

A4: Documentation of Assumptions

IM / notice reference	Assumptions
2.2.6(1), (2), (3), (4)	We note that no part of Chorus' FFLAS network has been deregulated nor is there a proposal to deregulate nor sell. On that basis the MAR model has not been modified to take into account deregulation or sale of Chorus' FFLAS network. This means the formula used and applied reverts to the closing FLA value in the preceding disclosure year.
2.2.8(7)(a)(ii)	We note that fixed life easements must be depreciated. The Fixed Asset Register includes both "Land easements" (which we have assumed are not eligible for depreciation under the IMs), and "Land Licences" (which we have assumed are required to be depreciated on the basis they are fixed life easements or otherwise depreciable assets under IM rules).
3.1.2(1)(d)	We assume compliance with 3.1.2(1)(d) as due to Chorus' internal accounting practices, no fixed membership fees are treated as operating costs and no separation is required.
3.2.1(7) and (8)	We interpret subclauses (7) and (8) as requiring Chorus to use cost allocators to allocate shared costs to <i>either or both</i> of PQ FFLAS or ID-only FFLAS, as the case may be.
3.3.2(2); A4	We assume the submission of the MAR model, that utilises the alternative depreciation method and alternative asset life method and is presented on that basis, complies with the relevant IMs.
3.4.1(4)	Regarding regulatory tax allowance, we assume that Subpart 3, Part 2 of the IMs is relevant in guiding interpretation in lieu of a PQ determination
A3.1.3	<p>The following working assumptions were used when preparing the April value of the risk-free rate, which was not the subject of any assurance process:</p> <ul style="list-style-type: none"> • A linear 3-year rate between the Bloomberg New Zealand Government bond 2-year index rate and the Bloomberg NZ Government bond 5-year index rate, calculated as at around 4pm, on 1 April 2021.
3.5.4	<p>The following working assumptions were used when preparing the April value of the debt premium, which was not the subject of any assurance process:</p> <ul style="list-style-type: none"> • The debt premium calculated for the IAV model is a reasonable proxy for the debt premium for the PQ path, in combination with the TCSD allowance.