20 May 2016

Mr Simon Wakefield
Chief Advisor, Regulator Branch
Commerce Commission
P O Box 2351
WELLINGTON 6140

Dear Simon

Thank you for the opportunity to comment on Strata's final investigation report into Wellington Electricity's (WELL's) quality standards breaches in the 2012, 2013 and 2014 assessment periods.

The discussions with Strata were open and constructive.

WELL acknowledges the key conclusions of the report set out in paragraphs 18 and 19 of the executive summary. We are pleased, particularly, that Strata have agreed with our own assessment of the circumstances in concluding that:

- The breaches in reliability limits have been mainly due to vegetation management issues emerging during severe storm events causing flying debris connecting with overhead lines (from outside regulatory clearance zones).

- The asset management strategies developed and implemented by WELL were appropriate.

- There is no evidence that underinvestment has led to the breaches of the reliability limits.

- WELL could not have taken any reasonable steps or actions that would have avoided non-compliance due to the effects of serve storm events.

- WELL management is knowledgeable on vegetation issues and has in place appropriate programmes to engage with stakeholders.

- WELL's continuing development of its asset management capabilities, systems and methods are likely to ensure that appropriate steps are taken to mitigate network performance risks.

- WELL has forecast expenditure for and undertaken a number of actions that should prevent or mitigate similar quality standard non-compliance in the future.

WELL also acknowledges the recommendations in section 7.2 of Strata's report and a number of those recommendations have been already actioned.

We note for clarity that paragraph 17(d) has been superseded by paragraph 19.

We hope that Strata's findings satisfactorily resolve matters from the Commission's perspective and that its investigation can now be closed.

Yours faithfully

Greg Skelton
CHIEF EXECUTIVE OFFICER