

Gas Information Disclosure 2016

10 FEBRUARY 2017

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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.

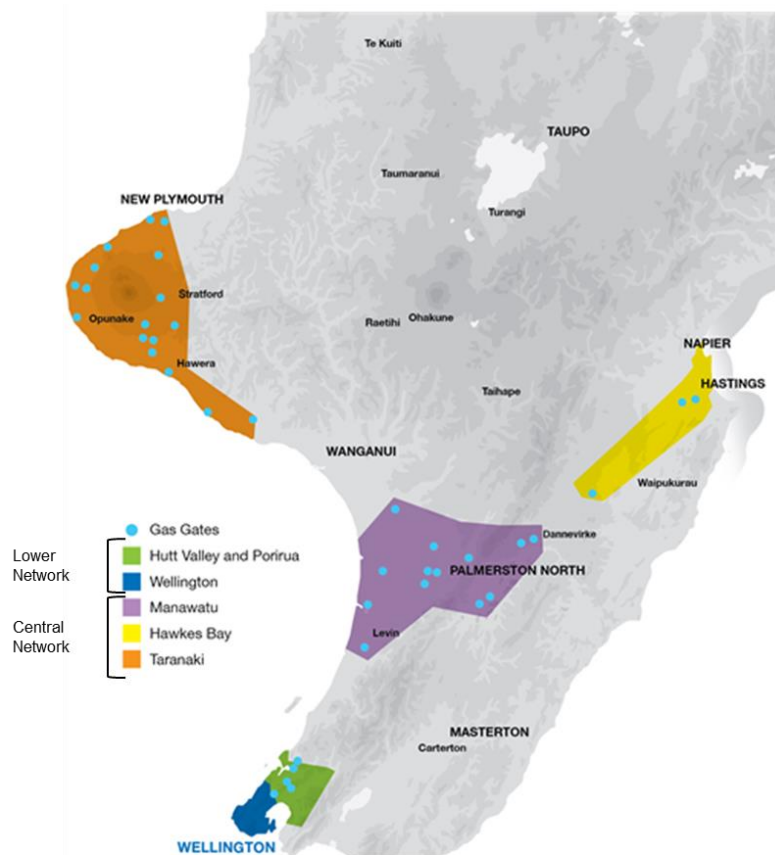
The IDD requires disclosure of the following information for the 2016 disclosure year:

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

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

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

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



Map 1: Powerco's sub-networks

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

Directors' certification of the 2016 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 2016**

SCHEDULE 1: ANALYTICAL RATIOS

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

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

sch ref

7 1(i): Expenditure Metrics

	Expenditure per TJ energy delivered to ICPs (\$/TJ)	Expenditure per average no. of ICPs (\$/ICP)	Ratio of expenditure to maximum monthly load (\$ per GJ/month)	Expenditure per km of pipeline for supply (\$/km)
Operational expenditure	1,924	155	16	2,760
Network	618	50	5	886
Non-network	1,307	105	11	1,874
Expenditure on assets	1,510	122	13	2,166
Network	1,367	110	11	1,961
Non-network	143	12	1	205

17 1(ii): Revenue Metrics

	Revenue per TJ energy delivered to ICPs (\$/TJ)	Revenue per average no. of ICPs (\$/ICP)
Total line charge revenue	5,996	483
Standard consumer line charge revenue	10,147	432
Non-standard consumer line charge revenue	1,350	23,626

23 1(iii): Service Intensity Measures

Demand density	172	Maximum monthly load (GJ per month) per system length
Volume density	1	Quantity of gas delivered per km of system length (TJ/km)
Connection point density	18	Average number of ICPs in disclosure year per system length
Energy intensity	81	Total GJ delivered to ICPs per average number of ICPs in disclosure year

30 1(iv): Composition of Revenue Requirement

	(\$000)	% of revenue
Operational expenditure	16,236	32.10%
Pass-through and recoverable costs excluding financial incentives and wash-ups	2,038	4.03%
Total depreciation	9,959	19.69%
Total revaluations	1,445	2.86%
Regulatory tax allowance	5,404	10.68%
Regulatory profit/(loss) including financial incentives and wash-ups	18,394	36.36%
Total regulatory income	50,585	

40 1(v): Reliability

41 Interruption rate	15.61	Interruptions per 100km of system length
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3. Schedule 2: Return on Investment

Company Name	Powerco Limited
For Year Ended	30 September 2016

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		CY-2	CY-1	Current Year CY
		30 Sep 14	30 Sep 15	30 Sep 16
		%	%	%
7	2(i): Return on Investment			
8				
9	ROI – comparable to a post tax WACC			
10	Reflecting all revenue earned	6.14%	5.53%	5.13%
11	Excluding revenue earned from financial incentives	6.14%	5.53%	5.13%
12	Excluding revenue earned from financial incentives and wash-ups	6.14%	5.53%	5.13%
13				
14	Mid-point estimate of post tax WACC	6.80%	6.66%	5.69%
15	25th percentile estimate	5.99%	5.85%	4.88%
16	75th percentile estimate	7.61%	7.47%	6.50%
17				
18				
19	ROI – comparable to a vanilla WACC			
20	Reflecting all revenue earned	6.93%	6.28%	5.71%
21	Excluding revenue earned from financial incentives	6.93%	6.28%	5.71%
22	Excluding revenue earned from financial incentives and wash-ups	6.93%	6.28%	5.71%
23				
24	WACC rate used to set regulatory price path	7.44%	7.44%	7.44%
25				
26	Mid-point estimate of vanilla WACC	7.58%	7.41%	6.26%
27	25th percentile estimate	6.77%	6.60%	5.45%
28	75th percentile estimate	8.39%	8.22%	7.07%
29				
30	2(ii): Information Supporting the ROI			
31				
32	Total opening RAB value	348,395		
33	plus Opening deferred tax	(22,452)		
34	Opening RIV		325,943	
35				
36	Line charge revenue		50,593	
37				
38	Expenses cash outflow	18,274		
39	plus Assets commissioned	12,910		
40	less Asset disposals	376		
41	plus Tax payments	2,643		
42	less Other regulated income	(8)		
43	Mid-year net cash flows		33,459	
44				
45	Term credit spread differential allowance			
46				
47	Total closing RAB value	351,954		
48	less Adjustment resulting from asset allocation	(461)		
49	less Lost and found assets adjustment	-		
50	plus Closing deferred tax	(25,212)		
51	Closing RIV		327,203	
52				
53	ROI – comparable to a vanilla WACC			5.71%
54				
55	Leverage (%)			44%
56	Cost of debt assumption (%)			4.67%
57	Corporate tax rate (%)			28%
58				
59	ROI – comparable to a post tax WACC			5.13%
60				

61	2(iii): Information Supporting the Monthly ROI					
62						
63	Opening RIV					N/A
64						
65						
66						
67						
68						
69						
70						
71						
72						
73						
74						
75						
76						
77						
78						
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	2(iv): Year-End ROI Rates for Comparison Purposes					
93						
94	Year-end ROI – comparable to a vanilla WACC					5.53%
95						
96	Year-end ROI – comparable to a post tax WACC					4.96%
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	2(v): Financial Incentives and Wash-Ups					
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					

A monthly ROI must only be calculated if during the first three months or last three months of the 2016 disclosure year, the value of assets commissioned by Powerco had exceeded 10% of the total opening regulatory asset base values. These criteria are not met and Powerco has elected to report the ROI for the full disclosure year only.

4. Schedule 3: Regulatory Profit

Company Name **Powerco Limited**
 For Year Ended **30 September 2016**

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	3(i): Regulatory Profit	(\$000)
8	Income	
9	Line charge revenue	50,593
10	plus Gains / (losses) on asset disposals	(376)
11	plus Other regulated income (other than gains / (losses) on asset disposals)	367
12		
13	Total regulatory income	50,585
14	Expenses	
15	less Operational expenditure	16,236
16		
17	less Pass-through and recoverable costs excluding financial incentives and wash-ups	2,038
18		
19	Operating surplus / (deficit)	32,311
20		
21	less Total depreciation	9,959
22		
23	plus Total revaluations	1,445
24		
25	Regulatory profit / (loss) before tax	23,797
26		
27	less Term credit spread differential allowance	-
28		
29	less Regulatory tax allowance	5,404
30		
31	Regulatory profit/(loss) including financial incentives and wash-ups	18,394
32		
33	3(ii): Pass-through and recoverable costs excluding financial incentives and wash-ups	(\$000)
34	Pass through costs	
35	Rates	1,519
36	Commerce Act levies	462
37	Industry Levies	56
38	CPP specified pass through costs	-
39	Recoverable costs excluding financial incentives and wash-ups	
40	Other recoverable costs excluding financial incentives and wash-ups	-
41	Pass-through and recoverable costs excluding financial incentives and wash-ups	2,038
42		
43		
44	3(iii): Incremental Rolling Incentive Scheme	(\$000)
45		
46		
47	Allowed controllable opex	-
48	Actual controllable opex	-
49		
50	Incremental change in year	-
51		
52		
53		
54		
55		
56		
57		
58	Net incremental rolling incentive scheme	-
59		
60	Net recoverable costs allowed under incremental rolling incentive scheme	-
61		
62	3(iv): Merger and Acquisition Expenditure	(\$000)
63		
64	Merger and acquisition expenditure	156
65		
66	<i>Provide commentary on the benefits of merger and acquisition expenditure to the gas distribution business, including required disclosures in accordance with section 2.7, in Schedule 14 (Mandatory Explanatory Notes)</i>	
67		(\$000)
68	3(v): Other Disclosures	(\$000)
69		
70	Self-insurance allowance	-

5. Schedule 4: Value of Regulatory Asset Base

Company Name **Powerco Limited**
 For Year Ended **30 September 2016**

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

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

	for year ended				
	30 Sep 12 (\$000)	30 Sep 13 (\$000)	30 Sep 14 (\$000)	30 Sep 15 (\$000)	30 Sep 16 (\$000)
4(i): Regulatory Asset Base Value (Rolled Forward)					
Total opening RAB value	331,587	337,842	339,835	340,539	348,395
less Total depreciation	8,669	9,077	9,454	9,458	9,959
plus Total revaluations	2,568	4,614	3,435	1,417	1,445
plus Assets commissioned	12,450	6,633	6,931	16,706	12,910
less Asset disposals	65	135	33	309	376
plus Lost and found assets adjustment	-	-	-	-	-
plus Adjustment resulting from asset allocation	(29)	(43)	(175)	(500)	(461)
Total closing RAB value	337,842	339,835	340,539	348,395	351,954

	Unallocated RAB *		RAB	
	(\$000)	(\$000)	(\$000)	(\$000)
4(ii): Unallocated Regulatory Asset Base				
Total opening RAB value		389,140		348,395
less Total depreciation		11,918		9,959
plus Total revaluations		1,614		1,445
plus Assets commissioned (other than below)	17,117		12,910	
Assets acquired from a regulated supplier	-		-	
Assets acquired from a related party	-		-	
Assets commissioned	17,117	17,117	12,910	12,910
less Asset disposals (other than below)	385		376	
Asset disposals to a regulated supplier	-		-	
Asset disposals to a related party	-		-	
Asset disposals	385	385	376	376
plus Lost and found assets adjustment				
plus Adjustment resulting from asset allocation				(461)
Total closing RAB value		395,568		351,954

* 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 _t		1,209
CPI _{t-4}		1,204
Revaluation rate (%)		0.42%

	Unallocated RAB *		RAB	
	(\$000)	(\$000)	(\$000)	(\$000)
Total opening RAB value	389,140		348,395	
less Opening value of fully depreciated, disposed and lost assets	427		415	
Total opening RAB value subject to revaluation	388,712		347,979	
Total revaluations		1,614		1,445

	Unallocated works under construction		Allocated works under construction	
	(\$000)	(\$000)	(\$000)	(\$000)
4(iv): Roll Forward of Works Under Construction				
Works under construction—preceding disclosure year		6,457		4,004
plus Capital expenditure	18,070		12,604	
less Assets commissioned	17,117		12,910	
plus Adjustment resulting from asset allocation			(10)	
Works under construction - current disclosure year		7,410		3,687
Highest rate of capitalised finance applied				6.50%

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

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

Unallocated RAB (\$000)	(\$000)	RAB (\$000)	(\$000)
10,215		9,654	
1,703		305	
-		-	
-		-	
	11,918		9,959

84 (\$000 unless otherwise specified)

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

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

94 * include additional rows if needed

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

97 (\$000 unless otherwise specified)

	Intermediate pressure main pipelines	Medium pressure main pipelines	Low pressure main pipelines	Service pipe	Stations	Line valve	Special crossings	Other network assets	Non-network assets	Total
Total opening RAB value	46,673	168,773	4,541	94,940	5,457	2,377	368	12,559	12,708	348,395
less Total depreciation	1,411	4,548	109	2,475	364	59	7	466	520	9,959
plus Total revaluations	197	711	19	400	24	11	2	29	53	1,445
plus Assets commissioned	1,490	4,975	134	2,589	1,185	439	75	1,240	784	12,910
less Asset disposals	33	119	3	34	151	15	-	18	3	376
plus Lost and found assets adjustment	-	-	-	-	-	-	-	-	-	-
plus Adjustment resulting from asset allocation	-	-	-	-	-	-	-	-	(461)	(461)
plus Asset category transfers	764	2,552	69	1,328	608	225	38	(5,584)	-	(0)
Total closing RAB value	47,680	172,343	4,650	96,747	6,759	2,978	475	7,760	12,562	351,954

109 **Asset Life**

Weighted average remaining asset life	34	38	42	39	16	44	55	15	21	(years)
Weighted average expected total asset life	67	60	60	60	35	62	70	20	27	(years)

6. Schedule 5a: Regulatory Tax Allowance

Company Name **Powerco Limited**For Year Ended **30 September 2016**

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	5a(i): Regulatory Tax Allowance	
8	Regulatory profit / (loss) before tax	23,797
9		
10	<i>plus</i> Income not included in regulatory profit / (loss) before tax but taxable	-
11	Expenditure or loss in regulatory profit / (loss) before tax but not deductible	190
12	Amortisation of initial differences in asset values	2,304
13	Amortisation of revaluations	999
14		3,493
15		
16	<i>less</i> Total revaluations	1,445
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	6,546
20		7,991
21		
22	Regulatory taxable income	19,298
23		
24	<i>less</i> Utilised tax losses	-
25	Regulatory net taxable income	19,298
26		
27	Corporate tax rate (%)	28%
28	Regulatory tax allowance	5,404

* 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	5a(iii): Amortisation of Initial Difference in Asset Values	
35		
36	Opening unamortised initial differences in asset values	78,337
37	<i>less</i> Amortisation of initial differences in asset values	2,304
38	<i>plus</i> Adjustment for unamortised initial differences in assets acquired	-
39	<i>less</i> Adjustment for unamortised initial differences in assets disposed	109
40	Closing unamortised initial differences in asset values	75,924
41		
42	Opening weighted average remaining useful life of relevant assets (years)	34
43		

44	5a(iv): Amortisation of Revaluations		(\$000)
45			
46	Opening sum of RAB values without revaluations	325,248	
47			
48	Adjusted depreciation	8,960	
49	Total depreciation	9,959	
50	Amortisation of revaluations		999
51			
52	5a(v): Reconciliation of Tax Losses		(\$000)
53			
54	Opening tax losses	-	
55	plus Current period tax losses	-	
56	less Utilised tax losses	-	
57	Closing tax losses		-
58	5a(vi): Calculation of Deferred Tax Balance		(\$000)
59			
60	Opening deferred tax	(22,452)	
61			
62	plus Tax effect of adjusted depreciation	2,509	
63			
64	less Tax effect of tax depreciation	4,821	
65			
66	plus Tax effect of other temporary differences*	(24)	
67			
68	less Tax effect of amortisation of initial differences in asset values	645	
69			
70	plus Deferred tax balance relating to assets acquired in the disclosure year	-	
71			
72	less Deferred tax balance relating to assets disposed in the disclosure year	(44)	
73			
74	plus Deferred tax cost allocation adjustment	177	
75			
76	Closing deferred tax		(25,212)
77			
78	5a(vii): Disclosure of Temporary Differences		
79			
80	<i>In Schedule 14, Box 6, provide descriptions and workings of items recorded in the asterisked category in Schedule 5a(vi) (Tax effect of other temporary differences).</i>		
81	5a(viii): Regulatory Tax Asset Base Roll-Forward		
82			(\$000)
83	Opening sum of regulatory tax asset values	168,254	
84	less Tax depreciation	17,218	
85	plus Regulatory tax asset value of assets commissioned	12,910	
86	less Regulatory tax asset value of asset disposals	219	
87	plus Lost and found assets adjustment	-	
88	plus Adjustments resulting from asset allocation	170	
89	plus Other adjustments to the RAB tax value	-	
90	Closing sum of regulatory tax asset values		163,897

7. Schedule 5b: Related Party Transactions

Company Name **Powerco Limited**
 For Year Ended **30 September 2016**

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

5b(i): Summary—Related Party Transactions

(\$000)

Total regulatory income	-
Operational expenditure	-
Capital expenditure	-
Market value of asset disposals	-
Other related party transactions	-

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

Name of related party	Related party relationship

* include additional rows if needed

5b(iii): Related Party Transactions

Name of related party	Related party transaction type	Description of transaction	Value of transaction (\$000)	Basis for determining value
	[Select one]			[Select one]
	[Select one]			[Select one]
	[Select one]			[Select one]
	[Select one]			[Select one]
	[Select one]			[Select one]
	[Select one]			[Select one]
	[Select one]			[Select one]
	[Select one]			[Select one]
	[Select one]			[Select one]
	[Select one]			[Select one]
	[Select one]			[Select one]
	[Select one]			[Select one]
	[Select one]			[Select one]
	[Select one]			[Select one]
	[Select one]			[Select one]
	[Select one]			[Select one]
	[Select one]			[Select one]

* include additional rows if needed

8. Schedule 5c: Term Credit Spread Differential

Company Name **Powerco Limited**
 For Year Ended **30 September 2016**

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
2005 Guaranteed Bonds - 2	28/09/2005	26/09/2005	12.0	6.74%	50,000,000	49,859,540	75,000	9,587	(102,083)
USPP (2003) US\$65m/NZ\$109.3m	25/11/2003	24/09/2003	13.0	BKBM+0.88%	109,298,806	96,734,335	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	109,482,635	137,056	-	(142,132)
USPP (2011) US\$90m/NZ\$114.2m	7/06/2011	7/06/2011	12.0	BKBM+1.835%	114,213,198	139,805,945	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	130,721,984	157,995	-	(245,770)
2011 Wholesale Bond - Fixed rate	20/12/2011	20/12/2011	7.0	6.31%	65,000,000	65,695,939	97,500	13,127	(65,000)
2011 Wholesale Bond - Floating rate	20/12/2011	20/12/2011	7.0	BKBM + 2.60%	35,000,000	35,374,736	52,500	7,068	(35,000)
USPP(2013) US\$25m/NZ\$30.4m	23/01/2013	1/11/2012	12.0	BKBM + 2.20%	30,439,547	35,697,700	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	112,313,228	146,110	-	(227,282)
NZD USPP(2014) NZ\$135m	15/10/2014	3/07/2014	12.5	6.62%	135,000,000	136,073,034	202,500	20,411	(283,500)
2015 Wholesale Bond - Fixed rate	28/09/2015	16/09/2015	7.0	4.76%	150,000,000	149,696,075	225,000	22,454	(150,000)
<i>* include additional rows if needed</i>						1,061,455,151	1,474,588	72,648	(1,781,513)

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

Gross term credit spread differential	(234,277)
Total book value of interest bearing debt	1,267,763,245
Leverage	44%
Average opening and closing RAB values	350,174,744
Attribution Rate (%)	12%
Term credit spread differential allowance	-

9. Schedule 5d: Cost Allocations

Company Name **Powerco Limited**
 For Year Ended **30 September 2016**

SCHEDULE 5d: REPORT ON COST ALLOCATIONS

This schedule provides information on the allocation of operational costs. GDBs must provide explanatory comment on their cost allocation in Schedule 14 (Mandatory Explanatory Notes), including on the impact of any reclassifications.

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

sch ref

		Value allocated (\$000s)				
		Arm's length deduction	Gas distribution services	Non-gas distribution services	Total	OVABAA allocation increase (\$000s)
5d(i): Operating Cost Allocations						
Service interruptions, incidents and emergencies						
	Directly attributable		367			
	Not directly attributable					
	Total attributable to regulated service		367			
Routine and corrective maintenance and inspection						
	Directly attributable		2,304			
	Not directly attributable					
	Total attributable to regulated service		2,304			
Asset replacement and renewal						
	Directly attributable		2,540			
	Not directly attributable					
	Total attributable to regulated service		2,540			
System operations and network support						
	Directly attributable		4,573			
	Not directly attributable		151	707	858	
	Total attributable to regulated service		4,724			
Business support						
	Directly attributable		957			
	Not directly attributable		5,344	24,654	29,998	
	Total attributable to regulated service		6,301			
	Operating costs directly attributable		10,741			
	Operating costs not directly attributable		5,495	25,361	30,856	
	Operational expenditure		16,236			

		Value allocated (\$000s)				
		Arm's length deduction	Gas distribution services	Non-gas distribution services	Total	OVABAA allocation increase (\$000s)
5d(ii): Other Cost Allocations						
Pass through and recoverable costs						
Pass through costs						
	Directly attributable		1,982			
	Not directly attributable		56	167	222	
	Total attributable to regulated service		2,038			
Recoverable costs						
	Directly attributable					
	Not directly attributable					
	Total attributable to regulated service					

		(\$000)			
			CY-1	Current Year (CY)	
5d(iii): Changes in Cost Allocations* †					
Change in cost allocation 1					
Cost category		Original allocation			
Original allocator or line items		New allocation			
New allocator or line items		Difference			
Rationale for change					
Change in cost allocation 2					
Cost category		Original allocation			
Original allocator or line items		New allocation			
New allocator or line items		Difference			
Rationale for change					
Change in cost allocation 3					
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 2016**

SCHEDULE 5e: REPORT ON ASSET ALLOCATIONS

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

sch ref

5e(i): Regulated Service Asset Values

	Value allocated (\$000s)
	Gas distribution services
Main pipe	
Directly attributable	224,674
Not directly attributable	-
Total attributable to regulated service	224,674
Service pipe	
Directly attributable	96,747
Not directly attributable	-
Total attributable to regulated service	96,747
Stations	
Directly attributable	6,759
Not directly attributable	-
Total attributable to regulated service	6,759
Line valve	
Directly attributable	2,978
Not directly attributable	-
Total attributable to regulated service	2,978
Special crossings	
Directly attributable	475
Not directly attributable	-
Total attributable to regulated service	475
Other network assets	
Directly attributable	7,760
Not directly attributable	-
Total attributable to regulated service	7,760
Non-network assets	
Directly attributable	3,265
Not directly attributable	9,297
Total attributable to regulated service	12,562
Regulated service asset value directly attributable	342,657
Regulated service asset value not directly attributable	9,297
Total closing RAB value	351,954

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

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

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

† include additional rows if needed

11. Schedule 6a: Capital Expenditure

Company Name **Powerco Limited**
 For Year Ended **30 September 2016**

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	6a(i): Expenditure on Assets		
8	Consumer connection		4,953
9	System growth		687
10	Asset replacement and renewal		1,799
11	Asset relocations		38
12	Reliability, safety and environment:		
13	Quality of supply	1,263	
14	Legislative and regulatory	-	
15	Other reliability, safety and environment	2,794	
16	Total reliability, safety and environment		4,057
17	Expenditure on network assets		11,536
18	Expenditure on non-network assets		1,206
19			
20	Expenditure on assets		12,742
21	plus Cost of financing		73
22	less Value of capital contributions		211
23	plus Value of vested assets		-
24			
25	Capital expenditure		12,604
26	6a(ii): Subcomponents of Expenditure on Assets (where known)		(\$000)
27	Research and development		-
28	6a(iii): Consumer Connection		
29	<i>Consumer types defined by GDB*</i>	(\$000)	(\$000)
30	Residential/Small Commercial	4,520	
31	Commercial	433	
32	Industrial	-	
33			
34			
35	<i>* Include additional rows if needed</i>		
36	Consumer connection expenditure		4,953
37			
38	less Capital contributions funding consumer connection expenditure	90	
39	Consumer connection less capital contributions		4,864
40			
41	6a(iv): System Growth and Asset Replacement and Renewal		
42		System Growth (\$000)	Asset Replacement and Renewal (\$000)
43			
44	Intermediate pressure		
45	Main pipe	-	4
46	Service pipe	-	-
47	Stations	-	15
48	Line valve	-	(190)
49	Special crossings	-	-
50	Intermediate pressure - total	-	(171)
51	Medium pressure		
52	Main pipe	687	1,807
53	Service pipe	-	-
54	Stations	-	-
55	Line valve	-	-
56	Special crossings	-	-
57	Medium pressure - total	687	1,807
58	Low pressure		
59	Main pipe	-	25
60	Service pipe	-	-
61	Line valve	-	-
62	Special crossings	-	-
63	Low pressure - total	-	25
64	Other network assets		
65	Monitoring and control systems	-	(5)
66	Cathodic protection systems	-	145
67	Other assets (other than above)	-	(2)
68	Other network assets - total	-	138
69			
70	System growth and asset replacement and renewal expenditure	687	1,799
71	less Capital contributions funding system growth and asset replacement and renewal	74	-
72	System growth and asset replacement and renewal less capital contributions	614	1,799

73	6a(v): Asset Relocations		
74	<i>Project or programme*</i>	(\$000)	(\$000)
75		-	
76		-	
77		-	
78		-	
79		-	
80	<i>* include additional rows if needed</i>		
81	All other projects or programmes - asset relocations	38	
82	Asset relocations expenditure		38
83	<i>less</i> Capital contributions funding asset relocations	47	
84	Asset relocations less capital contributions		(9)
85	6a(vi): Quality of Supply		
86	<i>Project or programme*</i>	(\$000)	(\$000)
87	Palmerston North Eastern Reinforcement	358	
88	Wellington CBD - Phase 2	257	
89	Base Hospital DRS installation	155	
90	Wellington CBD	124	
91	Westown Capacity Reinforcement	119	
92	<i>* include additional rows if needed</i>		
93	All other projects or programmes - quality of supply	250	
94	Quality of supply expenditure		1,263
95	<i>less</i> Capital contributions funding quality of supply	-	
96	Quality of supply less capital contributions		1,263
97			
98	6a(vii): Legislative and Regulatory		
99	<i>Project or programme*</i>	(\$000)	(\$000)
100	[Description of material project or programme]	-	
101	[Description of material project or programme]	-	
102	[Description of material project or programme]	-	
103	[Description of material project or programme]	-	
104	[Description of material project or programme]	-	
105	<i>* include additional rows if needed</i>		
106	All other projects or programmes - legislative and regulatory	-	
107	Legislative and regulatory expenditure		
108	<i>less</i> Capital contributions funding legislative and regulatory	-	
109	Legislative and regulatory less capital contributions		
110			
111	6a(viii): Other Reliability, Safety and Environment		
112	<i>Project or programme*</i>	(\$000)	(\$000)
113	Hutt River Crossing	1,667	
114	HAB IP Valve Safety Improvement	302	
115	Kings Wharf DRS Safety	194	
116	Wellington CP Safety Improvement	160	
117	Curtis St DRS Safety Improvement	142	
118	<i>* include additional rows if needed</i>		
119	All other projects or programmes - other reliability, safety and environment	329	
120	Other reliability, safety and environment expenditure		2,794
121	<i>less</i> Capital contributions funding other reliability, safety and environment	-	
122	Other reliability, safety and environment less capital contributions		2,794
123	6a(ix): Non-Network Assets		
124	Routine expenditure		
125	<i>Project or programme*</i>	(\$000)	(\$000)
126	IT Renewal	217	
127			
128			
129			
130			
131	<i>* include additional rows if needed</i>		
132	All other projects or programmes - routine expenditure	204	
133	Routine expenditure		420
134	Atypical expenditure		
135	<i>Project or programme*</i>	(\$000)	(\$000)
136	Data Centre	375	
137			
138			
139			
140			
141	<i>* include additional rows if needed</i>		
142	All other projects or programmes - atypical expenditure	411	
143	Atypical expenditure		786
144			
145	Expenditure on non-network assets		1,206

12. Schedule 6b: Operational Expenditure

		Company Name Powerco Limited	
		For Year Ended 30 September 2016	
SCHEDULE 6b: REPORT ON OPERATIONAL EXPENDITURE FOR THE DISCLOSURE YEAR			
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	6b(i): Operational Expenditure		
8	Service interruptions, incidents and emergencies	367	
9	Routine and corrective maintenance and inspection	2,304	
10	Asset replacement and renewal	2,540	
11	Network opex		5,211
12	System operations and network support	4,724	
13	Business support	6,301	
14	Non-network opex		11,025
15			
16	Operational expenditure		16,236
17	6b(ii): Subcomponents of Operational Expenditure (where known)		
18	Research and development		-
19	Insurance		109

13. Schedule 7: Forecast v Actual Expenditure

Company Name **Powerco Limited**
For Year Ended **30 September 2016**

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) ¹	Actual (\$000)	% variance
8	Line charge revenue	50,908	50,593	(1%)
7(ii): Expenditure on Assets		Forecast (\$000) ²	Actual (\$000)	% variance
10	Consumer connection	4,067	4,953	22%
11	System growth	1,778	687	(61%)
12	Asset replacement and renewal	2,167	1,799	(17%)
13	Asset relocations	227	38	(83%)
14	Reliability, safety and environment:			
15	Quality of supply	3,526	1,263	(64%)
16	Legislative and regulatory	-	-	-
17	Other reliability, safety and environment	2,615	2,794	7%
18	Total reliability, safety and environment	6,141	4,057	(34%)
19	Expenditure on network assets	14,380	11,536	(20%)
20	Expenditure on non-network assets	2,183	1,206	(45%)
21	Expenditure on assets	16,563	12,742	(23%)
22	7(iii): Operational Expenditure			
23	Service interruptions, incidents and emergencies	377	367	(3%)
24	Routine and corrective maintenance and inspection	2,492	2,304	(8%)
25	Asset replacement and renewal	2,487	2,540	2%
26	Network opex	5,356	5,211	(3%)
27	System operations and network support	3,969	4,724	19%
28	Business support	6,641	6,301	(5%)
29	Non-network opex	10,610	11,025	4%
30	Operational expenditure	15,966	16,236	2%
31	7(iv): Subcomponents of Expenditure on Assets (where known)			
32	Research and development	-	-	-
33	7(v): Subcomponents of Operational Expenditure (where known)			
34	Research and development	-	-	-
35	Insurance	127	109	(14%)

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

² 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 2016**

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

Price component	Billed quantities by price component			
	Fixed	Variable		
Unit charging basis (eg, days, GJ, etc.)	Days	GJ		

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

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	25,590	302
G11	Residential / Small Commercial	Standard	76,360	2,585
G12	Commercial	Standard	1,762	418
G14	Commercial	Standard	530	428
G16	Commercial	Standard	286	541
G18	Commercial	Standard	54	182
G30	Commercial	Non-standard	127	455
G40	Industrial	Non-standard	101	3,527

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

Standard consumer totals	104,581	4,456
Non-standard consumer totals	228	3,982
Total for all consumers	104,808	8,438

-	302,059			
27,947,760	2,585,025			
644,892	418,280			
193,797	427,586			
104,493	541,419			
19,581	181,922			
34,011	454,706			
30,744	3,527,419			

28,910,523	4,456,291	-	-	-
64,755	3,982,125	-	-	-
28,975,278	8,438,416	-	-	-

Company Name **Powerco Limited**

For Year Ended **30 September 2016**

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

SCHEDULE 8: REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES

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

sch ref

8(i): Billed quantities by price component

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Billed quantities by price component

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

Consumer group name or price category code	Consumer type or types (eg, residential, commercial, etc.)	Standard or non-standard consumer group (specify)	Average no. of ICPs in disclosure year	Quantity of gas delivered (TJ)
G06	Residential	Standard	12,099	139
G11	Residential / Small Commercial	Standard	30,759	911
G12	Commercial	Standard	687	183
G14	Commercial	Standard	278	245
G16	Commercial	Standard	168	307
G18	Commercial	Standard	33	127
G30	Commercial	Non-standard	22	123
G40	Industrial	Non-standard	69	2,885

Price component

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

Fixed	Variable			
Days	GJ			
-	138,702			
11,257,611	911,189			
251,442	182,918			
101,748	244,889			
61,488	306,790			
11,895	127,255			
5,845	122,634			
23,424	2,884,573			

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

Standard consumer totals	44,023	1,912
Non-standard consumer totals	91	3,007
Total for all consumers	44,114	4,919

11,684,184	1,911,743	-	-	-
29,269	3,007,206	-	-	-
11,713,453	4,918,949	-	-	-

Company Name	Powerco Limited
For Year Ended	30 September 2016
Network / Sub-Network Name	Central Region

SCHEDULE 8: REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES

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

sch ref

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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	Price component	Line charge revenues (\$000) by price component			
						Fixed	Variable		
					Rate (eg, \$ per day, \$ per GJ, etc.)	\$/day	\$/GJ		
G06	Residential	Standard	\$2,425			-	2,425		
G11	Residential / Small Commercial	Standard	\$10,676			6,565	4,111		
G12	Commercial	Standard	\$1,055			355	700		
G14	Commercial	Standard	\$1,080			403	677		
G16	Commercial	Standard	\$1,267			308	959		
G18	Commercial	Standard	\$434			107	327		
G30	Commercial	Non-standard	\$381			114	267		
G40	Industrial	Non-standard	\$3,223			1,252	1,971		
			-						
			-						
			-						
			-						
<i>Add extra rows for additional consumer groups or price category codes as necessary</i>									
Standard consumer totals			\$16,937	-		\$7,739	\$9,198	-	-
Non-standard consumer totals			\$3,605	-		\$1,367	\$2,238	-	-
Total for all consumers			\$20,542	-		\$9,105	\$11,436	-	-

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

Company Name	Powerco Limited
For Year Ended	30 September 2016
Network / Sub-Network Name	Lower Network

SCHEDULE 8: REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES

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

sch ref

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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)	Price component	Line charge revenues (\$000) by price component				
						Fixed	Variable			
					Rate (eg, \$ per day, \$ per GJ, etc.)	\$/day	\$/GJ			
G06	Residential	Standard	\$3,172			-	3,172			
G11	Residential / Small Commercial	Standard	\$19,993			9,862	10,131			
G12	Commercial	Standard	\$1,701			355	1,346			
G14	Commercial	Standard	\$1,552			519	1,033			
G16	Commercial	Standard	\$1,508			372	1,137			
G18	Commercial	Standard	\$356			102	254			
G30	Commercial	Non-standard	\$832			296	536			
G40	Industrial	Non-standard	\$936			220	716			
			-							
			-							
			-							
			-							
Standard consumer totals			\$28,283	-		\$11,209	\$17,074	-	-	-
Non-standard consumer totals			\$1,768	-		\$516	\$1,253	-	-	-
Total for all consumers			\$30,051	-		\$11,725	\$18,327	-	-	-

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

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

15. Schedule 9a: Asset Register

Company Name	Powerco Limited
For Year Ended	30 September 2016
Network / Sub-network Name	Powerco Limited

SCHEDULE 9a: ASSET REGISTER

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

sch ref	Operating Pressure	Asset Category	Asset Class	Units	Items at start of	Items at end of	Net change	Data accuracy (1-4)
					year (quantity)	year (quantity)		
8	Intermediate Pressure	Main pipe	IP PE main pipe	km	1	1	0	3
9	Intermediate Pressure	Main pipe	IP steel main pipe	km	265	264	(0)	3
10	Intermediate Pressure	Main pipe	IP other main pipe	km	-	-	-	3
11	Intermediate Pressure	Service pipe	IP PE service pipe	km	0	0	(0)	3
12	Intermediate Pressure	Service pipe	IP steel service pipe	km	11	11	(0)	3
13	Intermediate Pressure	Service pipe	IP other service pipe	km	1	1	0	3
14	Intermediate Pressure	Stations	Intermediate pressure DRS	No.	134	130	(4)	2
15	Intermediate Pressure	Line valve	IP line valves	No.	827	812	(15)	2
16	Intermediate Pressure	Special crossings	IP crossings	No.	114	111	(3)	3
17	Medium Pressure	Main pipe	MP PE main pipe	km	3,406	3,433	27	3
18	Medium Pressure	Main pipe	MP steel main pipe	km	154	153	(1)	3
19	Medium Pressure	Main pipe	MP other main pipe	km	33	33	(0)	3
20	Medium Pressure	Service pipe	MP PE service pipe	km	1,772	1,824	52	3
21	Medium Pressure	Service pipe	MP steel service pipe	km	53	52	(1)	3
22	Medium Pressure	Service pipe	MP other service pipe	km	54	54	1	3
23	Medium Pressure	Stations	Medium pressure DRS	No.	63	68	5	2
24	Medium Pressure	Line valve	MP line valves	No.	1,455	1,471	16	2
25	Medium Pressure	Special crossings	MP special crossings	No.	262	259	(3)	3
26	Low Pressure	Main pipe	LP PE main pipe	km	41	34	(7)	3
27	Low Pressure	Main pipe	LP steel main pipe	km	4	4	(0)	3
28	Low Pressure	Main pipe	LP other main pipe	km	1	1	0	3
29	Low Pressure	Service pipe	LP PE service pipe	km	18	15	(3)	3
30	Low Pressure	Service pipe	LP steel service pipe	km	2	1	(0)	3
31	Low Pressure	Service pipe	LP other service pipe	km	1	1	0	3
32	Low Pressure	Line valve	LP line valves	No.	318	219	(99)	2
33	Low Pressure	Special crossings	LP special crossings	No.	5	5	-	3
34	All	Monitoring and control systems	Remote terminal units	No.	76	75	(1)	4
35	All	Cathodic protection systems	Cathodic protection	No.	26	25	(1)	2

Company Name	Powerco Limited
For Year Ended	30 September 2016
Network / Sub-network Name	Central Network

SCHEDULE 9a: ASSET REGISTER

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

sch ref	Operating Pressure	Asset Category	Asset Class	Units	Items at start of	Items at end of	Net change	Data accuracy (1-4)
					year (quantity)	year (quantity)		
8	Intermediate Pressure	Main pipe	IP PE main pipe	km	1	1	-	3
9	Intermediate Pressure	Main pipe	IP steel main pipe	km	105	105	(0)	3
10	Intermediate Pressure	Main pipe	IP other main pipe	km	-	-	-	3
11	Intermediate Pressure	Service pipe	IP PE service pipe	km	0	0	(0)	3
12	Intermediate Pressure	Service pipe	IP steel service pipe	km	3	3	0	3
13	Intermediate Pressure	Service pipe	IP other service pipe	km	0	0	-	3
14	Intermediate Pressure	Stations	Intermediate pressure DRS	No.	54	52	(2)	2
15	Intermediate Pressure	Line valve	IP line valves	No.	159	161	2	2
16	Intermediate Pressure	Special crossings	IP crossings	No.	59	57	(2)	3
17	Medium Pressure	Main pipe	MP PE main pipe	km	1,794	1,805	10	3
18	Medium Pressure	Main pipe	MP steel main pipe	km	141	140	(1)	3
19	Medium Pressure	Main pipe	MP other main pipe	km	20	20	(0)	3
20	Medium Pressure	Service pipe	MP PE service pipe	km	964	976	13	3
21	Medium Pressure	Service pipe	MP steel service pipe	km	42	41	(1)	3
22	Medium Pressure	Service pipe	MP other service pipe	km	29	29	0	3
23	Medium Pressure	Stations	Medium pressure DRS	No.	42	45	3	2
24	Medium Pressure	Line valve	MP line valves	No.	902	885	(17)	2
25	Medium Pressure	Special crossings	MP special crossings	No.	165	163	(2)	3
26	Low Pressure	Main pipe	LP PE main pipe	km	3	3	0	3
27	Low Pressure	Main pipe	LP steel main pipe	km	3	3	(0)	3
28	Low Pressure	Main pipe	LP other main pipe	km	0	0	-	3
29	Low Pressure	Service pipe	LP PE service pipe	km	3	3	(0)	3
30	Low Pressure	Service pipe	LP steel service pipe	km	0	0	-	3
31	Low Pressure	Service pipe	LP other service pipe	km	1	1	0	3
32	Low Pressure	Line valve	LP line valves	No.	12	13	1	2
33	Low Pressure	Special crossings	LP special crossings	No.	-	-	-	3
34	All	Monitoring and control systems	Remote terminal units	No.	35	36	1	4
35	All	Cathodic protection systems	Cathodic protection	No.	16	16	-	2

Company Name	Powerco Limited
For Year Ended	30 September 2016
Network / Sub-network Name	Lower Network

SCHEDULE 9a: ASSET REGISTER

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

sch ref	Operating Pressure	Asset Category	Asset Class	Units	Items at start of	Items at end of	Net change	Data accuracy (1-4)
					year (quantity)	year (quantity)		
8	Intermediate Pressure	Main pipe	IP PE main pipe	km	-	0	0	3
9	Intermediate Pressure	Main pipe	IP steel main pipe	km	160	159	(0)	3
10	Intermediate Pressure	Main pipe	IP other main pipe	km	-	-	-	3
11	Intermediate Pressure	Service pipe	IP PE service pipe	km	0	0	(0)	3
12	Intermediate Pressure	Service pipe	IP steel service pipe	km	8	8	(0)	3
13	Intermediate Pressure	Service pipe	IP other service pipe	km	1	1	0	3
14	Intermediate Pressure	Stations	Intermediate pressure DRS	No.	80	78	(2)	2
15	Intermediate Pressure	Line valve	IP line valves	No.	668	651	(17)	2
16	Intermediate Pressure	Special crossings	IP crossings	No.	55	54	(1)	3
17	Medium Pressure	Main pipe	MP PE main pipe	km	1,611	1,628	16	3
18	Medium Pressure	Main pipe	MP steel main pipe	km	13	13	0	3
19	Medium Pressure	Main pipe	MP other main pipe	km	13	13	(0)	3
20	Medium Pressure	Service pipe	MP PE service pipe	km	809	848	39	3
21	Medium Pressure	Service pipe	MP steel service pipe	km	11	11	(0)	3
22	Medium Pressure	Service pipe	MP other service pipe	km	25	25	0	3
23	Medium Pressure	Stations	Medium pressure DRS	No.	21	23	2	2
24	Medium Pressure	Line valve	MP line valves	No.	553	586	33	2
25	Medium Pressure	Special crossings	MP special crossings	No.	97	96	(1)	3
26	Low Pressure	Main pipe	LP PE main pipe	km	38	31	(7)	3
27	Low Pressure	Main pipe	LP steel main pipe	km	1	1	(0)	3
28	Low Pressure	Main pipe	LP other main pipe	km	1	1	0	3
29	Low Pressure	Service pipe	LP PE service pipe	km	15	12	(3)	3
30	Low Pressure	Service pipe	LP steel service pipe	km	1	1	(0)	3
31	Low Pressure	Service pipe	LP other service pipe	km	0	0	(0)	3
32	Low Pressure	Line valve	LP line valves	No.	306	206	(100)	2
33	Low Pressure	Special crossings	LP special crossings	No.	5	5	-	3
34	All	Monitoring and control systems	Remote terminal units	No.	41	39	(2)	4
35	All	Cathodic protection systems	Cathodic protection	No.	10	9	(1)	2

Company Name	Powerco Limited
For Year Ended	30 September 2016
Network / Sub-network Name	Lower Network

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

8		Disclosure Year (year ended)		30 September 2016		Number of assets at disclosure year end by installation date																				No. with age unknown	Items at end of year (quantity)	No. with default dates	Data accuracy (1-4)				
9	Operating Pressure	Asset Category	Asset Class	Units	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	2016					
10	Intermediate Pressure	Main pipe	IP PE main pipe	km	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	3	
11	Intermediate Pressure	Main pipe	IP steel main pipe	km	4	55	26	36	25	5	4	3	0	0	0	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	159	3
12	Intermediate Pressure	Main pipe	IP other main pipe	km	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	
13	Intermediate Pressure	Service pipe	IP PE service pipe	km	-	-	0	0	-	-	0	-	-	-	-	-	-	-	0	0	-	0	-	0	-	-	-	-	-	0	3		
14	Intermediate Pressure	Service pipe	IP steel service pipe	km	0	1	1	3	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8	3	
15	Intermediate Pressure	Service pipe	IP other service pipe	km	-	0	0	1	0	-	0	-	-	-	-	-	-	0	-	-	-	0	-	-	-	-	-	-	-	0	3		
16	Intermediate Pressure	Stations	Intermediate pressure DRS	No.	1	2	2	33	1	16	1	-	-	-	1	1	-	2	-	2	-	1	3	2	-	2	6	2	-	78	2		
17	Intermediate Pressure	Line valve	IP line valves	No.	3	52	42	115	300	45	16	3	1	-	3	2	6	5	6	8	5	9	12	8	1	2	5	2	-	651	2		
18	Intermediate Pressure	Special crossings	IP crossings	No.	1	4	3	35	-	4	4	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	54	2		
19	Medium Pressure	Main pipe	MP PE main pipe	km	0	24	129	219	193	394	390	30	21	16	16	32	21	14	18	20	12	11	8	13	10	15	15	6	-	1,628	3		
20	Medium Pressure	Main pipe	MP steel main pipe	km	-	2	3	3	1	2	2	0	0	-	-	0	0	-	-	0	0	-	0	0	-	0	0	0	-	13	3		
21	Medium Pressure	Main pipe	MP other main pipe	km	-	0	2	5	2	2	2	0	0	0	0	0	0	0	0	0	0	-	0	0	-	0	0	0	-	13	3		
22	Medium Pressure	Service pipe	MP PE service pipe	km	3	5	19	161	94	176	172	17	18	17	13	15	13	11	13	11	9	10	11	12	11	12	14	12	-	848	3		
23	Medium Pressure	Service pipe	MP steel service pipe	km	0	0	1	2	0	3	4	0	0	0	0	0	0	0	0	0	0	0	0	0	-	0	0	0	-	11	3		
24	Medium Pressure	Service pipe	MP other service pipe	km	0	0	1	19	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-	25	3		
25	Medium Pressure	Stations	Medium pressure DRS	No.	-	-	-	7	-	7	-	-	-	1	-	-	-	-	-	-	-	1	-	2	2	-	2	1	-	23	2		
26	Medium Pressure	Line valve	MP line valves	No.	1	5	25	31	141	126	11	-	1	5	3	13	9	10	8	23	17	32	24	27	9	30	29	6	-	586	2		
27	Medium Pressure	Special crossings	MP special crossings	No.	1	-	8	51	1	15	13	-	3	-	-	-	-	2	-	1	1	-	-	-	-	-	-	-	-	96	2		
28	Low Pressure	Main pipe	LP PE main pipe	km	-	0	0	2	6	17	3	0	0	-	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	31	3	
29	Low Pressure	Main pipe	LP steel main pipe	km	0	-	0	0	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	0	-	0	-	-	-	1	3		
30	Low Pressure	Main pipe	LP other main pipe	km	-	-	-	-	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	1	3		
31	Low Pressure	Service pipe	LP PE service pipe	km	0	0	0	1	2	5	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-	12	3		
32	Low Pressure	Service pipe	LP steel service pipe	km	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-	-	0	-	-	0	-	-	-	-	-	1	3		
33	Low Pressure	Service pipe	LP other service pipe	km	0	0	0	0	0	0	0	-	-	-	-	-	-	0	-	0	-	-	0	0	-	0	0	0	-	0	3		
34	Low Pressure	Line valve	LP line valves	No.	-	-	-	3	2	142	4	-	-	-	2	1	3	2	4	6	5	6	6	2	5	2	7	4	-	206	2		
35	Low Pressure	Special crossings	LP special crossings	No.	-	-	-	-	-	1	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	2		
36	All	Monitoring and control systems	Remote terminal units	No.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11	15	5	1	-	3	4	-	39	4		
37	All	Cathodic protection systems	Cathodic protection	No.	-	2	-	1	3	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	9	2		

17. Schedule 9c: Report on Pipeline Data

		Company Name	Powerco Limited		
		For Year Ended	30 September 2016		
		Network / Sub-network Name	Powerco Limited		
SCHEDULE 9c: REPORT ON PIPELINE DATA					
This schedule requires a summary of the key characteristics of the pipeline network.					
<i>sch ref</i>					
8	Network Information (end of year)				
9	System length by material (defined by GDB)		Length (km)	%	
10	PE		5,307	90.21%	
11	Steel		486	8.26%	
12	Other		90	1.53%	
13					
14					
15					
16	System length		5,883	100.00%	
17					
18	By operating pressure:	System length (km)	Weighted average pipe diameter (mm)	Number of ICPs (at year end)	Gas conveyed for Persons not involved in the GDB (TJ)
19	Intermediate pressure	277	134	300	1,696
20	Medium pressure	5,550	40	103,472	6,404
21	Low pressure	56	76	1,464	339
22	Total	5,883	45	105,236	8,438

Company Name	Powerco Limited
For Year Ended	30 September 2016
Network / Sub-network Name	Central Network

SCHEDULE 9c: REPORT ON PIPELINE DATA

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

sch ref

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Network Information (end of year)

System length by material (defined by GDB)	Length (km)	%
PE	2,788	89.06%
Steel	293	9.35%
Other	50	1.58%
System length	3,130	100.00%

By operating pressure:	System length (km) (at year end)	Weighted average		Number of ICPS (at year end)	Gas conveyed for Persons not involved in the GDB (TJ)
		pipe diameter (mm)			
Intermediate pressure	109	132		76	1,348
Medium pressure	3,011	37		43,757	3,550
Low pressure	10	49		324	21
Total	3,130	40		44,157	4,919

Company Name	Powerco Limited
For Year Ended	30 September 2016
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	2,519	91.51%
Steel	193	7.02%
Other	40	1.47%
System length	2,753	100.00%

By operating pressure:	System length (km) (at year end)	Weighted average		Number of ICPS (at year end)	Gas conveyed for Persons not involved in the GDB (TJ)
		pipe diameter (mm)			
Intermediate pressure	168	135		224	348
Medium pressure	2,539	44		59,715	2,854
Low pressure	45	82		1,140	318
Total	2,753	50		61,079	3,519

18. Schedule 9d: Network Demand

Company Name	Powerco Limited
For Year Ended	30 September 2016
Network / Sub-network Name	Powerco Limited

SCHEDULE 9d: REPORT ON DEMAND

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

sch ref

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9d(i): Consumer Connections

Number of ICPs connected in year by consumer type

Consumer types defined by GDB	Number of connections (ICPs)
Residential / Small Commercial	1,625
Commercial	112
Industrial	-
Total	1,737

9d(ii): Gas Delivered

Number of ICPs at year end	105,236	connections
Maximum daily load	43,007	(GJ per day)
Maximum monthly load	1,012,724	(GJ per month)
Number of directly billed ICPs	-	(at year end)
Total gas conveyed	8,525,229	(GJ per annum)
Average daily delivery	23,293	(GJ per day)
Load factor	70.15%	

	Company Name	Powerco Limited
	For Year Ended	30 September 2016
	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

8

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

10 Number of ICPs connected in year by consumer type

11

<i>Consumer types defined by GDB</i>	Number of connections (ICPs)
Residential / Small Commercial	590
Commercial	52
Industrial	-
Total	642

18

19 **9d(ii): Gas Delivered**

Number of ICPs at year end	44,157	connections
Maximum daily load	20,879	(GJ per day)
Maximum monthly load	529,461	(GJ per month)
Number of directly billed ICPs	-	(at year end)
Total gas conveyed	4,958,800	(GJ per annum)
Average daily delivery	13,549	(GJ per day)
Load factor	78.05%	

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	Company Name	Powerco Limited
	For Year Ended	30 September 2016
	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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9 **9d(i): Consumer Connections**

10 Number of ICPs connected in year by consumer type

11

<i>Consumer types defined by GDB</i>	Number of connections (ICPs)
Residential / Small Commercial	1,035
Commercial	60
Industrial	-
Total	1,095

18

19 **9d(ii): Gas Delivered**

Number of ICPs at year end	61,079	connections
Maximum daily load	22,768	(GJ per day)
Maximum monthly load	483,264	(GJ per month)
Number of directly billed ICPs	-	(at year end)
Total gas conveyed	3,566,428	(GJ per annum)
Average daily delivery	9,744	(GJ per day)
Load factor	61.50%	

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19. Schedule 10a: Network Reliability and Interruptions

Company Name	Powerco Limited
For Year Ended	30 September 2016
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)	216
Class C (unplanned interruptions on the network)	457
Class D (unplanned interruptions by GTB)	-
Class I (unplanned interruptions caused by third party damage)	245
Total	918

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

	Actual
Wellington	3
Hutt Valley and Porirua	4
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	-
Hutt Valley and Porirua	2
Taranaki	-
Manawatu & Horowhenua	-
Hawke's Bay	-

10a(ii): Reliability

Overall reliability

	SAIDI	SAIFI	CAIDI
Based on the total number of interruptions	1,406.84	12.48	112.73
Class I (unplanned interruptions caused by third party damage)	195.24	2.97	65.80

Class B (planned interruptions on the network)

	SAIDI	SAIFI	CAIDI
Wellington	436.27	4.77	91.54
Hutt Valley and Porirua	928.08	3.57	260.13
Taranaki	594.46	4.02	147.96
Manawatu & Horowhenua	745.12	2.68	278.31
Hawke's Bay	-	-	-

Class C (unplanned interruptions on the network)

	SAIDI	SAIFI	CAIDI
Wellington	654.63	7.69	85.11
Hutt Valley and Porirua	1,030.23	9.15	112.58
Taranaki	349.11	3.80	91.79
Manawatu & Horowhenua	71.90	1.46	49.23
Hawke's Bay	11.83	0.20	58.00

Company Name	Powerco Limited
For Year Ended	30 September 2016
Network / Sub-network Name	Central Network

SCHEDULE 10a: REPORT ON NETWORK RELIABILITY AND INTERRUPTIONS

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

sch ref

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

9 **Interruptions by class**

	Actual
10 Class A (planned interruptions by GTB)	-
11 Class B (planned interruptions on the network)	34
12 Class C (unplanned interruptions on the network)	89
13 Class D (unplanned interruptions by GTB)	-
14 Class I (unplanned interruptions caused by third party damage)	109
15 Total	232

Number of unplanned outage events (interruptions that affect more than 5 ICPs)	Actual
17 Taranaki	1
18 Manawatu & Horowhenua	-
19 Hawke's Bay	-
20	
21	

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

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

Overall reliability	SAIDI	SAIFI	CAIDI
30 Based on the total number of interruptions	963.31	8.16	118.04
31 Class I (unplanned interruptions caused by third party damage)	182.23	2.90	62.80

Class B (planned interruptions on the network)	SAIDI	SAIFI	CAIDI
33 Taranaki	594.46	4.02	147.96
34 Manawatu & Horowhenua	745.12	2.68	278.31
35 Hawke's Bay	-	-	-
36			
37			

Class C (unplanned interruptions on the network)	SAIDI	SAIFI	CAIDI
39 Taranaki	349.11	3.80	91.79
40 Manawatu & Horowhenua	71.90	1.46	49.23
41 Hawke's Bay	11.83	0.20	58.00
42			
43			

Company Name	Powerco Limited
For Year Ended	30 September 2016
Network / Sub-network Name	Lower Network

SCHEDULE 10a: REPORT ON NETWORK RELIABILITY AND INTERRUPTIONS

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

sch ref

8	10a(i): Interruptions			
9	Interruptions by class			
10		Actual		
11	Class A (planned interruptions by GTB)			-
12	Class B (planned interruptions on the network)			182
13	Class C (unplanned interruptions on the network)			368
14	Class D (unplanned interruptions by GTB)			-
15	Class I (unplanned interruptions caused by third party damage)			136
16	Total			686
17	Number of unplanned outage events (interruptions that affect more than 5 ICPs)			
18		Actual		
19	Wellington			3
20	Hutt Valley and Porirua			4
21				
22	Number of unplanned outage events caused by third party damage (interruptions that affect more than 5 ICPs)			
23		Actual		
24	Wellington			-
25	Hutt Valley and Porirua			2
26				
27				
28	10a(ii): Reliability			
29	Overall reliability			
30		SAIDI	SAIFI	CAIDI
31	Based on the total number of interruptions	1,729.20	15.62	110.71
32	Class I (unplanned interruptions caused by third party damage)	204.70	3.02	67.89
33	Class B (planned interruptions on the network)			
34		SAIDI	SAIFI	CAIDI
35	Wellington	436.27	4.77	91.54
36	Hutt Valley and Porirua	928.08	3.57	260.13
37				
38	Class C (unplanned interruptions on the network)			
39		SAIDI	SAIFI	CAIDI
40	Wellington	654.63	7.69	85.11
41	Hutt Valley and Porirua	1,030.23	9.15	112.58
42				
43				

20. Schedule 10b: Network Integrity and Consumer Service

Company Name		Powerco Limited	
For Year Ended		30 September 2016	
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

sch ref

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

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

10 **Actual**

Wellington	127
Hutt Valley and Porirua	87
Taranaki	64
Manawatu & Horowhenua	85
Hawke's Bay	8

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

16 **Actual**

Wellington	5
Hutt Valley and Porirua	11
Taranaki	2
Manawatu & Horowhenua	4
Hawke's Bay	4

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

22 **Actual**

Wellington	64
Hutt Valley and Porirua	70
Taranaki	38
Manawatu & Horowhenua	78
Hawke's Bay	44

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

28 **Actual**

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

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

35 **Actual**

All regions	94.80%

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

40 **Product control—safety of distribution**

41 **Actual**

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

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

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

	Proportion of emergencies responded to within 1 hour (%)	Proportion of emergencies responded to within 3 hours (%)	Average call response time (hours)	Number of emergencies
Wellington	100.00%	100.00%	0.33	16
Hutt Valley and Porirua	100.00%	100.00%	0.34	17
Taranaki	100.00%	100.00%	0.58	5
Manawatu & Horowhenua	91.67%	100.00%	0.36	12
Hawke's Bay	100.00%	100.00%	0.19	2

49 **Number of complaints**

50 **Actual**

Number of complaints per average total consumption	0.0004
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Company Name	Powerco Limited
For Year Ended	30 September 2016
Network / Sub-network Name	Central Network

SCHEDULE 10b: REPORT ON NETWORK INTEGRITY AND CONSUMER SERVICE

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

sch ref

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

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

	Actual
Taranaki	64
Manawatu & Horowhenua	85
Hawke's Bay	8

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

	Actual
Taranaki	2
Manawatu & Horowhenua	4
Hawke's Bay	4

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

	Actual
Taranaki	38
Manawatu & Horowhenua	78
Hawke's Bay	44

Number of poor pressure events due to network causes

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

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

	Actual
All regions	94.80%

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

Product control—safety of distribution gas

	Actual
Number of non-compliant odour tests	-

42 **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
Taranaki	100.00%	100.00%	0.58	5
Manawatu & Horowhenua	91.67%	100.00%	0.36	12
Hawke's Bay	100.00%	100.00%	0.19	2

Number of complaints

	Actual
Number of complaints per average total consumer numbers	0.0003

Company Name	Powerco Limited
For Year Ended	30 September 2016
Network / Sub-network Name	Lower Network

SCHEDULE 10b: REPORT ON NETWORK INTEGRITY AND CONSUMER SERVICE

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

sch ref

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

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

	Actual
Wellington	127
Hutt Valley and Porirua	87

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

	Actual
Wellington	5
Hutt Valley and Porirua	11

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

	Actual
Wellington	64
Hutt Valley and Porirua	70

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

	Actual
Wellington	-
Hutt Valley and Porirua	-

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

	Actual
All regions	94.80%

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

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

	Actual
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
Wellington	100.00%	100.00%	0.33	16
Hutt Valley and Porirua	100.00%	100.00%	0.34	17

49 **Number of complaints**

	Actual
Number of complaints per average total consumer numbers	0.0004

21. Schedule 14: Mandatory Explanatory Notes

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

21.1 Return on Investment (Schedule 2)

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

Box 1: Explanatory comment on return on investment

Powerco's disclosed ROI under both a Vanilla and Post tax approach for 2016 is lower than 2015. Primarily this is a result of a decrease in operating surplus and a higher depreciation charge for 2016.

21.2 Regulatory Profit (Schedule 3)

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

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

Box 2: Explanatory comment on regulatory profit

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

There have been no reclassified items.

Merger and acquisition expenses (Schedule 3(iv))

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

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

Box 3: Explanatory comment on merger and acquisition expenditure

The business support operational expenditure category includes merger and acquisition expenditure of \$156k.

As opportunities arise, Powerco considers the purchase of assets or the merger/acquisition of assets aligned to our business. In DY15/DY16 the opportunity arose to bid for Vector's gas transmission assets and non-Auckland distribution assets. These assets were considered a good fit with Powerco's existing business and would enable Powerco to gain synergies from merging its current assets with those offered for sale. The \$156k of costs incurred in DY16 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 targeted review of efficiency and growth opportunities for Powerco's gas business, with the results of the review informing 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).

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

The Regulatory Asset Base (RAB) has increased by \$3.560m during the 2016 disclosure year.

During the 2016 disclosure year Powerco has recategorised \$5.584m of commissioned assets that were classified as Other Network Assets in the 2015 disclosure. The individual assets, while in use, had not been added at the asset detail level to the fixed asset register. The detail for these assets was subsequently added to the fixed asset register in 2016 and transferred to the appropriate category.

As required by clause 2.7.2(2) of the 2012 information disclosure determination, we provide the following information.

- a) The nature of the assets reclassified were commissioned pipeline, valve and station assets that had been categorised as Other Network Assets
- b) The total value for these assets reported for the item in DY15 was \$5.584m
- c) The total value for these assets reported for the item in DY16 is \$5.584m
- d) In DY15 these assets had been allocated against Other Network Assets
- e) During DY16 these assets were correctly reclassified as follows
 - Intermediate pressure main pipeline: \$0.764m
 - Medium pressure main pipeline: \$2.552m
 - Low pressure main pipeline: \$0.069m
 - Service pipe: \$1.328m
 - Stations: \$0.608m
 - Line valve: \$0.225m
 - Special crossings \$0.038m

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

Box 5: Regulatory tax allowance: permanent differences

Permanent differences are comprised of entertainment \$34,000 and merger & acquisition

costs \$156,000.

A revaluation gain on RAB of \$1,445,000 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.

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

Temporary differences relate to the movement in provision for ACC (\$23,000) and employee entitlements of (\$1,000).

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).

Box 7: Related party transactions

There were no related party transactions in the 2016 disclosure year.

21.7 Cost allocation (Schedule 5d)

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

Box 8: Cost allocation

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

Costs have been allocated on the following basis:

- a) Direct allocation of all expenses which are directly attributable to the specific business
- b) 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 DY16.

There have been no reclassified items in accordance with clause 2.7.1(2) during DY16.

21.8 Asset allocation (Schedule 5e)

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

Box 9: Commentary on asset allocation

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

During the 2016 Disclosure Year there have been no reclassified items affecting asset allocation. Powerco has recategorised \$5.584m of assets. The details of this reclassification required by clause 2.7.1 (2) are provided in box 4.

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

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

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

Box 10: Explanation of capital expenditure for the disclosure year**1. Materiality threshold**

A materiality threshold of \$100k 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 \$100k in the disclosure year
Other reliability, safety and environment	Projects greater than 10% of total costs for that category in the disclosure year

2. Reclassified items

There have been no reclassified items in accordance with clause 2.7.1(2) during DY16.

As Powerco continues to refine its processes improvements in the level of information provided are expected and in DY16 capital contributions have been applied against the appropriate capex cost category. In prior years contributions have been applied in total to consumer connection capex.

There was a correction made in DY16 to transfer \$190k of the 'HAB IP Valve Safety Improvement project' into 'Other Reliability and Safety'. In DY15 this project was incorrectly included in 'Asset Replace Renewal –Intermediate Pressure Line Valve'.

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—

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

Box 11: Explanation of operation expenditure for the disclosure year

1. Asset Replacement and Renewal

Powerco had asset replacement and renewal expenditure of \$2.5m for the 2016 disclosure period.

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

Powerco interprets asset replacement and renewal maintenance to include defect remedy of a non-routine nature which requires 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 2016 disclosure year.

3. Atypical Expenditure

In DY15 and DY16 Powerco investigated the possibility of purchasing Vector's non-Auckland gas assets. While Powerco was not successful in the tender process for these assets, \$156k of costs were incurred in the 2016 disclosure year relating to the due diligence process and eventual tender for these assets. This is considered atypical expenditure for Powerco. These costs are included in the Business Support cost category for DY16.

21.11 Variance between forecast and actual expenditure (Schedule 7)

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

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

Total reported "Expenditure on assets (7(ii))" is below the forecast provided in the Gas Asset management Plan (the "AMP") published in September 2015. Total "Operational Expenditure (7(iii))" is in line with the forecast.

Some movement in expenditure between categories has occurred. The reasons for variances are noted 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).

Network Capex

Overall expenditure on network assets is \$2,844k below the 2015 AMP forecast.

Our delivery programme slipped significantly in the second half of DY16 due to a number of factors outside our direct control, including shortages of field resources, pipe material and clashes with other infrastructure projects. The programme slippage contributed to capital expenditure being below forecast. Other factors also contributed to the lower capital expenditure:

- a) Lower than forecast subdivision growth (outside Powerco's control)
- b) Deferral of some projects where more detailed analysis and/or evidence to support the investment were necessary
- c) Lower cost project delivery through improved contracting and execution strategies
- d) Changes in project scope and design changes to enable a lower cost solution

In the paragraphs below, we explain the variance for each expenditure category.

Customer Connection

The customer connection category is 22% over forecast. This is due to a higher number of residential and small commercial connections, predominantly on our existing network. In our forecast, we accounted for a total of 1,401 connections in this category (as per schedule 12c). In the same period, we connected 1,737 customers, which is consistent with the increase in expenditure.

This increased number of customer connections contributed to the shortage of field resources to deliver other planned projects.

System Growth

The system growth category is 61% (\$1,091k) under forecast. This is primarily due to the lower than anticipated subdivision activity:

- a) Our 2015 AMP forecast included approximately \$150k to support the development of Maymorn Valley through design studies. Development of the Maymorn Valley has been further deferred and consequently the design related expenditure was not required.
- b) We planned to construct a new point of supply to the Hokowhitu suburb of Palmerston North to support growth in the area and had allocated \$330k for this project. As part of our continuous network monitoring and modelling, we determined that the rate of growth in this area did not require the investment at this stage.
- c) General subdivision activity on our footprint was lower than expected and this contributed to approximately \$500k lower expenditure. Expenditure on system growth to support subdivision growth is reactive and subject to developers' activity. While there was lower than expected subdivision activity, there was higher than expected connection growth on our existing network.

Asset Replacement and Renewal

The asset replacement and renewal category is 17% (\$368k) under forecast. This is due to the following:

- a) Some projects were delayed to allow coordination with other utilities.
- b) Our contracting and execution strategy for the renewal of pre-85 pipework has resulted in efficiencies.

Asset Relocations

The asset relocation category is 83% (\$189k) under forecast. Asset relocations are reactive, initiated by an external party. In the 2015 AMP, we budgeted for roading projects in New

Plymouth (Northgate Road) and Wellington (Transmission Gully). The impact of these roading projects on our assets was less than anticipated.

Quality of Supply

The quality of supply category is 64% (\$2,263k) under forecast largely due to delays outside of Powerco's control:

- a) The delay in the Palmerston North Eastern Reinforcement project, with approximately \$1.3m deferred to RY17. We have experienced two consecutive delays in this project:
 - A national shortage of pipe, due to another gas distribution business acquiring a larger than usual quantity of pipe, impacted the start of this project by almost three months.
 - A failure of a high voltage electricity cable in Palmerston North resulted in the gas pipeline project being put on hold while a new electricity cable was built in the alignment planned for the gas pipeline. This delayed the completion date by a further two to three months.
- c) The completion of the first pressure increase project in Wellington CBD was under budget by approximately \$200k. The number of leak repairs needed was lower than forecast.
- d) The start of the second pressure increase project planned in Wellington CBD was delayed due to change in staff, and resource shortages with our main service provider. This delay resulted in approximately \$300k being deferred to RY17.
- e) The Westown capacity reinforcement was delivered for approximately \$150k under budget due to design changes to enable a lower cost solution.

Other Reliability, Safety and Environment

The other reliability, safety and environment category is over forecast by 7% (\$179k). This is due to an increase in the cost of the Hutt River Crossing project, partially offset by the reduction in the delivery cost of the DRS protection programme.

Non-network capex

Expenditure in this category was \$977k below forecast for the period. The variance resulted primarily from the deferral of four projects:

- The upgrade of the network operations centre has been deferred to DY17 (approx. \$440k)
- Progress with a proposed Enterprise Asset Management (EAM) solution was delayed pending further investigation work (approx. \$160k)
- Proposed system improvements within the Billing and ICP Management functions have been deferred pending the outcome of the EAM investigation work (approx. \$120k)
- Proposed work to assess and improve asset data quality within Powerco has been deferred pending the outcome of the EAM investigation work (approx. \$80k)

Operational Expenditure

Network Operational expenditure for DY16 of \$5.21m is largely in line with the AMP forecast for the year of \$5.36m. Non network operational expenditure for DY16 of \$11.03m is higher than forecast (\$10.61m) due to higher system operations and network support expenditure, largely due to lower cost capitalisation recovery resulting from lower than planned capital

expenditure.

There have been no further 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.

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

Target revenue for the disclosure period was 0.62% higher than actual total billed line charges. The milder winter experienced in this disclosure year has led to a decrease in overall energy conveyed for the period and a resulting decrease in revenue from that forecast for the period.

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

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

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

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

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

Box 15: Commentary on network reliability for the disclosure year

The total number of interruptions experienced on Powerco's network decreased in number in DY16. This decrease of 259 total interruptions (or 22%) from the 2015 regulatory year was driven by the reduced number of unplanned interruptions (Class C) this year.

Unplanned interruptions caused by a third party (Class I) has decreased by 2%.

Unplanned interruptions that affected more than 5 consumers increased from 5 in DY15 to 8 in DY16. This increase is not considered material given a customer base of over 100,000.

Planned interruptions increased from 199 in DY15 to 216 in DY16. Powerco undertook several large mains renewal projects in DY16 which contributed to this increase. Projects of this nature require customers to be without gas for a full working day at a time to ensure the safety of both the public and contractors working on the network.

Total SAIDI increased from 883.94 minutes in DY15 to 1,406.84 minutes in DY16. Actual SAIDI and SAIFI results are multiplied by 1000 for reporting purposes, so the actual SAIDI increase is only 0.5 minutes per customer per annum.

As discussed in our 2016 Gas Asset Management Plan, SAIDI can vary dramatically from year to year which makes short-term trend analysis potentially misleading. Gas networks are inherently secure because they are underground. When an outage does occur, however, the time to reinstate can be long because it requires the careful purging of the network and 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.

21.14 Insurance Cover

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

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

Box 16: Explanation of insurance cover

Powerco holds insurance cover for material damage and business interruption, targeted at key assets. This includes full cover for buildings and contents, IS server equipment, 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, in excess of net (drawn) debt, that would be available for use should an event occur. This headroom amount is in excess of our day-to-day working capital requirements.

The value of this facility headroom, currently \$70 million, takes into account 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.

The geographically diverse nature of Powerco's assets, and the resilience of those assets, also provides some practical mitigation of seismic risks.

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

21.15 Amendments to previously disclosed information

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

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

Box 17: Disclosure of amendment to previously disclosed information

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

22. Schedule 15: Voluntary Explanatory Notes

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

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

22.1 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

Monthly ROI

The calculation of monthly ROI in schedule 2 is not required in 2016. 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 2016 and Powerco has elected not to calculate a monthly ROI.

Weighted Average Remaining Useful Life

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

Regulatory depreciation

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

22.3 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.

Consumer type	Price category	Typical characteristics
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. 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.

2016 Valve data project

In 2016 Powerco conducted a project to improve valve location and condition data. This project identified some valves that could not be located or were inoperable and some valves that were not previously recorded. The net effect was an overall decrease in total live valve numbers of 98.

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.

22.5 Network Demand (Schedule 9d)**ICP numbers**

There has been a net increase of 854 billable ICPs during 2016. While 1,737 new connections have been added to the network, 883 ICPs have either become inactive or have disconnected from the network in 2016.

Network demand

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

22.6 Network reliability, integrity and customer service (Schedule 10a and 10b)**Customer service – telephone calls**

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

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

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

Customer service – response time to emergencies (RTE)

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

Directors' Certificate for Year End Disclosures

CERTIFICATE FOR YEAR-END DISCLOSURES

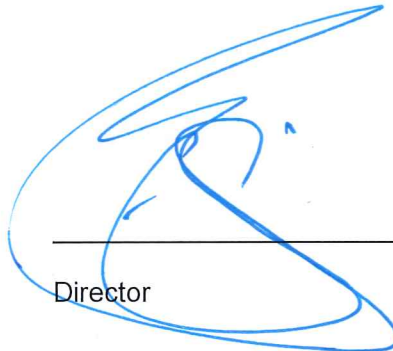
Pursuant to clause 2.9.3 of Section 2.9

We, JOHN LOUGHLIN, and PAUL CALLOW, 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



Director

10th February 2017

Date

10th February 2017.

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 ended 30 September 2016 ('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

Deloitte.

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.

Deloitte Limited

Chartered Accountants
10 February 2017
Wellington, New Zealand

This reasonable assurance report relates to the Disclosure Information of Powerco Limited for the year ended 30 September 2016 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 10 February 2017 to confirm the information included in the Disclosure Information presented on this website.