

# Gas Information Disclosure 2015

17 MARCH 2016

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# 1. Introduction

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

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

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

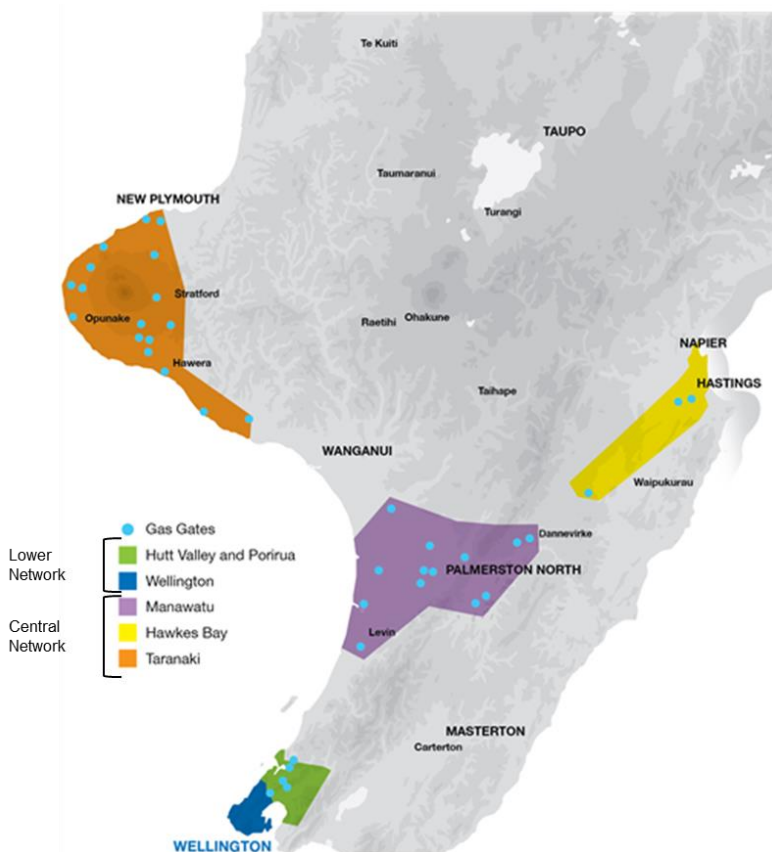
The IDD requires disclosure of the following information for the 2015 disclosure year:

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

The IDD also requires that network and billed quantity information be provided for each sub-network (i.e. each geographically separate part) of a supplier's network. Powerco has two sub-networks in the North Island which it terms the Central Network and Lower Network. These sub-networks are shown in Map 1.

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

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



Map 1: Powerco's sub-networks

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

Directors' certification of the 2015 information disclosure is provided in section 23 at the end of this document.

## 2. Schedule 1: Analytical Ratios

Company Name **Powerco Limited**  
For Year Ended **30 September 2015**

### SCHEDULE 1: ANALYTICAL RATIOS

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

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

sch ref

1(i): Expenditure Metrics		Expenditure per TJ energy delivered to ICPs (\$/TJ)	Expenditure per average no. of ICPs (\$/ICP)	Ratio of expenditure to maximum monthly load (\$ per GJ/month)	Expenditure per km of pipeline for supply (\$/km)
7					
8					
9	<b>Operational expenditure</b>	1,688	149	15	2,662
10	Network	582	51	5	918
11	Non-network	1,106	98	10	1,744
12					
13	<b>Expenditure on assets</b>	1,569	139	14	2,474
14	Network	1,482	131	13	2,336
15	Non-network	87	8	1	138
16					
17					
18					
19					
20					
21					
22					
23					
24					
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26					
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28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
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39					
40					
41					
42					

1(ii): Revenue Metrics		Revenue per TJ energy delivered to ICPs (\$/TJ)	Revenue per average no. of ICPs (\$/ICP)
18			
19	<b>Total line charge revenue</b>	5,566	491
20	Standard consumer line charge revenue	9,710	438
21	Non-standard consumer line charge revenue	1,253	24,421
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
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34			
35			
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40			
41			
42			

1(iii): Service Intensity Measures			
25	Demand density	180	Maximum monthly load (GJ per month) per system length
26	Volume density	2	Quantity of gas delivered per km of system length (TJ/km)
27	Connection point density	18	Average number of ICPs in disclosure year per system length
28	Energy intensity	88	Total GJ delivered to ICPs per average number of ICPs in disclosure year
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			

1(iv): Composition of Revenue Requirement		(\$000)	% of revenue
32	Operational expenditure	15,480	30.24%
33	Pass-through and recoverable costs excluding financial incentives and wash-ups	1,903	3.72%
34	Total depreciation	9,458	18.48%
35	Total revaluations	1,417	2.77%
36	Regulatory tax allowance	5,760	11.25%
37	Regulatory profit/(loss) including financial incentives and wash-ups	20,003	39.08%
38	<b>Total regulatory income</b>	<b>51,187</b>	
39			
40			
41			
42			

1(v): Reliability			
41	Interruption rate	20.24	Interruptions per 100km of system length
42			

## 3. Schedule 2: Return on Investment

Company Name **Powerco Limited**  
For Year Ended **30 September 2015**

### SCHEDULE 2: REPORT ON RETURN ON INVESTMENT

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

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

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

sch ref

2(i): Return on Investment		for year ended		
		CY-2 30 Sep 13	CY-1 30 Sep 14	Current Year CY 30 Sep 15
		%	%	%
7	<b>2(i): Return on Investment</b>			
8				
9	<b>ROI – comparable to a post tax WACC</b>			
10	Reflecting all revenue earned	5.74%	6.14%	5.53%
11	Excluding revenue earned from financial incentives	5.74%	6.14%	5.53%
12	Excluding revenue earned from financial incentives and wash-ups	5.74%	6.14%	5.53%
13				
14	<b>Mid-point estimate of post tax WACC</b>	6.12%	6.80%	6.66%
15	25th percentile estimate	5.31%	5.99%	5.85%
16	75th percentile estimate	6.93%	7.61%	7.47%
17				
18				
19	<b>ROI – comparable to a vanilla WACC</b>			
20	Reflecting all revenue earned	6.45%	6.93%	6.28%
21	Excluding revenue earned from financial incentives	6.45%	6.93%	6.28%
22	Excluding revenue earned from financial incentives and wash-ups	6.45%	6.93%	6.28%
23				
24	<b>WACC rate used to set regulatory price path</b>	7.44%	7.44%	7.44%
25				
26	<b>Mid-point estimate of vanilla WACC</b>	6.83%	7.58%	7.41%
27	25th percentile estimate	6.02%	6.77%	6.60%
28	75th percentile estimate	7.64%	8.39%	8.22%
29				
30	<b>2(ii): Information Supporting the ROI</b>			(\$000)
31				
32	Total opening RAB value	340,539		
33	plus Opening deferred tax	(19,354)		
34	<b>Opening RIV</b>		321,185	
35				
36	<b>Line charge revenue</b>		51,032	
37				
38	Expenses cash outflow	17,383		
39	plus Assets commissioned	16,706		
40	less Asset disposals	309		
41	plus Tax payments	2,663		
42	less Other regulated income	155		
43	<b>Mid-year net cash flows</b>		36,287	
44				
45	<b>Term credit spread differential allowance</b>			
46				
47	Total closing RAB value	348,395		
48	less Adjustment resulting from asset allocation	(500)		
49	less Lost and found assets adjustment	-		
50	plus Closing deferred tax	(22,452)		
51	<b>Closing RIV</b>		326,443	
52				
53	<b>ROI – comparable to a vanilla WACC</b>			6.28%
54				
55	Leverage (%)			44%
56	Cost of debt assumption (%)			6.02%
57	Corporate tax rate (%)			28%
58				
59	<b>ROI – comparable to a post tax WACC</b>			5.53%
60				

61	<b>2(iii): Information Supporting the Monthly ROI</b>					
62						
63	Opening RIV					N/A
64						
65			(5000)			
66		Line charge revenue	Expenses cash outflow	Assets commissioned	Asset disposals	Other regulated income
67	Month 1					Monthly net cash outflows
68	Month 2					-
69	Month 3					-
70	Month 4					-
71	Month 5					-
72	Month 6					-
73	Month 7					-
74	Month 8					-
75	Month 9					-
76	Month 10					-
77	Month 11					-
78	Month 12					-
79	Total					-
80						
81	Tax Payments					N/A
82						
83	Term credit spread differential allowance					N/A
84						
85	Closing RIV					N/A
86						
87						
88	Monthly ROI – comparable to a vanilla WACC					N/A
89						
90	Monthly ROI – comparable to a post tax WACC					N/A
91						
92	<b>2(iv): Year-End ROI Rates for Comparison Purposes</b>					
93						
94	Year-end ROI – comparable to a vanilla WACC					6.07%
95						
96	Year-end ROI – comparable to a post tax WACC					5.33%
97						
98	<i>* these year-end ROI values are comparable to the ROI reported in pre 2012 disclosures by GDBs and do not represent the Commission's current view on ROI.</i>					
99						
100	<b>2(v): Financial Incentives and Wash-Ups</b>					
101						
102	Net recoverable costs allowed under incremental rolling incentive scheme					
103	Other financial incentives					
104	Financial incentives					-
105						
106	Impact of financial incentives on ROI					-
107						
108	Input methodology claw-back					
109	Recoverable customised price-quality path costs					
110	Other wash-ups					
111	Wash-up costs					-
112						
113	Impact of wash-up costs on ROIs					-

## 4. Schedule 3: Regulatory Profit

Company Name **Powerco Limited**  
For Year Ended **30 September 2015**

### SCHEDULE 3: REPORT ON REGULATORY PROFIT

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

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

sch ref		(\$000)
7	<b>3(i): Regulatory Profit</b>	<b>(\$000)</b>
8	<b>Income</b>	
9	Line charge revenue	51,032
10	plus Gains / (losses) on asset disposals	(309)
11	plus Other regulated income (other than gains / (losses) on asset disposals)	464
12		
13	<b>Total regulatory income</b>	<b>51,187</b>
14	<b>Expenses</b>	
15	less Operational expenditure	15,480
16		
17	less Pass-through and recoverable costs excluding financial incentives and wash-ups	1,903
18		
19	<b>Operating surplus / (deficit)</b>	<b>33,805</b>
20		
21	less Total depreciation	9,458
22		
23	plus Total revaluations	1,417
24		
25	<b>Regulatory profit / (loss) before tax</b>	<b>25,763</b>
26		
27	less Term credit spread differential allowance	-
28		
29	less Regulatory tax allowance	5,760
30		
31	<b>Regulatory profit/(loss) including financial incentives and wash-ups</b>	<b>20,003</b>
32		
33	<b>3(ii): Pass-through and recoverable costs excluding financial incentives and wash-ups</b>	<b>(\$000)</b>
34	<b>Pass through costs</b>	
35	Rates	1,512
36	Commerce Act levies	342
37	Industry Levies	49
38	CPP specified pass through costs	-
39	<b>Recoverable costs excluding financial incentives and wash-ups</b>	
40	Other recoverable costs excluding financial incentives and wash-ups	-
41	<b>Pass-through and recoverable costs excluding financial incentives and wash-ups</b>	<b>1,903</b>
42		
43		
44	<b>3(iii): Incremental Rolling Incentive Scheme</b>	<b>(\$000)</b>
45		
46		CY-1                      CY
47	Allowed controllable opex	30 Sep 14                      30 Sep 15
48	Actual controllable opex	-
49		
50	<b>Incremental change in year</b>	<b>-</b>
51		
52		<b>Previous years' incremental change adjusted for inflation</b>
53	CY-5                      30 Sep 10	-
54	CY-4                      30 Sep 11	-
55	CY-3                      30 Sep 12	-
56	CY-2                      30 Sep 13	-
57	CY-1                      30 Sep 14	-
58	<b>Net incremental rolling incentive scheme</b>	<b>-</b>
59		
60	<b>Net recoverable costs allowed under incremental rolling incentive scheme</b>	<b>-</b>
61		
62	<b>3(iv): Merger and Acquisition Expenditure</b>	
63		<b>(\$000)</b>
64	Merger and acquisition expenditure	488
65		
66	<i>Provide commentary on the benefits of merger and acquisition expenditure to the gas distribution business, including required disclosures in accordance with section 2.7, in Schedule 14 (Mandatory Explanatory Notes)</i>	
67		<b>(\$000)</b>
68	<b>3(v): Other Disclosures</b>	
69		<b>(\$000)</b>
70	Self-insurance allowance	-



# 5. Schedule 4: Value of Regulatory Asset Base

Company Name **Powerco Limited**  
 For Year Ended **30 September 2015**

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

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

sch ref

4(i): Regulatory Asset Base Value (Rolled Forward)		for year ended				
		RAB 30 Sep 11 (\$000)	RAB 30 Sep 12 (\$000)	RAB 30 Sep 13 (\$000)	RAB 30 Sep 14 (\$000)	RAB 30 Sep 15 (\$000)
	Total opening RAB value	323,904	331,587	337,842	339,835	340,539
	less Total depreciation	8,245	8,669	9,077	9,454	9,458
	plus Total revaluations	8,226	2,568	4,614	3,435	1,417
	plus Assets commissioned	7,714	12,450	6,633	6,931	16,706
	less Asset disposals		65	135	33	309
	plus Lost and found assets adjustment					
	plus Adjustment resulting from asset allocation	(11)	(29)	(43)	(175)	(500)
	Total closing RAB value	331,587	337,842	339,835	340,539	348,395

4(ii): Unallocated Regulatory Asset Base		Unallocated RAB *		RAB	
		(\$000)	(\$000)	(\$000)	(\$000)
	Total opening RAB value		373,406		340,539
	less Total depreciation		11,271		9,458
	plus Total revaluations		1,554		1,417
	plus Assets commissioned (other than below)	25,803		16,706	
	Assets acquired from a regulated supplier				
	Assets acquired from a related party				
	Assets commissioned		25,803		16,706
	less Asset disposals (other than below)	353		309	
	Asset disposals to a regulated supplier				
	Asset disposals to a related party				
	Asset disposals		353		309
	plus Lost and found assets adjustment				
	plus Adjustment resulting from asset allocation				(500)
	Total closing RAB value		389,140		348,395

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

4(iii): Calculation of Revaluation Rate and Revaluation of Assets		
	CPI <sub>t</sub>	1.204
	CPI <sub>t-4</sub>	1.199
	Revaluation rate (%)	0.42%

58		Unallocated RAB *		RAB	
59		(\$000)	(\$000)	(\$000)	
60	Total opening RAB value	373,406		340,539	
61	less Opening value of fully depreciated, disposed and lost assets	867		824	
62					
63	Total opening RAB value subject to revaluation	372,539		339,716	
64	Total revaluations		1,554	1,417	
65					
66	<b>4(iv): Roll Forward of Works Under Construction</b>				
67		Unallocated works under construction		Allocated works under construction	
68	Works under construction—preceding disclosure year		14,873	6,927	
69	plus Capital expenditure	17,387		13,929	
70	less Assets commissioned	25,803		16,706	
71	plus Adjustment resulting from asset allocation			(147)	
72	Works under construction - current disclosure year		6,457	4,004	
73					
74	Highest rate of capitalised finance applied			6.57%	
75					
76	<b>4(v): Regulatory Depreciation</b>				
77		Unallocated RAB *		RAB	
78		(\$000)	(\$000)	(\$000)	
79	Depreciation - standard	10,029		9,226	
80	Depreciation - no standard life assets	1,242		233	
81	Depreciation - modified life assets	-		-	
82	Depreciation - alternative depreciation in accordance with CPP	-		-	
83	Total depreciation		11,271	9,458	
84					
85	<b>4(vi): Disclosure of Changes to Depreciation Profiles</b>				
			(\$000 unless otherwise specified)		
86	Asset or assets with changes to depreciation	Reason for non-standard depreciation (text entry)	Depreciation charge for the period (RAB)	Closing RAB value under 'non-standard' depreciation	Closing RAB value under 'standard' depreciation
87					
88					
89					
90					
91					
92					
93					
94					
95					

\* include additional rows if needed

96	<b>4(vii): Disclosure by Asset Category</b>										
97		(\$000 unless otherwise specified)									
98		Intermediate pressure main pipelines	Medium pressure main pipelines	Low pressure main pipelines	Service pipe	Stations	Line valve	Special crossings	Other network assets	Non-network assets	Total
99	Total opening RAB value	46,969	171,303	5,118	96,718	5,984	2,218	348	3,670	8,211	340,539
100	less Total depreciation	1,383	4,530	99	2,421	365	50	6	321	282	9,458
101	plus Total revaluations	196	712	21	403	24	9	1	15	34	1,417
102	plus Assets commissioned	870	3,174	95	1,430	117	258	27	8,601	2,134	16,706
103	less Asset disposals	2	8	-	20	227	31	-	19	2	309
104	plus Lost and found assets adjustment	-	-	-	-	-	-	-	-	-	-
105	plus Adjustment resulting from asset allocation	-	-	-	-	-	-	-	-	(499)	(499)
106	plus Asset category transfers	22	(1,878)	(595)	(1,170)	(77)	(27)	(2)	614	3,112	0
107	Total closing RAB value	46,673	168,773	4,541	94,940	5,457	2,377	368	12,559	12,708	348,395
108											
109	<b>Asset Life</b>										
110	Weighted average remaining asset life	34	37	40	39	16	43	55	15	21	(years)
111	Weighted average expected total asset life	67	60	60	60	35	62	70	20	28	(years)

## 6. Schedule 5a: Regulatory Tax Allowance

Company Name **Powerco Limited**  
For Year Ended **30 September 2015**

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

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

sch ref

		(\$000)	
7	<b>5a(i): Regulatory Tax Allowance</b>		
8	Regulatory profit / (loss) before tax		25,763
9			
10	plus Income not included in regulatory profit / (loss) before tax but taxable	-	*
11	Expenditure or loss in regulatory profit / (loss) before tax but not deductible	530	*
12	Amortisation of initial differences in asset values	2,307	
13	Amortisation of revaluations	1,652	
14			4,489
15			
16	less Total revaluations	1,417	
17	Income included in regulatory profit / (loss) before tax but not taxable	-	*
18	Expenditure or loss deductible but not in regulatory profit / (loss) before tax	-	*
19	Notional deductible interest	8,262	
20			9,679
21			
22	<b>Regulatory taxable income</b>		<b>20,572</b>
23			
24	less Utilised tax losses	-	
25	Regulatory net taxable income		20,572
26			
27	Corporate tax rate (%)	28%	
28	<b>Regulatory tax allowance</b>		<b>5,760</b>

\* Workings to be provided in Schedule 14

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

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

		(\$000)	
34	<b>5a(iii): Amortisation of Initial Difference in Asset Values</b>		
35			
36	Opening unamortised initial differences in asset values	80,734	
37	less Amortisation of initial differences in asset values	2,307	
38	plus Adjustment for unamortised initial differences in assets acquired	-	
39	less Adjustment for unamortised initial differences in assets disposed	90	
40	Closing unamortised initial differences in asset values		78,337
41			
42	Opening weighted average remaining useful life of relevant assets (years)		35
43			



# 7. Schedule 5b: Related Party Transactions

	Company Name <b>Powerco Limited</b> For Year Ended <b>30 September 2015</b>
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**SCHEDULE 5b: REPORT ON RELATED PARTY TRANSACTIONS**

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

*sch ref*

**7 5b(i): Summary—Related Party Transactions** (\$000)

8 Total regulatory income	
9 Operational expenditure	
10 Capital expenditure	
11 Market value of asset disposals	
12 Other related party transactions	

**13 5b(ii): Entities Involved in Related Party Transactions**

14 Name of related party	14 Related party relationship
15	
16	
17	
18	
19	

*\* include additional rows if needed*

**21 5b(iii): Related Party Transactions**

22 Name of related party	22 Related party transaction type	22 Description of transaction	22 Value of transaction (\$000)	22 Basis for determining value
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				

*\* include additional rows if needed*

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

Company Name **Powerco Limited**  
 For Year Ended **30 September 2015**

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

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

sch ref

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

Issuing party	Issue date	Pricing date	Original tenor (in years)	Coupon rate (%)	Book value at issue date (NZD)	Book value at date of financial statements (NZD)	Term Credit Spread Difference	Cost of executing an interest rate swap	Debt issue cost readjustment
2004 Guaranteed Bonds - 3	29/03/2004	25/03/2004	11.3	6.53%	50,000,000	50,364,674	75,000	7,933	(97,222)
2005 Guaranteed Bonds - 2	28/09/2005	26/09/2005	12.0	6.74%	50,000,000	49,722,717	75,000	9,561	(102,083)
USPP (2003) US\$56m/NZ\$94.2m	25/11/2003	24/09/2003	11.0	BKBM+0.89%	94,165,125	-	141,248	-	(179,770)
USPP (2003) US\$54m/NZ\$90.8m	25/11/2003	24/09/2003	12.0	BKBM+0.88%	90,802,085	74,516,854	136,203	-	(185,388)
USPP (2003) US\$65m/NZ\$109.3m	25/11/2003	24/09/2003	13.0	BKBM+0.88%	109,298,806	92,540,201	163,948	-	(235,413)
USPP (2011) US\$72m/NZ\$91.4m	7/06/2011	7/06/2011	9.0	BKBM+1.945%	91,370,558	102,831,758	147,655	-	(142,132)
USPP (2011) US\$90m/NZ\$114.2m	7/06/2011	7/06/2011	12.0	BKBM+1.835%	114,213,198	131,288,315	171,320	-	(233,185)
USPP (2011) US\$83m/NZ\$105.3m	7/06/2011	7/06/2011	15.0	BKBM+1.980%	105,329,949	122,694,961	157,995	-	(245,770)
2011 Wholesale Bond - Fixed rate	20/12/2011	20/12/2011	7.0	6.31%	65,000,000	65,997,651	97,500	13,187	(65,000)
2011 Wholesale Bond - Floating rate	20/12/2011	20/12/2011	7.0	BKBM + 2.60%	35,000,000	34,990,762	52,500	6,992	(35,000)
USPP(2013) US\$25m/NZ\$30.4m	23/01/2013	1/11/2012	12.0	BKBM + 2.20%	30,439,547	32,850,322	45,659	-	(62,147)
USPP(2013) US\$80m/NZ\$97.4m	23/01/2013	1/11/2012	15.0	BKBM + 2.21%	97,406,551	103,139,414	146,110	-	(227,282)
NZD USPP(2014) NZ\$135m	15/10/2014	3/07/2014	12.5	6.62%	135,000,000	135,717,298	202,500	20,358	(283,500)
* include additional rows if needed						996,654,928	1,612,638	58,031	(2,093,892)

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

Gross term credit spread differential	(423,224)
Total book value of interest bearing debt	1,183,603,922
Leverage	44%
Average opening and closing RAB values	344,467,018
Attribution Rate (%)	13%
Term credit spread differential allowance	-

# 9. Schedule 5d: Cost Allocations

Company Name **Powerco Limited**  
 For Year Ended **30 September 2015**

## SCHEDULE 5d: REPORT ON COST ALLOCATIONS

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

sch ref

### 5d(i): Operating Cost Allocations

		Value allocated (\$000s)				
		Arm's length deduction	Gas distribution services	Non-gas distribution services	Total	OVABAA allocation increase (\$000s)
<b>Service interruptions, incidents and emergencies</b>						
	Directly attributable		373			
	Not directly attributable		-			
	<b>Total attributable to regulated service</b>		373			
<b>Routine and corrective maintenance and inspection</b>						
	Directly attributable		2,115			
	Not directly attributable		-			
	<b>Total attributable to regulated service</b>		2,115			
<b>Asset replacement and renewal</b>						
	Directly attributable		2,851			
	Not directly attributable		-			
	<b>Total attributable to regulated service</b>		2,851			
<b>System operations and network support</b>						
	Directly attributable		3,227			
	Not directly attributable		164	731	895	
	<b>Total attributable to regulated service</b>		3,391			
<b>Business support</b>						
	Directly attributable		1,585			
	Not directly attributable		5,164	23,871	29,035	
	<b>Total attributable to regulated service</b>		6,749			
	<b>Operating costs directly attributable</b>		10,151			
	<b>Operating costs not directly attributable</b>		5,328	24,602	29,930	
	<b>Operational expenditure</b>		15,480			

### 5d(ii): Other Cost Allocations

		Value allocated (\$000s)				
		Arm's length deduction	Gas distribution services	Non-gas distribution services	Total	OVABAA allocation increase (\$000s)
<b>Pass through and recoverable costs</b>						
<b>Pass through costs</b>						
	Directly attributable		1,854			
	Not directly attributable		49	143	192	
	<b>Total attributable to regulated service</b>		1,903			
<b>Recoverable costs</b>						
	Directly attributable					
	Not directly attributable					
	<b>Total attributable to regulated service</b>					

### 5d(iii): Changes in Cost Allocations\* †

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

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

# 10. Schedule 5e: Asset Allocations

Company Name **Powerco Limited**  
 For Year Ended **30 September 2015**

## SCHEDULE 5e: REPORT ON ASSET ALLOCATIONS

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

sch ref

7 <b>5e(i): Regulated Service Asset Values</b>		Value allocated (\$000s)	
		Gas distribution services	
8			
9			
10	<b>Main pipe</b>		
11	Directly attributable	219,986	
12	Not directly attributable	-	
13	<b>Total attributable to regulated service</b>	219,986	
14	<b>Service pipe</b>		
15	Directly attributable	94,940	
16	Not directly attributable	-	
17	<b>Total attributable to regulated service</b>	94,940	
18	<b>Stations</b>		
19	Directly attributable	5,457	
20	Not directly attributable	-	
21	<b>Total attributable to regulated service</b>	5,457	
22	<b>Line valve</b>		
23	Directly attributable	2,377	
24	Not directly attributable	-	
25	<b>Total attributable to regulated service</b>	2,377	
26	<b>Special crossings</b>		
27	Directly attributable	368	
28	Not directly attributable	-	
29	<b>Total attributable to regulated service</b>	368	
30	<b>Other network assets</b>		
31	Directly attributable	12,559	
32	Not directly attributable	-	
33	<b>Total attributable to regulated service</b>	12,559	
34	<b>Non-network assets</b>		
35	Directly attributable	3,292	
36	Not directly attributable	9,416	
37	<b>Total attributable to regulated service</b>	12,708	
38			
39	<b>Regulated service asset value directly attributable</b>	338,979	
40	<b>Regulated service asset value not directly attributable</b>	9,416	
41	<b>Total closing RAB value</b>	348,395	
42			

43 <b>5e(ii): Changes in Asset Allocations* †</b>		(\$000)		
44 <b>Change in asset value allocation 1</b>				
			CY-1	Current Year (CY)
47	Asset category			
48	Original allocator or line items			
49	New allocator or line items			
50				
51	Rationale for change			
52				
53				
54				
55	<b>Change in asset value allocation 2</b>			
56	Asset category			
57	Original allocator or line items			
58	New allocator or line items			
59				
60	Rationale for change			
61				
62				
63				
64	<b>Change in asset value allocation 3</b>			
65	Asset category			
66	Original allocator or line items			
67	New allocator or line items			
68				
69	Rationale for change			
70				
71				

component.

† include additional rows if needed



# 11. Schedule 6a: Capital Expenditure

Company Name **Powerco Limited**  
 For Year Ended **30 September 2015**

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

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

sch ref		(\$000)	(\$000)
7	<b>6a(i): Expenditure on Assets</b>		
8	Consumer connection		4,402
9	System growth		1,269
10	Asset replacement and renewal		2,640
11	Asset relocations		166
12	Reliability, safety and environment:		
13	Quality of supply	1,912	
14	Legislative and regulatory		
15	Other reliability, safety and environment	3,198	
16	<b>Total reliability, safety and environment</b>		5,110
17	<b>Expenditure on network assets</b>		13,586
18	Expenditure on non-network assets		802
19			
20	<b>Expenditure on assets</b>		14,388
21	plus Cost of financing		131
22	less Value of capital contributions		589
23	plus Value of vested assets		
24			
25	<b>Capital expenditure</b>		13,930
26	<b>6a(ii): Subcomponents of Expenditure on Assets (where known)</b>		(\$000)
27	Research and development		
28	<b>6a(iii): Consumer Connection</b>		
29	<i>Consumer types defined by GDB*</i>	(\$000)	(\$000)
30	Residential/Small Commercial	3,891	
31	Commercial	510	
32			
33			
34			
35	<i>* include additional rows if needed</i>		
36	<b>Consumer connection expenditure</b>		4,402
37			
38	less Capital contributions funding consumer connection expenditure	589	
39	<b>Consumer connection less capital contributions</b>		3,813
40			
41	<b>6a(iv): System Growth and Asset Replacement and Renewal</b>		
42		System Growth	Asset Replacement
43		(\$000)	and Renewal
44	<b>Intermediate pressure</b>		(\$000)
45	Main pipe		
46	Service pipe		
47	Stations	(73)	302
48	Line valve		459
49	Special crossings		409
50	<b>Intermediate pressure - total</b>	(73)	1,170
51	<b>Medium pressure</b>		
52	Main pipe	1,452	662
53	Service pipe		
54	Stations		20
55	Line valve	2	
56	Special crossings		
57	<b>Medium pressure - total</b>	1,454	681
58	<b>Low pressure</b>		
59	Main pipe		220
60	Service pipe		703
61	Line valve		
62	Special crossings		
63	<b>Low pressure - total</b>		923
64	<b>Other network assets</b>		
65	Monitoring and control systems		
66	Cathodic protection systems	(130)	(49)
67	Other assets (other than above)	17	(85)
68	<b>Other network assets - total</b>	(113)	(135)
69			
70	<b>System growth and asset replacement and renewal expenditure</b>	1,269	2,640
71	less Capital contributions funding system growth and asset replacement and renewal		
72	<b>System growth and asset replacement and renewal less capital contributions</b>	1,269	2,640

73	<b>6a(v): Asset Relocations</b>		
74	<i>Project or programme*</i>	<b>(\$000)</b>	<b>(\$000)</b>
75	Nil	-	
76			
77			
78			
79			
80	<i>* include additional rows if needed</i>		
81	All other projects or programmes - asset relocations	166	
82	<b>Asset relocations expenditure</b>		166
83	less Capital contributions funding asset relocations	-	
84	<b>Asset relocations less capital contributions</b>		166
85	<b>6a(vi): Quality of Supply</b>		
86	<i>Project or programme*</i>	<b>(\$000)</b>	<b>(\$000)</b>
87	Wellington CBD upgrade (Wellington)	846	
88	Waterloo DRS replacement	292	
89			
90			
91			
92	<i>* include additional rows if needed</i>		
93	All other projects or programmes - quality of supply	773	
94	<b>Quality of supply expenditure</b>		1,912
95	less Capital contributions funding quality of supply	-	
96	<b>Quality of supply less capital contributions</b>		1,912
97			
98	<b>6a(vii): Legislative and Regulatory</b>		
99	<i>Project or programme*</i>	<b>(\$000)</b>	<b>(\$000)</b>
100	Nil	-	
101			
102			
103			
104			
105	<i>* include additional rows if needed</i>		
106	All other projects or programmes - legislative and regulatory		
107	<b>Legislative and regulatory expenditure</b>		-
108	less Capital contributions funding legislative and regulatory		
109	<b>Legislative and regulatory less capital contributions</b>		-
110			
111	<b>6a(viii): Other Reliability, Safety and Environment</b>		
112	<i>Project or programme*</i>	<b>(\$000)</b>	<b>(\$000)</b>
113	DRS Protection Programme (All Regions)	985	
114	Hyderabad Road IP pipe realignment (Hawke's Bay)	951	
115			
116			
117			
118	<i>* include additional rows if needed</i>		
119	All other projects or programmes - other reliability, safety and environment	1,262	
120	<b>Other reliability, safety and environment expenditure</b>		3,198
121	less Capital contributions funding other reliability, safety and environment		
122	<b>Other reliability, safety and environment less capital contributions</b>		3,198
123	<b>6a(ix): Non-Network Assets</b>		
124	<b>Routine expenditure</b>		
125	<i>Project or programme*</i>	<b>(\$000)</b>	<b>(\$000)</b>
126	IT Renewal	157	
127			
128			
129			
130			
131	<i>* include additional rows if needed</i>		
132	All other projects or programmes - routine expenditure	347	
133	<b>Routine expenditure</b>		505
134	<b>Atypical expenditure</b>		
135	<i>Project or programme*</i>	<b>(\$000)</b>	<b>(\$000)</b>
136	Upgrade of network operations centre and data centre	160	
137			
138			
139			
140			
141	<i>* include additional rows if needed</i>		
142	All other projects or programmes - atypical expenditure	137	
143	<b>Atypical expenditure</b>		297
144			
145	<b>Expenditure on non-network assets</b>		802

## 12. Schedule 6b: Operational Expenditure

		Company Name	Powerco Limited	
		For Year Ended	30 September 2015	
<b>SCHEDULE 6b: REPORT ON OPERATIONAL EXPENDITURE FOR THE DISCLOSURE YEAR</b>				
This schedule requires a breakdown of operational expenditure incurred in the current disclosure year. GDBs must provide explanatory comment on their operational expenditure in Schedule 14 (Explanatory notes to templates). This includes explanatory comment on any atypical operational expenditure and assets replaced or renewed as part of asset replacement and renewal operational expenditure, and additional information on insurance.				
This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.				
<i>sch ref</i>				
7	<b>6b(i): Operational Expenditure</b>		(\$000)	(\$000)
8	Service interruptions, incidents and emergencies		373	
9	Routine and corrective maintenance and inspection		2,115	
10	Asset replacement and renewal		2,851	
11	<b>Network opex</b>			5,339
12	System operations and network support		3,391	
13	Business support		6,749	
14	<b>Non-network opex</b>			10,141
15				
16	<b>Operational expenditure</b>			15,480
17	<b>6b(ii): Subcomponents of Operational Expenditure (where known)</b>			
18	Research and development			-
19	Insurance			125

## 13. Schedule 7: Forecast v Actual Expenditure

Company Name **Powerco Limited**  
For Year Ended **30 September 2015**

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

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

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

sch ref

7(i): Revenue		Target (\$000) <sup>1</sup>	Actual (\$000)	% variance
8	<b>7(i): Revenue</b>			
9	Line charge revenue	49,669	51,032	3%
7(ii): Expenditure on Assets		Forecast (\$000) <sup>2</sup>	Actual (\$000)	% variance
10	<b>7(ii): Expenditure on Assets</b>			
11	Consumer connection	4,080	4,402	8%
12	System growth	2,394	1,269	(47%)
13	Asset replacement and renewal	2,533	2,640	4%
14	Asset relocations	115	166	44%
15	Reliability, safety and environment:			
16	Quality of supply	2,259	1,912	(15%)
17	Legislative and regulatory	-	-	-
18	Other reliability, safety and environment	1,258	3,198	154%
19	<b>Total reliability, safety and environment</b>	3,517	5,110	45%
	<b>Expenditure on network assets</b>	12,639	13,586	7%
21	Expenditure on non-network assets	2,045	802	(61%)
22	<b>Expenditure on assets</b>	14,684	14,388	(2%)
7(iii): Operational Expenditure				
23	<b>7(iii): Operational Expenditure</b>			
24	Service interruptions, incidents and emergencies	357	373	5%
25	Routine and corrective maintenance and inspection	1,854	2,115	14%
26	Asset replacement and renewal	3,030	2,851	(6%)
27	<b>Network opex</b>	5,241	5,339	2%
28	System operations and network support	3,615	3,391	(6%)
29	Business support	7,108	6,749	(5%)
30	<b>Non-network opex</b>	10,723	10,141	(5%)
31	<b>Operational expenditure</b>	15,964	15,480	(3%)
7(iv): Subcomponents of Expenditure on Assets (where known)				
32	<b>7(iv): Subcomponents of Expenditure on Assets (where known)</b>			
33	Research and development	-	-	-
7(v): Subcomponents of Operational Expenditure (where known)				
34	<b>7(v): Subcomponents of Operational Expenditure (where known)</b>			
35	Research and development	-	-	-
36	Insurance	289	125	(57%)

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

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

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

Company Name: **Powerco Limited**  
 For Year Ended: **30 September 2015**  
 Network / Sub-Network Name: **Powerco Limited**

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

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

sch ref

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

Consumer group name or price category code	Consumer type or types (eg, residential, commercial, etc.)	Standard or non-standard consumer group (specify)	Average no. of ICPs in disclosure year	Quantity of gas delivered (TJ)
G06	Residential	Standard	24,814	364
G11	Residential / Small Commercial	Standard	76,222	2,716
G12	Commercial	Standard	1,737	429
G14	Commercial	Standard	530	422
G16	Commercial	Standard	283	548
G18	Commercial	Standard	55	197
G30	Commercial	Non-standard	129	490
G40	Industrial	Non-standard	102	4,003

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

Standard consumer totals	103,639	4,676
Non-standard consumer totals	231	4,493
<b>Total for all consumers</b>	<b>103,869</b>	<b>9,169</b>

### Billed quantities by price component

Price component	Fixed	Variable			
Unit charging basis (eg, days, GJ, etc.)	Days	GJ			
	-	363,738			
	27,820,848	2,715,546			
	633,823	429,031			
	193,450	422,043			
	103,113	548,432			
	19,893	196,957			
	33,922	490,157			
	31,135	4,002,968			
	28,771,125	4,675,748	-	-	-
	65,057	4,493,124	-	-	-
	28,836,182	9,168,872	-	-	-

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

### 8(ii): Line charge revenues (\$000) by price component

Consumer group name or price category code	Consumer type or types (eg, residential, commercial, etc.)	Standard or non-standard consumer group (specify)	Total line charge revenue in disclosure year	Notional revenue foregone from posted discounts (if applicable)
G06	Residential	Standard	\$6,332	
G11	Residential / Small Commercial	Standard	\$30,131	
G12	Commercial	Standard	\$2,722	
G14	Commercial	Standard	\$2,633	
G16	Commercial	Standard	\$2,741	
G18	Commercial	Standard	\$844	
G30	Commercial	Non-standard	\$1,344	
G40	Industrial	Non-standard	\$4,285	
			-	
			-	
			-	

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

Standard consumer totals	\$45,403	-
Non-standard consumer totals	\$5,629	-
<b>Total for all consumers</b>	<b>\$51,032</b>	<b>-</b>

### Line charge revenues (\$000) by price component

Price component	Fixed	Variable			
Rate (eg, \$ per day, \$ per GJ, etc.)	\$/day	\$/GJ			
	-	\$6,332			
	\$15,898	\$14,233			
	\$651	\$2,071			
	\$886	\$1,747			
	\$639	\$2,102			
	\$201	\$644			
	\$412	\$932			
	\$1,504	\$2,781			
	\$18,274	\$27,129	-	-	-
	\$1,916	\$3,713	-	-	-
	\$20,190	\$30,842	-	-	-

Add extra columns for additional line charge revenues by price component as necessary





# 15. Schedule 9a: Asset Register

					Company Name		Powerco Limited	
					For Year Ended		30 September 2015	
					Network / Sub-network Name		Powerco Limited	
<b>SCHEDULE 9a: ASSET REGISTER</b>								
This schedule requires a summary of the quantity of assets that make up the network, by asset category and asset class.								
<i>sch ref</i>								
					Items at start of	Items at end of		
				Units	year (quantity)	year (quantity)	Net change	Data accuracy (1-4)
8	Operating Pressure	Asset Category	Asset Class					
9	Intermediate Pressure	Main pipe	IP PE main pipe	km	1	1	(0)	3
10	Intermediate Pressure	Main pipe	IP steel main pipe	km	264	265	1	3
11	Intermediate Pressure	Main pipe	IP other main pipe	km	1	-	(1)	3
12	Intermediate Pressure	Service pipe	IP PE service pipe	km	0	0	(0)	3
13	Intermediate Pressure	Service pipe	IP steel service pipe	km	11	11	(0)	3
14	Intermediate Pressure	Service pipe	IP other service pipe	km	1	1	0	3
15	Intermediate Pressure	Stations	Intermediate pressure DRS	No.	148	134	(14)	2
16	Intermediate Pressure	Line valve	IP line valves	No.	933	827	(106)	2
17	Intermediate Pressure	Special crossings	IP crossings	No.	79	114	35	3
18	Medium Pressure	Main pipe	MP PE main pipe	km	3,373	3,406	33	3
19	Medium Pressure	Main pipe	MP steel main pipe	km	154	154	(0)	3
20	Medium Pressure	Main pipe	MP other main pipe	km	35	33	(2)	3
21	Medium Pressure	Service pipe	MP PE service pipe	km	1,759	1,772	13	3
22	Medium Pressure	Service pipe	MP steel service pipe	km	53	53	0	3
23	Medium Pressure	Service pipe	MP other service pipe	km	54	54	(0)	3
24	Medium Pressure	Stations	Medium pressure DRS	No.	103	63	(40)	2
25	Medium Pressure	Line valve	MP line valves	No.	1,537	1,455	(82)	2
26	Medium Pressure	Special crossings	MP special crossings	No.	320	262	(58)	3
27	Low Pressure	Main pipe	LP PE main pipe	km	40	41	1	3
28	Low Pressure	Main pipe	LP steel main pipe	km	6	4	(2)	3
29	Low Pressure	Main pipe	LP other main pipe	km	3	1	(2)	3
30	Low Pressure	Service pipe	LP PE service pipe	km	19	18	(1)	3
31	Low Pressure	Service pipe	LP steel service pipe	km	2	2	(0)	3
32	Low Pressure	Service pipe	LP other service pipe	km	1	1	(0)	3
33	Low Pressure	Line valve	LP line valves	No.	294	318	24	2
34	Low Pressure	Special crossings	LP special crossings	No.	5	5	(0)	3
35	All	Monitoring and control systems	Remote terminal units	No.	65	76	11	4
36	All	Cathodic protection systems	Cathodic protection	No.	25	26	1	2



Company Name **Powerco Limited**For Year Ended **30 September 2015**Network / Sub-network Name **Central Network****SCHEDULE 9a: ASSET REGISTER**

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

sch ref

8	Operating Pressure	Asset Category	Asset Class	Units	Items at start of	Items at end of	Net change	Data accuracy (1-4)
					year (quantity)	year (quantity)		
9	Intermediate Pressure	Main pipe	IP PE main pipe	km	1	1	(0)	3
10	Intermediate Pressure	Main pipe	IP steel main pipe	km	105	105	0	3
11	Intermediate Pressure	Main pipe	IP other main pipe	km	0	-	(0)	3
12	Intermediate Pressure	Service pipe	IP PE service pipe	km	0	0	0	3
13	Intermediate Pressure	Service pipe	IP steel service pipe	km	3	3	(0)	3
14	Intermediate Pressure	Service pipe	IP other service pipe	km	0	0	(0)	3
15	Intermediate Pressure	Stations	Intermediate pressure DRS	No.	57	54	(3)	2
16	Intermediate Pressure	Line valve	IP line valves	No.	180	159	(21)	2
17	Intermediate Pressure	Special crossings	IP crossings	No.	33	59	26	3
18	Medium Pressure	Main pipe	MP PE main pipe	km	1,778	1,794	16	3
19	Medium Pressure	Main pipe	MP steel main pipe	km	141	141	(0)	3
20	Medium Pressure	Main pipe	MP other main pipe	km	22	20	(2)	3
21	Medium Pressure	Service pipe	MP PE service pipe	km	962	964	2	3
22	Medium Pressure	Service pipe	MP steel service pipe	km	42	42	(0)	3
23	Medium Pressure	Service pipe	MP other service pipe	km	29	29	(0)	3
24	Medium Pressure	Stations	Medium pressure DRS	No.	66	42	(24)	2
25	Medium Pressure	Line valve	MP line valves	No.	937	902	(35)	2
26	Medium Pressure	Special crossings	MP special crossings	No.	206	165	(41)	3
27	Low Pressure	Main pipe	LP PE main pipe	km	2	3	1	3
28	Low Pressure	Main pipe	LP steel main pipe	km	5	3	(2)	3
29	Low Pressure	Main pipe	LP other main pipe	km	2	0	(2)	3
30	Low Pressure	Service pipe	LP PE service pipe	km	3	3	(0)	3
31	Low Pressure	Service pipe	LP steel service pipe	km	1	0	(1)	3
32	Low Pressure	Service pipe	LP other service pipe	km	1	1	(0)	3
33	Low Pressure	Line valve	LP line valves	No.	6	12	6	2
34	Low Pressure	Special crossings	LP special crossings	No.	-	-	(0)	3
35	All	Monitoring and control systems	Remote terminal units	No.	31	35	4	4
36	All	Cathodic protection systems	Cathodic protection	No.	15	16	1	2

Company Name **Powerco Limited**For Year Ended **30 September 2015**Network / Sub-network Name **Lower Network****SCHEDULE 9a: ASSET REGISTER**

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

sch ref

					Items at start of year (quantity)	Items at end of year (quantity)	Net change	Data accuracy (1-4)
8	<b>Operating Pressure</b>	<b>Asset Category</b>	<b>Asset Class</b>	<b>Units</b>				
9	Intermediate Pressure	Main pipe	IP PE main pipe	km	-	-	-	3
10	Intermediate Pressure	Main pipe	IP steel main pipe	km	159	160	1	3
11	Intermediate Pressure	Main pipe	IP other main pipe	km	1	-	(1)	3
12	Intermediate Pressure	Service pipe	IP PE service pipe	km	0	0	(0)	3
13	Intermediate Pressure	Service pipe	IP steel service pipe	km	8	8	(0)	3
14	Intermediate Pressure	Service pipe	IP other service pipe	km	1	1	0	3
15	Intermediate Pressure	Stations	Intermediate pressure DRS	No.	91	80	(11)	2
16	Intermediate Pressure	Line valve	IP line valves	No.	753	668	(85)	2
17	Intermediate Pressure	Special crossings	IP crossings	No.	46	55	9	3
18	Medium Pressure	Main pipe	MP PE main pipe	km	1,595	1,611	16	3
19	Medium Pressure	Main pipe	MP steel main pipe	km	13	13	(0)	3
20	Medium Pressure	Main pipe	MP other main pipe	km	13	13	(0)	3
21	Medium Pressure	Service pipe	MP PE service pipe	km	797	809	12	3
22	Medium Pressure	Service pipe	MP steel service pipe	km	11	11	(0)	3
23	Medium Pressure	Service pipe	MP other service pipe	km	25	25	(0)	3
24	Medium Pressure	Stations	Medium pressure DRS	No.	37	21	(16)	2
25	Medium Pressure	Line valve	MP line valves	No.	600	553	(47)	2
26	Medium Pressure	Special crossings	MP special crossings	No.	114	97	(17)	3
27	Low Pressure	Main pipe	LP PE main pipe	km	37	38	1	3
28	Low Pressure	Main pipe	LP steel main pipe	km	1	1	(0)	3
29	Low Pressure	Main pipe	LP other main pipe	km	0	1	1	3
30	Low Pressure	Service pipe	LP PE service pipe	km	16	15	(1)	3
31	Low Pressure	Service pipe	LP steel service pipe	km	1	1	(0)	3
32	Low Pressure	Service pipe	LP other service pipe	km	0	0	0	3
33	Low Pressure	Line valve	LP line valves	No.	288	306	18	2
34	Low Pressure	Special crossings	LP special crossings	No.	5	5	0	3
35	All	Monitoring and control systems	Remote terminal units	No.	34	41	7	4
36	All	Cathodic protection systems	Cathodic protection	No.	10	10	0	2

# 16. Schedule 9b: Asset Age Profile

Company Name	Powerco Limited
For Year Ended	30 September 2015
Network / Sub-network Name	Powerco Limited

## SCHEDULE 9b: ASSET AGE PROFILE

This schedule requires a summary of the age profile (based on year of installation) of the assets that make up the network, by asset category and asset class.

sch ref	Disclosure Year (year ended)	Number of assets at disclosure year end by installation date																												Items at end																									
		30 September 2015	pre-1970	1970-1974	1975-1979	1980-1984	1985-1989	1990-1994	1995-1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	No. with age unknown	of year (quantity)	No. with default dates	Data accuracy (1-4)																										
9	Operating Pressure	Asset Category	Asset Class	Units																																																			
10	Intermediate Pressure	Main pipe	IP PE main pipe	km																																																			
11	Intermediate Pressure	Main pipe	IP steel main pipe	km	6	67	34	92	44	12	4	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																								
12	Intermediate Pressure	Main pipe	IP other main pipe	km																																																			
13	Intermediate Pressure	Service pipe	IP PE service pipe	km			0	0																																															
14	Intermediate Pressure	Service pipe	IP steel service pipe	km	0	1	2	3	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																							
15	Intermediate Pressure	Service pipe	IP other service pipe	km			0	0	1	0																																													
16	Intermediate Pressure	Stations	Intermediate pressure DRS	No.	1	2	2	38	33	34	1						2	1	2	2	2	1	1	1	4	2		3	2																										
17	Intermediate Pressure	Line valve	IP line valves	No.	3	54	43	126	404	75	16	3	1			3	3	7	7	8	8	8	17	13	14	5	4	5																											
18	Intermediate Pressure	Special crossings	IP crossings	No.	2	9	6	67	19	4	5	2																																											
19	Medium Pressure	Main pipe	MP PE main pipe	km	2	40	193	592	632	693	670	62	51	40	29	53	48	46	47	47	26	21	24	29	19	27	15																												
20	Medium Pressure	Main pipe	MP steel main pipe	km	7	58	26	24	24	7	6	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																					
21	Medium Pressure	Main pipe	MP other main pipe	km	0	1	5	9	10	4	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																					
22	Medium Pressure	Service pipe	MP PE service pipe	km	2	16	86	324	309	357	302	34	29	28	25	26	23	22	25	21	18	21	21	23	21	21	19																												
23	Medium Pressure	Service pipe	MP steel service pipe	km	1	10	15	9	7	6	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																					
24	Medium Pressure	Service pipe	MP other service pipe	km	0	1	2	24	14	8	2	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																					
25	Medium Pressure	Stations	Medium pressure DRS	No.				7	33	12	1					1	1																																						
26	Medium Pressure	Line valve	MP line valves	No.	3	13	37	62	638	227	28	1	2	11	11	22	23	25	24	35	35	49	53	57	33	33	33																												
27	Medium Pressure	Special crossings	MP special crossings	No.	2	19	8	100	62	33	18	3	6	2		1	3			1	3																																		
28	Low Pressure	Main pipe	LP PE main pipe	km			0	3	6	22	3	0	0			1	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0																					
29	Low Pressure	Main pipe	LP steel main pipe	km				0	0	3	1	0																																											
30	Low Pressure	Main pipe	LP other main pipe	km	0					0	0																																												
31	Low Pressure	Service pipe	LP PE service pipe	km	0	0	0	1	4	7	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																				
32	Low Pressure	Service pipe	LP steel service pipe	km	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																			
33	Low Pressure	Service pipe	LP other service pipe	km	0			0	0	0	0	0	0			0	0																																						
34	Low Pressure	Line valve	LP line valves	No.		1	1	4	5	177	7					2	2	3	3	5	42	6	6	10	3	6	2	18	15																										
35	Low Pressure	Special crossings	LP special crossings	No.						1	4																																												
36	All	Monitoring and control systems	Remote terminal units	No.																																																			
37	All	Cathodic protection systems	Cathodic protection	No.		2		8	3	4	3						2																																						
						</																																																	





# 17. Schedule 9c: Report on Pipeline Data

	<i>Company Name</i>	Powerco Limited		
	<i>For Year Ended</i>	30 September 2015		
	<i>Network / Sub-network Name</i>	Powerco Limited		

**SCHEDULE 9c: REPORT ON PIPELINE DATA**  
 This schedule requires a summary of the key characteristics of the pipeline network.

*sch ref*

		<b>Network Information (end of year)</b>		
		<b>System length by material (defined by GDB)</b>	<b>Length (km)</b>	<b>%</b>
8		PE	5,238	90.07%
9		Steel	488	8.39%
10		Other	89	1.54%
11				-
12				-
13				-
14				-
15				-
16		<b>System length</b>	<b>5,815</b>	<b>100.00%</b>
17				
18			<b>Weighted average</b>	<b>Gas conveyed for</b>
19	<b>By operating pressure:</b>	<b>System length (km)</b>	<b>pipe diameter</b>	<b>Persons not</b>
20	Intermediate pressure	<b>(at year end)</b>	<b>(mm)</b>	<b>involved in the GDB</b>
21	Medium pressure	277	134	307
22	Low pressure	5,472	40	102,288
	<b>Total</b>	<b>66</b>	<b>76</b>	<b>1,785</b>
		<b>5,815</b>	<b>45</b>	<b>104,380</b>
				<b>9,169</b>

	<i>Company Name</i>	Powerco Limited		
	<i>For Year Ended</i>	30 September 2015		
	<i>Network / Sub-network Name</i>	Central Network		

**SCHEDULE 9c: REPORT ON PIPELINE DATA**  
 This schedule requires a summary of the key characteristics of the pipeline network.

*sch ref*

		<b>Network Information (end of year)</b>		
		<b>System length by material (defined by GDB)</b>	<b>Length (km)</b>	<b>%</b>
8		PE	2,765	88.95%
9		Steel	294	9.46%
10		Other	49	1.58%
11				-
12				-
13				-
14				-
15				-
16		<b>System length</b>	<b>3,108</b>	<b>100%</b>
17				
18			<b>Weighted average</b>	<b>Gas conveyed for</b>
19	<b>By operating pressure:</b>	<b>System length (km)</b>	<b>pipe diameter</b>	<b>Persons not</b>
20	Intermediate pressure	<b>(at year end)</b>	<b>(mm)</b>	<b>involved in the GDB</b>
21	Medium pressure	109	132	79
22	Low pressure	2,989	37	43,655
	<b>Total</b>	<b>10</b>	<b>49</b>	<b>336</b>
		<b>3,108</b>	<b>40</b>	<b>44,070</b>
				<b>5,489</b>

Company Name **Powerco Limited**

For Year Ended **30 September 2015**

Network / Sub-network Name **Lower Network**

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

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

sch ref

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**Network Information (end of year)**

System length by material (defined by GDB)	Length (km)	%
PE	2,473	91.35%
Steel	194	7.16%
Other	40	1.49%
		-
		-
		-
<b>System length</b>	<b>2,707</b>	<b>100.00%</b>

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By operating pressure:	Weighted average		Gas conveyed for Persons not	
	System length (km) (at year end)	pipe diameter (mm)	Number of ICPs (at year end)	involved in the GDB (TJ)
Intermediate pressure	168	135	228	354
Medium pressure	2,483	44	58,633	2,902
Low pressure	55	80	1,449	423
<b>Total</b>	<b>2,707</b>	<b>51</b>	<b>60,310</b>	<b>3,679</b>

# 18. Schedule 9d: Network Demand

		Company Name	Powerco Limited
		For Year Ended	30 September 2015
		Network / Sub-network Name	Powerco Limited
<b>SCHEDULE 9d: REPORT ON DEMAND</b>			
This schedule requires a summary of the key measures of network demand for the disclosure year (number of new connections including, maximum monthly loads and total gas conveyed)			
<i>sch ref</i>			
8			
9	<b>9d(i): Consumer Connections</b>		
10	Number of ICPs connected in year by consumer type		
11			
12			Number of
13	<i>Consumer types defined by GDB</i>		<b>connections (ICPs)</b>
14	Residential / Small Commercial		1,447
15	Commercial		108
16	Industrial		1
17	[GDB consumer type]		
18	[GDB consumer type]		
19		<b>Total</b>	<b>1,556</b>
20	<b>9d(ii): Gas Delivered</b>		
21	Number of ICPs at year end	104,380	connections
22	Maximum daily load	43,749	(GJ per day)
23	Maximum monthly load	1,048,920	(GJ per month)
24	Number of directly billed ICPs	-	(at year end)
25	Total gas conveyed	9,136,409	(GJ per annum)
26	Average daily delivery	25,031	(GJ per day)
27			
28	<b>Load factor</b>	<b>72.59%</b>	



Company Name	Powerco Limited
For Year Ended	30 September 2015
Network / Sub-network Name	Central Network

**SCHEDULE 9d: REPORT ON DEMAND**

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

sch ref

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

Number of ICPs connected in year by consumer type

Consumer types defined by GDB	Number of connections (ICPs)
Residential / Small Commercial	507
Commercial	48
Industrial	1
[GDB consumer type]	
[GDB consumer type]	
<b>Total</b>	<b>556</b>

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

Number of ICPs at year end	44,070	connections
Maximum daily load	22,471	(GJ per day)
Maximum monthly load	552,691	(GJ per month)
Number of directly billed ICPs	-	(at year end)
Total gas conveyed	5,429,913	(GJ per annum)
Average daily delivery	14,876	(GJ per day)
<b>Load factor</b>	<b>81.87%</b>	

Company Name	Powerco Limited
For Year Ended	30 September 2015
Network / Sub-network Name	Lower Network

**SCHEDULE 9d: REPORT ON DEMAND**

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

*sch ref*

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

Number of ICPs connected in year by consumer type

Consumer types defined by GDB	Number of connections (ICPs)
Residential / Small Commercial	940
Commercial	60
Industrial	-
<b>Total</b>	<b>1,000</b>

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

Number of ICPs at year end	60,310	connections
Maximum daily load	22,188	(GJ per day)
Maximum monthly load	496,229	(GJ per month)
Number of directly billed ICPs	-	(at year end)
Total gas conveyed	3,706,496	(GJ per annum)
Average daily delivery	10,155	(GJ per day)
<b>Load factor</b>	<b>62.24%</b>	

# 19. Schedule 10a: Network Reliability and Interruptions

Company Name	Powerco Limited
For Year Ended	30 September 2015
Network / Sub-network Name	Powerco Limited

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

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

sch ref

### 10a(i): Interruptions

#### Interruptions by class

	Actual
Class A (planned interruptions by GTB)	-
Class B (planned interruptions on the network)	199
Class C (unplanned interruptions on the network)	728
Class D (unplanned interruptions by GTB)	-
Class I (unplanned interruptions caused by third party damage)	250
<b>Total</b>	<b>1,177</b>

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

	Actual
Wellington	1
Hutt Valley and Porirua	3
Taranaki	1
Manawatu & Horowhenua	-
Hawke's Bay	-

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

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

### 10a(ii): Reliability

#### Overall reliability

	SAIDI	SAIFI	CAIDI
Based on the total number of interruptions	883.94	10.754	82.20
Class I (unplanned interruptions caused by third party damage)	147.87	2.484	59.53

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

	SAIDI	SAIFI	CAIDI
Wellington	595.55	6.125	97.24
Hutt Valley and Porirua	175.79	1.473	119.36
Taranaki	300.79	1.732	173.69
Manawatu & Horowhenua	-	-	-
Hawke's Bay	-	-	-

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

	SAIDI	SAIFI	CAIDI
Wellington	358.92	5.392	66.56
Hutt Valley and Porirua	922.45	10.376	88.90
Taranaki	420.66	5.141	81.82
Manawatu & Horowhenua	75.64	1.405	53.83
Hawke's Bay	15.72	0.621	25.33

Company Name	Powerco Limited
For Year Ended	30 September 2015
Network / Sub-network Name	Central Network

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

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

sch ref

**10a(i): Interruptions**

**Interruptions by class**

	Actual
Class A (planned interruptions by GTB)	-
Class B (planned interruptions on the network)	11
Class C (unplanned interruptions on the network)	174
Class D (unplanned interruptions by GTB)	-
Class I (unplanned interruptions caused by third party damage)	127
<b>Total</b>	<b>312</b>

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

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

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

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

**10a(ii): Reliability**

**Overall reliability**

	SAIDI	SAIFI	CAIDI
Based on the total number of interruptions	507.38	6.417	79.07
Class I (unplanned interruptions caused by third party damage)	166.81	2.799	59.60

Class B (planned interruptions on the network)

	SAIDI	SAIFI	CAIDI
Taranaki	300.79	1.732	173.69
Manawatu & Horowhenua	-	-	-
Hawke's Bay	-	-	-

Class C (unplanned interruptions on the network)

	SAIDI	SAIFI	CAIDI
Taranaki	420.66	5.141	81.82
Manawatu & Horowhenua	75.64	1.405	53.83
Hawke's Bay	15.72	0.621	25.33

Company Name	Powerco Limited
For Year Ended	30 September 2015
Network / Sub-network Name	Lower Network

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

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

sch ref

**10a(i): Interruptions**

**Interruptions by class**

	Actual
Class A (planned interruptions by GTB)	-
Class B (planned interruptions on the network)	188
Class C (unplanned interruptions on the network)	554
Class D (unplanned interruptions by GTB)	-
Class I (unplanned interruptions caused by third party damage)	123
<b>Total</b>	<b>865</b>

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

	Actual
Wellington	1
Hutt Valley and Porirua	3

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

	Actual
Wellington	1
Hutt Valley and Porirua	1

**10a(ii): Reliability**

**Overall reliability**

	SAIDI	SAIFI	CAIDI
Based on the total number of interruptions	1,160.13	13.935	83.25
Class I (unplanned interruptions caused by third party damage)	133.98	2.253	59.47

Class B (planned interruptions on the network)

	SAIDI	SAIFI	CAIDI
Wellington	595.55	6.125	97.24
Hutt Valley and Porirua	175.79	1.473	119.36
			-
			-

Class C (unplanned interruptions on the network)

	SAIDI	SAIFI	CAIDI
Wellington	358.92	5.392	66.56
Hutt Valley and Porirua	922.45	10.376	88.90
			-
			-

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

Company Name	Powerco Limited
For Year Ended	30 September 2015
Network / Sub-network Name	Powerco Limited

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

This schedule requires a summary of the key measures of network integrity (gas escapes, response time to emergencies etc) for the disclosure year.

sch ref

### 10b(i): System Condition and Integrity

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

	Actual
Wellington	76
Hutt Valley and Porirua	96
Taranaki	85
Manawatu & Horowhenua	67
Hawke's Bay	11

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

	Actual
Wellington	3
Hutt Valley and Porirua	17
Taranaki	9
Manawatu & Horowhenua	5
Hawke's Bay	2

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

	Actual
Wellington	53
Hutt Valley and Porirua	48
Taranaki	49
Manawatu & Horowhenua	68
Hawke's Bay	38

#### Number of poor pressure events due to network causes

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

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

	Actual
Powerco	93%

Powerco is not required to report this information by region in its 2015 disclosure

#### Product control—safety of distribution gas

Number of non-compliant odour tests

Actual

2

### 10b(ii): Consumer Service

#### Response time to emergencies (RTE)

	Proportion of emergencies responded to within 1 hour (%)	Proportion of emergencies responded to within 3 hours (%)	Average call response time (hours)	Number of emergencies
Wellington	100%	100%	0.12	3
Hutt Valley and Porirua	100%	100%	0.05	8
Taranaki	100%	100%	0.11	3
Manawatu & Horowhenua	100%	100%	0.45	3
Hawke's Bay	-	-	-	-

#### Number of complaints

Number of complaints per average total consumer numbers

Actual

0.00034

Company Name	Powerco Limited
For Year Ended	30 September 2015
Network / Sub-network Name	Central Network

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

This schedule requires a summary of the key measures of network integrity (gas escapes, response time to emergencies etc) for the disclosure year.

sch ref

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

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

11 Taranaki	85
12 Manawatu & Horowhenua	67
13 Hawke's Bay	11
14	

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

17 Taranaki	9
18 Manawatu & Horowhenua	5
19 Hawke's Bay	2
20	

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

23 Taranaki	49
24 Manawatu & Horowhenua	68
25 Hawke's Bay	38
26	

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

28 Taranaki	-
29 Manawatu & Horowhenua	1
30 Hawke's Bay	-
31	
32	
33	

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

36	
37	
38	
39	

Powerco is not required to report this information by region in its 2015 disclosure

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

41 Number of non-compliant odour tests	-
--	---

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

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

	Proportion of emergencies responded to within 1 hour (%)	Proportion of emergencies responded to within 3 hours (%)	Average call response time (hours)	Number of emergencies
44 Taranaki	100%	100%	0.11	3
45 Manawatu & Horowhenua	100%	100%	0.45	3
46 Hawke's Bay	-	-	-	-
47				
48				

49 **Number of complaints** Actual

50 Number of complaints per average total consumer numbers	0.00014
--	---------

Company Name	Powerco Limited
For Year Ended	30 September 2015
Network / Sub-network Name	Lower Network

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

This schedule requires a summary of the key measures of network integrity (gas escapes, response time to emergencies etc) for the disclosure year.

sch ref

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

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

	Actual
Wellington	76
Hutt Valley and Porirua	96

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

	Actual
Wellington	3
Hutt Valley and Porirua	17

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

	Actual
Wellington	53
Hutt Valley and Porirua	48

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

	Actual
Wellington	-
Hutt Valley and Porirua	2

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

	Actual

Powerco is not required to report this information by region in its 2015 disclosure

**Product control—safety of distribution gas**  
Number of non-compliant odour tests

Actual
2

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

**Response time to emergencies (RTE)**

	Proportion of emergencies responded to within 1 hour (%)	Proportion of emergencies responded to within 3 hours (%)	Average call response time (hours)	Number of emergencies
Wellington	100%	100%	0.12	3
Hutt Valley and Porirua	100%	100%	0.05	8

**Number of complaints**

Number of complaints per average total consumer numbers

Actual
0.00048



## 21. Schedule 14: Mandatory Explanatory Notes

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

### 21.1 Return on Investment (Schedule 2)

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

Powerco has restated the return on investment results for prior years in Schedule 1 to reflect the requirements in the amended Information Disclosure Determination issued in 2015 and using the calculation workbook provided by the Commerce Commission.

Our disclosed ROI under both a Vanilla and Post tax approach for 2015 is lower than 2014 primarily as a result of lower CPI.

### 21.2 Regulatory Profit (Schedule 3)

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

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

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

There have been no reclassified items.

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

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

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

The business support operational expenditure category includes merger and acquisition expenditure of \$488k. From time to time Powerco considers the purchase of assets or the merger/acquisition of assets aligned to our business. In DY15 the opportunity arose to bid for Vector's non-Auckland assets. These assets were considered a good fit with Powerco's existing business and enable Powerco to gain synergies from merging its current assets with those offered for sale. The \$488k of costs incurred in DY15 relate to the distribution business portion of Powerco's investigation and due diligence work prior to tendering for the assets.

Although Powerco was not successful in its bid for these assets residual benefits are expected to accrue from the process. A number of independent experts were commissioned

to support the Powerco tender and their perspectives on the long term outlook for the market and regulatory environment of the gas sector will be valuable to the business in supporting future strategic planning. The process also required the business to undertake a deeper than usual review of efficiency and growth opportunities for Powerco's gas business, with the results of the review being incorporated into Powerco's future plans.

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

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

The Regulatory Asset Base (RAB) has increased by \$7.9m during the 2015 disclosure year. This increase was higher than 2014 primarily due to the increase in commissioned assets of \$9.8m which was partially offset by a \$2.0m lower revaluation rate in 2015 compared to 2014.

During the 2015 disclosure year Powerco has reclassified assets from one category to another. As required by clause 2.7.1(2) of the 2012 information disclosure determination, we provide the following information.

- a. The nature of the assets is non-network land, buildings and equipment.
- b. The value reported for the item in DY14 was \$3.1m
- c. The value reported for the item in DY15 was \$3.1m
- d. In DY14 these assets had been allocated against network assets.
- e. During DY15 these assets were correctly reclassified as they are non-network assets.

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

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

- a. Income not included in regulatory profit / (loss) before tax but taxable
- b. Expenditure or loss in regulatory profit / (loss) before tax but not deductible
- c. Income included in regulatory profit / (loss) before tax but not taxable
- d. Expenditure or loss deductible but not in regulatory profit / (loss) before tax

Permanent differences are comprised of entertainment \$26,000 and life insurance policy pay out \$16,000 and merger and acquisition costs of \$488,000.

A revaluation gain on RAB of \$1,417,000 included in Regulatory Profit is not taxable

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

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

Temporary differences relate to the movement in provision for employee entitlements of \$66,000 and ACC \$6,000.

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

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

There were no related party transactions in the 2015 disclosure year.

### 21.7 Cost allocation (Schedule 5d)

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

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

Costs have been allocated on the following basis:

- direct allocation of all expenses which are directly attributable to the specific business; and
- for any expense items that are not directly attributable to a specific business, costs have been allocated between the businesses using allocators that are based on key cost drivers such as directly allocated revenue, employee numbers and the carrying value of network fixed assets.

There were no changes in allocators in DY15.

### 21.8 Asset allocation (Schedule 5e)

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

During the 2015 disclosure year Powerco has reclassified assets from one category to another. The details of this reclassification required by clause 2.7.1 (2) are provided in section 21.3 above.

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

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

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

### 1. Materiality threshold

A materiality threshold of \$150k has been applied to identify material projects and programmes listed in schedule 6a. Network projects or programmes of work have also been considered material if their costs make up 40 percent or more of the total costs in the expenditure category or 10% or more of the total costs in the other reliability, safety and environment category.

Expenditure Category	Threshold
Asset relocations	Projects exceed 40% of the total costs for that category in the disclosure year
Quality of supply Other Network capex	Project costs exceed \$150k in the disclosure year
Other reliability, safety and environment	Projects greater than 10% of total costs for that category in the disclosure year

### 2. Items reclassified

During the 2015 disclosure year Powerco has reclassified an item of expenditure from one category to another. As required by clause 2.7.2 of the 2012 information disclosure determination, we provide the following information:

- a. The nature of the item is expenditure associated with safety improvements associated with cathodic protection systems in Wellington.
- b. The value reported for the item in DY14 was \$149.5k
- c. The value reported for the item in DY15 was \$237.6k
- d. In DY14 \$63.4k was classified as system growth and \$86.0k was classified as asset replacement and renewal. In DY15 this item was reclassified as other reliability, safety and environment.
- e. This item was reclassified as the underlying driver of the costs is safety.

During DY15 long term projects were reviewed and it was subsequently determined historic costs (prior to the 2014 disclosure year) were transferred between cost categories or removed from the regulated capital expenditure categories. The following information is provided by way of explanation:

- Historic costs of \$78.2k associated with stations were transferred from the system growth category of expenditure to quality of supply;
- Corrections from asset replacement and renewal capital expenditure for other assets to operational expenditure of \$47.8k for work that was identified as being operational in nature;

- \$51.4k of costs identified as gas metering and transferred to the gas metering work in progress account.

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

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

- Commentary on assets replaced or renewed with asset replacement and renewal operating expenditure, as reported in 6b(i) of Schedule 6b;
- Information on reclassified items in accordance with clause 2.7.1(2);
- Commentary on any material atypical expenditure included in operational expenditure disclosed in Schedule 6b, including the value of the expenditure, the purpose of the expenditure, and the operational expenditure categories the expenditure relates to.

#### 1. Asset Replacement and Renewal

Powerco had asset replacement and renewal expenditure of \$2.9m for the 2015 disclosure period.

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

#### 2. Reclassified Items

There were no reclassified items in the 2015 disclosure year.

#### 3. Atypical Expenditure

In 2015 Powerco investigated the possibility of purchasing Vector's non- Auckland gas assets. While Powerco was not successful in the tender process for these assets, \$488k of costs were incurred during the due diligence process and eventual tender for these assets in the 2015 disclosure year. This is considered atypical expenditure for Powerco. These costs are included in the Business Support cost category for DY15.

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

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

Total reported "Expenditure on assets (7(ii))" and "Operational Expenditure (7(iii))" is in line with the forecasts provided in the Gas Asset management Plan Update (the "AMP") published in September 2014.

Some movement in expenditure between categories has occurred. The reasons for variances are noted briefly below and commentary is provided for each category showing a

forecast to actual variance of greater than 5% (subject to being material in dollar terms).

### **1. Expenditure on assets**

Powerco continues to manage its actual expenditure in line with total expenditure forecast in the AMP. Powerco's expenditure on assets ("capex") for DY15 was \$14.4m compared to the 2014 AMP forecast of \$14.7m, a \$296k variance for the period.

The variances in the expenditure on assets category are considered routine and in line with the level of variance to be expected given the scale of Powerco's operations and normal delivery uncertainties in an industry where approximately 55% of our forecast capex is reactive and therefore not within our control. In particular the variances within categories relate to the following:

- expenditure in network assets above forecast of \$947k as projects deferred in DY14 have been completed and projects forecast for later periods have been bought forward to achieve synergies; and
- the deferral/cancellation of non-network projects in DY15 has resulting in non-network expenditure for this disclosure period that is below forecast by \$1.2m.

### **Consumer connection**

Consumer connection expenditure exceeded the AMP forecast by 8% or \$322k. Powerco has actively encouraged new connection growth, exceeded its forecast number of new connections and the related expenditure.

### **System Growth**

System growth expenditure is lower than forecast in 2014 for the AMP by 47% or \$1.1m.

The number of vacant sections in new subdivisions remains high. In DY15 the amount of greenfield development has slowed more quickly than anticipated in the AMP forecast.

### **Quality of supply**

In DY15 further analysis of projects and changes in delivery of some projects resulted in expenditure in this category that is 15% or \$347k below that forecast in the AMP. In particular:

- Improved network flow modelling information resulted in the cancellation of the Lambton Quay/Brandon Street interconnection and Wakefield Street/Taranaki Street interconnection projects in Wellington. The cancelling of these projects reduced expenditure by \$200k;
- The slowdown in the delivery of the Wellington CBD pressure upgrade project due to the complexity of stakeholder management reduced expenditure by approximately \$280k from that forecast;
- The scope of the Kelburn reinforcement project has been adjusted to cater for future growth anticipated in this area. This project was originally forecast to occur after the Wellington pressure upgrade. However, it became time critical in DY15 as Powerco worked with Victoria University to minimise customer disruption. This resulted in increased expenditure of \$450k for this project in DY15; and

- Postponement of the District Regulating Station (DRS) flow measurement programme is responsible for most of the remaining variance to the AMP forecast. The unit cost to modify each DRS was uneconomical. This programme of work has been postponed to allow investigation of new flow measurement technologies.

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

In DY15 expenditure in this category was \$1.9m greater than forecast. With resources becoming available due to the deferral of System Growth projects, Powerco was able to progress more complex reliability, safety and environment projects in DY15. These projects were originally planned to be executed over several years. In particular, the additional expenditure relates to:

- The completion of the Hyderabad Road Intermediate Pressure (IP) assets relocation was completed in Q1 of DY15 and accounted for approximately \$1.2m this year instead of the \$279k initially planned. This project, a code compliance requirement, was significantly more complex than forecast;
- The undergrounding of the Mein street DRS to improve safety incurred costs in DY15 of \$1.1m instead of the \$508k forecast due to the complex nature of the project; and
- Three of the IP signage projects initially planned for DY14 were deferred and occurred in DY15. This represents an additional \$110k of expenditure in DY15 above forecast.

#### **Non-network assets**

Expenditure in this category was \$1.2m below forecast for the period. The variance resulted primarily from the deferral of projects:

- The upgrade of the network operations centre has been deferred to DY16 and DY17;
- Planned upgrades to Powerco's operation reporting system was deferred to DY16;
- Several information systems projects undertaken in DY15 were more resource intensive than originally forecast resulting in delays to other planned projects including the enterprise management system; and
- Costs associated with a customer works management system were originally forecast as capital expenditure but eventuated as operation expenditure. Costs were transferred to operational expenditure (opex) in DY15.

## **2. Operational Expenditure**

Operational expenditure for DY15 of \$15.5m is in line with the AMP forecast for the year of \$16.0m. There have been no material variances to forecast in dollar terms.

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

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



Total line charge revenue for DY15 exceeded the target revenue forecast in the pricing methodology for the same period by \$1.4m (or 2.7%).

Total gas conveyed across the network was 2% more than for the same period last year. While there was a net increase of 1022 billable ICP's in the period, it was the colder than average winter temperatures that drove the increase in demand, and subsequently increased revenue over that forecast.

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

Other than the permitted DPP CPI adjustment to distribution prices effective 1 October 2015, there have been no changes to prices or price category codes in the disclosure year.

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

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

Class B interruptions decreased by 26 while class C increased by 43. Class I decreased by 12. Overall, there were 5 interruptions more this disclosure year compared to 2014. We do not consider those variations significant. The overall number is in line with the expectations of running a gas network of the nature of Powerco's.

Two additional unplanned outage events were recorded in 2015 compared to 2014. This brings the total number of unplanned events to 5. We do not consider this variation significant. The overall number is in line with the expectations of running a gas network of the nature of Powerco's.

Overall SAIDI for 2015 was lower than in 2014 by 149 minutes. 2014 was an atypical year with the replacement of asbestos pipe in Westshore as described in the 2014 disclosure. As described in our 2015 Gas Asset Management Plan, SAIDI is very volatile from year to year and makes any short-term trend analysis difficult and potentially misleading.

### 21.14 Insurance Cover

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

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

Powerco holds insurance cover relating to material damage and business interruption. This includes full cover for all gas district regulating stations and selected special bridge



crossings.

Powerco's insurance strategy strikes a balance between providing the benefit to its customers of accessing material damage insurance cover that is available, and the practical imperative of managing the associated cost burden to customers. Cover for poles, wires and pipes (commonly referred to as transmission and distribution cover) is, for all practical purposes unavailable in NZ. Where it may be available in small amounts in our geographic region, the cost is uneconomic to our customers, as there is a restricted retained limit and a premium cost of 10-15% of the sum insured.

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

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

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

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

## 22. Schedule 15: Voluntary Explanatory Notes

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

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

### 22.1 Analytical Ratios

#### **Effect of merger and acquisition expenditure**

The atypical merger and acquisition expenditure Powerco incurred in DY15 has had an effect on the operational expenditure ratios in section 1(i) of schedule 1. These ratios would be lower had Powerco not incurred merger and acquisition costs.

### 22.2 Financial Schedules

#### **Effect of merger and acquisition expenditure on ROI**

The atypical merger and acquisition expenditure Powerco incurred in DY15 has had an effect on the ROI results reported in schedule 2. The inclusion of these operational costs has reduced Powerco's operating surplus resulting in a lower DY15 ROI than would have been reported had the merger and acquisition costs not been incurred.

#### **Monthly ROI**

The calculation of monthly ROI in schedule 2 is not required in 2015. The IDD specifies that a monthly ROI calculation must only be disclosed if, during the first three months or last three months of the disclosure year, the value of assets commissioned exceeded 10% of total opening regulatory asset values or the notional net cash flows exceed 40% of the annual notional net cash flows.

Neither of these criteria were met in 2015 and Powerco has elected not to calculate a monthly ROI.

#### **Weighted Average Remaining Useful Life**

Powerco does not currently have systems to maintain our RAB at an individual asset level and therefore we have made an assumption to determine individual opening RAB values by applying each asset's financial asset register Net Book Value to generate the Weighted Average Remaining Useful Life as disclosed in Schedule 4(vii).

#### **Regulatory depreciation**

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

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

#### **Consumer types**

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

Table 1: Typical consumers in the different consumer categories

Consumer type	Price category	Typical characteristics
Residential	G06	Low-volume residential customers.
Residential/Small Commercial	G11	Standard residential customers and small commercial customers such as small cafes, fish and chip stores and pizza stores.
Commercial	G12 to G18	Commercial consumers are diverse in nature and include restaurants, office buildings and small industries.
	G30	Individually priced customers who do not have a time of use (TOU) meter, e.g. large commercial customers and large hotels.
Industrial	G40	Individually priced customers with a TOU meter and with an annual volume generally greater than 10TJ. Included in this group tend to be small manufacturing and industrial businesses such as dairy, meat or food processing plants.

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

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

### Sources of information

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

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

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

The asset age profile (schedule 9b) includes some unknown references in the cathodic protection asset class.

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

### Network Asset Categorisation

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

The key refinements for 2015 are set out below:

- We are now excluding valves in larger asset structures (e.g. DRS's) from our line valve asset categories as we consider them part of the greater structure not a unique line valve. This method applies to all line valve asset classes (IP, MP and LP line valves) resulting in a reduction in disclosed valve numbers from 2,764 in 2014 to 2,600 units in 2015.

### Network Asset Classification

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

The key refinements for 2015 are set out below:

- As a result of process improvements we are now able to more accurately determine the pressure of special crossings. This has resulted in special crossing assets moving between the IP, MP and LP classes.

**Pipeline length** The pipeline length used to calculate regional results in schedule 10b is shorter by 4km than the length in schedules 9a, 9b and 9c.

This variance is caused by differences in the timing and nature of the reports run for each schedule. The length used in schedule 10b is calculated using data generated monthly throughout the disclosure year for each region, whereas the length in schedules 9a, 9b and 9c is obtained via a one-off report run after the end of the disclosure year for the whole network. The difference in pipeline length (0.07%) between the schedules is not considered material to the disclosure.

## 22.5 Network Demand (Schedule 9d)

### ICP numbers

There has been a net increase of 1022 billable ICPs during 2015. While 1,545 new connections have been added to the network, 523 ICPs have either become inactive or have disconnected from the network in 2015.

### Network demand

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

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

Powerco strives to ensure that our gas assets perform reliably. This consideration takes into account not just the reliability measures of SAIDI and SAIFI, but also the integrity of our network and the level of customer service Powerco provides.

Schedule 10a focuses on the level of interruptions to gas distribution supply on Powerco's network including those caused by incidents or outages on the transmission network or by third parties.

Schedule 10b considers various metrics related to the integrity of the gas distribution network and the level of service delivered by Powerco.

### **SAIDI and SAIFI**

Overall, SAIDI and SAIFI have improved in 2015 compared to previous years' reported results for these metrics.

It is worthwhile noting that as our gas networks are underground they are inherently secure. When an outage does occur, the time to reinstate can be long. The process of reinstatement requires the careful purging of the network and the re-commissioning of each customer. Powerco's network does not incur many interruptions and therefore SAIDI and SAIFI metrics are sensitive to even a small change in the number of interruptions occurring.

SAIDI and SAIFI results for GDBs are multiplied by 1000 in order to be visible for reporting purposes.

### **Customer service – telephone calls**

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

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

As a result, Powerco has reported this metric on a whole of business basis for all regions and sub-networks as permitted by the Commerce Commission's two year exemption (disclosure years 2014 and 2015) issued on 3 October 2014.

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

Response Time to Emergency (RTE) forms the quality measures under which our Default Quality Price Path apply. In our 2014 disclosure, we explained how we changed the interpretation of "Emergency" from previous years. Whilst the number of emergencies has slightly increased this year, we have consistently been meeting our regulatory target of responding to 80% of emergencies within one hour, and 100% within three hours.

**CERTIFICATE FOR YEAR-END DISCLOSURES**

Pursuant to clause 2.9.3 of Section 2.9

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

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

  
\_\_\_\_\_  
Director John Loughlin

Michael Bessell  
\_\_\_\_\_  
Director Michael Bessell

17/3/2016  
\_\_\_\_\_  
Date

17/3/2016  
\_\_\_\_\_  
Date



## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE DIRECTORS OF POWERCO LIMITED AND THE COMMERCE COMMISSION REPORT ON THE DISCLOSURE INFORMATION**

We have been engaged by the Board of Directors of Powerco Limited ('the Company') to conduct a reasonable assurance engagement to provide an opinion on whether schedules 1, 2, 3, 4, 5a-5g, 6a, 6b, 7, 10a, 14 (boxes 1 to 12) for the disclosure year 30 September 2015 ('the Disclosure Information') of the Company have been prepared, in all material respects, in accordance with the Gas Distribution Information Disclosure Determination 2012 and all its subsequent amendments ('the Determination').

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

The Board of Directors is responsible for the preparation of the Disclosure Information in accordance with the Determination, and for such internal control as the Board of Directors determine is necessary to enable the preparation of the Disclosure Information that is free from material misstatement, whether due to fraud or error.

#### ***Auditor's responsibility***

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

We conducted our engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000: *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the Standard on Assurance Engagements 3100: *Compliance Engagements* issued by the External Reporting Board.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the Disclosure Information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Disclosure Information, whether due to fraud or error or non-compliance with the Determination. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the Disclosure Information 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 company's internal control.

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

#### ***Inherent limitations***

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

Our opinion has been formed on the above basis.

#### **Our Independence and Quality Control**

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

Other than in our capacity as auditor, we have no relationship with or interests in the Company.





We have complied with the Independent Auditor provisions specified in clause 1.4.3 of the Determination.

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

### **Opinion**

We have obtained all the information and explanations we have required.

In our opinion:

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

### **Restriction on Distribution and Use**

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

A stylized, handwritten signature of the word "Deloitte" in black ink.

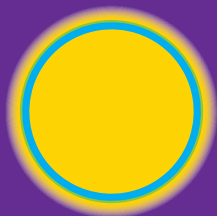
### **Chartered Accountants**

17 March 2016

Wellington, New Zealand

*This reasonable assurance report relates to the Disclosure Information of Powerco Limited for the year ended 30 September 2015 included on Powerco Limited's website. The Board of Directors are responsible for the maintenance and integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. We accept no responsibility for any changes that may have occurred to the Disclosure Information since they were initially presented on the website. The reasonable assurance report refers only to the Disclosure Information named above. It does not provide an opinion on any other information which may have been hyperlinked to/from this Disclosure Information. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the Disclosure Information and related reasonable assurance report dated 17 March 2016 to confirm the information included in the Disclosure Information presented on this website.*





**POWERCO**