

The Lines Company Limited

DEFAULT PRICE QUALITY PATH COMPLIANCE STATEMENT

FOR THE ASSESSMENT DATE 31 MARCH 2016

*Pursuant to the Electricity Distribution Services Default Price-Quality
Path Determination 2015*

10 June 2016

Contents

- 1) Compliance with the Price Path (Clause 11.2(a) (i))
- 2) Compliance with the Quality Standards (Clause 11.2(a) (ii))
- 3) Director Certification (Clause 11.3(a))
- 4) Assurance Report (Clause 11.3(b))

Supporting Information (Clause 11.2(b)-(f))

| | |
|------------|---|
| APPENDIX A | Price Path Compliance Calculations |
| APPENDIX B | Pass-through Balance and Pass-through and Recoverable Costs |
| APPENDIX C | Price and Quantity Schedules |
| APPENDIX D | Transmission Assets, Transactions and Restructuring of Prices |
| APPENDIX E | Quality Standard Compliance and Incentive |
| APPENDIX F | Policies and Procedures for Recording SAIDI and SAIFI |

1) Compliance with the Price Path (Clause 11.2(a)(i))

The Lines Company does comply with the price path at the assessment date, 31 March 2016, as specified in the *Electricity Distribution Services Default Price-Quality Path Determination 2015*.

Clause 8.3 - The notional revenue (NR) of a Non-exempt EDB in the Assessment Period must not exceed the allowable notional revenue (ANR) for the Assessment Period.

Compliance is demonstrated in the following table, which demonstrates that notional revenue during the Assessment Period does not exceed allowable notional revenue.

Electricity Distribution Services Default Price-Quality Path Determination 2015 Assessment Against the Price Path for the Assessment Date 31 March 2016

Clause 8.3 The notional revenue of a Non-exempt EDB in an Assessment Period must not exceed the allowable notional revenue for the Assessment Period, such that:

| | |
|------------------------|---|
| Test: | $NR_{2015/16} \leq ANR_{2015/16}$ |
| NR _{2015/16} | \$ 31,441,174 |
| ANR _{2015/16} | \$ 35,108,751 |
| Result | 0.8955 < 1 |
| Result | <i>Price Path has not been breached</i> |

Supporting evidence is presented in Appendices A, B, C and D.

Basis of Estimates

The Lines Company Limited offers a 10% prompt payment discount (PPD) on most of our charges. The PPD available is included in our schedule of prices, where we publish two sets of prices (before and after the deduction of the PPD, where applicable). The take-up of the PPD is determined by consumers, as the receipt of the discount is based on the date of payment.

Our DPP Price Path Compliance is demonstrated above. Notional revenue is a product of posted prices multiplied by corresponding billed quantities. In accordance with the 2015 DPP Determination, quantities are lagged two years, and thus for this compliance statement, reflect 2014 billable quantities.

The price and quantity schedules included in Appendix C, therefore, include two sets of prices and two sets of quantities comprising:

- pre-PPD posted prices and post-PPD posted prices;
- quantities for each based on the estimated take up of the PPD.

As we do not have sufficient data to be able to determine for each price, the actual billed quantities where PPD has been applied, and the actual billed quantities where PPD has not been applied, for the 2016 assessment period we have estimated the quantities using the following method.

The compliance calculation has been adjusted to include quantities where the PPD was not applied to late paying consumers. We have estimated the split between 2014 quantities with PPD applied and 2014 quantities with no PPD applied. Due to system limitations at this time, the quantity splits have been estimated by reference to the PPD values applied and not applied to applicable consumers. In 2014, the PPD was applied (by value) to 89.1% of the PPD offered. We note that the PPD is applied in full to Major Customers (standard and non-standard) charges and Streetlight charges. In addition, De-Energisation and Re-Energisation charges receive no PPD.

The inclusion of PPD not applied to consumers results in an increase in notional revenue by approximately \$383,000, relative to assuming that the PPD is applied to all quantities (which was the approach adopted for previous assessment periods). Allowable notional revenue is not affected because it is the first year of the regulatory period.

This approach is consistent with the approach adopted for the DPP Compliance Statement 2015.

In addition, the above exercise was undertaken to adjust the pass-through and recoverable revenue in 2016. In 2016, the PPD was applied (by value) to 91.3% of the PPD offered. We note that the PPD is applied in full to Major Customer (standard and non-standard) charges and Streetlight charges. In addition, De-Energisation and Re-Energisation charges receive no PPD.

The inclusion of PPD not applied to consumers results in an increase in pass-through and recoverable revenue by approximately \$64,000, relative to assuming that the PPD is applied to all quantities.

2) Compliance with the Quality Standards (Clause 11.2(a)(ii))

The Lines Company does comply with all requirements of the quality standards at the assessment date, 31 March 2016, as specified in the *Electricity Distribution Services Default Price-Quality Path Determination 2015*.

2016 Reliability Assessment (9.1(a))

Clause 9.1(a) requires compliance with Clause 9.2: To comply with the annual reliability assessment for the current Assessment Period:

- a Non-exempt EDB's SAIDI Assessed Values for the Assessment Period must not exceed the SAIDI Limit specified in Schedule 4A; and
- a Non-exempt EDB's SAIFI Assessed Values for the Assessment Period must not exceed the SAIFI Limit specified in Schedule 4A.

Compliance is demonstrated in the following tables.

Electricity Distribution Services Default Price-Quality Path Determination 2015 Assessment Against the Quality Standards for the Assessment Date 31 March 2016

2016 Reliability Assessment (9.1(a))

Clause 9.1(a) requires compliance with Clause 9.2: A Non-exempt EDB's SAIDI and SAIFI Assessed Values for the Assessment Period must not exceed its SAIDI and SAIFI Limits specified in Schedule 4A of the DPP Determination

Table 8

| | | |
|---------------------------------|--|--|
| Test: | $SAIDI_{Assess\ 2015/16} \leq SAIDI_{Limit}$ | |
| SAIDI _{Assess 2015/16} | 191.92 | |
| SAIDI _{Limit} | 234.18 | |
| | 0.8195 < 1 | |
| Clause 9.1(a) Result: | <i>Does not exceed limit</i> | |

| | | | |
|---------------------------------|--|------------------------------|-----|
| Test: | $SAIFI_{Assess\ 2015/16} \leq SAIFI_{Limit}$ | | |
| SAIFI _{Assess 2015/16} | | 3.39 | |
| SAIFI _{Limit} | | 3.47 | |
| | | 0.9769 | < 1 |
| Clause 9.1(a) Result: | | <i>Does not exceed limit</i> | |

Supporting evidence is presented in Appendices E and F.

Prior Period Reliability Assessment (9.1(b))

Clause 9.1(b): A Non-exempt EDB must have complied with the annual reliability assessments in each of the two preceding Assessment Periods.

Compliance is demonstrated in the following tables.

Prior Period Reliability Assessment (9.1(b))

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

| | | | |
|---------------------------------|------------------------------|---------------------------------|------------------------------|
| SAIDI _{Assess 2014/15} | 233.54 | SAIFI _{Assess 2014/15} | 3.74 |
| SAIDI _{Limit 2014/15} | 307.69 | SAIFI _{Limit 2014/15} | 4.15 |
| | 0.7590 | | 0.9012 |
| | < 1 | | < 1 |
| | <i>Does not exceed limit</i> | | <i>Does not exceed limit</i> |

| | | | |
|---------------------------------|------------------------------|---------------------------------|------------------------------|
| SAIDI _{Assess 2013/14} | 270.46 | SAIFI _{Assess 2013/14} | 4.13 |
| SAIDI _{Limit 2013/14} | 307.69 | SAIFI _{Limit 2013/14} | 4.15 |
| | 0.8790 | | 0.9952 |
| | < 1 | | < 1 |
| | <i>Does not exceed limit</i> | | <i>Does not exceed limit</i> |

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 for that Assessment Period; or

(b) have complied with the annual reliability assessment in each of the two preceding Assessment Periods

Compliance Summary

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

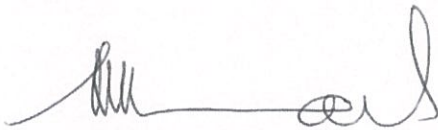
(a) comply with the annual reliability assessment specified in clause 9.2; or

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

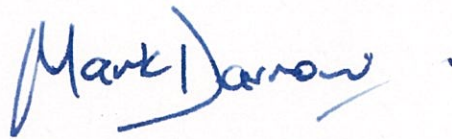
| | SAIDI | SAIFI | Compliance |
|--|--|-----------------------|------------------------|
| Compliance with 9.1(a) 2015/16 Assessment Period | Does not exceed limit | Does not exceed limit | <i>Complies</i> |
| or | | | |
| Compliance with 9.1(b) | | | <i>Complies</i> |
| 2014/15 Assessment Period | Does not exceed limit | Does not exceed limit | <i>Complies</i> |
| 2013/14 Assessment Period | Does not exceed limit | Does not exceed limit | <i>Complies</i> |
| Clause 9.1 Result: | <i>Complies with Quality Standard</i> | | |

3) Director Certification (Clause 11.3(a))

We, Angus Malcolm Don and Mark Charles Darrow, being directors of The Lines Company Limited certify that, having made all reasonable enquiry, 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 2015* are true and accurate.



Angus Malcolm **DON**
Director



Mark Charles **DARROW**
Director

10 June 2016



Independent Auditors' Report

To the Directors of The Lines Company Limited and the Commissioners of the New Zealand Commerce Commission

Assurance Report on the Annual Compliance Statement of The Lines Company Limited for the Assessment Period ended on 31 March 2016

We have completed the assurance engagement in respect of the attached Annual Compliance Statement prepared by The Lines Company Limited for the Assessment Period ended 31 March 2016 and dated 10 June 2016 for the purposes of clause 11 of the *Commerce Act (Electricity Distribution Services Default Price-Quality Path) Determination 2015* ("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.

Auditors' Responsibilities

Our responsibility is to express an opinion on the Annual Compliance Statement based on our independent assurance procedures. We conducted our engagement in accordance with ISAE (NZ) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information and SAE 3100 *Compliance Engagements*. Those standards require that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance about whether the Annual Compliance Statement complies with the Determination, in all material respects.

An independent assurance engagement involves performing procedures to obtain 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 assurance 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 procedures included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 2 to 3 and 9 to 24 of the Annual Compliance Statement.

In relation to the SAIDI and SAIFI statistics for the Assessment Period ended on 31 March 2016, which are relevant to the quality standards set out in clause 9 of the Determination, our procedures included examination, on a test basis, of evidence relevant to the values and disclosures contained on pages 4 to 6 and 25 to 32 of the Annual Compliance Statement.

Our assurance engagement also included assessment of the significant estimates and judgments, if any, made by The Lines Company Limited in the preparation of the Annual Compliance Statement.



Independent Auditors' Report **The Lines Company Limited**

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

We have no relationship with or interests in The Lines Company Limited other than in our capacities as auditors of the annual financial statements, auditors pursuant to the Electricity Distribution (Information Disclosure) Requirements 2015 and in the provision of other professional advisory services. These services have not impaired our independence as auditors of the entity.

Use of Report

This report has been prepared for the Directors of The Lines Company Limited and the Commissioners of the New Zealand Commerce Commission in accordance with the Determination and is provided solely to assist these parties in establishing that compliance requirements have been met. Our report should not be used for any other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for any reliance on this report to anyone other than the addressees, or for any purpose other than that for which it was prepared.

Inherent Limitations

Because of the inherent limitations in evidence gathering procedures and The Lines Company Limited's compliance systems, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement were not performed continuously throughout the period and were undertaken on a test basis, our assurance engagement cannot be relied on to detect all instances where The Lines Company Limited may not have complied with the Determination. The opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion;

- As far as appears from our examination, the information used in the preparation of the Annual Compliance Statement 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, in all material respects, with the Determination in preparing the Annual Compliance Statement.

Emphasis of matter

We draw attention to the Basis of Estimates section in page 2 of this Annual Compliance Statement which describes the uncertainty due to the system limitations related to the estimation of the quantities for which the Prompt Payment Discounts ("PPD") apply. Our opinion is not qualified in respect of this matter.

Our audit was completed on 10 June 2016 and our opinion is expressed as at that date.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

Matthew White
PricewaterhouseCoopers
On behalf of the Auditor-General
Hamilton, New Zealand

Appendix A – Price Path Compliance Calculations (Clause 11.4(c))

Electricity Distribution Services Default Price-Quality Path Determination 2015

Price Path Inputs and Calculations for the Assessment Date 31 March 2016

Clause 8.4

| Allowable Notional Revenue 2015/16 | | |
|------------------------------------|--|------------|
| Term | Description | Value \$ |
| $MAR_{2015/16}$ | Maximum allowable revenue as specified in Schedule 1 of the DPP Determination | 34,705,000 |
| ΔD | Change in constant price revenue as specified in Schedule 1 of the DPP Determination | 0.9885 |
| $ANR_{2015/16}$ | Allowable Notional Revenue for the year ending 31 March 2016 | 35,108,751 |

Clause 8.5

| Notional Revenue 2015/16 | | |
|-----------------------------------|---|------------|
| Term | Description | Value \$ |
| $\Sigma DP_{2015/16} Q_{2013/14}$ | Distribution Prices during 2015/2016 multiplied by 2013/2014 Quantities | 31,441,174 |
| $NR_{2015/16}$ | Notional Revenue for the year ending 31 March 2016 | 31,441,174 |

Appendix B – Pass-through Balance and Pass-through & Recoverable Costs (Clause 11.4(e) – (k))

Electricity Distribution Services Default Price-Quality Path Determination 2015 Pass-through Balance for the Assessment Date 31 March 2016

| Pass-through Balance 2015/16 | | |
|---|--|-----------|
| Term | Description | Value \$ |
| <i>PTP</i> _{2015/16} <i>Q</i> _{2015/16} | Pass-through Prices during 2015/2016 multiplied by 2015/2016 Quantities | 7,519,041 |
| <i>K</i> _{2015/16} | Rates on system fixed assets for the year ending 31 March 2016 | 264,597 |
| | Commerce Act levies for the year ending 31 March 2016 | 73,434 |
| | Electricity Authority levies for the year ending 31 March 2016 | 62,059 |
| | EGCC levies for the year ending 31 March 2016 | 53,916 |
| <i>V</i> _{2015/16} | Transpower transmission charges for the year ending 31 March 2016 | 5,508,341 |
| | Transpower New Investment Contract charges for the year ending 31 March 2016 | - |
| | System operator services charges for the year ending 31 March 2016 | - |
| | Avoided transmission charges resulting from purchase of transmission asset from Transpower for the year ending 31 March 2016 | - |
| | Distributed generation allowance for the year ending 31 March 2016 | 1,531,482 |
| | Claw-back for the year ending 31 March 2016 | - |
| | NPV Wash-up Allowance for the year ending 31 March 2016 | - |
| | Energy efficiency and demand-side management incentive allowance for the year ending 31 March 2016 | Nil |
| | Catastrophic event allowance for the year ending 31 March 2016 | Nil |
| | Extended reserves allowance for the year ending 31 March 2016 | Nil |
| | Quality incentive adjustment for the year ending 31 March 2016 | Nil |
| | Capex wash-up adjustment for the year ending 31 March 2016 | Nil |
| | Reconsideration event allowance for the year ending 31 March 2016 | Nil |
| <i>PTB</i> _{2014/15} | Pass-through Balance from previous Assessment Period | Nil |
| <i>r</i> | Cost of Debt | 6.09% |
| <i>PTB</i> _{2015/16} | Pass-through Balance for the Assessment Period ending 31 March 2016 | 25,212 |

| Pass-through Balance Reconciliation 2015/16 | | |
|---|---|-----------|
| Term | Description | Value \$ |
| <i>PTP</i> 2015/16 <i>Q</i> 2015/16 | Pass-through Prices during 2015/2016 multiplied by 2015/2016 Quantities | 7,519,041 |
| <i>Total Pass-through and Recoverable Costs</i> | Total Pass-through and Recoverable Costs for the year ending 31 March 2016 | 7,493,829 |
| <i>PTB</i> 2015/16 | Pass-through Balance for the Assessment Period ending 31 March 2016 | 25,212 |
| <i>PTB</i> 2014/15 | Pass-through Balance from previous Assessment Period | Nil |
| <i>Difference</i> | Reconciliation between Pass-through Balance for the Assessment Period with the Pass-through Balance for the preceding Assessment Period | 25,212 |

Description of the methodology used to calculate Distribution Prices and Pass-through Prices (clause 11.4(e)(i))

Distribution Prices for the assessment year were increased by 4.0% across all regulated prices, except for standard user plan network and kW prices in National Park and Ohakune which increased 3.8% and 3.9% respectively, from the previous assessment year. Control fees also differed and they increased 3.3% from the previous assessment period. A validation exercise was undertaken to ensure TLC's compliance with the price path and a crosscheck against TLC's cost of supply model in calculating these prices.

Pass-through Prices for the assessment year were determined by ascertaining transmission costs, assessing these costs against kW and kVA quantities, applying 2.5% as an implicit recovery for Pass-through Costs and grossing up for PPD.

As 2016 is the first assessment year of the regulatory period, all of the pass-through prices relate to this regulatory period and the \$25,212 TLC over-recovered on 2016 Pass-through and Recoverable Costs gets carried forward into the following assessment year.

Electricity Distribution Services Default Price-Quality Path Determination 2015 Pass-through Costs for the Assessment Date 31 March 2016

| Pass-through Costs for year ending March 2016 | | | | |
|---|-------------|---------------|---------------|--------------|
| <i>K</i> 2015/16 | Actual (\$) | Forecast (\$) | Variance (\$) | Variance (%) |
| Rates on system fixed assets | 264,597 | 102,020 | 162,577 | 159.4% |
| Commerce Act levies | 73,434 | 85,000 | (11,566) | (13.6%) |
| Electricity Authority levies | 62,059 | 72,000 | (9,941) | (13.8%) |
| EGCC levies | 53,916 | 38,400 | 15,516 | 40.4% |
| Total Pass-through Costs | 454,006 | 297,420 | 156,586 | 52.6% |

Explanation for the cause of variance between forecast and actual pass through and recoverable costs for the Assessment Period (clause 11.4(j))

A variance exists between actual and forecast Rates on system fixed assets due to the forecast being incorrect. In addition, EGCC levies are charged on the number of complaints and complaints were higher than anticipated.

**Electricity Distribution Services Default Price-Quality Path Determination
2015
Recoverable Costs
for the Assessment Date 31 March 2016**

| Recoverable Costs for year ending March 2016 | | | | |
|--|--------------------|----------------------|----------------------|---------------------|
| V_{2015/16} | Actual (\$) | Forecast (\$) | Variance (\$) | Variance (%) |
| Transpower transmission charges | 5,508,341 | 5,508,341 | 0 | 0.0% |
| New investment contract charges | - | - | - | 0.0% |
| System operator services charges | - | - | - | 0.0% |
| Avoided transmission charges - purchases from Transpower | - | - | - | 0.0% |
| Distributed generation allowance | 1,531,482 | 1,541,585 | (10,103) | (0.7%) |
| Claw-back | - | - | - | 0.0% |
| NPV wash-up allowance | - | - | - | 0.0% |
| Energy efficiency allowance | Nil | - | - | 0.0% |
| Catastrophic event allowance | Nil | - | - | 0.0% |
| Extended reserves allowance | Nil | - | - | 0.0% |
| Quality incentive adjustment | Nil | - | - | 0.0% |
| Capex wash-up adjustment | Nil | - | - | 0.0% |
| Reconsideration event allowance | Nil | - | - | 0.0% |
| Total Recoverable Costs | 7,039,823 | 7,049,926 | (10,103) | (0.1%) |

Appendix C – Price and Quantity Schedules (Clause 11.4(c) – (d))

| Summary of Distribution Notional Revenue 2016 | |
|---|---|
| <u>Notional Revenue</u> | |
| Major Customer Non Standard Dedicated Asset | \$ 3,461,981 |
| Major Customer Network Charge | \$ 2,343,434 |
| Major Customer Billing Charge | \$ 4,762 |
| Standard/LFC Network | \$ 6,327,022 |
| Standard/LFC Demand | \$ 15,193,548 |
| Transformer | \$ 2,990,066 |
| Streetlights | \$ 658,203 |
| Disconnection/Reconnections | \$ 152,995 |
| Relay | \$ 309,163 |
| Total Notional Revenue | \$ 31,441,174 |
| <u>Allowable Notional Revenue 2016</u> | <u>\$ 35,108,751</u> |
| <u>Allowable Notional Revenue/Notional Revenue Difference</u> | <u>\$ 3,667,577</u> |
| Result | Price Path has not been breached |

| Major Customers - Standard and Non Standard | | | | | |
|--|----------------------------------|------------------------------|-------------------|--|------------------|
| | <i>31-Mar-14</i> | <i>31-Mar-16</i> | | | |
| | <i>Quantity (Q_{t2})</i> | <i>Price (P_t)</i> | | <i>Notional Revenue (Q_{t2} × P_t)</i> | |
| | | <i>per annum</i> | <i>net of PPD</i> | | |
| <u>Non Standard Dedicated Asset</u> | | | | | |
| | 1 | \$1,782,270 | \$1,604,043 | \$ | 1,604,043 |
| | 1 | \$ 14,173 | \$ 12,756 | \$ | 12,756 |
| | 1 | \$ 11,929 | \$ 10,736 | \$ | 10,736 |
| | 1 | \$ 194,281 | \$ 174,853 | \$ | 174,853 |
| | 1 | \$ 118,669 | \$ 106,802 | \$ | 106,802 |
| | 1 | \$ 558,104 | \$ 502,294 | \$ | 502,294 |
| | 1 | \$ 437,047 | \$ 393,343 | \$ | 393,343 |
| | 1 | \$ 70,886 | \$ 63,798 | \$ | 63,798 |
| | 1 | \$ 485,953 | \$ 437,357 | \$ | 437,357 |
| | 1 | \$ 156,000 | \$ 156,000 | \$ | 156,000 |
| Non Standard Dedicated Asset Totals | 10 | | | \$ | 3,461,981 |
| <u>Major User Network Charge (kVA)</u> | | | | | |
| 400 V | 240 | \$ 119.85 | \$ 107.87 | \$ | 25,889 |
| 11 kV Hangatiki | 13,600 | \$ 113.57 | \$ 102.21 | \$ | 1,390,056 |
| 11 kV Whakamaru | 1,000 | \$ 214.98 | \$ 193.48 | \$ | 193,480 |
| 11 kV Ohakune | 0 | \$ 124.27 | \$ 111.84 | \$ | - |
| 11 kV Ongarue | 660 | \$ 128.77 | \$ 115.89 | \$ | 76,487 |
| 11 kV National Park | 1,500 | \$ 165.25 | \$ 148.73 | \$ | 223,095 |
| 11 kV Tokaanu | 2,702 | \$ 124.39 | \$ 111.95 | \$ | 302,489 |
| 33 kV | 1,262 | \$ 68.91 | \$ 62.02 | \$ | 78,269 |
| Stepped | 700 | \$ 85.19 | \$ 76.67 | \$ | 53,669 |
| Major User Network Charge Totals | 21,664 | | | \$ | 2,343,434 |
| <u>Billing Charge</u> | 36 | \$ 146.97 | \$ 132.27 | \$ | 4,762 |
| Standard/Non Standard Distribution Notional Revenue Total | | | | \$ | 5,810,177 |

| Standard User and Low Fixed Charge (LFC) Plan Network Charge | | | | | | | | | | | | |
|--|----------------|---------------------|------------------------|------------------------------|-----------------------|--------------------------------------|----------------------------------|--------------------------------------|----------------------------------|--|--|--------------------------------------|
| 31-Mar-14 | | | | | | 31-Mar-16 | | | | | | |
| Standard User (kVA) | A | B | C | Quantity (Q _{i,2}) | | G | H | I | J | Billed Quantity Notional Revenue (Q _{i,2} × P _i) D × I + E × J | Post-Price Restructure Notional Revenue (Q _{i,2} × P _i) F × I + G × J | |
| | | | | Billed Q | Price restructure 4 | | | | | | | Billed Q PPD |
| | Billed Q | Price restructure 4 | Post-price restructure | Billed Q not taken up | Billed Q PPD taken up | Price restructure 4 PPD not taken up | Price restructure 4 PPD taken up | Price restructure 4 PPD not taken up | Price restructure 4 PPD taken up | Price restructure 4 PPD not taken up | Price restructure 4 PPD taken up | Price restructure 4 PPD not taken up |
| High Density /Low Voltage | | | | | | | | | | | | |
| Hangatiki | 21,227 | -1,660 | 19,567 | 2,993 | 18,234 | 2,759 | 16,808 | 4.16 | \$ 49.92 | \$ 44.93 | \$ 968,664 | \$ 892,912 |
| Whakamaru | 2,724 | -145 | 2,579 | 384 | 2,340 | 364 | 2,215 | 4.16 | \$ 49.92 | \$ 44.93 | \$ 124,306 | \$ 117,689 |
| Ohakune | 10,157 | -300 | 9,857 | 1,432 | 8,725 | 1,390 | 8,467 | 4.18 | \$ 50.16 | \$ 45.14 | \$ 465,676 | \$ 451,922 |
| Ongarue | 12,628 | -1,007 | 11,621 | 1,781 | 10,847 | 1,639 | 9,982 | 4.18 | \$ 50.16 | \$ 45.14 | \$ 578,966 | \$ 532,798 |
| National Park | 2,634 | -49 | 2,585 | 371 | 2,263 | 364 | 2,221 | 5.00 | \$ 60.00 | \$ 54.00 | \$ 144,464 | \$ 141,777 |
| Tokaanu | 19,822 | -741 | 19,081 | 2,795 | 17,027 | 2,690 | 16,391 | 4.18 | \$ 50.16 | \$ 45.14 | \$ 908,795 | \$ 874,822 |
| Low Density /Low Voltage | | | | | | | | | | | | |
| Hangatiki | 5,743 | -252 | 5,491 | 810 | 4,933 | 774 | 4,717 | 8.01 | \$ 96.12 | \$ 86.51 | \$ 504,609 | \$ 482,467 |
| National Park | 4,520 | -5 | 4,515 | 637 | 3,883 | 637 | 3,878 | 7.41 | \$ 88.92 | \$ 80.03 | \$ 367,401 | \$ 366,995 |
| Ohakune | 33 | 0 | 33 | 5 | 28 | 5 | 28 | 6.19 | \$ 74.28 | \$ 66.85 | \$ 2,241 | \$ 2,241 |
| Ongarue | 3,096 | -196 | 2,900 | 437 | 2,659 | 409 | 2,491 | 8.05 | \$ 96.60 | \$ 86.94 | \$ 273,383 | \$ 256,076 |
| Tokaanu | 2,229 | -21 | 2,08 | 32 | 197 | 29 | 179 | 8.05 | \$ 96.60 | \$ 86.94 | \$ 20,221 | \$ 18,367 |
| Whakamaru | 2,498 | -87 | 2,411 | 352 | 2,146 | 340 | 2,071 | 7.39 | \$ 88.68 | \$ 79.81 | \$ 202,490 | \$ 195,437 |
| High Density /High Voltage | | | | | | | | | | | | |
| Hangatiki | 12,329 | -308 | 12,021 | 1,738 | 10,591 | 1,695 | 10,326 | 1.94 | \$ 23.28 | \$ 20.95 | \$ 262,343 | \$ 255,789 |
| National Park | 624 | -7 | 617 | 88 | 536 | 87 | 530 | 2.35 | \$ 28.20 | \$ 25.38 | \$ 16,085 | \$ 15,905 |
| Ohakune | 1,448 | -42 | 1,406 | 204 | 1,244 | 198 | 1,208 | 1.95 | \$ 23.40 | \$ 21.06 | \$ 30,973 | \$ 30,074 |
| Ongarue | 3,105 | -145 | 2,960 | 438 | 2,667 | 417 | 2,543 | 1.96 | \$ 23.52 | \$ 21.17 | \$ 66,762 | \$ 63,644 |
| Tokaanu | 2,225 | -15 | 2,210 | 314 | 1,911 | 312 | 1,898 | 1.96 | \$ 23.52 | \$ 21.17 | \$ 47,841 | \$ 47,518 |
| Whakamaru | 920 | -15 | 905 | 130 | 790 | 128 | 777 | 1.94 | \$ 23.28 | \$ 20.95 | \$ 19,576 | \$ 19,257 |
| Low Density /High Voltage | | | | | | | | | | | | |
| Hangatiki | 10,108 | -316 | 9,792 | 1,425 | 8,683 | 1,381 | 8,411 | 3.81 | \$ 45.72 | \$ 41.15 | \$ 422,457 | \$ 409,250 |
| National Park | 1,195 | -49 | 1,146 | 168 | 1,027 | 162 | 984 | 3.52 | \$ 42.24 | \$ 38.02 | \$ 46,145 | \$ 44,253 |
| Ohakune | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2.94 | \$ 35.28 | \$ 31.75 | \$ - | \$ - |
| Ongarue | 4,046 | -155 | 3,891 | 570 | 3,476 | 549 | 3,342 | 3.83 | \$ 45.96 | \$ 41.36 | \$ 169,967 | \$ 163,455 |
| Tokaanu | 678 | -74 | 604 | 96 | 582 | 85 | 519 | 3.83 | \$ 45.96 | \$ 41.36 | \$ 28,482 | \$ 25,373 |
| Whakamaru | 15,482 | -283 | 15,199 | 2,183 | 13,299 | 2,143 | 13,056 | 3.52 | \$ 42.24 | \$ 38.02 | \$ 597,838 | \$ 586,910 |
| Standard User Totals | 137,471 | -5,872 | 131,599 | 19,383 | 118,088 | 18,555 | 113,044 | | | | \$ 6,269,685 | \$ 5,994,931 |
| Low Fixed Charge (No. of ICPS) | | | | | | | | | | | | |
| Hangatiki | 1,799 | 487 | 2,286 | 254 | 1,545 | 322 | 1,964 | 5.07 | \$ 60.84 | \$ 54.76 | \$ 100,055 | \$ 127,141 |
| National Park | 110 | 20 | 130 | 16 | 94 | 18 | 112 | 5.07 | \$ 60.84 | \$ 54.76 | \$ 6,118 | \$ 7,230 |
| Ohakune | 325 | 62 | 387 | 56 | 279 | 55 | 332 | 5.07 | \$ 60.84 | \$ 54.76 | \$ 18,076 | \$ 21,524 |
| Ongarue | 1,234 | 288 | 1,522 | 174 | 1,060 | 215 | 1,307 | 5.07 | \$ 60.84 | \$ 54.76 | \$ 68,632 | \$ 84,650 |
| Tokaanu | 1,033 | 161 | 1,194 | 146 | 887 | 168 | 1,026 | 5.07 | \$ 60.84 | \$ 54.76 | \$ 57,453 | \$ 66,407 |
| Whakamaru | 351 | 101 | 452 | 49 | 302 | 64 | 388 | 5.07 | \$ 60.84 | \$ 54.76 | \$ 19,522 | \$ 25,139 |
| Low Fixed Charge Totals | 4,852 | 1,119 | 5,971 | 684 | 4,168 | 842 | 5,129 | | | | \$ 2,699,856 | \$ 3,322,091 |
| Total Notional Revenue | | | | | | | | | | | \$ 6,539,541 | \$ 6,327,022 |

Standard User and Low Fixed Charge (LFC) Plan kW Load Charge

31-Mar-16

| Standard User (kW) | 31-Mar-14 | | | | | | | | | | | | | | | | Notional Revenue (Q ₁₂ P ₁) E+N+P+O | Notional Revenue (Q ₁₂ P ₁) L+N+J+O | Notional Revenue (Q ₁₂ P ₁) K+N-L+O |
|---------------------------------------|---|---|---|---|----------------------|--|--|--|--|--|-----------------------------------|---|---|---|---|-----------------------------------|--|--|--|
| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | Price (P ₁) per annum | | | |
| Billed Q ₁₂ P ₁ | Price ₁ structure ₁ | Price ₂ structure ₂ | Price ₃ structure ₃ | Price ₄ structure ₄ | Post-price structure | Billed Q ₁₂ P ₁ taken up | Price ₁ structure ₁ PPD not taken up | Price ₂ structure ₂ PPD taken up | Price ₃ structure ₃ PPD not taken up | Price ₄ structure ₄ PPD taken up | Post-price structure PPD taken up | Price structure ₁ PPD not taken up | Price structure ₂ PPD taken up | Price structure ₃ PPD not taken up | Price structure ₄ PPD taken up | Monthly (disclosed) | Billed Quantity (Q ₁₂ P ₁) E+N+P+O | Price (Q ₁₂ P ₁) L+N+J+O | Post-Price Structure (Q ₁₂ P ₁) K+N-L+O |
| 24,228 | -590 | -1,115 | 22,523 | 3,416 | 20,812 | -83 | -507 | -137 | -958 | 3,176 | 19,347 | 18.46 | \$ 221.52 | \$ 199.37 | \$ 18.46 | \$ 4,906,004 | \$ 119,471 | \$ 25,780 | \$ 4,560,753 |
| 3,328 | -110 | -46 | 3,172 | 469 | 2,859 | -16 | -94 | -6 | -40 | 447 | 2,725 | 19.14 | \$ 229.68 | \$ 206.71 | \$ 19.14 | \$ 698,710 | \$ 23,094 | \$ 9,658 | \$ 665,927 |
| 6,444 | -29 | -142 | 6,273 | 909 | 5,535 | -4 | -23 | -20 | -122 | 884 | 5,389 | 15.11 | \$ 181.32 | \$ 163.19 | \$ 15.11 | \$ 1,068,069 | \$ 4,807 | \$ 23,536 | \$ 1,039,727 |
| 10,081 | -35 | -662 | 9,384 | 1,421 | 8,660 | -5 | -30 | -93 | -569 | 1,323 | 8,061 | 19.35 | \$ 232.20 | \$ 208.98 | \$ 19.35 | \$ 2,139,733 | \$ 7,429 | \$ 140,512 | \$ 1,991,992 |
| 10,545 | -509 | -369 | 9,667 | 1,487 | 9,058 | -72 | -437 | -52 | -317 | 1,363 | 8,304 | 17.60 | \$ 211.20 | \$ 190.08 | \$ 17.60 | \$ 2,035,796 | \$ 95,266 | \$ 71,238 | \$ 1,869,291 |
| 9,722 | -423 | -232 | 9,067 | 1,371 | 8,351 | -60 | -363 | -33 | -199 | 1,278 | 7,789 | 24.69 | \$ 296.28 | \$ 266.65 | \$ 24.69 | \$ 2,632,988 | \$ 114,360 | \$ 62,832 | \$ 2,455,596 |
| 64,348 | -1,696 | -2,366 | 60,086 | 9,073 | 55,275 | -239 | -1,457 | -362 | -2,204 | 8,472 | 51,614 | \$ 13,481,300 | \$ 387,627 | \$ 533,556 | \$ 12,580,116 | \$ 13,481,300 | \$ 387,627 | \$ 533,556 | \$ 12,580,116 |
| High Density/Low Voltage | 2,525 | 0 | 2,525 | 356 | 2,169 | -51 | -312 | 105 | 643 | 410 | 2,500 | \$ 25.01 | \$ 300.12 | \$ 270.11 | \$ 25.01 | \$ 692,712 | \$ 99,586 | \$ 205,207 | \$ 798,334 |
| Hangatiki | 0 | 21 | 129 | 15 | 93 | 0 | 0 | 3 | 18 | 111 | 18 | 27.44 | \$ 329.28 | \$ 296.35 | 27.44 | \$ 32,507 | \$ - | \$ 6,321 | \$ 38,828 |
| National Park | 443 | -3 | 566 | 62 | 381 | -3 | -3 | 18 | 108 | 486 | 486 | 21.70 | \$ 260.40 | \$ 234.36 | 21.70 | \$ 105,448 | \$ 714 | \$ 29,992 | \$ 134,726 |
| Ohakune | 1,592 | -18 | 458 | 224 | 1,368 | -3 | -13 | 65 | 393 | 287 | 1,745 | \$ 25.94 | \$ 311.28 | \$ 280.15 | \$ 25.94 | \$ 452,987 | \$ 5,122 | \$ 130,319 | \$ 578,184 |
| Ongareu | 1,540 | -181 | 337 | 1,696 | 217 | -26 | -153 | 48 | 289 | 239 | 1,457 | \$ 24.19 | \$ 290.28 | \$ 261.25 | \$ 24.19 | \$ 408,629 | \$ 48,027 | \$ 89,421 | \$ 450,022 |
| Tokana | 408 | -69 | 65 | 58 | 350 | -10 | -59 | 9 | 56 | 57 | 347 | \$ 31.24 | \$ 374.88 | \$ 337.39 | \$ 31.24 | \$ 139,812 | \$ 23,645 | \$ 22,274 | \$ 138,441 |
| Low Density/Low Voltage | 5 | -3 | 104 | 1 | 4 | -4 | -3 | 15 | 89 | 15 | 91 | \$ 33.03 | \$ 396.36 | \$ 356.72 | \$ 33.03 | \$ 1,812 | \$ 1,087 | \$ 37,680 | \$ 38,405 |
| Hangatiki | 16 | -6 | 2 | 12 | 14 | -1 | -5 | 2 | 2 | 2 | 10 | \$ 32.46 | \$ 389.52 | \$ 350.57 | \$ 32.46 | \$ 5,697 | \$ 2,136 | \$ 712 | \$ 4,273 |
| National Park | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$ 25.89 | \$ 310.68 | \$ 279.61 | \$ 25.89 | \$ - | \$ - | \$ - | \$ - |
| Ohakune | 96 | -3 | 82 | 175 | 14 | 82 | -3 | 12 | 70 | 25 | 150 | \$ 34.01 | \$ 408.12 | \$ 367.31 | \$ 34.01 | \$ 35,814 | \$ 1,119 | \$ 30,591 | \$ 65,286 |
| Ongareu | 1 | -2 | 7 | 6 | 0 | 1 | -2 | 1 | 6 | 1 | 5 | \$ 32.26 | \$ 387.12 | \$ 348.41 | \$ 32.26 | \$ 354 | \$ 708 | \$ 2,477 | \$ 2,123 |
| Tokana | 34 | -2 | 39 | 71 | 5 | 29 | -2 | 5 | 34 | 10 | 61 | \$ 37.97 | \$ 455.64 | \$ 410.08 | \$ 37.97 | \$ 14,161 | \$ 833 | \$ 16,244 | \$ 29,572 |
| High Density/High Voltage | 340 | -10 | 131 | 461 | 292 | -1 | -9 | 18 | 113 | 65 | 396 | \$ 20.39 | \$ 244.68 | \$ 220.21 | \$ 20.39 | \$ 76,044 | \$ 2,237 | \$ 29,299 | \$ 103,107 |
| Hangatiki | 24 | 0 | 2 | 26 | 3 | 21 | 0 | 2 | 4 | 4 | 22 | \$ 21.92 | \$ 263.04 | \$ 236.74 | \$ 21.92 | \$ 5,771 | \$ - | \$ 481 | \$ 6,252 |
| National Park | 57 | 0 | 16 | 73 | 8 | 49 | 0 | 2 | 14 | 10 | 63 | \$ 17.06 | \$ 204.72 | \$ 184.25 | \$ 17.06 | \$ 38,667 | \$ - | \$ 2,994 | \$ 13,661 |
| Ohakune | 166 | -1 | 57 | 222 | 23 | 143 | -1 | 8 | 49 | 31 | 191 | \$ 21.32 | \$ 255.84 | \$ 230.26 | \$ 21.32 | \$ 38,822 | \$ 234 | \$ 13,330 | \$ 51,918 |
| Ongareu | 37 | -1 | 7 | 43 | 5 | 32 | 0 | 6 | 6 | 6 | 27 | \$ 19.57 | \$ 234.84 | \$ 211.36 | \$ 19.57 | \$ 7,943 | \$ 215 | \$ 1,503 | \$ 9,231 |
| Tokana | 29 | -5 | 7 | 31 | 4 | 25 | -4 | 1 | 6 | 4 | 27 | \$ 26.62 | \$ 319.44 | \$ 287.50 | \$ 26.62 | \$ 8,468 | \$ 1,460 | \$ 2,044 | \$ 9,052 |
| Low Density/High Voltage | 23 | -1 | 133 | 155 | 20 | -1 | -1 | 19 | 114 | 22 | 133 | \$ 24.28 | \$ 291.36 | \$ 262.22 | \$ 24.28 | \$ 6,126 | \$ 266 | \$ 35,422 | \$ 41,281 |
| Hangatiki | 4 | -1 | 21 | 24 | 1 | 3 | -1 | 3 | 3 | 3 | 21 | \$ 24.36 | \$ 292.32 | \$ 263.09 | \$ 24.36 | \$ 1,069 | \$ 267 | \$ 5,611 | \$ 6,413 |
| National Park | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$ 19.12 | \$ 229.44 | \$ 206.50 | \$ 19.12 | \$ - | \$ - | \$ - | \$ - |
| Ohakune | 80 | 0 | 64 | 144 | 11 | 69 | 0 | 9 | 55 | 124 | 25.21 | \$ 302.52 | \$ 272.27 | \$ 25.21 | \$ 22,123 | \$ - | \$ 17,698 | \$ 39,821 | |
| Ongareu | 0 | 0 | 18 | 18 | 0 | 0 | 0 | 0 | 15 | 3 | 15 | \$ 23.46 | \$ 281.52 | \$ 253.37 | \$ 23.46 | \$ - | \$ - | \$ 4,632 | \$ 4,632 |
| Tokana | 40 | -9 | 121 | 152 | 6 | 34 | -1 | 17 | 104 | 21 | 131 | \$ 29.91 | \$ 358.92 | \$ 323.03 | \$ 29.91 | \$ 13,124 | \$ 2,953 | \$ 39,699 | \$ 49,870 |
| Low Fixed Charge Totals | 7,568 | -678 | 2,566 | 10,677 | 6,501 | -96 | -582 | 362 | 2,204 | 1,333 | 8,123 | \$ 2,080,090 | \$ 190,609 | \$ 723,951 | \$ 2,613,432 | \$ 15,561,390 | \$ 658,238 | \$ 130,395 | \$ 15,193,548 |
| Grand Totals | 71,916 | -2,374 | 0 | 69,542 | 10,140 | 61,776 | -335 | -2,039 | 0 | 9,805 | 59,737 | \$ 15,561,390 | \$ 658,238 | \$ 130,395 | \$ 15,193,548 | \$ 15,561,390 | \$ 658,238 | \$ 130,395 | \$ 15,193,548 |

| Dedicated Transformer Charge | | | | | | | |
|---|------------------------|-------------------------|---------------------|--------------------------------------|------------------|-------------------|---|
| 31-Mar-14 | | | | 31-Mar-16 | | | |
| <u>Dedicated Transformer Charge (No.)</u> | Quantity (Q_{t-2}) | | | Price (P_t) | | | Billed Quantity Notional Revenue ($Q_{t-2} \times P_t$) |
| | <u>Billed Q</u> | <u>Billed Q PPD not</u> | <u>Billed Q PPD</u> | <u>monthly</u> <u>(disclosed)</u> | <u>per annum</u> | <u>net of PPD</u> | |
| | | <u>taken up</u> | <u>taken up</u> | | | | |
| 1500 | 0 | 0 | 0 | \$ 460.96 | \$ 5,531.52 | \$ 4,978.37 | \$ - |
| 1250 | 0 | 0 | 0 | \$ 409.45 | \$ 4,913.40 | \$ 4,422.06 | \$ - |
| 1000 | 1 | 0 | 1 | \$ 387.55 | \$ 4,650.60 | \$ 4,185.54 | \$ 4,186 |
| 750 | 10 | 1 | 9 | \$ 343.74 | \$ 4,124.88 | \$ 3,712.39 | \$ 37,536 |
| 500 | 17 | 2 | 15 | \$ 286.35 | \$ 3,436.20 | \$ 3,092.58 | \$ 53,261 |
| 300 | 12 | 2 | 10 | \$ 244.57 | \$ 2,934.84 | \$ 2,641.36 | \$ 32,283 |
| 200 | 27 | 4 | 23 | \$ 202.64 | \$ 2,431.68 | \$ 2,188.51 | \$ 60,062 |
| 100 | 46 | 6 | 40 | \$ 117.58 | \$ 1,410.96 | \$ 1,269.86 | \$ 59,260 |
| 75 | 90 | 13 | 77 | \$ 105.20 | \$ 1,262.40 | \$ 1,136.16 | \$ 103,896 |
| 50 | 188 | 27 | 161 | \$ 86.23 | \$ 1,034.76 | \$ 931.28 | \$ 177,875 |
| 30 | 188 | 27 | 161 | \$ 77.81 | \$ 933.72 | \$ 840.35 | \$ 160,507 |
| 15 | 1,632 | 230 | 1,402 | \$ 58.75 | \$ 705.00 | \$ 634.50 | \$ 1,051,719 |
| 10 | 843 | 119 | 724 | \$ 42.89 | \$ 514.68 | \$ 463.21 | \$ 396,611 |
| 5 | 3,009 | 424 | 2,585 | \$ 25.84 | \$ 310.08 | \$ 279.07 | \$ 852,870 |
| Dedicated Transformer Totals | 6,063 | 855 | 5,208 | | | | \$ 2,990,066 |

| Relay Fees | | | | | | | |
|--------------------------|------------------------|-------------------------|---------------------|--------------------------------------|------------------|-------------------|---|
| 31-Mar-14 | | | | 31-Mar-16 | | | |
| <u>Relay Fees (No.)</u> | Quantity (Q_{t-2}) | | | Price (P_t) | | | Billed Quantity Notional Revenue ($Q_{t-2} \times P_t$) |
| | <u>Billed Q</u> | <u>Billed Q PPD not</u> | <u>Billed Q PPD</u> | <u>monthly</u> <u>(disclosed)</u> | <u>per annum</u> | <u>net of PPD</u> | |
| | | <u>taken up</u> | <u>taken up</u> | | | | |
| 16,877 | 2,380 | 14,497 | | \$ 1.67 | \$ 20.04 | \$ 18.04 | \$ 309,163 |
| Relay Fees Totals | 16,877 | 2,380 | 14,497 | | | | \$ 309,163 |

| Streetlight Charges | | | | | | | |
|---|------------------------|--|--|------------------|----------------|-----------|---|
| 31-Mar-14 | | | | 31-Mar-16 | | | |
| <u>Assets (value)</u> | Quantity (Q_{t-2}) | | | Price (P_t) | | | Billed Quantity Notional Revenue ($Q_{t-2} \times P_t$) |
| | | | | <u>per annum</u> | <u>net PPD</u> | | |
| | | | | | | | |
| <u>Mounting Service (No.)</u> | | | | | | | |
| Taupo | 0 | | | 56.18 | 50.56 | \$ | - |
| Ruapehu | 959 | | | 58.52 | 52.67 | \$ | 50,509 |
| Waitomo | 553 | | | 46.81 | 42.13 | \$ | 23,298 |
| Otorohanga | 313 | | | 58.52 | 52.67 | \$ | 16,485 |
| <u>Network - Streetlights (kW)</u> | | | | | | | |
| Taupo | 76.50 | | | 110.91 | 99.82 | \$ | 7,636 |
| Ruapehu | 165 | | | 65.36 | 58.83 | \$ | 9,707 |
| Waitomo | 111 | | | 112.51 | 101.26 | \$ | 11,239 |
| Otorohanga | 65.85 | | | 112.51 | 101.26 | \$ | 6,668 |
| Under Veranda kW | 10.67 | | | 75.45 | 67.91 | \$ | 725 |
| <u>Load Plant Operation (Load Shifting) (No.)</u> | | | | | | | |
| Taupo | 1,460 | | | 2.92 | 2.63 | \$ | 3,840 |
| Ruapehu | 2,190 | | | 2.92 | 2.63 | \$ | 5,760 |
| Waitomo | 1,460 | | | 2.92 | 2.63 | \$ | 3,840 |
| Otorohanga | 730 | | | 2.92 | 2.63 | \$ | 1,920 |
| Private light residual | 400 | | | 3.58 | 3.22 | \$ | 1,288 |
| Streetlight Charges Total | | | | | | \$ | 658,203 |

| De-Energisation and Re-Energisation Schedule | | | | | |
|---|---|-----------------------------------|------------------------------|---|----------------|
| | | <i>31-Mar-14</i> | <i>31-Mar-16</i> | | |
| | | <i>Quantity (Q_{t+2})</i> | <i>Price (P_t)</i> | <i>Billed Quantity Notional Revenue (Q_{t+2} × P_t)</i> | |
| | | <i>Per request</i> | | | |
| Urban | | | | | |
| 1A | Disconnection/Reconnection: requested by 2:00pm and executed next working day by 4:30pm | 579 | 46.58 | \$ | 26,970 |
| 2A | Reconnection: requested after 2:00pm executed next working day by 4:30pm | 242 | 52.40 | \$ | 12,681 |
| 3A | Disconnection/Reconnection: Requested for same working day before 3:00pm and executed that day | 320 | 69.86 | \$ | 22,355 |
| 4A | Reconnection: from 3:00pm onwards, on any given weekday, weekend or public holiday before 10pm | 118 | 116.44 | \$ | 13,740 |
| 5A | Reconnection: from 10:00pm requested for completion after 10pm on any given day including public holidays | 1 | 232.88 | \$ | 233 |
| 7A | 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) | 59 | 36.23 | \$ | 2,138 |
| Rural | | | | | |
| 1B | Disconnection/Reconnection: requested by 2:00pm and executed next working day by 4:30pm | 189 | 58.22 | \$ | 11,004 |
| 2B | Reconnection: requested after 2:00pm executed next working day by 4:30pm | 66 | 64.05 | \$ | 4,227 |
| 3B | Disconnection/Reconnection: Requested for same working day before 3:00pm and executed that day | 93 | 81.51 | \$ | 7,580 |
| 4B | Reconnection: from 3:00pm onwards, on any given weekday, weekend or public holiday before 10pm | 26 | 174.66 | \$ | 4,541 |
| 5B | Reconnection: from 10:00pm requested for completion after 10pm on any given day including public holidays | 0 | 291.09 | \$ | - |
| 7B | 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) | 1 | 47.87 | \$ | 48 |
| Remote | | | | | |
| 1C | Disconnection/Reconnection: requested by 2:00pm and executed next working day by 4:30pm | 97 | 174.66 | \$ | 16,942 |
| 2C | Reconnection: requested after 2:00pm executed next working day by 4:30pm | 44 | 203.77 | \$ | 8,966 |
| 3C | Disconnection/Reconnection: Requested for same working day before 3:00pm and executed that day | 57 | 261.99 | \$ | 14,933 |
| 4C | Reconnection: from 3:00pm onwards, on any given weekday, weekend or public holiday before 10pm | 19 | 349.31 | \$ | 6,637 |
| 5C | Reconnection: from 10:00pm requested for completion after 10pm on any given day including public holidays | 0 | 523.97 | \$ | - |
| 7C | 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 | 164.31 | \$ | - |
| De-Energisation and Re-Energisation Schedule Totals | | <u>1,911</u> | | \$ | <u>152,995</u> |

Summary Pass-through and Recoverable Revenue and Costs 2016

| | |
|---|---------------------|
| <u>Pass-through and Recoverable Revenue</u> | |
| Standard Customers | \$5,250,824 |
| Major Customers | \$2,189,164 |
| Generation | \$50,145 |
| Streetlights | \$28,908 |
| Total Pass-through and Recoverable Revenue | <u>\$7,519,041</u> |
| <u>Pass-through and Recoverable Costs</u> | |
| <u>Recoverable Costs</u> | |
| Transpower | -\$5,508,341 |
| Avoided Cost of Transmission | -\$1,531,482 |
| Total Recoverable Costs | <u>-\$7,039,823</u> |
| <u>Pass-through Costs</u> | |
| Rates on system fixed assets | -\$264,597 |
| Commerce Act levies | -\$73,434 |
| Electricity Authority levies | -\$62,059 |
| EGCC levies | -\$53,916 |
| Total Pass-through Costs | <u>-\$454,006</u> |
| Total Pass-through and Recoverable Costs | <u>-\$7,493,829</u> |
| Total Pass-through and Recoverable Revenue Less Total Pass-through and Recoverable Costs | <u>\$25,212</u> |

| Pass-through and Recoverable Revenue | | | | | | | | |
|--|----------------------------|----------------------------------|------------------------------|----------------------------|------------------|--|----|---------------------|
| | 31-Mar-16 | | | 31-Mar-16 | | | | |
| | Quantity (Q _i) | | | Price (P _i) | | Revenue (Q _i × P _i) | | |
| <u>Standard User and Low Fixed Charge (LFC) Plan Pass-through and Recoverable Revenue (kW)</u> | <u>Billed Q</u> | <u>Billed Q PPD not taken up</u> | <u>Billed Q PPD taken up</u> | <u>monthly (disclosed)</u> | <u>per annum</u> | <u>net of PPD</u> | | |
| Hangatiki | 28,583 | 3,173 | 25,410 | \$ 7.42 | \$ 89.04 | \$ 80.14 | \$ | 2,318,777 |
| National Park | 3,407 | 378 | 3,029 | \$ 10.65 | \$ 127.80 | \$ 115.02 | \$ | 396,706 |
| Ohakune | 6,983 | 775 | 6,208 | \$ 6.51 | \$ 78.12 | \$ 70.31 | \$ | 497,016 |
| Ongarue | 12,503 | 1,388 | 11,115 | \$ 8.57 | \$ 102.84 | \$ 92.56 | \$ | 1,171,500 |
| Tokaanu | 11,308 | 1,255 | 10,053 | \$ 5.58 | \$ 66.96 | \$ 60.26 | \$ | 689,870 |
| Whakamaru | 10,309 | 1,144 | 9,165 | \$ 1.57 | \$ 18.84 | \$ 16.96 | \$ | 176,955 |
| Standard/LFC Pass-through and Recoverable Revenue Total | 73,093 | 8,113 | 64,980 | | | | | \$ 5,250,824 |
| Major Customer Pass-through and Recoverable Revenue | | | | | | | | |
| Transmission Connection (kVA) | | | | | | | | |
| Hangatiki | 23,861 | | | \$ 18.89 | \$ 17.00 | \$ | \$ | 405,637 |
| Whakamaru | 1,033 | | | \$ - | \$ - | \$ | \$ | - |
| Ohakune | 2,787 | | | \$ 15.81 | \$ 14.23 | \$ | \$ | 39,659 |
| Ongarue | 380 | | | \$ 26.20 | \$ 23.58 | \$ | \$ | 8,960 |
| National Park | 4,073 | | | \$ 55.66 | \$ 50.09 | \$ | \$ | 204,017 |
| Tokaanu | 1,118 | | | \$ 10.03 | \$ 9.03 | \$ | \$ | 10,096 |
| Transmission Connection Totals | 33,252 | | | | | | | \$ 668,369 |
| Transmission Individual Peak Demand (kVA) | | | | | | | | |
| Hangatiki | 13,552 | | | \$ 70.10 | \$ 63.09 | \$ | \$ | 854,996 |
| Whakamaru | 1,033 | | | \$ 18.88 | \$ 16.99 | \$ | \$ | 17,551 |
| Ohakune | 0 | | | \$ 62.31 | \$ 56.08 | \$ | \$ | - |
| Ongarue | 380 | | | \$ 76.59 | \$ 68.93 | \$ | \$ | 26,193 |
| National Park | 833 | | | \$ 72.13 | \$ 64.92 | \$ | \$ | 54,078 |
| Tokaanu | 1,118 | | | \$ 56.96 | \$ 51.26 | \$ | \$ | 57,309 |
| Transmission Connection Totals | 16,916 | | | | | | | \$ 1,010,127 |
| Transmission Co-incident demand (RCPD) (kVA) | | | | | | | | |
| Regional Coincident Peak Demand (RCPD) | 4,512 | | | \$ 125.75 | \$ 113.18 | \$ | \$ | 510,668 |
| Transmission Co-incident demand (RCPD) Totals | 4,512 | | | | | | | \$ 510,668 |
| Major Customer Pass-through and Recoverable Revenue Total | | | | | | | | \$ 2,189,164 |
| Generators | | | | | | | | |
| Transpower Injection | | | | | | | | |
| Ongarue | 1 | | | \$ 40,116 | | | \$ | 40,116 |
| Tokaanu | 1 | | | \$ 10,029 | | | \$ | 10,029 |
| Generation Total | | | | | | | | \$ 50,145 |
| Streetlights | | | | | | | | |
| Transmission Demand kW | | | | | | | | |
| Taupo | 76.50 | | | \$ 42.55 | \$ 38.29 | \$ | \$ | 2,929 |
| Ruapehu | 165 | | | \$ 61.99 | \$ 55.79 | \$ | \$ | 9,206 |
| Waitomo | 111 | | | \$ 52.64 | \$ 47.38 | \$ | \$ | 5,259 |
| Otorohanga | 65.85 | | | \$ 52.64 | \$ 47.38 | \$ | \$ | 3,120 |
| Under Veranda kW | 10.67 | | | \$ 72.38 | \$ 65.15 | \$ | \$ | 695 |
| Transmission Connection kW | | | | | | | | |
| Taupo | 76.50 | | | \$ 31.31 | \$ 28.18 | \$ | \$ | 2,156 |
| Ruapehu | 165 | | | \$ 13.73 | \$ 12.36 | \$ | \$ | 2,039 |
| Waitomo | 111 | | | \$ 22.02 | \$ 19.82 | \$ | \$ | 2,199 |
| Otorohanga | 65.85 | | | \$ 22.02 | \$ 19.82 | \$ | \$ | 1,305 |
| Streetlights Total | | | | | | | | \$ 28,908 |
| Pass-through and Recoverable Revenue Total | | | | | | | | \$ 7,519,041 |

Appendix D – Transmission Assets, Transactions and Restructuring of Prices (Clauses 11.2(d) and 11.6 – 11.8)

Clauses 11.2(d)(i), 11.7 and 11.8 – The Lines Company Limited did undertake a Restructure of its Prices that first applied during the current or preceding Assessment Period and therefore clauses 8.7 - 8.10 did apply during the Assessment Period. This Appendix discusses the restructures that occurred and the methodologies that have been applied.

Introduction

The Lines Company Limited (TLC) has changed business rules for measuring kW load quantities between the 2016 Assessment Period (t) and the 2014 Assessment Period (t-2). TLC has considered and sought advice from both the Commerce Commission and external industry experts of the approaches being applied to demonstrate compliance with the 2016 DPP price-path in relation to the business rule adjustments that led to price restructures.

TLC considers that the methodologies used to determine the quantities that correspond to each restructured price, described below, are consistent with the requirements of, and the intention behind, the DPP Determination and the wider Part 4 regime. Accordingly, TLC considers that this compliance statement complies with the Electricity Distribution Services Default Price-Quality Path Determination 2015.

Background

TLC's Pricing Methodology (a version of demand charging) differs in material aspects to other approaches within the industry. To support and provide longevity to its methodology, TLC is changing its metering stock from legacy/standard meters to Time-of-Use (TOU)/Advanced meters (half hour and 10 minute intervals). Where these changes lead to price restructures, TLC has applied methodologies to determine demonstrably reasonable estimates of quantities that practicably correspond to each restructured price.

TLC has identified four changes to business rules that fall under the price restructure provisions of the DPP Determination.

Definitions from DPP Determination and IM Determination

Restructure of Prices means any change in the allocation of connections to Consumer Groups by a Non-exempt EDB, the introduction of a new Consumer Group, or any change in Prices, but excludes:

- (a) a change to the value of a Price applicable to an existing Consumer Group; or
- (b) the movement of connections between existing Consumer Groups at the request of the Consumer or retailer

Consumer Group means a category of Consumer used by a Non-exempt EDB for the purpose of setting Prices

Prices means-

- (a) individual tariffs, fees or charges; or
- (b) individual components thereof,

posted in nominal terms exclusive of GST for the supply of an electricity distribution service, and must include a posted discount if a discount is taken up by consumers.

Where a price restructure occurs, clauses 8.7-8.10 of the DPP Determination apply.

Clause 8.7 states, for the avoidance of doubt, that a restructure of prices during an Assessment Period does not affect allowable notional revenue for that Assessment Period.

Clause 8.8 provides for when the quantities determined in accordance with clause 8.9 should be calculated.

Clause 8.9 provides for circumstances where a restructure of prices combines two or more consumer groups into a single consumer group and where a restructure of prices separates a consumer group into two or more consumer groups.

Clause 8.10 is relevant for the price restructures listed below as the circumstances anticipated by clause 8.9 do not reflect the changes to business rules made by TLC between 2014 and 2016. Clause 8.10 states that if:

there are no Quantities for the Assessment Period two years prior that practicably correspond to the restructured Prices, the Non-exempt EDB must derive a demonstrably reasonable estimate of the Quantities using any reasonable methodology, provided the Non-exempt EDB:

(a) does not use a forecast Quantity as the estimate of a Quantity;

(b) uses any available relevant Quantity information in the Assessment Period two years prior;

(c) considers any other relevant information reasonably available; and

(d) uses a substantially similar methodology for determining Quantities in each Assessment Period for which Quantities are determined under this clause.

Below we describe how our methodologies have given effect to these requirements.

Price restructure 1: kW measured using standard meter (t-2) and TOU interval meter (t)

This change in business rules (associated with the meter change) is a price restructure because the change reflects a reallocation of connections between consumer groups, where a consumer group is defined with reference to different metering types within a pricing class where those metering types influence how kW quantities are measured. In particular, in year t-2 each consumer was charged on the basis of a profile while in year t each consumer was charged on the basis of their TOU meter data. The meter change has therefore reallocated connections between consumer categories for the purpose of setting prices.

We note that these consumers were not subject to the opt back (to a profile) process because they received a lower quantity and lower total charge from the TOU measurement.

TOU-based kW data is not available for t-2 (as TOU meters had not been installed at that time). Therefore, it was necessary to estimate Quantities in t-2 that correspond to the restructured price (clause 8.10). The methodology used for determine these estimated quantities was to calculate, for each individual connection, the percentage difference between the TOU and profile quantities for year t and apply that percentage difference to the profile quantities for each individual connection for year t-2 (as profile Quantities are available for these consumers in t-2).

TLC considers that this is the most demonstrably reasonable estimate of the t-2 quantities that correspond to the t price.

The table in Appendix C – Price and Quantity Schedules, Standard User and Low Fixed Charge (LFC) Plan kW Load Charge, details the impact of the price restructure and a summary is presented in the table below. This summary shows the difference from the billed quantities in t-2 to the estimates of quantities for t-2 which best correspond to prices in year t.

| Charge | Billed Quantities t-2 (2014) | Price Restructure 1 | Quantity post-Price Restructure 1 (2014) | Notional Revenue Billed Quantities | Notional Revenue Price Restructure 1 | Notional Revenue post-Price Restructure |
|------------------|------------------------------|---------------------|--|------------------------------------|--------------------------------------|---|
| kW load variable | 71,916 kW | -2,374 kW | 69,542 kW | \$15,561,390 | \$-558,236 | \$15,003,154 |

Price restructure 2: kW measured using TOU half hour interval meter (t-2) and demand ten minute interval meter (t)

This restructure of prices applies to consumers where their quantities in year t-2 were determined from half hour interval data and were determined from ten-minute interval data in year t. This reflects the metering types that were in place in these years – half-hour TOU meters in t-2 and ten-minute interval meters in t. Ten-minute interval data was not available in t-2 as the relevant meters with the required firmware were not in place. As such, this change in business rules is a price restructure because it reflects a reallocation of connections between consumer groups, where a consumer group is defined with reference to different metering types within a pricing class, where those metering types influence how kW quantities are measured.

We have determined that the recorded t-2 Quantities for these customers provide reasonable estimates of the quantities which correspond to the restructured prices. We have considered whether alternative quantity estimates would better correspond to the restructured prices and have concluded that the alternative is not materially different from the recorded t-2 Quantities.

Price restructure 3: Profile methodology for determining kW for those on standard meters altered between t-2 and t

The sample group of consumers and the number of years of data used to derive the profiles changed between t-2 and t. As the business rules used for establishing the profiles has changed, TLC considers that this to be a price restructure.

We have determined that the recorded t-2 Quantities for these customers provide reasonable estimates of the quantities that correspond to the restructured prices.

We have considered whether alternative quantity estimates would better correspond to the restructured prices and have concluded that the alternative is not materially different from the recorded t-2 Quantities.

Price restructure 4: Low Fixed Charge (LFC) kW threshold changed between t-2 and t

The Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004 require that all consumers below a level of use must have a particular charging approach available. These regulations identify that the average consumer as one that uses 8,000 kWh per year in most areas. TLC calculates a kW value that equates to 8,000 kWh per year and provides this information to the Electricity Authority. This value was 2.2 kW in year t-2 but changed to 2.4 kW in year t. This means that some consumers moved between TLC's LFC Pricing Plan and the Standard User Pricing Plan between t and t-2. This is a restructure of prices.

The methodology for determining the Quantities that apply to the restructured price is to use the billed quantities from t-2, but reallocate these quantities to a different consumer group. As this applies to both demand charges and network charges, kW, ICP and kVA quantities move between consumer groups.

The tables in Appendix C – Price and Quantity Schedules, Standard User and Low Fixed Charge (LFC) Plan kW Load Charge and Standard User and Low Fixed Charge (LFC) Plan Network Charge, details the price restructure and summaries are presented in the tables below.

These summaries show the Movement of t-2 quantities between consumer groups.

| Charge | Billed Quantities t-2 (2014) | Price Restructure | Quantity post-Price Restructure | Notional Revenue Billed Quantities | Notional Revenue Price Restructure | Notional Revenue post-Price Restructure |
|-------------------------------------|------------------------------|-------------------|---------------------------------|------------------------------------|------------------------------------|---|
| Standard User Plan kW load variable | 64,348 kW | -2,566 kW | 61,782 kW | \$13,481,300 | \$-533,556 | \$12,947,744 |
| LFC Plan kW load variable | 7,568 kW | 2,566 kW | 10,134 kW | \$2,080,090 | \$723,951 | \$2,804,041 |
| Totals | 71,916 kW | 0 kW | 71,916 kW | \$15,561,390 | \$190,395 | \$15,751,785 |

| Charge | Billed Quantities t-2 (2014) | Price Restructure | Quantity post-Price Restructure | Notional Revenue Billed Quantities | Notional Revenue Price Restructure | Notional Revenue post-Price Restructure |
|--------------------------------|------------------------------|-------------------|---------------------------------|------------------------------------|------------------------------------|---|
| Standard User Plan Network kVA | 137,741 kVA | -5,872 kVA | 131,599 kVA | \$6,269,685 | \$-274,754 | \$5,994,931 |
| LFC Plan (No of ICPs) | 4,852 ICPs | 1,119 ICPs | 5,971 ICPs | \$269,856 | \$62,235 | \$332,091 |
| Totals | | | | \$6,539,541 | \$-212,519 | \$6,327,022 |

| Charge | Billed Quantities t-2 (2014) | Price Restructure | Quantity post-Price Restructure | Notional Revenue Billed Quantities | Notional Revenue Price Restructure | Notional Revenue post-Price Restructure |
|--------------------------|-------------------------------------|---------------------------|--|---|---|--|
| kW load (from above) | 71,916 kW | 0 kW | 71,916 kW | \$15,561,390 | \$190,395 | \$15,751,785 |
| Network LFC (from above) | 137,741 kVA and 4,852 ICPs | -5,872 kVA and 1,119 ICPs | 131,599 kVA and 5,971 ICPs | \$6,539,541 | \$-212,519 | \$6,327,022 |
| Totals | | | | \$22,100,931 | \$-22,124 | \$22,078,807 |

Clause 11.2(d)(ii) – The Lines Company Limited did not receive a transfer of transmission assets from Transpower that became system fixed assets, or transferred system fixed assets to Transpower.

Clauses 11.2(d)(iii)-(iv) and 11.6 – The Lines Company Limited did not participate in an Amalgamation, a Merger or Major Transaction for the Assessment Period. Clauses 10.1 – 10.4 therefore did not apply for the Assessment Period.

Appendix E – Quality Standard Compliance and Incentive (Clause 11.5(c), (d) and (f))

Quality Standard Compliance Calculations

Electricity Distribution Services Default Price-Quality Path Determination 2015

Assessment Against the Quality Standards for the Assessment Date 31 March 2016 for

Reliability Limits and Boundary Values

| SAIDI and SAIFI Limits | |
|--|---------|
| SAIDI Limit 2015-2020 regulatory period | 234.182 |
| SAIFI Limit 2015-2020 regulatory period | 3.467 |
| SAIDI Unplanned Boundary Value 2015-2020 regulatory period | 10.967 |
| SAIFI Unplanned Boundary Value 2015-2020 regulatory period | 0.144 |
| SAIDI Limit 2010-2015 regulatory period | 307.690 |
| SAIFI Limit 2010-2015 regulatory period | 4.150 |

Reliability Assessment Calculations (2016 Assessment Period)

| SAIDI Assessed Values | | | | | |
|------------------------------|-----------------|---------|-------------------------------|---------------------------------|---------|
| <i>Raw data</i> | | | <i>Adjusted data</i> | | |
| SAIDI _B | Planned SAIDI | 66.349 | SAIDI _B | Planned SAIDI multiplied by 0.5 | 33.175 |
| SAIDI _C | Unplanned SAIDI | 171.708 | SAIDI _C | Normalised unplanned SAIDI | 158.746 |
| | | | SAIDI _{Assess (B+C)} | | 191.921 |

SAIFI Assessed Values

Raw data

| | | |
|--------------------------|-----------------|-------|
| <i>SAIFI_B</i> | Planned SAIFI | 0.390 |
| <i>SAIFI_C</i> | Unplanned SAIFI | 3.248 |

Adjusted data

| | | |
|--------------------------|---------------------------------|-------|
| <i>SAIFI_B</i> | Planned SAIFI multiplied by 0.5 | 0.195 |
| <i>SAIFI_C</i> | Normalised unplanned SAIFI | 3.193 |

| | |
|-------------------------------------|-------|
| <i>SAIFI_{Assess (B+C)}</i> | 3.388 |
|-------------------------------------|-------|

Normalisation

Days exceeding SAIDI Boundary Value within the 2015/16 Assessment Dataset

| Date | Pre-Normalised unplanned SAIDI | Normalised unplanned SAIDI |
|-----------|--------------------------------|----------------------------|
| 7-Apr-15 | 18.271 | 10.967 |
| 13-Jun-15 | 15.380 | 10.967 |
| 29-Jan-16 | 12.212 | 10.967 |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

Days exceeding SAIFI Boundary Value within the 2015/16 Assessment Dataset

| Date | Pre-Normalised unplanned SAIFI | Normalised unplanned SAIFI |
|-----------|--------------------------------|----------------------------|
| 26-Dec-15 | 0.167 | 0.144 |
| 24-Mar-16 | 0.176 | 0.144 |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

Prior Period Assessed Values

| | | |
|-------------------------------------|---------|---|
| Assessed SAIDI Value 2014/15 | | |
| SAIDI _{2014/15} | 233.540 | The sum of daily SAIDI Values in the 1 April 2014 - 31 March 2015 Normalised Assessment Dataset |
| Assessed SAIFI Value 2014/15 | | |
| SAIFI _{2014/15} | 3.740 | The sum of daily SAIFI Values in the 1 April 2014 - 31 March 2015 Normalised Assessment Dataset |
| Assessed SAIDI Value 2013/14 | | |
| SAIDI _{2013/14} | 270.460 | The sum of daily SAIDI Values in the 1 April 2013 - 31 March 2014 Normalised Assessment Dataset |
| Assessed SAIFI Value 2013/14 | | |
| SAIFI _{2013/14} | 4.130 | The sum of daily SAIFI Values in the 1 April 2013 - 31 March 2014 Normalised Assessment Dataset |

Quality Incentive Calculations

Electricity Distribution Services Default Price-Quality Path Determination 2015

Quality Incentive Calculation for the Assessment Date 31 March 2016 for

Quality Incentive Adjustment (2016 Assessment Period)

| Quality Incentive Adjustment | | |
|------------------------------|--------------------------------------|----------|
| Term | Description | Value \$ |
| S _{SAIDI} | SAIDI incentive | 115,111 |
| S _{SAIFI} | SAIFI incentive | -139,081 |
| S _{TOTAL} | SAIDI incentive plus SAIFI incentive | -23,970 |

| SAIDI Incentive | | |
|-------------------------|--|--------------|
| Term | Description | Value |
| SAIDI Target | SAIDI target specified in DPP Determination | 208.7747 |
| SAIDI Collar | SAIDI incentive range collar specified in DPP Determination | 183.3679 |
| SAIDI Cap | SAIDI incentive range cap specified in DPP Determination | 234.1815 |
| MAR | Maximum allowable revenue for the 2015/16 year | \$34,705,000 |
| REV _{RISK} | Revenue at risk relating to SAIDI target (equal to 1% of MAR) | \$347,050 |
| SAIDI _{IR} | SAIDI incentive rate per unit (equal to revenue at risk multiplied by 0.5 divided by Cap minus Target) | \$6,830 |
| SAIDI _{ASSESS} | Assessed SAIDI value for purpose of incentive | 191.921 |
| S _{SAIDI} | SAIDI incentive adjustment (equal to incentive rate multiplied by SAIDI target minus Assessed SAIDI value) | \$115,111 |

| SAIFI Incentive | | |
|-------------------------|--|--------------|
| Term | Description | Value |
| SAIFI Target | SAIFI target specified in DPP Determination | 3.0707 |
| SAIFI Collar | SAIFI incentive range collar specified in DPP Determination | 2.6748 |
| SAIFI Cap | SAIFI incentive range cap specified in DPP Determination | 3.4667 |
| MAR | Maximum allowable revenue for the 2015/16 year | \$34,705,000 |
| REV _{RISK} | Revenue at risk relating to SAIFI target (equal to 1% of MAR) | \$347,050 |
| SAIFI _{IR} | SAIFI incentive rate per unit (equal to revenue at risk multiplied by 0.5 divided by Cap minus Target) | \$438,194 |
| SAIFI _{ASSESS} | Assessed SAIFI value for purpose of incentive | 3.388 |
| S _{SAIFI} | SAIFI incentive adjustment (equal to incentive rate multiplied by SAIFI target minus Assessed SAIFI value) | -\$139,081 |

The cause of each Major Event Day within the Assessment Period (clause 11.5(f)) is detailed in the following tables.

| SAIDI | |
|------------------|---|
| Major Event Date | Cause |
| 7-Apr-15 | Primary cause was an Underground Cable Failure (Faulty Cable & Faulty 33kV L/A) at Turangi resulting in 17.38 SAIDI. |
| 13-Jun-15 | The primary cause was Conductor Clashing due to Wind (Extreme Wind / Broken Binder) resulting in 14.2 SAIDI. 6 outages occurred on this date due to high winds. |
| 29-Jan-16 | The primary cause was asset related with a Rotted Pole Down (CB 5955 Tripped, Line Down) resulting in 11.38 SAIDI. There were 5 other less significant outages on the same day. |

| SAIFI | |
|-------------------------|---|
| Major Event Date | Cause |
| 26-Dec-15 | Major event day was triggered by 2 asset-related outages (Faulty Lightning Arrester on 33kV Bus and a Bucholz Alarm on T11 triggered, isolated to release any Gas) with a combined SAIFI of 0.17. |
| 24-Mar-16 | The primary cause was Wind Borne Vegetation (CB 792 Tripped, Wind) resulting in 0.15 SAIFI. An additional 11 weather related outages were recorded on this date; the winds caused conductor clash and wind borne vegetation interference. |

Appendix F – Policies and Procedures for Recording SAIDI and SAIFI (Clause 11.5(e))

The following notes document the procedure used to capture all outages experienced on The Lines Company (TLC) network and interconnected private networks.

The Lines Company uses a computerised database called BASIX to capture all outages. BASIX has the inter-connectivity of all equipment on the TLC Network and inter-connected private networks programmed into its Connectivity Model. The 33/11 kV connectivity model is updated by the Network Control Team when any changes on the TLC Network are made. The Lines Company customer ICP's are updated by the Customer Engagement Team via CIS software and routinely uploaded in the BASIX Connectivity Model. Operation of any network equipment is recorded into BASIX which then calculates and returns an outage result.

The Network Control Team manages outages and incidents on the network, identifying causes and outage types. Information gathered is used to update the TLC Daily Control Room Log spreadsheet. The TLC Engineering team are notified should a major outage or fault requiring further investigation occur.

The TLC Daily Control Room Log data is obtained from the following:

- The primary source for unplanned outages on automated equipment are reports from the network Abbey SCADA system.
- The primary source for unplanned outages on non-automated equipment are customer calls received by the Lines Company Faults Team. Each call is entered directly into BASIX and automatically allocated a unique number by the BASIX System. The Faults Team dispatches the outage details to a Faultman to address. All information received from the Faultman is then updated in BASIX against the same unique number and the Basix restored time checked (if applicable).
- Planned Outage applications are subject to approval from the Network Control Team. Each application is assigned a unique reference, identifying both the request and who it was submitted by.

All information captured into the TLC Daily Control Room Log is checked and validated by the Network Control Team. A spreadsheet is then used to create a Daily Outage Summary which estimates the effect of the outages prior to recording in Basix. Supporting documentation in the form of daily SCADA Auto Recloser printouts, Switching Schedules for planned outages, Applications to Work on TLC Network and associated documents and Permits issued, along with the Daily Outage Summary, are scanned as a PDF and electronically filed for each day.

The Network Control Team is then responsible for recording the relevant Daily Control Room Log details for each outage into BASIX, which allocates a unique sequential tracking number to each record. The following information is captured in Basix:

- Description of Outage
- Date and Time of Interruption
- Date and Time of Restoration
- Operated Asset
- BASIX Fault Reference (if applicable)
- Outage Type

- Primary Cause
- Cause Description
- Switching Operations of all operated equipment
- Any other notes or comments significant to the outage.

The daily PDF of scanned supporting documentation is also linked into BASIX against the record for the first outage recorded each day.

Once entered into BASIX, the outage is then calculated using the connectivity model data to return the following details:

- outage minutes
- number of consumers affected
- customer minutes
- affected loads
- affected assets
- outage SAIDI
- outage SAIFI

The calculated figures are then checked against the spreadsheet estimate to ensure they materially align with expectations.

BASIX then performs overnight runs to consolidate the initial outage calculations into the Daily, Monthly and Year-to-date reports.

The BASIX report data is monitored by the Asset Engineer and reviewed by The Lines Company Management Team. It is then included in Network Overview documents and forwarded to the Board of Directors.

The outage data is audited by an external auditing company before being publically disclosed to comply with Commerce Commission DPP requirements.

