

## **Notice to supply information to the Commerce Commission under section 53ZD of the Commerce Act 1986**

To: Orion New Zealand Limited  
PO Box 13896  
Christchurch 8141

1. The Commerce Commission (Commission) requires Orion New Zealand Limited (Orion) to provide it with the information specified in this notice, issued under s 53ZD of the Commerce Act 1986 (the Act). We need this information for the purpose of carrying out our functions and exercising our powers under Part 4 of the Act. Specifically, this information is required for the purpose of setting Orion's customised price-quality path for the period 1 April 2014 to 31 March 2019.

### **Background**

2. This notice requests actual 2013 values for commissioned assets. We are in the process of determining how we will update our Orion CPP modelling to further incorporate Orion's FY13 financial results in our final determination. We are requesting the information included within this notice to enable us to do this. Information requirements in this notice do not require any additional audit information or certification by the Board of Directors of Orion.
3. Due to the deadline for release of our final determination on Orion's customised price-quality path, the Commission will be unable to consider information provided after the required date of response in making our final determination.

### **Interpretation**

4. In this notice, unless the context otherwise requires, terms have the meaning as defined in the Electricity Distribution Services Input Methodologies Determination 2012.

### **Information requirements**

5. In order to assist Orion in complying with this notice, we have used the same format as used for the information requests made of Orion prior to our draft reasons paper. We have therefore set out our information requirements in Schedule 1: *Commission assets – FY13 actual values*.

### **Cover letter**

6. The information required by this notice must be provided under cover of a letter on Orion's company letterhead, signed by a person with the appropriate authority.

**Information format**

7. The information required by this notice must be supplied in 'unlocked' MS Excel or MS Word format as appropriate, so that we can easily transfer information (ie, able to be 'copied and pasted').

**Publication of supplied information and confidentiality**

8. The Commission may publish the information provided by Orion.
9. Any data or information provided to the Commission in response to this notice that Orion considers is confidential, must be provided in an appendix or separate electronic file that is clearly marked as confidential.
10. Orion must provide the Commission with reasons why the particular data or information is confidential.
11. In the event that the Commission agrees that this data or information is confidential, Orion must provide the Commission with both confidential and public versions of its disclosure. The responsibility for ensuring that confidential information is not included in a public version of a disclosure rests entirely with Orion.

**Date of response**

12. Orion must supply the information specified in the Schedule 1 to this notice to us by electronic delivery to our extranet site by no later than:
  - 12.1 5pm on 17 October 2013 for INPUTS 26,32,33,34, 38, and 40; and
  - 12.2 5pm on 21 October 2013 for all other INPUTS.
13. Should you have any queries on this notice, please send them to Keston Ruxton, Chief Adviser, Regulation Branch c/o [regulation.branch@comcom.govt.nz](mailto:regulation.branch@comcom.govt.nz).

Dated at Wellington: 9<sup>th</sup> October 2013

Yours sincerely,



Sue Begg

Deputy Chair

## Schedule 1: Commerce Commission additional information requirement for Orion CPP Proposal

Date requested by Commission:	9 October 2013
Commission contact person for responses to this information requirement:	Keston Ruxton
Commission contact person in respect of the content of this information requirement:	Keston Ruxton
Subject:	<b>Commissioned assets - FY2013 Financial Values</b>
Objective of information requirement:	<p>We are in the process of determining how we will update our Orion CPP modelling to further incorporate Orion's FY13 financial results in our final determination. We are requesting the information included within this notice to enable us to do this.</p> <p>Please note that the references in the Information Requirements to INPUTs are in relation to the Commission's Financial Model, and are not in relation to Orion's suite of CPP models.</p>
Information requirement:	<p>Please provide the following data and/or information to update the CPP modelling for FY2013 actual values:</p> <ul style="list-style-type: none"> <li>• <b>INPUT13: Forecast operating expenditure.</b> Please provide a tabular reconciliation of FY2013 Information Disclosure (ID) amounts against Orion's Q#22 information request response from Orion prior to our draft decision. Can this reconciliation include reference to the relevant sheets within the 'Real Opex Scn' model that is part of Orion's CPP proposal.</li> <li>• <b>INPUT14: Other regulated income.</b> Please provide a reconciliation of FY2013 ID amounts against Orion's Q22 response and explanation of any impact this has on forecasts for FY2014 to FY2019 input values. If new numbers are proposed by Orion, then an updated 'Other Regulated Income' sheet of Orion's 'Other Inputs Scn' model is required.</li> </ul>



	<ul style="list-style-type: none"> <li>• INPUT17 and INPUT19: Positive permanent differences and negative permanent differences. If new numbers are proposed by Orion, please provide updated 'Permanent differences' sheet of Orion's 'Tax Differences' model, and any other related sheets are required sufficient for the Commission to reconcile the differences and update Orion's CPP models. Can you also state whether the forecasts going forward for future years FY2014 to FY2019 should be reviewed in light of FY13 actuals.</li> <li>• INPUT26: Tax depreciation. There is a variance between Tax Depreciation in the FY13 ID # and that calculated in Orion's CPP models. Please provide an explanation and a tabular reconciliation as to why FY2013 ID amounts vary against Orion's CPP models. Can this also include an updated series of sheets from within the 'TAM Scn' file, and other files if required, that will need updating to reflect this throughout the Orion CPP models? Can you also state whether the forecasts going forward for future years should be reviewed in light of FY13 actuals.</li> <li>• INPUT27 and INPUT28: Positive temporary differences and negative temporary differences. If new INPUT 27 and 28 numbers are proposed by Orion, then an updated 'Temporary Difference' sheet of Orion's 'Tax Differences Scn' model, and any other related sheets are required sufficient for the Commission to reconcile the differences and update Orion's CPP models. Can you also state whether the forecasts going forward for future years FY2014 to FY2019 should be reviewed in light of FY13 actuals.</li> <li>• INPUT31: Opening and closing RAB values for ID years. Please provide a tabular reconciliation explaining why FY2013 ID opening RAB varies against Orion application data. Explain whether this is simply due to assets that did not qualify for revaluations in FY2012.</li> </ul>
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	<ul style="list-style-type: none"> <li>• INPUT32: Disposals. Please provide a tabular reconciliation that explains why Orion's FY2013 ID amounts vary against Orion CPP proposal data by \$117,000. This reconciliation should be sufficient for us to update Orion's CPP models relating to its asset base for these disposals. If this variance is due to changes within Orion's CPP models, in particular assets sheets with hard-coded revaluation numbers, i.e. Initial RAB (with and without revals) and FY2010-12 RAB (with and without revals), please provide these updated sheets</li> <li>• INPUT33: Total value of commissioned assets – please provide updated capex/commissioned asset related sheets (updated from those used at the Draft Decision stage) that match ID FY2013 ID actuals. There could potentially be a number of sheets for FY2013 to FY2019 (with and without revals). Alternatively where the required changes affect only a small number of asset categories or projects, then please provide those specific sheets and identified asset categories.</li> <li>• INPUT34: <math>PV_{VCA}</math> – please provide updates to INPUT 33 results sufficient to calculate <math>PV_{VCA}</math>, otherwise an updated sheet of Orion's model will be required.</li> <li>• INPUT38: RAB proportionate investment – please provide an updated 'RAB Scn file' and 'RAB Proportionate Investment' sheet that highlights any revised proportionate values for additions and disposals.</li> <li>• INPUT40: Fully depreciated assets – There is a variance between Revaluations in the FY13 ID # and that calculated in Orion's CPP models. This variance will be due to either disposals or fully depreciated assets that do not qualify for revaluation. We have already requested details of assets disposals for INPUT 32. To complete our reconciliation of revaluations to the FY13 ID we require the value of Fully Depreciated Assets for FY13.</li> </ul>
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Certification required:	<p>None. Given the timeframe available for this stage of the review, the Commission is seeking a fast response to this information request.</p> <p>The Commission expects that this information will be readily available and will not require additional fresh analysis or Board certification. This information requirement does not require any further audit of the information.</p>