

EXPLANATORY NOTE FOR INFORMATION DISCLOSURES



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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.

A handwritten signature in blue ink, appearing to read 'KPMG'.

KPMG
Auckland



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SCHEDULE 13

FORM 1 - CERTIFICATE FOR DISCLOSED INFORMATION

Pursuant to Requirement 11(1)

We, Michael Strasney and Alison Paterson,
directors of Vector Limited, certify that, having made all reasonable enquiry, to the
best of our knowledge, the following attached audited information of
Vector Limited prepared for the purposes of requirement 3, 4, 6 and 7(5) of the
Commerce Commission's Electricity Distribution (Information Disclosure)
Requirements 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.

Signature of Directors:

Two handwritten signatures in blue ink are shown over horizontal lines. The top signature is more stylized and cursive, while the bottom signature is more legible and appears to read "Alison Paterson".

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

REPORT FS1: REGULATORY PROFIT STATEMENT

		Electricity Distribution Business:	Vector Group	
		For Year Ended	2012	
5				
6	Income			
7				
8	Net Line Charge Revenue Received	563,457		
9	plus Discretionary Discounts and Customer Rebates	-		FS1e
10	Gross Line Charge Income		563,457	
11				
12				
13	Capital Contributions	25,994		
14	plus Net Value of Vested Assets	-		
15	Total Capital Contributions and Vested Assets		25,994	
16				
17	AC Loss Rental Rebates Received	14,466		
18	less AC Loss Rental Rebates Passed On	14,466		
19	Net AC loss rental income (deficit)		-	
20				
21				
22	Other Income	6,271		
23			6,271	
24				
25	Total regulatory income		595,722	
26				
27				
28	Expenses			
29				
30	Transmission Charges - Payments to Transpower	131,614		
31	plus Avoided Transmission Charges - payments to parties other than Transpower	11,268		
32	Total Transmission Costs		142,882	
33				
34	Operational Expenditure:			
35	General Management, Administration and Overheads	44,580		
36	System Management and Operations	6,520		
37	Routine and Preventative Maintenance	19,972		to AM1
38	Refurbishment and Renewal Maintenance	10,905		to AM1
39	Fault and Emergency Maintenance	8,525		to AM1
40	Pass-through Costs	6,551		
41	Other	2,522		
42	Total Operational Expenditure		99,575	to MP2
43				
44				
45	Operational earnings		353,265	
46				
47				
48	Regulatory Depreciation of System Fixed Assets (incl. value of assets decommissioned)	83,820		from AV1
49	plus Depreciation of Non-System Fixed Assets (incl. value of assets decommissioned)	6,598		from AV1
50	Total Regulatory Depreciation		90,418	to FS3
51				
52				
53	Earnings before interest and tax (EBIT)		262,847	to FS3
54				
55	less Regulatory Tax Allowance		50,133	from FS3
56				
57	plus Indexed Revaluation (of System Fixed Assets)		36,243	from AV1
58	plus Revaluations of Non-System Fixed Assets		-	from AV1
59				
60	Regulatory profit / loss (pre-financing and distributions)		248,957	to MP2



REPORT FS1: REGULATORY PROFIT STATEMENT (cont)**Notes to Regulatory Profit Statement**

69	FS1a: Discretionary Discounts: Customer Rebates and other line charge adjustments		(\$000)
70	Customer Rebates	-	
71	Line Charge Holidays and other Discretionary Discounts	-	
72	Total Discretionary Discounts and Customer Rebates	-	-

75	FS1b: Related party expenditure - summary		(\$000)
76	Avoided Transmission Charges	-	
77	Operational Expenditure	7,627	
78	Subvention Payment	-	
79	Other related party expenditure	-	
80	Total Related Party Expenditure		7,627

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.

87	FS1c: Operational Expenditure notes		(\$000)
88			
89	Merger and Acquisition Expenses		
90	Merger and Acquisition Expenses (not to be included in Operational Expenditure)	-	
91			
92	Material items (if greater than 10% of the Operational Expenditure line item)		
93	Material item amount 1	-	Notes to be provided separately
94	within expenditure category:	Select one	
95			
96	Material item amount 2	-	Notes to be provided separately
97	within expenditure category:	Select one	
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			

106	FS1d: Vested Assets		(\$000)
107	Consideration Paid for Vested Assets	-	

110	FS1e: Reclassified items in Operational Expenditure		(\$000)
111	Value of items which have been reclassified since previous disclosure (if greater than 10% of any affected line item)	4,960	
112	Previous classification:	Fault and Emergency Maintenance	
113	New classification:	Routine and Preventative Maintenance	
114			
115			(\$000)
116	Value of items which have been reclassified since previous disclosure (if greater than 10% of any affected line item)	1,083	
117	Previous classification:	Routine and Preventative Maintenance	
118	New classification:	System Management and Operations	
119			
120			(\$000)
121	Value of items which have been reclassified since previous disclosure (if greater than 10% of any affected line item)	1,335	
122	Previous classification:	Refurbishment and Renewal Maintenance	
123	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
6			
7	Capital Expenditure on System Fixed Assets (by primary purpose)		(\$000)
8	Customer Connection	22,110	to AM1
9	System Growth	34,352	to AM1
10	Reliability, Safety and Environment	1,869	to AM1
11	Asset Replacement and Renewal	54,460	to AM1
12	Asset Relocations	11,815	to AM1
13	Total Capital Expenditure on System Fixed Assets	124,606	to AM1
14			
15	Capital Expenditure on Non-System Fixed Assets	10,683	from AV1
16			
17			
18			
19	Capital works roll-forward (for System Fixed Assets)		
20	Works Under Construction at Beginning of Year	45,668	
21	plus Total Capital Expenditure on System Fixed Assets	124,606	
22	less Assets Commissioned in Year	128,219	from AV1
23	Works under construction at year end	42,055	
24			
25			
26	Regulatory Investment Value calculation		
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
29	Finance During Construction Allowance (on System Fixed assets)	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
34	Non-System Fixed Assets: Asset Additions	10,683	from AV1
35	Regulatory Asset Base investment in Current Financial Year - total	127,746	
36	Regulatory Asset Base investment in Current Financial Year - average	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			
41	Regulatory Investment Value	2,448,676	to MP2



REPORT FS3: REGULATORY TAX ALLOWANCE CALCULATION

Electricity Distribution Business:		Vector Group	
		For Year Ended 2012	
			((\$000))
	Earnings before interest and tax (EBIT)		262,847
			from FS1
add	Total Regulatory Depreciation	90,418	
	Other Permanent Differences - not deductible	408	
	Other Temporary Adjustments - Current Period	(29,263)	
			61,563
less	Non Taxable Capital Contributions and Vested Assets	-	
	Tax Depreciation	95,261	
	Deductible Discretionary Discounts and Customer Rebates	-	
	Deductible Interest	57,005	
	Other Permanent Differences - Non Taxable	-	
	Other Temporary Adjustments - Prior Period	(6,904)	
			145,362
	Regulatory taxable income for Year		179,048
less	Tax Losses Available at Start of Year	-	
	Net taxable income		179,048
	Statutory Tax Rate	28%	
	Regulatory Tax Allowance		50,133
			to FS1

Notes to Regulatory Tax Allowance Calculation

36 | **FS3a: Description of adjustments classified as "other"**

The Electricity Distribution Business is to provide descriptions of items recorded in the four "other" categories above (explanatory notes can be provided in a separate note if necessary).

See separate note disclosure.

FS3b: Financing assumptions (for Deductible Interest and Interest Tax Shield calculation)

49	Standard Debt Leverage Assumption (debt/total assets)	40%	%	
50				
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"

31-Mar-12

\$000

Other Permanent Differences - Non Deductible

Non deductible entertainment expenses	170
Non deductible professional expenses	238
	<u>408</u>

Other Temporary Adjustments - Current Period

Provision for doubtful debts	3,146
Provision for employee entitlements and bonuses	3,320
Other provisions and accruals	4,031
Capital contributions	(39,760)
	<u>(29,263)</u>

Other Temporary Adjustments - Prior Period

Provision for doubtful debts	3,829
Provision for employee entitlements and bonuses	6,809
Other provisions and accruals	1,303
Capital contributions	(18,845)
	<u>(6,904)</u>



REPORT AV1: ANNUAL REGULATORY VALUATION ROLL-FORWARD REPORT

ref	Electricity Distribution Business: Vector Group									
			For Year Ended: 2012		Year of most recent ODV: 2004					
			ODV Year + 1	ODV Year + 2	ODV Year + 3	ODV Year + 4	ODV Year + 5	ODV Year + 6	ODV Year + 7	ODV Year + 8 (\$000)
		For Year Ending:	2005	2006	2007	2008	2009	2010	2011	2012
9	System Fixed Assets									
11	Regulatory Value at End of Previous Year*		1,858,396	1,963,660	2,098,037	2,195,934	2,386,398	2,053,888	2,155,954	2,307,445
12	plus									
13	Assets Commissioned		116,374	139,396	114,973	204,271	122,480	135,256	134,464	128,219
14	Gross Value of Vested Assets									
15	Assets Acquired from (Sold to) a Non-EDB									(11,156)
16	Asset Additions		116,374	139,396	114,973	204,271	122,480	135,256	134,464	117,063
17	plus									
18	Indexed Revaluation		50,065	65,936	53,250	73,923	70,860	42,033	96,301	36,243
19	less									
20	Depreciation of System Fixed Assets		60,943	63,323	65,083	70,011	67,635	67,208	70,988	76,451
21	Regulatory Value of Assets Decommissioned		234	7,632	5,242	14,681	6,289	8,015	8,286	7,369
22	Regulatory Depreciation (Incl. value of assets decommissioned)		61,177	70,955	70,325	84,692	73,924	75,223	79,274	83,820
23	plus (minus)									
24	Acquisition of System Fixed Assets from another EDB		-	-	-	-	-	-	-	-
25	Sale of System Fixed Assets to another EDB		-	-	-	-	451,927	-	-	-
26	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB		-	-	-	-	(451,927)	-	-	-
27	plus (minus)									
28	Net Increase (Decrease) Due to Changes in Asset Register Information					(3,038)				
29	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
30	Non-System Fixed Assets									
31	Regulatory value at end of previous year		33,498	29,467	23,538	12,023	15,347	13,862	11,740	20,826
32	plus Asset Additions		397	(1,520)	(8,477)	7,798	3,730	1,546	17,040	10,683
33	plus Revaluations		-	-	-	-	-	-	-	-
34	less Depreciation (incl. value of assets decommissioned)		4,428	4,409	3,038	4,474	4,536	3,768	7,954	6,598
35	plus Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB		-	-	-	-	(680)	-	-	-
36	Regulatory Value of Non-System Fixed Assets at Year end		29,467	23,538	12,023	15,347	13,862	11,740	20,826	24,911
37	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
38	* The commencing figure for completing this schedule is the most recent ODV value									
39	Note: Additional columns to be added if required									

Notes to Annual Regulatory Valuation Roll-forward Report

57

AV1a: Calculation of Revaluation Rate and Indexed Revaluation of System Fixed Assets

58

CPI as at date of ODV

928

59

60

For Year Ended

2005

2006

2007

2008

2009

2010

2011

2012

61

CPI at CPI reference date

953

995

1010

1044

1075

1097

1146

1164

62

Revaluation Rate

2.69%

3.36%

2.54%

3.37%

2.97%

2.05%

4.47%

1.57%

63

64

System Fixed Assets Regulatory Value at End of Previous Year

1,858,396

1,963,660

2,098,037

2,195,934

2,386,398

2,053,888

2,155,954

2,307,445

65

Indexed Revaluation of System Fixed Assets

50,065

65,936

53,250

73,923

70,860

42,033

96,301

36,243

to FS1 AV1

66

67

AV1b: Input for prior year Acquisitions (Sales) of Assets to (from) another ELB

(0000)

68

For Year Ended

2005

2006

2007

2008

2009

2010

2011

2012

69

Acquisition of System Fixed Assets from another EDB

70

Sale of System Fixed Assets to another EDB

451,927

71

Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB

(680)

72



REPORT AV2: REGULATORY VALUATION DISCLOSURE BY ASSET CLASS
(for System Fixed Assets)

ref	Electricity Distribution Business: Vector Group		For Year Ended: 2012						
	Subtotals by Asset Class (for System Fixed Assets)								(\$'000)
	Subtransmission	Zone Substations	Distribution & LV Lines	Distribution & LV Cables	Distribution Substations and Transformers	Distribution Switchgear	Other System Fixed Assets	Total for System Fixed Assets (per AV1)	
11	System Fixed Assets								
12	Regulatory Value of System Fixed Assets (as per most recent ODV)								
13	361,682	216,120	181,190	677,342	218,121	110,588	93,355	1,858,398	from AV1
14	Cumulative roll-forward since most recent ODV:								
15	Asset Additions								
16	Indexed Revaluation (of System Fixed Assets)								
17	Regulatory Depreciation (of System Fixed Assets)								
18	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB								
19	Net Increase (Decrease) Due to Changes in Asset Register Information								
20	Regulatory Value of System Fixed Assets at Year End								
21									



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

ref		Electricity Distribution Business:	Vector 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
11	Indexed Revaluation (of System Fixed Assets)		61,964
12	less Replacement Cost of Assets Decommissioned		15,148
13	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB		-
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	System Fixed Assets - Depreciated Replacement Cost		
18			
19	Depreciated Replacement Cost at end of previous year		2,390,897
20			
21	Asset Additions		117,063
22	Indexed Revaluation (of System Fixed Assets)		37,553
23	less Depreciation of Replacement Cost		73,550
24	less Depreciated Replacement Cost of Assets Decommissioned		7,535
25	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB		-
26	Net Increase (Decrease) Due to Changes in Asset Register Information		-
27	Depreciated replacement cost of System Fixed Assets at year end		2,464,428
28			

REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT (cont)**Notes to Price and Quality Measures**

36	AV3a: New Asset Additions		
37			
38	Asset Additions - Depreciated Replacement Cost	117,063	from AV1
39	plus Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions	(1,092)	
40			
41	Asset Additions - Replacement Cost	115,971	
42			



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

As at (date)

Proportion of year following transfer of assets 0%

PART 1: Most recent ODV valuation of System Fixed Assets transferred

(\$000)

	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transformers	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets
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								

PART 2: Valuation disclosure for transferred assets by Asset Class (at transfer date)

(\$000)

	Total for System Fixed Assets	Non-System Fixed Assets	Total RAB value (excl. FDC)
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)			
less 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)	0%		
Adjustment for merger, acquisition or sale to another EDB			

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			to AV3
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC			to AV2
Signed by:	Selling Entity		
	Acquiring Entity		



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

As at (date):

Proportion of year following transfer of assets 0%

PART 1: Most recent ODV valuation of System Fixed Assets transferred

(\$000)

	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transformers	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets
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	-	-	-	-	-	-	-	-

PART 2: Valuation disclosure for transferred assets by Asset Class (at transfer date)

(\$000)

	Total for System Fixed Assets	Non-System Fixed Assets	Total RAB value (excl. FDC)
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)			
less 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	-	-	to AV1
Sale of Assets to Another EDB	-	-	to AV1
RAB Value of Transferred Assets at Transfer Date	-		
"p" factor (proportion of year following transfer of assets)	0%		
Adjustment for merger, acquisition or sale to another EDB	-	-	to FC2

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		-	to AV3
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC		-	
Signed by:	Selling Entity		
	Acquiring Entity		



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**

As at (date):

Proportion of year following transfer of assets: **0%**

PART 1: Most recent ODV valuation of System Fixed Assets transferred

(\$000)

	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transform	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets
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								

PART 2: Valuation disclosure for transferred assets by Asset Class (at transfer date)

(\$000)

	Total for System Fixed Assets	Non-System Fixed Assets	Total RAB value (excl. FDC)
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)			
less 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)	0%		
Adjustment for merger, acquisition or sale to another EDB			

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			to AV1
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC			to AV2

Signed by: Selling Entity

Acquiring Entity



REPORT MP1: NETWORK INFORMATION

(Separate report required for each Non-Contiguous Network)

Electricity Distribution Business:	Vector Group	
For Year Ended:	2012	
Network Name:	Vector Group	
Disclosure:	Annual Disclosure - Requirement 6(1)	
(enter "Total Business" or name of network)		

Circuit Length by Operating Line Voltage (at year end)	Overhead (km)	Underground (km)	Total (km)
> 66kV	26	47	73
50kV & 66kV	-	-	-
33kV	378	392	770
SWER (all SWER voltages)	-	-	-
22kV (other than SWER)	3	157	160
6.6kV to 11kV (inclusive - other than SWER)	3,843	3,346	7,189
Low Voltage (< 1kV)	4,195	5,370	9,565
Total circuit length (for Supply)	8,445	9,312	17,757

to MP2

Dedicated Street Lighting Circuit Length	Overhead (km)	Underground (km)	Total (km)
	17	347	364

Overhead Circuit Length by Terrain (at year end)	(km)	(%)
Urban (only)	4,127	49%
Rural (only)	4,318	51%
Remote (only)	-	0%
Rugged (only)	-	0%
Rural & rugged (only)	-	0%
Remote & rugged (only)	-	0%
Unallocated overhead lines	-	0%
Total overhead length	8,445	100%

Error (Row 19)

Transformer capacity (at year end)		Previous Year
Distribution Transformer Capacity (EDB Owned)	3,961 MVA	3,902
Distribution Transformer Capacity (Non-EDB Owned, Estimated)	499 MVA	467
Total Distribution Transformer Capacity	4,460 MVA (to MP2)	4,369
Zone Substation Transformer Capacity	4,006 MVA	3,925

System Fixed Assets age (at year end)	
Average Age of System Fixed Assets	22 Years
Average Expected Total Life of System Fixed Assets	56 Years
Average Age as a Proportion of Average Expected Total Life	40% %
Estimated Proportion of Assets (by Replacement Cost) within 10 years of Total Life	17% %

Electricity demand	Maximum coincident system demand (MW)	Non-coincident Sum of maximum demands (MW)
GXP Demand	1,927	2,073
plus Embedded Generation Output at HV and Above	14	
Maximum System Demand	1,941	
less Net Transfers to (from) Other EDBs at HV and Above	-	
Demand on system for supply to customers' Connection Points	1,941	
less Subtransmission Customers' Connection Point Demand	49	79
Maximum Distribution Transformer Demand	1,892	

to MP2

GXP Demand not Supplied at Subtransmission Level	242	
Embedded Generation Output - Connected to Subtransmission System	-	-
Net Transfers to (from) Other EDBs at Subtransmission Level Only	-	-

Estimated Controlled Load Shed at Time of Maximum System Demand (MW)	10
Five-Year System Maximum Demand Growth Forecast	1.5 % p.a.

Electricity volumes carried	(GWh)
Electricity Supplied from GXPs	8,664
less Electricity Exports to GXPs	-
plus Electricity Supplied from Embedded Generators	110
less Net Electricity Supplied to (from) Other EDBs	-
Electricity entering system for supply to customers' Connection Points	8,774
less Electricity Supplied to Customers' Connection Points	8,411
Electricity Losses (loss ratio)	363 4.1% %

to MP2

Electricity Supplied to Customers' Connection Points	8,411
less Electricity Supplied to Largest 5 Connection Points	472
Electricity supplied other than to Largest 5 Connection Points	7,939 94% %

Load Factor	52% %
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Number of Connection Points (at year end)	534,713 ICPs
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to MP2

Intensity of service requirements	
Demand Density (Maximum Distribution Transformer Demand / Total circuit length)	107 kW/km
Volume Density (Electricity Supplied to Customers' Connection Points / Total circuit length)	474 MWh/km
Connection Point Density (ICPs / Total circuit length)	30 ICP/km
Energy Intensity (Electricity Supplied to Customers' Connection Points / ICP)	15,730 kWh/ICP

REPORT MP1: NETWORK INFORMATION

(Separate report required for each Non-Contiguous Network)

6	Electricity Distribution Business:	Vector Group
7	For Year Ended:	2012
8	Network Name:	Vector Group - Auckland
9	Disclosure:	Annual Disclosure - Requirement 6(1)
10	Circuit Length by Operating Line Voltage (at year end)	
11		
12	> 66kV	Overhead (km) 47
13	50kV & 66kV	Underground (km) -
14	33kV	Total (km) -
15	SWER (all SWER voltages)	46
16	22kV (other than SWER)	257
17	6.6kV to 11kV (inclusive - other than SWER)	3
18	Low Voltage (< 1kV)	157
19	Total circuit length (for Supply)	921
20		2,056
21		3,390
22		2,996
23		5,907
24		8,903
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REPORT MP1: NETWORK INFORMATION

(Separate report required for each Non-Contiguous Network)

Electricity Distribution Business: Vector Group	
For Year Ended: 2012	
Network Name: Vector Group - Northern & Lichfield	(enter "Total Business" or name of network)
Disclosure: Annual Disclosure - Requirement 6(1)	

Circuit Length by Operating Line Voltage (at year end)	Overhead (km)	Underground (km)	Total (km)
> 66kV	26	-	26
50kV & 66kV	-	-	-
33kV	332	135	467
SWER (all SWER voltages)	-	-	-
22kV (other than SWER)	-	-	-
6.6kV to 11kV (inclusive - other than SWER)	2,922	1,290	4,212
Low Voltage (< 1kV)	2,169	1,980	4,149
Total circuit length (for Supply)	5,449	3,405	8,854

to MP2

Dedicated Street Lighting Circuit Length	Overhead (km)	Underground (km)	Total (km)
	12	125	137

Overhead Circuit Length by Terrain (at year end)	(km)	(%)
Urban (only)	1,630	30%
Rural (only)	3,819	70%
Remote (only)	-	0%
Rugged (only)	-	0%
Rural & rugged (only)	-	0%
Remote & rugged (only)	-	0%
Unallocated overhead lines	-	0%
Total overhead length	5,449	100%

Error (Row19)

Transformer capacity (at year end)		Previous Year
Distribution Transformer Capacity (EDB Owned)	1,415 MVA	1,396
Distribution Transformer Capacity (Non-EDB Owned, Estimated)	67 MVA	66
Total Distribution Transformer Capacity	1,482 MVA (to MP2)	1,462
Zone Substation Transformer Capacity	1,312 MVA	1,279

System Fixed Assets age (at year end)	
Average Age of System Fixed Assets	22 Years
Average Expected Total Life of System Fixed Assets	52 Years
Average Age as a Proportion of Average Expected Total Life	42% %
Estimated Proportion of Assets (by Replacement Cost) within 10 years of Total Life	23% %

Electricity demand	Maximum coincident system demand (MW)	Non-coincident Sum of maximum demands (MW)
GXP Demand	676	688
plus Embedded Generation Output at HV and Above	10	
Maximum System Demand	686	
less Net Transfers to (from) Other EDBs at HV and Above	-	
Demand on system for supply to customers' Connection Points	686	
less Subtransmission Customers' Connection Point Demand	2	14
Maximum Distribution Transformer Demand	684	

to MP2

GXP Demand not Supplied at Subtransmission Level	-	
Embedded Generation Output - Connected to Subtransmission System	-	
Net Transfers to (from) Other EDBs at Subtransmission Level Only	-	
Estimated Controlled Load Shed at Time of Maximum System Demand (MW)	-	
Five-Year System Maximum Demand Growth Forecast	1.07% p.a.	

Electricity volumes carried	(GWh)
Electricity Supplied from GXPs	2,669
less Electricity Exports to GXPs	-
plus Electricity Supplied from Embedded Generators	76
less Net Electricity Supplied to (from) Other EDBs	-
Electricity entering system for supply to customers' Connection Points	2,745
less Electricity Supplied to Customers' Connection Points	2,616
Electricity Losses (loss ratio)	129 4.7% %

to MP2

Electricity Supplied to Customers' Connection Points	2,616
less Electricity Supplied to Largest 5 Connection Points	83
Electricity supplied other than to Largest 5 Connection Points	2,533 97% %

Load Factor	46% %
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Number of Connection Points (at year end)	210,719 ICPs
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to MP2

Intensity of service requirements	
Demand Density (Maximum Distribution Transformer Demand / Total circuit length)	77 kW/km
Volume Density (Electricity Supplied to Customers' Connection Points / Total circuit length)	295 MWh/km
Connection Point Density (ICPs / Total circuit length)	24 ICP/km
Energy Intensity (Electricity Supplied to Customers' Connection Points / ICP)	12,416 kWh/ICP

REPORT MP2: PERFORMANCE MEASURES

ref	Electricity Distribution Business:		Vector Group	
			For Year Ended:	2012
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6	Performance comparators			
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REPORT MP2: PERFORMANCE MEASURES

ref	Electricity Distribution Business: Vector Group - Auckland				
	For Year Ended: 2012				
5	Performance comparators				
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REPORT MP2: PERFORMANCE MEASURES

ref	Electricity Distribution Business: Vector Group - Northern & Lichfield				
	For Year Ended: 2012				
5	Performance comparators				
6		Previous Years:			Current Financial Year
7		Current Yr - 3	Current Yr - 2	Current Yr - 1	
8					
9	Operational expenditure ratio				
10	<i>Total Operational Expenditure</i>	-	-	-	- \$m from FS1
11	<i>Replacement Cost of System Fixed Assets (at year end*)</i>	-	-	-	- \$m from AV3
12	Ratio (%)	Not defined	Not defined	Not defined	Not defined %
13					
14	Capital expenditure ratio				
15	<i>Total Capital Expenditure on System Fixed Assets</i>	-	-	-	- \$m from FS2
16	<i>Replacement Cost of System Fixed Assets (at year end*)</i>	-	-	-	- \$m from AV3
17	Ratio (%)	Not defined	Not defined	Not defined	Not defined %
18					
19	Capital expenditure growth ratio				
20	<i>Capital Expenditure: Customer Connection and System Growth</i>	-	-	-	- \$m from FS2
21	<i>Change in Total Distribution Transformer Capacity</i>	-	-	-	- MVA from MP1
22	\$/kVA	Not defined	Not defined	Not defined	Not defined \$/kVA
23					
24	Renewal expenditure ratio				
25	<i>Capital & Operational Expenditure: Asset Replacement, Refurbishment and Renewal</i>	-	-	-	- \$m from FS1 & 2
26	<i>Regulatory Depreciation of System Fixed Assets</i>	-	-	-	- \$m from AV1
27	Ratio (%)	Not defined	Not defined	Not defined	Not defined %
28					
29	Distribution Transformer Capacity Utilisation				
30	<i>Maximum Distribution Transformer Demand</i>	598	613	593	684 MW from MP1
31	<i>Total Distribution Transformer Capacity (at year end*)</i>	1,430	1,445	1,462	1,482 kVA from MP1
32	Ratio (%)	41.8%	42.4%	40.6%	46.1% %
33					
34	Return on Investment				
35	<i>Regulatory Profit / Loss (pre-financing and distributions)</i>	-	-	-	- \$m from FS1
36	<i>less Interest Tax Shield Adjustment</i>	-	-	-	- \$m from FS3
37	<i>Adjusted Regulatory Profit</i>	-	-	-	- \$m
38	<i>Regulatory Investment Value</i>	-	-	-	- \$m from FS2
39	Ratio (%)	Not defined	Not defined	Not defined	Not defined %
40					
41	* If a Merger or Asset Transfer with another EDB was entered into during the year, the denominators are calculated as time-weighted averages.				
42	Expenditure comparison table	Expenditure metrics (\$ per):			
43					
44					
45		Total circuit length (for Supply)	Electricity Supplied to Customers' Connection Points	Maximum coincident system demand	Distribution Transformer Capacity (EDB-Owned)
46		(\$/km)	(\$/MWh)	(\$/MW)	(\$/MVA)
47	Capital Expenditure (\$ per	-	-	-	- from FS2 & MP1
48	Operational Expenditure (\$ per	-	-	-	- from FS1 & MP1
49					



REPORT MP3: PRICE & QUALITY MEASURES

(Separate report required for each Non-contiguous Network)

Electricity Distribution Business: **Vector Group**
For Year Ended: **2012**

Network Name: **Vector Group**
Disclosure: **Annual Disclosure - Requirement 6(1)**

QUALITY

Interruptions

Interruptions by class

Class A	10	planned interruptions by Transpower
Class B	1,086	planned interruptions on the network
Class C	1,155	unplanned interruptions on the network
Class D	2	unplanned interruptions by Transpower
Class E	-	unplanned interruptions of network owned generation
Class F	-	unplanned interruptions of generation (non-network)
Class G	-	unplanned interruptions caused by other electricity industry participant
Class H	-	planned interruptions caused by other electricity industry participant
Total	2,253	Total of above

Interruption targets for Forecast Year

	2013	Current Financial Year +1
Class B	1,086	planned interruptions on the network
Class C	1,155	unplanned interruptions on the network

Average interruption targets for 5 Forecast Years

	2013-2017	Current Financial Year +1 to +5
Class B	1,086	planned interruptions on the network
Class C	1,155	unplanned interruptions on the network

Class C interruptions restored within

	≤3Hrs	>3hrs
	688	467

Faults

Faults per 100 circuit kilometres

The total number of faults for Current Financial Year	14.96	in year	2012
The total number of faults forecast for the Forecast Year	14.96	in year	2013
The average annual number of faults forecast for the 5 Forecast Years	14.96	average over years	2013-2017

Fault Information per 100 circuit kilometres by Voltage and Type

	6.6kV & 11kV non-SWER	22kV non-SWER	SWER	33kV	50kV & 66kV	>66kV
Is this voltage part of the EDB system?	Yes	Yes	No	Yes	No	Yes
Current Financial Year	15.91	5.61	-	9.35	-	1.36
Forecast Year	15.93	4.99	-	9.22	-	5.44
Average annual for 5 Forecast Years	15.93	4.99	-	9.22	-	5.44

Fault Information per 100 circuit kilometres by Voltage and Type

	6.6kV & 11kV non-SWER	22kV non-SWER	SWER	33kV	50kV & 66kV	>66kV
Underground	6.69	5.71	-	5.86	-	-
Overhead	23.94	-	-	12.98	-	3.78

Reliability

Overall reliability

	SAIDI	SAIFI	CAIDI
Based on the total number of interruptions	97.14	1.16	83.74

Reliability by interruption class

	SAIDI	SAIFI	CAIDI
Class B	18.43	0.09	202.42
Class C	77.36	1.03	75.24

Targets for Forecast Year

	SAIDI	SAIFI	CAIDI
Class B	17.01	0.09	197.79
Class C	96.99	1.57	61.78

Average targets for 5 Forecast Years

	SAIDI	SAIFI	CAIDI
Class B	17.01	0.09	197.79
Class C	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
Electricity Supplied to Customers' Connection Points (MWh)	3,440,095	1,213,531	3,285,212	472,081	8,410,919
Number of Connection Points (ICPs) at year end	468,273	60,549	5,881	10	534,713
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

REPORT MP3: PRICE AND QUALITY (cont)**Notes to Price and Quality Measures**

89	MP3a: Connection Point Class breakpoints	
90		
91	Connection Point Class breakpoints methodology	kVA based breakpoints
92		
93	kVA based breakpoints - additional disclosure	
94	Breakpoint between small and medium classes	15 kVA
95	Breakpoint between large and medium classes	69 kVA
96		



REPORT MP3: PRICE & QUALITY MEASURES

(Separate report required for each Non-contiguous Network)

Electricity Distribution Business: **Vector Group**For Year Ended: **2012**Network Name: **Vector Group - Auckland**Disclosure: **Annual Disclosure - Requirement 6(1)****QUALITY****Interruptions****Interruptions by class**

Class A	9	planned interruptions by Transpower
Class B	450	planned interruptions on the network
Class C	405	unplanned interruptions on the network
Class D	1	unplanned interruptions by Transpower
Class E	-	unplanned interruptions of network owned generation
Class F	-	unplanned interruptions of generation (non-network)
Class G	-	unplanned interruptions caused by other electricity industry participant
Class H	-	planned interruptions caused by other electricity industry participant
Total	865	Total of above

Interruption targets for Forecast Year

Class B

Class C

2013 Current Financial Year +1

450	planned interruptions on the network
405	unplanned interruptions on the network

Average interruption targets for 5 Forecast Years

Class B

Class C

2013-2017 Current Financial Year +1 to +5

450	planned interruptions on the network
405	unplanned interruptions on the network

Class C interruptions restored within

≤3Hrs	>3hrs
265	140

Faults**Faults per 100 circuit kilometres**

The total number of faults for Current Financial Year

12.56	in year	2012
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The total number of faults forecast for the Forecast Year

12.56	in year	2013
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The average annual number of faults forecast for the 5 Forecast Years

12.56	average over years	2013-2017
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Fault Information per 100 circuit kilometres by Voltage and Type

	6.6kV & 11kV non-SWER	22kV non-SWER	SWER	33kV	50kV & 66kV	>66kV
Is this voltage part of the EDB system?	Yes	Yes	No	Yes	No	Yes
Current Financial Year	13.91	5.61	-	4.94	-	-
Forecast Year	13.91	4.99	-	4.61	-	4.25
Average annual for 5 Forecast Years	13.91	4.99	-	4.61	-	4.25

Fault Information per 100 circuit kilometres by Voltage and Type

	6.6kV & 11kV non-SWER	22kV non-SWER	SWER	33kV	50kV & 66kV	>66kV
Underground	6.23	5.71	-	3.50	-	-
Overhead	31.06	-	-	13.02	-	-

Reliability**Overall reliability**

Based on the total number of interruptions

SAIDI	SAIFI	CAIDI
50.08	0.67	74.55

Reliability by interruption class

Class B

Class C

SAIDI	SAIFI	CAIDI
4.25	0.04	109.50
45.51	0.63	72.78

Targets for Forecast Year

Class B

Class C

SAIDI	SAIFI	CAIDI
2.23	0.01	223.00
57.53	0.97	59.31

Average targets for 5 Forecast Years

Class B

Class C

SAIDI	SAIFI	CAIDI
2.23	0.01	223.00
57.53	0.97	59.31

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)	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



REPORT MP3: PRICE AND QUALITY (cont)**Notes to Price and Quality Measures**

89	MP3a: Connection Point Class breakpoints	
90		
91	Connection Point Class breakpoints methodology	kVA based breakpoints
92		
93	kVA based breakpoints - additional disclosure	
94	Breakpoint between small and medium classes	15 kVA
95	Breakpoint between large and medium classes	69 kVA
96		



REPORT MP3: PRICE & QUALITY MEASURES

(Separate report required for each Non-contiguous Network)

Electricity Distribution Business

Vector Group

For Year Ended: 2012

Network Name: Vector Group - Northern & Lichfield

Disclosure: Annual Disclosure - Requirement 6(1)

QUALITY

Interruptions

Interruptions by class

Class A	1	planned interruptions by Transpower
Class B	636	planned interruptions on the network
Class C	750	unplanned interruptions on the network
Class D	1	unplanned interruptions by Transpower
Class E	-	unplanned interruptions of network owned generation
Class F	-	unplanned interruptions of generation (non-network)
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
Class B	636	planned interruptions on the network
Class C	750	unplanned interruptions on the network

Average interruption targets for 5 Forecast Years

	2013-2017	Current Financial Year +1 to +5
Class B	636	planned interruptions on the network
Class C	750	unplanned interruptions on the network

Class C interruptions restored within

≤3Hrs	>3hrs
423	327

Faults

Faults per 100 circuit kilometres

The total number of faults for Current Financial Year	16.75	in year	2012
The total number of faults forecast for the Forecast Year	16.75	in year	2013
The average annual number of faults forecast for the 5 Forecast Years	16.75	average over years	2013-2017

Fault Information per 100 circuit kilometres by Voltage and Type

	6.6kV & 11kV non-SWER	22kV non-SWER	SWER	33kV	50kV & 66kV	>66kV
Is this voltage part of the EDB system?	Yes	No	No	Yes	No	Yes
Current Financial Year	17.33	-	-	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-SWER	22kV non-SWER	SWER	33kV	50kV & 66kV	>66kV
Underground	7.44	-	-	10.34	-	-
Overhead	21.70	-	-	12.97	-	3.78

Reliability

Overall reliability

	SAIDI	SAIFI	CAIDI
Based on the total number of interruptions	169.42	1.91	88.70

Reliability by interruption class

	SAIDI	SAIFI	CAIDI
Class B	40.19	0.17	234.81
Class C	126.27	1.65	76.67

Targets for Forecast Year

	SAIDI	SAIFI	CAIDI
Class B	39.70	0.20	198.50
Class C	157.59	2.49	63.29

Average targets for 5 Forecast Years

	SAIDI	SAIFI	CAIDI
Class B	39.70	0.20	198.50
Class C	157.59	2.49	63.29

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)	141,160	32,415	25,048	1,912	200,535
Electricity Supplied to Customers' Connection Points (MWh)	1,441,711	411,596	680,043	83,119	2,616,469
Number of Connection Points (ICPs) at year end	187,932	21,517	1,265	5	210,719
Unit Price (cents/kWh)	9.8	7.9	3.7	2.3	7.7
Relative Unit Price Index	1.00	0.80	0.38	0.23	0.78



REPORT MP3: PRICE AND QUALITY (cont)**Notes to Price and Quality Measures**

89	MP3a: Connection Point Class breakpoints	
90		
91	Connection Point Class breakpoints methodology	kVA based breakpoints
92		
93	kVA based breakpoints - additional disclosure	
94	Breakpoint between small and medium classes	15 kVA
95	Breakpoint between large and medium classes	69 kVA
96		



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.



REPORT AM1: EXPENDITURE FORECASTS AND RECONCILIATION

			Electricity Distribution Business: Vector Group	
			For Year Ended	2012
				(\$'000)
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6	A) Five year forecasts of expenditure			
7	From most recent Asset Management Plan			
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		Actual for Current Financial Year	year 1	year 2	year 3	year 4	year 5	
		2012	2013	2014	2015	2016	2017	
for year ended	Capital Expenditure: Customer Connection	22,110	25,000	24,600	24,600	24,600	24,600	from FS2
	Capital Expenditure: System Growth	34,352	56,100	47,500	40,300	46,900	37,200	from FS2
	Capital Expenditure: Reliability, Safety and Environment	1,869	6,900	6,600	5,100	4,400	4,400	from FS2
	Capital Expenditure: Asset Replacement and Renewal	54,460	65,900	60,600	63,200	63,700	59,000	from FS2
	Capital Expenditure: Asset Relocations	11,815	25,200	22,300	19,200	18,400	18,300	from FS2
	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	19,700	19,900	19,900	from FS1
	Operational Expenditure: Refurbishment and Renewal Maintenance	10,905	11,600	12,000	11,900	11,900	11,000	from FS1
	Operational Expenditure: Fault and Emergency Maintenance	8,525	13,000	13,000	13,200	13,100	13,200	from FS1
	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	
The Electricity Distribution Business is to provide the amount of Overhead to Underground Conversion Expenditure included in each of the above Expenditure Categories (explanatory notes can be provided in a separate note if necessary).								

B) Variance between Previous Forecast for the Current Financial Year, and Actual Expenditure				
	Actual for Current Financial Year (a)	Previous forecast for Current Financial Year (b)	% Variance (a)/(b)-1	
Capital Expenditure: Customer Connection	22,110	21,600	2.4%	from row 10
Capital Expenditure: System Growth	34,352	55,500	-38.1%	from row 11
Capital Expenditure: Reliability, Safety and Environment	1,869	3,400	-45.0%	from row 12
Capital Expenditure: Asset Replacement and Renewal	54,460	55,900	-2.6%	from row 13
Capital Expenditure: Asset Relocations	11,815	25,800	-54.2%	from row 14
Subtotal - Capital Expenditure on asset management	124,606	162,200	-23.2%	
Operational Expenditure: Routine and Preventative Maintenance	19,972	19,600	1.9%	from row 17
Operational Expenditure: Refurbishment and Renewal Maintenance	10,905	11,600	-6.0%	from row 18
Operational Expenditure: Fault and Emergency Maintenance	8,525	13,000	-34.4%	from row 19
Subtotal - Operational Expenditure on asset management	39,402	44,200	-10.9%	
Total direct expenditure on distribution network	164,008	206,400	-20.5%	
Explanation of variances				
Distribution Business must provide a brief explanation for any line item variance of more than 10%				
Explanatory notes (can be provided in a separate note if necessary).				

B) Variance between Previous Forecast for the Current Financial Year, and Actual Expenditure

	Actual for Current Financial Year	Previous forecast for Current Financial Year	% Variance (a)/(b)-1	
	(a)	(b)		
Capital Expenditure: Customer Connection	22,110	21,600	2.4%	from row 10
Capital Expenditure: System Growth	34,352	55,500	-38.1%	from row 11
Capital Expenditure: Reliability, Safety and Environment	1,869	3,400	-45.0%	from row 12
Capital Expenditure: Asset Replacement and Renewal	54,460	55,900	-2.6%	from row 13
Capital Expenditure: Asset Relocations	11,815	25,800	-54.2%	from row 14
Subtotal - Capital Expenditure on asset management	124,606	162,200	-23.2%	
Operational Expenditure: Routine and Preventative Maintenance	19,972	19,600	1.9%	from row 17
Operational Expenditure: Refurbishment and Renewal Maintenance	10,905	11,600	-6.0%	from row 18
Operational Expenditure: Fault and Emergency Maintenance	8,525	13,000	-34.4%	from row 19
Subtotal - Operational Expenditure on asset management	39,402	44,200	-10.9%	
Total direct expenditure on distribution network	164,008	206,400	-20.5%	

Explanation of variances

Distribution Business must provide a brief explanation for any line item variance of more than 10%

Explanatory notes (can be provided in a separate note if necessary)



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 sub-transmission 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.

