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**From:** comcom@squiz.co.nz [comcom@squiz.co.nz]  
**Sent:** 23/11/2020 10:12:22 a.m.  
**To:** Feedback Aurora Plan [feedbackauroraplan@comcom.govt.nz]  
**Subject:** Feedback on Aurora investment plan

The following feedback has been received on the Aurora investment plan:

### **Introduction**

Please provide your email address if you want to be kept up to date with our assessment: [REDACTED]

### **Revenue smoothing**

Please indicate whether you agree with our draft decision to apply Scenario 1 and describe what you see as the benefits to consumers of this scenario. If you instead prefer Scenario 2, please outline your reasons and describe what you see as the consumer benefits of deferring revenues, even if it means paying an interest cost later.:

### **Monitoring Aurora's delivery**

Would our proposals provide you with enough information to know whether Aurora is delivering its plan and improving its performance? If no, why not and what further or alternative information would you require to achieve this?:

Present Auroral management is not capable of providing transparent and credible public information. ComCom needs to embed staff or provide a monitor with all necessary powers to ensure Aurora provide this information. Benchmarking costs against other powerco's for their asset replacement programme needs to be included. penalties need to be in place to avoid and expose the egregious practices that have already occurred, such as the incompetent pole replacement programme, where staff were directed to remove "easy to remove" poles that did not need replacement to bring down the extortionate average cost. Regarding the CPP, The Commerce Commission must make the owner of Aurora, the DCC culpable for its long term lack of investment, and for Aurora/Delta's squandering of \$50M in failed projects. . Simply put the DCC chose to demand dividends in place of maintaining its assets and Aurora even had to borrow to achieve those dividends. It is foolhardy of COMCom to not mandate that part of the CPP must be for DCC to provide equity for the replacement programme of the equivalent amount of the dividends Spent, as Their revenue already included costs of depreciation, so this CPP means consumers are in effect paying twice for these assets. This creates a moral hazard and a useful precedent for other power co's that have questionable management, of which there are many.

### **Network outages**

We are interested in your view of the impacts of setting outage targets at this level, and whether you

consider it to be reasonable given the state of Aurora's network.:

### **Capital spending**

Do you think our approach to Aurora's growth projects is the right one, given the current uncertainty with electricity demand in Otago?:

Absolutely not the right approach. ComCom must make the owner - DCC - who misused funds and allowed the assets to degrade while being paid a substantial depreciation allowance in the lines charged to put in substantial equity rather than be allowed to pass on disgraceful increases that are orders of magnitude more than forecast CPI. No amount of word salads by Mr Fletcher can mask this. People on low and fixed incomes will not be able to pay for basic electrical charges with the proposed CPP, without even considering the similar rates increases and rent/house price spirals in Dunedin.

### **Operating spending**

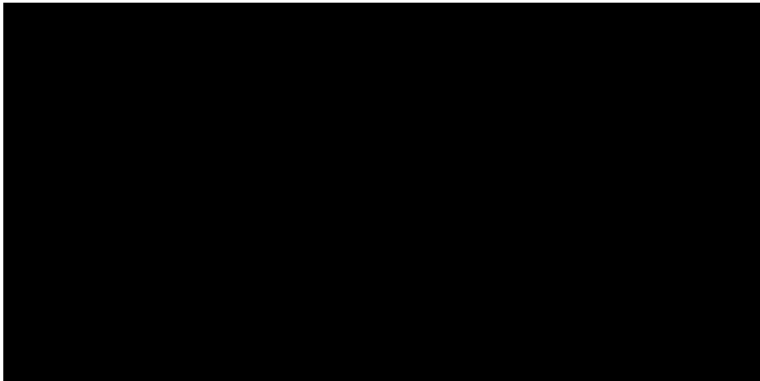
Do you think our assessment of Aurora's operating spending properly accounts for its capabilities and business costs?:

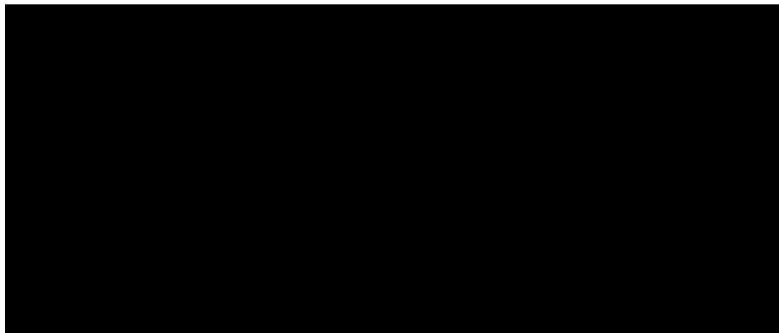
A major reason that Aurora's operational spending is so high is because [REDACTED] no one wants to work there unless they are receiving astronomical salaries. This is coupled with an exodus of staff leaving for more competent organisations which has meant a grave loss of institutional memory and expertise. This has been the case for several years. The situation is anomalous to another failed company, Fletcher B&I. The proposed over spending is so high that clearly there is a failure of both management and governance. If either were at all competent, they would have known that their efforts to have this extortionate level of spending approved would be benchmarked against other powerco's, and was destined to fail. ComCom need to lay out to the owner and power users in the starkest and clearest terms possible the extent of this failure, and install a commissioner and staff to restructure the operational side, as this is clearly beyond the present management and directors.

### **Further comments**

Is there anything else you want to bring to the Commission's attention?:

Aurora is one of the worst run utilities on New Zealand and has been for a very long time. ComCom must take drastic and possibly unprecedented measures to fix it. The power consumers and public have no confidence in Aurora. ComCom must also have an inquiry into the disgraceful behaviour of the Delta/Aurora executive team,





[REDACTED] ComCom will be aware that at this time Delta /  
Aurora were effectively the same entity -