



COMMERCE COMMISSION

INFORMATION DISCLOSURE REGULATION UNDER PART 4 OF THE COMMERCE ACT 1986

Workshop 3: Financial Disclosure Requirements – Specific Issues and Draft Templates

Introduction

1. The Commerce Commission is holding a workshop on the disclosure of financial information for suppliers of electricity lines and gas pipeline services (“suppliers”) on 10 June 2011. This workshop is part of a series of workshops with interested persons that was signalled in the 15 April 2011 Update on Process paper (Update Paper).¹ The workshops are to assist the Commission to prepare its draft decision and draft determinations on information disclosure (ID) requirements.
2. This paper sets out the purpose and scope of the workshop and includes:
 - A draft agenda;
 - Appendices which relate each session on the agenda; and the
 - Draft financial disclosures spreadsheet templates.
3. The Update Paper proposed holding two separate workshops on specific issues and the draft spreadsheet templates, but these workshops will now be held as a single workshop with the specific issues in the morning and the schedules in the afternoon. Attendees may wish to attend for the full day, only the morning or only the afternoon session.

Purpose of the workshop

4. The purpose of the Financial Disclosure Requirements workshop is to assist the Commission to prepare a draft information disclosure determination for consultation. This draft determination(s) will specify the historic financial information requirements for suppliers of electricity distribution services (EDBs), gas distribution services (GDBs) and suppliers of gas transmission services (GTBs).
5. The Commission’s broad approach to developing requirements for the disclosure of financial information by EDBs, GDBs, and GTBs is as follows:
 - i. Draft financial information disclosure templates have been developed using the existing DPP Starting Price Adjustment information request templates, the Airport ID templates, and the existing EDB templates. In developing these templates consideration has been given to the new input methodologies (IMs), the purpose of ID and the new Part 4 Purpose statement of the Commerce Act 1986. These

¹ Commerce Commission, *Information Disclosure Regulation Electricity Lines Services and Gas Pipeline Services Update on Process*, 15 April 2011, paragraphs 13–22.

- templates are proposed to form the basis for the future financial ID requirements for EDBs, GDBs, and GTBs;
- ii. These templates will be discussed at the workshop. The attached templates focus on EDBs but specific areas are identified where modifications are proposed to make the templates appropriate for GDBs and GTBs; and
 - iii. Issues specific to the current EDB requirements, which may lead to changes in the templates, are also identified for discussion at the workshop. These specific issues cover related parties, consolidation statements, and accounting for mergers and acquisitions.
6. The workshop will:
- Review the attached draft financial disclosure templates and the identified areas of difference between EDBs on one hand, and GDBs and GTBs on the other;
 - Consider whether additional or changed requirements are required in relation to:
 - The disclosure of transactions between related parties (including regulated and related unregulated businesses);
 - The disclosure of consolidation statements; and
 - The disclosure of information following a merger or acquisition.
7. Following the workshop the next formal step in the consultation process is the release of the Commission's Information Disclosure Draft Determination(s) for Electricity Lines and Gas Pipeline Services. This is planned for release in September 2011, and will include draft requirements specifying how information disclosure regulation is to apply to suppliers.

Pre-workshop preparation by attendees

8. Consistent with the process outlined in the Update Paper attendees are asked to identify key issues they wish to discuss at the workshop no later than **Thursday 2 June**. This should be in bullet point form, be marked for the attention of John Groot, and be emailed to the Commission at:
- regulation.branch@comcom.govt.nz
9. The Commission will then finalise the workshop agenda and confirm the attendees. A final agenda will be circulated by **Friday, 3 June** 2011.

Workshop

10. Attendees to the workshop will be contacted by the Commission. ENA is co-ordinating the list of representatives on behalf of EDBs.
11. Attendees will be limited to one per organisation, except where a different person will attend the afternoon session.
12. The workshop will be held at the Commission's offices at 44, The Terrace, Wellington on Friday 10 June. The workshop will start at 9am, and is expected to finish no later than 4.30pm. Morning tea, lunch and afternoon tea will be provided.
13. Transcripts of the workshops will not be prepared. Minutes from the meeting will be posted on the Commission's website.



COMMERCE COMMISSION

Financial Disclosures Workshop
Friday, 10 June 2011
9am – 4.30pm
Draft Agenda

To be held at the Commerce Commission offices at 44 The Terrace, Wellington.

Draft Agenda

(The times shown are approximate).

Meet and greet: 8.40 to 9am

9am - Preliminary session: Introductions (10 minutes)

The introduction will cover the purpose of the workshop, and provide a brief overview of the context for the work within the broader work programme.

Session 1: Specific issues: Disclosure of related party transactions (60 minutes)

The Commission is considering whether greater prescription is required for related party transactions given the volume and value of such transactions. Further discussion on this issue is attached in Appendix A.

The issues for discussion are:

- Whether the disclosure requirements relating to related party transactions should be reconsidered?
- If not, how should the disclosure requirements address related party transactions?
- How to ensure consistency in the approach to related party transactions adopted in ID with that in the asset valuation IM?

10.15am - Morning tea: (15 minutes)

Session 2: Specific issues: Disclosure of consolidation statements (60 minutes)

This session will discuss whether consolidation statements should be required for EDBs, GDBs and GTBs and, if so, how these may be produced by suppliers in practice. Appendix B contains further discussion on consolidation statements.

The issues for discussion are:

- Should consolidation statements be required to be disclosed?

- Assuming it was to be required, which suppliers should disclose a consolidation statement, which period should it relate to, when should it be disclosed, what information should be included in the statement, and how should regulatory periods be aligned to periods for statutory reporting?

Session 3: Specific issues: Information disclosure after a merger or acquisition (30 minutes)

This session will discuss the disclosure of information following a merger or acquisition. The issues for discussion are:

- Whether the transaction costs of a merger or acquisition should be included in the calculation of regulatory profit? If so, should the costs be spread over a number of periods?
- Whether additional disclosure of performance related information may be necessary to ensure interested persons use of performance related information is not affected as a result of a merger or acquisition?

Noon – Lunch (provided; one hour)

1pm - Session 4: Review of financial information disclosure templates (3 hours)

The purpose of this session is to canvas participants' views on the draft financial information disclosure templates which have been developed having regard to the format of the existing DPP Starting Price Adjustment information request templates, the Airport ID templates, and the existing EDB ID templates. The draft spreadsheet templates are attached as Appendix D, together with a list of issues to discuss for each of the specific template schedules and comments on the degree of sector-specific tailoring that may be required for EDBs, GDBs, and GTBs.

Conclusions and next steps (5 minutes)

To finish no later than 4.30pm

APPENDIX A: RELATED PARTIES

Purpose

1. This appendix:
 - Discusses the current disclosure of related party transactions and why the current requirements may need to be reconsidered;
 - Outlines the approach to related party transactions taken by Ofgem in the UK;
 - Discusses a request from Unison relating to the treatment of asset transfers between related parties as set out in the Asset Valuation IM; and
 - Outlines the options for requiring disclosure of related party transactions.

What is the purpose of related party disclosures?

2. Parties who are related to each other may have different incentives when setting the terms and conditions of transactions than parties who are not related. To use ID to assess whether the Part 4 Purpose is being met, interested persons need to understand whether and how the information being disclosed may be affected by related party dealings.
3. For a number of suppliers the basis on which transactions involving related parties are included in the disclosed information is unclear, while other suppliers ensure that related party transactions are undertaken on an equivalent to arms-length basis. For example, Orion and Maui Development Ltd have explained that their transactions with related parties take place on an arms-length basis. Orion's ID disclosures state the basis on which these prices are estimated, which includes contestable tenders.
4. The current ID reporting requirements for EDBs and GPBs require disclosure of certain information relating to transactions conducted with related parties. Based on the EDB disclosures, the value of related party transactions by EDBs was \$272 million. This is around 29% of the total operating and capital expenditure disclosed by EDBs. The current ID requirements do not specify how related party transactions are to be treated for the purposes of completing the financial statements (for GPBs) or schedule FS1 of the EDB ID templates.
5. The Commission's view is that the current requirements relating to related party transactions may not be sufficient to allow interested parties to assess what the level of expenditure (and profitability) would have been had the transaction been on an arms-length basis reflecting competitive prices. Given the significant disclosed value of related party transactions, the Commission is therefore considering how the disclosure regime should address related party transactions.

Ofgem's approach to related party transactions

6. Other economic regulators have also considered the issue of related party transactions. For example, in its most recent price reset for electricity distribution companies Ofgem does not generally permit the inclusion of any internal profit margins of the licensee or related party margins in the regulatory asset value "unless the related party concerned earns at

least 75 per cent of its turnover from sources other than related parties and charges to the licensed entity are consistent with charges to external customers.”²

Related party transactions and the cost allocation IM

7. The cost allocation IM sets out rules for the treatment of assets and expenses common to related business units of a supplier. However, it does not address all types of transactions between related parties. For example, the cost allocation IM (or other IMs) does not address:
 - The value of revenues derived from a related party; or
 - The value placed on services supplied by a related party.

Related party asset transfers and the asset valuation IM

8. The asset valuation IMs determined in December 2010 for EDBs, GDBs, and GTBs provide that an asset acquired from a related party enters the Regulatory Asset Base at the depreciated historic cost to the related party (or, where sufficient records to establish the depreciated historic cost do not exist, the market value of the asset determined by a valuer).³
9. Unison has requested a change to this IM to permit market valuations on asset transfers from related parties, irrespective of whether historic cost information exists.⁴ In its interim response to Unison, the Commission indicated that it agreed an amendment to the IM may be warranted and proposed this be consulted on formally, including with other interested parties.⁵
10. Given the issues concerning the appropriate treatment of asset transfers and operational expenditure are similar, the Commission considers that the issue of whether to amend the IM could also be discussed at the workshop. It may be possible to develop a consistent approach for both operational expenditure and asset transfers between related parties. Formal consultation on any material change to the IMs would still occur, as outlined in the Commission’s approach to such changes.⁶

Options

11. The Commission has identified a range of options for how related party transactions could be treated. These are briefly outlined in the table below, together with an initial assessment of the advantages and disadvantages of each option.

² Ofgem, *Electricity Distribution Price Control Review Final Proposals - Financial methodologies*, 7 December 2009, p.9.

³ See, for example, *Commerce Commission, Electricity Distribution Services Input Methodologies Determination 2010*, 22 December 2010, clauses 2.2.11.

⁴ Unison, *Letter to Karen Murray Re: Treatment of transactions between related parties*, 24 January 2011.

⁵ Commerce Commission, *Letter to Unison Re: Treatment of transactions between related parties*, 25 February 2011.

⁶ Commerce Commission, *Process for Amendments and Clarifications of Part 4 Determinations*, 8 March 2011.

Issues for discussion

12. The Commission welcomes views on these options and their implications at the workshop, and in particular:

- Whether the disclosure requirements relating to related party transactions should be reconsidered;
- If so, how should the disclosure requirements address related party transactions:
 - Whether there are additional options for addressing related party transactions which have not been identified in the table below;
 - Which option in the table below is to be preferred in providing interested persons with sufficient information in a context where there is a material amount of transactions between related parties; and
- How to ensure consistency in the approach to related party transactions adopted in ID with that in the asset valuation IM?

High level analysis of options for the disclosure of related party transactions

Option	ID Requirement	Considerations and Outcomes
1	<p>Current EDB requirements (status quo) extended to GDBs and GTBs. Captures transactions between regulated and unregulated business units and transactions with external related parties.</p>	<p>Disclosed information relates primarily to identify the existence and the extent of related party transactions.</p> <p><i>Outcome: Interested persons are unable to determine the level of expenditure (or profits) had the transaction been on an arm's length basis.</i></p>
2	<p>Transactions to be included using arm's length prices. Scope of current EDB requirements extended to GDBs and GTBs. The requirements are extended by requiring all related party transactions to be included on an arm's length basis.</p>	<p>Suppliers must establish arm's length prices. Certification required attesting to arm's length prices (a potentially difficult requirement).</p> <p><i>Outcome: Interested persons know disclosed expenses/profits are not affected by related party incentives and therefore reflect competitive market outcomes.</i></p>
3	<p>Transactions to be included at cost to the related party providing the service. Scope of current EDB requirements extended to GDBs and GTBs. The requirements are extended by requiring all related party transfers to be included at the cost to the related party providing the services or asset.</p>	<p>Consistent with IMs prescription for assets acquired from related parties. Additional certification required attesting to 'cost' values.</p> <p><i>Outcome: Interested persons know disclosed expenses/profits are not affected by related party incentives.</i></p>
4	<p>Require additional disclosure of prices in excess of an arm's length price. Scope of current EDB requirements extended to GDBs and GTBs. The requirements are extended by requiring disclosure of the extent to which the price paid on related party transactions exceeded the arm's length price.</p>	<p>Less direct way of achieving a similar outcome to option 2 above. Interested persons can calculate the regulatory expenses and profits as if arm's length prices had been used. Additional certification required attesting to disclosure of amounts charged above arm's length prices (potentially difficult).</p> <p><i>Outcome: Interested persons have information on the impact of related party transactions on disclosed revenues and expenses.</i></p>

Option	ID Requirement	Considerations and Outcomes
5	<p>Require more information (including margins on external sales) Scope of current EDB requirements extended to GDBs and GTBs. The requirements are extended by requiring disclosure of additional information, including information on internal margins versus external margins. (External margins are assumed to be a proxy for the margins on an arm's length transaction).</p>	<p>Confidentiality concerns over the disclosure on margins on unregulated services (unlike option 4 where the arm's length price is stated but the internal margin does not have to be disclosed). Additional certification required addressing the requirement for disclosure of excess costs charged above an arm's length prices. Supplier may not make external sales, so may not be able to supply additional information.</p> <p><i>Outcome: Interested persons can estimate the impact of related party transactions on disclosed revenues and expenses.</i></p>
6	<p>Require transactions to be disclosed at cost unless the supplier also makes significant external sales on the same basis as for related party transactions (the Ofgem approach) Scope of current EDB requirements extended to GDBs and GTBs. The requirements are changed to require related party transactions to be disclosed at cost to the supplying entity unless it can be shown that the supplier makes a significant level of external sales on the same terms and conditions (to those for the related party transactions).</p>	<p>A threshold (Ofgem 75%) needs to be established, as well as evidential requirements to show the charges on external and related party transactions are the same.</p> <p><i>Outcome: Interested persons know disclosed expenses/profits are not affected by related party incentives.</i></p>

APPENDIX B: CONSOLIDATION STATEMENTS

Rationale for consolidation statements

1. Section 53D of the Commerce Act provides that a section 52P determination may require the disclosure of consolidated information to enable the Commission to monitor compliance with ID regulation applying to regulated goods or services. Section 53D(3) provides that consolidated information can include consolidated financial statements for all of the suppliers' businesses, and for the unregulated services, and a reconciliation between these consolidated financial statements.
2. Information disclosed under ID is prepared for a specific purpose under bespoke requirements. These requirements are different to the more commonly used and better understood general purpose accounts (prepared under GAAP). For information disclosed under ID to be useful and comparable, it is essential that it is reliable and that it complies with the requirements.
3. A reconciliation of information prepared under ID with that provided under GAAP can provide the Commission with additional assurance that suppliers are complying with the ID requirements. In particular, the preparation of consolidation statements ensures the differences between the GAAP and ID information have been identified and quantified. The Commission can also analyse the information provided in the consolidation statement and compare the revenues, expenses, margins, assets, and returns on investment demonstrated for the regulated and unregulated businesses, and draw its own conclusion as to whether the information disclosed under ID is likely to comply with the ID requirements.

Relationship between consolidation statements and the cost allocation IM

4. The cost allocation IM specifies how common costs and assets should be allocated between regulated and unregulated services. The consolidation statement can potentially complement the cost allocation IM by providing additional information that can be used to help assess compliance with the cost allocation IM. For example, information on the allocation of common costs and assets between regulated and unregulated services can be compared with the information in the consolidation statements showing how revenue, property plant and equipment, and costs have been allocated between the regulated and unregulated services.

An example of a consolidation statement - Airports

5. Suppliers of regulated airports are required to disclose consolidation statements as part of their information disclosures.⁷ The Airports ID Determination provides an example format for a consolidation statement.⁸ This is shown below.

⁷ Commerce Commission, *Airports Information Disclosure Determination Pursuant to Part 4 of the Commerce Act 1986*, 22 December 2010, requirement 2.3(1)(vii).

⁸ Commerce Commission, *Airports Information Disclosure Determination Pursuant to Part 4 of the Commerce Act 1986*, 22 December 2010, schedule 8.

Regulated Airport For Year Ended		<div style="border: 1px solid black; padding: 2px; display: inline-block;"> <b style="color: blue;">Airport Company <b style="color: blue;">31 March 2011 </div>			
SCHEDULE 8: CONSOLIDATION STATEMENT					
<small>ref Version 1.1 (test version)</small>					
6	8a: CONSOLIDATION STATEMENT				
		Regulatory/ GAAP	Airport Business-	Unregulated Activities-	(\$000) Airport Company-
		Adjustments	GAAP	GAAP	GAAP
7		Airport Businesses			
8					
9	Net income	-			
10					
11	Total operational expenditure	-			
12					
13	Operating surplus / (deficit) before interest, depreciation, revaluations and tax	-	-	-	-
14					
15	Depreciation	-			
16	Revaluations	-			
17	Tax expense	-			
18					
19	Net operating surplus / (deficit) before interest	-	-	-	-
20					
21	Property plant and equipment	-			
22					
23	8b: NOTES TO CONSOLIDATION STATEMENT				
24	8b(i): REGULATORY / GAAP ADJUSTMENTS				
25				(\$000)	
26	Description of Regulatory / GAAP Adjustment	Affected Line Item	Regulatory / GAAP Adjustments *		
27		[Select one]			
28		[Select one]			
29		[Select one]			
30		[Select one]			
31		[Select one]			
32		[Select one]			
33		[Select one]			
34	<small>* To correspond with the clause 8a column Regulatory/GAAP adjustments</small>				
35	Commentary on the Consolidation Statement				
36					
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Differences between Airports and EDBs / GPBs

- There are some important differences between airports and regulated energy suppliers in relation to a requirement to prepare consolidation statements. These differences,

some of which would increase the complexity of preparing consolidation statements for regulated energy suppliers, are:

- Some regulated energy suppliers have different year-ends for financial reporting and regulatory disclosure purposes.
- Some regulated energy suppliers supply more than one regulated service and have more than one regulatory year-end. For example, the year-end for EDB ID is March, while that for GPBs may be June or December.
- Some regulated energy suppliers have a relatively greater proportion of their total business which is subject to regulation under Part 4, than the suppliers of regulated airport services.

Issues for Discussion at the Workshop

7. It is proposed that the workshop discuss the following points.

Discussion point 1: Should consolidation statements be required?

8. The benefits of consolidation statements are that they are useful in:

- Reconciling the differences between the regulatory and financial accounts;
- Assessing the reliability of information disclosed under regulation;
- Providing assurance that the disclosures comply with the disclosure requirements; and
- Showing the regulated business in context of total business activities undertaken by the entity.

Are there other benefits from the disclosure of consolidation statements?

9. In submissions suppliers have identified a range of objections to disclosing consolidation statements. The objections include that consolidation statements:

- Entail a cost to prepare;
- Are not necessary to assess performance against the Part 4 Purpose statement;
- Involve disclosure of performance information on unregulated businesses; and
- Duplicate the role of the auditor.

Are there other objections to the disclosure of consolidation statements?

Discussion point 2: If consolidation statements are required, what should the disclosure requirements be?

10. If consolidation statements are required to be disclosed, a number of practical issues need to be considered in specifying the requirement. For example:

- Should all regulated suppliers be required to disclose consolidation statements or only some regulated suppliers;
- What items should be required to be included in the consolidation statements;

- Which period should consolidation statements relate and when should they be prepared and disclosed; and
- How should the regulatory period be aligned with the financial periods.

Each of these questions is discussed in turn below.

Who should disclose consolidation statements?

11. Who should be subject to the requirement to prepare consolidation statements?

- All regulated suppliers or a subset of suppliers? A threshold level could be specified based on the size of the regulated business relative to the total business. Where should any such threshold be specified?

What information should be included in the consolidation statement?

12. What line items should be included in consolidation statements? For airports the following were included:

- Net income
- Total operational expenditure
- Operating surplus / deficit before interest, depreciation, revaluations and tax
- Depreciation
- Revaluations
- Tax expense
- Net operating surplus / (deficit) before interest
- Property, plant and equipment

Are there any reasons why different line items would be more appropriate for EDBs and/or GPBs? Should capex be included also?

When should the consolidation statement be prepared and disclosed?

13. At what date should the consolidation statement be prepared?

- At the suppliers' financial year-end, or the year-end for the regulated service under information disclosure?
- When would the consolidation statement be required to be disclosed?
 - At each information disclosure year-end or only at the financial reporting year-end?
 - ID information is required to be disclosed within 5 months of the end of the disclosure year-end, i.e. end of August for an EDB.
 - But many suppliers have different financial year-ends, e.g. June. Consolidated accounts for financial reporting purposes may not be completed until September or later for a supplier with a June year-end. That is, after the due date for reporting ID.

How should the consolidation statement align the regulatory period with the date of the financial period?

- A supplier may have a financial year-end which differs from the ID year-end, creating a 'stub' period. How should any requirement for consolidation statements deal with this 'stub' period?

APPENDIX C: INFORMATION DISCLOSURE AFTER A SALE, MERGER OR ACQUISITION

Purpose

1. This appendix:
 - Discusses whether the transaction costs from a merger or acquisition should be included in the calculation of regulatory profit; and
 - Discusses how performance information should be disclosed in the event of a merger or acquisition.
2. The current ID requirements for EDBs do not include the transaction costs from a merger or acquisition to be included in the calculation of regulatory profit. The 2009 Discussion Paper proposed changing this requirement by including such costs in regulatory profit, but requiring their separate disclosure (as they may be lumpy).⁹ The inclusion of such transaction costs would be subject to the cost allocation IM where it relates to the merger, acquisition, or sale of a business with both regulated and unregulated components.
3. A large sale, merger or acquisition can materially alter the operating metrics of a business with the potential to distort performance and efficiency indicators. In acknowledgment of this, the current EDB ID requirements specify that:
 - The denominators for the performance comparators in the MP2 schedule are to be calculated as a time-weighted average across the year of merger, acquisition or sale; and
 - Information is also to be reported up until the date before the sale, merger or acquisition on the MP1 and MP3 Schedule.
4. Such disclosures may not address fully the impacts of a merger or acquisition. For example, when the sale, merger or acquisition occurs partway through the disclosure year and involves assets with significant differences in performance to the existing business, separate information on the performance of each business may better reflect business performance and the service consumers received. This may also ensure a better time series of data for making comparisons over time. Therefore, the ID requirements could require regulated suppliers to report:
 - Performance information for the original business as if the merger or acquisition had not occurred; and
 - Performance information for the additional or acquired business as if the merger or acquisition had occurred at the first day of the disclosure year.

Issues for Discussion at the Workshop

5. The Commission would like to discuss:
 - Whether merger and acquisition transaction costs should be included in the calculation of regulatory profit?
 - If so, whether these should be included in the year of a transaction or spread over a longer period?

⁹ Commerce Commission, Information Disclosure Discussion Paper, 29 July 2009, at paragraph 241.

- Whether this disclosure should include costs from investigating a merger or acquisition which did not proceed, and/or the costs incurred by a regulated supplier responding to a merger or acquisition proposal.
- Whether additional disclosure should be required to ensure a reliable time series of performance related data is available after a merger or acquisition? How long should this additional information be required to be disclosed?

APPENDIX D: DRAFT FINANCIAL DISCLOSURE TEMPLATES

Spreadsheet templates

1. The attached draft financial disclosure templates have been developed in Microsoft Excel format with regard to:
 - the existing EDB DPP Starting Price Adjustment information request templates;¹⁰
 - the Airport ID templates;¹¹ and
 - the existing EDB ID templates.¹²
2. The templates have been prepared initially in respect of EDBs only, and comprise nine schedules in report format, together with a cover sheet, a table of contents and template guidelines. The content of the schedules is intended to align with the requirements of the EDB IMs and is subject to discussion on other subject areas at workshops and formal consultation on overall EDB ID requirements.
3. When finalised, the templates are likely to also require a list of defined terms to be included for the benefit of users.

Comments on various schedules

4. In preparing the draft schedules for EDBs, the Commission has identified a number of issues that it wishes to receive comments on from workshop attendees:
 - Schedule 1a:
 - Are comparator ROIs for the preceding 2 year period required in the first and second years of ID disclosure (2012 and 2013 respectively)?
 - Should the results of assessment with the DPP compliance formula also be included on this schedule (i.e. in addition to usual compliance statements)?
 - Schedule 1b:
 - Is the categorisation of “commissioned projects” useful in an EDB context? Are there more useful ways of grouping commissioned assets, e.g. by asset type or class, or consistent with EDB Asset Management Plans or customised price-quality path requirements?
 - If “commissioned projects” are retained should there be a threshold determined (e.g. monetary value) for what constitutes such a project?
 - Schedule 4a:
 - Should there be separate disclosures of the value of vested assets and amounts of capital contributions?
 - If so, on what basis should the information be disclosed (e.g. market value)?

¹⁰ Commerce Commission, *EDB Starting Price Adjustment Information Notice Template issued 16 March 2011 (29 April 2011 update)*, located at <http://www.comcom.govt.nz/2010-2015-default-price-quality-path/>

¹¹ Commerce Commission, *Commerce Act (Specified Airport Services Information Disclosure) Determination 2010*, 22 December 2010.

¹² Commerce Commission, *2011 Template Electricity Distribution Information Disclosure Requirements 31 March 2011*, located at: <http://www.comcom.govt.nz/electricity-information-disclosure-requirements/>

- Schedule 4b(iv) and (vi):
 - Is it necessary for interested persons to have information on works under construction given that works under construction does not form part of the regulated asset base under the EDB IMs?
 - Is it useful to have non-SFA assets identified separately?
 - Schedule 8:
 - Should this schedule only be required for the initial year of disclosure (2012)?
5. Comments on other aspects of the templates, including the suitability of the proposed Microsoft Excel format are also welcomed.

Sector-specific tailoring of the schedules

6. The draft templates relate to proposed disclosures for EDBs. At this stage the Commission has identified the following main areas that will need further tailoring to cater for GDBs and GTBs, and invites comments from workshop attendees on these or other relevant areas:
- Categories of operating expenses, capital expenditure and assets will need to be considered;
 - The regulatory tax allowance will need to cater for the tax payable approach in respect of GTBs (e.g. it does not involve a separate calculation of deferred tax); and
 - Initial regulatory asset base schedule needs to be tailored for the particular sector (2012 disclosures only).

Tidy cursor position and sheet scaling

Set sheet protection

Remove sheet protection



COMMERCE COMMISSION

**Electricity Distribution Services Information Disclosure Requirements
Information Templates
for
Historical Financial Information**

Company Name

Electricity Distribution Business

Disclosure Date

31 August 2013

Disclosure Year Ended

31 March 2012

Version 1.1 (workshop version).

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2	REPORT ON THE REGULATORY PROFIT
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3	REPORT ON COST ALLOCATIONS (cont)
4	REPORT ON REGULATORY ASSET BASE ROLL FORWARD
5	REPORT ON ASSET ALLOCATIONS
5	REPORT ON ASSET ALLOCATIONS (cont)
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6	REPORT ON THE REGULATORY TAX ALLOWANCE (cont)
7	REPORT ON THE ALLOWANCE FOR TERM CREDIT SPREAD DIFFERENTIAL
8	REPORT ON INITIAL REGULATORY ASSET BASE VALUE
9	REPORT ON EXPENDITURE FORECASTS AND RECONCILIATION

Disclosure Template Guidelines

Version 1.1 (workshop version)

Internal consistency check

Templates

The templates (including the formulas) contained in this workbook have been prepared for the purposes of consultation with interested parties at the workshop scheduled for early June 2011 and are intended to reflect the input methodologies applying to EDBs set out in Commerce Commission decision 710 (Commerce Act (Electricity Distribution Services Input Methodologies) Determination 2010).

Data entry cells and calculated cells

Data can be entered in unshaded cells. Some of the information required for disclosure is able to be ascertained from other disclosures contained within the templates. To ensure consistency, formulas are used to derive these disclosures where doing so is appropriate. All cells that are not data entry cells will ultimately be locked using worksheet protection to ensure they are not overwritten.

Validation settings on data entry cells

Data validation settings have been applied to some data entry cells. Where data validation has been applied the choice of entries may be limited, for example to a list of category names. The purpose of this is to maintain a consistency of format and to guard against errors in data entry.

Data entry cells for text entries

Cells labelled "Short text entry cell" have a maximum text length of about 250 characters. However, it is expected that this text length will not be approached because of page layout constraints. The text-length limit of comment boxes is limited by the capacity of the spreadsheet program, the number of rows allocated to each comment box, and page layout constraints. Comment boxes may contain references to more detail publicly disclosed with the templates in a supplementary document. Row widths can be adjusted to increase the viewable size of text entries. Microsoft Excel allows a paragraph feed to be entered in a text cell by keying in {alt}{shift}.

Company Name
Disclosure Year Ended

Electricity Distribution Business
31 March 2012

SCHEDULE 1: REPORT ON RETURN ON INVESTMENT

ref Version 1.1 (workshop version)

(\$000 unless otherwise specified)

1a: Return on Investment

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Return on Investment (ROI)

for year ended

CY-2	CY-1	Current Year CY
31 Mar 10	31 Mar 11	31 Mar 12

Regulatory profit / (loss)			-
less Notional interest tax shield			-
Adjusted regulatory profit	-	-	-
Regulatory investment value			-
ROI—comparable to a post tax WACC (%)	Not defined	Not defined	Not defined
Post tax WACC (%)			
ROI—comparable to a vanilla WACC (%)	Not defined	Not defined	Not defined
Vanilla WACC (%)			

Commentary on Return on Investment

Company Name **Electricity Distribution Business**
Disclosure Year Ended **31 March 2012**

SCHEDULE 1: REPORT ON RETURN ON INVESTMENT (cont)

ref Version 1.1 (workshop version)

(\$000 unless otherwise specified)

54 **1b: Notes to the Report**55 **1b(i): Deductible Interest and Interest Tax Shield**

56	Regulatory investment value	-
57	Leverage assumption (%)	44%
58	Cost of debt assumption (%)	
59	Allowance for term credit spread differential	-
60	Notional deductible interest	-
61	Corporate tax rate (%)	-
62	Notional interest tax shield	-

63 **1b(ii): Regulatory Investment Value**

64	Total opening RAB value	-
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65	Commissioned Projects	Commissioned Value (\$000)	Proportion of Year Available (%)	Proportionate Regulatory Value
66	[Commissioned Project 1]			-
67	[Commissioned Project 2]			-
68	[Commissioned Project 3]			-
69	[Commissioned Project 4]			-
70	[Commissioned Project 5]			-
71	[Commissioned Project 6]			-
72	[Commissioned Project 7]			-
73	[Commissioned Project 8]			-
74	[Commissioned Project 9]			-
75	plus Other assets commissioned		50%	-
76	plus Adjustment for merger, acquisition or sale activity			-
77	less Asset disposals		50%	-
78	RAB investment	-		
79	RAB proportionate investment			-
80				
81	plus Opening deferred tax balance			-
82				
83	Regulatory investment value			-

Page 2

Company Name
Disclosure Year Ended

Electricity Distribution Business
31 March 2012

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

ref Version 1.1 (workshop version)

2a: Regulatory Profit		(\$000)	(\$000)
6	Income		
7	Line revenue through prices		
8	Other operating revenue		
9	[Category]		
10	[Category]		
11	[Category]		
12	[Category]		
13	Total operating revenue		-
14	Gains / (losses) on sale of assets		
15	Other regulatory income		
16	Total regulatory income		-
17	Expenses		
18	General management, administration and overheads	-	
19	System management and operations	-	
20	Routine and preventative maintenance	-	
21	Refurbishment and renewal maintenance	-	
22	Fault and emergency maintenance	-	
23	Other	-	
24	Pass-through costs		
25	Local body rates		
26	Electricity levies		
27	[Other clause 3.1.2 category]		
28	Recoverable costs		
29	[Clause 3.1.3 category]		
30	[Clause 3.1.3 category]		
31	[Clause 3.1.3 category]		
32	Total operational expenditure		-
33	Operating surplus / (deficit)		-
34	Total depreciation		-
35	Total revaluations		-
36	Regulatory profit / (loss) before tax & allowance for long term credit spread		-
37	less Allowance for long term credit spread		-
38	Regulatory profit / (loss) before tax		-
39	less Regulatory tax allowance		-
40	Regulatory profit / (loss)		-
41	Commentary on regulatory profit		
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Company Name
Disclosure Year Ended

Electricity Distribution Business
31 March 2012

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

ref Version 1.1 (workshop version)

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2b: Related party expenditure - summary

	(\$000)
Avoided transmission charges	
Operational expenditure	
Subvention payments	
Other related party expenditure	
Total related party expenditure	-

2c: Reclassified items in expenses

	(\$000)
Value of items reclassified since previous disclosure *	
Previous classification	[Category]
New classification	[Category]
Value of items reclassified since previous disclosure *	
Previous classification	[Category]
New classification	[Category]
Value of items reclassified since previous disclosure *	
Previous classification	[Category]
New classification	[Category]
Value of items reclassified since previous disclosure *	
Previous classification	[Category]
New classification	[Category]

* if greater than 10% of any affected line item.

SCHEDULE 3: REPORT ON COST ALLOCATIONS

ref Version 1.1 (workshop version)

3a: Cost Allocations (Non-Public)

ref	Opex category	Cost allocator	Allocator type	Allocation methodology type	Allocator metrics or proportion allocated		Value allocated				OVABAA allocation increase	Rationale	Line items
					Electricity distribution services	Non-electricity distribution services	Arm's length deduction	Electricity distribution services	Non-electricity distribution services	Total			
11	General management, administration and overheads												
12	Directly attributable costs												
13	Costs not directly attributable												
14	Insert category of operating costs	Allocator 1	Causal or proxy	e.g. ABAA									
15	Insert category of operating costs	Allocator 2	Causal or proxy	e.g. ABAA									
16	Insert category of operating costs	Allocator 3	Causal or proxy	e.g. ABAA									
17	Total costs not directly attributable												
18	Total costs												
19	System management and operations												
20	Directly attributable costs												
21	Costs not directly attributable												
22	Insert category of operating costs	Allocator 1	Causal or proxy	e.g. ABAA									
23	Insert category of operating costs	Allocator 2	Causal or proxy	e.g. ABAA									
24	Insert category of operating costs	Allocator 3	Causal or proxy	e.g. ABAA									
25	Total costs not directly attributable												
26	Total costs												
27	Routine and preventive maintenance												
28	Directly attributable costs												
29	Costs not directly attributable												
30	Insert category of operating costs	Allocator 1	Causal or proxy	e.g. ABAA									
31	Insert category of operating costs	Allocator 2	Causal or proxy	e.g. ABAA									
32	Insert category of operating costs	Allocator 3	Causal or proxy	e.g. ABAA									
33	Total costs not directly attributable												
34	Total costs												
35	Refurbishment and renewal maintenance												
36	Directly attributable costs												
37	Costs not directly attributable												
38	Insert category of operating costs	Allocator 1	Causal or proxy	e.g. ABAA									
39	Insert category of operating costs	Allocator 2	Causal or proxy	e.g. ABAA									
40	Insert category of operating costs	Allocator 3	Causal or proxy	e.g. ABAA									
41	Total costs not directly attributable												
42	Total costs												
43	Fault and emergency maintenance												
44	Directly attributable costs												
45	Costs not directly attributable												
46	Insert category of operating costs	Allocator 1	Causal or proxy	e.g. ABAA									
47	Insert category of operating costs	Allocator 2	Causal or proxy	e.g. ABAA									
48	Insert category of operating costs	Allocator 3	Causal or proxy	e.g. ABAA									
49	Total costs not directly attributable												
50	Total costs												
51	Other												
52	Directly attributable costs												
53	Costs not directly attributable												
54	Insert category of operating costs	Allocator 1	Causal or proxy	e.g. ABAA									
55	Insert category of operating costs	Allocator 2	Causal or proxy	e.g. ABAA									
56	Insert category of operating costs	Allocator 3	Causal or proxy	e.g. ABAA									
57	Total costs not directly attributable												
58	Total costs												

Company Name
Disclosure Year Ended

Electricity Distribution Business
31 March 2010

SCHEDULE 3: REPORT ON COST ALLOCATIONS (cont)

ref Version 1.1 (workshop version)

3b: Cost Allocations (Public)

69	Opex category	Cost allocators	Percentage of value allocated to electricity distribution services using proxy allocator type	Percentage of value allocated to electricity distribution services using ACAM	Percentage of value allocated to electricity distribution services using ABAA	Percentage of value allocated to electricity distribution services using OVABAA	Value allocated				OVABAA allocation increase	Rationale	Line items
							70	71	72	73			
74							Arm's length deduction	Electricity distribution services	Non-electricity distribution services	Total			
71	<u>General management, administration and overheads</u>												
72	Directly attributable costs												
73	Costs not directly attributable	Allocators								-			
74	Total costs									-			
75	<u>System management and operations</u>												
76	Directly attributable costs												
77	Costs not directly attributable	Allocators								-			
78	Total costs									-			
79	<u>Routine and preventive maintenance</u>												
80	Directly attributable costs												
81	Costs not directly attributable	Allocators								-			
82	Total costs									-			
83	<u>Refurbishment and renewal maintenance</u>												
84	Directly attributable costs												
85	Costs not directly attributable	Allocators								-			
86	Total costs									-			
87	<u>Fault and emergency maintenance</u>												
88	Directly attributable costs												
89	Costs not directly attributable	Allocators								-			
90	Total costs									-			
91	<u>Other</u>												
92	Directly attributable costs												
93	Costs not directly attributable	Allocators								-			
94	Total costs									-			

Company Name	Electricity Distribution Business
Disclosure Year Ended	31 March 2010

SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

Ref Version 1.1 (workshop version)

3c: Changes in Cost Allocators (Public)

			CY-1	Current Year	CY+1
			31 Mar 11	31 Mar 12	31 Mar 13
104	Operating cost category				
105	Original allocator or components		Original		
106	New allocator or components		New		
107	Rationale		Difference	-	-
108					
109	Operating cost category				
110	Original allocator or components		Original		
111	New allocator or components		New		
112	Rationale		Difference	-	-
113					
114	Operating cost category				
115	Original allocator or components		Original		
116	New allocator or components		New		
117	Rationale		Difference	-	-
118					

119 **Commentary on Cost Allocations**

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Company Name **Electricity Distribution Business**
 Disclosure Year Ended **31 March 2012**

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD

ref Version 1.1 (workshop version)

4a: Regulatory Asset Base Roll Forward

	Unallocated RAB *		RAB	
	(\$000)	(\$000)	(\$000)	(\$000)
Total opening RAB value				
<i>less</i>				
Total depreciation		-		-
<i>plus</i>				
Total revaluations		-		-
<i>plus</i>				
Assets commissioned (other than below)				
Assets acquired from a regulated supplier				
Assets acquired from a related party				
Assets commissioned		-		-
<i>less</i>				
Asset disposals (other than below)				
Asset disposals to a regulated supplier				
Asset disposals to a related party				
Assets disposed		-		-
<i>plus</i> Lost and found assets adjustment				
Adjustment resulting from cost allocation				-
Total closing RAB value †		-		-

Commentary

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* The 'unallocated RAB' is the total value of those assets used wholly or partially to provide electricity distribution services without any allowance being made for the allocation of costs to non-regulated services. The RAB value represents the value of these assets after applying this cost allocation. Neither value includes works under construction.

† To correspond with the total assets value disclosed in the Report on Segmented Information.

4b: Notes to the Report

4b(i): Regulatory Depreciation

	Unallocated RAB *		RAB	
	(\$000)	(\$000)	(\$000)	(\$000)
Depreciation - standard method				
Depreciation - non-standard method				
Depreciation - alternative method per CPP				
Regulatory depreciation		-		-

Company Name **Electricity Distribution Business**
 Disclosure Year Ended **31 March 2012**

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD (cont)

ref Version 1.1 (test version)

(\$000 unless otherwise specified)

4b(ii): Non-Standard Depreciation Disclosure

Non-standard Depreciation Methodology	Depreciation charge for the period (RAB)	Year change made (text entry)	Closing RAB value under 'non-standard' depreciation	Closing RAB value under 'standard' depreciation

4b(iii): Calculation of Revaluation Rate and Revaluation of Assets

CPI at CPI reference date—preceding disclosure year	
CPI at CPI reference date—current disclosure year	
Revaluation rate (%)	Not defined

	Unallocated RAB * (\$000)	RAB (\$000)
Total opening RAB value		
Prima facie total revaluations		
less Revaluations for fully depreciated, disposed and lost assets		
Total revaluations		

4b(iv): Works Under Construction roll forward

	Unallocated works under construction	Allocated works under construction
Works under construction—preceding disclosure year		
plus Capital expenditure		
less Assets commissioned		
Works under construction - current disclosure year		
Highest rate of capitalised finance applied		

4b(v): Capital Expenditure by Primary Purpose

Customer connection	
System growth	
Reliability, safety and environment	
Asset replacement and renewal	
Asset relocations	
Total capital expenditure	

4b(vi): Disclosure by Asset Classes

	Subtransmission	Zone substations	Distribution and LV lines	Distribution and LV cables	Distribution substations and transformers	Distribution switchgear	Other SFA	Other assets	Total *
Opening RAB value									
less Regulatory depreciation									
plus Indexed revaluations									
plus Assets commissioned (related party)									
plus Assets commissioned (other)									
less Assets disposed (related party)									
less Assets disposed (other)									
plus Lost and found assets adjustment									
plus Adjustment resulting from cost allocation									
plus Changes in asset categorisation									
Closing RAB value									
Opening RAB value of assets disposed of to related party									
Closing RAB value of assets acquired from related party									

* Corresponds to values in RAB roll forward calculation.

SCHEDULE 5: REPORT ON ASSET ALLOCATIONS

ref Version 1.1 (workshop version)

6 5a: Allocations of unallocated closing RAB values (non-public)

ref	Asset categories	Asset allocator	Allocator type	Allocation methodology type	Allocator metrics or proportion allocated		Value allocated				OVABAA allocation increase	Rationale	Line items
					Electricity distribution services	Non-electricity distribution services	Arm's length deduction	Electricity distribution services	Non-electricity distribution services	Total			
10	Subtransmission												
11	Regulated service asset value directly attributable												
12	Regulated service asset value not directly attributable												
13	Insert asset description	Allocator 1	Causal or proxy	e.g. ABAA									
14	Insert asset description	Allocator 2	Causal or proxy	e.g. ABAA									
15	Insert asset description	Allocator 3	Causal or proxy	e.g. ABAA									
16	Total regulated service asset value not directly attributable												
17	Total regulated service asset category value												
18	Zone substation												
19	Regulated service asset value directly attributable												
20	Regulated service asset value not directly attributable												
21	Insert asset description	Allocator 1	Causal or proxy	e.g. ABAA									
22	Insert asset description	Allocator 2	Causal or proxy	e.g. ABAA									
23	Insert asset description	Allocator 3	Causal or proxy	e.g. ABAA									
24	Total regulated service asset value not directly attributable												
25	Total regulated service asset category value												
26	Distribution and LV lines												
27	Regulated service asset value directly attributable												
28	Regulated service asset value not directly attributable												
29	Insert asset description	Allocator 1	Causal or proxy	e.g. ABAA									
30	Insert asset description	Allocator 2	Causal or proxy	e.g. ABAA									
31	Insert asset description	Allocator 3	Causal or proxy	e.g. ABAA									
32	Total regulated service asset value not directly attributable												
33	Total regulated service asset category value												
34	Distribution and LV cables												
35	Regulated service asset value directly attributable												
36	Regulated service asset value not directly attributable												
37	Insert asset description	Allocator 1	Causal or proxy	e.g. ABAA									
38	Insert asset description	Allocator 2	Causal or proxy	e.g. ABAA									
39	Insert asset description	Allocator 3	Causal or proxy	e.g. ABAA									
40	Total regulated service asset value not directly attributable												
41	Total regulated service asset category value												
42	Distribution substations and transformers												
43	Regulated service asset value directly attributable												
44	Regulated service asset value not directly attributable												
45	Insert asset description	Allocator 1	Causal or proxy	e.g. ABAA									
46	Insert asset description	Allocator 2	Causal or proxy	e.g. ABAA									
47	Insert asset description	Allocator 3	Causal or proxy	e.g. ABAA									
48	Total regulated service asset value not directly attributable												
49	Total regulated service asset category value												
50	Distribution switchgear												
51	Regulated service asset value directly attributable												
52	Regulated service asset value not directly attributable												
53	Insert asset description	Allocator 1	Causal or proxy	e.g. ABAA									
54	Insert asset description	Allocator 2	Causal or proxy	e.g. ABAA									
55	Insert asset description	Allocator 3	Causal or proxy	e.g. ABAA									
56	Total regulated service asset value not directly attributable												
57	Total regulated service asset category value												
58	Other system fixed assets												
59	Regulated service asset value directly attributable												
60	Regulated service asset value not directly attributable												
61	Insert asset description	Allocator 1	Causal or proxy	e.g. ABAA									
62	Insert asset description	Allocator 2	Causal or proxy	e.g. ABAA									
63	Insert asset description	Allocator 3	Causal or proxy	e.g. ABAA									
64	Total regulated service asset value not directly attributable												
65	Total regulated service asset category value												
66	Other assets												
67	Regulated service asset value directly attributable												
68	Regulated service asset value not directly attributable												
69	Insert asset description	Allocator 1	Causal or proxy	e.g. ABAA									
70	Insert asset description	Allocator 2	Causal or proxy	e.g. ABAA									
71	Insert asset description	Allocator 3	Causal or proxy	e.g. ABAA									
72	Total regulated service asset value not directly attributable												
73	Total regulated service asset category value												
74	Total regulated service asset value directly attributable												
75	Total regulated service asset value not directly attributable												
76	Total regulated service asset value												
77													

SCHEDULE 5: REPORT ON ASSET ALLOCATIONS (cont)

ref Version 1.1 (workshop version)

5b: Allocations of unallocated closing RAB values (public)

ref	Asset categories	Asset allocator	Percentage of value allocated to electricity distribution services using proxy allocator type	Percentage of value allocated to electricity distribution services using ACAM	Percentage of value allocated to electricity distribution services using ABAA	Percentage of value allocated to electricity distribution services using OVABAA	Value allocated				OVABAA allocation increase	Rationale	Line items
							Arm's length deduction	Electricity distribution services	Non-electricity distribution services	Total			
88	Subtransmission												
89	Regulated service asset value directly attributable												
90	Regulated service asset value not directly attributable	Allocators											
91	Total regulated service asset value attributable												
92													
93	Zone substation												
94	Regulated service asset value directly attributable												
95	Regulated service asset value not directly attributable	Allocators											
96	Total regulated service asset value attributable												
97	Distribution and LV lines												
98	Regulated service asset value directly attributable												
99	Regulated service asset value not directly attributable	Allocators											
100	Total regulated service asset value attributable												
101	Distribution and LV cables												
102	Regulated service asset value directly attributable												
103	Regulated service asset value not directly attributable	Allocators											
104	Total regulated service asset value attributable												
105	Distribution substations and transformers												
106	Regulated service asset value directly attributable												
107	Regulated service asset value not directly attributable	Allocators											
108	Total regulated service asset value attributable												
109	Distribution switchgear												
110	Regulated service asset value directly attributable												
111	Regulated service asset value not directly attributable	Allocators											
112	Total regulated service asset value attributable												
113	Other system fixed assets												
114	Regulated service asset value directly attributable												
115	Regulated service asset value not directly attributable	Allocators											
116	Total regulated service asset value attributable												
117	Other assets												
118	Regulated service asset value directly attributable												
119	Regulated service asset value not directly attributable	Allocators											
120	Total regulated service asset value attributable												
121													
122	Total regulated service asset value directly attributable												
123	Total regulated service asset value not directly attributable												
124	Total regulated service asset value												

Company Name **Electricity Distribution Business**
 Disclosure Year Ended **31 March 2010**

SCHEDULE 5: REPORT ON ASSET ALLOCATIONS (cont)

ref Version 1.1 (workshop version)

5c: Changes in Asset Allocators (Public)

			CY-1	Current Year (CY)	CY+1
			31 Mar 11	31 Mar 12	31 Mar 13
133	Asset category				
134	Original allocator or components				
135	New allocator or components				
136	Rationale				
137					
138					
139	Asset category				
140	Original allocator or components				
141	New allocator or components				
142	Rationale				
143					
144	Asset category				
145	Original allocator or components				
146	New allocator or components				
147	Rationale				
148					
149					
150					
151					
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Commentary on Cost Allocations

		Company Name	Electricity Distribution Business	
		Disclosure Year Ended	31 March 2012	
SCHEDULE 6: REPORT ON THE REGULATORY TAX ALLOWANCE				
ref	Version 1.1 (workshop version)			
6	6a: Regulatory Tax Allowance			(\$000)
7	Regulatory profit / (loss) before tax			-
8				
9	<i>plus</i> Income not included in regulatory profit / (loss) before tax but taxable		*	
10	Expenditure or loss in regulatory profit / (loss) before tax but not deductible		*	
	Amortisation of opening deferred tax balance	-		
	Amortisation of revaluation	-		
13				-
14				
15	<i>less</i> Income included in regulatory profit / (loss) before tax but not taxable		*	
16	Expenditure or loss deductible but not in regulatory profit / (loss) before tax		*	
17	Discretionary discounts and customer rebates			
18	Notional deductible interest	-		
19				-
20				
21	Regulatory taxable income (loss)			-
22				
23	<i>less</i> Utilised tax losses			
24	Regulatory net taxable income			-
25				
26	Corporate tax rate (%)			
27	Regulatory tax allowance			-
28	* Workings to be provided in Schedule 6(b)			
29				

Company Name
Disclosure Year Ended

Electricity Distribution Business
31 March 2012

SCHEDULE 6: REPORT ON THE REGULATORY TAX ALLOWANCE (cont)

ref Version 1.1 (workshop version)

36 **6b: Notes to the Report** (\$000)

37 **6b(i): Disclosure of Permanent Differences**

38 *EDB to provide descriptions and workings of items recorded in the asterisked categories in Schedule 6a (explanatory notes can be provided in a separate note if*
39 *necessary).*

50 **6b(ii): Amortisation of Initial Difference in Asset Values**

	CY-2 31 Mar 10	CY-1 31 Mar 11	Current Year (CY) 31 Mar 12
Opening unamortised difference in asset values	-	-	-
Current year amortisation of initial difference in asset values	-	-	-
Adjustment for unamortised initial differences in assets acquired			
Adjustment for unamortised initial differences in assets disposed			
Closing unamortised difference in asset values	-	-	-
Weighted average remaining asset life (years) †	1	1	1

† Weighted average remaining useful life of relevant assets means the weighted average remaining asset life of all assets with an initial RAB value calculated by using the initial RAB values as weights.

62 **6b(iii): Amortisation of Revaluations**

	31 Mar 12
Total depreciation	#REF!
Adjusted depreciation	#REF!

67 **6b(iv): Reconciliation of Tax Losses (EDB Business)**

	CY-2 31 Mar 10	CY-1 31 Mar 11	Current Year (CY) 31 Mar 12
Opening tax losses	-	-	-
plus Current period tax losses			
less Utilised tax losses			
Closing tax losses (regulated business)	-	-	-

Company Name
Disclosure Year Ended

Electricity Distribution Business
31 March 2012

SCHEDULE 6: REPORT ON THE REGULATORY TAX ALLOWANCE (cont)

ref Version 1.1 (workshop version)

81 **6c(i): Calculation of Deferred Tax Balance**

	CY-2	CY-1	Current Year (CY)
	31 Mar 10	31 Mar 11	31 Mar 12
82 Opening deferred tax	-	-	-
83			
84 Tax effect of total regulatory depreciation			
85			
86 Tax effect of total tax depreciation			
87			
88 Tax effect of other temporary differences *			
89			
90 Tax effect of amortisation of initial differences in asset values	-	-	-
91			
92 Deferred tax balance relating to assets acquired in the disclosure year			
93			
94 Deferred tax balance relating to assets disposed in the disclosure year			
95			
96 Cost allocation adjustment			
97			
98 Closing deferred tax	-	-	-
99			
100			
101			
102			

103 **6c(ii): Disclosure of Temporary Differences**

104 *EDB to provide descriptions and workings of items recorded in the asterisked category in Schedule 6c(i) above (explanatory notes can be provided in a separate note if necessary).*

114 **6c(iii): Tax Depreciation Roll-Forward**

	(\$000)
119 Opening RAB (Tax Value)	
120 plus Regulatory tax asset value of additions	
121 less Regulatory tax asset value of disposals	
122 plus Regulatory tax asset value of assets transferred from/(to) unregulated asset base	
123 less Tax depreciation	
124 plus Other adjustments to the RAB tax value	
125 Closing RAB (tax value)	-

Company Name
Disclosure Year Ended

Electricity Distribution Business
31 March 2012

SCHEDULE 7: REPORT ON THE ALLOWANCE FOR TERM CREDIT SPREAD DIFFERENTIAL

ref Version 1.1 (workshop version)

7. Allowance for Term Credit Spread Differential

This schedule is only to be completed if at the date of the most recently published financial statements, the weighted average original tenor of the EDB's debt portfolio (both qualifying debt and non-qualifying debt) is greater than five years

Issuing party (or other identifying information)	Issue date	Pricing date	Original tenor (in years)	Coupon rate (%)	Book value at issue date (NZD)	Book value at date of financial statements (NZD)	Term Credit Spread Difference	Execution cost of an interest rate swap	Notional debt issue cost readjustment
							-	-	-

-

Attribution Rate (%)

--

Allowance for term credit spread differential

-

Company Name
Disclosure Year Ended

Electricity Distribution Business
31 March 2012

SCHEDULE 8: REPORT ON INITIAL REGULATORY ASSET BASE VALUE

ref Version 1.1 (test version)

8a: Establishment of Initial Regulatory Asset Base Value		Unallocated RAB - 2010*	
		(\$000)	(\$000)
6			
7			
8			
9			
10	2009 disclosed assets - 'Total Regulatory Asset Base Value (Excluding FDC)' as of 31 March 2009		-
11			
12	2009 modified asset values (adjusted for results of asset adjustment process)		-
13	Adjustment to reinstate 2009 modified asset values to unallocated amounts		
14	Unallocated 2009 modified asset values		-
15			
16	<i>less (to the extent included in row 13)</i>		
17	Assets not used to supply electricity distribution services		
18	Easement land		
19	Non-qualifying intangible assets		
20	Works under construction		
21	Unallocated asset values excluded from unallocated 2009 modified asset values		-
22			
23	<i>plus</i> FDC allowance of 2.45% (system fixed assets only)		-
24			
25	Sum of unallocated opening RAB values—disclosure year 2010		-
26			
27	8b: Roll forward of Unallocated Regulatory Asset Base Value - 2010 and 2011 *		
28		2010	2011
29		(\$000)	(\$000)
30	Unallocated opening RAB value	-	-
31	<i>less</i>		
32	Total unallocated depreciation		
33	<i>plus</i>		
34	Total unallocated revaluations		
35	<i>plus</i>		
36	Assets commissioned (other than below)		
37	Assets acquired from a regulated supplier		
38	Assets acquired from a related party		
39	Assets commissioned	-	-
40	<i>less</i>		
41	Asset disposals (other than below)		
42	Assets disposed of to a regulated supplier		
43	Assets disposed of to a related party		
44	Asset disposals	-	-
45			
46	<i>plus</i> Lost and found assets adjustment		
47			
48	Unallocated closing RAB value	-	-

* The 'unallocated RAB' is the total value of those assets used wholly or partially to provide electricity distribution services without any allowance being made for the allocation of costs to non-regulated services. The RAB value represents the value of these assets after applying this cost allocation. Neither value includes works under construction.

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Company Name **Electricity Distribution Business**
 Disclosure Year Ended **31 March 2012**

SCHEDULE 8: REPORT ON INITIAL REGULATORY ASSET BASE VALUE (cont)

ref Version 1.1 (test version)

		(\$000 unless otherwise specified)	
57	8c: Notes to the Report		
	8c(i): Calculation of Revaluation Rate and Indexed Revaluation		
58		2010	2011
59	CPI at CPI reference date—preceding disclosure year	[]	[]
60	CPI at CPI reference date—current disclosure year	[]	[]
61			
62	Revaluation rate (%)	Not defined	Not defined
63			
64			
65	Total opening RAB value	-	-
66			
67	Prima facie total revaluations	#VALUE!	#VALUE!
68	less Revaluations for fully depreciated, disposed and lost assets	[]	[]
69	Total revaluations	#VALUE!	#VALUE!
70	8c(ii): Works Under Construction		
71		Unallocated works under construction	Allocated works under construction
72		(\$000)	(\$000)
73	Works under construction—year ended 2009	-	-
74	plus Capital expenditure	[]	[]
75	less Assets commissioned	-	-
76	Works under construction—year ended 2010	-	-
77			

Company Name **Electricity Distribution Business**
 Disclosure Year Ended **31 March 2012**

SCHEDULE 9: REPORT ON EXPENDITURE FORECASTS AND RECONCILIATION

ref Version 1.1 (test version)

(\$000 unless otherwise specified)

9a: Five year forecasts of expenditure		Actual (CY)	Year 1	Year 2	Year 3	Year 4	Year 5
<i>From most recent Asset Management Plan</i>							
6	Capital expenditure - customer connection						
7	Capital expenditure - system growth						
8	Capital expenditure - reliability, safety and environment						
9	Capital expenditure - asset replacement and renewal						
10	Capital expenditure - asset relocations						
11	Subtotal - capital expenditure on asset management	-	-	-	-	-	-
12	Operational expenditure - routine and preventative maintenance						
13	Operational expenditure - refurbishment and renewal maintenance						
14	Operational expenditure - fault and emergency maintenance						
15	Subtotal - operational expenditure on asset management	-	-	-	-	-	-
16	Total asset-related expenditure on distribution network	-	-	-	-	-	-
17	Capital expenditure - other						
18	Operational expenditure - general management, admin and overheads						
19	Operational expenditure - other						
20	Total other expenditure on distribution network business	-	-	-	-	-	-
21	Overhead to underground conversion expenditure	-	-	-	-	-	-

The EDB is to provide the amount of overhead to underground conversion expenditure included in each of the above expenditure categories (explanatory notes can be provided in a separate note if required).

9b: Variance between previous forecasts for the current disclosure year and actual expenditure

	Actual (CY) (a)	Previous forecast for CY (b)	% variance (a)/(b)-1
38	Capital expenditure - customer connection		Not defined
39	Capital expenditure - system growth		Not defined
40	Capital expenditure - reliability, safety and environment		Not defined
41	Capital expenditure - asset replacement and renewal		Not defined
42	Capital expenditure - asset relocations		Not defined
43	Subtotal - capital expenditure on asset management	-	Not defined
44	Operational expenditure - routine and preventative maintenance		Not defined
45	Operational expenditure - refurbishment and renewal maintenance		Not defined
46	Operational expenditure - fault and emergency maintenance		Not defined
47	Subtotal - operational expenditure on asset management	-	Not defined
48	Total asset-related expenditure on distribution network	-	Not defined
49	Capital expenditure - other		Not defined
50	Operational expenditure - general management, admin and overheads		Not defined
51	Operational expenditure - other		Not defined
52	Total other expenditure on distribution network business	-	Not defined

The EDB is to provide a brief explanation for any line item variance of more than 10% (explanatory notes can be provided in a separate note if required).