



OtagoNet Joint Venture

**INFORMATION DISCLOSURE PREPARED
IN ACCORDANCE WITH
ELECTRICITY INFORMATION DISCLOSURE
DETERMINATION
UNDER PART 4 OF THE COMMERCE ACT 1986**

FOR THE YEAR ENDED 31 MARCH 2014

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1. INTRODUCTION

These Information Disclosure documents are submitted by OtagoNet Joint Venture pursuant to Part 4 of the Commerce Act 1986 in accordance with:

- The Electricity Information Disclosure Determination 2012, issued 1 October 2012,
- The Electricity Distribution Services Input Methodologies Determination 2012, issued 15 November 2012,

2. INFORMATION DISCLOSURE DISCLAIMER

The information disclosed in this Information Disclosure package issued by OtagoNet Joint Venture has been prepared in accordance with the Determination listed above.

The Determination requires the information to be disclosed in the manner it is presented.

The information should not be used for any other purposes than that intended under the Determination.

The financial information presented is for the electricity distribution business as described within the Determination.

Due to rounding and automatic calculations in the spreadsheets there may be minor summing variances.

3. SCHEDULES

| | |
|----------------|------------------------|
| Company Name | OtagoNet Joint Venture |
| For Year Ended | 31 March 2014 |

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.

sch ref

| | | | | | |
|----|--|---|--|--|---|
| 7 | 1(i): Expenditure metrics | | | | |
| 8 | | Expenditure per GWh energy delivered to ICPs (\$/GWh) | Expenditure per average no. of ICPs (\$/ICP) | Expenditure per MW maximum coincident system demand (\$/MW) | Expenditure per km circuit length (\$/km) |
| 9 | Operational expenditure | | | | Expenditure per MVA of capacity from EDB-owned distribution transformers (\$/MVA) |
| 10 | Network | 19,209 | 520 | 124,996 | 1,690 |
| 11 | Non-network | 10,569 | 286 | 68,773 | 930 |
| 12 | | 8,640 | 234 | 56,223 | 760 |
| 13 | Expenditure on assets | 24,973 | 675 | 162,509 | 2,197 |
| 14 | Network | 24,755 | 670 | 161,086 | 2,178 |
| 15 | Non-network | 219 | 6 | 1,422 | 19 |
| 16 | | | | | |
| 17 | 1(ii): Revenue metrics | | | | |
| 18 | | Revenue per GWh energy delivered to ICPs (\$/GWh) | Revenue per average no. of ICPs (\$/ICP) | | |
| 19 | Total consumer line charge revenue | 81,814 | 2,213 | | |
| 20 | Standard consumer line charge revenue | 146,946 | 1,959 | | |
| 21 | Non-standard consumer line charge revenue | 18,513 | 1,251,155 | | |
| 22 | | | | | |
| 23 | 1(iii): Service intensity measures | | | | |
| 24 | | | | | |
| 25 | Demand density | 14 | | <i>Maximum coincident system demand per km circuit length (for supply) (kW/km)</i> | |
| 26 | Volume density | 88 | | <i>Total energy delivered to ICPs per km circuit length (for supply) (MWh/km)</i> | |
| 27 | Connection point density | 3 | | <i>Average number of ICPs per km circuit length (for supply) (ICPs/km)</i> | |
| 28 | Energy intensity | 27,046 | | <i>Total energy delivered to ICPs per Average number of ICPs (kWh/ICP)</i> | |
| 29 | | | | | |
| 30 | | | | | |
| 31 | 1(iv): Composition of regulatory income | | | | |
| 32 | | (\$000) | % of revenue | | |
| 33 | Operational expenditure | 7,680 | 23.10% | | |
| 34 | Pass-through and recoverable costs | 8,203 | 24.67% | | |
| 35 | Total depreciation | 6,607 | 19.87% | | |
| 36 | Total revaluation | 2,195 | 6.60% | | |
| 37 | Regulatory tax allowance | 2,484 | 7.47% | | |
| 38 | Regulatory profit/loss | 10,470 | 31.49% | | |
| 39 | Total regulatory income | 33,249 | | | |
| 40 | | | | | |
| 41 | 1(v): Reliability | | | | |
| 42 | | Interruptions per 100 circuit km | | | |
| 43 | Interruption rate | 16.81 | | | |

Company Name **OtagoNet Joint Venture**
 For Year Ended **31 March 2014**

SCHEDULE 2: REPORT ON RETURN ON INVESTMENT

This schedule requires information on the Return on Investment (ROI) for the EDB relative to the Commerce Commission's estimates of post tax WACC and vanilla WACC. EDBs 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 an EDB makes this election, information supporting this calculation must be provided in 2(ii). EDBs 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 | | CY-2 31 Mar 12 % | CY-1 31 Mar 13 % | Current Year CY 31 Mar 14 % | | | |
|---------|---|----------------------------|--|-------------------------------------|-----------------------------------|------------------------------------|----------------------------|
| 7 | 2(i): Return on Investment | | | | | | |
| 8 | | | | | | | |
| 9 | Post tax WACC | | | | | | |
| 10 | ROI—comparable to a post tax WACC | 6.43% | 6.47% | 6.99% | | | |
| 11 | | | | | | | |
| 12 | Mid-point estimate of post tax WACC | 6.40% | 5.85% | 5.43% | | | |
| 13 | 25th percentile estimate | 5.68% | 5.13% | 4.71% | | | |
| 14 | 75th percentile estimate | 7.11% | 6.56% | 6.14% | | | |
| 15 | | | | | | | |
| 16 | | | | | | | |
| 17 | Vanilla WACC | | | | | | |
| 18 | ROI—comparable to a vanilla WACC | 7.26% | 7.25% | 7.68% | | | |
| 19 | | | | | | | |
| 20 | Mid-point estimate of vanilla WACC | 7.22% | 6.62% | 6.11% | | | |
| 21 | 25th percentile estimate | 6.51% | 5.91% | 5.39% | | | |
| 22 | 75th percentile estimate | 7.94% | 7.34% | 6.83% | | | |
| 23 | | | | | | | |
| 24 | 2(ii): Information Supporting the ROI | | | | | | |
| 25 | | | | (\$000) | | | |
| 26 | Total opening RAB value | 144,589 | | | | | |
| 27 | plus Opening deferred tax | (3,135) | | | | | |
| 28 | Opening RIV | | 141,454 | | | | |
| 29 | | | | | | | |
| 30 | Operating surplus / (deficit) | 17,366 | | | | | |
| 31 | less Regulatory tax allowance | 2,484 | | | | | |
| 32 | less Assets commissioned | 7,285 | | | | | |
| 33 | plus Asset disposals | 19 | | | | | |
| 34 | Notional net cash flows | | 7,616 | | | | |
| 35 | | | | | | | |
| 36 | Total closing RAB value | 147,443 | | | | | |
| 37 | less Adjustment resulting from asset allocation | 0 | | | | | |
| 38 | less Lost and found assets adjustment | - | | | | | |
| 39 | plus Closing deferred tax | (3,035) | | | | | |
| 40 | Closing RIV | | 144,408 | | | | |
| 41 | | | | | | | |
| 42 | ROI—comparable to a vanilla WACC | | 7.68% | | | | |
| 43 | | | | | | | |
| 44 | Leverage (%) | | 44% | | | | |
| 45 | Cost of debt assumption (%) | | 5.56% | | | | |
| 46 | Corporate tax rate (%) | | 28% | | | | |
| 47 | | | | | | | |
| 48 | ROI—comparable to a post tax WACC | | 6.99% | | | | |
| 56 | 2(iii): Information Supporting the Monthly ROI | | | | | | |
| 57 | | | | | | | |
| 58 | Cash flows | | | | | | |
| 59 | | (\$000) | | | | | |
| 60 | | Total regulatory income | Expenses | Tax payments | Assets commissioned | Asset disposals | Notional net cash flows |
| 61 | April | | | | | | |
| 62 | May | | | | | | |
| 63 | June | | | | | | |
| 64 | July | | | | | | |
| 65 | August | | | | | | |
| 66 | September | | | | | | |
| 67 | October | | | | | | |
| 68 | November | | | | | | |
| 69 | December | | | | | | |
| 70 | January | | | | | | |
| 71 | February | | | | | | |
| 72 | March | | | | | | |
| 73 | Total | - | - | - | - | - | - |
| 74 | | Opening / closing RAB | Adjustment resulting from asset allocation | Lost and found assets adjustment | Opening / closing deferred tax | Revenue related working capital | Total |
| 75 | Monthly ROI - opening RIV | 144,589 | | | (3,135) | 2,758 | 144,212 |
| 76 | | | | | | | |
| 77 | Monthly ROI -closing RIV | 147,443 | 0 | | (3,035) | | 144,408 |
| 78 | Monthly ROI -closing RIV less term credit spread differential allowance | | | | | | 144,408 |
| 79 | Monthly ROI—comparable to a vanilla WACC | | | | | | N/A |
| 80 | | | | | | | |
| 81 | Monthly ROI—comparable to a post-tax WACC | | | | | | N/A |
| 82 | | | | | | | |
| 83 | 2(iv): Year-End ROI Rates for Comparison Purposes | | | | | | |
| 84 | | | | | | | |
| 85 | Year-end ROI—comparable to a vanilla WACC | | | | | | 7.22% |
| 86 | | | | | | | |
| 87 | Year-end ROI—comparable to a post-tax WACC | | | | | | 6.53% |
| 88 | | | | | | | |
| 89 | | | | | | | |

* these year-end ROI values are comparable to the ROI reported in pre 2012 disclosures by EDBs and do not represent the Commission's current view on ROI.

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SCHEDULE 3: REPORT ON REGULATORY PROFIT

This schedule requires information on the calculation of regulatory profit for the EDB for the disclosure year. All EDBs must complete 3(i), 3(iv) and 3(v) and must provide explanatory comment on their regulatory profit in Schedule 14 (Mandatory Explanatory Notes). Non-exempt EDBs must also complete sections 3(ii) and 3(iii). 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 | 32,709 |
| 10 | plus Gains / (losses) on asset disposals | (14) |
| 11 | plus Other regulated income (other than gains / (losses) on asset disposals) | 554 |
| 12 | | |
| 13 | Total regulatory income | 33,249 |
| 14 | Expenses | |
| 15 | less Operational expenditure | 7,680 |
| 16 | | |
| 17 | less Pass-through and recoverable costs | 8,203 |
| 18 | | |
| 19 | Operating surplus / (deficit) | 17,366 |
| 20 | | |
| 21 | less Total depreciation | 6,607 |
| 22 | | |
| 23 | plus Total revaluation | 2,195 |
| 24 | | |
| 25 | Regulatory profit / (loss) before tax & term credit spread differential allowance | 12,954 |
| 26 | | |
| 27 | less Term credit spread differential allowance | - |
| 28 | | |
| 29 | Regulatory profit / (loss) before tax | 12,954 |
| 30 | | |
| 31 | less Regulatory tax allowance | 2,484 |
| 32 | | |
| 33 | Regulatory profit / (loss) | 10,470 |
| 34 | | |
| 35 | 3(ii): Pass-Through and Recoverable Costs | (\$000) |
| 36 | Pass-through costs | |
| 37 | Rates | 77 |
| 38 | Commerce Act levies | 51 |
| 39 | Electricity Authority levies | 70 |
| 40 | Other specified pass-through costs | - |
| 41 | Recoverable costs | |
| 42 | Net recoverable costs allowed under incremental rolling incentive scheme | - |
| 43 | Non-exempt EDB electricity lines service charge payable to Transpower | 6,840 |
| 44 | Transpower new investment contract charges | 64 |
| 45 | System operator services | - |
| 46 | Avoided transmission charge | 1,101 |
| 47 | Input Methodology claw-back | - |
| 48 | Recoverable customised price-quality path costs | - |
| 49 | Pass-through and recoverable costs | 8,203 |
| 50 | | |
| 51 | | |
| 52 | | |
| 53 | | |
| 54 | | |
| 55 | | |
| 56 | | |
| 57 | 3(iii): Incremental Rolling Incentive Scheme | (\$000) |
| 58 | | |
| 59 | | |
| 60 | Allowed controllable opex | - |
| 61 | Actual controllable opex | - |
| 62 | | |
| 63 | Incremental change in year | - |
| 64 | | |
| 65 | | |
| 66 | CY-5 31 Mar 09 | - |
| 67 | CY-4 31 Mar 10 | - |
| 68 | CY-3 31 Mar 11 | - |
| 69 | CY-2 31 Mar 12 | - |
| 70 | CY-1 31 Mar 13 | - |
| 71 | Net incremental rolling incentive scheme | - |
| 72 | | |
| 73 | Net recoverable costs allowed under incremental rolling incentive scheme | - |
| 74 | 3(iv): Merger and Acquisition Expenditure | |
| 75 | Merger and acquisition expenses | - |
| 76 | | |
| 77 | Provide commentary on the benefits of merger and acquisition expenditure to the electricity distribution business, including required disclosures in accordance with section 2.7, in Schedule 14 (Mandatory Explanatory Notes) | |
| 78 | 3(v): Other Disclosures | |
| 79 | Self-insurance allowance | - |

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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. EDBs 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 14 of the ID determination), and so is subject to the assurance report required by section 2.8.

| sch ref | 4(i): Regulatory Asset Base Value (Rolled Forward) | for year ended | | | | |
|---------|--|--------------------------------------|-----------------------------|------------------------------------|-----------------------------|-----------------------------|
| | | RAB 31 Mar 10 (\$000) | RAB 31 Mar 11 (\$000) | RAB 31 Mar 12 (\$000) | RAB 31 Mar 13 (\$000) | RAB 31 Mar 14 (\$000) |
| 7 | Total opening RAB value | 130,998 | 133,333 | 137,890 | 139,704 | 144,589 |
| 11 | less Total depreciation | 5,714 | 5,918 | 6,172 | 6,395 | 6,607 |
| 13 | plus Total revaluations | 2,660 | 3,195 | 2,141 | 1,188 | 2,195 |
| 15 | plus Assets commissioned | 5,190 | 7,321 | 6,030 | 10,102 | 7,285 |
| 17 | less Asset disposals | - | 41 | 184 | 10 | 19 |
| 19 | plus Lost and found assets adjustment | 199 | - | - | - | - |
| 21 | plus Adjustment resulting from asset allocation | - | - | - | - | 0 |
| 23 | Total closing RAB value | 133,333 | 137,890 | 139,704 | 144,589 | 147,443 |
| 25 | | | | | | |
| 26 | 4(ii): Unallocated Regulatory Asset Base | | | | | |
| 27 | | Unallocated RAB* (\$000) | | RAB (\$000) | | |
| 29 | Total opening RAB value | | 144,589 | | 144,589 | |
| 30 | less Total depreciation | | 6,607 | | 6,607 | |
| 32 | plus Total revaluations | | 2,195 | | 2,195 | |
| 34 | plus Assets commissioned (other than below) | 340 | | 340 | | |
| 35 | Assets acquired from a regulated supplier | 2,690 | | 2,690 | | |
| 36 | Assets acquired from a related party | 4,237 | | 4,237 | | |
| 37 | Assets commissioned | | 7,285 | | 7,285 | |
| 39 | less Asset disposals (other than below) | 10 | | 10 | | |
| 40 | Asset disposals to a regulated supplier | - | | - | | |
| 41 | Asset disposals to a related party | - | | - | | |
| 42 | Asset disposals | | 19 | | 19 | |
| 43 | plus Lost and found assets adjustment | | | | | |
| 44 | plus Adjustment resulting from asset allocation | | | | | 0 |
| 45 | Total closing RAB value | | 147,442 | | 147,443 | |
| 46 | | | | | | |
| 47 | | | | | | |
| 48 | | | | | | |
| 49 | | | | | | |
| 50 | | | | | | |
| 51 | | | | | | |
| 52 | | | | | | |
| 53 | | | | | | |
| 54 | | | | | | |
| 55 | | | | | | |
| 56 | | | | | | |
| 57 | | | | | | |
| 58 | 4(iii): Calculation of Revaluation Rate and Revaluation of Assets | | | | | |
| 59 | | | | | | |
| 60 | CPI _t | | | | | 1.192 |
| 61 | CPI _{t-1} | | | | | 1.174 |
| 62 | Revaluation rate (%) | | | | | 1.53% |
| 63 | | | | | | |
| 64 | | | | | | |
| 65 | | | | | | |
| 66 | Total opening RAB value | 144,589 | | 144,589 | | |
| 67 | less Opening RAB value of fully depreciated, disposed and lost assets | 1,454 | | 1,454 | | |
| 68 | Total opening RAB value subject to revaluation | 143,135 | | 143,135 | | |
| 69 | Total revaluations | | 2,195 | | 2,195 | |
| 70 | | | | | | |
| 71 | | | | | | |
| 72 | 4(iv): Roll Forward of Works Under Construction | | | | | |
| 73 | | Unallocated works under construction | | Allocated works under construction | | |
| 74 | Works under construction—preceding disclosure year | | 3,690 | | 3,690 | |
| 75 | plus Capital expenditure | 9,491 | | 9,491 | | |
| 76 | less Assets commissioned | 7,285 | | 7,285 | | |
| 77 | plus Adjustment resulting from asset allocation | | | | | |
| 78 | Works under construction - current disclosure year | | 5,896 | | 5,896 | |
| 79 | | | | | | |
| 80 | Highest rate of capitalised finance applied | | | | | |

* The 'unallocated RAB' is the total value of those assets used wholly or partially to provide electricity distribution services without any allowance being made for the allocation of costs to non-regulated services. The RAB value represents the value of these assets after applying this cost allocation. Neither value includes works under construction.

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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. EDBs must provide explanatory comment on the value of their RAB in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

4(v): Regulatory Depreciation

Depreciation - standard
 Depreciation - no standard life assets
 Depreciation - modified life assets
 Depreciation - alternative depreciation in accordance with CPP
Total depreciation

| Unallocated RAB* (\$000) | RAB (\$000) |
|-----------------------------|----------------|
| 6,607 | 6,607 |
| 6,607 | 6,607 |

4(vi): Disclosure of Changes to Depreciation Profiles

(\$000 unless otherwise specified)

| 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 |
|---|--|---|---|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

* include additional rows if needed

4(vii): Disclosure by Asset Category

(\$000 unless otherwise specified)

| | Subtransmission lines | Subtransmission cables | Zone substations | Distribution and LV lines | Distribution and LV cables | Distribution substations and transformers | Distribution switchgear | Other network assets | Non-network assets | Total |
|---|-----------------------|------------------------|------------------|---------------------------|----------------------------|---|-------------------------|----------------------|--------------------|---------|
| Total opening RAB value | 16,399 | 179 | 23,100 | 75,537 | 1,881 | 18,063 | 5,950 | 1,305 | 2,163 | 144,589 |
| less Total depreciation | 972 | 2 | 1,230 | 3,164 | 88 | 664 | 321 | 127 | 39 | 6,607 |
| plus Total revaluations | 270 | 3 | 375 | 1,156 | 27 | 264 | 85 | 23 | (8) | 2,195 |
| plus Assets commissioned | 1,835 | | 2,191 | 2,720 | 12 | 71 | 23 | 342 | 87 | 7,285 |
| less Asset disposals | | | | | | 19 | | | | 19 |
| plus Last and found assets adjustment | | | | | | | | | | |
| plus Adjustment resulting from asset allocation | | | | | | | | | | |
| plus Asset category transfers | | | | | | | | | | |
| Total closing RAB value | 17,533 | 180 | 24,439 | 76,249 | 1,835 | 17,715 | 5,746 | 1,543 | 2,204 | 147,443 |
| Asset Life | | | | | | | | | | |
| Weighted average remaining asset life | 22.9 | 6.4 | 34.3 | 25.5 | 24.6 | 28.7 | 19.0 | 23.8 | 34.6 | (years) |
| Weighted average expected total asset life | 52.5 | 50.9 | 46.2 | 54.3 | 45.0 | 50.0 | 37.9 | 33.4 | 58.3 | (years) |

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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). EDBs 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 | 12,954 |
| 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 | - |
| 12 | Amortisation of initial differences in asset values | 1,367 |
| 13 | Amortisation of revaluations | 207 |
| 14 | | 1,574 |
| 15 | | |
| 16 | <i>less</i> Income included in regulatory profit / (loss) before tax but not taxable | 2,195 |
| 17 | Discretionary discounts and consumer rebates | - |
| 18 | Expenditure or loss deductible but not in regulatory profit / (loss) before tax** | - |
| 19 | Notional deductible interest | 3,461 |
| 20 | | 5,655 |
| 21 | | |
| 22 | Regulatory taxable income | 8,873 |
| 23 | | |
| 24 | <i>less</i> Utilised tax losses | - |
| 25 | Regulatory net taxable income | 8,873 |
| 26 | | |
| 27 | Corporate tax rate (%) | 28% |
| 28 | Regulatory tax allowance | 2,484 |
| 29 | | |
| 30 | * Workings to be provided in Schedule 14 | |
| 31 | ** Excluding discretionary discounts and consumer rebates | |
| 32 | 5a(ii): Disclosure of Permanent Differences | |
| 33 | In Schedule 14, Box 5, provide descriptions and workings of items recorded in the asterisked categories in Schedule 5a(i). | |
| 34 | 5a(iii): Amortisation of Initial Difference in Asset Values | (\$000) |
| 35 | | |
| 36 | Opening unamortised initial differences in asset values | 36,906 |
| 37 | Amortisation of initial differences in asset values | 1,367 |
| 38 | Adjustment for unamortised initial differences in assets acquired | - |
| 39 | Adjustment for unamortised initial differences in assets disposed | 22 |
| 40 | Closing unamortised initial differences in asset values | 35,517 |
| 41 | | |
| 42 | Opening weighted average remaining asset life (years) | 27 |

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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). EDBs 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 | | | |
|---------|---|---------|---------|
| 43 | 5a(iv): Amortisation of Revaluations | | (\$000) |
| 44 | | | |
| 45 | Opening Sum of RAB values without revaluations | 137,117 | |
| 46 | | | |
| 47 | Adjusted depreciation | 6,400 | |
| 48 | Total depreciation | 6,607 | |
| 49 | Amortisation of revaluations | | 207 |
| 57 | 5a(v): Reconciliation of Tax Losses | | (\$000) |
| 58 | | | |
| 59 | Opening tax losses | - | |
| 60 | plus Current period tax losses | - | |
| 61 | less Utilised tax losses | - | |
| 62 | Closing tax losses | | - |
| 63 | 5a(vi): Calculation of Deferred Tax Balance | | (\$000) |
| 64 | | | |
| 65 | Opening deferred tax | (3,135) | |
| 66 | | | |
| 67 | plus Tax effect of adjusted depreciation | 1,792 | |
| 68 | | | |
| 69 | less Tax effect of total tax depreciation | 2,080 | |
| 70 | | | |
| 71 | plus Tax effect of other temporary differences* | 165 | |
| 72 | | | |
| 73 | less Tax effect of amortisation of initial differences in asset values | 383 | |
| 74 | | | |
| 75 | plus Deferred tax balance relating to assets acquired in the disclosure year | 612 | |
| 76 | | | |
| 77 | less Deferred tax balance relating to assets disposed in the disclosure year | 6 | |
| 78 | | | |
| 79 | plus Deferred tax cost allocation adjustment | - | |
| 80 | | | |
| 81 | Closing deferred tax | | (3,035) |
| 82 | | | |
| 83 | 5a(vii): Disclosure of Temporary Differences | | |
| 84 | 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). | | |
| 85 | | | |
| 86 | 5a(viii): Regulatory Tax Asset Base Roll-Forward | | |
| 87 | | | (\$000) |
| 88 | Opening sum of regulatory tax asset values | 90,115 | |
| 89 | less Tax depreciation | 7,428 | |
| 90 | plus Regulatory tax asset value of assets commissioned | 7,952 | |
| 91 | less Regulatory tax asset value of asset disposals | 41 | |
| 92 | plus Lost and found assets adjustment | - | |
| 93 | plus Other adjustments to the RAB tax value | - | |
| 94 | Closing sum of regulatory tax asset values | | 90,598 |

Company Name **OtagoNet Joint Venture**
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SCHEDULE 5b: REPORT ON RELATED PARTY TRANSACTIONS

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

sch ref

5b(i): Summary—Related Party Transactions

| | (\$000) |
|----------------------------------|---------|
| Total regulatory income | (197) |
| Operational expenditure | 3,347 |
| Capital expenditure | 4,190 |
| Market value of asset disposals | - |
| Other related party transactions | 1,679 |

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

| Name of related party | Related party relationship |
|------------------------------|----------------------------|
| Otago Power Services Limited | Same ownership as OtagoNet |
| PowerNet Limited | 49% Common Ownership |
| Marlborough Lines Limited | 51% Ownership of OtagoNet |
| Peak Power Services Limited | 49% Common Ownership |

* 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) | |
|------------------------------|--------------------------------|-------------------------------------|------------------------------|-----------------------------|
| | | | Value of transaction (\$000) | Basis for determining value |
| Otago Power Services Limited | Opex | Maintenance provided to OtagoNet | 3,347 | Directors Certification |
| Otago Power Services Limited | Capex | Construction provided to OtagoNet | 4,230 | Directors Certification |
| PowerNet Limited | Opex | Business support and system control | 1,279 | Directors Certification |
| Marlborough Lines Limited | Opex | Engineering services | 400 | Directors Certification |
| PowerNet Limited | Sales | Rent 1 Month | (9) | Market value |
| OtagoNet | Sales | Rent 11 Months | (101) | Market value |
| Otago Power Services Limited | Sales | Rent | (94) | Market value |
| Peak Power Services Limited | Sales | UFB Services | (40) | Cost + Markup, price paid |
| Peak Power Services Limited | Capex | Materials provided to OtagoNet | 7 | Cost + Markup, price paid |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

* include additional rows if needed

Company Name **OtagoNet Joint Venture**
 For Year Ended **31 March 2014**

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 |
|---------------|------------|--------------|---------------------------|-----------------|--------------------------------|--|-------------------------------|---|------------------------------|
| None | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

* include additional rows if needed

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

| | | | | |
|---|--|-----|--|--|
| Gross term credit spread differential | | | | |
| Total book value of interest bearing debt | | | | |
| Leverage | | 44% | | |
| Average opening and closing RAB values | | | | |
| Attribution Rate (%) | | | | |
| Term credit spread differential allowance | | | | |

Company Name **OtagoNet Joint Venture**
 For Year Ended **31 March 2014**

SCHEDULE 5d: REPORT ON COST ALLOCATIONS

This schedule provides information on the allocation of operational costs. EDBs 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) | | | | OVABA allocation increase (\$000s) |
|---------|--|--------------------------|-----------------------------------|---------------------------------------|-----------|------------------------------------|
| | | Arm's length deduction | Electricity distribution services | Non-electricity distribution services | Total | |
| 7 | 5d(i): Operating Cost Allocations | | | | | |
| 9 | Service interruptions and emergencies | | | | | |
| 10 | Directly attributable | | 2,168 | | | |
| 11 | Not directly attributable | | | | | |
| 12 | Total attributable to regulated service | | 2,168 | | | |
| 14 | Vegetation management | | | | | |
| 15 | Directly attributable | | 803 | | | |
| 16 | Not directly attributable | | | | | |
| 17 | Total attributable to regulated service | | 803 | | | |
| 18 | Routine and corrective maintenance and inspection | | | | | |
| 19 | Directly attributable | | 305 | | | |
| 20 | Not directly attributable | | | | | |
| 21 | Total attributable to regulated service | | 305 | | | |
| 22 | Asset replacement and renewal | | | | | |
| 23 | Directly attributable | | 949 | | | |
| 24 | Not directly attributable | | | | | |
| 25 | Total attributable to regulated service | | 949 | | | |
| 26 | System operations and network support | | | | | |
| 27 | Directly attributable | | 475 | | | |
| 28 | Not directly attributable | | | | | |
| 29 | Total attributable to regulated service | | 475 | | | |
| 30 | Business support | | | | | |
| 31 | Directly attributable | | 2,979 | | | |
| 32 | Not directly attributable | | | | | |
| 33 | Total attributable to regulated service | | 2,979 | | | |
| 34 | Operating costs directly attributable | | 7,680 | | | |
| 35 | Operating costs not directly attributable | | - | | | |
| 36 | Operating expenditure | | 7,680 | | | |
| 45 | 5d(ii): Other Cost Allocations | | | | | |
| 46 | Pass through and recoverable costs | | | | | |
| 47 | Pass through costs | | | | | |
| 48 | Directly attributable | | 198 | | | |
| 49 | Not directly attributable | | | | | |
| 50 | Total attributable to regulated service | | 198 | | | |
| 51 | Recoverable costs | | | | | |
| 52 | Directly attributable | | 8,005 | | | |
| 53 | Not directly attributable | | | | | |
| 54 | Total attributable to regulated service | | 8,005 | | | |
| 56 | 5d(iii): Changes in Cost Allocations* † | | | | | |
| 57 | | | | | | |
| 58 | Change in cost allocation 1 | | | | | |
| 59 | Cost category | | | | | |
| 60 | Original allocator or line items | | | Original allocation | CY-1 | Current Year (CY) |
| 61 | New allocator or line items | | | New allocation | 31 Mar 13 | 31 Mar 14 |
| 62 | | | | Difference | | |
| 63 | Rationale for change | | | | | |
| 64 | | | | | | |
| 65 | | | | | | |
| 66 | Change in cost allocation 2 | | | | | |
| 67 | Cost category | | | | | |
| 68 | Original allocator or line items | | | Original allocation | CY-1 | Current Year (CY) |
| 69 | New allocator or line items | | | New allocation | 31 Mar 13 | 31 Mar 14 |
| 70 | | | | Difference | | |
| 71 | Rationale for change | | | | | |
| 72 | | | | | | |
| 73 | | | | | | |
| 74 | Change in cost allocation 3 | | | | | |
| 75 | Cost category | | | | | |
| 76 | Original allocator or line items | | | Original allocation | CY-1 | Current Year (CY) |
| 77 | New allocator or line items | | | New allocation | 31 Mar 13 | 31 Mar 14 |
| 78 | | | | Difference | | |
| 79 | Rationale for change | | | | | |
| 80 | | | | | | |
| 81 | | | | | | |
| 82 | | | | | | |

* 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

Company Name **OtagoNet Joint Venture**
 For Year Ended **31 March 2014**

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. EDBs 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) |
|--------------------------------------|--|-----------------------------------|
| | | Electricity distribution services |
| 7 | Subtransmission lines | |
| 11 | Directly attributable | 17533 |
| 12 | Not directly attributable | |
| 13 | Total attributable to regulated service | 17533 |
| 14 | Subtransmission cables | |
| 15 | Directly attributable | 180 |
| 16 | Not directly attributable | |
| 17 | Total attributable to regulated service | 180 |
| 18 | Zone substations | |
| 19 | Directly attributable | 24439 |
| 20 | Not directly attributable | |
| 21 | Total attributable to regulated service | 24439 |
| 22 | Distribution and LV lines | |
| 23 | Directly attributable | 76249 |
| 24 | Not directly attributable | |
| 25 | Total attributable to regulated service | 76249 |
| 26 | Distribution and LV cables | |
| 27 | Directly attributable | 1835 |
| 28 | Not directly attributable | |
| 29 | Total attributable to regulated service | 1835 |
| 30 | Distribution substations and transformers | |
| 31 | Directly attributable | 17715 |
| 32 | Not directly attributable | |
| 33 | Total attributable to regulated service | 17715 |
| 34 | Distribution switchgear | |
| 35 | Directly attributable | 5746 |
| 36 | Not directly attributable | |
| 37 | Total attributable to regulated service | 5746 |
| 38 | Other network assets | |
| 39 | Directly attributable | 1543 |
| 40 | Not directly attributable | |
| 41 | Total attributable to regulated service | 1543 |
| 42 | Non-network assets | |
| 43 | Directly attributable | 2204 |
| 44 | Not directly attributable | |
| 45 | Total attributable to regulated service | 2204 |
| 46 | | |
| 47 | Regulated service asset value directly attributable | 147443 |
| 48 | Regulated service asset value not directly attributable | 0 |
| 49 | Total closing RAB value | 147443 |

| 5e(ii): Changes in Asset Allocations* † | | (\$000) | |
|---|---|---------------------|-------------------|
| | | CY-1 | Current Year (CY) |
| | | 31 Mar 13 | 31 Mar 14 |
| 60 | Change in asset value allocation 1 | | |
| 61 | Asset category | Original allocation | |
| 62 | Original allocator or line items | New allocation | |
| 63 | New allocator or line items | Difference | |
| 64 | | | |
| 65 | Rationale for change | | |
| 66 | | | |
| 67 | | | |
| 68 | Change in asset value allocation 2 | | |
| 69 | Asset category | Original allocation | |
| 70 | Original allocator or line items | New allocation | |
| 71 | New allocator or line items | Difference | |
| 72 | | | |
| 73 | Rationale for change | | |
| 74 | | | |
| 75 | | | |
| 76 | | | |
| 77 | Change in asset value allocation 3 | | |
| 78 | Asset category | Original allocation | |
| 79 | Original allocator or line items | New allocation | |
| 80 | New allocator or line items | Difference | |
| 81 | | | |
| 82 | Rationale for change | | |
| 83 | | | |
| 84 | | | |

* 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

Company Name **OtagoNet Joint Venture**
 For Year Ended **31 March 2014**

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. EDBs 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 | | 824 |
| 9 | System growth | | 845 |
| 10 | Asset replacement and renewal | | 4,571 |
| 11 | Asset relocations | | - |
| 12 | Reliability, safety and environment: | | |
| 13 | Quality of supply | - | |
| 14 | Legislative and regulatory | - | |
| 15 | Other reliability, safety and environment | 3,657 | |
| 16 | Total reliability, safety and environment | | 3,657 |
| 17 | Expenditure on network assets | | 9,897 |
| 18 | Non-network assets | | 87 |
| 19 | | | |
| 20 | Expenditure on assets | | 9,984 |
| 21 | plus Cost of financing | | - |
| 22 | less Value of capital contributions | | 494 |
| 23 | plus Value of vested assets | | - |
| 24 | | | |
| 25 | Capital expenditure | | 9,491 |
| 26 | 6a(ii): Subcomponents of Expenditure on Assets (where known) | | (\$000) |
| 27 | Energy efficiency and demand side management, reduction of energy losses | | - |
| 28 | Overhead to underground conversion | | - |
| 29 | Research and development | | - |
| 30 | 6a(iii): Consumer Connection | | |
| 31 | <i>Consumer types defined by EDB*</i> | (\$000) | (\$000) |
| 32 | Consumer Connections < 20 kVa | 281 | |
| 33 | Consumer Connections 21-99 kVa | 374 | |
| 34 | Consumer Connections > 100 kVa | 170 | |
| 35 | | | |
| 36 | | | |
| 37 | <i>* include additional rows if needed</i> | | |
| 38 | Consumer connection expenditure | | 824 |
| 39 | | | |
| 40 | less Capital contributions funding consumer connection expenditure | 494 | |
| 41 | Consumer connection less capital contributions | | 331 |
| 42 | 6a(iv): System Growth and Asset Replacement and Renewal | | |
| 43 | | System Growth | Asset Replacement and Renewal |
| 44 | | (\$000) | (\$000) |
| 45 | Subtransmission | - | 1,121 |
| 46 | Zone substations | 22 | 7 |
| 47 | Distribution and LV lines | 803 | 3,214 |
| 48 | Distribution and LV cables | - | - |
| 49 | Distribution substations and transformers | - | - |
| 50 | Distribution switchgear | 16 | 230 |
| 51 | Other network assets | 3 | - |
| 52 | System growth and asset replacement and renewal expenditure | 845 | 4,571 |
| 53 | less Capital contributions funding system growth and asset replacement and renewal | | |
| 54 | System growth and asset replacement and renewal less capital contributions | 845 | 4,571 |
| 55 | | | |

Company Name **OtagoNet Joint Venture**
 For Year Ended **31 March 2014**

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. EDBs 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

| 6a(v): Asset Relocations | | (\$000) | (\$000) |
|--------------------------|--|---------|---------|
| 56 | 6a(v): Asset Relocations | | |
| 57 | Project or programme* | | |
| 58 | | - | - |
| 59 | | - | - |
| 60 | | - | - |
| 61 | | - | - |
| 62 | | - | - |
| 63 | * include additional rows if needed | | |
| 64 | All other asset relocations projects or programmes | - | - |
| 65 | Asset relocations expenditure | | |
| 66 | less Capital contributions funding asset relocations | - | - |
| 67 | Asset relocations less capital contributions | | |

| 6a(vi): Quality of Supply | | (\$000) | (\$000) |
|---------------------------|--|---------|---------|
| 75 | 6a(vi): Quality of Supply | | |
| 76 | Project or programme* | | |
| 77 | | - | - |
| 78 | | - | - |
| 79 | | - | - |
| 80 | | - | - |
| 81 | | - | - |
| 82 | * include additional rows if needed | | |
| 83 | All other quality of supply projects or programmes | - | - |
| 84 | Quality of supply expenditure | | |
| 85 | less Capital contributions funding quality of supply | - | - |
| 86 | Quality of supply less capital contributions | | |

| 6a(vii): Legislative and Regulatory | | (\$000) | (\$000) |
|-------------------------------------|---|---------|---------|
| 87 | 6a(vii): Legislative and Regulatory | | |
| 88 | Project or programme* | | |
| 89 | | - | - |
| 90 | | - | - |
| 91 | | - | - |
| 92 | | - | - |
| 93 | | - | - |
| 94 | * include additional rows if needed | | |
| 95 | All other legislative and regulatory projects or programmes | - | - |
| 96 | Legislative and regulatory expenditure | | |
| 97 | less Capital contributions funding legislative and regulatory | - | - |
| 98 | Legislative and regulatory less capital contributions | | |

| 6a(viii): Other Reliability, Safety and Environment | | (\$000) | (\$000) |
|---|--|---------|---------|
| 99 | 6a(viii): Other Reliability, Safety and Environment | | |
| 100 | Project or programme* | | |
| 101 | 110 kVa Line acquisition from Transpower at Palmerston | 2,942 | |
| 102 | Undergrounding LV Main Street Balclutha | 8 | |
| 103 | | - | - |
| 104 | | - | - |
| 105 | | - | - |
| 106 | * include additional rows if needed | | |
| 107 | All other reliability, safety and environment projects or programmes | 707 | |
| 108 | Other reliability, safety and environment expenditure | | 3,657 |
| 109 | less Capital contributions funding other reliability, safety and environment | - | - |
| 110 | Other reliability, safety and environment less capital contributions | | 3,657 |
| 111 | | | |

| 6a(ix): Non-Network Assets | | (\$000) | (\$000) |
|----------------------------|---|---------|---------|
| 112 | 6a(ix): Non-Network Assets | | |
| 113 | Routine expenditure | | |
| 114 | Project or programme* | | |
| 115 | | 87 | |
| 116 | | - | - |
| 117 | | - | - |
| 118 | | - | - |
| 119 | | - | - |
| 120 | * include additional rows if needed | | |
| 121 | All other routine expenditure projects or programmes | - | - |
| 122 | Routine expenditure | | 87 |
| 123 | Atypical expenditure | | |
| 124 | Project or programme* | | |
| 125 | | - | - |
| 126 | | - | - |
| 127 | | - | - |
| 128 | | - | - |
| 129 | | - | - |
| 130 | * include additional rows if needed | | |
| 131 | All other atypical expenditure projects or programmes | - | - |
| 132 | Atypical expenditure | | |
| 133 | | | |
| 134 | Non-network assets expenditure | | 87 |

Company Name **OtagoNet Joint Venture**
 For Year Ended **31 March 2014**

SCHEDULE 6b: REPORT ON OPERATIONAL EXPENDITURE FOR THE DISCLOSURE YEAR

This schedule requires a breakdown of operating expenditure incurred in the disclosure year.
 EDBs must provide explanatory comment on their operational expenditure in Schedule 14 (Explanatory notes to templates). This includes explanatory comment on any atypical operating 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.

| sch ref | | (\$000) | (\$000) |
|---------|--|---------|---------|
| 7 | 6b(i): Operational Expenditure | | |
| 8 | Service interruptions and emergencies | 2,168 | |
| 9 | Vegetation management | 803 | |
| 10 | Routine and corrective maintenance and inspection | 305 | |
| 11 | Asset replacement and renewal | 949 | |
| 12 | Network opex | | 4,225 |
| 13 | System operations and network support | 475 | |
| 14 | Business support | 2,979 | |
| 15 | Non-network opex | | 3,454 |
| 16 | | | |
| 17 | Operational expenditure | | 7,680 |
| 18 | 6b(ii): Subcomponents of Operational Expenditure (where known) | | |
| 19 | Energy efficiency and demand side management, reduction of energy losses | | |
| 20 | Direct billing* | | |
| 21 | Research and development | | |
| 22 | Insurance | | 188 |
| 23 | * Direct billing expenditure by suppliers that directly bill the majority of their consumers | | |

| | |
|----------------|------------------------|
| Company Name | OtagoNet Joint Venture |
| For Year Ended | 31 March 2014 |

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. EDBs 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

| | | Target (\$000) ¹ | Actual (\$000) | % variance |
|----|--|-----------------------------|----------------|------------|
| 7 | 7(i): Revenue | | | |
| 8 | Line charge revenue | 33,512 | 32,709 | (2%) |
| 9 | 7(ii): Expenditure on Assets | | | |
| 10 | Consumer connection | 1,450 | 824 | (43%) |
| 11 | System growth | 1,174 | 845 | (28%) |
| 12 | Asset replacement and renewal | 7,054 | 4,571 | (35%) |
| 13 | Asset relocations | 80 | - | (100%) |
| 14 | Reliability, safety and environment: | | | |
| 15 | Quality of supply | - | - | - |
| 16 | Legislative and regulatory | - | - | - |
| 17 | Other reliability, safety and environment | 3,581 | 3,657 | 2% |
| 18 | Total reliability, safety and environment | 3,581 | 3,657 | 2% |
| 19 | Expenditure on network assets | 13,339 | 9,897 | (26%) |
| 20 | Non-network capex | | 87 | - |
| 21 | Expenditure on assets | 13,339 | 9,984 | (25%) |
| 22 | 7(iii): Operational Expenditure | | | |
| 23 | Service interruptions and emergencies | 1,130 | 2,168 | 92% |
| 24 | Vegetation management | 775 | 803 | 4% |
| 25 | Routine and corrective maintenance and inspection | 625 | 305 | (51%) |
| 26 | Asset replacement and renewal | 1,758 | 949 | (46%) |
| 27 | Network opex | 4,288 | 4,225 | (1%) |
| 28 | System operations and network support | 188 | 475 | 153% |
| 29 | Business support | 2,910 | 2,979 | 2% |
| 30 | Non-network opex | 3,098 | 3,454 | 12% |
| 31 | Operational expenditure | 7,386 | 7,680 | 4% |
| 32 | 7(iv): Subcomponents of Expenditure on Assets (where known) | | | |
| 33 | Energy efficiency and demand side management, reduction of energy losses | - | - | - |
| 34 | Overhead to underground conversion | - | - | - |
| 35 | Research and development | - | - | - |
| 36 | | | | |
| 37 | 7(v): Subcomponents of Operational Expenditure (where known) | | | |
| 38 | Energy efficiency and demand side management, reduction of energy losses | - | - | - |
| 39 | Direct billing | - | - | - |
| 40 | Research and development | - | - | - |
| 41 | Insurance | 229 | 188 | (18%) |

¹ From the nominal dollar target revenue for the disclosure year disclosed under clause 2.4.3(3) of the Determination

² From the nominal dollar expenditure forecast and disclosed in the second to last AMP as the year CY+1 forecast

| | |
|----------------------------|------------------------|
| Company Name | OtagoNet Joint Venture |
| For Year Ended | 31 March 2014 |
| Network / Sub-Network Name | |

SCHEDULE 8: REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES

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

sch ref

8(i): Billed Quantities by Price Component

| Consumer group name or price category code | Consumer type or types (eg, residential, commercial etc.) | Standard or non-standard consumer group (specify) | Average no. of ICPs in disclosure year | Energy delivered to ICPs in disclosure year (MWh) |
|---|---|---|--|---|
| 1 | Residential | Standard | 7,964 | 53,766 |
| 2 | Commercial | Standard | 3,307 | 55,997 |
| 3 | Commercial | Standard | 46 | 23,225 |
| 4 | Commercial | Standard | 24 | 47,131 |
| 5 | unmetered | Standard | 87 | 3 |
| 6 | Street lights | Standard | 9 | 225 |
| 7 & 8 | low user | Standard | 3,342 | 16,702 |
| Non Standard | Commercial | Non-standard | 3 | 202,748 |
| <i>Add extra rows for additional consumer groups or price category codes as necessary</i> | | | | |
| Standard consumer totals | | | 14,779 | 197,043 |
| Non-standard consumer totals | | | 3 | 202,748 |
| Total for all consumers | | | 14,782 | 399,797 |

Unit charging basis (eg, days, kW of demand, kVA of capacity, etc.)

Price component

| Billed quantities by price component | | | | | |
|--------------------------------------|-----------------------------|-------------------------------|---------------------------------|--------------|-----------------|
| Variable day energy sales | Variable night energy sales | Variable day energy purchases | Variable night energy purchases | | |
| kWh | Kwh | kwh | kwh | kw of Demand | Kva of Capacity |
| - | - | 44,512,579 | 16,483,068 | - | - |
| - | - | 46,359,061 | 17,166,822 | - | - |
| 17,256,227 | 5,968,796 | - | - | 97,305 | 162,100 |
| 4,864,217 | 1,334,743 | - | - | - | - |
| - | - | 2,523 | 934 | - | - |
| - | - | 186,325 | 68,996 | - | - |
| 12,526,423 | 4,175,474 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 34,646,867 | 11,479,013 | 91,060,488 | 33,719,820 | 97,305 | 162,100 |
| - | - | - | - | - | - |
| 34,646,867 | 11,479,013 | 91,060,488 | 33,719,820 | 97,305 | 162,100 |

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

8(ii): Line Charge Revenues (\$000) by Price Component

| Consumer group name or price category code | Consumer type or types (eg, residential, commercial etc.) | Standard or non-standard consumer group (specify) | Total line charge revenue in disclosure year | Notional revenue foregone (if applicable) |
|--|---|---|--|---|
| 1 | Residential | Standard | \$10,290 | |
| 2 | Commerical | Standard | \$11,543 | |
| 3 | Commerical | Standard | \$2,026 | |
| 4 | Commerical | Standard | \$1,818 | |
| 5 | unmetered | Standard | \$21 | |
| 6 | Street lights | Standard | \$139 | |
| 7 & 8 | low user | Standard | \$2,786 | |
| Non Standard | Commerical | Non-standard | \$3,753 | |
| Generation | | Standard | \$332 | |
| | | (Select one) | - | |
| Standard consumer totals | | | \$28,956 | |
| Non-standard consumer totals | | | \$3,753 | |
| Total for all consumers | | | \$32,709 | |

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

| Total distribution line charge revenue | Total transmission line charge revenue (if available) |
|--|---|
| \$8,872 | \$1,419 |
| \$9,955 | \$1,588 |
| \$1,754 | \$272 |
| \$615 | \$1,203 |
| \$18 | \$3 |
| \$120 | \$19 |
| \$2,412 | \$374 |
| \$616 | \$3,137 |
| \$332 | |
| \$24,078 | \$4,878 |
| \$616 | \$3,137 |
| \$24,694 | \$8,015 |

Rate (eg, \$/day, \$/kWh, etc.)

| Line charge revenues (\$000) by price component | | | | | |
|---|----------|----------------|----------------|------------|-------|
| Price component | Fixed | Variable - Day | Variable Night | Max Demand | Kva |
| | \$/Day | \$/kwh | \$/kWh | \$/MD | 4/kVa |
| | \$4,485 | \$5,567 | \$239 | | |
| | \$5,483 | \$5,811 | \$249 | | |
| | | \$1,038 | \$46 | \$316 | \$626 |
| | \$1,552 | \$266 | | | |
| | \$21 | \$0 | \$0 | | |
| | \$114 | \$23 | \$1 | | |
| | \$22 | \$2,667 | \$97 | | |
| | \$3,753 | | | | |
| | \$332 | | | | |
| | \$12,009 | \$15,372 | \$632 | \$316 | \$626 |
| | \$3,753 | | | | |
| | \$15,763 | \$15,372 | \$632 | \$316 | \$626 |

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

8(iii): Number of ICPs directly billed

Number of directly billed ICPs at year end

Check OK

| | |
|----------------------------|------------------------|
| Company Name | OtagoNet Joint Venture |
| For Year Ended | 31 March 2014 |
| Network / Sub-network Name | |

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. All units relating to cable and line assets, that are expressed in km, refer to circuit lengths.

sch ref

| sch ref | Voltage | Asset category | Asset class | Units | Items at start of | Items at end of | Net change | Data accuracy 1-4 |
|---------|---------|-----------------------------|--|-------|-------------------|-----------------|------------|-------------------|
| | | | | | year (quantity) | year (quantity) | | |
| 8 | All | Overhead Line | Concrete poles / steel structure | No. | 29,815 | 31,317 | 1,502 | 3 |
| 9 | All | Overhead Line | Wood poles | No. | 16,776 | 16,634 | (142) | 3 |
| 11 | All | Overhead Line | Other pole types | No. | - | - | - | N/A |
| 12 | HV | Subtransmission Line | Subtransmission OH up to 66kV conductor | km | 613 | 614 | 1 | 3 |
| 13 | HV | Subtransmission Line | Subtransmission OH 110kV+ conductor | km | - | 93 | 93 | 3 |
| 14 | HV | Subtransmission Cable | Subtransmission UG up to 66kV (XLPE) | km | 2 | 2 | 0 | 4 |
| 15 | HV | Subtransmission Cable | Subtransmission UG up to 66kV (Oil pressurised) | km | - | - | - | N/A |
| 16 | HV | Subtransmission Cable | Subtransmission UG up to 66kV (Gas pressurised) | km | - | - | - | N/A |
| 17 | HV | Subtransmission Cable | Subtransmission UG up to 66kV (PILC) | km | - | - | - | N/A |
| 18 | HV | Subtransmission Cable | Subtransmission UG 110kV+ (XLPE) | km | - | - | - | N/A |
| 19 | HV | Subtransmission Cable | Subtransmission UG 110kV+ (Oil pressurised) | km | - | - | - | N/A |
| 20 | HV | Subtransmission Cable | Subtransmission UG 110kV+ (Gas Pressurised) | km | - | - | - | N/A |
| 21 | HV | Subtransmission Cable | Subtransmission UG 110kV+ (PILC) | km | - | - | - | N/A |
| 22 | HV | Subtransmission Cable | Subtransmission submarine cable | km | - | - | - | N/A |
| 23 | HV | Zone substation Buildings | Zone substations up to 66kV | No. | 35 | 35 | - | 3 |
| 24 | HV | Zone substation Buildings | Zone substations 110kV+ | No. | - | 1 | 1 | N/A |
| 25 | HV | Zone substation switchgear | 50/66/110kV CB (Indoor) | No. | - | - | - | N/A |
| 26 | HV | Zone substation switchgear | 50/66/110kV CB (Outdoor) | No. | 7 | 8 | 1 | 4 |
| 27 | HV | Zone substation switchgear | 33kV Switch (Ground Mounted) | No. | - | - | - | N/A |
| 28 | HV | Zone substation switchgear | 33kV Switch (Pole Mounted) | No. | 161 | 171 | 10 | 3 |
| 29 | HV | Zone substation switchgear | 33kV RMU | No. | - | - | - | N/A |
| 30 | HV | Zone substation switchgear | 22/33kV CB (Indoor) | No. | 7 | 7 | - | 4 |
| 31 | HV | Zone substation switchgear | 22/33kV CB (Outdoor) | No. | 22 | 27 | 5 | 4 |
| 32 | HV | Zone substation switchgear | 3.3/6.6/11/22kV CB (ground mounted) | No. | 35 | 35 | - | 4 |
| 33 | HV | Zone substation switchgear | 3.3/6.6/11/22kV CB (pole mounted) | No. | 69 | 69 | - | 4 |
| 34 | HV | Zone Substation Transformer | Zone Substation Transformers | No. | 41 | 42 | 1 | 4 |
| 35 | HV | Distribution Line | Distribution OH Open Wire Conductor | km | 2,275 | 2,340 | 64 | 3 |
| 36 | HV | Distribution Line | Distribution OH Aerial Cable Conductor | km | - | - | - | N/A |
| 37 | HV | Distribution Line | SWER conductor | km | 953 | 931 | (22) | 3 |
| 38 | HV | Distribution Cable | Distribution UG XLPE or PVC | km | 21 | 25 | 4 | 3 |
| 39 | HV | Distribution Cable | Distribution UG PILC | km | 3 | 2 | (0) | 3 |
| 40 | HV | Distribution Cable | Distribution Submarine Cable | km | - | - | - | N/A |
| 41 | HV | Distribution switchgear | 3.3/6.6/11/22kV CB (pole mounted) - reclosers and sectionalisers | No. | 13 | 12 | (1) | 4 |
| 42 | HV | Distribution switchgear | 3.3/6.6/11/22kV CB (Indoor) | No. | - | - | - | N/A |
| 43 | HV | Distribution switchgear | 3.3/6.6/11/22kV Switches and fuses (pole mounted) | No. | 5,641 | 5,702 | 61 | 3 |
| 44 | HV | Distribution switchgear | 3.3/6.6/11/22kV Switch (ground mounted) - except RMU | No. | - | - | - | N/A |
| 45 | HV | Distribution switchgear | 3.3/6.6/11/22kV RMU | No. | 8 | 8 | - | 4 |
| 46 | HV | Distribution Transformer | Pole Mounted Transformer | No. | 4,029 | 4,059 | 30 | 3 |
| 47 | HV | Distribution Transformer | Ground Mounted Transformer | No. | 168 | 151 | (17) | 3 |
| 48 | HV | Distribution Transformer | Voltage regulators | No. | 24 | 24 | - | 4 |
| 49 | HV | Distribution Substations | Ground Mounted Substation Housing | No. | - | - | - | N/A |
| 50 | LV | LV Line | LV OH Conductor | km | 499 | 508 | 9 | 2 |
| 51 | LV | LV Cable | LV UG Cable | km | 28 | 30 | 2 | 3 |
| 52 | LV | LV Street lighting | LV OH/UG Streetlight circuit | km | 2 | 19 | 18 | 3 |
| 53 | LV | Connections | OH/UG consumer service connections | No. | 16,269 | 15,629 | (640) | 2 |
| 54 | All | Protection | Protection relays (electromechanical, solid state and numeric) | No. | 174 | 184 | 10 | 3 |
| 55 | All | SCADA and communications | SCADA and communications equipment operating as a single system | Lot | 1 | 1 | - | 4 |
| 56 | All | Capacitor Banks | Capacitors including controls | No. | - | - | - | N/A |
| 57 | All | Load Control | Centralised plant | Lot | 4 | 4 | - | 4 |
| 58 | All | Load Control | Relays | No. | - | - | - | N/A |
| 59 | All | Civils | Cable Tunnels | km | - | - | - | N/A |

| | |
|----------------------------|------------------------|
| Company Name | OtagoNet Joint Venture |
| For Year Ended | 31 March 2014 |
| Network / Sub-network Name | |

SCHEDULE 9c: REPORT ON OVERHEAD LINES AND UNDERGROUND CABLES

This schedule requires a summary of the key characteristics of the overhead line and underground cable network. All units relating to cable and line assets, that are expressed in km, refer to circuit lengths.

| sch ref | | Overhead (km) | Underground (km) | Total circuit length (km) |
|---------|--|---------------|------------------|---------------------------|
| 9 | | | | |
| 10 | Circuit length by operating voltage (at year end) | | | |
| 11 | > 66kV | 93 | - | 93 |
| 12 | 50kV & 66kV | 74 | - | 74 |
| 13 | 33kV | 539 | 2 | 541 |
| 14 | SWER (all SWER voltages) | 931 | 3 | 934 |
| 15 | 22kV (other than SWER) | - | - | - |
| 16 | 6.6kV to 11kV (inclusive—other than SWER) | 2,340 | 24 | 2,364 |
| 17 | Low voltage (< 1kV) | 508 | 30 | 538 |
| 18 | Total circuit length (for supply) | 4,486 | 59 | 4,545 |
| 19 | | | | |
| 20 | Dedicated street lighting circuit length (km) | 19 | 1 | 20 |
| 21 | Circuit in sensitive areas (conservation areas, iwi territory etc) (km) | | | |
| 22 | | | | |
| 23 | Overhead circuit length by terrain (at year end) | | | |
| 24 | Urban | 309 | | 7% |
| 25 | Rural | 1,159 | | 26% |
| 26 | Remote only | 656 | | 15% |
| 27 | Rugged only | 1,715 | | 38% |
| 28 | Remote and rugged | 554 | | 12% |
| 29 | Unallocated overhead lines | 93 | | 2% |
| 30 | Total overhead length | 4,486 | | 100% |
| 31 | | | | |
| 32 | | | | |
| 33 | Length of circuit within 10km of coastline or geothermal areas (where known) | 985 | | 22% |
| 34 | | | | |
| 35 | Overhead circuit requiring vegetation management | 721 | | 16% |

Company Name **OtagoNet Joint Venture**
 For Year Ended **31 March 2014**

SCHEDULE 9d: REPORT ON EMBEDDED NETWORKS

This schedule requires information concerning embedded networks owned by an EDB that are embedded in another EDB's network or in another embedded network.

sch ref

| | Location * | Number of ICPs served | Line charge revenue (\$000) |
|----|------------|-----------------------|-----------------------------|
| 8 | | | |
| 9 | None | | |
| 10 | | | |
| 11 | | | |
| 12 | | | |
| 13 | | | |
| 14 | | | |
| 15 | | | |
| 16 | | | |
| 17 | | | |
| 18 | | | |
| 19 | | | |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |

* Extend embedded distribution networks table as necessary to disclose each embedded network owned by the EDB which is embedded in another EDB's network or in another embedded network

| | |
|----------------------------|------------------------|
| Company Name | OtagoNet Joint Venture |
| For Year Ended | 31 March 2014 |
| Network / Sub-network Name | |

SCHEDULE 9e: REPORT ON NETWORK DEMAND

This schedule requires a summary of the key measures of network utilisation for the disclosure year (number of new connections including distributed generation, peak demand and electricity volumes conveyed).

sch ref

| | | | |
|----|---|---|---------------------|
| 8 | 9e(i): Consumer Connections | | |
| 9 | <i>Number of ICPs connected in year by consumer type</i> | | |
| 10 | <i>Consumer types defined by EDB*</i> | Number of connections (ICPs) | |
| 11 | Residential | 29 | |
| 12 | Commercial | 27 | |
| 13 | | | |
| 14 | | | |
| 15 | | | |
| 16 | <i>* include additional rows if needed</i> | | |
| 17 | Connections total | 56 | |
| 18 | | | |
| 19 | Distributed generation | | |
| 20 | Number of connections made in year | 21 | connections |
| 21 | Capacity of distributed generation installed in year | 0 | MVA |
| 22 | 9e(ii): System Demand | | |
| 23 | | | |
| 24 | | Demand at time of maximum coincident demand (MW) | |
| 25 | Maximum coincident system demand | | |
| 26 | GXP demand | 56 | |
| 27 | <i>plus</i> Distributed generation output at HV and above | 6 | |
| 28 | Maximum coincident system demand | 61 | |
| 29 | <i>less</i> Net transfers to (from) other EDBs at HV and above | | |
| 30 | Demand on system for supply to consumers' connection points | 61 | |
| 31 | Electricity volumes carried | Energy (GWh) | Energy (GWh) |
| 32 | Electricity supplied from GXPs | 333 | |
| 33 | <i>less</i> Electricity exports to GXPs | | |
| 34 | <i>plus</i> Electricity supplied from distributed generation | 90 | |
| 35 | <i>less</i> Net electricity supplied to (from) other EDBs | | |
| 36 | Electricity entering system for supply to consumers' connection points | 423 | |
| 37 | <i>less</i> Total energy delivered to ICPs | 400 | |
| 38 | Electricity losses (loss ratio) | 23 | 5.5% |
| 39 | | | |
| 40 | Load factor | 1 | |
| 41 | 9e(iii): Transformer Capacity | | |
| 42 | | (MVA) | |
| 43 | Distribution transformer capacity (EDB owned) | 163 | |
| 44 | Distribution transformer capacity (Non-EDB owned) | 42 | |
| 45 | Total distribution transformer capacity | 205 | |
| 46 | | | |
| 47 | Zone substation transformer capacity | 121 | |

| | |
|----------------------------|------------------------|
| Company Name | OtagoNet Joint Venture |
| For Year Ended | 31 March 2014 |
| Network / Sub-network Name | |

SCHEDULE 10: REPORT ON NETWORK RELIABILITY

This schedule requires a summary of the key measures of network reliability (interruptions, SAIFI, SAIPI and fault rate) for the disclosure year. EDBs must provide explanatory comment on their network reliability for the disclosure year in Schedule 14 (Explanatory notes to templates). The SAIFI and SAIDI 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 | 10(i): Interruptions | | | |
| 9 | Interruptions by class | Number of interruptions | | |
| 10 | Class A (planned interruptions by Transpower) | - | | |
| 11 | Class B (planned interruptions on the network) | 541 | | |
| 12 | Class C (unplanned interruptions on the network) | 223 | | |
| 13 | Class D (unplanned interruptions by Transpower) | - | | |
| 14 | Class E (unplanned interruptions of EDB owned generation) | - | | |
| 15 | Class F (unplanned interruptions of generation owned by others) | - | | |
| 16 | Class G (unplanned interruptions caused by another disclosing entity) | - | | |
| 17 | Class H (planned interruptions caused by another disclosing entity) | - | | |
| 18 | Class I (interruptions caused by parties not included above) | - | | |
| 19 | Total | 764 | | |
| 20 | | | | |
| 21 | Interruption restoration | ≤3Hrs | >3hrs | |
| 22 | Class C interruptions restored within | 147 | 76 | |
| 23 | | | | |
| 24 | SAIFI and SAIDI by class | SAIFI | SAIDI | |
| 25 | Class A (planned interruptions by Transpower) | - | - | |
| 26 | Class B (planned interruptions on the network) | 0.58 | 154.1 | |
| 27 | Class C (unplanned interruptions on the network) | 2.44 | 317.3 | |
| 28 | Class D (unplanned interruptions by Transpower) | - | - | |
| 29 | Class E (unplanned interruptions of EDB owned generation) | - | - | |
| 30 | Class F (unplanned interruptions of generation owned by others) | - | - | |
| 31 | Class G (unplanned interruptions caused by another disclosing entity) | - | - | |
| 32 | Class H (planned interruptions caused by another disclosing entity) | - | - | |
| 33 | Class I (interruptions caused by parties not included above) | - | - | |
| 34 | Total | 3.02 | 471.4 | |
| 35 | | | | |
| 36 | Normalised SAIFI and SAIDI | Normalised SAIFI | Normalised SAIDI | |
| 37 | Classes B & C (interruptions on the network) | 2.95 | 348.2 | |
| 38 | | | | |
| 39 | Quality path normalised reliability limit | SAIFI reliability limit | SAIDI reliability limit | |
| 40 | SAIFI and SAIDI limits applicable to disclosure year* | 3.12 | 361.1 | |
| 41 | * not applicable to exempt EDBs | | | |
| 42 | 10(ii): Class C Interruptions and Duration by Cause | | | |
| 43 | | | | |
| 44 | Cause | SAIFI | SAIDI | |
| 45 | Lightning | 0.14 | 3.0 | |
| 46 | Vegetation | 0.21 | 14.6 | |
| 47 | Adverse weather | 0.54 | 76.8 | |
| 48 | Adverse environment | - | - | |
| 49 | Third party interference | 0.16 | 14.7 | |
| 50 | Wildlife | - | - | |
| 51 | Human error | 0.02 | - | |
| 52 | Defective equipment | 1.12 | 172.2 | |
| 53 | Cause unknown | 0.26 | 12.8 | |
| 62 | 10(iii): Class B Interruptions and Duration by Main Equipment Involved | | | |
| 63 | | | | |
| 64 | Main equipment involved | SAIFI | SAIDI | |
| 65 | Subtransmission lines | 0.06 | 17.5 | |
| 66 | Subtransmission cables | - | - | |
| 67 | Subtransmission other | - | - | |
| 68 | Distribution lines (excluding LV) | 0.52 | 136.7 | |
| 69 | Distribution cables (excluding LV) | - | - | |
| 70 | Distribution other (excluding LV) | - | - | |
| 71 | 10(iv): Class C Interruptions and Duration by Main Equipment Involved | | | |
| 72 | | | | |
| 73 | Main equipment involved | SAIFI | SAIDI | |
| 74 | Subtransmission lines | 1.02 | 125.5 | |
| 75 | Subtransmission cables | - | - | |
| 76 | Subtransmission other | - | - | |
| 77 | Distribution lines (excluding LV) | 1.30 | 158.7 | |
| 78 | Distribution cables (excluding LV) | 0.05 | 7.0 | |
| 79 | Distribution other (excluding LV) | 0.07 | 3.1 | |
| 80 | 10(v): Fault Rate | | | |
| 81 | Main equipment involved | Number of Faults | Circuit length (km) | Fault rate (faults per 100km) |
| 82 | Subtransmission lines | 20 | 707 | 2.83 |
| 83 | Subtransmission cables | - | 2 | - |
| 84 | Subtransmission other | - | - | - |
| 85 | Distribution lines (excluding LV) | 195 | 3,270 | 5.96 |
| 86 | Distribution cables (excluding LV) | 2 | 27 | 7.28 |
| 87 | Distribution other (excluding LV) | 6 | - | - |
| 88 | Total | 223 | | |

SCHEDULE 14 MANDATORY EXPLANATORY NOTES

(In this Schedule, clause references are to the Electricity Distribution Information Disclosure Determination 2012)

1. This Schedule requires EDBs to provide explanatory notes to information provided in accordance with clauses 2.3.1, 2.4.21, 2.4.22, and 2.5.2.
2. This Schedule is mandatory—EDBs must provide the explanatory comment specified below, in accordance with clause 2.7.1. Information provided in boxes 1 to 12 of this schedule is part of the audited disclosure information, and so is subject to the assurance requirements specified in section 2.8.
3. Schedule 15 (Voluntary Explanatory Notes to Schedules) provides for EDBs to give additional explanation of disclosed information should they elect to do so.

Return on Investment (Schedule 2)

4. In the box below, comment on return on investment as disclosed in Schedule 2. This comment must include information on reclassified items in accordance with clause 2.7.1(2).

Box 1: Explanatory comment on return on investment

OtagoNet achieved a post tax WACC of 6,99% above the 75th percentile estimate of post tax WACC of 6,14% and 7,68% vanilla WACC above the 75th percentile estimate of vanilla WACC of 6,83%.

For the 2013 year, with the ROI adjusted for the exclusion of the revaluation adjustment in the tax calculation (original reported figures in brackets), gives the post-tax WACC of 6,47% (6,22%) below the 75th percentile estimate of post-tax WACC of 6,56% and the 7,25% (6,99%) vanilla WACC below the 75th percentile estimate of vanilla WACC of 7,34% (7,94%).

No items were reclassified.

Regulatory Profit (Schedule 3)

5. In the box below, comment on regulatory profit for the disclosure year as disclosed in Schedule 3. This comment must include-
 - 5.1 a description of material items included in 'other regulatory line income' other than gains and losses on asset sales, as disclosed in 3(i) of Schedule 3
 - 5.2 information on reclassified items in accordance with clause 2.7.1(2).

Box 2: Explanatory comment on regulatory profit

Included in other regulated income is an amount of \$513k for TransPower Losses and Constraints.

No items were reclassified in the disclosure year.

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

6. If the EDB incurred merger and acquisitions expenditure during the disclosure year, provide the following information in the box below-
 - 6.1 information on reclassified items in accordance with clause 2.7.1(2)
 - 6.2 any other commentary on the benefits of the merger and acquisition expenditure to the EDB.

Box 3: Explanatory comment on merger and acquisition expenditure

There were no merger or acquisition expenses incurred in the disclosure year.

Value of the Regulatory Asset Base (Schedule 4)

7. In the box below, comment on the value of the regulatory asset base (rolled forward) in Schedule 4. This comment must include information on reclassified items in accordance with clause 2.7.1(2).

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

The calculation of the Regulatory Asset Base used the 31 March 2013 figure as the starting point with inflationary indexing over the year to 31 March 2014 plus additions less disposals. Additions were lower than budgeted for the year due to an increase in Work in Progress throughout the year.

Regulatory tax allowance: disclosure of permanent differences (5a(i) of Schedule 5a)

8. In the box below, provide descriptions and workings of the following items, as recorded in the asterisked categories in 5a(i) of Schedule 5a-
 - 8.1 income not included in regulatory profit / (loss) before tax but taxable;
 - 8.2 expenditure or loss in regulatory profit / (loss) before tax but not deductible;
 - 8.3 income included in regulatory profit / (loss) before tax but not taxable;
 - 8.4 expenditure or loss deductible but not in regulatory profit / (loss) before tax.

Box 5: Regulatory tax allowance: permanent differences

The revaluation of the assets of \$2,195k relates to the Regulatory Asset Base which is not a tax deductible expense. There are no other permanent differences.

Regulatory tax allowance: disclosure of temporary differences (5a(vi) of Schedule 5a)

9. In the box below, provide descriptions and workings of items recorded in the asterisked category 'Tax effect of other temporary differences' in 5a(vi) of Schedule 5a.

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

| | '000 |
|-------------------------|---------------|
| 2014 Payroll Provisions | \$ 66 |
| Capital Contributions: | \$ 522 |
| | <u>\$ 588</u> |
| Tax Rate: | 28% |
| Temporary Differences | <u>\$ 165</u> |

Related party transactions: disclosure of related party transactions (Schedule 5b)

10. In the box below, provide descriptions of related party transactions beyond those disclosed on schedule 5b including identification and descriptions as to the nature of directly attributable costs disclosed under clause 2.3.6(1)(b).

Box 7: Related party transactions

The OtagoNet Joint Venture comprises :

| | |
|------------------------------|-------|
| Marlborough Lines Ltd | 51% |
| Electricity Invercargill Ltd | 24.5% |
| The Power Company | 24.5% |

Otago Power Services Limited has the same ownership as OtagoNet. Otago Power Services Limited undertakes contracting services to maintain and develop the OtagoNet electrical network.

PowerNet Limited is owned by Electricity Invercargill Limited and The Power Company Limited who own 49% of OtagoNet. PowerNet Limited provides network management, project management, system control, finance, regulatory, commercial, corporate services, IT management and software services to OtagoNet.

Marlborough Lines Limited owns 51% of OtagoNet. Marlborough Lines Limited provides engineering services to OtagoNet.

Peak Power Services Limited is 26% owned by The Power Company Limited and 25% owned by Electricity Invercargill Limited who own 49% of OtagoNet. Peak Power Services Limited provides materials for transformer refurbishments to OtagoNet..

Cost allocation (Schedule 5d)

11. In the box below, comment on cost allocation as disclosed in Schedule 5d. This comment must include information on reclassified items in accordance with clause 2.7.1(2).

Box 8: Cost allocation

All disclosed costs were directly attributable to the operations of OtagoNet. .

Asset allocation (Schedule 5e)

12. In the box below, comment on asset allocation as disclosed in Schedule 5e. This comment must include information on reclassified items in accordance with clause 2.7.1(2).

Box 9: Commentary on asset allocation

All assets were directly attributable to the operations of OtagoNet.

Capital Expenditure for the Disclosure Year (Schedule 6a)

13. In the box below, comment on capital expenditure for the disclosure year, as disclosed in Schedule 6a. This comment must include-
- 13.1 a description of the materiality threshold applied to identify material projects and programmes described in Schedule 6a;
 - 13.2 information on reclassified items in accordance with clause 2.7.1(2),

Box 10: Explanation of capital expenditure for the disclosure year

No material programmes or projects were identified during the disclosure year other than OtagoNet purchased the Halfway Bush to Palmerston 110 kVa lines and Palmerston substation from Transpower at Palmerston for \$2,942k on 31 March 2014.

No items were reclassified during the disclosure year.

Operational Expenditure for the Disclosure Year (Schedule 6b)

14. In the box below, comment on operational expenditure for the disclosure year, as disclosed in Schedule 6b. This comment must include-
- 14.1 commentary on assets replaced or renewed with asset replacement and renewal operating expenditure, as reported in 6b(i) of Schedule 6b;
 - 14.2 information on reclassified items in accordance with clause 2.7.1(2);
 - 14.3 commentary on any material atypical expenditure included in operational expenditure disclosed in Schedule 6b, a including the value of the expenditure the purpose of the expenditure, and the operational expenditure categories the expenditure relates to.

Box 11: Explanation of operational expenditure for the disclosure year

Reactive and minor maintenance is performed on OtagoNet transformers and lines that are classified as refurbishment and renewal maintenance when the work performed is not material in relation to the overall value of the asset.

No items were reclassified during the disclosure year.

There was no material atypical expenditure disclosed in Schedule 6b.

Variance between forecast and actual expenditure (Schedule 7)

15. In the box below, comment 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

No items were reclassified during the disclosure year. Refer to each classification under point 13 and 14 above.

Capital Expenditure on Assets:

The actual expenditure on assets was 26% under budget.

Consumer connection:

- 43% underspent was attributed to the uncertainties of customer requests combined with some larger customer project completions being delayed.

System Growth:

- 28% underspent due to some work being delayed due to easement issues for new lines and other safety work.

Asset replacement and renewal:

- 35% underspent on some work being delayed due to easement issues for new lines and other safety work

Asset Relocations:

- No expenditure was incurred for asset relocations with this type of work being customer driven.

Reliability, Safety and environment:

- 2% underspent

Operational Expenditure:

Network opex was underspent and within 1% of budget.

Service interruptions and emergencies:

- 92% overspent due to extraordinary snow storms and other faults on the network.

Vegetation management:

- 4% overspent.

Routine and corrective maintenance and inspection:

- 51% overspent due to the work identified in the condition surveys.

Asset replacement and renewal:

- 46% underspent, not material with total budget of only \$6,000.

Information relating to revenue and quantities for the disclosure year

16. In the box below provide-

- 16.1 a comparison of the target revenue disclosed before the start of the disclosure year, in accordance with clauses 2.4.1 and 2.4.3(3) to total billed line charge revenue for the disclosure year, as disclosed in Schedule 8; and
- 16.2 explanatory comment on reasons for any material differences between target revenue and total billed line charge revenue.

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

Year ended 31 March 2013:

- Target revenue for the 2012-13 year was \$30,714k. The total billed revenue for the 2012-13 year was \$30,693k with no material difference.

Year ended 31 March 2014:

- Target revenue for the 2013-14 year was \$33,512k. The billed revenue for the 2013-14 year was \$32,709k. Fixed charges increased due to a full year invoicing with a new major customer. Variable revenue was down due to lower energy volumes recorded on the network.

Network Reliability for the Disclosure Year (Schedule 10)

17. In the box below, comment on network reliability for the disclosure year, as disclosed in Schedule 10.

Box 14: Commentary on network reliability for the disclosure year

An increased level of investment in the network has resulted in continued improvements in the network reliability. Adverse winter weather conditions resulted in significant outages across the network which exceeded the SAIDI limit by 87.2 SAIFI did not exceed the normalised limit but resulted in a significant increase to within 3% of the reliability limit.

OtagoNet's Default Price-Quality Path compliance statement has disclosed a pre-normalised SAIDI of 448.35 minutes and a Class C SAIDI of 294.22 which are understated by 23.09 minutes. Schedule 10 has been updated to record the increase. The increase does not affect the Assessed SAIDI of 348.15 minutes as the understatement relates to a normalised event day when the SAIDI Boundary Value was exceeded.

Planned work continues to account for over a significant portion of the SAIDI minutes for the year.

Insurance cover

18. In the box below provide details of any insurance cover for the assets used to provide electricity distribution services, including-
- 18.1 the EDB's approaches and practices in regard to the insurance of assets used to provide electricity distribution services, including the level of insurance;
- 18.2 in respect of any self insurance, the level of reserves, details of how reserves are managed and invested, and details of any reinsurance.

Box 15: Explanation of insurance cover

OtagoNet insures its substations, network equipment and buildings.

- Substations and network equipment are insured for \$39.6 million.
- Buildings are insured for \$14.5 million.

Lines and cables are un-insured, the cost of covering this risk through insurance is regarded as too expensive relative to the risk. This is particularly so in the context that an EDB can possibly recover prudent costs including rectifying for catastrophic events through the customised price path and claw back mechanisms.

OtagoNet does not self-insure and does not recognise the cost of self-insurance.

SCHEDULE 14A MANDATORY EXPLANATORY NOTES ON FORECAST INFORMATION

(In this Schedule, clause references are to the Electricity Distribution Information Disclosure Determination 2012)

19. This Schedule provides for EDBs to provide explanatory notes to reports prepared in accordance with clause 2.6.5.
20. This Schedule is mandatory—EDBs must provide the explanatory comment specified below, in accordance with clause 2.7.2. This information is not part of the audited disclosure information, and so is not subject to the assurance requirements specified in section 2.8.

Commentary on difference between nominal and constant price capital expenditure forecasts (Schedule 11a)

21. In the box below, comment on the difference between nominal and constant price capital expenditure for the disclosure year, as disclosed in Schedule 11a.

Box 1: Commentary on difference between nominal and constant price capital expenditure forecasts

Inflationary assumptions were used to calculate the nominal prices in the forecast.

Commentary on difference between nominal and constant price operational expenditure forecasts (Schedule 11b)

22. In the box below, comment on the difference between nominal and constant price operational expenditure for the disclosure year, as disclosed in Schedule 11b.

Box 2: Commentary on difference between nominal and constant price operational expenditure forecasts

Nominal Prices are based on economic assumptions obtained from NZIER Consensus Forecast (September 2013) as follows:

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------|------|------|------|------|------|
| Inflation (CPI) | 1.7% | 2.2% | 2.4% | 2.4% | 2.4% |

Forecasts are in line with the business plan projections and explanations outlined in the Asset Management Plan.

SCHEDULE 15 VOLUNTARY EXPLANATORY NOTES

(In this Schedule, clause references are to the Electricity Distribution Information Disclosure Determination 2012)

23. This Schedule enable EDBs to provide, should they wish to-
- 23.1 additional explanatory comment to reports prepared in accordance with clauses 2.3.1, 2.4.21, 2.4.22, 2.5.1, 2.5.2, and 2.6.5;
 - 23.2 information on any substantial changes to information disclosed in relation to a prior disclosure year, as a result of final wash-ups.
24. 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.
25. Provide additional explanatory comment in the box below.

Box 1: Voluntary explanatory comment on disclosed information

Information disclosed in Schedule 9b was sourced in 2014 from a better source of information than in 2013.

6. AUDITORS' REPORT



OTAGONET JOINT VENTURE - UNMODIFIED AUDIT OPINION FOR ELECTRICITY DISTRIBUTION INFORMATION DISCLOSURE DETERMINATION 2012

INDEPENDENT AUDITOR'S REPORT

TO THE GOVERNING COMMITTEE OF OTAGONET JOINT VENTURE AND TO THE COMMERCE COMMISSION

The Auditor-General is the auditor of OtagoNet Joint Venture (the Joint Venture). The Auditor-General has appointed me, Paul Bryden, using the staff and resources of Deloitte, to provide an opinion, on her behalf, on whether Schedules 1 to 4, 5a to 5g, 6a and 6b, 7, the SAIDI and SAIFI information disclosed in Schedule 10 and the explanatory notes in boxes 1 to 12 in Schedule 14 ('the Disclosure Information') for the disclosure year ended 31 March 2014, have been prepared, in all material respects, in accordance with the Electricity Distribution Disclosure Information Determination 2012 (the 'Determination').

Governing Committee' responsibility for the Disclosure Information

The Governing Committee of the Joint Venture are responsible for the preparation of the Disclosure Information in accordance with the Determination, and for such internal control as the Governing Committee determine is necessary to enable the preparation of the Disclosure Information that is free from material misstatement.

Auditor's responsibility for the Disclosure Information

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

Basis of opinion

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* issued by the External Reporting Board and the Standard on Assurance Engagements 3100: *Compliance Engagements* issued by the External Reporting Board.

These standards require that we comply with ethical requirements and plan and perform our audit to provide reasonable assurance (which is also referred to as 'audit' assurance) about whether the Disclosure Information has been prepared in all material respects in accordance with the Determination.

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 Joint Venture'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 Joint Venture's internal control.

An audit also involves evaluating:

- The appropriateness of assumptions used and whether they have been consistently applied; and
- The reasonableness of the significant judgements made by the Governing Committee of the Joint Venture.



Use of this report

This independent auditor's report has been prepared for the Governing Committee of the Joint Venture and for the Commerce Commission for the purpose of providing those parties with independent audit assurance about whether the Disclosure Information has been prepared, in all material respects, in accordance with the Determination. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Governing Committee of the Joint Venture or the Commerce Commission, or for any other purpose than that for which it was prepared.

Scope and inherent limitations

Because of the inherent limitations of an audit engagement, and the test basis of the procedures performed, it is possible that fraud, error or non-compliance may occur and not be detected.

We did not examine every transaction, adjustment or event underlying the Disclosure Information nor do we guarantee complete accuracy of the Disclosure Information. Also we did not evaluate the security and controls over the electronic publication of the Disclosure Information.

The opinion expressed in this independent auditor's report has been formed on the above basis.

Independence

When carrying out the engagement we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. We also complied with the independent auditor requirements specified in the Determination.

The Auditor-General, and her employees, and Deloitte and its partners and employees may deal with the Joint Venture on normal terms within the ordinary course of trading activities of the Joint Venture. Other than any dealings on normal terms within the ordinary course of business, this engagement and the annual audit of the Joint Venture's financial statements, we have no relationship with or interests in the Joint Venture.

Opinion

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 Joint Venture;
- The information used in the preparation of the Disclosure Information has been properly extracted from the Joint Venture's accounting and other records and has been sourced, where appropriate, from the Joint Venture's financial and non-financial systems; and
- The Joint Venture has complied with the Determination, in all material respects, in preparing the Disclosure Information.

In forming our opinion, we have obtained sufficient recorded evidence and all the information and explanations we have required.

A handwritten signature in blue ink, appearing to read "Paul Bryden".

Paul Bryden
Deloitte
On behalf of the Auditor-General
Christchurch, New Zealand
29 August 2014

7. DIRECTORS' CERTIFICATES

Schedule 18: Certification for Year-End Disclosures

Clause 2.9.2 of Section 2.9


We, Neil Douglas Boniface and Alan Bertram Harper, being directors of companies that are party to the OtagoNet Joint Venture and members of the OtagoNet Joint Venture Governing Committee 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 and 2.3.2; and clauses 2.4.21 and 2.4.22; clauses 2.5.1 and 2.5.2; and clauses 2.7.1 and 2.7.2 of the Electricity 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, 9e, 10, and 14a has been properly extracted from the OtagoNet Joint Venture's accounting and other records sourced from its financial and non-financial systems, and that sufficient appropriate records have been retained.

In respect of related party costs and revenues recorded in accordance with clauses 2.3.6(1) (when valued in accordance with clause 2.2.11(5)(h)(ii) of the Electricity Distribution Services Input Methodologies Determination 2010), 2.3.6(2)(f) and 2.3.7(2)(b), we certify that, having made all reasonable enquiry, including enquiries of our related parties, we are satisfied that to the best of our knowledge and belief the costs and revenues recorded for related party transactions reasonably reflect the price or prices that would have been paid or received had these transactions been at arm's-length.



Neil Douglas Boniface



Alan Bertram Harper

29 August 2014