

17 December 2012

Mr Nigel Barbour
Powerco Limited
Private Bag 2061
NEW PLYMOUTH 4342

Dear Mr Barbour

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

1. The Commerce Commission (Commission) requires Powerco Limited (Powerco) to provide us 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 to inform our decisions on the initial default price-quality paths for suppliers of gas distribution services.
2. Information required by this notice includes:
 - 2.1 An update to regulatory asset base-related information contained in the July 2011 and June 2012 information requests, where applicable, due to any restatement of the costs of related party transactions permitted under the input methodology amendments for information disclosure published on 29 June 2012;
 - 2.2 A reconciliation of annual asset value adjustments to the total asset value adjustment that was used to establish the 2009 modified asset values in the July 2011 information request;
 - 2.3 Insurance information, including information demonstrating adjustments to Powerco's insurance rates or premiums for the period 2012 to 2018 due to natural disasters;
 - 2.4 Information (including any calculations and supporting data) that demonstrates whether or not Powerco has increased, or intends to increase, its weighted average prices by more CPI for the period 30 September 2012 to 28 February 2012.
3. In the *Revised Draft Decision on the Initial Default Price-Quality Paths for Gas Pipeline Services*, published on 24 October 2012, we indicated that we would issue requests for information. We have limited the scope and volume of information we are requesting in this notice after taking into consideration views from interested parties.

AUCKLAND

L19, ASB Building
135 Albert Street
P.O. Box 105-222
AUCKLAND 1143, NEW ZEALAND

WELLINGTON

L6, Vector Building
44 The Terrace
P.O. Box 2351
WELLINGTON 6140, NEW ZEALAND
Tel: (04) 924 3600 Fax: (04) 924 3700
Main Office

CHRISTCHURCH

9 Radley Street
Woolston
P.O. Box 10-199
CHRISTCHURCH 8145, NEW ZEALAND

Interpretation

4. Unless the context otherwise requires, words in bold type have the following meanings:

Request workbook means the MS Excel workbook that we have provided, labelled 'Powerco - Request workbook for gas distribution DPP, Dec 2012'.

Information requirements

Schedules of required information

5. Powerco must provide us with the following completed Schedules of the **Request workbook**:
- 5.1 Schedule A1.
 - 5.2 Schedule A2, where Powerco has elected to undertake an asset value adjustment process.
 - 5.3 Schedule A3 (population of 2013 to 2018 values is optional).
6. We have pre-populated the 'submitted' columns in schedule A1 and A2 of the **Request workbook** with the data we have previously received from Powerco. Populated values and formulas should not be changed in these columns unless agreed by, or at the direction of, the Commission.
7. Any necessary adjustments to previously disclosed values must be made by populating the white 'adjustment' cell that corresponds to that value. Powerco must provide reasons for each proposed adjustment and any supporting information, including any calculations.
8. Attachment A sets out a list of adjustments that Powerco must address when completing the **Request Workbook** for this notice.

Required information on weighted average prices

9. Powerco must provide us with information (including any calculations and supporting data) that demonstrates whether or not Powerco has increased, or intends to increase, its weighted average prices by more than the movement, or forecast movement, in the all groups index number of the New Zealand Consumer Price Index for the period beginning 30 September 2012 and ending 28 February 2013 (consistent with section 55F(2) of the Act).

Resubmitted information on ICP numbers

10. Powerco supplied corrected ICP numbers in its 7 December 2012 submission on the "Revised Draft Decision on the Initial Default Price-Quality Paths for Gas Pipeline Services". Please provide these in separate excel spreadsheet in response to this notice.

Supporting information

Cover letter

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

Certification

12. Powerco must provide us with:
 - 12.1 a certificate, signed by an Officer of Powerco, in the form set out in Attachment B; and
 - 12.2 for weighted average price information required under paragraph 9 and corrected ICP numbers under paragraph 10, a Directors' certificate in the form set out in Attachment C, to be completed and signed by at least one Director of Powerco.

Supporting information for related party transaction calculations

13. Please note that some of the additional options for including related party transactions require additional supporting documentation, such as market valuations prepared by a valuer, or prices certified by two Directors as reflecting arm's-length transactions. The Commission must be provided with this additional supporting information if related party transactions based on such information are included in the regulatory asset base.

Information format

14. The information required by paragraph 5 must be supplied in the **Request workbook**.
15. The **Request workbook** must be completed in accordance with the instructions and definitions contained in, or referenced in, the **Request workbook**.
16. The **Request workbook** must be 'unlocked' in MS Excel format, so that we can easily transfer information (ie, able to be 'copied and pasted'). The format of the **Request workbook** should not be altered unless by agreement with the Commission.

Publication of supplied information and confidentiality

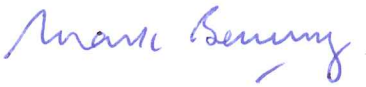
17. We may publish the information provided by Powerco.
18. The **Request workbook** may contain requirements that parties consider require the disclosure of confidential information.
19. In the event that we agree to any request that information provided by Powerco remain confidential, Powerco should provide us 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 Powerco.

Date of response

20. Powerco must supply the specified information to us by email to the following address: regulation.branch@comcom.govt.nz by no later than 5 pm on 1 February 2013.
21. Should you have any queries on this notice, please send them to Richard Eglinton, c/o regulation.branch@comcom.govt.nz.

Dated at Wellington: 17 December 2012

Yours sincerely,



Dr. Mark Berry
Chair

Attachment A: Matters to be addressed when responding to this notice

This attachment sets out certain matters that must be addressed when completing the **request workbook**.

1. Adjust the Dec 2010 closing RAB so that it equals the Dec 2010 opening RAB in the request workbook. The values provided in the July 2011 information request for closing RAB are inconsistent with the opening RAB in the June 2012 information request. These values should be the same.
2. Make any necessary changes as a result of 1. above e.g. impact on depreciation

Attachment B: Certification by a company Officer

I, *[insert full name of Officer]*, being an Officer of Powerco Limited (Powerco) certify that, having made all reasonable enquiry, to the best of my knowledge and belief, the attached information complies with the Commerce Commission's requirements in respect of the request for information, which was issued by notice in writing to Powerco under section 53ZD of the Commerce Act 1986 on 17 December 2012 *[except in the following respects: *[insert description of non-compliance]*]

[Signature of Officer]

[Date]

*Delete if inapplicable.

Attachment C: Certification by a company Director

I, [*insert full name of first director*], being a director of Powerco Limited (Powerco) certify that, having made all reasonable enquiry, to the best of my knowledge and belief, the attached information complies with the Commerce Commission's requirements in respect of the request for information, which was issued by notice in writing to Powerco under section 53ZD of the Commerce Act 1986 on 17 December 2012 *[except in the following respects: [*insert description of non-compliance*]]

[*Signature of director*]

[*Date*]

*Delete if inapplicable