

7 October 2014



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Matthew Bailey  
Regulation Branch  
Commerce Commission  
Wellington

Dear Matthew

**WACC percentile consultation: further information and correction to submission**

1. This letter:
  - a) attaches spreadsheets calculating RAB multiples for Horizon Energy Limited and The Lines Company Limited, as requested by the Commission; and
  - b) formally corrects an item in Vector's *Submission on Draft Determination to amend the WACC percentile*, dated 29 August 2014, also as requested by the Commission.

**RAB multiples for Horizon and The Lines Company**

2. Paragraph 58 of Vector's submission stated that we had calculated RAB multiples for Horizon Energy Limited and The Lines Company Limited of 0.98 and 0.87 respectively. The submission also stated that Vector could provide this analysis to the Commission on request. The Commission has recently requested the details of this analysis; it is set out in the attached spreadsheets.

**Correction to discussion of Vector share price**

3. Paragraphs 7(c)(i) and 49 of Vector's submission stated that the Commission had used a share price for Vector in its RAB multiples analysis that was higher than the actual Vector share price. We have recently realised this statement was incorrect, for the reasons set out in the report dated October 2014 submitted to the Commission by CEG on behalf of the New Zealand Airports Association. We apologise for any confusion caused.

4. However, it remains correct to say that, had the Commission used Vector share prices from almost any other period, or an average over a longer time frame, it would have calculated a lower RAB multiple for Vector.
5. If you have any queries please contact me on 09 978 8277 or at [ian.ferguson@vector.co.nz](mailto:ian.ferguson@vector.co.nz).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'I. Ferguson', is positioned above the typed name.

Ian Ferguson  
**Regulatory Policy Manager**