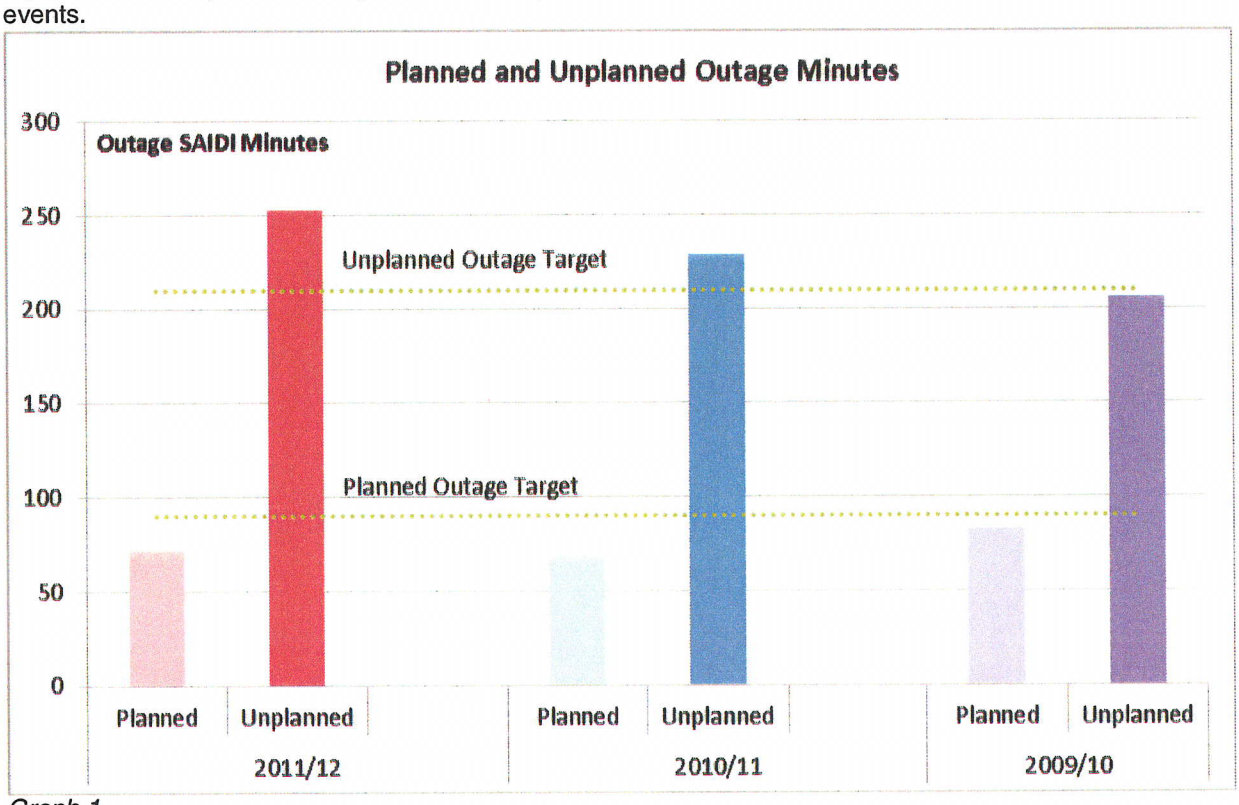
Unplanned Outages (Class C) include events associated with:

- High Voltage
- Single Phase
- Private Line Faults that cause HV Network outages
- Low voltage Faults that cause HV Network outages

(Unplanned outages may be the result of asset related failure, birds and animals, third parties (vehicles etc), vegetation or weather.)

Summary Information on what occurred during the year

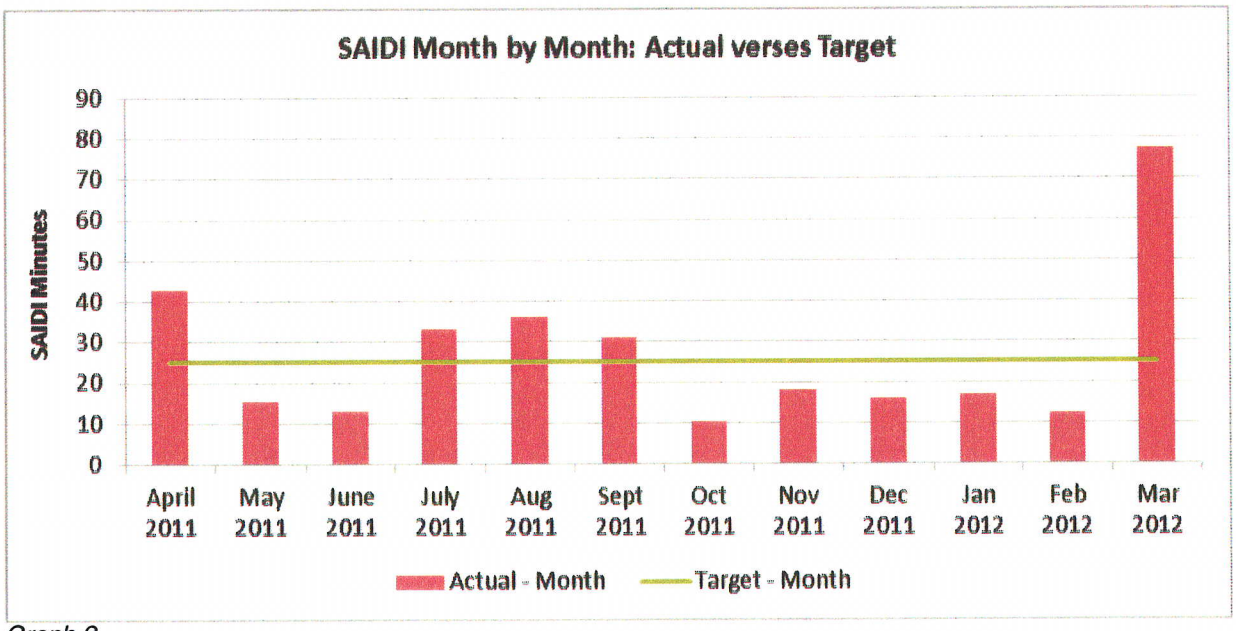
In the Assessment Period, TLC's SAIDI assessed value exceeds its SAIDI limit value. This is not a breach of the DPP quality standard, as TLC has complied with both its SAIDI and SAIFI limits in the prior assessment period. In the following sections we explain the reasons for the abnormally high SAIDI for the Assessment Period. The data presented is based on actual numbers.
Graph 1 illustrates trend in SAIDI outage minutes in terms of planned and unplanned events over the last 3 years. It shows planned outages are relatively stable, with the overall increase caused by unplanned events.



Graph 1

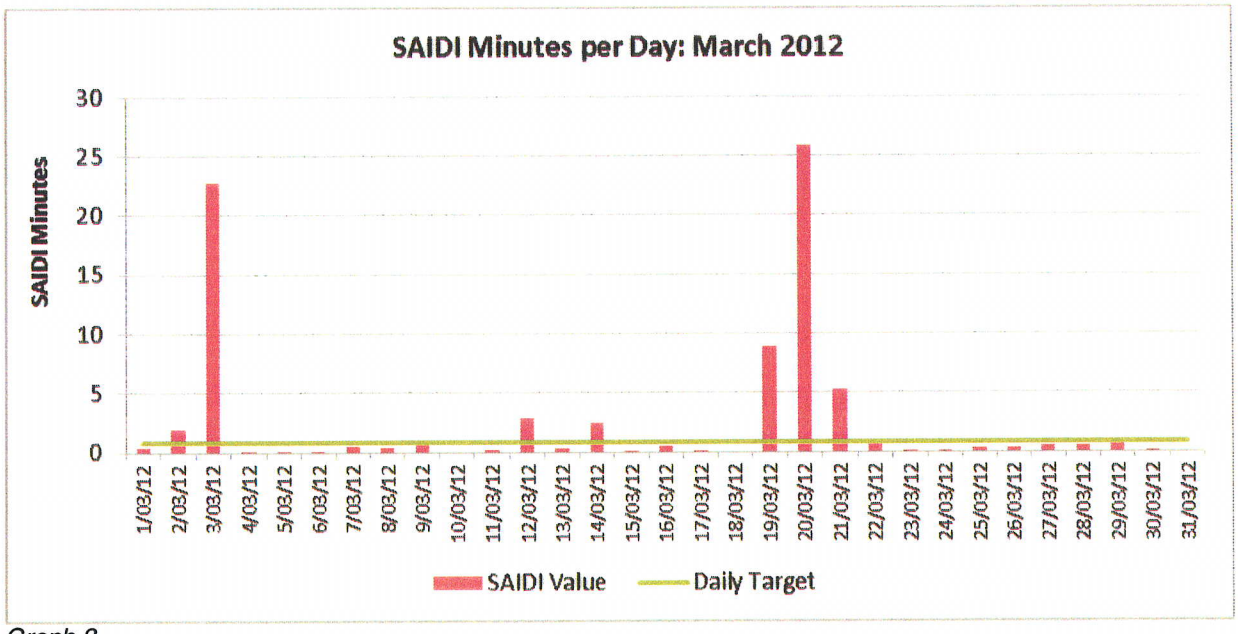
The increase in unplanned interruptions has two principle drivers. One is the additional data and the effect of this is reflected when comparing the 2009/10 to the 2010/11 unplanned result. The second driver was storm events, principally caused by wind, that occurred in March, that resulted in plantation trees destroying four sections of line on the Central Plateau. The TLC Board is reviewing its legal options regarding this issue.

Graph 2 shows monthly SAIDI actual figures for the Assessment Period. The monthly target figure (25 minutes) is also shown. The graph illustrates the overall impact of the aforementioned weather and forest events on the total minutes for each month.



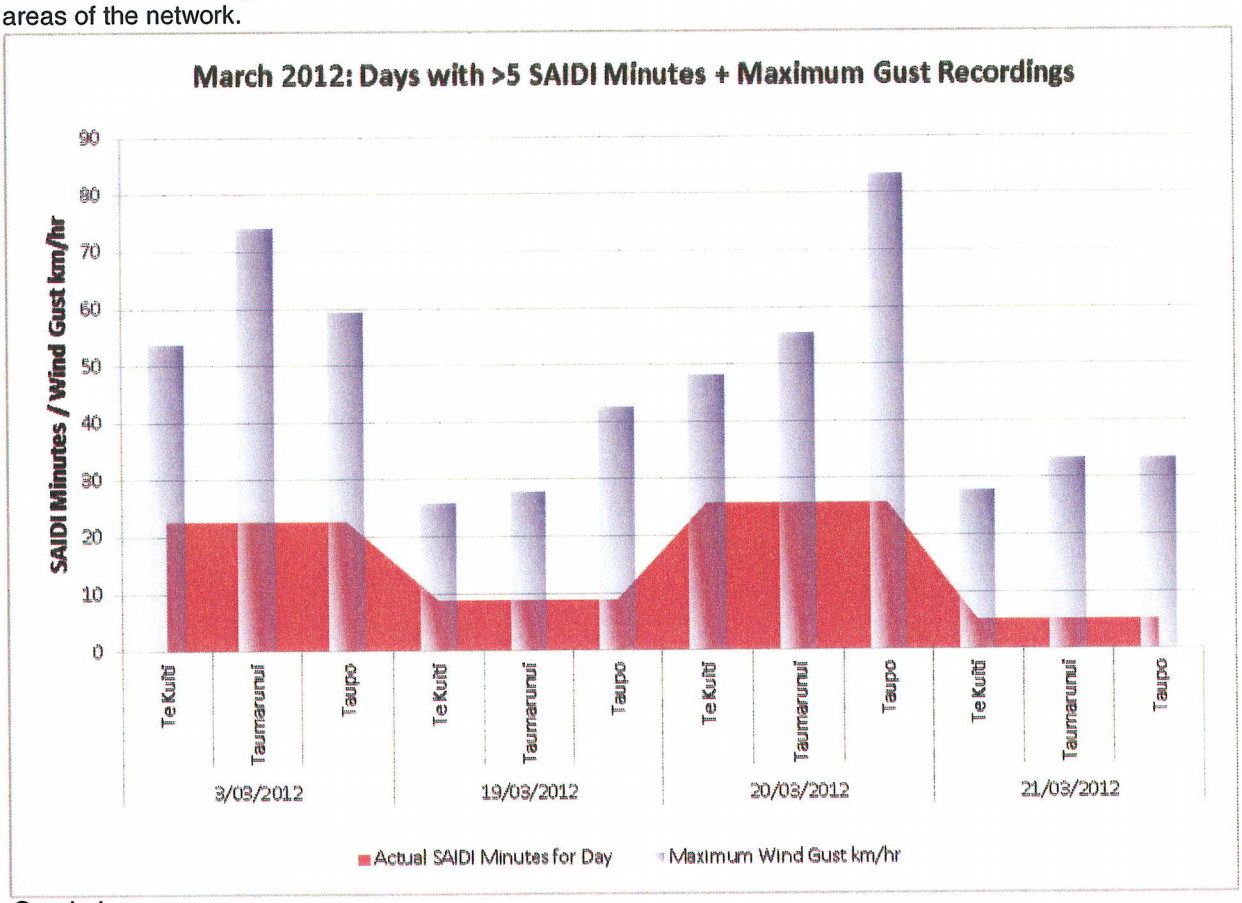
Graph 2

Graph 3 shows actual daily SAIDI figures for March 2012. The daily target figure of 0.82 minutes is also shown. The graph emphasizes the impact of the 4 days that exceeded 5 SAIDI minutes.



Graph 3

Graph 4 shows the impact of weather – in particular wind – on the outage figures. The actual daily outage minutes are shown against wind maximum gust recordings for locations in the north, central and southern areas of the network.



Graph 4

4 EVIDENCE OF PRICE PATH COMPLIANCE

Quantity Adjustment

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

TLC increased prices from 1st October 2011. The price increase prior to this was 29th March 2010.

SUMMARY OF REVENUES AND PRICES

	31 March 2011	31 March 2012
Large customers	$ 6,875,536	$ 7,060,038
Network charge	$ 5,616,125	$ 5,756,448
Demand	$ 15,064,235	$ 15,406,320
Transformer Charge	$ 2,526,304	$ 2,588,757
Generators	$ 153,896	$ 171,873
St lights	$ 583,872	$ 587,187
Load shifting	$ 14,241	$ 14,597
Connection*	$ 208,310	$ 208,310
Relay	$ 288,198	$ 295,883
	$ 31,330,716	$ 32,089,412
less transmission costs:		
transpower charges	$ (4,484,973)	$ (4,356,335)
avoided transmission	$ (871,462)	$ (874,137)
	$ (5,356,435)	$ (5,230,472)
Less:		
Rates	$ (104,832)	$ (113,547)
Commerce Commission	$ (64,520)	$ (45,110)
Electricity Commission	$ (78,458)	$ (48,568)
	$ (247,810)	$ (207,225)
total pass through	$ (5,604,245)	$ (5,437,697)
	$ 25,726,471	$ 26,651,715

Allowable Notional Revenue March 2012	$ 27,414,407
2012 Allowable Notional Revenue Difference	**$ 762,692**

Pass Through Costs

	31 March 2011	31 March 2012 Actual	31 March 2012 Forecast
Transmission costs:			
transpower charges	$ (4,484,973)	$ (4,356,335)	$ (4,356,335)
avoided transmission	$ (871,462)	$ (874,137)	$ (874,137)
	$ (5,356,435)	$ (5,230,472)	$ (5,230,472)
Other Costs			
rates	$ (104,832)	$ (113,547)	$ (105,000)
Commerce Commission	$ (64,520)	$ (45,110)	$ (70,000)
Electricity Commission	$ (78,458)	$ (48,568)	$ (60,000)
	$ (247,810)	$ (207,225)	$ (235,000)
Total Pass Through	$ (5,604,245)	$ (5,437,697)	$ (5,465,472)

Pass through costs were forecast to be 0.5% higher than actual due to estimated Commission costs being lower.

NOTIONAL REVENUE DETAILS

Large Customers

	Quantity March 2010	31 March 2011 Price gross 2011	31 March 2011 Price net PPD	31 March 2011 Revenue	31 March 2012 Price gross 2012	31 March 2012 Price net PPD	31 March 2012 Revenue
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	12,296	11,067	$ 11,067
McDonalds		164,444	148,000	$ 148,000	178,853	160,967	$ 160,967
Winstones		70,176	63,159	$ 63,159	102,925	92,633	$ 92,633
Whakapapa		513,398	462,058	$ 462,058	526,079	473,471	$ 473,471
Turoa		402,038	361,835	$ 361,835	411,969	370,772	$ 370,772
Tongariro Rangipo		0	0	$ -	0	0	$ -
	Number of Large Customers						
Billing	31	1560	1,404	$ 43,524	1599	1,439	$ 44,599
Network charge	*kVA*						
Waitomo	22,200	96.13	86.52	$1,920,677	98.51	88.66	$1,968,230
Turangi	3,155	105.29	94.76	$ 298,971	107.89	97.10	$ 306,354
Taumarunui	500	109.00	98.10	$ 49,050	111.69	100.52	$ 50,261
11kv	220	109.00	98.10	$ 21,582	111.69	100.52	$ 22,115
33 kv	1,500	58.35	52.52	$ 78,773	59.78	53.80	$ 80,703
Stepped	700	72.10	64.89	$ 45,423	73.88	66.49	$ 46,544
Whakamaru	1,000	182.00	163.80	$ 163,800	186.46	167.81	$ 167,814
National Park	1,000	140.14	126.13	$ 126,126	143.60	129.24	$ 129,240
Chakune	0	105.29	94.76	$ -	107.89	97.10	$ -
Transpower connection							
Waitomo	20,840	18.81	16.93	$ 352,800	17.66	15.89	$ 331,231
Taumarunui	479	22.20	19.98	$ 9,570	22.77	20.49	$ 9,816
Turangi	1,459	29.73	26.76	$ 39,038	26.16	23.54	$ 34,351
Whakamaru	0	0.00	0	$ -	0.00	0	$ -
National Park	3,304	43.03	38.73	$ 127,954	38.48	34.63	$ 114,424
Chakune	2,842	16.43	14.79	$ 42,025	12.68	11.41	$ 32,433
Transpower demand							
Waitomo	2,821	78.77	70.89	$ 199,989	86.77	78.09	$ 220,300
Waitomo	13,743	44.98	40.48	$ 556,344	49.55	44.60	$ 612,869
Turangi	1,459	40.39	36.35	$ 53,036	44.50	40.05	$ 58,433
Taumarunui	479	55.11	49.60	$ 23,758	60.71	54.64	$ 26,172
Whakamaru	976	19.44	17.50	$ 17,076	21.41	19.27	$ 18,807
National Park	507	52.09	46.88	$ 23,769	57.38	51.64	$ 26,182
National Park	1,196	78.77	70.89	$ 84,788	86.77	78.09	$ 93,399
Chakune	728	78.77	70.89	$ 51,610	86.77	78.09	$ 56,852
Chakune	0	47.65	42.89	$ -	52.49	47.24	$ -
				$6,875,536			$7,060,038

Transformer Charges

Transformer Size	Number of Transformers	31 March 2011 Price gross	31 March 2011 Price net	31 March 2011 Revenue	31 March 2012 Price gross	31 March 2012 Price net	31 March 2012 Revenue
1500		4,682	4,214	$ -	4,798	4,318	$ -
1250			0	$ -	4,262	3,835	$ -
1000	1	3,936	3,543	$ 3,543	4,034	3,630	$ 3,630
750	4	3,491	3,142	$ 12,569	3,578	3,220	$ 12,880
500	16	2,908	2,618	$ 41,882	2,980	2,682	$ 42,917
300	9	2,484	2,236	$ 20,121	2,545	2,291	$ 20,618
200	4	2,058	1,852	$ 7,410	2,109	1,898	$ 7,593
100	2					0	$ -
500	1	2,908	2,618	$ 2,618	2,980	2,682	$ 2,682
300	8	2,484	2,236	$ 17,886	2,545	2,291	$ 18,327
200	22	2,058	1,852	$ 40,753	2,109	1,898	$ 41,761
100	41	1,194	1,075	$ 44,067	1,224	1,101	$ 45,157
75	79	1,068	962	$ 75,969	1,095	985	$ 77,846
50	180	876	788	$ 141,893	897	808	$ 145,392
30	211	790	711	$ 150,082	810	729	$ 153,796
15	1,651	597	537	$ 886,726	612	550	$ 908,658
10	913	436	392	$ 357,933	446	402	$ 366,807
5	3,059	263	236	$ 722,854	269	242	$ 740,694
	6,201			$ 2,526,304			$ 2,588,757

Network Charges	*Quantity March 2010*	*31-Mar-11*			*31-Mar-12*		
	kVA	*Price*		*Revenue*	*Price*		*Revenue*
		gross	*net*		*gross*	*net*	
Urban (High Density) low voltage							
Hangatiki	21793	42.24	38.02	828,482.69	43.32	38.99	$ 849,665
National Park	2996	50.64	45.58	136,545.70	51.84	46.66	$ 139,781
Chakune	10718	42.24	38.02	407,455.49	43.32	38.99	$ 417,873
Ongarue	14143	42.24	38.02	537,660.29	43.32	38.99	$ 551,407
Turangi	20813	42.24	38.02	791,227.01	43.32	38.99	$ 811,457
Whakamaru	3157	42.24	38.02	120,016.51	43.32	38.99	$ 123,085
Urban (High Density) high voltage							
Hangatiki	11870	19.80	17.82	211,523.40	20.28	18.25	$ 216,651
National Park	664	23.76	21.38	14,198.98	24.36	21.92	$ 14,558
Chakune	1499	19.80	17.82	26,712.18	20.28	18.25	$ 27,360
Ongarue	3471	19.80	17.82	61,853.22	20.28	18.25	$ 63,353
Turangi	1998	19.80	17.82	35,604.36	20.28	18.25	$ 36,467
Whakamaru	797	19.80	17.82	14,202.54	20.28	18.25	$ 14,547
Rural (Low Density) low voltage							
Hangatiki	6282	81.36	73.22	459,993.17	83.40	75.06	$ 471,527
National Park	4117	75.12	67.61	278,342.14	76.92	69.23	$ 285,012
Chakune	40	62.64	56.38	2,255.04	64.20	57.78	$ 2,311
Ongarue	4722	81.36	73.22	345,763.73	83.40	75.06	$ 354,433
Turangi	761	81.36	73.22	55,723.46	83.40	75.06	$ 57,121
Whakamaru	2512	75.12	67.61	169,831.30	76.92	69.23	$ 173,901
Rural (Low Density) high voltage							
Hangatiki	10220	38.64	34.78	355,410.72	39.60	35.64	$ 364,241
National Park	1581	35.64	32.08	50,712.16	36.48	32.83	$ 51,907
Chakune	91	29.76	26.78	2,437.34	30.48	27.43	$ 2,496
Ongarue	4890	38.64	34.78	170,054.64	39.60	35.64	$ 174,280
Turangi	364	38.64	34.78	12,658.46	39.60	35.64	$ 12,973
Whakamaru	13215	35.64	32.08	423,884.34	36.48	32.83	$ 433,875
Low option							
Hangatiki	5538	8.64	7.78	43,083.49	8.86	7.9704	$ 44,140
National Park	213	8.64	7.78	1,656.29	8.86	7.9704	$ 1,698
Chakune	762	8.64	7.78	5,925.31	8.86	7.9704	$ 6,073
Ongarue	3309	8.64	7.78	25,730.78	8.86	7.9704	$ 26,374
Turangi	2640	8.64	7.78	20,528.64	8.86	7.9704	$ 21,042
Whakamaru	858	8.64	7.78	6,671.81	8.86	7.9704	$ 6,839
	156034			**5,616,125.17**			**$5,756,448**

Demand	Quantity March 2010		31-Mar-11				31-Mar-12		
	kW Load	Price		Revenue	Price		Revenue		
		gross	net		gross	net			
Standard									
Hangatiki	23467	254.76	229.28	$ 5,380,595	260.51	234.46	$	5,502,020	
National Park	3508	292.56	263.30	$ 923,589	298.98	269.08	$	943,844	
Chakune	5779	219.60	197.64	$ 1,142,128	224.48	202.03	$	1,167,502	
Ongarue	11125	276.36	248.72	$ 2,766,955	282.53	254.28	$	2,828,713	
Turangi	10084	251.04	225.94	$ 2,278,296	256.64	230.98	$	2,329,156	
Whakamaru	8742	274.80	247.32	$ 2,162,091	281.42	253.28	$	2,214,193	
	62704								
Low user margin									
Urban (High Density) low voltage									
Hangatiki	2396	76.32	68.69	$ 164,550	78.24	70.42	$	168,689	
National Park	77	95.40	85.86	$ 6,652	97.80	88.02	$	6,820	
Chakune	315	76.32	68.69	$ 21,609	78.24	70.42	$	22,152	
Ongarue	1418	76.32	68.69	$ 97,402	78.24	70.42	$	99,853	
Turangi	1189	76.32	68.69	$ 81,651	78.24	70.42	$	83,706	
Whakamaru	336	76.32	68.69	$ 23,109	78.24	70.42	$	23,691	
							$	-	
Urban (High Density) high voltage									
Hangatiki	259	25.32	22.79	$ 5,907	25.92	23.33	$	6,047	
National Park	20	34.32	30.89	$ 616	35.16	31.64	$	631	
Chakune	46	25.32	22.79	$ 1,038	25.92	23.33	$	1,063	
Ongarue	145	25.32	22.79	$ 3,314	25.92	23.33	$	3,393	
Turangi	16	25.32	22.79	$ 373	25.92	23.33	$	382	
Whakamaru	14	25.32	22.79	$ 325	25.92	23.33	$	333	
							$	-	
Rural (Low Density) low voltage									
Hangatiki	3	165.24	148.72	$ 516	169.32	152.39	$	529	
National Park	0	151.08	135.97	$ -	154.80	139.32	$	-	
Chakune	0	122.64	110.38	$ -	125.64	113.08	$	-	
Ongarue	7	165.24	148.72	$ 1,060	169.32	152.39	$	1,087	
Turangi	0	165.24	148.72	$ -	169.32	152.39	$	-	
Whakamaru	4	151.08	135.97	$ 551	154.80	139.32	$	564	
							$	-	
Rural (Low Density) high voltage									
Hangatiki	13	68.16	61.34	$ 770	69.84	62.86	$	789	
National Park	3	61.32	55.19	$ 171	62.88	56.59	$	175	
Chakune	0	48.00	43.20	$ -	49.20	44.28	$	-	
Ongarue	9	68.16	61.34	$ 582	69.84	62.86	$	596	
Turangi	0	68.16	61.34	$ -	69.84	62.86	$	-	
Whakamaru	7	61.32	55.19	$ 384	62.88	56.59	$	393	
	6278			$ 15,064,235			$	15,406,320	

Streetlights		*31 March 2011*			*31 March 2012*		
	Quantity	*Price*		*Revenue*	*Price*		*Revenue*
		gross	*net*		*gross*	*net*	
Assets				$451,287	$451,287		$451,287
Mounting service							
Taupo	0	48.00	43.20	$ -	49.20	44.28	$ -
Ruapehu	959	50.00	45.00	$ 43,155	51.25	46.13	$ 44,234
Waitomo	553	40.00	36.00	$ 19,908	41.00	36.90	$ 20,406
Otorohanga	313	50.00	45.00	$ 14,085	51.25	46.13	$ 14,437
Network - Street lights kW				$ -			$ -
Taupo	76.50	94.76	85.28	$ 6,524	97.13	87.42	$ 6,687
Ruapehu	165	55.85	50.27	$ 8,294	57.25	51.52	$ 8,501
Waitomo	111	96.13	86.52	$ 9,603	98.53	88.68	$ 9,843
Otorohanga	65.85	96.13	86.52	$ 5,697	98.53	88.68	$ 5,840
Under Veranda kW	10.67	64.47	58.02	$ 619	66.08	59.47	$ 635
Transmission demand kW				$ -			$ -
Taupo	76.50	36.35	32.72	$ 2,503	37.26	33.53	$ 2,565
Ruapehu	165	52.97	47.67	$ 7,866	54.29	48.86	$ 8,063
Waitomo	111	44.98	40.48	$ 4,494	46.10	41.49	$ 4,606
Otorohanga	65.85	44.98	40.48	$ 2,666	46.10	41.49	$ 2,732
Under Veranda kW	10.67	61.85	55.67	$ 594	63.40	57.06	$ 609
Transmission connection kW				$ -			$ -
Taupo	76.50	26.76	24.08	$ 1,842	27.43	24.69	$ 1,888
Ruapehu	165	11.73	10.56	$ 1,742	12.02	10.82	$ 1,785
Waitomo	111	18.81	16.93	$ 1,879	19.28	17.35	$ 1,926
Otorohanga	65.85	18.81	16.93	$ 1,115	19.28	17.35	$ 1,143
Kwh South				$ -			$ -
Kwh North				$ -			$ -
Load plant operation:				$ -			$ -
Taupo	1460	2.50	2.25	$ 3,285	2.56	2.31	$ 3,367
Ruapehu	2190	2.50	2.25	$ 4,928	2.56	2.31	$ 5,051
Waitomo	1460	2.50	2.25	$ 3,285	2.56	2.31	$ 3,367
Otorohanga	730	2.50	2.25	$ 1,643	2.56	2.31	$ 1,684
Private light residual	400	3.06	2.75	$ 1,101	3.13	2.82	$ 1,128
Kva charge - urban							
Kva charge - rural							
				$598,113			$601,784
split							
streetlighting				$583,872			$587,187
load shifting				$ 14,241			$ 14,597
				$598,113			$601,784

Generators

Summary	kW/Load	30 March 2011 Price Net	30 March 2011 Revenue	31 March 2012 Price Net	31 March 2012 Revenue
asset	1		9,120		9,120
base					
gen 33	3125	17.505	54,703	19.93	62,281
gen 11	2875	26.073	74,960	29.69	85,359
load	105	143.93	15,113	143.93	15,113
			153,896		171,873

Load shifting

	Quantity kW/Load	31 March 2011 Price	31 March 2011 Revenue	31 March 2012 Price	31 March 2012 Revenue
streetlights			14,241		14,597

Relays

Number of Relays	31 March 2011 Price gross	31 March 2011 Price net	31 March 2011 Revenue	31 March 2012 Price gross	31 March 2012 Price net	31 March 2012 Revenue
17,790	18.00	16.20	$288,198	18.48	16.63	$295,883

Connections

	quantity	31 March 2011 price	31 March 2011 Revenue	31 March 2012 price	31 March 2012 Revenue
tasks requested					
urban A					
Disconnection/Reconnection: * requested by 2:00pm and executed next working day by 4:30pm	1036	40.00	$ 41,440	40.00	$ 41,440
Reconnection: requested after 2:00pm executed next working day by 4:30pm	88	45.00	$ 3,960	45.00	$ 3,960
Disconnection/Reconnection: Requested for same working day before 3:00pm and executed that day	405	60.00	$ 24,300	60.00	$ 24,300
Reconnection: from 3:00pm onwards. on any given weekday, weekend or public holiday before 10pm	194	100.00	$ 19,400	100.00	$ 19,400
Reconnection: from 10:00pm requested for completion after 10pm on any given day including public holidays	33	200.00	$ 6,600	200.00	$ 6,600
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)	94	31.11	$ 2,924	31.11	$ 2,924
rural B					
Disconnection/Reconnection:* requested by 2:00pm and executed next working day by 4:30pm	522	50.00	$ 26,100	50.00	$ 26,100
Reconnection: requested after 2:00pm executed next working day by 4:30pm	38	55.00	$ 2,090	55.00	$ 2,090
Disconnection/Reconnection: Requested for same working day before 3:00pm and executed that day	196	70.00	$ 13,720	70.00	$ 13,720
Reconnection: from 3:00pm onwards. on any given weekday, weekend or public holiday before 10pm	82	150.00	$ 12,300	150.00	$ 12,300
Reconnection: from 10:00pm requested for completion after 10pm on any given day including public holidays	14	250.00	$ 3,500	250.00	$ 3,500
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)	53	41.11	$ 2,179	41.11	$ 2,179

remote C					
Disconnection/Reconnection: * requested by 2:00pm and executed next working day by 4:30pm	163	150.00	$ 24,450	150.00	$ 24,450
Reconnection: requested after 2:00pm executed next working day by 4:30pm	8	175.00	$ 1,400	175.00	$ 1,400
Disconnection/Reconnection: Requested for same working day before 3:00pm and executed that day	76	225.00	$ 17,100	225.00	$ 17,100
Reconnection: from 3:00pm onwards. on any given weekday, weekend or public holiday before 10pm	12	300.00	$ 3,600	300.00	$ 3,600
Reconnection: from 10:00pm requested for completion after 10pm on any given day including public holidays	0	450.00	$ -	450.00	$ -
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)	23	141.11	$ 3,246	141.11	$ 3,246
	3037		$208,310		$208,310

*$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 QUALITY STANDARD COMPLIANCE

2012 Reliability Assessment (9.1(a))

Clause 9.1(a) requires compliance with Clause 9.2: A Non-exempt EDB's Assessed Values for an Assessment Period must not exceed its Reliability Limits for that Assessment Period

Test: $\frac{SAIDI_{Assess\ 2012}}{SAIDI_{Limit}} \leq 1$

SAIDI $_{Assess\ 2012}$	311.8821	
SAIDI $_{Limit}$	307.6921	
1.0136		> 1

Clause 9.1(a) Result: *Exceeds Limit*

Test: $\frac{SAIFI_{Assess\ 2012}}{SAIFI_{Limit}} \leq 1$

SAIFI $_{Assess\ 2012}$	3.9870	
SAIFI $_{Limit}$	4.1547	
0.9596		< 1

Clause 9.1(a) Result: *Does not Exceed Limit*

Prior Period Reliability Assessment (9.1(b))

Clause 9.1.(b) requires: compliance with annual reliability assessments for the two immediately preceding extant Assessment Periods

SAIDI $_{Assess\ 2011}$	260.3500		SAIFI $_{Assess\ 2011}$	3.47	
SAIDI $_{Limit}$	307.6921		SAIFI $_{Limit}$	4.15	
0.8461	< 1		0.8362	< 1	
	Does not Exceed Limit			*Does not Exceed Limit*	

Compliance Summary

Clause 9.1 A Non-exempt EDB must, in respect of each Assessment Period, either:

(a) comply with the annual reliability assessment specified in clause 9.2; or

(b) have complied with those annual reliability assessments for the two immediately preceding extant Assessment Periods

	SAIDI	SAIFI	Compliance
Compliance with 9.1(a)	Exceeds Limit	Does not Exceed Limit	*Does not Comply*
or			
Compliance with 9.1(b)	Does not Exceed Limit	Does not Exceed Limit	*Complies*
Clause 9.1 Result:		***Complies with Quality Standard***	

Reliability Data (Before Normalisation)

Year	SAIDI (Interruption Duration)			SAIFI (Interruption Frequency)		
	Class B	Class C	Total	Class B	Class C	Total
2005	92.61	171.93	264.54	0.50	2.97	3.47
2006	97.51	180.01	277.52	0.60	3.16	3.76
2007	101.24	232.60	333.84	0.52	2.73	3.25
2008	81.34	165.38	246.72	0.34	2.57	2.91
2009	57.71	237.41	295.12	0.81	3.88	4.69
	Reference Period Total SAIDI		**1,417.74**	Reference Period Total SAIFI		**18.08**
	Reference Period Average SAIDI		**283.55**	Reference Period Average SAIFI		**3.62**
2011	63.58	228.85	292.43	0.48	2.99	3.47
2012	71.70	252.83	324.53	0.51	3.48	3.99

Reliability Limit Calculations (using Reference Period Dataset)

SAIDI Boundary Calculations

α_{SAIDI}	-1.2985	The average of the natural logarithm (ln) of each daily SAIDI Value in the non-zero data set
β_{SAIDI}	1.7497	The standard deviation of the natural logarithm (ln) of each daily SAIDI Value in the non-zero data set

$B_{SAIDI} = e^{(\alpha SAIDI + 2.5 * \beta SAIDI)}$	21.6659	SAIDI Boundary Value

SAIFI Boundary Calculations

α_{SAIFI}	-5.7677	The average of the natural logarithm (ln) of each daily SAIFI Value in the non-zero data set
β_{SAIFI}	1.7797	The standard deviation of the natural logarithm (ln) of each daily SAIFI Value in the non-zero data set

$B_{SAIFI} = e^{(\alpha SAIFI + 2.5 * \beta SAIFI)}$	0.2676	SAIFI Boundary Value

Event Days exceeding SAIDI Boundary Value within the Reference Dataset

Date	Pre-Normalised SAIDI	Pre-Normalised SAIFI	Normalised SAIDI	Normalised SAIFI
12-Aug-04	24.1446	0.0331	21.6659	0.0331
24-Mar-06	28.4171	0.0572	21.6659	0.0572
12-Jun-06	75.9652	0.1585	21.6659	0.1585
14-Mar-07	24.6937	0.2821	21.6659	0.2676
26-Jul-08	38.9216	0.2352	21.6659	0.2352
			-	-
			-	-
			-	-
			-	-
			-	-

SAIDI Limit

μ_{SAIDI}	270.1898	The average annual SAIDI Value in the Normalised Reference Dataset
σ_{SAIDI}	37.5023	The standard deviation of daily SAIDI Values in the Normalised Reference Dataset multiplied by $\sqrt{365}$
$SAIDI_{Limit} = \mu_{SAIDI} + \sigma_{SAIDI}$	307.6921	SAIDI Limit Value

SAIFI Limit

μ_{SAIFI}	3.6722	The average annual SAIFI Value in the Normalised Reference Dataset
σ_{SAIFI}	0.4825	The standard deviation of daily SAIFI Values in the Normalised Reference Dataset multiplied by $\sqrt{365}$
$SAIFI_{Limit} = \mu_{SAIFI} + \sigma_{SAIFI}$	4.1547	SAIFI Limit Value

Reliability Assessment Calculations (2012 Assessment Period)

Event Days exceeding SAIDI Boundary Value within the 2012 Assessment Dataset

Date	Pre-Normalised SAIDI	Pre-Normalised SAIFI	Normalised SAIDI	Normalised SAIFI
26-Apr-11	28.9743	0.2311	21.6659	0.2311
3-Mar-12	22.7722	0.1544	21.6659	0.1544
20-Mar-12	25.8990	0.1260	21.6659	0.1260
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-

Assessed SAIDI Value 2012

$SAIDI_{2012}$	311.8821	The sum of daily SAIDI Values in the 1 April 2011 - 31 March 2012 Normalised Assessment Dataset

Assessed SAIFI Value 2012

$SAIFI_{2012}$	3.9870	The sum of daily SAIFI Values in the 1 April 2011 - 31 March 2012 Normalised Assessment Dataset

Prior Period Assessed Values

Assessed SAIDI Value 2011

$SAIDI_{2011}$	260.3500	The sum of daily SAIDI Values in the 1 April 2010 - 31 March 2011 Normalised Assessment Dataset

Assessed SAIFI Value 2011

$SAIFI_{2011}$	3.4740	The sum of daily SAIFI Values in the 1 April 2010 - 31 March 2011 Normalised Assessment Dataset

DIRECTORS' CERTIFICATE ON ANNUAL COMPLIANCE STATEMENT

We, **Angus Malcolm Don** and **Arthur Patrick Muldoon,** Directors of **The Lines Company Limited,** certify that, having made all reasonable inquiry, to the best of our knowledge and belief, the attached Annual Compliance Statement of **The Lines Company Limited,** and related information, prepared for the purposes of the Electricity Distribution Services Default Price-Quality Path Determination 2010 are true and accurate.

Signature : _____ **Director**

Angus Malcolm Don

Signature : _____ **Director**

Arthur Patrick Muldoon

Date : **14 June 2012**

pwc

Independent Auditors' Report
The Lines Company Limited

Our audit also included assessment of the significant estimates and judgments, if any, made by the joint venture 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 joint venture's compliance with the Determination are undertaken on a test basis, our engagement cannot be relied on to detect all instances where the joint venture 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 joint venture, other than the provision of other professional advisory services. We are not aware of any relationships between our firm and The Lines Company Limited that, in our professional judgment, may reasonably be thought to impair our independence.

Opinion

In our opinion, the Annual Compliance Statement of The Lines Company Limited for the Assessment Period ended on 31 March 2012, has been prepared, in all material respects, in accordance with the Determination.

Our audit was completed on 14 June 2012 and our opinion is expressed as at that date.

Pip Cameron
On behalf of the Auditor-General
Auckland, New Zealand

PricewaterhouseCoopers

pwc

Independent Auditors' Report

to the readers of the Annual Compliance Statement of The Lines Company Limited for the assessment period ended on 31 March 2012

The Auditor-General is the auditor of The Lines Company Limited (the Company). The Auditor-General has appointed me, Pip Cameron, using the staff and resources of PricewaterhouseCoopers, to provide an opinion, on her behalf, on The Lines Company Limited's Annual Compliance Statement for the assessment period ended on 31 March 2012 on pages 3 to 26 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 Lines Company Limited for the assessment period ended on 31 March 2012 and dated 14 June 2012 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 Lines Company Limited 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 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 and 13 to 21 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 2012, 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 4 to 12 and 22 to 26 of the Annual Compliance Statement.

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