# EXPLANATORY NOTE FOR INFORMATION DISCLOSURES



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Vector Limited

+64-9-978 7799

Please note that this explanatory note does not form part of the audited information disclosures set out below.

### **2012 INFORMATION DISCLOSURES**

Vector Limited has prepared the accompanying 2012 disclosure information in respect of Vector's electricity distribution business. This information has been prepared in accordance with the Electricity Distribution (Information Disclosure) Requirements 2008.

While it was expected that the new information disclosure requirements would be applied for reporting in respect of the year ended 31 March 2012, this has not happened. On 29 August 2012 the Commerce Commission made a final decision that Vector's annual disclosures for the 2012 disclosure year would be made, as in previous years, under the Electricity Distribution (Information Disclosure) Requirements 2008. Annual disclosures for the disclosure year ending 31 March 2013 and subsequent years will be made under the new information disclosure determinations made by the Commerce Commission under the Commerce Act 1986.

### **BASIS OF PREPARATION**

Given that these disclosures are not prepared on a basis consistent with the input methodologies they are of limited value in assessing the performance of the business. The financial statements have little relevance for the determination of prices that will apply from 1 April 2013, as these have been determined in accordance with a recent Commerce Commission price reset decision that does apply the input methodologies.

Disclosure under the input methodologies would include the following key differences, relative to the current information disclosure requirements:

- The treatment of capital contributions, affecting both revenue recognition and regulated asset base value;
- The definition of pass through and recoverable costs;
- The approach to accounting for tax, i.e the deferred tax approach rather than the cash tax approach;
- Use of the accounting based allocation approach, rather than the avoidable cost allocation method, for the allocation of non-directly attributable costs
- Inclusion of adjustments to the opening regulated asset base value permitted under the input methodologies; and
- Different assumptions for leverage and different mechanisms for estimating the risk free rate and the value of the debt premium.



## **Independent Assurance Report**

## To the Directors of Vector Limited

REPORT ON VECTOR LIMITED'S COMPLIANCE WITH THE ELECTRICITY DISTRIBUTION (INFORMATION DISCLOSURE) REQUIREMENTS 2008 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

KPMG is the auditor of Vector Limited (the company) engaged to provide an opinion on the compliance of the attached reports on pages 2 to 28 prepared by Vector Limited with the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008 (the Requirements) for the financial year ended 31 March 2012. In this independent assurance report the attached reports are called the 'disclosure information'.

## Respective Responsibilities

The Board of Directors is responsible for preparing disclosure information which complies with the Requirements.

Clause 10 of the Requirements requires KPMG to provide an opinion that the disclosure information prepared by Vector Limited has complied in all material respects with the Requirements for the financial year ended 31 March 2012.

### Use of this Independent Assurance Report

This independent assurance report has been prepared solely to provide assurance that the disclosure information prepared by Vector Limited complies with the Requirements for the financial year ended 31 March 2012. This independent assurance report is not intended to be used for any purposes, other than that for which it was prepared.

### Scope and Limitations of the Engagement

We conducted the engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the Standard on Assurance Engagements (New Zealand) 3100: Compliance Engagements issued by the New Zealand Institute of Chartered Accountants.

This independent assurance report provides assurance that the disclosure information prepared by Vector Limited complies with the Requirements. Vector Limited's Annual Compliance Statement in respect of the default price-quality path prepared for the period 31 March 2012 for the purposes of clause 11 of the *Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010* ("the Determination") has been subject to audit. The audit opinions on the financial statements of the company for the year ended 30 June 2012 and Annual Compliance Statement of Vector Limited for the year ended 31 March 2012 were unqualified and were dated 23 August 2012 and 6 June 2012 respectively.



Our work has been planned and performed to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the disclosure information has been presented in all material respects in accordance with the Requirements. Material misstatements, whether caused by fraud or error, are differences or omissions of amounts and disclosures that would affect a user's overall understanding of the disclosure information prepared by Vector Limited.

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

## **Basis of Opinion**

Our work in respect of any historical financial and non-financial amounts and disclosures that were audited under the financial statement and Annual Compliance Statement audit has been limited to agreeing the amounts and disclosures to the underlying records and audited financial statements or Annual Compliance Statement of Vector Limited.

Our work in respect of historical financial and non-financial amounts and disclosures that were not audited under the financial statement and Annual Compliance Statement audits has been planned and performed to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the disclosure information complies in all material respects with the Requirements.

In the case of prospective financial and non-financial information our work has been limited to assessing whether the information has been presented on a basis consistent with the regulatory accounting or technical measurement requirements used for disclosures for the financial year ended 31 March 2012 and the immediately preceding financial year, and that the prospective financial and non-financial information has been calculated based on unaudited source data provided by Vector Limited, whilst acknowledging it is likely that actual results will vary from those forecasted, since anticipated events frequently do not occur as expected (and these variations may be significant). We have not performed audit procedures on the source data.

### Independence

When carrying out the engagement we followed the independence requirements of the New Zealand Institute of Chartered Accountants. We also complied with the Independent auditor provisions on independence, as specified in clause 2(1) of the Requirements.

Our firm has also undertaken the annual audit of Vector Limited's financial statements and Annual Compliance Statements and the regulatory audits of Vector Limited's gas businesses. Our firm has also provided other services to the company in relation to general accounting services. The firm has no other relationship with or interest in Vector Limited.



### **Unqualified Opinions**

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

In our opinion, Vector Limited has:

- Kept proper records to enable the compilation of the disclosure information, as far as appears from our examination of those records;
- Prepared disclosure information for the financial year ended 31 March 2012 that complies with the Requirements;
- Presented the historical financial information included in reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP2 and MP3 for the financial year ended 31 March 2012 that complies with the Requirements, in all material respects;
- Compiled the historical non-financial information included in reports MP1, MP2 and MP3 in accordance with the guidance issued pursuant to the Requirements, and has calculated the historical non-financial information based on unaudited source data; and
- Presented the prospective financial and non-financial information in reports AM1 and MP3 on a basis consistent with the regulatory accounting or technical measurement requirements used for disclosures for the financial year ended 31 March 2012 and the immediately preceding financial year, and has calculated the prospective financial and non-financial information based on unaudited source data.

Our audit was completed on 20 February 2013 and our opinion is expressed as at that date.

KPMG

Auckland



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# SCHEDULE 13 FORM 1 - CERTIFICATE FOR DISCLOSED INFORMATION

Pursuant to Requirement 11(1)

best Vector Comm	mchael Stasmy and Albon fater , ors of Vector Limited, certify that, having made all reasonable enquiry, to the of our knowledge, the following attached audited information of r Limited prepared for the purposes of requirement 3, 4, 6 and 7(5) of the nerce Commission's Electricity Distribution (Information Disclosure) rements 2008 complies with those Requirements:
(i)	Report FS1: Regulatory Profit Report;
(ii)	Report FS2: Regulatory Asset and Financing Report;
(iii)	Report FS3: Regulatory Tax Allowance Report;
(iv)	Report AV1: Annual Regulatory Valuation Roll-Forward Report;
(v)	Report AV2: Valuation Disclosure by Asset Class (for System Fixed Assets);
(vi)	Report AV3: System Fixed Assets Replacement Cost Roll-Forward Report;
(vii)	Report AV4: Merger or Acquisition Regulatory Asset Base Disclosure;
(viii)	Report MP1: Network Information Report;
(ix)	Report MP2: Performance Measures Report;
(x)	Report MP3: Price and Quality Report; and
(xi)	Report AM1: Expenditure Forecasts and Reconciliation.
Signat	ture of Directors:
	Axestation

Date: 20 February 2013

## **Commerce Commission**

Electricity Distribution (Information Disclosure) Requirements Report Schedules

Schedules 2 to 13

31 March 2012

## **Table of Contents**

#### Instructions

- FS1 Regulatory Profit Statement
- FS2 Regulatory Asset & Financing Statement
- FS3 Regulatory Tax Allowance Calculation
- AV1 Annual Regulatory Valuation Roll-forward Report
- AV2 Regulatory Valuation Disclosure by Asset Class
- AV3 System Fixed Assets Replacement Cost Roll-forward Report
- AV4 Business Merger, Acquisition or Sale Regulatory Asset Base Disclosure
- MP1 Network Information
- MP2 Performance Measures
- MP3 Price & Quality Measures
- AM1 Expenditure Forecasts and Reconciliation

Ele	ctricity Distribution Business: Vector	Group
	For Year Ended	2012
Income	1 of Teal Elided	2012
		(\$000)
Net Line Charge Revenue Received	563,457	
plus Discretionary Discounts and Customer Rebates Gross Line Charge Income		563,457
		363,437
Capital Contributions	25,994	
plus Net Value of Vested Assets	25,554	
Total Capital Contributions and Vested Assets		25,994
AC Loss Rental Rebates Received	14,466	
less AC Loss Rental Rebates Passed On	14,466	
Net AC loss rental income (deficit)		-
Other Income	0.071	
oulei income	6,271	6,271
Total regulatory income		595,722
Expenses		
Transmission Charges - Payments to Transpower	131,614	
plus Avoided Transmission Charges - payments to parties other than Transpower	11,268	
Total Transmission Costs		142,882
Operational Expenditure:		
General Management, Administration and Overheads	44,580	
System Management and Operations Routine and Preventative Maintenance	6,520 19,972	
Refurbishment and Renewal Maintenance	10,905	
Fault and Emergency Maintenance	8,525	
Pass-through Costs Other	6,551	
Total Operational Expenditure	2,522	99,575
Operational earnings		353,265
Regulatory Depreciation of System Fixed Assets (incl. value of assets decomr	nissioned) 83,820	fro
plus Depreciation of Non-System Fixed Assets (incl. value of assets decommission		fro
Total Regulatory Depreciation		90,418
Earnings before interest and tax (EBIT)		262,847
less Regulatory Tax Allowance		50,133 fro
plus Indexed Revaluation (of System Fixed Assets)		36,243 fro
pius Revaluations of Non-System Fixed Assets		36,243 iro



#### REPORT FS1: REGULATORY PROFIT STATEMENT (cont) Notes to Regulatory Profit Statement FS1a: Discretionary Discounts: Customer Rebates and other line charge adjustments (\$000) Customer Rebates Line Charge Holidays and other Discretionary Discounts 71 **Total Discretionary Discounts and Customer Rebates** FS1b: Related party expenditure - summary (\$000) Avoided Transmission Charges Operational Expenditure 7,627 78 Subvention Payment Other related party expenditure Total Related Party Expenditure 70 80 7,627 81 82 N.B. The additional Related Party information that is required to be disclosed in accordance with Section 3 of the Information Disclosure Handbook is to be disclosed by way of a separate note to this Schedule and forms part of this Schedule 83 84 FS1c: Operational Expenditure notes 87 (\$000) Merger and Acquisition Expenses 89 Merger and Acquisition Expenses (not to be included in Operational Expenditure) 90 91 Material items (if greater than 10% of the Operational Expenditure line item) 92 93 Notes to be provided separately within expenditure category. 94 Select one 95 96 Material item amount 2 Notes to be provided separately 97 within expenditure category: 98 99 Material item amount 3 Notes to be provided separately 100 within expenditure category Select one 101 102 (further disclosures to be provided on separate page if required) 103 FS1d: Vested Assets (\$000) Consideration Paid for Vested Assets FS1e: Reclassified items in Operational Expenditure 110 (\$000) Value of items which have been reclassified since previous disclosure (if greater than 10% of any affected line item) 111 4 960 112 Previous classification: Fault and Emergency Maintenance New classification. Routine and Preventative Maintenance 114 115 Value of items which have been reclassified since previous disclosure (if greater than 10% of any affected line item) 116 1,083 Previous classification: Routine and Preventative Maintenance 118 New classification: System Management and Operations 119 120 (\$000) Value of items which have been reclassified since previous disclosure (if greater than 10% of any affected line item) 121 1,335 Previous classification: Refurbishment and Renewal Maintenance New classification: System Management and Operations 124



to be repeated as required for multiple reclassifications

## Vector Group Electricity Distribution Business

## **Supplementary Note:**

## FS1 Expenses

Avoided Transmission Charges - payments to parties other than Transpower (Row 31) include payments of \$6.3 million made to the Energy Clearing House for voltage support.

## FS1 b Additional Related Party Information

The electricity distribution business has purchased vegetation management services of \$5.1 million (31 March 2011: \$5.1 million) from Treescape Limited, which is an associate company of the Vector group.

The electricity distribution business has purchased telecommunications services of \$2.5 million (31 March 2011: \$2.4 million) from Vector Communications Limited.



#### REPORT FS2: REGULATORY ASSET AND FINANCING STATEMENT ref Electricity Distribution Business Vector Group 5 For Year Ended 2012 Capital Expenditure on System Fixed Assets (by primary purpose) (\$000) Customer Connection 8 22,110 to AM1 System Growth 9 34,352 lo AMI 10 Reliability, Safety and Environment 1,869 to AM1 Asset Replacement and Renewal 11 54,460 to AM1 Asset Relocations 12 11.815 to AM1 Total Capital Expenditure on System Fixed Assets 124,606 to AM1 14 15 16 Capital Expenditure on Non-System Fixed Assets 10,683 from AV1 17 18 Capital works roll-forward (for System Fixed Assets) 19 Works Under Construction at Beginning of Year 20 45,668 plus Total Capital Expenditure on System Fixed Assets 21 124,606 less Assets Commissioned in Year 22 128,219 from AV1 23 Works under construction at year end 42,055 24 Regulatory Investment Value calculation 26 27 System Fixed Assets regulatory value at end of Previous Year 2,307,445 from AV1 28 Non-System Fixed Assets: regulatory value at end of Previous Year 20,826 from AV1 Finance During Construction Allowance (on System Fixed assets) 29 56,532 2.45% 30 Total Regulatory Asset Base value at beginning of Current Financial Year 2,384,803 31 32 plus System Fixed Assets Commissioned in Year 128,219 from AV1 33 System Fixed Assets Acquired From (Sold to) a Non-EDB in Year (11, 156)from AV1 Non-System Fixed Assets: Asset Additions 34 10,683 from AV1 35 Regulatory Asset Base investment in Current Financial Year - total 127,746 Regulatory Asset Base investment in Current Financial Year - average 36 63,873 37 38 plus (minus) where a merger or acquisition has taken place within the year 39 Adjustment for merger, acquisition or sale to another EDB from AV4 40 Regulatory Investment Value 2,448,676 to MP2



#### REPORT FS3: REGULATORY TAX ALLOWANCE CALCULATION ref Vector Group Electricity Distribution Business: 5 2012 For Year Ended 6 (\$000) Earnings before interest and tax (EBIT) 8 262,847 from FS1 9 Total Regulatory Depreciation 10 add 90,418 from FS1 Other Permanent Differences - not deductible 11 408 12 Other Temporary Adjustments - Current Period (29,263) 13 61,563 Non Taxable Capital Contributions and Vested Assets 15 less 16 Tax Depreciation 95,261 Deductible Discretionary Discounts and Customer Rebates 17 Deductible Interest 18 57,005 from row 53 19 Other Permanent Differences - Non Taxable Other Temporary Adjustments - Prior Period 20 (6,904) 21 145,362 22 Regulatory taxable income for Year 179,048 24 Tax Losses Available at Start of Year 25 less Net taxable income 26 179,048 27 Statutory Tax Rate 28 28% **Regulatory Tax Allowance** 29 50,133 to FS1

### Notes to Regulatory Tax Allowance Calculation

36	FS3a: Description of adjustments classified as "other"		
37 38 39 40	The Electricity Distribution Business is to provide descriptions of items recorded in the notes can be provided in a separate note if necessary).	four "other" categories above (explanatory	
41 42 43 44 45	See separate note disclosure.		
48	FS3b: Financing assumptions (for Deductible Interest and Interest Tax Sh	ield calculation)	
49 50	Standard Debt Leverage Assumption (debt/total assets)	40% %	
51 52	Standard Cost of Debt Assumption	5.82% %	
53 54	Deductible Interest	57,005 \$000	to row 18
55 56	Interest Tax Shield Adjustment	15,961 \$000	to MP2



## Vector Group Electricity Distribution Business

## FS3a: Description of adjustments classified as "other"

Other Permanent Differences - Non Deductible	31-Mar-12 \$000
Non deductible entertainment expenses Non deductible professional expenses	170 238 <b>408</b>
Other Temporary Adjustments - Current Period	
Provision for doubtful debts Provision for employee entitlements and bonuses Other provisions and accruals Capital contributions	3,146 3,320 4,031 (39,760) (29,263)
Other Temporary Adjustments - Prior Period	
Provision for doubtful debts Provision for employee entitlements and bonuses Other provisions and accruals Capital contributions	3,829 6,809 1,303 (18,845) (6,904)



## REPORT AV1: ANNUAL REGULATORY VALUATION ROLL-FORWARD REPORT

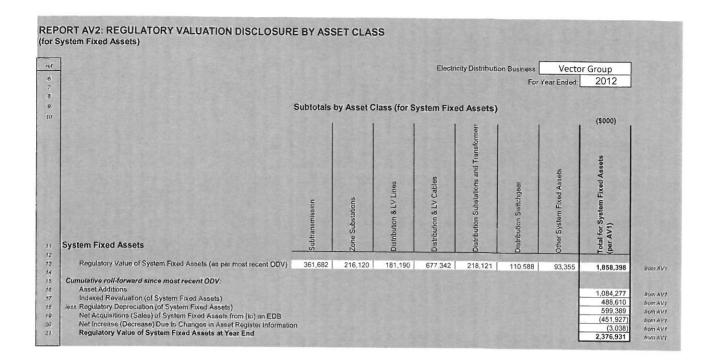
		Electri	city Distribution	on Business		Vector	Group		
						For	Year Ended	2012	
						Year of mos	t recent ODV	2004	
For Year Ending	ODV Year +1	+2	+3	+4	ODV Year +5	ODV Year	ODV Year	(\$000) ODV Year + 8	
The state of the s	2005	2006	2007	2008	2009	2010	2011	2012	
System Fixed Assets Regulatory Value at End of Previous Year*									
Regulatory Value at End of Previous Year*	1,858,398	1,963,660	2,098,037	2,195,934	2,386,398	2,053,888	2,155,954	2,307,445	
Assets Commissioned Gross Value of Vested Assets	116.374	139,396	114.973	204,271	122.480	135.256	134,464	128,219	
Assets Acquired from (Sold to) a Non-EDB									
Asset Additions	116,374	139,396	114,973	204,271	122,480	105 050	524 404	(11,156)	
plus	1.10,079	100,000	117,073	204,271	122,480	135,256	134,464	117,063	
Indexed Revaluation	50,065	65,936	53,250	73,923	70,860	42.033	96,301	36,243	
less Depreciation of System Fixed Assets	60.640	20.000	CE 000	70.0					
Regulatory Value of Assets Decommissioned	60,943 234	63 323 7 632	65,083 5,242	70,011	67 635 6 289	67.208 8.015	70,988	76,451	
Regulatory Depreciation (incl. value of assets decommissioned)	61,177	70.955	70.325	84.692	73.924	75,223	8,286 79,274	7,369 83,820	
					10,024	10,220	15,214	03,020	
plus (minus) Acquisition of System Fixed Assets from another EDB									
Acquisition of System Fixed Assets from another EDB  less Sale of System Fixed Assets to another EDB					454 007		-	-	f
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	<del></del>				451,927 (451,927)	-	-	-	t
					(401,021)				
plus (minus)									
Net Increase (Decrease) Due to Changes in Asset Register Information				(3,038)					
Regulatory Value of System Fixed Assets at Year End	1,963,660	2,098,037	2,195,934	2,386,398	2,053,888	2,155,954	2,307,445	2.376.931	
					1			AL ROSE (NO	
Non-System Fixed Assets		12 14							
Regulatory value at end of previous year	33,498	29,467	23,538	12,023	15,347	13,862	11,740	20,826	
plus Asset Additions	397	(1.520)	(8.477)	7.798	3.730	1.646	17 040	10.000	
plus Revaluations	-	11,020)	10.7(1)	1,130	3.730	1,046	17,040	10,683	
less Depreciation (incl. value of assets decommissioned) plus Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB	4,428	4,409	3,038	4,474	4.536	3,768	7,954	6,598	
plus Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB Regulatory Value of Non-System Fixed Assets at Year end	29,467	23.538	12.023	45.047	(680)	-	-	-	5
regulatory value of Horroystelli i ikea Assets at Teal ella	29,401	23,336	12,023	15,347	13,862	11,740	20,826	24,911	
Total Basellatan, Asset Base Value (seeleding EDC)		F							
Total Regulatory Asset Base Value (excluding FDC)	1,993,127	2,121,575	2,207,957	2,401,745	2,067,750	2,167,694	2,328,271	2,401,842	
* The commencing figure for completing this schedule is the most recent ODV value	le .								
Note Additional columns to be added if required	THE PARTY NAMED IN								

## Notes to Annual Regulatory Valuation Roll-forward Report

A	V1a: Calculation of Revaluation Rate and Indexed Revaluation of Sy	stem Fixe	d Assets							
	CPI as at date of ODV	928								
1		diene e								
1	For Year Ended _		2006	2007	2008	2009	2010	2011	2012	
	CPI at CPI reference date	953	985	1010	1044	1075	1097	1146	1164	
	Revaluation Rate	2.69%	3.36%	2.54%	3.37%	2.97%	2.05%	4.47%	1.57%	
	System Fixed Assets Regulatory Value at End of Previous Year _	1,858,398	1,963,560	2,098,037	2,195,934	2,386,398	2.053.888	2.155,954	2,307,445	
	Indexed Revaluation of System Fixed Assets	50,065	65,936	53,250	73,923	70.860	42,033	96.301	36,243	to FS1

AV1b: Input for prior year Acquisitions (Sales) of Assets to (from) and	Wilet ETP							(\$000)
For Year Ended	2005	2006	2007	2008	2009	2010	2011	2012
Acquisition of System Fixed Assets from another EDB		The same of			2000	2010	2011	2012
Sale of System Fixed Assets to another EDB					451 927			
Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB						STANCES.		
	Acquisition of System Fixed Assets from another EDB Sale of System Fixed Assets to another EDB	Acquisition of System Fixed Assets from another EDB Sale of System Fixed Assets to another EDB	Acquisition of System Fixed Assets from another EDB Sale of System Fixed Assets to another EDB	Acquisition of System Fixed Assets from another EDB Sale of System Fixed Assets to another EDB	Acquisition of System Fixed Assets from another EDB Sale of System Fixed Assets to another EDB	Acquisition of System Fixed Assets from another EDB  Sale of System Fixed Assets to another EDB  451.927	Acquisition of System Fixed Assets from another EDB Sale of System Fixed Assets to another EDB 451,927	Acquisition of System Fixed Assets from another EDB Sale of System Fixed Assets to another EDB 451.927







## REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT

ref		Electricity Distribution Business:	Vecto	r Group	
5		For Year	Ended:	2012	
6	System	Fixed Assets - Replacement Cost			
7				(\$000)	
8		Replacement cost at end of previous year		3,945,029	
9					
10		Asset Additions		115,971	AV3a
11		Indexed Revaluation (of System Fixed Assets)	Newsyl	61,964	
12	less			15,148	
13		Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB		-	from AV4
14		Net Increase (Decrease) Due to Changes in Asset Register Information		-	
15		Replacement cost of System Fixed Assets at year end	_	4,107,816	
16 17					
1964	Suctom	Fixed Assets - Depresented Penlanement Cost			
100	System	Fixed Assets - Depreciated Replacement Cost			
19		Depreciated Replacement Cost at end of previous year			
21		Depreciated Replacement Cost at end of previous year		2,390,897	
22		Asset Additions		117.000	4110
23		Indexed Revaluation (of System Fixed Assets)		117,063 37,553	AV3a
24	less	Depreciation of Replacement Cost		73,550	
25	less	Depreciated Replacement Cost of Assets Decommissioned		7.535	
26		Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB		7,000	from AV4
STATE OF THE OWNER, OWNER, THE OW		Net Increase (Decrease) Due to Changes in Asset Register Information			IIOIII AV4
27					

## REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT (cont)

## **Notes to Price and Quality Measures**

Asset Additions - Depreciated Replacement Cost	117.063	from AV
pius Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions	(1,092)	
Asset Additions - Replacement Cost	115,971	
	pius Difference in Replacement Cost and Depreciated Replacment Cost values of Asset Additions	pius Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions (1,092)



## REPORT AV4: BUSINESS MERGER, ACQUISITION OR SALE - REGULATORY ASSET BASE DISCLOSURE Electricity Distribution Business Vector Group Disclosure required? (YES or NIL DISCLOSURE): NO DISCLOSURE REQUIRED Proportion of year following transfer of assets PART 1: Most recent ODV valuation of System Fixed Assets transferred 13 14 15 16 17 18 19 20 21 22 23 Replacement Cost (RC) less Depreciation Depreciated Replacement Cost (DRC) less Optimisation adjustment Optimised Depreciated Replacement Cost (ODRC) less Economic Value Adjustment (EVA) Most recent ODV value 24 PART 2: Valuation disclosure for transferred assets by Asset Class (at transfer date) (\$000) for System Fixed 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 Regulatory Value of System Fixed Assets (as per most recent ODV) Cumulative roll-forward since most recent ODV: Asset Additions Indexed Revaluation (of System Fixed Assets) Iless Regulatory Depreciation (of System Fixed Assets) Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB Net Increase (Decrease) due to Changes in Asset Register Information RAB Value of Transferred Assets at Transfer Date Acquisition of Assets from Another EDB Sale of Assets to Another EDB RAB Value of Transferred Assets at Transfer Date "p" factor (proportion of year following transfer of assets) Adjustment for merger, acquisition or sale to another EDB 0% lo FS2 PART 3: Rolled-forward Replacement Cost values for System Fixed Assets transferred (\$000) RC & DRC values of System Fixed Assets at transfer date RAB value of acquired/(sold) assets Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC 51 52 53 54 55 50 57 Signed by: Selling Entity Acquiring Entity



11

			Electric	city Distributi	on Business [		,	Vector Grou	ip	
Disclosure required? (YES or NIL DISCLOSURE):	N	O DISCL	OSURE R	EQUIRE	D					
					Propo	rtion of year i	ollowing tran	As at (date) nsfer of assets	0%	
PART 1: Most recent ODV valuation of System Fixed A	ssets transf	erred			1 0 1			(\$000)		
Replacement Cost (RC)	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transforme	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets		
less Depreciation										
Depreciated Replacement Cost (DRC)  less Optimisation adjustment			•		•			-		
Optimised Depreciated Replacement Cost (ODRC)  Jess Economic Value Adjustment (EVA)		-	-							
Most recent ODV Value					-					
								ets		
Regulatory Value of System Fixed Assets (as per most recent Cumulative roll-forward since most recent ODV;  Asset Additions Indexed Revaluation (of System Fixed Assets)  less Regulatory Depreciation (of System Fixed Assets)								Total for System Fixed Assets	Non-System Fixed Assets	
Cumulative roll-forward since most recent ODV: Asset Additions Indexed Revaluation (of System Fixed Assets) less Regulatory Depreciation (of System Fixed Assets) Net Acquisitions (Sales) of System Fixed Assets from (to) an Net Increase (Decrease) Due to Changes in Asset Register in	EDB								Non-System Fixed Assets	
Cumulative roll-forward since most recent ODV: Asset Additions Indexed Revaluation (of System Fixed Assets) less Regulatory Depreciation (of System Fixed Assets) Net Acquieitions (Sales) of System Fixed Assets from (to) an	EDB							Total for System Fixed Assets	Non-System Fixed Assets	
Cumulative roll-forward since most recent ODV: Asset Additions Indexed Revaluation (of System Fixed Assets) less Regulatory Depreciation (of System Fixed Assets) Net Acquisitions (Sales) of System Fixed Assets from (to) an Net Increase (Decrease) Due to Changes in Asset Register in RAB Value of Transferred Assets at Transfer Date Acquisition of Assets from Another EDB	EDB Iformation								Non-System Fixed Assets	
Cumulative roll-forward since most recent ODV: Asset Additions Indexed Revaluation (of System Fixed Assets) Iess Regulatory Depreciation (of System Fixed Assets) Net Acquisitions (Sales) of System Fixed Assets from (to) an Net Increase (Decrease) Due to Changee in Asset Register in RAB Value of Transferred Assets at Transfer Date Acquisition of Assets from Another EDB Sale of Assets to Another EDB  RAB Value of Transferred Assets at Transfer Date  "p" factor (proportion of year following transfer of assets) Adjustment for merger, acquisition or sale to another EDB	EDB Iformation	d Assets	transferred			values of		- 0%	(\$000)	
Cumulative roll-forward since most recent ODV: Asset Additions Indexed Revaluation (of System Fixed Assets) less Regulatory Depreciation (of System Fixed Assets) Net Acquisitions (Sales) of System Fixed Assets from (to) an Net Increase (Decrease) Due to Changee in Asset Register in RAB Value of Transferred Assets at Transfer Date Acquisition of Assets from Another EDB Sale of Assets to Another EDB  RAB Value of Transferred Assets at Transfer Date "p" factor (proportion of year following transfer of assets) Adjustment for merger, acquisition or sale to another ED	EDB  formation  B  System Fixe  EDB - RC	d Assets	transferred		System Fixe				(\$000)	Twis RAB value (svcl EDC)
Cumulative roll-forward since most recent ODV: Asset Additions Indexed Revaluation (of System Fixed Assets) Regulatory Depreciation (of System Fixed Assets) Net Acquisitions (Sales) of System Fixed Assets from (to) an Net Increase (Decrease) Due to Changes in Asset Register in RAB Value of Transferred Assets at Transfer Date Acquisition of Assets from Another EDB Sale of Assets to Another EDB RAB Value of Transferred Assets at Transfer Date 'p' factor (proportion of year following transfer of assets) Adjustment for merger, acquisition or sale to another ED PART 3: Rolled-forward Replacement Cost values for S Net Acquisitions (Sales) of System Fixed Assets from (to) an	EDB  formation  B  System Fixe  EDB - RC	d Assets	tran <b>sferred</b> Selling Entity		System Fixe	ed Assets at			(\$000)	Total RAR value (avcl



				Electri	icity Distribut	ion Business		,	Vector Grou	ıp	
Di	Disclosure required? (YES or NIL DISCLOSURE):	1	NO DISCL	OSURE F	REQUIRE	D					
						Propo	rtion of year	following trai	As at (date) nsfer of assets	0%	
PA	ART 1: Most recent ODV valuation of System Fixed A	ssets trans	ferred			1 2 1			(\$000)		
	Replacement Cost (RC)	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transform	Distribution swiichgear	Other System Fixed Assets	Total for System Fixed Assets		
	less Depreciation Depreciated Replacement Cost (DRC)				1						
1	less Optimisation adjustment Optimised Depreciated Replacement Cost (ODRC)			•			-	•			
	less Economic Value Adjustment (EVA)						•	·			
1	Most recent ODV Value	-	10000			1000					
PA	Most recent ODV Value  ART 2: Valuation disclosure for transferred assets by	Asset Clas	ss (at trans	fer date)			-		ets		(\$00
	ART 2: Valuation disclosure for transferred assets by  Regulatory Value of System Fixed Assets (as per most recent  Cumulative roll-forward since most recent ODV:  Asset Additions Indexed Revaluation (of System Fixed Assets)	/ Asset Clas	1984						Total for System Fixed Assets	Non-System Fixed Assets	Total RAB value (excl. FDC)
	Regulatory Value of System Fixed Assets (as per most recent  Cumulative roll-forward since most recent ODV: Asset Additions Indexed Revaluation (of System Fixed Assets) fess. Regulatory Depreciation (of System Fixed Assets) Net Acquisitions (Sales) of System Fixed Assets from (to) an Net Increase (Decrease) Due to Changes in Asset Register in RAB Value of Transferred Assets at Transfer Date	Asset Clas	1984							Non-System Fixed Assets	
	ART 2: Valuation disclosure for transferred assets by  Regulatory Value of System Fixed Assets (as per most recent  Cumulative roll-forward since most recent ODV:  Asset Additions Indexed Revaluation (of System Fixed Assets)  iess: Regulatory Depreciation (of System Fixed Assets)  Net Acquisitions (Sales) of System Fixed Assets from (to) an Net Indexed (Decrease) Due to Changes in Asset Regulator In	Asset Clas	1984						Total for System Fixed Assets	Non-System Fixed Assets	Total RAB value (excl. FDC)
	ART 2: Valuation disclosure for transferred assets by  Regulatory Value of System Fixed Assets (as per most recent  Cumulative roll-forward since most recent ODV:  Asset Additions Indexed Revaluation (of System Fixed Assets)  less Regulatory Depreciation (of System Fixed Assets)  Net Acquisitions (Sales) of System Fixed Assets from (to) an  Net Indexes (Decrease) Due to Changes in Asset Regulater in  RAB Value of Transferred Assets at Transfer Date  Acquisition of Assets from another EDB	r Asset Clas	1984						Total for System Fixed Assets	-	Total RAB value (excl. FDC)
,	Regulatory Value of System Fixed Assets (as per most recent  Cumulative roll-forward since most recent ODV: Asset Additions Indexed Revaluation (of System Fixed Assets) Net Acquisitions (Sales) of System Fixed Assets) Net Acquisitions (Sales) of System Fixed Assets from (to) an Net Increase (Decrease) Due to Changes in Asset Register in RAB Value of Transferred Assets at Transfer Date Acquisition of Assets from another EDB Sale of Assets to another EDB  RAB Value of Transferred Assets at Transfer Date "p" factor (proportion of year following transfer of assets)	r Asset Clas t ODV) EDB formation	ss (at trans	fer date)		RC & DRC	Values of		Total for System Fixed Assets	(\$000)	Total RAB value (excl. FDC)
,	Regulatory Value of System Fixed Assets (as per most recent Cumulative roll-forward since most recent ODV: Asset Additions Indexed Revaluation (of System Fixed Assets) Net Acquisitions (Sales) of System Fixed Assets) Net Acquisitions (Sales) of System Fixed Assets from (to) an Net Increase (Decrease) Due to Changes in Asset Register in RAB Value of Transferred Assets at Transfer Date Acquisition of Assets from another EDB Sale of Assets to another EDB RAB Value of Transferred Assets at Transfer Date "p" factor (proportion of year following transfer of assets) Adjustment for merger, acquisition or sale to another ED	Asset Clas t ODV)  EDB formation  B  System Fixe	ss (at trans	fer date)			values of		Total for System Fixed Assets	(\$000)	

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AV4 M&A RAB report (3)

## REPORT MP1: NETWORK INFORMATION

		Electricity Dist	ribution Business:	Vector Gr	oup
				For Year Ended:	2
Network Name:	Vector Gr	oup	(enter "Total Business	_	
Disclosure:	Annual Disclosure - Re				
Circuit I could by Ourset	In 1 In 1/2 (6 mm)				
Circuit Length by Operati	ing Line Voltage (at year end)	Overhead (km)	Underground (km)	Total	
> 66kV		26	47	(km) 73	
50kV & 66kV		-			
33kV SWER (all SWER voltage	ac)	378	392	770	
22kV (other than SWER)		3	157	160	
6.6kV to 11kV (inclusive -	other than SWER)	3,843	3,346	7,189	
Low Voltage (< 1kV)  Total circuit length (for	Supply)	4,195 <b>8,445</b>	5,370	9,565	
		0,443	9,312	17,757	
Dedicated Street Lightin	ng Circuit Length	17	347	364	
<b>Overhead Circuit Length</b>	by Terrain (at year end)	(km)	(%)		
Urban (only)		4,127	49%		
Rural (only) Remote (only)		4,318	51%		
Rugged (only)		-	0%		
Rural & rugged (only)			0%		
Remote & rugged (only) Unallocated overhead line	200		0%		
Total overhead length		8,445	0% 100%		
		Error (Row19)			
Transformer capacity (at	vear end)				
Distribution Transformer (			3,961		Previo
Distribution Transformer (	Capacity (Non-EDB Owned, Estimated)		499		
Total Distribution Trans	former Capacity			MVA (to MP2)	1632
Zone Substation Transfor	rmor Connects				
Zone Substation Transion	The Capacity		4,006	AVM	51.51
System Fixed Assets age					
Average Age of System F			22	Years	
	Life of System Fixed Assets rtion of Average Expected Total Life		56 40%	Years	
Estimated Proportion of A	Assets (by Replacement Cost) within 10 year	rs or Total Life	17%	%	
			Maximum		
Electricity demand			coincident	Non-coincident	
Liectricity demand			system demand (MW)	Sum of maximum demands (MW)	
GXP Demand			1,927	2,073	
plus Embedded Generation Ou Maximum System Dema			14		
	ther EDBs at HV and Above		1,941		
	supply to customers' Connection Points		1,941		
less Subtransmission Custome Maximum Distribution T			49	79	
Maximum Distribution 1	ransformer Demand		1,892		
	ed at Subtransmission Level		242		
	utput - Connected to Subtransmission Syste ther EDBs at Subtransmission Level Only	im		·	
Net Transfers to (from) Or	apps at outstandingsion Level Only		-	THE RESERVE OF THE PARTY OF THE	
	oad Shed at Time of Maximum System De	emand (MW)	10		
Estimated Controlled Lo	oad Shed at Time of Maximum System Do num Demand Growth Forecast	emand (MW)	1.5	% p.a.	
Estimated Controlled Lo	num Demand Growth Forecast	emand (MW)	1.5	% p.a	
Estimated Controlled Lo	num Demand Growth Forecast	emand (MW)	1.5 (GWh)	% р.а.	
Estimated Controlled Lo Five-Year System Maxin Electricity volumes carrie Electricity Supplied from Cless Electricity Exports to GXP	num Demand Growth Forecast ad GXPs Ps	emand (MW)	1.5	% p.a	
Estimated Controlled Lo  Five-Year System Maxin  Electricity volumes carrie Electricity Supplied from C less Electricity Exports to GXP plus Electricity Supplied from E	num Demand Growth Forecast ad GXPs 's Embedded Generators	emand (MW)	(GWh) 8,664	<b>%</b> ра	
Estimated Controlled Lo Five-Year System Maxin  Electricity volumes carrie Electricity Supplied from 0 less Electricity Exports to GXP plus Electricity Supplied from E less Net Electricity Supplied to	num Demand Growth Forecast ad GXPs 's Embedded Generators		1.5 (GWh) 8,664	% ра	
Estimated Controlled Lo  Five-Year System Maxin  Electricity volumes carrie  Electricity Exports to GXP  plus Electricity Supplied from E  less Net Electricity Supplied from E  Electricity Guerring syst  less Electricity Supplied to Cus	num Demand Growth Forecast  ad  GXPs  S  Embedded Generators  o (from) Other EDBs  tem for supply to customers' Connection stomers' Connection Points		(GWh) 8,664	% ра	
Estimated Controlled Lo  Five-Year System Maxin  Electricity volumes carrie  Electricity Supplied from 0 less Electricity Exports to GXP plus Electricity Supplied from E less Net Electricity Supplied to  Electricity entering syst	num Demand Growth Forecast  ad  GXPs  S  Embedded Generators  o (from) Other EDBs  tem for supply to customers' Connection stomers' Connection Points		(GWh) 8,664 - 110 - 8,774	% ра 4.1% %	
Estimated Controlled Lo  Five-Year System Maxin  Electricity volumes carrie  Electricity Supplied from 0 less Electricity Exports to GXP Electricity Supplied from E less Net Electricity Supplied to  Electricity Supplied to Cus Electricity Losses (loss  Electricity Supplied to Cus Electricity Supplied to Cus	ed GXPs Se Embedded Generators of from) Other EDBs tem for supply to customers' Connection stomers' Connection Points ratio) stomers' Connection Points		1.5 (GWh) 8,664 		
Estimated Controlled Lo  Five-Year System Maxin  Electricity volumes carrie Electricity Supplied from E lectricity Supplied from E less Electricity Supplied from E less Electricity Supplied from E less Electricity Supplied to Cus Electricity Losses (loss  Electricity Supplied to Cus	and Demand Growth Forecast and GAVPs PS Embedded Generators of (from) Other EDBs tem for supply to customers' Connection stomers' Connection Points ratio) stomers' Connection Points rgest 5 Connection Points		1.5 (GWh) 8,664 110 8,774 8,411 363 8,411 472	4.1% %	
Estimated Controlled Lo  Five-Year System Maxin  Electricity volumes carrie Electricity Supplied from E lectricity Supplied from E less Electricity Supplied from E less Electricity Supplied to Cus Electricity Losses (loss  Electricity Supplied to Cus Electricity Supplied to Lan	ed GXPs Se Embedded Generators of from) Other EDBs tem for supply to customers' Connection stomers' Connection Points ratio) stomers' Connection Points		1.5 (GWh) 8,664 110 8,774 8,411 363		
Estimated Controlled Lo  Five-Year System Maxin  Electricity volumes carrie Electricity Supplied from E lectricity Supplied from E less Electricity Supplied from E less Electricity Supplied to Cus Electricity Losses (loss  Electricity Supplied to Cus Electricity Supplied to Lan	and Demand Growth Forecast  ad  GXPs Ps Embedded Generators of (from) Other EDBs  tem for supply to customers' Connection stomers' Connection Points ratio)  stomers' Connection Points rgest 5 Connection Points		1.5 (GWh) 8,664 110 8,774 8,411 363 8,411 472	4.1%  % 94%  %	
Estimated Controlled Los  Five-Year System Maxin  Electricity volumes carrie  Electricity Supplied from 0 less Electricity Exports to GXP plus Electricity Supplied from E less Electricity Supplied to Cus  Electricity Losses (loss  Electricity Supplied to Cus	ed GXPs Se Embedded Generators Of from) Other EDBs tem for supply to customers' Connection stomers' Connection Points ratio) stomers' Connection Points regest 5 Connection Points gest 5 Connection Points er than to Largest 5 Connection Points		1.5 (GWh) 8,664 110 8,774 8,411 363 8,411 472 7,939	<b>4.1%</b> % <b>94%</b> %	
Estimated Controlled Los  Five-Year System Maxim  Electricity volumes carrie Electricity Supplied from E lectricity Supplied from E less Electricity Supplied from E less Electricity Supplied to Electricity Supplied to Cus Electricity Supplied to Lan Electricity supplied other Load Factor  Number of Connection Po	ad GXPs because the content of the c		1.5 (GWh)  8.664 - 110 - 8.774 8.411 363 8.411 472 7,939	<b>4.1%</b> % <b>94%</b> %	
Estimated Controlled Lo  Five-Year System Maxin  Electricity volumes carrie  Electricity Supplied from 0 less Electricity Exports to GXP plus Electricity Supplied from Electricity Supplied to Electricity Supplied to Electricity Underling Systems  less Electricity Supplied to Cus Electricity Supplied to Cus Electricity Supplied to Cus Electricity Supplied to Cus Electricity Supplied to Lan Electricity supplied other  Load Factor  Number of Connection Polintensity of service required.	ad GXPs bs Embedded Generators of (from) Other EDBs tem for supply to customers' Connection stomers' Connection Points ratio) stomers' Connection Points regest 5 Connection Points er than to Largest 5 Connection Points oints (at year end) rements	) Points	1.5 (GWh)  8.664 - 110 - 8.774 8.411 363 8.411 472 7,939 52% 534,713	<b>4.1%</b> % <b>94%</b> % GDPs	
Estimated Controlled Los  Five-Year System Maxim  Electricity volumes carrie Electricity Supplied from Coless Electricity Exports to GXP plus Electricity Supplied from Electricity Supplied from Electricity Supplied from Electricity Electricity Supplied to Cus Electricity Losses (loss Electricity Supplied to Cus Electricity Supplied to Lan Electricity supplied othe Load Factor  Number of Connection Political Supplied Connec	ad GXPs because the content of the c	Points	1.5 (GWh)  8,664 110 8,774 8,411 363 8,411 472 7,939 52% 534,713	<b>4.1%</b> % <b>94%</b> % GDPs	

## **REPORT MP1: NETWORK INFORMATION**

			Electricity Dist	ribution Business:	Vector Gr	guo
					For Year Ended:	2
	Network Name:	Vector Group - Auckland		(enter "Total Business		
	Disclosure:	Annual Disclosure - Requirement	6(1)			
Circ	uit Length by Operating Line	e Voltage (at year end)	Overhead	(fada		
	an angle of operating and	o ronago (ar year ena)	(km)	Underground (km)	Total (km)	
	> 66kV			47	47	
	50kV & 66kV 33kV		46	- 257	-	
	SWER (all SWER voltages)		- 40	257	303	
	22kV (other than SWER) 6.6kV to 11kV (inclusive - other than	an SWFR)	921	157	160	
	Low Voltage (< 1kV)		2,026	2,056 3,390	2,977 5,416	
	Total circuit length (for Supply)		2,996	5,907	8,903	
	Dedicated Street Lighting Circuit	t Length	5	222	227	
Over	rhead Circuit Length by Terr	ain (at year end)	/km)	(0/3		
	Urban (only)	am (at year ena)	(km) 2,497	(%) 83%		
	Rural (only) Remote (only)		499	17%		
	Rugged (only)		<u> </u>	0%		
	Rural & rugged (only)			0%		
	Remote & rugged (only) Unallocated overhead lines		<u> </u>	0% 0%		
	Total overhead length		2,996	100%		
			Error (Row19)			
Tran	nsformer capacity (at year er					Previo
	Distribution Transformer Capacity (			2,546		
	Distribution Transformer Capacity (			432		
	Total Distribution Transformer C	зараспу		2,978	MVA (lo MP2)	
	Zone Substation Transformer Capa	acity		2,694	MVA	50,0
Syst	em Fixed Assets age (at yea	er and)				18.5
0,00	Average Age of System Fixed Asse			23	Va.	
	Average Expected Total Life of Sys			58		
	Average Age as a Proportion of Av	verage Expected Total Life		39%		
	Estimated Proportion of Assets (by	Replacement Gost) within 10 years of Total Life		14%	No.	
				Maximum		
Floor	trialty domand			coincident	Non-coincident	
Elect	tricity demand			system : demand (MW)	Sum of maximum	
	GXP Demand			1,251	demands (MW) 1,385	
pius	Embedded Generation Output at H Maximum System Demand	IV and Above		4 255		
less	Net Transfers to (from) Other EDBs			1,255		
less	Demand on system for supply to Subtransmission Customers' Conne			1,255		
	Maximum Distribution Transform			1,208	65	
	GXP Demand not Supplied at Subti	transmission Loyel				
		onnected to Subtransmission System		242	THE PERSON NAMED IN	
	Net Transfers to (from) Other EDBs					
	Estimated Controlled Load Shed	at Time of Maximum System Demand (MW)		10		
	Five-Year System Maximum Dem					
		2.0111.10,00001		1.67%	o p.a.	
-				(CIA/h)		
Elect	tricity volumes carried Electricity Supplied from GXPs			(GWh)		
less	Electricity Supplied from GXPs Electricity Exports to GXPs			5,995		
less plus	Electricity Supplied from GXPs Electricity Exports to GXPs Electricity Supplied from Embedded			5,995 - 34		
less plus less	Electricity Supplied from GXPs Electricity Exports to GXPs Electricity Supplied from Embeddec Net Electricity Supplied to (from) Ot Electricity entering system for su	ther EDBs upply to customers' Connection Points		5,995		
less plus	Electricity Supplied from GXPs Electricity Exports to GXPs Electricity Supplied from Embedded Net Electricity Supplied to (from) Ot Electricity entering system for st Electricity Supplied to Customers' C	ther EDBs upply to customers' Connection Points		5,995 - 34 - 6,029 5,795		
less plus less	Electricity Supplied from GXPs Electricity Exports to GXPs Electricity Supplied from Embeddec Net Electricity Supplied to (from) Ot Electricity entering system for su	ther EDBs upply to customers' Connection Points		5,995 - 34 - 6,029	3.9% %	
less plus less less	Electricity Supplied from GXPs Electricity Exports to GXPs Electricity Supplied from Embeddee Net Electricity Supplied to (from) Of Electricity entering system for si Electricity Supplied to Customers' C Electricity Losses (loss ratio) Electricity Supplied to Customers' O Electricity Supplied to Customers' O	ther EDBs  upply to customers' Connection Points  Connection Points  Connection Points		5,995 - 34 - 6,029 5,795 234 5,795	3.9% %	
less plus less	Electricity Supplied from GXPs Electricity Exports to GXPs Electricity Supplied from Embeddee Net Electricity Supplied to (from) Of Electricity entering system for st Electricity Supplied to Customers' C Electricity Losses (loss ratio)	ther EDBs upply to customers' Connection Points Connection Points Connection Points nnection Points		5,995 - 34 - 6,029 5,795 234 - 5,795 389		
less plus less less	Electricity Supplied from GXPs Electricity Exports to GXPs Electricity Supplied from Embeddee Net Electricity Supplied to (from) Of Electricity entering system for st Electricity Supplied to Customers' C Electricity Losses (loss ratio)  Electricity Supplied to Customers' C Electricity Supplied to Largest 5 Co Electricity supplied other than to	ther EDBs upply to customers' Connection Points Connection Points Connection Points nnection Points		5,995 - 34 - 6,029 5,795 234 5,795 389 5,406	93% %	
less plus less less less	Electricity Supplied from GXPs Electricity Exports to GXPs Electricity Supplied from Embeddee Net Electricity Supplied to (from) Of Electricity entering system for si Electricity Supplied to Customers' C Electricity Losses (loss ratio)  Electricity Supplied to Customers' C Electricity Supplied to Largest 5 Co Electricity Supplied other than to	ther EDBs upply to customers' Connection Points Connection Points Connection Points unnection Points Largest 5 Connection Points		5,995 - 34 - 6,029 5,795 234 - 5,795 389	93% %	
less plus less less less	Electricity Supplied from GXPs Electricity Exports to GXPs Electricity Supplied from Embeddee Net Electricity Supplied to (from) Of Electricity entering system for st Electricity Supplied to Customers' C Electricity Losses (loss ratio)  Electricity Supplied to Customers' C Electricity Supplied to Largest 5 Co Electricity supplied other than to	ther EDBs upply to customers' Connection Points Connection Points Connection Points unnection Points Largest 5 Connection Points		5,995 - 34 - 6,029 5,795 234 5,795 389 5,406	93% %	
less plus less less Load	Electricity Supplied from GXPs Electricity Exports to GXPs Electricity Supplied from Embeddec Net Electricity Supplied to (from) Of Electricity entering system for st Electricity Supplied to Customers' C Electricity Losses (loss ratio)  Electricity Supplied to Customers' C Electricity Supplied to Largest 5 Co Electricity supplied other than to  Factor  ber of Connection Points (at sity of service requirements	ther EDBs upply to customers' Connection Points Connection Points Connection Points Innection Points Largest 5 Connection Points t year end)		5,995 - 34 - 6,029 5,795 234 - 5,795 389 5,406	93% %	
less plus less less Load	Electricity Supplied from GXPs Electricity Exports to GXPs Electricity Supplied from Embeddec Net Electricity Supplied to (from) Of Electricity entering system for st Electricity Supplied to Customers' C Electricity Losses (loss ratio)  Electricity Supplied to Customers' C Electricity Supplied to Largest 5 Co Electricity Supplied other than to  Factor  ber of Connection Points (at sity of service requirements Demand Density (Maximum Distributed)	ther EDBs upply to customers' Connection Points Connection Points Connection Points unnection Points Largest 5 Connection Points t year end)		5,995 - 34 - 6,029 5,795 234 - 5,795 389 5,406	<b>93%</b> % o CPs W/km	



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## REPORT MP1: NETWORK INFORMATION

(Separate report required for each Non-Contiguous Network)

			Electricity Dist	ribution Business:	Vector Gr	oup
					For Year Ended	2012
	Network Name:	Vector Group - Northern & Lichfi	ield	(enter "Total Business" o	r name of network)	
	Disclosure	Annual Disclosure - Requirement 6(	1)			
Circ	cuit Length by Operating L	ine Voltage (at year end)	Overhead	Underground	Total	
			(km)	(km)	(km)	
	> 66kV 50kV & 66kV		26		26	
	33kV		332	135	467	
	SWER (all SWER voltages) 22kV (other than SWER)		<u> </u>			
	6.6kV to 11kV (inclusive - othe	r than SWER)	2,922	1,290	4,212	
	Low Voltage (< 1kV)	1.4	2,169	1,980	4,149	
	Total circuit length (for Supp	лу)	5,449	3,405	8,854	to MF
	Dedicated Street Lighting Ci	rcuit Length	12	125	137	
Ove	erhead Circuit Length by T	errain (at year end)	(km)	19/1		
	Urban (only)	criain (at year one)	1,630	(%) 30%		
	Rural (only) Remote (only)		3,819	70%		
	Rugged (only)		<u> </u>	0%		
	Rural & rugged (only)		-	0%		
	Remote & rugged (only) Unallocated overhead lines		<u> </u>	0%		
	Total overhead length		5,449	100%		
			Error (Row19)			
Tra	ansformer capacity (at yea	er end)				Previous Yea
	Distribution Transformer Capa			1,415 M	CONTRACTOR OF THE PERSON NAMED IN	1,39
	Distribution Transformer Capa	city (Non-EDB Owned, Estimated)		67 M	VA	6
	Total Distribution Transform	er Capacity		1,482 M	VA (lo MP2)	1,46
	Zono Substation Transformer	Canadily		4.240		
	Zone Substation Transformer	Gapacity		1,312 M	VA	1,27
Sys	stem Fixed Assets age (at	year end)				
	Average Age of System Fixed			22 Ye	pars	
	Average Expected Total Life of			52 Ye	nars	
	Average Age as a Proportion of	of Average Expected Total Life		42% %		
	Estimated Proportion of Assets	s (by Replacement Cost) within 10 years of Total Life		23% %		
				Maximum		
Fle	ctricity demand			coincident system S	Non-coincident um of maximum	
	outloney domains			demand (MW)	demands (MW)	
ab.o	GXP Demand  Embedded Generation Output	of UV and Above		676	688	
plus	Maximum System Demand	at TV and Above		686		
less						
less		oly to customers' Connection Points Connection Point Demand		686	14	
	Maximum Distribution Trans			684	THE RESIDENCE OF THE PARTY OF T	to Mi
	GXP Demand not Supplied at	Subtransmission Level				
		- Connected to Subtransmission System		-	-	
	Net Transfers to (from) Other	EDBs at Subtransmission Level Only		- 1		
	Estimated Controlled Load S	Shed at Time of Maximum System Demand (MW)		· ·		
	F1 V C to to	D				
	Five-Year System Maximum	Demand Growth Forecast		1.07% %	p.a.	
	ctricity volumes carried			(GWh)		
Ele	otherty volumes curried			2,669		
	Electricity Supplied from GXPs					
	Electricity Supplied from GXPs Electricity Exports to GXPs			76		
less plus less	Electricity Supplied from GXPs Electricity Exports to GXPs Electricity Supplied from Embe Net Electricity Supplied to (froi	edded Generators m) Other EDBs		76		
less plus less	Electricity Supplied from GXPs Electricity Exports to GXPs Electricity Supplied from Embe Net Electricity Supplied to (froi Electricity entering system)	edded Generators m) Other EDBs for supply to customers' Connection Points		76 - 2,745		to Mi
less plus less	Electricity Supplied from GXPs Electricity Exports to GXPs Electricity Supplied from Embe Net Electricity Supplied to (froi Electricity entering system is	edded Generators m) Other EDBs for supply to customers' Connection Points ers' Connection Points		76	4.7% %	
less plus less	Electricity Supplied from GXPs Electricity Supplied from Embes Electricity Supplied from Embes Net Electricity Supplied to (froi Electricity entering system i Electricity Supplied to Custom Electricity Losses (loss ratio	edded Generators m) Other EDBs for supply to customers' Connection Points ers' Connection Points o)		76 	4.7% %	
less plus less	Electricity Supplied from GXPs Electricity Exports to GXPs Electricity Supplied from Embe Net Electricity Supplied to (froi Electricity entering system is Electricity Losses (loss ratio Electricity Supplied to Custom Electricity Supplied to Custom	edded Generators m) Other EDBs for supply to customers' Connection Points ers' Connection Points o) ers' Connection Points		76 - - 2,745 2,616	4.7% %	
less plus less less	Electricity Supplied from GXPs Electricity Exports to GXPs Electricity Supplied from Emberone Net Electricity Supplied to (froit Electricity entering system is Electricity Losses (loss ratio Electricity Supplied to Custom Electricity Supplied to Custom Electricity Supplied to Largest	edded Generators m) Other EDBs for supply to customers' Connection Points ers' Connection Points o) ers' Connection Points		76 - 2,745 2,616 129	4.7% % 97% %	
less plus less less	Electricity Supplied from GXPs Electricity Supplied from Embes Net Electricity Supplied to from Embes Net Electricity Supplied to from Electricity Supplied to Custom Electricity Supplied to Custom Electricity Losses (loss ratio Electricity Supplied to Custom Electricity Supplied to Largest Electricity Supplied other th	edded Generators m) Other EDBs for supply to customers' Connection Points ers' Connection Points o) ers' Connection Points 5 Connection Points		2,745 2,616 129 2,616 83 2,533		
less plus less less	Electricity Supplied from GXPs Electricity Exports to GXPs Electricity Supplied from Emberone Net Electricity Supplied to (froit Electricity entering system is Electricity Losses (loss ratio Electricity Supplied to Custom Electricity Supplied to Custom Electricity Supplied to Largest	edded Generators m) Other EDBs for supply to customers' Connection Points ers' Connection Points o) ers' Connection Points 5 Connection Points		76 		
less plus less less	Electricity Supplied from GXPs Electricity Supplied from Embes Net Electricity Supplied to from Embes Net Electricity Supplied to from Electricity Supplied to Custom Electricity Supplied to Custom Electricity Losses (loss ratio Electricity Supplied to Custom Electricity Supplied to Largest Electricity Supplied other th	edded Generators m) Other EDBs for supply to customers' Connection Points ers' Connection Points o) ers' Connection Points 5 Connection Points an to Largest 5 Connection Points		2,745 2,616 129 2,616 83 2,533	97% %	
less plus less less Loa	Electricity Supplied from GXPs Electricity Supplied from Embes Net Electricity Supplied from Embes Net Electricity Supplied to (froi Electricity entering system is Electricity Supplied to Custom Electricity Losses (loss ratio Electricity Supplied to Lustom Electricity Supplied to Largest Electricity Supplied other th ad Factor  mber of Connection Point	edded Generators m) Other EDBs for supply to customers' Connection Points ers' Connection Points o) ers' Connection Points 5 Connection Points an to Largest 5 Connection Points ers (at year end)		2,745 2,745 2,616 129 2,616 83 2,533 46% %	97% %	,
less plus less less Loa	Electricity Supplied from GXPs Electricity Supplied GXPs Electricity Supplied from Embes Net Electricity Supplied to (froi Electricity entering system is Electricity Supplied to Custom Electricity Losses (loss ratio Electricity Supplied to Largest Electricity Supplied to Largest Electricity Supplied other th ad Factor  mber of Connection Point ensity of service requirem	edded Generators m) Other EDBs for supply to customers' Connection Points ers' Connection Points o) ers' Connection Points 5 Connection Points an to Largest 5 Connection Points ers (at year end)		2,745 2,745 2,616 129 2,616 83 2,533 46% %	<b>97%</b> %	,
less plus less less Lo:	Electricity Supplied from GXPs Electricity Supplied from Embes Electricity Supplied from Embes Net Electricity Supplied to (froi Electricity entering system is Electricity Supplied to Custom Electricity Losses (loss ratio Electricity Supplied to Custom Electricity Supplied to Largest Electricity Supplied to there the ad Factor  mber of Connection Point ensity of service requirem Demand Density (Maximum D	edded Generators m) Other EDBs for supply to customers' Connection Points ers' Connection Points o) ers' Connection Points 5 Connection Points an to Largest 5 Connection Points es (at year end) eents sistribution Transformer Demand / Total circuit length) applied to Customers' Connection Points / Total circuit	length)	2,745 2,745 2,616 129 2,616 83 2,533 46% %	97% % Ps Wkm Whikm	,

16



MP1 Technical info -Northern

f		Electricity Distribution Business:			Vector	Group	
					For Year Ended:	2012	
F	Performance comparators						
				revious Years		Current Financial	
			Current Yr - 3	Current Yr - 2	Current Yr - 1	Year	
	Operational expenditure ratio						
1	Total Operational E Replacement Cost of System Fixed Assets (at	A STATE OF THE PARTY OF THE PAR	94 3,797	3,664	92	100 \$6	
	Replacement Cost of System Pixed Assets (at	Ratio (%)	2.46%	2,46%	3,945	4,108 sn	from Al
		Natio (76)	2.40 /8	2.40761	2.34%	2.42% %	
	Capital expenditure ratio						
	Total Capital Expenditure on System Fi	xed Assets	139	114	133	125 sn	n from FS
	Replacement Cost of System Fixed Assets (at		3,797	3,664	3,945	4.108 Sn	
		Ratio (%)	3.66%	3.11%	3.36%	3.03% %	, nom Av
1							
	Capital expenditure growth ratio						
	Capital Expenditure: Customer Connection and Syst	em Growth	-	48	57	56 \$n	from FS
	Change in Total Distribution Transforme	er Capacity	-	44	51	91 M	A from MF
1		\$/kVA	Not defined	1,094	1,115	618 \$//	CVA
1	Renewal expenditure ratio				La Cardina		
	Capital & Operational Expenditure: Asset Replacement, Refurbishment an			53	66	65 \$n	from FS1 &
1	Regulatory Depreciation of System Fi	_		75	79	84 \$n	from AV
		Ratio (%)	Not defined	71%	84%	78% %	
	Distribution Transformer Capacity Utilisation						
1	Maximum Distribution Transform	or Domand	1,656	1,718	4.674	4 000	
1	Total Distribution Transformer Capacity (at		4,672	4,318	1,671	1,892 M	
1	Total Production Handlockies Capacity (at	Ratio (%)	35.4%	39.8%	4,369 38.2%	4,460 kV	A from MP
		114.0 (70)	55.476	00:070	30.2 /6	42.470 %	
	Return on Investment						
	Regulatory Profit / Loss (pre-financing and di	stributions)	278	241	299	249 sm	from FS
	less Interest Tax Shield ,		22	14	18	16 Sm	
1	Adjusted Regul	-	257	226	281	233 \$m	
1	Regulatory Investry		2,212	2,187	2.296	2,449 sm	
		Ratio (%)	11.60%	10.35%	12.24%	9.52% %	uom 13
-					ther EDB was energy		
F	Expenditure comparison table		the year, the denor	minators are calcuate	ed as time-weighled a	verages	
1	experience comparison table		Evnend	diture metrics (§	mort.		
1			Expend	attare metrics (4	per):		
1			Electricity				
1			Supplied to	Maximum		Distribution	
		gth (for	Customers'	coincident		Transformer	
		gtri (for upply)	Connection Points	system demand	Connection C	apacity (EDB- Owned)	
1		\$/km)	(\$/MWh)	(\$/MW)	(\$/ICP)	(\$/MVA)	
	Capital Expenditure (\$) per	7.619	16	69,702	253	34,156	from FS2 & MP



	El	ectricity Distribu	ition Business:	Vector Grou	p - Auckland	
				For Year Ended		
Performance comparators				200		
		P	revious Years		Current Financial Year	
		Current Yr - 3	Current Yr - 2	Current Yr - 1		
Operational expenditure ratio						
Total Operational Expe			· · · · · · · · · · · · · · · · · · ·		5	m from FS
Replacement Cost of System Fixed Assets (at year	Principal Company			-	s	
R	atio (%)	Not defined	Not defined	Not defined	Not defined	
Capital expenditure ratio						
	Annain					
Total Capital Expenditure on System Fixed Replacement Cost of System Fixed Assets (at year					s	
	atio (%)	Not defined	Not defined	Not defined	Not defined	
The state of the s	u.io (78)	1401 061111601	. NOT GENINE	140t delined	Not defined %	
Capital expenditure growth ratio						
Capital Expenditure: Customer Connection and System	Growth	- 1	-		- s	m from FS:
Change in Total Distribution Transformer C	Capacity	-	1-1	-		IVA from MP
	\$/kVA	Not defined	Not defined	Not defined	Not defined s	and the same of
Renewal expenditure ratio						
Capital & Operational Expenditure: Asset Replacement: Refurbishment and R	Renewal	-	-	-	- 5	n from FS1 & :
Regulatory Depreciation of System Fixed	Assets	- 1			- \$	n from AV:
R	atio (%)	Not defined	Not defined	Not defined	Not defined %	
Distribution Transformer Consults Dalling No.						
Distribution Transformer Capacity Utilisation		CONTRACTOR SALES				
Maximum Distribution Transformer E		1,063	1,106	1,078	1,208 N	
Total Distribution Transformer Capacity (at year	ar eno ) _ .atio (%)	2,843 37.4%	2,874 38.5%	2,907	2,978 k	
	auo ( 70)	31.4%	30.376	37.1%	40.6% %	
Return on Investment						
Regulatory Profit / Loss (pre-financing and distrit	hutions)	_	_		- 5	
less Interest Tax Shield Adju					- s	
Adjusted Regulator		-		-	- 5	
Regulatory Investment		-			- \$1	
	atio (%)	Not defined			Not defined %	
				other EDB was eneter		
Expenditure comparison table		the year, the denon	ninators are calcuat	ed as time-weighted a	verages	
Experientare comparison table		Evana	ditura matrica	/¢ nest		
		Expen	diture metrics	(* per):		
		Electricity Supplied to	Maximum		Distribution	
Total c		Customers'	coincident		Transformer	
length		Connection Points	system		Capacity (EDB-	
Supp (\$/ki		(\$/MWh)	demand (\$/MW)	Point (\$/ICP)	Owned) (\$/MVA)	
		(WINITELL)	(WINTE)	(P/ICF)	(D/IVIVA)	
Capital Expenditure (\$) per				-	-	from FS2 & MP1



1		Electricity District	Es During	Maria 2	N	
		Electricity Distribu	ution Business [	Control of the San Control of th	Northern & Lichfield 2012	
Pe	rformance comparators			For Year Ended	2012	
1.	mornando comparators	P	revious Years		Current Financial	
			TOTTOUS TOUT		Year	
188		Current Yr - 3	Current Yr - 2	Current Yr - 1		
1	Operational expenditure ratio					
	Total Operational Expenditure		-	_	- Sm	from FS1
	Replacement Cost of System Fixed Assets (at year end*)				Sm	from AV3
1	Ratio (%)	Not defined	Not defined	Not defined	Not defined %	
1	Capital expenditure ratio					
	Total Capital Expenditure on System Fixed Assets	-	_		STATE OF THE PARTY	
	Replacement Cost of System Fixed Assets (at year end*)	<u>-</u> -			5m	from FS2
	Ratio (%)		Not defined	Not defined	- Sm Not defined %	from AV3
			100 00 1100	. tot dominad	Hot defined %	
	Capital expenditure growth ratio					
	Capital Expenditure: Customer Connection and System Growth	-	4	-	- \$m	from FS2
	Change in Total Distribution Transformer Capacity	-	-	- )	- MVA	from MP1
	\$/kVA	Not defined	Not defined	Not defined	Not defined s/kV	A
1	Renewal expenditure ratio					
	Capital & Operational Expenditure: Asset Replacement. Refurbishment and Renewal Regulatory Depreciation of System Fixed Assets	2 market and a second			Sm	from FS1 & 2
	Ratio (%)		Not defined	Not defined	- Sm Not defined %	from AV1
	Tulio (10)	Trot delined	140t delined	140t defined	Not defined %	
1	Distribution Transformer Capacity Utilisation					
	Maximum Distribution Transformer Demand	598	613	593	684 MW	from MP1
1	Total Distribution Transformer Capacity (at year end*)		1,445	1,462	1,482 kvA	from MP1
	Ratio (%)	41.8%	42.4%	40.6%	46.1% %	
	Return on Investment					
	Regulatory Profit / Loss (pre-financing and distributions)	Control of the same of the sam			- \$m	from FS1
	less Interest Tax Shield Adjustment				- \$m	from FS3
1	Adjusted Regulatory Profit Regulatory Investment Value				- \$m	
1	Regulatory investment value Ratio (%)		Not defined	Not defined	Not defined %	from FS2
3		" if e Merger or Ass	el Transfer with and	ther EDB was enelere	ed into during	
-	penditure comparison table	the year, the denom	ninetors are calcuste	ed as time-weighted at	rerages	
EX	perioriture comparison table	-		(0		
		Expe	nditure metric	s (\$ per):		
		Electricity Supplied to	Maximum		Distribution	
	Total circuit	Customers'	coincident		Transformer	
188	length (for	Connection	system	Connection	Capacity (EDB-	
186	Supply) (\$/km)	Points (\$/MWh)	demand (\$/MW)	Point	Owned)	
1	Capital Expenditure (\$) per	(D/MVVII)	( ADA(AA )	(\$/ICP)	(\$/MVA)	
						om FS2 & MP1

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MP2 Northern

## REPORT MP3: PRICE & QUALITY MEASURES (Separate report required for each Non-contiguous Network) ref 6

Electricity Distribution Business: Vector Group For Year Ended: 2012

#### QUALITY

11

12 13

37

40 41

43

44 45

47

48

51

52

53

54 55

56 57

59 60

62 63

65

66 67

68 59

70 7.1 72

73 74

#### Interruptions s by class

Network Name:

Disclosure:

Interruption
Class A
Class B
Class C
Class D
Class E

Class F Class G Class H

Total

	10	planned interruptions by Transpower:
	1,086	planned interruptions on the network
	1,155	unplanned interruptions on the network
	2	unplanned interruptions by Transpower
	-	unplanned interruptions of network own
53	1.00	unplanned interruptions of generation (

Vector Group Annual Disclosure - Requirement 6(1)

> unplanned interruptions caused by other electricity industry participant larined interruptions caused by other electricity industry participant 2,253 Total of above

Interruption targets for Forecast Year

Class	В
Class	C

2013	Current Financial Year +1
1,086	planned interruptions on the network
	unplanned interruptions on the network

2013-2017 Current Financial Year +1 to +5

1,086 planned interruptions on the network

Average interruption targets for 5 Forecast Years Class B

Class C

-	1,155	unplanned interruptio
	-3Hrc	>2brc

Class C interruptions restored within

Is this voltage part of the EDB system?

Average annual for 5 Forecast Years

Current Financial Year Forecast Year

≤3Hrs	>3hrs
688	467

#### Faults per 100 circuit kilometres

The total number of faults for Current Financial Year
The total number of faults forecast for the Forecast Year
The average annual number of faults forecast for the 5 Forecast

14.96	in year	2012
14.96	in year	2013
14.96	average over years	2013-201

>66kV

# Fault Information per 100 circuit kilometres by Voltage and Type 6.6kV &

11kV non- SWER	22kV non- SWER	SWER	33kV	50kV & 66kV	
Yes	Yes	No	Yes	No	
15.91	5.61	- 1	9.35		-
15.93	4.99		9.22	-	-
15.93	4.99	- 1	9.22		-

## Fault Information per 100 circuit kilometres by Voltage and Type $6.6 \text{kV} \ \&$

11kV non-22kV non-

SAIDI

SWER	SWER	SWER	33kV	50kV & 66kV	>66kV
6.69	5.71		5.86	100 may - 400	-
23.94	-	-/-	12.98		3.78

1.16

CAIDI

## Reliability

Underground

Overhead

Overa	i i ciiavi	ity			
Based	on the to	otal num	nber of i	nterrupt	ons

Reliability by interruption class Class C

SAIDI	SAIFI	CAIDI
18.43	0.09	202.42
77.36	1.03	75.24

SAIFI

**Targets for Forecast Year** Class B Class C

SAIUI	SAIFI	CAIDI
17.01	0.09	197.79
96.99	1.57	61.78

Average targets for 5 Forecast Years Class B Class C

	SAIDI	SAIFI	CAIDI
88	17.01	0.09	197.79
	96.99	1.57	61.78

#### PRICES

#### Price information by Connection Point Class

Connection Point Class

	Small Connection Points	Medium Connection Points	Large Connection Points	Largest 5 Connection Points	Total	
Gross line charge income (\$000)	318,447	94,785	140,662	9,563	563,457	from FS:
Electricity Supplied to Customers' Connection Points (MWh)	3,440,095	1,213,531	3,285,212	472,081	8.410.919	from MP
Number of Connection Points (ICPs) at year end	468,273	60,549	5,881	10	534.713	from MP
Unit Price (cents/kWh)	9.3	7.8	4.3	2.0	6.7	
Relative Unit Price Index	1.00	0.84	0.46	0.22	0.72	



## 



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#### REPORT MP3: PRICE & QUALITY MEASURES

(Separate report required for each Non-contiguous Network)

ref Electricity Distribution Business: Vector Group 6 2012 For Year Ended: Network Name Vector Group - Auckland Annual Disclosure - Requirement 6(1) Disclosure QUALITY 10 Interruptions 12 Interruptions by class 9 planned interruptions by Transpower 15 Class B 450 planned interruptions on the network Class C 405 unplanned interruptions on the network
1 unplanned interruptions by Transpower 17 Class D 18 Class F Class F unplanned interruptions of generation (non-network)
unplanned interruptions caused by other electricity industry participant 19 20 Class G 21 22 23 Class H nned interruptions caused by other electricity industry participant Total 865 Total of above 24 25 Interruption targets for Forecast Year 2013 Current Financial Year +1 450 planned interruptions on the network 405 unplanned interruptions on the network 26 Class C 27 28 Average interruption targets for 5 Forecast Years 2013-2017 Current Financial Year +1 to +5 29 planned interruptions on the network unplanned interruptions on the network 30 31 Class C Class C interruptions restored within 33 265 140 35 **Faults** 36 Faults per 100 circuit kilometres 37 The total number of faults for Current Financial Year The total number of faults forecast for the Forecast Year 12.56 12.56 12.56 in year 2012 38 39 The average annual number of faults forecast for the 5 Forecast Years 2013-2017 40 Fault Information per 100 circuit kilometres by Voltage and Type 6.6kV & 41 11kV non-22kV non-SWER SWER SWER 42 33kV 50kV & 66kV >66kV 43 Is this voltage part of the EDB system? Yes Yes Yes No Yes 44 Current Financial Year Forecast Year 13.91 4.94 45 46 13.91 4 99 Average annual for 5 Forecast Years 13.91 4.99 4 61 Fault Information per 100 circuit kilometres by Voltage and Type 6.6kV & 48 11kV non-22kV non-SWER 49 **SWER** SWER 50kV & 66kV >66kV 50 Underground 6.23 5.71 3.50 13.02 Overhead 31.06 52 Reliability Overall reliability 53 54 55 SAIDI SAIFI CAIDI Based on the total number of interruptions 50.08 0.67 74.55 56 57 58 Reliability by interruption class SAIDI SAIFI CAIDI 0.04 109.50 72.78 Class C 59 45.51 0.63 60 61 **Targets for Forecast Year** SAIDI SAIFI CAIDI 62 Class B 57.53 223.00 63 Class C 0.97 59.31 64 65 Average targets for 5 Forecast Years SAIDI SAIFI CAIDI Class B 0.01 66 67 223.00 59.31 Class C 57.53 68 69 PRICES 70 71 72

Price information by Connection Point Class

74

	Connection Point Class				
	Small Connection Points	Medium Connection Points	Large Connection Points	Largest 5 Gonnection Points	Total
Gross line charge income (\$000)	177,287	62,370	115,614	7,651	362,922
Electricity Supplied to Customers' Connection Points (MWh)	1.998,384	801,935	2,605,169	388,962	5,794,450
Number of Connection Points (ICPs) at year end	280,341	39,032	4,616	5	323,994
Unit Price (cents/kWh)	8.9	7.8	4.4	2.0	6.3
Relative Unit Price Index	1.00	0.88	0.50	0.22	0.71

22



MP3 Price - Auckland

## REPORT MP3: PRICE AND QUALITY (cont)

Notes to Price and Quality Measures

MP3a: Connection Point Class breakpoints		
Connection Point Class breakpoints methodology	kVA based breakpoints	
kVA based breakpoints - additional disclosure		
Breakpoint between small and medium classes	15 kVA	
Breakpoint between large and medium classes	69 kVA	



Vector Group

### REPORT MP3: PRICE & QUALITY MEASURES

(Separate report required for each Non-contiguous Network)

6 2012 For Year Ended: Network Name Vector Group - Northern & Lichfield Annual Disclosure - Requirement 6(1) Disclosure QUALITY 10 11 Interruptions 12 Interruptions by class 14 15 Class A 1 planned interruptions by Transpower 636 planned interruptions on the network
750 unplanned interruptions on the network Class B Class C 16 Class D Class E unplanned interruptions by Transpower 18 19 Class F unplanned interruptions of generation (non-network) 20 21 22 23 24 25 Class G unplanned interruptions caused by other electricity industry participant Class H planned interruptions caused by other electricity industry participant Total 1,388 Total of above Interruption targets for Forecast Year 2013 Current Financial Year +1 750 unplanned interruptions on the network 26 27 28 Class C Average interruption targets for 5 Forecast Years 2013-2017 Current Financial Year +1 to +5 29 planned interruptions on the networkunplanned interruptions on the network Class C 30

Electricity Distribution Business:

423

327

31 32 33

34 35 36

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47 48

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56 57

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63 65

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68 69

70 71

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ref

#### Faults per 100 circuit kilometres

Class C interruptions restored within

The total number of faults for Current Financial Year The total number of faults forecast for the Forecast Year 16.75 16.75 in year 2013 in year The average annual number of faults forecast for the 5 Forecast Years 16.75 2013-2017

Fault Information per 100 circuit kilometres by Voltage and Type -6.6 kV~&

Is this voltage part of the EDB system?	SWER Yes	SWER No	SWER No	33kV Yes	50kV & 66kV	>66kV Yes
Current Financial Year	17.33	-0	-	12.21		3.78
Forecast Year	17.35			12.21		7.55
Average annual for 5 Forecast Years	17.35	-		12.21		7.55

Fault Information per 100 circuit kilometres by Voltage and Type 6.6kV &

11kV non-22kV non-

SWER SWER SWER 33kV 50kV & 66kV >66kV Underground 7.44 10.34 12.97 Overhead 21.70 3.78

Reliability

Overall reliability

SAIDI SAIFI CAIDI Based on the total number of interruptions 1.91 169.42 88 70 Reliability by interruption class SAIDI SAIFI CAIDI

Class B Class C

**Targets for Forecast Year** SAIDI SAIFI CAIDI Class B 39.70 157.59 0.20 198.50 Class C

Average targets for 5 Forecast Years

Class C

			00.20
	SAIDI	SAIFI	CAIDI
L	39.70	0.20	198.50
	157.59	2.49	63.29

1.65

234.81 76.67

40.19

126.27

## PRICES

#### Price information by Connection Point Class

Connection Point Class Large Connection Points Medium Gross line charge income (\$00 **Electricity Supplied to Customers' Connection Points (MW** Number of Connection Points (ICPs) at year e

24

Unit Price (cents/kW

Relative Unit Price Ind

00)	141,160	32,415	25,048	1,912	200,535
/h)	1,441,711	411,596	680,043	83,119	2,616,469
nd	187,932	21,517	1,265	5	210,719
/h) _	9.8	7.9	3.7	2.3	7.7
ex	1.00	0.80	0.38	0.23	0.78



MP3 Price - Northern

## REPORT MP3: PRICE AND QUALITY (cont)

### Notes to Price and Quality Measures

MP3a: Connection Point Class breakpoints		
Connection Point Class breakpoints methodology	kVA based breakpoints	
kVA based breakpoints - additional disclosure		
Breakpoint between small and medium classes	15 kVA	
Breakpoint between large and medium classes	69 kVA	



#### Subtransmission customers excluded from distribution transformer capacity values

The distribution transformers of three subtransmission-supplied customers have been excluded from the Distribution Transformer Capacity fields (rows 35-36 of MP1) as per the Requirements.

The excluded capacities include the following locations:

- the EBD-owned distribution transformers at the Lichfield Cheese Factory (20.45MVA) based in Vector's Lichfield region;
- the customer-owned distribution transformers at the Pacific Steel (80MVA) based in Vector's Auckland region; and
- the customer-owned distribution transformers at Auckland International Airport Ltd (30MVA) based in Vector's Auckland region.

#### Distribution transformer capacity utilisation

Clause 17(4) of the Information Disclosure Requirements requires a note explaining which approach to 'Distribution Transformer Capacity Utilisation' calculation has been adopted. Vector's methodology is consistent with the Electricity Distribution (Information Disclosure) Requirement 2008.

#### Interruptions by class

Note that there were no Class F interruptions (non-network unplanned interruptions of generation). All unplanned interruptions which affected both Vector customers and non-network generation have been classified as Class C (unplanned interruptions on the network).

#### Forecast methodology

Targets and forecasts submitted in the 'Annual disclosure' MP1 and MP3 documents are derived using the following methods (note that historical Wellington region statistics are excluded from these calculations):

- Class B interruption targets (rows 25 & 29 of MP3) equal the current year's interruption count. This is a change from the previous year's methodology, in which Class B interruption targets were defined as the median of the previous five years. The new methodology more accurately reflects current operational practices;
- Class C interruption targets (rows 26 & 30 of MP3) are derived by listing the past 5 year's interruption frequency by network region and interruption class then taking the median of these values. To remain consistent, the 'Interruption targets for forecast year' (rows 25-26 of MP3) are equal to the 'average interruption targets for 5 forecast years' (rows 29-30 of MP3);
- The forecast number of faults per 100 circuit kilometres (rows 38-39 of MP3) is derived by listing the network's fault frequency over the past 5 years, taking the median of these values and dividing by the total circuit length. For consistency, the forecast for the next reporting year (row 38 of MP3) is equal to the forecast for the next 5 years (row 39 of MP3);
- The forecast number of faults per 100 circuit kilometres by voltage type (rows 45-46 of MP3) are derived by listing the network's fault frequency by voltage level over the past 5 years, taking the median of these values and dividing by the circuit length of the appropriate voltage. For consistency, the forecast for the next reporting year (row 45 of MP3) is equal to the forecast for the next 5 years (row 46 of MP3); and
- SAIDI and SAIFI forecasts (rows 62-63 & 66-67 of MP3) are consistent with Vector's electricity quality threshold targets. Specifically, they are the average SAIDI and SAIFI values for the Vector electricity network (excluding Transpower and historical Wellington outages) for the period from 1 April 2004 to 31 March 2009.

### Maximum demand growth forecast

The maximum demand growth forecast values (row 67 of MP1) are based upon growth trends predicted by Vector's load forecast model. Inputs to this model include Council population growth predictions, historical trends and known future load centres. The load forecast is performed annually. Vector's Asset Management Plan also incorporates these predictions.

Note that during this reporting year a cold snap resulted in an unusually high maximum demand figure. Using this year's demand as the starting point for forecast calculations would result in an unrealistically low forecast for "five year system maximum demand growth" so this value is excluded.

#### Breakdown of revenue by connection point class in MP3

Revenue disclosed is consistent with that recognised in the Financial Accounts for the period April 11 to March 12 (Disclosure Period).

The existing management reporting segmented structure (Residential, SME and I&C) has been directly mapped to the 'Small, Medium and Large Connection Points' definition required in the disclosure. As such, residential connections (defined as being for the purpose of supplying a private dwelling intended for occupation mainly as a place of residence and not normally used for any business activity) are disclosed as small connections, with medium being all non residential connections less than or equal to 69kVA and large as being all connections greater than 69kVA.

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Assumptions

		Elec	tricity Distribut	ion Business	Vector	Group	
A) []				Fo	Year Ended	2012	
A) Five year forecasts of expenditure From most recent Asset Management Plan				Ornand Vass		(\$000)	
1 Total Needle National Control of the Control of t	Actual for			orecast Years			
	Current Financial Year	year 1	year 2	1100x 3			
for year ended	2012	2013	2014	year 3 2015	year 4 2016	year 5 2017	
Capital Expenditure: Customer Connection	22,110	25,000	24,600	24,600	24,600	24,600	from
Capital Expenditure: System Growth	34,352	56,100	47,500	40,300	46,900	37,200	from
Capital Expenditure: Reliability, Safety and Environment	1,869	6,900	6,600	5,100	4,400	4,400	fro
Capital Expenditure: Asset Replacement and Renewal	54,460	65.900	69,600	63,200	63,700	59,000	froi
Capital Expenditure. Asset Relocations	11,815	25,200	22,300	19,200	18,400	18,300	fior
Subtotal - Capital Expenditure on asset management	124,606	179,100	170,600	152,400	158,000	143,500	
Operational Expenditure: Routine and Preventative Maintenance	19,972	19,600	19,800	10.700	40.000	40.000	
Operational Expenditure: Refurbishment and Renewal Maintenance	10,905	11,600	12,000	19,700	19,900 11,900	19,900	fron
Operational Expenditure: Fault and Emergency Maintenance	8,525	13,000	13,000	13.200	13,100	13,200	fron
Subtotal - Operational Expenditure on asset management	39,402	44,200	44,800	44,800	44,900	44,100	
Total direct expenditure on distribution network	164,008	223,300	215,400	197,200	202,900	187,600	
Overhead to Underground Conversion Expenditure	3,249	13.200	13,200	13,200	13,200	13,200	
	0)2.10	10,200	10,200	13,200	13,200	13,200	
The Electricity Distribution Business is to provide the amount of Overhead to Underground Conversion Expenditure included in each of the above Expenditure Calegories (explanatory							
notes can be provided in a caparate note if necessary)							
B) Variance between Previous Forecast for the Current Financia	l Year, and Ac	Actual for Current	Previous forecast for Current				
B) Variance between Previous Forecast for the Current Financia	l Year, and Ac	Actual for	Previous forecast for	% Variance			
B) Variance between Previous Forecast for the Current Financia	l Year, and Ac	Actual for Current Financial	Previous forecast for Current Financial	% Variance (a)/(b)-1			
Capital Expenditure: Customer Connection	l Year, and Ac	Actual for Current Financial Year	Previous forecast for Current Financial Year				fomi
Capital Expenditure: Customer Connection Capital Expenditure: System Growth	I Year, and Ac	Actual for Current Financial Year (a) 22,110 34,352	Previous forecast for Current Financial Year (b) 21,600 55,500	(a)/(b)-1 2.4% -38.1%			
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment	I Year, and Ac	Actual for Current Financial Year (a) 22,110 34,352 1,869	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400	(a)/(b)-1 2.4% -38.1% -45.0%			from re
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment Capital Expenditure: Asset Replacement and Renewal	I Year, and Ac	Actual for Current Financial Year (a) 22,110 34,352 1,869 54,460	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400 55,900	(a)/(b)-1 2.4% -38.1% -45.0% -2.6%			from re
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment Capital Expenditure: Asset Replacement and Renewal Capital Expenditure: Asset Relocations	I Year, and Ac	Actual for Current Financial Year (a) 22,110 34,352 1,869 54,460 11,815	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400 55,900 25,800	(a)/(b)-1 2.4% -38.1% -45.0% -2.6% -54.2%			from re
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment Capital Expenditure: Asset Replacement and Renewal	I Year, and Ac	Actual for Current Financial Year (a) 22,110 34,352 1,869 54,460	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400 55,900	(a)/(b)-1 2.4% -38.1% -45.0% -2.6%			from re
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment Capital Expenditure: Asset Replacement and Renewal Capital Expenditure: Asset Relocations	I Year, and Ac	Actual for Current Financial Year (a) 22,110 34,352 1,869 54,460 11,815	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400 55,900 25,800	(a)/(b)-1 2.4% -38.1% -45.0% -2.6% -54.2%			from re from re from re
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment Capital Expenditure: Asset Replacement and Renewal Capital Expenditure: Asset Relocations Subtotal - Capital Expenditure on asset management	I Year, and Ac	Actual for Current Financial Year (a) 22,110 34,352 1,869 54,460 11,815 124,606	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400 55,900 25,800 162,200	(a)/(b)-1 2.4% -38.1% -45.0% -2.6% -54.2% -23.2%			from ro from ro from ro from ro
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment Capital Expenditure: Asset Replacement and Renewal Capital Expenditure: Asset Relocations Subtotal - Capital Expenditure on asset management Operational Expenditure: Routine and Preventative Maintenance	I Year, and Ac	Actual for Current Financial Year (a) 22,110 34,352 1,869 54,460 11,815 124,606	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400 55,900 25,800 162,200	(a)/(b)-1 2.4% -38.1% -45.0% -2.6% -54.2% -23.2%			from re- from re- from re- from re- from re- from re-
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment Capital Expenditure: Asset Replacement and Renewal Capital Expenditure: Asset Relocations Subtotal - Capital Expenditure on asset management  Operational Expenditure: Routine and Preventative Maintenance Operational Expenditure: Refurbishment and Renewal Maintenance	I Year, and Ac	Actual for Current Financial Year (a) 22,110 34,352 1,869 54,460 11,815 124,606	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400 55,900 25,800 162,200 11,600	(a)/(b)-1 2.4% -38.1% -45.0% -2.6% -54.2% -23.2%			from ro from ro from ro from ro
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment Capital Expenditure: Asset Replacement and Renewal Capital Expenditure: Asset Relocations Subtotal - Capital Expenditure on asset management  Operational Expenditure: Routine and Preventative Maintenance Operational Expenditure: Refurbishment and Renewal Maintenance Operational Expenditure: Fault and Emergency Maintenance Subtotal - Operational Expenditure on asset management	I Year, and Ac	Actual for Current Financial Year (a) 22,110 34,352 1,869 54,460 11,815 124,606 19,972 10,905 8,525 39,402	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400 55,900 25,800 162,200 11,600 13,000 44,200	(a)/(b)-1 2.4% -38.1% -45.0% -2.6% -54.2% -23.2% 1.9% -6.0% -34.4%			from ro from ro from ro from ro
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment Capital Expenditure: Asset Replacement and Renewal Capital Expenditure: Asset Relocations Subtotal - Capital Expenditure on asset management  Operational Expenditure: Routine and Preventative Maintenance Operational Expenditure: Refurbishment and Renewal Maintenance Operational Expenditure: Fault and Emergency Maintenance	I Year, and Ac	Actual for Current Financial Year (a)  22,110  34,352  1,869  54,460  11,815  124,606  19,972  10,905  8,525	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400 55,900 25,800 162,200 11,600 11,600 13,000	(a)/(b)-1 2.4% -38.1% -45.0% -2.6% -54.2% -23.2% 1.9% -6.0% -34.4%			from re- from re- from re- from re- from re-
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment Capital Expenditure: Asset Replacement and Renewal Capital Expenditure: Asset Relocations Subtotal - Capital Expenditure on asset management  Operational Expenditure: Routine and Preventative Maintenance Operational Expenditure: Refurbishment and Renewal Maintenance Operational Expenditure: Fault and Emergency Maintenance Subtotal - Operational Expenditure on asset management	I Year, and Ac	Actual for Current Financial Year (a) 22,110 34,352 1,869 54,460 11,815 124,606 19,972 10,905 8,525 39,402	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400 55,900 25,800 162,200 11,600 13,000 44,200	(a)/(b)-1 2.4% -38.1% -45.0% -2.6% -54.2% -23.2% -6.0% -34.4% -10.9%			from re- from re- from re- from re- from re-
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment Capital Expenditure: Asset Replacement and Renewal Capital Expenditure: Asset Relocations Subtotal - Capital Expenditure on asset management  Operational Expenditure: Routine and Preventative Maintenance Operational Expenditure: Refurbishment and Renewal Maintenance Operational Expenditure: Fault and Emergency Maintenance Subtotal - Operational Expenditure on asset management	I Year, and Ac	Actual for Current Financial Year (a) 22,110 34,352 1,869 54,460 11,815 124,606 19,972 10,905 8,525 39,402	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400 55,900 25,800 162,200 11,600 13,000 44,200	(a)/(b)-1 2.4% -38.1% -45.0% -2.6% -54.2% -23.2% -6.0% -34.4% -10.9%			from ro from ro from ro from ro
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment Capital Expenditure: Asset Replacement and Renewal Capital Expenditure: Asset Relocations Subtotal - Capital Expenditure on asset management  Operational Expenditure: Routine and Preventative Maintenance Operational Expenditure: Refurbishment and Renewal Maintenance Operational Expenditure: Fault and Emergency Maintenance Subtotal - Operational Expenditure on asset management  Total direct expenditure on distribution network		Actual for Current Financial Year (a)  22,110  34,352  1,869  54,460  11,815  124,606  19,972  10,905  8,525  39,402	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400 55,900 25,800 162,200 11,600 13,000 44,200	(a)/(b)-1 2.4% -38.1% -45.0% -2.6% -54.2% -23.2% -6.0% -34.4% -10.9%			from ro from ro from ro from ro
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment Capital Expenditure: Asset Replacement and Renewal Capital Expenditure: Asset Relocations Subtotal - Capital Expenditure on asset management  Operational Expenditure: Routine and Preventative Maintenance Operational Expenditure: Refurbishment and Renewal Maintenance Operational Expenditure: Fault and Emergency Maintenance Subtotal - Operational Expenditure on asset management  Total direct expenditure on distribution network  Explanation of variances		Actual for Current Financial Year (a)  22,110  34,352  1,869  54,460  11,815  124,606  19,972  10,905  8,525  39,402	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400 55,900 25,800 162,200 11,600 13,000 44,200	(a)/(b)-1 2.4% -38.1% -45.0% -2.6% -54.2% -23.2% -6.0% -34.4% -10.9%			from ro from ro from ro from ro
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment Capital Expenditure: Asset Replacement and Renewal Capital Expenditure: Asset Relocations Subtotal - Capital Expenditure on asset management  Operational Expenditure: Routine and Preventative Maintenance Operational Expenditure: Refurbishment and Renewal Maintenance Operational Expenditure: Fault and Emergency Maintenance Subtotal - Operational Expenditure on asset management  Total direct expenditure on distribution network  Explanation of variances Distribution Business must provide a brief explanation for any line item variance		Actual for Current Financial Year (a)  22,110  34,352  1,869  54,460  11,815  124,606  19,972  10,905  8,525  39,402	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400 55,900 25,800 162,200 11,600 13,000 44,200	(a)/(b)-1 2.4% -38.1% -45.0% -2.6% -54.2% -23.2% -6.0% -34.4% -10.9%			from re- from re- from re- from re- from re-
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment Capital Expenditure: Asset Replacement and Renewal Capital Expenditure: Asset Relocations Subtotal - Capital Expenditure on asset management  Operational Expenditure: Routine and Preventative Maintenance Operational Expenditure: Refurbishment and Renewal Maintenance Operational Expenditure: Fault and Emergency Maintenance Subtotal - Operational Expenditure on asset management  Total direct expenditure on distribution network  Explanation of variances Distribution Business must provide a brief explanation for any line item variance		Actual for Current Financial Year (a)  22,110  34,352  1,869  54,460  11,815  124,606  19,972  10,905  8,525  39,402	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400 55,900 25,800 162,200 11,600 13,000 44,200	(a)/(b)-1 2.4% -38.1% -45.0% -2.6% -54.2% -23.2% -6.0% -34.4% -10.9%			from re- from re- from re- from re- from re-
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment Capital Expenditure: Asset Replacement and Renewal Capital Expenditure: Asset Relocations Subtotal - Capital Expenditure on asset management  Operational Expenditure: Routine and Preventative Maintenance Operational Expenditure: Refurbishment and Renewal Maintenance Operational Expenditure: Fault and Emergency Maintenance Subtotal - Operational Expenditure on asset management  Total direct expenditure on distribution network  Explanation of variances Distribution Business must provide a brief explanation for any line item variance		Actual for Current Financial Year (a)  22,110  34,352  1,869  54,460  11,815  124,606  19,972  10,905  8,525  39,402	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400 55,900 25,800 162,200 11,600 13,000 44,200	(a)/(b)-1 2.4% -38.1% -45.0% -2.6% -54.2% -23.2% -6.0% -34.4% -10.9%			from re- from re- from re- from re- from re-
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment Capital Expenditure: Asset Replacement and Renewal Capital Expenditure: Asset Relocations Subtotal - Capital Expenditure on asset management  Operational Expenditure: Routine and Preventative Maintenance Operational Expenditure: Refurbishment and Renewal Maintenance Operational Expenditure: Fault and Emergency Maintenance Subtotal - Operational Expenditure on asset management  Total direct expenditure on distribution network  Explanation of variances Distribution Business must provide a brief explanation for any line item variance		Actual for Current Financial Year (a)  22,110  34,352  1,869  54,460  11,815  124,606  19,972  10,905  8,525  39,402	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400 55,900 25,800 162,200 11,600 13,000 44,200	(a)/(b)-1 2.4% -38.1% -45.0% -2.6% -54.2% -23.2% -6.0% -34.4% -10.9%			from re- from re- from re- from re- from re-
Capital Expenditure: Customer Connection Capital Expenditure: System Growth Capital Expenditure: Reliability, Safety and Environment Capital Expenditure: Asset Replacement and Renewal Capital Expenditure: Asset Relocations Subtotal - Capital Expenditure on asset management  Operational Expenditure: Routine and Preventative Maintenance Operational Expenditure: Refurbishment and Renewal Maintenance Operational Expenditure: Fault and Emergency Maintenance Subtotal - Operational Expenditure on asset management  Total direct expenditure on distribution network  Explanation of variances Distribution Business must provide a brief explanation for any line item variance		Actual for Current Financial Year (a)  22,110  34,352  1,869  54,460  11,815  124,606  19,972  10,905  8,525  39,402	Previous forecast for Current Financial Year (b) 21,600 55,500 3,400 55,900 25,800 162,200 11,600 13,000 44,200	(a)/(b)-1 2.4% -38.1% -45.0% -2.6% -54.2% -23.2% -6.0% -34.4% -10.9%			from refrom refr

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AM1 AMP variance

Table B of report AM1 compares actual expenditure for the current year against the previously forecasted expenditure for that year, split by capital and operating expenditure. An explanation for variances more than 10% is provided below.

#### System growth

Expenditure on system growth was \$34.3m on a forecast of \$55.5m. The main reasons for the variances are:

#### Large customer expenditure

Actual expenditure of \$6.6m compared to the forecast of \$16.4m. The difference is due to the cancellation of a major upgrade (\$5.1m) by the customer. Other forecasted projects cancelled accounted for another \$2m. A further \$3.2m was the result of forecasted projects deferred or delayed by the customer.

#### Network reinforcement expenditure

A reforecast of the Hobson GXP project resulted in the transfer of \$3.7m of forecasted expenditure from Regulatory Year 2012 to Regulatory Year 2013. The Waimauku substation upgrade project was slow commencing resulting in critical work being deferred until after the peak winter electricity demand period. This resulted in a \$1.3m slippage into Regulatory Year 2013. Delays in the settlement of substation land purchases caused an under spend of \$0.6m against forecast.

The provisional forecast for ducts was under spent by \$1.7m, CBD 22kV rollout and conversion expenditure was below forecast by \$2m due to delays in the nominated projects while cancelled projects accounted for a further \$0.9m unspent forecast.

#### Reliability, safety and environment

The apparent under-spending in the reliability, safety and environment capex category is mainly due to \$1.3m transferred to fund the 22kV Liverpool switchboard replacement (partly to improve reliability of supply to the CBD) and \$0.4m to fund the distribution earth switch padlocks replacement project (grouped under protection under the Vector accounting system).

#### Asset relocations (including overhead to underground conversion)

Expenditure on asset relocations (which include overhead to underground conversion) was \$11.8m on a forecast of \$25.8m. The main reasons for the variances are:

#### Asset relocations

Relocations expenditure was \$8.6m on a forecast of \$11.7m. The key differences were an under spend of \$4.7m on transport-related projects due to project timing changes by the requiring authorities, and additional expenditure associated with the relocation of the subtransmission circuits at Wairau Rd substation (-\$1.2m).

### Overhead to underground conversion

Expenditure on the overhead to underground conversion programme was \$3.2m on a forecast of \$14.1m. This was due to the environment created by the Government Ultra-Fast Broadband (UFB) initiative. In particular the initiative diminished incentives for investing in copper telecommunication networks, thus reducing opportunities to coordinate with Vector, which is necessary to achieve successful undergrounding outcomes.

### Fault and emergency maintenance

An allowance of \$6m was made in the 2012 faults and emergency maintenance forecast to be capitalised to reflect the capital nature of the repair works and in accordance with Vector's accounting policy. The actual amount of repairs and emergency maintenance work being capitalised in the year was \$10.5m which result in an apparent under spending in the faults and emergency category.

