

Commerce Commission

Template
Electricity Distribution (Information Disclosure) Requirements
Report Schedules
Schedules 2 to 13

2011 TEMPLATE

Version 1.0 Template

31 March 2011

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Template Guidelines

The Template Electricity Distribution (Information Disclosure) Requirements Report Schedules (Templates) have been made available to assist Distribution Business with the completion of their regulatory reporting requirements. The template and more specifically the formula have been prepared to be consistent with the Requirements. For the avoidance of doubt, the Electricity Distribution (Information Disclosure) Requirements, take precedence over the Templates where there is an inconsistency.

The following guidelines have been prepared to assist the preparer of the reports in completing the templates. The templates are linked through formulae. The completion of the templates as outlined below will assist the users in the process of inputting information.

Various disclosures in the reports are ascertainable from other disclosures, therefore where appropriate the template includes formula that automatically populates those disclosures. Therefore where formula is provided, manual input is not required.

<u>Step</u>	<u>Guideline</u>	<u>Reference</u>
Step 1 - Company Name and Dates		
	Insert company name and current financial year (year end date) in cells E4 and F5 of FS1 respectively. Note - only the year of the year end date is to be input (Example -"2008")	FS1
	Insert most recent ODV date in cell I6 of sheet AV1. Note - only the year of the most recent ODV date is to be input (Example -"2004") Note - that all other dates in the templates will automatically update	AV1
Step 2 - Asset Valuation Information		
	Enter the asset valuation information into reports AV1, AV2, AV3 and AV4. Points to note:	AV1 AV2 AV3 AV4
	AV1 Historic Information should be entered first, including - 'Regulatory Value at End of Previous Year' and other previous years information (if required). Note - the previous year information required is entered into the input cells to the left of the non-coloured cells. The current year information input cells will be white once Step 1 is complete.	AV1
	Indexed Revaluation on line 19 of AV1 is automatically updated once the historic information is complete and the CPI information has been entered into AV1a. The CPI information is determined as outlined in the definitions included in Schedule 1 of the Requirements.	AV1
	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB information on lines 26 to 28 will be automatically populated once AV1b is complete.	AV1
	For AV1b - 'Input for prior year Acquisitions (Sales) of Assets to (from) another EDB', the prior years information is that which has been disclosed in lines 26, 27 and 41 of AV1 in previous years. Note - there is no requirement to disclose the Current Financial Year information for AV1b.	AV1
	A report AV4 is to be completed for each merger or asset transfer with another EDB. If there has been no merger or asset transfer activity (as defined by Requirement 6(4)) select 'NO DISCLOSURE REQUIRED' in the drop down menus of cell E6 of each of the AV4's. The Templates allow for three separate merger or asset transfers. The Commission can be contacted if additional AV4 reports are required.	AV4
	AV3a reconciles the difference between the Asset Additions Replacement Cost and Depreciated Replacement cost as disclosed in AV1 and AV3. Cell F38 of AV3 will be automatically populated once line 17 of AV1 is entered. Cell F39 is required to be populated to complete the calculation of the Replacement Cost which flows to Cell F11.	AV1 AV3
	An error message in cells N13 or N21 indicates there is discrepancy between AV1 and AV2.	AV1 AV2

Step	Guideline	Reference
Step 3 - Financial Statements Information		
	Enter the financial statement information into reports FS1, FS2 and FS3. Points to note:	FS1 FS2 FS3
	Discretionary Discounts and Customer Rebates on line 9 of FS1 is automatically populated once FS1a is complete.	FS1
	Net Value of Vested Assets on line 14 of AV1 is automatically populated once FS1d is complete.	FS1
	Regulatory Tax on line 55 of FS1 is automatically populated once FS3 is complete.	FS1 FS3
	Deductible Interest on line 18 of FS3 is automatically populated once FS2b is complete. The Standard Cost of Debt Assumption is determined as outlined in the definitions included in Schedule 1 of the Requirements.	FS2 FS3
	FS1b, FS1c and FS1e includes supporting information to the disclosures that are made in the main report of FS1 and would be best completed once the main report of FS1 is complete.	FS1
	Section 3 of of the Information Disclosure Handbook outlines the required related party disclosures. FS1b is a summary of this information and the full disclosures will require additional disclosure by way of a separate note.	FS1
	FS3a is supporting information to the disclosures that are made in the main report of FS3 and would be best populated once the main report of FS3 is complete.	FS3
Step 4 - Measurement Performance Information		
	Enter the measurement performance information into reports MP1, MP2 and MP3. Points to note:	MP1 MP2 MP3
	'Total Business' should be entered into cell E7 of MP1 for disclosures relating to the total business. If additional reports MP1 and MP3 are required (as per Requirements 6(1)(b), 6(1)(c) or 6(4)) a separate file should be created and the name of the network/assets for which the report relates should be entered into cell E7.	MP1 MP3
	Either 'Annual Disclosure- Requirement 6(1)' or 'Merger or Asset Transfer - Requirement 6(4)' should be selected from the drop down menu in cell E8	MP1
	Historic information is required in cells J35-J37 and J39 of MP1 and in the Numerator and Denominator of previous years disclosures in MP2 (refer Part 4 - Transitions Provisions for exceptions during the transitional period).	MP2
	The formula for the determination of the Denominator for the Operational Expenditure Ratio, Capital Expenditure Ratio and Distribution Transformer Ratio in MP2 is based on there being no merger or asset transfer activity during the Current Financial Year. If there has been merger or asset transfer activity as determined by Requirement 6(4) the denominator should be calculated as per that Requirement. Therefore the formula in these cells are unlocked so an appropriate entry can be made if required.	MP2
	An error message in cell G32 of MP1 indicates there is a discrepancy between the Overhead Circuit Length disclosure and the Circuit Length by Operating Voltage disclosure	MP1
	An error message in cells L76-L78 of MP3 indicates there is discrepancy between MP3 and FS1 or MP2	FS1 MP2 MP3
Step 5 - Asset Management Information		
	Enter the asset management information into report AM1. Point to note:	AM1
	A separate note is to be provided where explanations required in cells D26 and D52 exceed the space provided in those cells.	

REPORT FS1: REGULATORY PROFIT STATEMENT

ref		Electricity Distribution Business:	Wellington Electricity	
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6	Income			
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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	11,552	
78	Subvention Payment	-	
79	Other related party expenditure	-	
80	Total Related Party Expenditure	11,552	

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	11,552	<i>Notes to be provided separately</i>
94	within expenditure category:	System Management and Operations	
95			
96	Material item amount 2	-	<i>Notes to be provided separately</i>
97	within expenditure category:	Select one	
98			
99	Material item amount 3	-	<i>Notes to be provided separately</i>
100	within expenditure category:	Select one	
101			
102			<i>(further disclosures to be provided on separate page if required)</i>
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)	-	
112	Previous classification:	Select one	
113	New classification:	Select one	
114			
115			(\$000)
116	Value of items which have been reclassified since previous disclosure (if greater than 10% of any affected line item)	-	
117	Previous classification:	Select one	
118	New classification:	Select one	
119			
120			(\$000)
121	Value of items which have been reclassified since previous disclosure (if greater than 10% of any affected line item)	-	
122	Previous classification:	Select one	
123	New classification:	Select one	
124			

to be repeated as required for multiple reclassifications

REPORT FS1: NOTES

FS1b - Related Party Expenditure

- For the 2011 Regulatory period Wellington Electricity has purchased management services of \$11.6m from International Infrastructure Services Company Limited, which is an associated company of the Group.

In Addition:

- Outstanding Related Party payable as at 31 March 2011 was \$nil.
- No Related Party debts have been written off or forgiven during the financial year.
- No Related Party transactions have taken place at nil or nominal value. All transactions have been on an arms length basis.

FS1c - Operational Expenditure

Material Item 1	\$11,552 Management Services
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REPORT FS2: REGULATORY ASSET AND FINANCING STATEMENT

ref	Electricity Distribution Business:	Wellington Electricity Lines	
		For Year Ended	2011
5			
6			
7	Capital Expenditure on System Fixed Assets (by primary purpose)		(\$000)
8	Customer Connection	4,829	to AM1
9	System Growth	1,533	to AM1
10	Reliability, Safety and Environment	17,528	to AM1
11	Asset Replacement and Renewal	567	to AM1
12	Asset Relocations	1,816	to AM1
13	Total Capital Expenditure on System Fixed Assets	26,273	to AM1
14			
15			
16	Capital Expenditure on Non-System Fixed Assets	1,027	from AV1
17			
18			
19	Capital works roll-forward (for System Fixed Assets)		
20	Works Under Construction at Beginning of Year	3,786	
21	plus Total Capital Expenditure on System Fixed Assets	26,273	
22	less Assets Commissioned in Year	23,819	from AV1
23	Works under construction at year end	6,240	
24			
25			
26	Regulatory Investment Value calculation		
27	System Fixed Assets: regulatory value at end of Previous Year	486,049	from AV1
28	Non-System Fixed Assets: regulatory value at end of Previous Year	17,066	from AV1
29	Finance During Construction Allowance (on System Fixed assets)	11,908	2.45%
30	Total Regulatory Asset Base value at beginning of Current Financial Year	515,023	
31			
32	plus System Fixed Assets Commissioned in Year	23,819	from AV1
33	System Fixed Assets Acquired From (Sold to) a Non-EDB in Year	-	from AV1
34	Non-System Fixed Assets: Asset Additions	1,027	from AV1
35	Regulatory Asset Base investment in Current Financial Year - total	24,846	
36	Regulatory Asset Base investment in Current Financial Year - average	12,423	
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	527,446	to MP2

REPORT FS2: NOTE

Works Under Construction at Beginning of Year

A review of historical asset data acquired has determined that \$15,234k worth of additions in the period to 31 March 2009 and \$667k in the period to 31 March 2010 were incorrectly classified as WIP at 31 March 2010. To correct this we have reduced the works under construction at 31 March 2010 by \$15,901k. Correspondingly, the Regulatory Value at 31 March 2010 has been increased to account for these prior period additions. See AV1 - Note for more details.

REPORT FS3: REGULATORY TAX ALLOWANCE CALCULATION

ref		Electricity Distribution Business:	Wellington Electricity	
5			For Year Ended	2011
6				
7			(S000)	
8		Earnings before interest and tax (EBIT)	52,518	from FS1
9				
10	add	Total Regulatory Depreciation	22,398	from FS1
11		Other Permanent Differences - not deductible	138	
12		Other Temporary Adjustments - Current Period	377	
13			22,913	
15	less	Non Taxable Capital Contributions and Vested Assets	3,402	
16		Tax Depreciation	37,629	
17		Deductible Discretionary Discounts and Customer Rebates	-	
18		Deductible Interest	13,901	from row 53
19		Other Permanent Differences - Non Taxable	-	
20		Other Temporary Adjustments - Prior Period	-	
21			54,932	
22				
23		Regulatory taxable income for Year	20,499	
24				
25	less	Tax Losses Available at Start of Year	-	
26		Net taxable income	20,499	
27				
28		Statutory Tax Rate	30%	
29		Regulatory Tax Allowance	6,150	to FS1

Notes to Regulatory Tax Allowance Calculation**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).

Other items include: Non-deductible entertainment and legal expenses, doubtful debts, employee bonus provision, and other accruals not deductible in the current period

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

49	Standard Debt Leverage Assumption (debt/total assets)	40%	%	
51	Standard Cost of Debt Assumption	6.59%	%	
52				
53	Deductible Interest	13,901	\$000	to row 18
54				
55	Interest Tax Shield Adjustment	4,170	\$000	to MP2
56				

REPORT AV1: ANNUAL REGULATORY VALUATION ROLL-FORWARD REPORT

ref	Electricity Distribution Business: Ellington Electricity Lines Limit								
5	For Year Ended:						2011		
6	Year of most recent ODV						2004		
7									
8	(\$'000)								
9	ODV Year + ODV Year + ODV Year + ODV Year + ODV Year + ODV Year + ODV Year +								
10	For Year Ending:	1	2	3	4	5	6	7	
11		2005	2006	2007	2008	2009	2010	2011	
12	System Fixed Assets								
13	Regulatory Value at End of Previous Year*	-	-	-	-	-	456,218	486,049	to FS2
14	plus								
15	Assets Commissioned					14,569	19,894	23,819	to FS2
16	Gross Value of Vested Assets							-	to FS1
17	Assets Acquired from (Sold to) a Non-EDB							-	to FS2
18	Asset Additions	-	-	-	-	14,569	19,894	23,819	
19	plus								
20	Indexed Revaluation	-	-	-	-	-	9,337	21,710	to FS1
21	less								
22	Depreciation of System Fixed Assets					10,140	16,325	18,007	
23	Regulatory Value of Assets Decommissioned					137	17	-	
24	Regulatory Depreciation (incl. value of assets decommissioned)	-	-	-	-	10,277	16,342	18,007	to FS1
25	plus (minus)								
26	Acquisition of System Fixed Assets from another EDB	-	-	-	-	451,927	-	-	from AV4
27	less Sale of System Fixed Assets to another EDB	-	-	-	-	-	-	-	from AV4
28	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-	-	-	-	451,927	-	-	
29	plus (minus)								
30	Net Increase (Decrease) Due to Changes in Asset Register Information						16,943	1,065	
31									
32	Regulatory Value of System Fixed Assets at Year End	-	-	-	-	456,218	486,049	514,637	
33									
34	Non-System Fixed Assets								
35	Regulatory value at end of previous year						572	17,066	
36	plus								
37	Asset Additions					68	17,832	1,027	to FS2
38	plus Revaluations					21	342	-	to FS1
39	less Depreciation (incl. value of assets decommissioned)					197	1,681	4,391	to FS1
40	plus Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB	-	-	-	-	680	-	-	from AV4
41	Regulatory Value of Non-System Fixed Assets at Year end	-	-	-	-	572	17,066	13,702	
42									
43									
44									
45	Total Regulatory Asset Base Value (excluding FDC)	-	-	-	-	456,790	503,115	528,339	
46									
47									
48	* The commencing figure for completing this schedule is the most recent ODV value								
49	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	
61	CPI at CPI reference date	953	985	1010	1044	1075	1097	1146	
62	Revaluation Rate	2.69%	3.36%	2.54%	3.37%	2.97%	2.05%	4.47%	
63									
64	System Fixed Assets: Regulatory Value at End of Previous Year	-	-	-	-	-	456,218	486,049	
65	Indexed Revaluation of System Fixed Assets	-	-	-	-	-	9,337	21,710	to FS1, AV1

68	AV1b: Input for prior year Acquisitions (Sales) of Assets to (from) another ELB							
69								
70	For Year Ended	2005	2006	2007	2008	2009	2010	2011
71	Acquisition of System Fixed Assets from another EDB					451,927		
72	Sale of System Fixed Assets to another EDB							
73	Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB					680		

REPORT AV1: NOTES**Depreciation of System Fixed Assets**

After consultation with engineering firm Sinclair Knight Merz (SKM), the useful life of gas filled cables has been reduced from 70 years to 55 years, effective 1 April 2010. As a result depreciation for 2011 has been increased by \$780k. Including two other depreciation adjustments discussed below, the net impact is an increase in depreciation by \$586k.

System Fixed Assets - Net Increase (Decrease) Due to Changes in Asset Register Information

An adjustment has been made in 2011 to include the value of assets that have been found to be in existence and in operation and which were not previously recognised in the Total Regulatory Asset Base Value. The estimate of \$1,065k is based on Depreciated Replacement Costs as per the 2004 ODV Handbook, indexed by the cumulative Revaluation Rate to 31 March 2011.

Adjustment to Regulatory Value at 31 March 2010

A review of historical asset data has found an incorrect application of the minimum residual life rule. Applying the correct approach has resulted in lower depreciation for 2011 of \$226k and a higher system fixed assets Regulatory Value of \$1,192k.

As mentioned in the note to schedule FS2 an adjustment has been made regarding Works Under Construction, resulting in an increase to 2011 depreciation of \$32k and an increase to the Regulatory Value of \$15,751k. Total increase to Regulatory Value at 31 March 2010 is \$16,943k. To incorporate this into AV1, the amount has been included as a Net Increase (Decrease) Due to Changes in Asset Register Information in 2010.

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

The revaluation rate is based on CPI, defined as the All Groups Index SE9A figure published by Statistics New Zealand. The rate for 2011 includes the one-off GST increase in October 2010 from 12.5% to 15%. If the GST increase was excluded, the Revaluation Rate would decrease by 2.22% to 2.24%. The following items would be subsequently impacted in FS1 and MP2:

Adjusted Regulatory Profit would decrease by \$10,802k to \$57,276k; and
Return on Investment would decrease by 2.05% to 10.07%.

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

Electricity Distribution Business: **Wellington Electricity**
 For Year Ended: **2011**

ref	Subtotals by Asset Class (for System Fixed Assets)							(\$'000)	
6 7 8 9 10	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)							-	from AV1
13	Cumulative roll-forward since most recent ODV:								
14	Asset Additions							58,281	from AV1
15	Indexed Revaluation (of System Fixed Assets)							31,047	from AV1
16	less Regulatory Depreciation (of System Fixed Assets)							44,627	from AV1
17	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB							451,927	from AV1
18	Net Increase (Decrease) Due to Changes in Asset Register Information							18,008	from AV1
19	Regulatory Value of System Fixed Assets at Year End							514,637	from AV1
20									
21									

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

ref		Electricity Distribution Business:	Wellington Electricity	
		For Year Ended:	2011	
5				
6	System Fixed Assets - Replacement Cost			
7			(\$000)	
8	Replacement cost at end of previous year		1,102,422	
9				
10	Asset Additions		23,819	AV3a
11	Indexed Revaluation (of System Fixed Assets)		49,242	
12	<i>less</i> Replacement Cost of Assets Decommissioned			
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		1,175,484	
16				
17				
18	System Fixed Assets - Depreciated Replacement Cost			
19				
20	Depreciated Replacement Cost at end of previous year		491,326	
21				
22	Asset Additions		23,819	AV3a
23	Indexed Revaluation (of System Fixed Assets)		21,946	
24	<i>less</i> Depreciation of Replacement Cost		18,922	
25	<i>less</i> Depreciated Replacement Cost of Assets Decommissioned		-	
26	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB		-	from AV4
27	Net Increase (Decrease) Due to Changes in Asset Register Information		1,065	
28	Depreciated replacement cost of System Fixed Assets at year end		519,235	

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		23,819	from AV1
39	<i>plus</i> Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions		-	
40				
41	Asset Additions - Replacement Cost		23,819	
42				

REPORT AV3: NOTES

Replacement Cost at End of Previous Year

The replacement cost has been increased by \$16,213k, which is an adjustment for the same items discussed in AV1 Notes (Adjustments to Regulatory Value at 31 March 2010).

Depreciated Replacement Cost at End of Previous Year

The replacement cost has been increased by \$16,943k, as discussed in AV1 Notes (Adjustments to Regulatory Value at 31 March 2010).

Depreciation of Replacement Cost

Depreciation has been increased by \$586k, as discussed in AV1 Notes (Depreciation of System Fixed Assets).

REPORT AV4: BUSINESS MERGER, ACQUISITION OR SALE - REGULATORY ASSET BASE DISCLOSURE

Electricity Distribution Business: **Wellington Electricity Lines Limited**

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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)

	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 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		-

Signed by: Selling Entity
Acquiring Entity

REPORT AV4: BUSINESS MERGER, ACQUISITION OR SALE - REGULATORY ASSET BASE DISCLOSURE

Electricity Distribution Business: **Wellington Electricity Lines Limited**

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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

	Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transforme	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)

	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 FS2

PART 3: Rolled-forward Replacement Cost values for System Fixed Assets transferred

	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		-

Signed by: Selling Entity _____
Acquiring Entity _____

REPORT AV4: BUSINESS MERGER, ACQUISITION OR SALE - REGULATORY ASSET BASE DISCLOSURE

Electricity Distribution Business: **Wellington Electricity Lines Limited**

ref

6 **Disclosure required? (YES or NIL DISCLOSURE):** **NO DISCLOSURE REQUIRED**

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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	-	-	-	-	-	-	-	-

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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 FS2

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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 AV3

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Signed by: Selling Entity

Acquiring Entity

REPORT MP1: NETWORK INFORMATION

(Separate report required for each Non-Contiguous Network)

ref	Electricity Distribution Business:	Wellington Electricity Lines		
6		For Year Ended:	2011	
7	Network Name:	Wellington Electricity Lines Limited <small>(enter "Total Business" or name of network)</small>		
9	Disclosure:	Annual Disclosure - Requirement 6(1)		
10	Circuit Length by Operating Line Voltage (at year end)	Overhead (km)	Underground (km)	Total (km)
11				
12	> 66kV	-	-	-
13	50kV & 66kV	-	-	-
14	33kV	58	154	212
15	SWER (all SWER voltages)	-	-	-
16	22kV (other than SWER)	-	-	-
17	6.6kV to 11kV (inclusive - other than SWER)	598	1,139	1,737
18	Low Voltage (< 1kV)	1,103	1,553	2,656
19	Total circuit length (for Supply)	1,759	2,845	4,604
20				to MP2
21	Dedicated Street Lighting Circuit Length	90	296	386
22				
23	Overhead Circuit Length by Terrain (at year end)	(km)	(%)	
24	Urban (only)	1,366	78%	
25	Rural (only)	393	22%	
26	Remote (only)	-	0%	
27	Rugged (only)	-	0%	
28	Rural & rugged (only)	-	0%	
29	Remote & rugged (only)	-	0%	
30	Unallocated overhead lines	-	0%	
31	Total overhead length	1,759	100%	
32				
33				
34	Transformer capacity (at year end)			Previous Year
35	Distribution Transformer Capacity (EDB Owned)	1,338	MVA	1,330
36	Distribution Transformer Capacity (Non-EDB Owned, Estimated)	-	MVA	-
37	Total Distribution Transformer Capacity	1,338	MVA (to MP2)	1,330
38				
39	Zone Substation Transformer Capacity	1,138	MVA	1,138
40				
41	System Fixed Assets age (at year end)			
42	Average Age of System Fixed Assets	32	Years	
43	Average Expected Total Life of System Fixed Assets	56	Years	
44	Average Age as a Proportion of Average Expected Total Life	58%	%	
45				
46	Estimated Proportion of Assets (by Replacement Cost) within 10 years of Total Life	29%	%	
47				
48				
49				
50				
51	Electricity demand	Maximum coincident system demand (MW)	Non-coincident Sum of maximum demands (MW)	
52				
53	GXP Demand	568	580	
54	plus Embedded Generation Output at HV and Above	2		
55	Maximum System Demand	570		
56	less Net Transfers to (from) Other EDBs at HV and Above	-		
57	Demand on system for supply to customers' Connection Points	570		
58	less Subtransmission Customers' Connection Point Demand	-		
59	Maximum Distribution Transformer Demand	570		
60				to MP2
61	GXP Demand not Supplied at Subtransmission Level	94		
62	Embedded Generation Output - Connected to Subtransmission System	-		
63	Net Transfers to (from) Other EDBs at Subtransmission Level Only	-		
64				
65	Estimated Controlled Load Shed at Time of Maximum System Demand (MW)	13		
66				
67	Five-Year System Maximum Demand Growth Forecast	1.3	% p.a.	
68				
69	Electricity volumes carried	(GWh)		
70	Electricity Supplied from GXPs	2,568		
71	less Electricity Exports to GXPs	-		
72	plus Electricity Supplied from Embedded Generators	12		
73	less Net Electricity Supplied to (from) Other EDBs	-		
74	Electricity entering system for supply to customers' Connection Points	2,580		
75	less Electricity Supplied to Customers' Connection Points	2,455		
76	Electricity Losses (loss ratio)	125	4.8%	
77				to MP2
78	Electricity Supplied to Customers' Connection Points	2,455		
79	less Electricity Supplied to Largest 5 Connection Points	74		
80	Electricity supplied other than to Largest 5 Connection Points	2,381	97%	
81				
82	Load Factor	52%	%	
83				
84	Number of Connection Points (at year end)	164,250	ICPs	
85				to MP2
86	Intensity of service requirements			
87	Demand Density (Maximum Distribution Transformer Demand / Total circuit length)	124	kW/km	
88	Volume Density (Electricity Supplied to Customers' Connection Points / Total circuit length)	533	MWh/km	
89	Connection Point Density (ICPs / Total circuit length)	36	ICP/km	
90	Energy Intensity (Electricity Supplied to Customers' Connection Points / ICP)	14,946	kWh/ICP	

REPORT MP2: PERFORMANCE MEASURES

ref	Electricity Distribution Business: Kingston Electricity Lines Ltd					
5					For Year Ended: 2011	
6	Performance comparators					
7					Previous Years:	Current Financial Year
8					Current Yr - 3	Current Yr - 2
9					Current Yr - 1	Current Financial Year
9	Operational expenditure ratio					
10		Total Operational Expenditure		18	31	32 \$m from FS1
11		Replacement Cost of System Fixed Assets (at year end*)		1,045	1,086	1,175 \$m from AV3
12		Ratio (%)	Not defined	1.77%	2.87%	2.69% %
13						
14	Capital expenditure ratio					
15		Total Capital Expenditure on System Fixed Assets		24	19	26 \$m from FS2
16		Replacement Cost of System Fixed Assets (at year end*)		1,045	1,086	1,175 \$m from AV3
17		Ratio (%)	Not defined	2.29%	1.77%	2.24% %
18						
19	Capital expenditure growth ratio					
20		Capital Expenditure: Customer Connection and System Growth		-	7	6 \$m from FS2
21		Change in Total Distribution Transformer Capacity		1,327	3	8 MVA from MP1
22		\$/kVA	Not defined	-	2,455	771 \$/kVA
23						
24	Renewal expenditure ratio					
25		Capital & Operational Expenditure: Asset Replacement, Refurbishment and Renewal		-	2	1 \$m from FS1 & 2
26		Regulatory Depreciation of System Fixed Assets		10	16	18 \$m from AV1
27		Ratio (%)	Not defined	0%	12%	6% %
28						
29	Distribution Transformer Capacity Utilisation					
30		Maximum Distribution Transformer Demand		529	565	570 MW from MP1
31		Total Distribution Transformer Capacity (at year end*)		1,327	1,330	1,338 kVA from MP1
32		Ratio (%)	Not defined	39.9%	42.5%	42.6% %
33						
34	Return on Investment					
35		Regulatory Profit / Loss (pre-financing and distributions)		30	59	68 \$m from FS1
36		less Interest Tax Shield Adjustment		3	3	4 \$m from FS3
37		Adjusted Regulatory Profit		27	56	64 \$m
38		Regulatory Investment Value		316	487	527 \$m from FS2
39		Ratio (%)	Not defined	8.63%	11.49%	12.12% %
40						
41						
42	Expenditure comparison table					
43						
44						
45						
46						
47						
48						
49						

* If a Merger or Asset Transfer with another EDB was entered into during the year, the denominators are calculated as time-weighted averages.

Expenditure metrics (\$ per):						
	Total circuit length (for Supply) (\$/km)	Electricity Supplied to Customers' Connection Points (\$/MWh)	Maximum coincident system demand (\$/MW)	Connection Point (\$/ICP)	Distribution Transformer Capacity (EDB-Owned) (\$/MVA)	
47	Capital Expenditure (\$ per)	5,929	11	47,856	166	20,400 from FS2 & MP1
48	Operational Expenditure (\$ per)	6,865	13	55,407	192	23,619 from FS1 & MP1

REPORT MP3: PRICE & QUALITY MEASURES

(Separate report required for each Non-contiguous Network)

ref	Electricity Distribution Business: Wellington Electricity Lines Limited						
6	For Year Ended: 2011						
7	Network Name:	Wellington Electricity Lines Limited					
9	Disclosure:	Annual Disclosure - Requirement 6(1)					
10	QUALITY						
11	Interruptions						
12	Interruptions by class						
13	Class A	- planned interruptions by Transposer:					
14	Class B	56 planned interruptions on the network					
15	Class C	204 unplanned interruptions on the network					
16	Class D	1 unplanned interruptions by Transposer					
17	Class E	- unplanned interruptions of network owned generation					
18	Class F	- unplanned interruptions of generation (non-network)					
19	Class G	- unplanned interruptions caused by other electricity industry participant					
20	Class H	- planned interruptions caused by other electricity industry participant					
21	Total	261 Total of above					
22	Interruption targets for Forecast Year						
23	Class B	2012 59 Current Financial Year +1 planned interruptions on the network					
24	Class C	210 unplanned interruptions on the network					
25	Average interruption targets for 5 Forecast Years						
26	Class B	2012-2016 59 Current Financial Year +1 to +5 planned interruptions on the network					
27	Class C	210 unplanned interruptions on the network					
28	Class C interruptions restored within						
29	≤3Hrs	>3hrs					
30	158	46					
31	Faults						
32	Faults per 100 circuit kilometres						
33	The total number of faults for Current Financial Year	11.90 in year 2011					
34	The total number of faults forecast for the Forecast Year	11.25 in year 2012					
35	The average annual number of faults forecast for the 5 Forecast Years	11.25 average over years 2012-2016					
36	Fault Information per 100 circuit kilometres by Voltage and Type						
37	6.6kV & 11kV non-SWER	22kV non-SWER	SWER	33kV	50kV & 66kV	>66kV	
38	Is this voltage part of the EDB system?	Yes	No	No	Yes	No	No
39	Current Financial Year	13.13			1.89		
40	Forecast Year	12.12			4.06		
41	Average annual for 5 Forecast Years	12.12			4.06		
42	Fault Information per 100 circuit kilometres by Voltage and Type						
43	Underground	6.6kV & 11kV non-SWER	22kV non-SWER	SWER	33kV	50kV & 66kV	>66kV
44	Overhead	4.04			1.30		
45		30.43			3.45		
46	Reliability						
47	Overall reliability						
48	Based on the total number of interruptions	SAIDI 34.74 SAIFI 0.54 CAIDI 64.81					
49	Reliability by interruption class						
50	Class B	SAIDI 0.76 SAIFI 0.01 CAIDI 152.00					
51	Class C	SAIDI 33.98 SAIFI 0.53 CAIDI 63.99					
52	Targets for Forecast Year						
53	Class B	SAIDI 1.25 SAIFI 0.01 CAIDI 138.80					
54	Class C	SAIDI 33.55 SAIFI 0.55 CAIDI 61.36					
55	Average targets for 5 Forecast Years						
56	Class B	SAIDI 1.25 SAIFI 0.01 CAIDI 138.80					
57	Class C	SAIDI 33.55 SAIFI 0.55 CAIDI 61.36					
58	PRICES						
59	Price information by Connection Point Class						
60	Connection Point Class						
61	Small Connection Points	Medium Connection Points	Large Connection Points	Largest 5 Connection Points	Total		
62	Gross line charge income (\$000)	95,976	18,457	31,808	1,841	148,082 from FS1	
63	Electricity Supplied to Customers' Connection Points (MWh)	1,164,448	380,817	835,335	74,279	2,454,879 from MP1	
64	Number of Connection Points (ICPs) at year end	152,379	10,831	1,035	5	164,250 from MP1	
65	Unit Price (cents/kWh)	8.2	4.8	3.8	2.5	6.0	
66	Relative Unit Price Index	1.00	0.59	0.46	0.30	0.73	

REPORT MP3: PRICE AND QUALITY (cont)

Notes to Price and Quality Measures

<p>89 90 91 92 93 94 95 96</p>	<p>MP3a: Connection Point Class breakpoints</p> <p>Connection Point Class breakpoints methodology</p> <p>kVA based breakpoints - additional disclosure</p> <p>Breakpoint between small and medium classes</p> <p>Breakpoint between large and medium classes</p>	<p>Metering installation category based breakpoints</p> <p>15 kVA</p> <p>69 kVA</p>
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REPORTS MP1 AND MP3: NOTES

MP1

Circuit Length by Operating Voltage

All fields except the 'Dedicated Street Lighting Circuit Length' are derived from Wellington Electricity Lines Limited's (WELL) Geographic Information System (GIS) data and do not rely on estimates. WELL's GIS is subject to continual refinement as to accuracy and completeness. The 'Dedicated Street Lighting Circuit Length' is based on GIS data for total street lighting circuit length with the assumption that the split between dedicated and shared street lighting circuits is the same as in the 2004 ODV.

Overhead Circuit Length by Terrain

All values are derived from GIS which was overlaid with urban/rural boundary demarcations. The boundaries were selected based on assumed location of boundaries drawn on a map and transferred into GIS. These boundaries were set during WELL's first disclosure period in 2009. The boundaries are reviewed annually and refined as appropriate.

Transformer Capacity

Data for these fields was obtained directly from GIS. WELL's GIS is subject to continual refinement as to accuracy and completeness.

Electricity Demand

This information is from half hourly billing data taken from revenue meters installed at each grid exit point (GXP) as provided to WELL from Energy Market Services (EMS). Embedded generation data also came from EMS. No estimated values were used, however, this data is subject to correction over a 12 month period.

Electricity Volumes Carried

Electricity supplied to Customers' Connection Points is derived from billing information supplied by electricity retailers.

MP3

Quality - Interruptions

Information on the number of interruptions to consumers is taken from a combination of WELL's event related network control room fault logs as recorded by the duty operator, and the ENMAC network control system. This applies to both unplanned (forced) and planned (scheduled) outages. The reporting criteria is consistent with the requirements of the Commerce Commission^[1].

Quality – Interruption Targets

WELL's interruption targets are consistent with those required by the Commerce Commission^[1].

Quality – Faults

These are determined by dividing fault data by network length for each circuit type and voltage as required by the schedule. Forecasts of the number of faults for future years are consistent with reliability targets as required by the by the Commerce Commission^[1].

Quality – Reliability

Information on all classes of interruption is taken from a combination of WELL's event related network control room fault logs as recorded by the duty operator, and the ENMAC network control system. This applies to both unplanned (forced) and planned (scheduled) outages. Reliability targets are consistent with those required by the Commerce Commission^[1].

Price

The classification of pricing classes was made based on the same methodology used for the previous year's disclosure statement. The connection points are classified into 'load groups' in the WELL billing system as per the table below, which also includes mapping to 'connection point class' categories as required by the MP3 schedule:

WELL Load Group	Connection Point Class
Domestic	Small
Large Industrial	Large
Small Commercial <15kVA	Small
Small Industrial	Large
Large Commercial	Large
Medium Commercial	Large
Small Commercial >15kVA	Medium
Unmetered	Small

[1] [The Commerce Act \(Electricity Distribution Default Price-Quality Path\) Determination 2010](#)

REPORT AM1: EXPENDITURE FORECASTS AND RECONCILIATION

ref	Electricity Distribution Business: Wellington Electricity							
5	For Year Ended 2011							
6	(\$000)							
7	A) Five year forecasts of expenditure							
8	<i>From most recent Asset Management Plan</i>							
9		Actual for Current Financial Year	Forecast Years					
10	<i>for year ended</i>	2011	2012	2013	2014	2015	2016	
11	Capital Expenditure: Customer Connection	4,829	7,789	6,195	5,989	5,919	9,030	from FS2
12	Capital Expenditure: System Growth	1,533	3,624	8,793	5,653	4,282	6,506	from FS2
13	Capital Expenditure: Reliability, Safety and Environment	17,528	13,286	12,550	15,967	18,481	13,779	from FS2
14	Capital Expenditure: Asset Replacement and Renewal	567	637	493	492	487	653	from FS2
15	Capital Expenditure: Asset Relocations	1,816	1,240	1,240	1,240	1,240	1,240	from FS2
16	Subtotal - Capital Expenditure on asset management	26,273	26,576	29,271	29,341	30,409	31,208	
17	Operational Expenditure: Routine and Preventative Maintenance	5,344	5,764	5,816	5,883	5,888	5,943	from FS1
18	Operational Expenditure: Refurbishment and Renewal Maintenance	600	645	645	645	645	645	from FS1
19	Operational Expenditure: Fault and Emergency Maintenance	3,971	4,865	4,910	4,966	5,013	5,060	from FS1
20	Subtotal - Operational Expenditure on asset management	9,915	11,274	11,371	11,494	11,546	11,648	
21	Total direct expenditure on distribution network	36,188	37,850	40,642	40,835	41,955	42,856	
22	Overhead to Underground Conversion Expenditure	-	-	-	-	-	-	
23								
24								
25								
26	<i>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).</i>							
27								
28								
29								
30								
31	B) Variance between Previous Forecast for the Current Financial Year, and Actual Expenditure							
32		Actual for Current Financial Year	Previous forecast for Current Financial Year	% Variance				
33		(a)	(b)	(a)/(b)-1				
34	Capital Expenditure: Customer Connection	4,829	5,428	-11.0%			from row 10	
35	Capital Expenditure: System Growth	1,533	2,279	-32.7%			from row 11	
36	Capital Expenditure: Reliability, Safety and Environment	17,528	12,951	35.3%			from row 12	
37	Capital Expenditure: Asset Replacement and Renewal	567	452	25.5%			from row 13	
38	Capital Expenditure: Asset Relocations	1,816	1,180	53.9%			from row 14	
39	Subtotal - Capital Expenditure on asset management	26,273	22,290	17.9%				
40								
41	Operational Expenditure: Routine and Preventative Maintenance	5,344	5,499	-2.8%			from row 17	
42	Operational Expenditure: Refurbishment and Renewal Maintenance	600	614	-2.3%			from row 18	
43	Operational Expenditure: Fault and Emergency Maintenance	3,971	4,584	-13.4%			from row 19	
44	Subtotal - Operational Expenditure on asset management	9,915	10,697	-7.3%				
45								
46	Total direct expenditure on distribution network	36,188	32,987	9.7%				
47								
48								
49	Explanation of variances							
50	<i>Distribution Business must provide a brief explanation for any line item variance of more than 10%</i>							
51								
52	<i>Explanatory notes (can be provided in a separate note if necessary):</i>							
53								
54								
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62								
63								

REPORT AM1: NOTES

Explanations for line items in AM1 Schedule with a variance of more than 10% between actuals and forecast

Capital Expenditure: Customer Connection

The variance compared to forecast is due to a large number of commercial substations and subdivisions not proceeding in 2011 due to economic drivers.

Capital Expenditure: System Growth

The variance compared to forecast is due to savings gained on several large projects and lower growth than expected.

Capital Expenditure: Reliability, Safety and Environment

The variance is due to a large 33kV sub transmission cable replacement project in 2011

Capital Expenditure: Asset Replacement and Renewal

The variance compared to forecast is due to a higher number of third party damage incidents on the network.

Capital Expenditure: Asset Relocations

The variance compared to forecast is due to several unplanned cable relocations in 2011.

Operational Expenditure: Fault and Emergency Maintenance

The variance is due to less incident related maintenance on the network.

The variances are in part driven by assumptions made at the time of acquisition as to expected expenditure requirements. These variances will continue as the business refines its asset management processes.

Forecast Assumptions

The assumptions underpinning the forecast information in this schedule are contained in the 1 April 2011 to 31 March 2021 Asset Management Plan for Wellington Electricity.

FORM 1 – CERTIFICATE FOR DISCLOSED INFORMATION

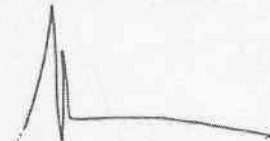
Pursuant to Requirement 11(1)

We, Richard Pearson and Andrew Hunter, directors of Wellington Electricity Lines Limited certify that, having made all reasonable enquiry, to the best of our knowledge, the following attached audited information of Wellington Electricity Lines Limited prepared for the purposes of requirements 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.



Richard Pearson



Andrew Hunter

30 August 2011

**FORM 4 – STATUTORY DECLARATION FOR PUBLICLY DISCLOSED
INFORMATION**

Pursuant to Requirement 13(1)

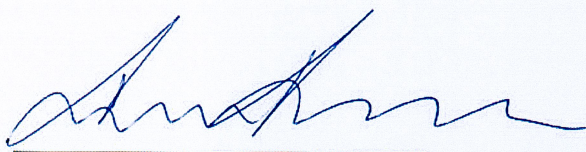
I, Andrew J. Hunter, of Hong Kong, being a director of Wellington Electricity Lines Limited, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public by Wellington Electricity Lines Limited under the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.

Declared at 12th floor, Cheung King Centre this 25th day of August 2011.
Central, Hong Kong



Andrew J. Hunter



Justice of the Peace (or Solicitor or other person authorised to take a statutory declaration).

CHRISTOPHER F. D. CLARKE
SOLICITOR OF THE SUPREME COURT OF HONGKONG.



INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS

Report on the Information Disclosure

We have audited the attached Information Disclosure Report on pages 5 to 25, comprised of reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP1, MP2, MP3 and AM1 of Wellington Electricity Lines Limited (WELL) for the year ended 31 March 2011 (the Disclosure Report). This information is stated in accordance with the Electricity Distribution (Information Disclosure) Requirements 2008 (the Requirements) and the methodologies described on pages 23 and 25.

Responsibilities of the Board of Directors for the Disclosure Report

The Board of Directors is responsible for the preparation and certification of the Disclosure Report for the year ended 31 March 2011 in accordance with the Requirements, and for such internal control as the Board of Directors determine is necessary to enable the preparation of the historical financial information contained in FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP2, MP3 and AM1 that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the Disclosure Report in accordance with clause 10 of the Requirements based on our audit.

In relation to the historical financial information, we conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) with the objective of providing reasonable assurance that the disclosures of the historical financial information set out in reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP2, MP3 and AM1 (the reports) for the year ended 31 March 2011 have been properly presented, in all material respects, in accordance with the Requirements. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the above reports are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the reports. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the reports that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the reports.

In relation to the historical non-financial information, we conducted our audit in accordance with the Standard on Assurance Engagements (New Zealand) 3100: *Compliance Engagements* (SAE 3100) with the objective of providing reasonable assurance that the disclosures of the historical non-financial information set out in reports MP1, MP2 and MP3 for the year ended 31 March 2011 have been properly compiled in accordance with guidance issued pursuant to the Requirements and calculated based on the un-audited source data provided by WELL.

Our procedures included:

- Reviewing the methodologies used in preparing the non-financial information included in reports MP1, MP2 and MP3 and confirming that they are in accordance with the guidance issued pursuant to the Requirements and the methodologies described on pages 23; and
- Identifying key inputs to the information in reports MP1, MP2 and MP3 and reconciling or agreeing them to source documents and systems.



In relation to the prospective financial and non-financial information, we conducted our audit in accordance with SAE 3100 with the objective of providing reasonable assurance that the disclosures of the prospective financial and non-financial information set out in reports AM1 and MP3 have been (where applicable and except to the extent that amendments to those requirements have changed that basis) presented on a basis consistent with the regulatory accounting and technical measurement requirements used for disclosures for the financial years ended 31 March 2011 and 31 March 2010, and calculated based on assumptions and un-audited source data provided by WELL. The assumptions relate to future events. We do not express an opinion on these assumptions and source data.

Our procedures included:

- Reviewing the methodologies used in preparing the prospective financial or non-financial information included in report AM1 and MP3 (where applicable and except to the extent that amendments to those requirements have changed that basis) and confirming that they are presented on a basis consistent with the regulatory accounting or technical measurement requirements used for disclosures for the 31 March 2011 financial year and the 31 March 2010 financial year; and
- Identifying key inputs in the prospective financial and non-financial information included in reports AM1 and MP3 and reconciling, recalculating or agreeing them to un-audited source data.

Actual results are likely to be different from the prospective financial and non-historical information since anticipated events frequently do not occur as expected and the variation could be material.

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

Inherent limitations

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

Independence

We have no relationship with or interests in WELL, other than in our capacity as auditor (including other regulatory audit services) and the provision of taxation advice. We have complied with the Independent Auditor provisions specified in clause 2(1) of the Requirements.

Opinion

We have obtained all the information and explanations we have required

In our opinion;

- Proper records have been kept by WELL to enable the complete and accurate compilation of required information, as far as appears from our examination of those records; and
- The Disclosure Report for the year ended 31 March 2011, and in particular the reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP1, MP2, MP3 and AM1 comply with the Requirements as further outlined below:



- The historical financial information included in reports FS1, FS2, FS3, AV1, AV2, AV3, AV4, MP2, MP3 and AM1 has been presented in all material respects in accordance with the Requirements;
- The historical non-financial information included in reports MP1, MP2 and MP3 has been compiled in accordance with the guidance issued pursuant to the Requirements and calculated based on un-audited source data provided by WELL and the methodologies described on page 23; and
- The prospective financial and non-financial information included in reports AM1 and MP3 has been (where applicable and except to the extent that amendments to those requirements have changed that basis) presented on a basis consistent with the regulatory accounting and technical measurement requirements used for disclosures for the current financial year and the immediately preceding financial year, and has been calculated based on un-audited source data, the methodologies and the assumptions described on pages 23 and 25 provided by WELL.

Restriction on Distribution and Use

This report has been prepared solely to provide assurance that the Disclosure Report prepared by WELL for the year ended 31 March 2011 complies with the Requirements. We understand that a copy of this report has been requested by the Commerce Commission for their use in connection with this purpose. We agree that a copy of this report may be provided to the Commerce Commission. This report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written consent. We accept or assume no duty, responsibility or liability to any party, other than you, in connection with this report or engagement including without limitation, liability for negligence in relation to the factual findings expressed or implied in this report.

Chartered Accountants
30 August 2011
Wellington, New Zealand

This audit report relates to the Information Disclosure Report of Wellington Electricity Lines Limited for the year ended 31 March 2011 included on Wellington Electricity Lines Limited's website. The Board of Directors is responsible for the maintenance and integrity of Wellington Electricity Lines Limited's website. We have not been engaged to report on the integrity of the Wellington Electricity Lines Limited's website. We accept no responsibility for any changes that may have occurred to the Information Disclosure Report since they were initially presented on the website. The audit report refers only to the Information Disclosure Report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the Information Disclosure Report. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the Information Disclosure Report and related audit report dated 30 August 2011 to confirm the information included in the Information Disclosure Report presented on this website. Legislation in New Zealand governing the preparation and dissemination of Information Disclosure Reports may differ from legislation in other jurisdictions.