

From: Trevor Tinworth [REDACTED]
Sent: Sunday, 13 September 2020 5:19 PM
To: [REDACTED] Feedback Aurora Plan
<feedbackauroraplan@comcom.govt.nz>
Subject: Re: Commerce Commission - Submissions on Aurora CPP Issues paper now available

Hello

One further point I would like to be addressed is the valuation of Aurora.

From my understanding Aurora is valued at essentially what it would cost for a competitor to build a new equivalent parallel network and is called the Regulatory Asset Base (RAB). This is the baseline for which the Commission to work out the 4% return on investment.

By all accounts Aurora network is not shiny and new in fact the opposite is true. Significant portions of the network are nearing, or at end of life. Therefore why is the network not valued accordingly?

Dr Geoff Bertram calculated in his submission that at 2019 the historical cost of the network is \$218 million which is less than half of the \$447 million of the regulatory valuation. If Aurora was valued at \$218 million consumers would save about \$9 million dollars a year on the return on investment portion of their lines charges based on 4% return on investment. If this was spread evenly over Auroras customer base of 90,000 consumers that would save them \$100 each per year.

Again, the Commerce Commission is giving Aurora another artificial lifeline because if Aurora was valued realistically with close to \$400 million of liabilities (Auroras 2019 Annual Report) they would probably end up being insolvent.

To me it seems corrupt to value the network at replacement cost not at a realistic value and to use that valuation to extract a higher level of revenue from the consumer.

Trevor

On 08 September 2020 at 08:51 Michelle Henderson <Michelle.Henderson@comcom.govt.nz> wrote:

Tēnā koutou

Today we have published the feedback we received as part of our recent consultation on Aurora's CPP proposal. This feedback comprises:

- Emailed submissions on our Issues paper consultation package published on 30 July 2020
- Responses to our feedback form submitted via our online web portal or handwritten on hardcopies
- Short summaries of key themes from our in-person meetings held in Aurora's regions in early August 2020

We will consult again on our draft decision in November 2020. We are not actively seeking further feedback ahead of this, but if you do wish to comment on the materials published today, we will consider additional comments which are sent to us by 5pm on Thursday 17 September 2020.

Any further comments will also be published on our website.

You can access the feedback on our website [here](#) and parties will have further opportunities to comment on our draft decision in November, ahead of our final decision in March 2021.

Regards

Dane Gunnell

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