



HORIZON NETWORKS

**Information Disclosure Reports prepared according to
Part 4 of the Commerce Act 1986**

For the Year Ended 31 March 2017

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Introduction

These Information Disclosure Reports are disclosed by Horizon Energy Distribution Limited ("Horizon Networks") pursuant to Part 4 of the Commerce Act 1986 in accordance with:

- Electricity Distribution Information Disclosure Determination 2012 (consolidated in 2015)

Reports

1 Analytical Ratios

		Company Name		Horizon Energy Distribution Limited		
		For Year Ended		31 March 2017		
SCHEDULE 1: ANALYTICAL RATIOS						
This schedule calculates expenditure, revenue and service ratios from the information disclosed. The disclosed ratios may vary for reasons that are company specific and, as a result, must be interpreted with care. The Commerce Commission will publish a summary and analysis of information disclosed in accordance with the ID determination. This will include information disclosed in accordance with this and other schedules, and information disclosed under the other requirements of the determination.						
This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.						
7	1(i): Expenditure metrics					
8		Expenditure per GWh energy delivered to ICPs (\$/GWh)	Expenditure per average no. of ICPs (\$/ICP)	Expenditure per MW maximum coincident system demand (\$/MW)	Expenditure per km circuit length (\$/km)	Expenditure per MVA of capacity from EDB-owned distribution transformers (\$/MVA)
9	Operational expenditure	16,384	350	98,702	3,462	38,072
10	Network	6,129	131	36,922	1,295	14,242
11	Non-network	10,255	219	61,780	2,167	23,830
12						
13	Expenditure on assets	19,253	411	115,980	4,069	44,736
14	Network	16,935	362	102,018	3,579	39,351
15	Non-network	2,318	50	13,961	490	5,385
16						
17	1(ii): Revenue metrics					
18		Revenue per GWh energy delivered to ICPs (\$/GWh)	Revenue per average no. of ICPs (\$/ICP)			
19	Total consumer line charge revenue	59,131	1,264			
20	Standard consumer line charge revenue	109,255	1,106			
21	Non-standard consumer line charge revenue	14,030	327,678			
22						
23	1(iii): Service intensity measures					
24						
25	Demand density	35				Maximum coincident system demand per km of circuit length (for supply) (kW/km)
26	Volume density	211				Total energy delivered to ICPs per km of circuit length (for supply) (MWh/km)
27	Connection point density	10				Average number of ICPs per km of circuit length (for supply) (ICPs/km)
28	Energy intensity	21,372				Total energy delivered to ICPs per average number of ICPs (kWh/ICP)
29						
30	1(iv): Composition of regulatory income					
31				(\$000)	% of revenue	
32	Operational expenditure			8,724	27.72%	
33	Pass-through and recoverable costs excluding financial incentives and wash-ups			9,490	30.15%	
34	Total depreciation			5,524	17.55%	
35	Total revaluations			2,480	7.88%	
36	Regulatory tax allowance			-	-	
37	Regulatory profit/(loss) including financial incentives and wash-ups			10,217	32.46%	
38	Total regulatory income			31,474		
39						
40	1(v): Reliability					
41						
42	Interruption rate			13.89		Interruptions per 100 circuit km

2 Report on Return on Investment

Company Name **Horizon Energy Distribution Limited**
For Year Ended **31 March 2017**

SCHEDULE 2: REPORT ON RETURN ON INVESTMENT

This schedule requires information on the Return on Investment (ROI) for the EDB relative to the Commerce Commission's estimates of post tax WACC and vanilla WACC. EDBs must calculate their ROI based on a monthly basis if required by clause 2.3.3 of the ID Determination or if they elect to. If an EDB makes this election, information supporting this calculation must be provided in 2(iii).

EDBs must provide explanatory comment on their ROI in Schedule 14 (Mandatory Explanatory Notes).

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

2(i): Return on Investment		CY-2	CY-1	Current Year CY
		31 Mar 15	31 Mar 16	31 Mar 17
		%	%	%
ROI – comparable to a post tax WACC				
	Reflecting all revenue earned	4.16%	6.32%	8.87%
	Excluding revenue earned from financial incentives	4.16%	6.32%	8.68%
	Excluding revenue earned from financial incentives and wash-ups	4.60%	6.32%	8.83%
Mid-point estimate of post tax WACC				
	25th percentile estimate	6.10%	5.37%	4.77%
	75th percentile estimate	5.39%	4.66%	4.05%
		6.82%	6.09%	5.48%
ROI – comparable to a vanilla WACC				
	Reflecting all revenue earned	4.94%	6.51%	8.87%
	Excluding revenue earned from financial incentives	4.94%	6.51%	8.68%
	Excluding revenue earned from financial incentives and wash-ups	5.39%	6.51%	8.83%
WACC rate used to set regulatory price path		8.77%	7.19%	7.19%
Mid-point estimate of vanilla WACC				
	25th percentile estimate	6.89%	6.02%	5.31%
	75th percentile estimate	6.17%	5.30%	4.59%
		7.60%	6.74%	6.03%
2(ii): Information Supporting the ROI		(\$000)		
	Total opening RAB value	114,857		
	plus Opening deferred tax	-		
	Opening RIV		114,857	
	Line charge revenue		31,484	
	Expenses cash outflow	18,214		
	add Assets commissioned	8,349		
	less Asset disposals	316		
	add Tax payments	-		
	less Other regulated income	(10)		
	Mid-year net cash outflows		26,257	
	Term credit spread differential allowance		-	
	Total closing RAB value	119,846		
	less Adjustment resulting from asset allocation	(0)		
	less Lost and found assets adjustment	-		
	plus Closing deferred tax	-		
	Closing RIV		119,846	
ROI – comparable to a vanilla WACC				8.87%
	Leverage (%)			44%
	Cost of debt assumption (%)			4.41%
	Corporate tax rate (%)			-
ROI – comparable to a post tax WACC				8.87%

SCHEDULE 2: REPORT ON RETURN ON INVESTMENT

This schedule requires information on the Return on Investment (ROI) for the EDB relative to the Commerce Commission's estimates of post tax WACC and vanilla WACC. EDBs must calculate their ROI based on a monthly basis if required by clause 2.3.3 of the ID Determination or if they elect to. If an EDB makes this election, information supporting this calculation must be provided in 2(iii). EDBs must provide explanatory comment on their ROI in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

2(iii): Information Supporting the Monthly ROI

61								
62								
63	Opening RIV							N/A
64								
65								
66		Line charge revenue	Expenses cash outflow	Assets commissioned	Asset disposals	Other regulated income	Monthly net cash outflows	
67	April	–	–	–	–	–	–	
68	May	–	–	–	–	–	–	
69	June	–	–	–	–	–	–	
70	July	–	–	–	–	–	–	
71	August	–	–	–	–	–	–	
72	September	–	–	–	–	–	–	
73	October	–	–	–	–	–	–	
74	November	–	–	–	–	–	–	
75	December	–	–	–	–	–	–	
76	January	–	–	–	–	–	–	
77	February	–	–	–	–	–	–	
78	March	–	–	–	–	–	–	
79	Total	–	–	–	–	–	–	
80								
81	Tax payments							N/A
82								
83	Term credit spread differential allowance							N/A
84								
85	Closing RIV							N/A
86								
87								
88	Monthly ROI – comparable to a vanilla WACC							N/A
89								
90	Monthly ROI – comparable to a post tax WACC							N/A

2(iv): Year-End ROI Rates for Comparison Purposes

93			
94	Year-end ROI – comparable to a vanilla WACC		8.55%
95			
96	Year-end ROI – comparable to a post tax WACC		8.55%
97			
98	<i>* these year-end ROI values are comparable to the ROI reported in pre 2012 disclosures by EDBs and do not represent the Commission's current view on ROI.</i>		
99			

2(v): Financial Incentives and Wash-Ups

101			
102	Net recoverable costs allowed under incremental rolling incentive scheme		–
103	Purchased assets – avoided transmission charge		–
104	Energy efficiency and demand incentive allowance		–
105	Quality incentive adjustment		206
106	Other financial incentives		–
107	Financial incentives		206
108			
109	Impact of financial incentives on ROI		0.19%
110			
111	Input methodology claw-back		–
112	Recoverable customised price-quality path costs		–
113	Catastrophic event allowance		–
114	Capex wash-up adjustment		(161)
115	Transmission asset wash-up adjustment		–
116	2013–2015 NPV wash-up allowance		–
117	Reconsideration event allowance		–
118	Other wash-ups		–
119	Wash-up costs		(161)
120			
121	Impact of wash-up costs on ROI		–0.14%

3 Report on Regulatory Profit

Company Name **Horizon Energy Distribution Limited**
 For Year Ended **31 March 2017**

SCHEDULE 3: REPORT ON REGULATORY PROFIT

This schedule requires information on the calculation of regulatory profit for the EDB for the disclosure year. All EDBs must complete all sections and provide explanatory comment on their regulatory profit in Schedule 14 (Mandatory Explanatory Notes).

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

7	3(i): Regulatory Profit	(\$000)
8	Income	
9	Line charge revenue	31,484
10	plus Gains / (losses) on asset disposals	(212)
11	plus Other regulated income (other than gains / (losses) on asset disposals)	202
12		
13	Total regulatory income	31,474
14	Expenses	
15	less Operational expenditure	8,724
16		
17	less Pass-through and recoverable costs excluding financial incentives and wash-ups	9,490
18		
19	Operating surplus / (deficit)	13,260
20		
21	less Total depreciation	5,524
22		
23	plus Total revaluations	2,480
24		
25	Regulatory profit / (loss) before tax	10,217
26		
27	less Term credit spread differential allowance	-
28		
29	less Regulatory tax allowance	-
30		
31	Regulatory profit/(loss) including financial incentives and wash-ups	10,217
32		
33	3(ii): Pass-through and Recoverable Costs excluding Financial Incentives and Wash-Ups	(\$000)
34	Pass through costs	
35	Rates	225
36	Commerce Act levies	48
37	Industry levies	102
38	CPP specified pass through costs	-
39	Recoverable costs excluding financial incentives and wash-ups	
40	Electricity lines service charge payable to Transpower	5,675
41	Transpower new investment contract charges	-
42	System operator services	-
43	Distributed generation allowance	3,440
44	Extended reserves allowance	-
45	Other recoverable costs excluding financial incentives and wash-ups	-
46	Pass-through and recoverable costs excluding financial incentives and wash-ups	9,490
47		

Company Name **Horizon Energy Distribution Limited**
 For Year Ended **31 March 2017**

SCHEDULE 3: REPORT ON REGULATORY PROFIT

This schedule requires information on the calculation of regulatory profit for the EDB for the disclosure year. All EDBs must complete all sections and provide explanatory comment on their regulatory profit in Schedule 14 (Mandatory Explanatory Notes).

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

		(\$000)	
		CY-1	CY
		31 Mar 16	31 Mar 17
48	3(iii): Incremental Rolling Incentive Scheme		
49			
50			
51	Allowed controllable opex	-	-
52	Actual controllable opex	-	-
53			
54	Incremental change in year		-
55			
56			Previous years' incremental change adjusted for inflation
57	CY-5 31 Mar 12	-	-
58	CY-4 31 Mar 13	-	-
59	CY-3 31 Mar 14	-	-
60	CY-2 31 Mar 15	-	-
61	CY-1 31 Mar 16	-	-
62	Net incremental rolling incentive scheme		-
63			
64	Net recoverable costs allowed under incremental rolling incentive scheme		-
65	3(iv): Merger and Acquisition Expenditure		
66			(\$000)
67	Merger and acquisition expenditure		-
68	<i>Provide commentary on the benefits of merger and acquisition expenditure to the electricity distribution business, including required disclosures in accordance with section 2.7, in Schedule 14 (Mandatory Explanatory Notes)</i>		
69	3(v): Other Disclosures		
70			(\$000)
71	Self-insurance allowance		-

4 Report on Value of the Regulatory Asset Base (Rolled Forward)

Company Name **Horizon Energy Distribution Limited**
For Year Ended **31 March 2017**

SCHEDULE 4: REPORT ON VALUE OF THE REGULATORY ASSET BASE (ROLLED FORWARD)

This schedule requires information on the calculation of the Regulatory Asset Base (RAB) value to the end of this disclosure year. This informs the ROI calculation in Schedule 2. EDBs must provide explanatory comment on the value of their RAB in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

4(i): Regulatory Asset Base Value (Rolled Forward)

	for year ended				
	RAB 31 Mar 13 (\$000)	RAB 31 Mar 14 (\$000)	RAB 31 Mar 15 (\$000)	RAB 31 Mar 16 (\$000)	RAB 31 Mar 17 (\$000)
Total opening RAB value	101,722	104,498	110,624	113,283	114,857
less Total depreciation	4,378	4,656	5,001	5,526	5,524
plus Total revaluations	870	1,604	93	663	2,480
plus Assets commissioned	6,688	9,279	7,726	6,488	8,349
less Asset disposals	404	100	158	51	316
plus Lost and found assets adjustment	-	-	-	-	-
plus Adjustment resulting from asset allocation	0	0	(0)	0	(0)
Total closing RAB value	104,498	110,624	113,283	114,857	119,846

4(ii): Unallocated Regulatory Asset Base

	Unallocated RAB * (\$000)		RAB (\$000)	
Total opening RAB value		114,857		114,857
less Total depreciation		5,524		5,524
plus Total revaluations		2,480		2,480
plus Assets commissioned (other than below)	2,686		2,686	
Assets acquired from a regulated supplier	-		-	
Assets acquired from a related party	5,663		5,663	
Assets commissioned		8,349		8,349
less Asset disposals (other than below)	290		290	
Asset disposals to a regulated supplier	-		-	
Asset disposals to a related party	26		26	
Asset disposals		316		316
plus Lost and found assets adjustment		-		-
plus Adjustment resulting from asset allocation				(0)
Total closing RAB value		119,846		119,846

* 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 services provided by the supplier that are not electricity distribution services. The RAB value represents the value of these assets after applying this cost allocation. Neither value includes works under construction.

5a Report on Regulatory Tax Allowance

Company Name **Horizon Energy Distribution Limited**
For Year Ended **31 March 2017**

SCHEDULE 5a: REPORT ON REGULATORY TAX ALLOWANCE

This schedule requires information on the calculation of the regulatory tax allowance. This information is used to calculate regulatory profit/loss in Schedule 3 (regulatory profit). EDBs must provide explanatory commentary on the information disclosed in this schedule, in Schedule 14 (Mandatory Explanatory Notes).

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

		(\$000)	
7	5a(i): Regulatory Tax Allowance		
8	Regulatory profit / (loss) before tax		10,217
9			
10	<i>plus</i> Income not included in regulatory profit / (loss) before tax but taxable	-	*
11	Expenditure or loss in regulatory profit / (loss) before tax but not deductible	111	*
12	Amortisation of initial differences in asset values	4,219	
13	Amortisation of revaluations	372	
14			4,702
15			
16	<i>less</i> Total revaluations	2,480	
17	Income included in regulatory profit / (loss) before tax but not taxable	-	*
18	Discretionary discounts and customer rebates	-	
19	Expenditure or loss deductible but not in regulatory profit / (loss) before tax	-	*
20	Notional deductible interest	2,181	
21			4,662
22			
23	Regulatory taxable income		10,257
24			
25	<i>less</i> Utilised tax losses	-	
26	Regulatory net taxable income		10,257
27			
28	Corporate tax rate (%)	-	
29	Regulatory tax allowance		-

* Workings to be provided in Schedule 14

5a(ii): Disclosure of Permanent Differences

In Schedule 14, Box 5, provide descriptions and workings of items recorded in the asterisked categories in Schedule 5a(i).

5a(iii): Amortisation of Initial Difference in Asset Values

		(\$000)	
34	Opening unamortised initial differences in asset values	48,434	
35			
36	<i>less</i> Amortisation of initial differences in asset values	4,219	
37	<i>plus</i> Adjustment for unamortised initial differences in assets acquired	-	
38	<i>less</i> Adjustment for unamortised initial differences in assets disposed	-	
39	Closing unamortised initial differences in asset values		44,215
40			
41	Opening weighted average remaining useful life of relevant assets (years)		11
42			
43			

SCHEDULE 5a: REPORT ON REGULATORY TAX ALLOWANCE

This schedule requires information on the calculation of the regulatory tax allowance. This information is used to calculate regulatory profit/loss in Schedule 3 (regulatory profit). EDBs must provide explanatory commentary on the information disclosed in this schedule, in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

44	5a(iv): Amortisation of Revaluations		(\$000)
45			
46	Opening sum of RAB values without revaluations	107,299	
47			
48	Adjusted depreciation	5,152	
49	Total depreciation	5,524	
50	Amortisation of revaluations		372
51			
52	5a(v): Reconciliation of Tax Losses		(\$000)
53			
54	Opening tax losses	-	
55	plus Current period tax losses	-	
56	less Utilised tax losses	-	
57	Closing tax losses		-
58	5a(vi): Calculation of Deferred Tax Balance		(\$000)
59			
60	Opening deferred tax	-	
61			
62	plus Tax effect of adjusted depreciation	-	
63			
64	less Tax effect of tax depreciation	-	
65			
66	plus Tax effect of other temporary differences*	-	
67			
68	less Tax effect of amortisation of initial differences in asset values	-	
69			
70	plus Deferred tax balance relating to assets acquired in the disclosure year	-	
71			
72	less Deferred tax balance relating to assets disposed in the disclosure year	-	
73			
74	plus Deferred tax cost allocation adjustment	-	
75			
76	Closing deferred tax		-
77			
78	5a(vii): Disclosure of Temporary Differences		
79			
80	<i>In Schedule 14, Box 6, provide descriptions and workings of items recorded in the asterisked category in Schedule 5a(vi) (Tax effect of other temporary differences).</i>		
81	5a(viii): Regulatory Tax Asset Base Roll-Forward		
82			(\$000)
83	Opening sum of regulatory tax asset values	42,296	
84	less Tax depreciation	4,415	
85	plus Regulatory tax asset value of assets commissioned	8,257	
86	less Regulatory tax asset value of asset disposals	118	
87	plus Lost and found assets adjustment	-	
88	plus Adjustment resulting from asset allocation	-	
89	plus Other adjustments to the RAB tax value	-	
90	Closing sum of regulatory tax asset values		46,020

5b Report on Related Party Transactions

	Company Name Horizon Energy Distribution Limited For Year Ended 31 March 2017
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SCHEDULE 5b: REPORT ON RELATED PARTY TRANSACTIONS

This schedule provides information on the valuation of related party transactions, in accordance with section 2.3.6 and 2.3.7 of the ID determination. This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

5b(i): Summary—Related Party Transactions

	(\$000)
Total regulatory income	-
Operational expenditure	2,871
Capital expenditure	8,363
Market value of asset disposals	-
Other related party transactions	(67)

5b(ii): Entities Involved in Related Party Transactions

Name of related party	Related party relationship
Horizon Services Limited	100% Owned
Aquaheat New Zealand Limited	100% Owned
Eastern Bay Energy Trust	100% Shareholder

** include additional rows if needed*

5b(iii): Related Party Transactions

Name of related party	Related party transaction type	Description of transaction	Value of transaction (\$000)	Basis for determining value
Horizon Services Limited	Capex	Construction of Network Assets	8,363	IM clause 2.2.11(5)(g)
Horizon Services Limited	Opex	Maintenance of Network Assets	2,811	ID clause 2.3.6(1)(b)
Horizon Services Limited	Opex	Rental Expense	60	ID clause 2.3.6(1)(a)
Eastern Bay Energy Trust	Capex	Contribution towards Electric Vehicle Chargers	(67)	IM clause 2.2.11(5)(g)

** include additional rows if needed*

5c Report on Term Credit Spread Differential Allowance

	Company Name Horizon Energy Distribution Limited For Year Ended 31 March 2017
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SCHEDULE 5c: REPORT ON TERM CREDIT SPREAD DIFFERENTIAL ALLOWANCE

This schedule is only to be completed if, as at the date of the most recently published financial statements, the weighted average original tenor of the debt portfolio (both qualifying debt and non-qualifying debt) is greater than five years. This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

5c(i): Qualifying Debt (may be Commission only)

Issuing party	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	Cost of executing an interest rate swap	Debt issue cost readjustment

** include additional rows if needed*

5c(ii): Attribution of Term Credit Spread Differential

Gross term credit spread differential	-
Total book value of interest bearing debt	
Leverage	44%
Average opening and closing RAB values	
Attribution Rate (%)	-
Term credit spread differential allowance	-

5d Report on Cost Allocations

Company Name **Horizon Energy Distribution Limited**
 For Year Ended **31 March 2017**

SCHEDULE 5d: REPORT ON COST ALLOCATIONS

This schedule provides information on the allocation of operational costs. EDBs must provide explanatory comment on their cost allocation in Schedule 14 (Mandatory Explanatory Notes), including on the impact of any reclassifications. This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

		Value allocated (\$000s)				OVABAA allocation increase (\$000s)
		Arm's length deduction	Electricity distribution services	Non-electricity distribution services	Total	
5d(i): Operating Cost Allocations						
Service interruptions and emergencies						
	Directly attributable		932			
	Not directly attributable	-	-	-	-	-
	Total attributable to regulated service		932			
Vegetation management						
	Directly attributable		572			
	Not directly attributable	-	-	-	-	-
	Total attributable to regulated service		572			
Routine and corrective maintenance and inspection						
	Directly attributable		882			
	Not directly attributable	-	-	-	-	-
	Total attributable to regulated service		882			
Asset replacement and renewal						
	Directly attributable		877			
	Not directly attributable	-	-	-	-	-
	Total attributable to regulated service		877			
System operations and network support						
	Directly attributable		2,045			
	Not directly attributable	-	-	-	-	-
	Total attributable to regulated service		2,045			
Business support						
	Directly attributable		-			
	Not directly attributable	-	3,416	2,801	6,216	-
	Total attributable to regulated service		3,416			
	Operating costs directly attributable		5,308			
	Operating costs not directly attributable	-	3,416	2,801	6,216	-
	Operational expenditure		8,724			

		(\$000)
5d(ii): Other Cost Allocations		
Pass through and recoverable costs		
Pass through costs		
	Directly attributable	375
	Not directly attributable	-
	Total attributable to regulated service	375
Recoverable costs		
	Directly attributable	9,115
	Not directly attributable	-
	Total attributable to regulated service	9,115

		(\$000)		
			CY-1	Current Year (CY)
5d(iii): Changes in Cost Allocations* †				
Change in cost allocation 1				
	Cost category	0	-	-
	Original allocator or line items	0	-	-
	New allocator or line items	0	-	-
	Rationale for change			
Change in cost allocation 2				
	Cost category	0	-	-
	Original allocator or line items	0	-	-
	New allocator or line items	0	-	-
	Rationale for change			
Change in cost allocation 3				
	Cost category	0	-	-
	Original allocator or line items	0	-	-
	New allocator or line items	0	-	-
	Rationale for change			

* a change in cost allocation must be completed for each cost allocator change that has occurred in the disclosure year. A movement in an allocator metric is not a change in allocator or component.
 † include additional rows if needed

5e Report on Asset Allocations

Company Name **Horizon Energy Distribution Limited**
 For Year Ended **31 March 2017**

SCHEDULE 5e: REPORT ON ASSET ALLOCATIONS

This schedule requires information on the allocation of asset values. This information supports the calculation of the RAB value in Schedule 4. EDBs must provide explanatory comment on their cost allocation in Schedule 14 (Mandatory Explanatory Notes), including on the impact of any changes in asset allocations. This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

7 5e(i): Regulated Service Asset Values

		Value allocated (\$000s)
		Electricity distribution services
8		
9		
10	Subtransmission lines	
11	Directly attributable	4,882
12	Not directly attributable	-
13	Total attributable to regulated service	4,882
14	Subtransmission cables	
15	Directly attributable	901
16	Not directly attributable	-
17	Total attributable to regulated service	901
18	Zone substations	
19	Directly attributable	8,222
20	Not directly attributable	-
21	Total attributable to regulated service	8,222
22	Distribution and LV lines	
23	Directly attributable	24,636
24	Not directly attributable	-
25	Total attributable to regulated service	24,636
26	Distribution and LV cables	
27	Directly attributable	30,172
28	Not directly attributable	-
29	Total attributable to regulated service	30,172
30	Distribution substations and transformers	
31	Directly attributable	24,668
32	Not directly attributable	-
33	Total attributable to regulated service	24,668
34	Distribution switchgear	
35	Directly attributable	14,269
36	Not directly attributable	-
37	Total attributable to regulated service	14,269
38	Other network assets	
39	Directly attributable	7,724
40	Not directly attributable	-
41	Total attributable to regulated service	7,724
42	Non-network assets	
43	Directly attributable	-
44	Not directly attributable	4,372
45	Total attributable to regulated service	4,372
46		
47	Regulated service asset value directly attributable	115,474
48	Regulated service asset value not directly attributable	4,372
49	Total closing RAB value	119,846
50		

51 5e(ii): Changes in Asset Allocations* †

		(\$000)	
		CY-1	Current Year (CY)
53	Change in asset value allocation 1		
54	Asset category	-	-
55	Original allocator or line items	-	-
56	New allocator or line items	-	-
57			
58	Rationale for change		
59			
60			
61			
62	Change in asset value allocation 2		
63	Asset category	-	-
64	Original allocator or line items	-	-
65	New allocator or line items	-	-
66			
67	Rationale for change		
68			
69			
70			
71	Change in asset value allocation 3		
72	Asset category	-	-
73	Original allocator or line items	-	-
74	New allocator or line items	-	-
75			
76	Rationale for change		
77			
78			

* a change in asset allocation must be completed for each allocator or component change that has occurred in the disclosure year. A movement in an allocator metric is not a change in allocator or compone.
 † include additional rows if needed

6a Report on Capital Expenditure for the Disclosure Year

Company Name **Horizon Energy Distribution Limited**
For Year Ended **31 March 2017**

SCHEDULE 6a: REPORT ON CAPITAL EXPENDITURE FOR THE DISCLOSURE YEAR

This schedule requires a breakdown of capital expenditure on assets incurred in the disclosure year, including any assets in respect of which capital contributions are received, but excluding assets that are vested assets. Information on expenditure on assets must be provided on an accounting accruals basis and must exclude finance costs.

EDBs must provide explanatory comment on their expenditure on assets in Schedule 14 (Explanatory Notes to Templates).

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref		(\$000)	(\$000)
7	6a(i): Expenditure on Assets		
8	Consumer connection		74
9	System growth		2,421
10	Asset replacement and renewal		5,084
11	Asset relocations		15
12	Reliability, safety and environment:		
13	Quality of supply	209	
14	Legislative and regulatory	-	
15	Other reliability, safety and environment	1,214	
16	Total reliability, safety and environment		1,422
17	Expenditure on network assets		9,017
18	Expenditure on non-network assets		1,234
19			
20	Expenditure on assets		10,251
21	plus Cost of financing		91
22	less Value of capital contributions		33
23	plus Value of vested assets		-
24			
25	Capital expenditure		10,310
26	6a(ii): Subcomponents of Expenditure on Assets (where known)		(\$000)
27	Energy efficiency and demand side management, reduction of energy losses		-
28	Overhead to underground conversion		459
29	Research and development		-
30	6a(iii): Consumer Connection		
31	<i>Consumer types defined by EDB*</i>	(\$000)	(\$000)
32	130 - Customer Connection - NC1 assets created	74	
33	[EDB consumer type]	-	
34	[EDB consumer type]	-	
35	[EDB consumer type]	-	
36	[EDB consumer type]	-	
37	<i>* include additional rows if needed</i>		
38	Consumer connection expenditure		74
39			
40	less Capital contributions funding consumer connection expenditure	3	
41	Consumer connection less capital contributions		71
42	6a(iv): System Growth and Asset Replacement and Renewal		
43		System Growth	Asset Replacement and Renewal
44		(\$000)	(\$000)
45	Subtransmission	-	-
46	Zone substations	1,630	368
47	Distribution and LV lines	-	358
48	Distribution and LV cables	750	1,646
49	Distribution substations and transformers	-	850
50	Distribution switchgear	40	1,171
51	Other network assets	-	690
52	System growth and asset replacement and renewal expenditure	2,421	5,084
53	less Capital contributions funding system growth and asset replacement and renewal	-	30
54	System growth and asset replacement and renewal less capital contributions	2,421	5,055
55			
56	6a(v): Asset Relocations		
57	<i>Project or programme*</i>	(\$000)	(\$000)
58	[Description of material project or programme]	-	
59	[Description of material project or programme]	-	
60	[Description of material project or programme]	-	
61	[Description of material project or programme]	-	
62	[Description of material project or programme]	-	
63	<i>* include additional rows if needed</i>		
64	All other projects or programmes - asset relocations	15	
65	Asset relocations expenditure		15
66	less Capital contributions funding asset relocations	-	
67	Asset relocations less capital contributions		15
68			

SCHEDULE 6a: REPORT ON CAPITAL EXPENDITURE FOR THE DISCLOSURE YEAR

This schedule requires a breakdown of capital expenditure on assets incurred in the disclosure year, including any assets in respect of which capital contributions are received, but excluding assets that are vested assets. Information on expenditure on assets must be provided on an accounting accruals basis and must exclude finance costs. EDBs must provide explanatory comment on their expenditure on assets in Schedule 14 (Explanatory Notes to Templates). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

69	6a(vi): Quality of Supply		
70	<i>Project or programme*</i>	(\$000)	(\$000)
71	[Description of material project or programme]	-	
72	[Description of material project or programme]	-	
73	[Description of material project or programme]	-	
74	[Description of material project or programme]	-	
75	[Description of material project or programme]	-	
76	<i>* include additional rows if needed</i>		
77	All other projects programmes - quality of supply	209	
78	Quality of supply expenditure		209
79	less Capital contributions funding quality of supply	-	
80	Quality of supply less capital contributions		209
81	6a(vii): Legislative and Regulatory		
82	<i>Project or programme*</i>	(\$000)	(\$000)
83	[Description of material project or programme]	-	
84	[Description of material project or programme]	-	
85	[Description of material project or programme]	-	
86	[Description of material project or programme]	-	
87	[Description of material project or programme]	-	
88	<i>* include additional rows if needed</i>		
89	All other projects or programmes - legislative and regulatory	-	
90	Legislative and regulatory expenditure		-
91	less Capital contributions funding legislative and regulatory	-	
92	Legislative and regulatory less capital contributions		-
93	6a(viii): Other Reliability, Safety and Environment		
94	<i>Project or programme*</i>	(\$000)	(\$000)
95	Galatea 33kV CB replacement and Tx Relocation	707	
96	Galatea 33kV CB installation - Stage 2	473	
97	[Description of material project or programme]	-	
98	[Description of material project or programme]	-	
99	[Description of material project or programme]	-	
100	<i>* include additional rows if needed</i>		
101	All other projects or programmes - other reliability, safety and environment	34	
102	Other reliability, safety and environment expenditure		1,214
103	less Capital contributions funding other reliability, safety and environment	-	
104	Other reliability, safety and environment less capital contributions		1,214
105			
106	6a(ix): Non-Network Assets		
107	Routine expenditure		
108	<i>Project or programme*</i>	(\$000)	(\$000)
109	Plant & Equipment	77	
110	Vehicles	90	
111	Land - Improvements	750	
112	Intangible - Software	229	
113	Other Information Technology	88	
114	<i>* include additional rows if needed</i>		
115	All other projects or programmes - routine expenditure	-	
116	Routine expenditure		1,234
117	Atypical expenditure		
118	<i>Project or programme*</i>	(\$000)	(\$000)
119	[Description of material project or programme]	-	
120	[Description of material project or programme]	-	
121	[Description of material project or programme]	-	
122	[Description of material project or programme]	-	
123	[Description of material project or programme]	-	
124	<i>* include additional rows if needed</i>		
125	All other projects or programmes - atypical expenditure	-	
126	Atypical expenditure		-
127			
128	Expenditure on non-network assets		1,234

6b Report on Operational Expenditure for the Disclosure Year

Company Name **Horizon Energy Distribution Limited**
 For Year Ended **31 March 2017**

SCHEDULE 6b: REPORT ON OPERATIONAL EXPENDITURE FOR THE DISCLOSURE YEAR

This schedule requires a breakdown of operational expenditure incurred in the disclosure year. EDBs must provide explanatory comment on their operational expenditure in Schedule 14 (Explanatory notes to templates). This includes explanatory comment on any atypical operational expenditure and assets replaced or renewed as part of asset replacement and renewal operational expenditure, and additional information on insurance. This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref		(\$000)	(\$000)	
7	6b(i): Operational Expenditure			
8	Service interruptions and emergencies	932		
9	Vegetation management	572		
10	Routine and corrective maintenance and inspection	882		
11	Asset replacement and renewal	877		
12	Network opex		3,263	
13	System operations and network support	2,045		
14	Business support	3,416		
15	Non-network opex		5,460	
16				
17	Operational expenditure		8,724	
18	6b(ii): Subcomponents of Operational Expenditure (where known)			
19	Energy efficiency and demand side management, reduction of energy losses		-	
20	Direct billing*		-	
21	Research and development		-	
22	Insurance		-	
23	* Direct billing expenditure by suppliers that directly bill the majority of their consumers			

7 Comparison of Forecasts to Actual Expenditure

Company Name **Horizon Energy Distribution Limited**
 For Year Ended **31 March 2017**

SCHEDULE 7: COMPARISON OF FORECASTS TO ACTUAL EXPENDITURE

This schedule compares actual revenue and expenditure to the previous forecasts that were made for the disclosure year. Accordingly, this schedule requires the forecast revenue and expenditure information from previous disclosures to be inserted.

EDBs must provide explanatory comment on the variance between actual and target revenue and forecast expenditure in Schedule 14 (Mandatory Explanatory Notes). This information is part of the audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8. For the purpose of this audit, target revenue and forecast expenditures only need to be verified back to previous disclosures.

sch ref

7	7(i): Revenue	Target (\$000) ¹	Actual (\$000)	% variance
8	Line charge revenue	31,346	31,484	0%

9	7(ii): Expenditure on Assets	Forecast (\$000) ²	Actual (\$000)	% variance
10	Consumer connection	449	74	(83%)
11	System growth	1,722	2,421	41%
12	Asset replacement and renewal	4,567	5,084	11%
13	Asset relocations	45	15	(66%)
14	Reliability, safety and environment:			
15	Quality of supply	469	209	(55%)
16	Legislative and regulatory	99	-	(100%)
17	Other reliability, safety and environment	1,467	1,214	(17%)
18	Total reliability, safety and environment	2,035	1,422	(30%)
19	Expenditure on network assets	8,818	9,017	2%
20	Expenditure on non-network assets	1,216	1,234	1%
21	Expenditure on assets	10,034	10,251	2%

22	7(iii): Operational Expenditure			
23	Service interruptions and emergencies	826	932	13%
24	Vegetation management	612	572	(7%)
25	Routine and corrective maintenance and inspection	992	882	(11%)
26	Asset replacement and renewal	517	877	69%
27	Network opex	2,947	3,263	11%
28	System operations and network support	1,970	2,045	4%
29	Business support	3,596	3,416	(5%)
30	Non-network opex	5,566	5,460	(2%)
31	Operational expenditure	8,513	8,724	2%

32	7(iv): Subcomponents of Expenditure on Assets (where known)			
33	Energy efficiency and demand side management, reduction of energy losses	-	-	-
34	Overhead to underground conversion	-	459	-
35	Research and development	-	-	-

37	7(v): Subcomponents of Operational Expenditure (where known)			
38	Energy efficiency and demand side management, reduction of energy losses	-	-	-
39	Direct billing	-	-	-
40	Research and development	-	-	-
41	Insurance	-	-	-

1 From the nominal dollar target revenue for the disclosure year disclosed under clause 2.4.3(3) of this determination

2 From the CY+1 nominal dollar expenditure forecasts disclosed in accordance with clause 2.6.6 for the forecast period starting at the beginning of the disclosure year (the second to last disclosure of Schedules 11a and 11b)

8 Report on Billed Quantities and Line Charge Revenues

Company Name
For Year Ended
Network / Sub-Network Name

Horizon Energy Distribution Limited
31 March 2017

SCHEDULE 8: REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES

This schedule requires the billed quantities and associated line charge revenues for each price category code used by the EDB in its pricing schedules. Information is also required on the number of ICPs that are included in each consumer group or price category code, and the energy delivered to these ICPs.

sch ref

8(i): Billed Quantities by Price Component

Price component	Billed quantities by price component						
	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Variable
Unit charging basis (eg, days, kW of demand, kVA of capacity, etc.)	Days	kVA/Day	kVA/Month	kW/Month	Light/Month	Month	kWh
LUDU	2,884,230	-	-	-	-	-	40,093,841
LUDR	1,373,495	-	-	-	-	-	20,115,103
NDU	1,887,780	-	-	-	-	-	36,809,240
NDR	1,672,065	-	-	-	-	-	32,327,676
LV	6,935	-	-	-	-	-	-
EF	5,110	-	-	-	-	-	-
SL	-	-	-	-	56,244	-	2,196,662
PCM24	-	-	-	-	-	12	-
PCMN	-	-	-	-	-	12	-
N2U	294,920	-	-	-	-	-	13,419,293
N2R	611,010	-	-	-	-	-	24,081,040
N3U	98,185	-	-	-	-	-	10,551,923
N3R	117,165	-	-	-	-	-	15,358,683
N4U	15,695	-	-	-	-	-	2,509,958
N4R	12,775	-	-	-	-	-	1,806,499
N5U	-	1,833,030	-	-	-	-	2,198,541
N5R	-	1,573,452	-	-	-	-	1,208,558
NMD	-	-	463,781	315,872	-	-	49,505,652
MAORS	-	-	-	-	-	12	280,264,556
Standard consumer totals	8,979,365	3,406,482	463,781	315,872		24	252,182,671
Non-standard consumer totals	-	-	-	-		12	280,264,556
Total for all consumers	8,979,365	3,406,482	463,781	315,872		36	532,447,227

Add extra columns for additional billed quantities by price component as necessary

Consumer group name or price category code	Consumer type or types (eg, residential, commercial etc)	Standard or non-standard consumer group (specify)	Average no. of ICPs in disclosure year	Energy delivered to ICPs in disclosure year (MWh)
LUDU	Domestic	Standard	7,902	40,094
LUDR	Domestic	Standard	3,763	20,115
NDU	Standard	Standard	5,172	36,809
NDR	Standard	Standard	4,581	32,328
LV	Non-Domestic	Standard	19	0
EF	Non-Domestic	Standard	14	0
SL	Non-Domestic	Standard	16	2,197
PCM24	Non-Domestic	Standard	79	0
PCMN	Non-Domestic	Standard	3	0
N2U	Non-Domestic	Standard	808	13,419
N2R	Non-Domestic	Standard	1,674	24,081
N3U	Non-Domestic	Standard	269	10,552
N3R	Non-Domestic	Standard	321	15,359
N4U	Non-Domestic	Standard	43	2,510
N4R	Non-Domestic	Standard	35	1,806
N5U	Non-Domestic	Standard	29	2,199
N5R	Non-Domestic	Standard	24	1,209
NMD	Non-Domestic	Standard	149	49,506
MAORS	Industrial	Non-standard	12	280,265
Standard consumer totals			24,901	252,183
Non-standard consumer totals			12	280,265
Total for all consumers			24,913	532,447

Add extra rows for additional consumer groups or price category codes as necessary

30

Company Name
For Year Ended
Network / Sub-Network Name

Horizon Energy Distribution Limited
31 March 2017

SCHEDULE 8: REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES

This schedule requires the billed quantities and associated line charge revenues for each price category code used by the EDB in its pricing schedules. Information is also required on the number of ICPs that are included in each consumer group or price category code, and the energy delivered to these ICPs.

sch ref

8(ii): Line Charge Revenues (\$000) by Price Component

Consumer group name or price category code	Consumer type or types (eg, residential, commercial etc)	Standard or non-standard consumer group (specify)	Total line charge revenue in disclosure year	Notional revenue foregone from posted discounts (if applicable)	Total distribution line charge revenue	Total transmission line charge revenue (if available)	Rate (eg, \$ per day, \$ per kWh, etc)	Line charge revenues (\$000) by price component							
								Price component							
								Fixed Days	Fixed kVA/Day	Fixed kVA/Month	Fixed kW/Month	Fixed Light/Month	Fixed Month	Variable kWh	
LUDU	Domestic	Standard	\$4,553	0	3596.081	956.479		\$433	-	-	-	-	-	-	\$4,120
LUDR	Domestic	Standard	\$2,251	0	1786.781	464.356		\$206	-	-	-	-	-	-	\$2,045
NDU	Standard	Standard	\$4,455	0	3480.999	974.082		\$3,859	-	-	-	-	-	-	\$597
NDR	Standard	Standard	\$4,086	0	3223.364	862.713		\$3,417	-	-	-	-	-	-	\$669
LUV	Non-Domestic	Standard	\$5	0	4.975	0.146		\$5	-	-	-	-	-	-	-
EF	Non-Domestic	Standard	\$4	0	3.747	0.108		\$4	-	-	-	-	-	-	-
SL	Non-Domestic	Standard	\$302	0	262.908	39.496		-	-	-	-	\$302	-	-	-
PCM24	Non-Domestic	Standard	\$55	0	45.92	8.967		-	-	-	-	-	-	\$55	-
PCMN	Non-Domestic	Standard	\$1	0	0.887	0.113		-	-	-	-	-	-	\$1	-
N2U	Non-Domestic	Standard	\$1,183	0	820.517	362.51		\$647	-	-	-	-	-	-	\$536
N2R	Non-Domestic	Standard	\$3,499	0	2747.937	750.785		\$1,991	-	-	-	-	-	-	\$1,508
N3U	Non-Domestic	Standard	\$913	0	610.061	302.875		\$455	-	-	-	-	-	-	\$458
N3R	Non-Domestic	Standard	\$1,628	0	1267.747	360.354		\$823	-	-	-	-	-	-	\$805
N4U	Non-Domestic	Standard	\$296	0	207.295	89.156		\$147	-	-	-	-	-	-	\$149
N4R	Non-Domestic	Standard	\$251	0	178.463	72.184		\$145	-	-	-	-	-	-	\$106
N5U	Non-Domestic	Standard	\$268	0	187.973	79.608		-	\$150	-	-	-	-	-	\$118
N5R	Non-Domestic	Standard	\$256	0	187.391	68.519		-	\$144	-	-	-	-	-	\$112
NMD	Non-Domestic	Standard	\$3,547	0	2572.363	974.297		-	-	\$893	\$1,587	-	-	-	\$1,067
MAJORS	Industrial	Non-standard	\$3,932	0	1051.774	2880.366		-	-	-	-	-	-	\$3,932	-
Add extra rows for additional consumer groups or price category codes as necessary															
Standard consumer totals			\$27,552	-	\$21,185	\$6,367		\$12,132	\$294	\$893	\$1,587	\$302	\$56	\$12,288	
Non-standard consumer totals			\$3,932	-	\$1,052	\$2,880		-	-	-	-	-	\$3,932	-	
Total for all consumers			\$31,484	-	\$22,237	\$9,247		\$12,132	\$294	\$893	\$1,587	\$302	\$3,988	\$12,288	

Add extra columns for additional line charge revenues by price component as necessary

8(iii): Number of ICPs directly billed

Number of directly billed ICPs at year end

8

Check OK

9a Asset Register

Company Name **Horizon Energy Distribution Limited**

For Year Ended **31 March 2017**

Network / Sub-network Name

SCHEDULE 9a: ASSET REGISTER

This schedule requires a summary of the quantity of assets that make up the network, by asset category and asset class. All units relating to cable and line assets, that are expressed in km, refer to circuit lengths.

sch.ref

8	Voltage	Asset category	Asset class	Units	Items at start of			Items at end of		Data accuracy (1-4)
					year (quantity)	year (quantity)	Net change	year (quantity)	year (quantity)	
9	All	Overhead Line	Concrete poles / steel structure	No.	18,318	18,356	38		2	
10	All	Overhead Line	Wood poles	No.	1,929	1,876	(53)		2	
11	All	Overhead Line	Other pole types	No.	74	74	-		2	
12	HV	Subtransmission Line	Subtransmission OH up to 66kV conductor	km	178	178	(0)		1	
13	HV	Subtransmission Line	Subtransmission OH 110kV+ conductor	km	-	-	-		N/A	
14	HV	Subtransmission Cable	Subtransmission UG up to 66kV (XLPE)	km	4	4	0		4	
15	HV	Subtransmission Cable	Subtransmission UG up to 66kV (Oil pressurised)	km	-	-	-		N/A	
16	HV	Subtransmission Cable	Subtransmission UG up to 66kV (Gas pressurised)	km	-	-	-		N/A	
17	HV	Subtransmission Cable	Subtransmission UG up to 66kV (PILC)	km	-	-	-		N/A	
18	HV	Subtransmission Cable	Subtransmission UG 110kV+ (XLPE)	km	-	-	-		N/A	
19	HV	Subtransmission Cable	Subtransmission UG 110kV+ (Oil pressurised)	km	-	-	-		N/A	
20	HV	Subtransmission Cable	Subtransmission UG 110kV+ (Gas Pressurised)	km	-	-	-		N/A	
21	HV	Subtransmission Cable	Subtransmission UG 110kV+ (PILC)	km	-	-	-		N/A	
22	HV	Subtransmission Cable	Subtransmission submarine cable	km	-	-	-		N/A	
23	HV	Zone substation Buildings	Zone substations up to 66kV	No.	10	10	-		3	
24	HV	Zone substation Buildings	Zone substations 110kV+	No.	-	-	-		N/A	
25	HV	Zone substation switchgear	50/66/110kV CB (Indoor)	No.	-	-	-		N/A	
26	HV	Zone substation switchgear	50/66/110kV CB (Outdoor)	No.	-	-	-		N/A	
27	HV	Zone substation switchgear	33kV Switch (Ground Mounted)	No.	-	-	-		4	
28	HV	Zone substation switchgear	33kV Switch (Pole Mounted)	No.	21	17	(4)		1	
29	HV	Zone substation switchgear	33kV RMU	No.	-	-	-		N/A	
30	HV	Zone substation switchgear	22/33kV CB (Indoor)	No.	10	10	-		2	
31	HV	Zone substation switchgear	22/33kV CB (Outdoor)	No.	9	11	2		2	
32	HV	Zone substation switchgear	3.3/6.6/11/22kV CB (ground mounted)	No.	54	54	-		4	
33	HV	Zone substation switchgear	3.3/6.6/11/22kV CB (pole mounted)	No.	6	6	-		4	
34	HV	Zone Substation Transformer	Zone Substation Transformers	No.	15	13	(2)		4	
35	HV	Distribution Line	Distribution OH Open Wire Conductor	km	1,446	1,446	1		3	
36	HV	Distribution Line	Distribution OH Aerial Cable Conductor	km	-	-	-		N/A	
37	HV	Distribution Line	SWER conductor	km	63	63	(0)		3	
38	HV	Distribution Cable	Distribution UG XLPE or PVC	km	163	164	2		2	
39	HV	Distribution Cable	Distribution UG PILC	km	34	34	(0)		2	
40	HV	Distribution Cable	Distribution Submarine Cable	km	-	-	-		N/A	
41	HV	Distribution switchgear	3.3/6.6/11/22kV CB (pole mounted) - reclosers and sectionalisers	No.	103	107	4		3	
42	HV	Distribution switchgear	3.3/6.6/11/22kV CB (Indoor)	No.	-	-	-		N/A	
43	HV	Distribution switchgear	3.3/6.6/11/22kV Switches and fuses (pole mounted)	No.	4,129	4,139	10		1	
44	HV	Distribution switchgear	3.3/6.6/11/22kV Switch (ground mounted) - except RMU	No.	-	-	-		N/A	
45	HV	Distribution switchgear	3.3/6.6/11/22kV RMU	No.	240	247	7		3	
46	HV	Distribution Transformer	Pole Mounted Transformer	No.	2,491	2,499	8		3	
47	HV	Distribution Transformer	Ground Mounted Transformer	No.	750	760	10		2	
48	HV	Distribution Transformer	Voltage regulators	No.	1	1	-		4	
49	HV	Distribution Substations	Ground Mounted Substation Housing	No.	765	774	9		2	
50	LV	LV Line	LV OH Conductor	km	277	275	(2)		2	
51	LV	LV Cable	LV UG Cable	km	348	355	6		2	
52	LV	LV Street lighting	LV OH/UG Streetlight circuit	km	236	237	1		2	
53	LV	Connections	OH/UG consumer service connections	No.	24,848	24,961	113		3	
54	All	Protection	Protection relays (electromechanical, solid state and numeric)	No.	105	111	6		3	
55	All	SCADA and communications	SCADA and communications equipment operating as a single system	Lot	1	9	8		4	
56	All	Capacitor Banks	Capacitors including controls	No	2	2	-		4	
57	All	Load Control	Centralised plant	Lot	4	4	-		4	
58	All	Load Control	Relays	No	-	-	-		N/A	
59	All	Civils	Cable Tunnels	km	-	-	-		N/A	

9c Report on Overhead Lines and Underground Cables

Company Name **Horizon Energy Distribution Limited**
 For Year Ended **31 March 2017**
 Network / Sub-network Name

SCHEDULE 9c: REPORT ON OVERHEAD LINES AND UNDERGROUND CABLES

This schedule requires a summary of the key characteristics of the overhead line and underground cable network. All units relating to cable and line assets, that are expressed in km, refer to circuit lengths.

sch ref		Overhead (km)	Underground (km)	Total circuit length (km)
9				
10	Circuit length by operating voltage (at year end)			
11	> 66kV	–	–	–
12	50kV & 66kV	–	–	–
13	33kV	178	4	182
14	SWER (all SWER voltages)	63	–	63
15	22kV (other than SWER)	–	–	–
16	6.6kV to 11kV (inclusive—other than SWER)	1,446	198	1,644
17	Low voltage (< 1kV)	275	355	630
18	Total circuit length (for supply)	1,963	557	2,520
19				
20	Dedicated street lighting circuit length (km)	–	20	20
21	Circuit in sensitive areas (conservation areas, iwi territory etc) (km)			460
22				
23	Overhead circuit length by terrain (at year end)			
24	Urban	217		11%
25	Rural	1,004		51%
26	Remote only	164		8%
27	Rugged only	354		18%
28	Remote and rugged	120		6%
29	Unallocated overhead lines	104		5%
30	Total overhead length	1,963		100%
31				
32				
33	Length of circuit within 10km of coastline or geothermal areas (where known)	1,885		75%
34				
35	Overhead circuit requiring vegetation management	1,963		100%

9d Report on Embedded Networks

Company Name **Horizon Energy Distribution Limited**
 For Year Ended **31 March 2017**

SCHEDULE 9d: REPORT ON EMBEDDED NETWORKS

This schedule requires information concerning embedded networks owned by an EDB that are embedded in another EDB's network or in another embedded network.

sch ref	Location *	Number of ICPs served	Line charge revenue (\$000)
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
25			
26			

* Extend embedded distribution networks table as necessary to disclose each embedded network owned by the EDB which is embedded in another EDB's network or in another embedded network

9e Report on Network Demand

Company Name **Horizon Energy Distribution Limited**

For Year Ended **31 March 2017**

Network / Sub-network Name

SCHEDULE 9e: REPORT ON NETWORK DEMAND

This schedule requires a summary of the key measures of network utilisation for the disclosure year (number of new connections including distributed generation, peak demand and electricity volumes conveyed).

sch ref

8	9e(i): Consumer Connections		
9	<i>Number of ICPs connected in year by consumer type</i>		
10		Number of	
11	<i>Consumer types defined by EDB*</i>	connections (ICPs)	
12	Domestic	172	
13	Capacity	10	
14	Network Maximum Demand	4	
15	Majors	–	
16	Special	–	
17	<i>* include additional rows if needed</i>		
18	Connections total	186	
19	Distributed generation		
20	Number of connections made in year	47	connections
21	Capacity of distributed generation installed in year	0	MVA
22	9e(ii): System Demand		
23			
24		Demand at time of	
25		maximum	
26		coincident demand	
27		(MW)	
28	Maximum coincident system demand		
29	GXP demand	88	
30	<i>plus</i> Distributed generation output at HV and above	–	
31	Maximum coincident system demand	88	
32	<i>less</i> Net transfers to (from) other EDBs at HV and above	–	
33	Demand on system for supply to consumers' connection points	88	
34	Electricity volumes carried		
35		Energy (GWh)	
36	Electricity supplied from GXPs	474	
37	<i>less</i> Electricity exports to GXPs	–	
38	<i>plus</i> Electricity supplied from distributed generation	84	
39	<i>less</i> Net electricity supplied to (from) other EDBs	–	
40	Electricity entering system for supply to consumers' connection points	558	
41	<i>less</i> Total energy delivered to ICPs	532	
42	Electricity losses (loss ratio)	25	4.5%
43	Load factor	0.72	
44	9e(iii): Transformer Capacity		
45		(MVA)	
46	Distribution transformer capacity (EDB owned)	229	
47	Distribution transformer capacity (Non-EDB owned, estimated)	79	
48	Total distribution transformer capacity	308	
49	Zone substation transformer capacity	90	

10 Report on Network Reliability

Company Name **Horizon Energy Distribution Limited**

For Year Ended **31 March 2017**

Network / Sub-network Name

SCHEDULE 10: REPORT ON NETWORK RELIABILITY

This schedule requires a summary of the key measures of network reliability (interruptions, SAIDI, SAIFI and fault rate) for the disclosure year. EDBs must provide explanatory comment on their network reliability for the disclosure year in Schedule 14 (Explanatory notes to templates). The SAIFI and SAIDI information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

8 10(i): Interruptions

9 Interruptions by class

	Number of interruptions
10 Class A (planned interruptions by Transpower)	3
11 Class B (planned interruptions on the network)	173
12 Class C (unplanned interruptions on the network)	170
13 Class D (unplanned interruptions by Transpower)	4
14 Class E (unplanned interruptions of EDB owned generation)	–
15 Class F (unplanned interruptions of generation owned by others)	–
16 Class G (unplanned interruptions caused by another disclosing entity)	–
17 Class H (planned interruptions caused by another disclosing entity)	–
18 Class I (interruptions caused by parties not included above)	–
19 Total	350

20 Interruption restoration

	≤3Hrs	>3hrs
22 Class C interruptions restored within	131	39

24 SAIFI and SAIDI by class

	SAIFI	SAIDI
25 Class A (planned interruptions by Transpower)	0.28	115.4
26 Class B (planned interruptions on the network)	0.54	101.2
27 Class C (unplanned interruptions on the network)	1.89	178.0
28 Class D (unplanned interruptions by Transpower)	0.36	6.2
29 Class E (unplanned interruptions of EDB owned generation)	–	–
30 Class F (unplanned interruptions of generation owned by others)	–	–
31 Class G (unplanned interruptions caused by another disclosing entity)	–	–
32 Class H (planned interruptions caused by another disclosing entity)	–	–
33 Class I (interruptions caused by parties not included above)	–	–
34 Total	3.07	400.8

36 Normalised SAIFI and SAIDI

	Normalised SAIFI	Normalised SAIDI
37 Classes B & C (interruptions on the network)	2.44	280.3

39 Quality path normalised reliability limit

	SAIFI reliability limit	SAIDI reliability limit
40 SAIFI and SAIDI limits applicable to disclosure year*	2.22	175.8

41 * not applicable to exempt EDBs

Company Name	Horizon Energy Distribution Limited
For Year Ended	31 March 2017
Network / Sub-network Name	

SCHEDULE 10: REPORT ON NETWORK RELIABILITY

This schedule requires a summary of the key measures of network reliability (interruptions, SAIDI, SAIFI and fault rate) for the disclosure year. EDBs must provide explanatory comment on their network reliability for the disclosure year in Schedule 14 (Explanatory notes to templates). The SAIFI and SAIDI information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

42 10(ii): Class C Interruptions and Duration by Cause

43

44 Cause	SAIFI	SAIDI
45 Lightning	0.06	2.6
46 Vegetation	0.08	9.7
47 Adverse weather	0.35	31.7
48 Adverse environment	0.04	1.8
49 Third party interference	0.12	12.8
50 Wildlife	0.14	11.8
51 Human error	0.10	2.0
52 Defective equipment	0.56	78.5
53 Cause unknown	0.43	27.2

54

55 10(iii): Class B Interruptions and Duration by Main Equipment Involved

56

57 Main equipment involved	SAIFI	SAIDI
58 Subtransmission lines	0.08	25.1
59 Subtransmission cables	–	–
60 Subtransmission other	–	–
61 Distribution lines (excluding LV)	0.38	58.4
62 Distribution cables (excluding LV)	0.07	17.7
63 Distribution other (excluding LV)	–	–

64 10(iv): Class C Interruptions and Duration by Main Equipment Involved

65

66 Main equipment involved	SAIFI	SAIDI
67 Subtransmission lines	0.21	32.8
68 Subtransmission cables	–	–
69 Subtransmission other	–	–
70 Distribution lines (excluding LV)	1.42	131.3
71 Distribution cables (excluding LV)	0.25	13.8
72 Distribution other (excluding LV)	–	–

73 10(v): Fault Rate

74

74 Main equipment involved	Number of Faults	Circuit length (km)	Fault rate (faults per 100km)
75 Subtransmission lines	5	178	2.81
76 Subtransmission cables	–	4	–
77 Subtransmission other	–	–	–
78 Distribution lines (excluding LV)	154	1,509	10.21
79 Distribution cables (excluding LV)	11	198	5.56
80 Distribution other (excluding LV)	–	–	–
81 Total	170	–	–

14 Mandatory Explanatory Notes

Company Name	Horizon Energy Distribution Limited
For Year Ended	<u>31 March 2017</u>

Schedule 14 Mandatory Explanatory Notes

1. This schedule requires EDBs to provide explanatory notes to information provided in accordance with clauses 2.3.1, 2.4.21, 2.4.22, and sub clauses 2.5.1(1)(f), and 2.5.2(1)(e).
2. This schedule is mandatory—EDBs must provide the explanatory comment specified below, in accordance with clause 2.7.1. Information provided in boxes 1 to 12 of this schedule is part of the audited disclosure information, and so is subject to the assurance requirements specified in section 2.8.
3. Schedule 15 (Voluntary Explanatory Notes to Schedules) provides for EDBs to give additional explanation of disclosed information should they elect to do so.

Return on Investment (Schedule 2)

4. In the box below, comment on return on investment as disclosed in Schedule 2. This comment must include information on reclassified items in accordance with subclause 2.7.1(2).

Box 1: Explanatory comment on return on investment

There were no reclassified items during the disclosure year.

Regulatory Profit (Schedule 3)

5. In the box below, comment on regulatory profit for the disclosure year as disclosed in Schedule 3. This comment must include-
 - 5.1 a description of material items included in other regulated income (other than gains / (losses) on asset disposals), as disclosed in 3(i) of Schedule 3
 - 5.2 information on reclassified items in accordance with subclause 2.7.1(2).

Box 2: Explanatory comment on regulatory profit

\$82,374	Miscellaneous Network Service Income
\$99,220	Application Fees
\$18,901	Bad debts Recovered
<u>\$ 1,748</u>	EBET Takeover Recoveries
\$202,243	Total

There were no reclassified items during the disclosure year.

Merger and acquisition expenses (3(iv) of Schedule 3)

6. If the EDB incurred merger and acquisitions expenditure during the disclosure year, provide the following information in the box below-
 - 6.1 information on reclassified items in accordance with subclause 2.7.1(2)
 - 6.2 any other commentary on the benefits of the merger and acquisition expenditure to the EDB.

Box 3: Explanatory comment on merger and acquisition expenditure

There was no merger and acquisition activity during the year.

There have been no items classified differently from the previous year.

Value of the Regulatory Asset Base (Schedule 4)

7. In the box below, comment on the value of the regulatory asset base (rolled forward) in Schedule 4. This comment must include information on reclassified items in accordance with subclause 2.7.1(2).

Box 4: Explanatory comment on the value of the regulatory asset based (rolled forward)

The Regulatory Asset Base has been calculated in accordance with the IM Determination.

However the information contained in Schedule 4(vii) is based on historical records manually maintained in spreadsheet format. Sufficient records have been utilised where possible to comply with the Electricity Distribution Information Disclosure Determination 2012 to determine asset category and asset life. However the historical information used to determine asset category and asset life has been sourced from spreadsheets where the requirements under the Electricity Distribution Information Disclosure Determination 2012 could not have been previously foreseen, and therefore historically these spreadsheets have not been wholly maintained to determine asset category and asset life at the level required under the Electricity Distribution Information Disclosure Determination 2012.

There have been no items classified differently from the previous year.

Regulatory tax allowance: disclosure of permanent differences (5a(i) of Schedule 5a)

8. In the box below, provide descriptions and workings of the material items recorded in the following asterisked categories of 5a(i) of Schedule 5a-
- 8.1 Income not included in regulatory profit / (loss) before tax but taxable;
 - 8.2 Expenditure or loss in regulatory profit / (loss) before tax but not deductible;
 - 8.3 Income included in regulatory profit / (loss) before tax but not taxable;
 - 8.4 Expenditure or loss deductible but not in regulatory profit / (loss) before tax.

Box 5: Regulatory tax allowance: permanent differences**Income not included in regulatory profit / (loss) before tax but taxable:**

Nil

Expenditure or loss in regulatory profit / (loss) before tax but not deductible:

\$9,000	Entertainment Non Deductible
\$4,000	Non Deductible Professional Fees
\$0	Provision for Doubtful Debts
\$53,000	Provisions Relating to Employee Costs
<u>\$45,000</u>	Movement in Bonus Provision
\$111,000	Total

Income included in regulatory profit / (loss) before tax but not taxable:

\$2,480,000

Expenditure or loss deductible but not in regulatory profit / (loss) before tax:

Nil

Regulatory tax allowance: disclosure of temporary differences (5a(vi) of Schedule 5a)

9. In the box below, provide descriptions and workings of material items recorded in the asterisked category 'Tax effect of other temporary differences' in 5a(vi) of Schedule 5a.

Box 6: Tax effect of other temporary differences (current disclosure year)

Schedule 5a(vi) – Calculation of Deferred Tax Balance has not been completed due to Horizon Energy Distribution Limited being exempt from income tax under the charities tax exemption. This treatment is consistent with Horizon Energy Distribution Limited's 31 March 2017 Financial Statements which are prepared in accordance with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

Related party transactions: disclosure of related party transactions (Schedule 5b)

10. In the box below, provide descriptions of related party transactions beyond those disclosed on Schedule 5b including identification and descriptions as to the nature of directly attributable costs disclosed under subclause 2.3.6(1)(b).

Box 7: Related party transactions

Schedule 5b contains disclosure of all related party transactions.

Cost allocation (Schedule 5d)

11. In the box below, comment on cost allocation as disclosed in Schedule 5d. This comment must include information on reclassified items in accordance with subclause 2.7.1(2).

Box 8: Cost allocation

Cost Allocations have been calculated using the ABAA approach as per the IM Determination.

All operating costs except Business Support costs are directly attributable to regulated services. Business Support costs have been allocated to regulated and unregulated services using proxy cost allocators such as; Management's estimate of percentage of staff time working on regulated and unregulated services, apportionment of office space utilised for staff conducting regulated and unregulated services, and apportionment of ICT related costs based on number of staff within regulated and unregulated services. Further use of causal relationships has been utilised to allocate costs to regulated and unregulated services, where the cost driver has led to the cost being incurred.

No items have been reclassified during the disclosure year.

Asset allocation (Schedule 5e)

12. In the box below, comment on asset allocation as disclosed in Schedule 5e. This comment must include information on reclassified items in accordance with subclause 2.7.1(2).

Box 9: Commentary on asset allocation

Asset Allocations have been calculated using the ABAA approach as per the IM Determination.

All regulated service asset values except Non-Network asset values are directly attributable to regulated services. Non-Network asset values comprise of ICT equipment and have been allocated to regulated services where a causal relationship exists. Due to the quantum allocated to unregulated services deemed as being not material, Schedule 5e has 100% of the not directly attributable Non-Network asset values being allocated to regulated services.

No items have been reclassified during the disclosure year.

Capital Expenditure for the Disclosure Year (Schedule 6a)

13. In the box below, comment on expenditure on assets for the disclosure year, as disclosed in Schedule 6a. This comment must include-
- 13.1 a description of the materiality threshold applied to identify material projects and programmes described in Schedule 6a;
 - 13.2 information on reclassified items in accordance with sub clause 2.7.1(2),

Box 10: Explanation of capital expenditure for the disclosure year

The level of materiality applied for project disclosure is \$300K.

There were no reclassified items during the disclosure year.

Operational Expenditure for the Disclosure Year (Schedule 6b)

14. In the box below, comment on operational expenditure for the disclosure year, as disclosed in Schedule 6b. This comment must include-
- 14.1 Commentary on assets replaced or renewed with asset replacement and renewal operational expenditure, as reported in 6b(i) of Schedule 6b;
 - 14.2 Information on reclassified items in accordance with sub clause 2.7.1(2);
 - 14.3 Commentary on any material atypical expenditure included in operational expenditure disclosed in Schedule 6b, a including the value of the expenditure the purpose of the expenditure, and the operational expenditure categories the expenditure relates to.

Box 11: Explanation of operational expenditure for the disclosure year

The OPEX category asset replacement and renewal is used mainly for: non capital expenditure driven by CAPEX work and refurbishment jobs that do not increase the life of the main asset e.g. Cross-arm replacement and cable termination replacement.

There were no reclassified items during the disclosure year.

Variance between forecast and actual expenditure (Schedule 7)

15. In the box below, comment on variance in actual to forecast expenditure for the disclosure year, as reported in Schedule 7. This comment must include information on reclassified items in accordance with sub clause 2.7.1(2).

Box 12: Explanatory comment on variance in actual to forecast expenditure

Customer Connection: Recent consumer connections are requiring less network augmentation than in the past, and the majority are now funded by the customer and vested rather than through capital contributions.

System Growth: Increase from budget due to delay in commissioning Plains T2, cost carried over from the prior year.

Asset Replacement and Renewal: Both asset and operational expenditure higher than forecast from severe weather events.

Asset Relocations: Fewer customer driven relocations than budgeted.

Quality of supply: Lower QoS expenditure required related to increased expenditure on Asset replacement and renewal.

Legislative and regulatory: No reactive legislative or regulatory projects identified during the year that required capital investment.

Routine and corrective maintenance and inspection operational expenditure: Reduced expenditure related to impact of increased expenditure on Asset replacement and renewal.

Service interruptions and emergencies: higher than forecast from severe weather events.
There were no reclassified items during the disclosure year.

Information relating to revenues and quantities for the disclosure year

16. In the box below provide-

- 16.1 a comparison of the target revenue disclosed before the start of the disclosure year, in accordance with clause 2.4.1 and sub clause 2.4.3(3) to total billed line charge revenue for the disclosure year, as disclosed in Schedule 8; and
- 16.2 explanatory comment on reasons for any material differences between target revenue and total billed line charge revenue.

Box 13: Explanatory comment relating to revenue for the disclosure year

There was no material difference between the forecast and actual revenue for the disclosure year.

Network Reliability for the Disclosure Year (Schedule 10)

17. In the box below, comment on network reliability for the disclosure year, as disclosed in Schedule 10.

Box 14: Commentary on network reliability for the disclosure year

The normalised SAIDI / SAIFI figures have been calculated in accordance with the Electricity Distribution Information Disclosure Determination 2012 (consolidated in 2015) as opposed to the requirements under the Electricity Distribution Services Default Price-Quality Path Determination 2015.

Insurance cover

18. In the box below, provide details of any insurance cover for the assets used to provide electricity distribution services, including-

- 18.1 The EDB's approaches and practices in regard to the insurance of assets used to provide electricity distribution services, including the level of insurance;
- 18.2 In respect of any self-insurance, the level of reserves, details of how reserves are managed and invested, and details of any reinsurance.

Box 15: Explanation of insurance cover

Property insurance coverage for 2016-17 includes Material Damage and Business Interruption with an insured value of \$74.8M. Other insurance lines include Motor Vehicle insurance with third party coverage at \$20.3M.

There is no self-insurance or reinsurance scheme operated by Horizon Energy Distribution Limited.

Amendments to previously disclosed information

19. In the box below, provide information about amendments to previously disclosed information disclosed in accordance with clause 2.12.1 in the last 7 years, including:

- 19.1 a description of each error; and
- 19.2 for each error, reference to the web address where the disclosure made in accordance with clause 2.12.1 is publicly disclosed.

Box 16: Disclosure of amendment to previously disclosed information

There were no material errors requiring disclosure of amendments to previously disclosed information.

15 Voluntary Explanatory Notes

Company Name	Horizon Energy Distribution Limited
For Year Ended	31 March 2017

Schedule 15 Voluntary Explanatory Notes

1. This schedule enables EDBs to provide, should they wish to-
 - 1.1 additional explanatory comment to reports prepared in accordance with clauses 2.3.1, 2.4.21, 2.4.22, 2.5.1 and 2.5.2;
 - 1.2 information on any substantial changes to information disclosed in relation to a prior disclosure year, as a result of final wash-ups.
2. Information in this schedule is not part of the audited disclosure information, and so is not subject to the assurance requirements specified in section 2.8.
3. Provide additional explanatory comment in the box below.

Box 1: Voluntary explanatory comment on disclosed information

Schedule 5a(i) - Regulatory Tax Allowance includes a Corporate Tax Rate of 0% due to Horizon Energy Distribution Limited being exempt from income tax under the charities tax exemption. This is due to the Eastern Bay Energy Trust, a registered charity, acquiring 100% of the shares in Horizon Energy Distribution Limited and the subsequent de-listing of Horizon Energy Distribution Limited from the New Zealand Stock Exchange on 31 July 2015.

Schedule 5a(vi) – Calculation of Deferred Tax Balance has not been completed due to Horizon Energy Distribution Limited being exempt from income tax under the charities tax exemption. This treatment is consistent with Horizon Energy Distribution Limited's 31 March 2017 Financial Statements which are prepared in accordance with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

Certification for Year-end Disclosures

Clause 2.9.2

We, ANTHONY DE FARIAS and JOHN MCDONALD, being directors of HORIZON ENERGY DISTRIBUTION LIMITED certify that, having made all reasonable enquiry, to the best of our knowledge-

- a) the information prepared for the purposes of clauses 2.3.1, 2.3.2, 2.4.21, 2.5.1, and 2.7.1 of the Electricity Distribution Information Disclosure Determination 2012 in all material respects complies with that determination; and
- b) the historical information used in the preparation of Schedules 8, 9a, 9b, 9c, 9d, 9e, 10, and 14 has been properly extracted from the HORIZON ENERGY DISTRIBUTION LIMITED's accounting and other records sourced from its financial and non-financial systems, and that sufficient appropriate records have been retained. In addition, while historical records have been maintained, requirements under the Electricity Distribution Information Disclosure Determination 2012 specific to clauses 2.5.1(1)(a) and 2.5.1(1)(b) could not have been previously foreseen to have been required and therefore information obtained from the Geospatial Information Systems will not be wholly sufficient for the purposes of Electricity Distribution Information Disclosure Determination 2012.

Dated 7th day of August 2017


.....
ANTHONY DE FARIAS


.....
JOHN MCDONALD



Independent Reasonable Assurance Report to Directors of Horizon Energy Distribution Limited and to the New Zealand Commerce Commission

Conclusion

We have concluded that, in all material respects, Schedules 1, 2, 3, 4, 5 (a-g), 6 (a-b), 7, 10 ((i)-(iv)) and 14 (boxes 1-12) are prepared in compliance with the Commerce Commission Information Disclosure Determination 2012 and the related Reasons Paper and Input Methodologies (together "the Determination") for the period ended on 31 March 2017.

We also conclude that:

- As far as appears from an examination of them, proper records to enable the complete and accurate compilation of the schedules as at 31 March 2017 have been kept by Horizon Energy Distribution Limited; and
- As far as appears from examination, the information used in the preparation of the schedules as at 31 March 2017 has been properly extracted from Horizon Energy Distribution Limited's accounting and other records and has been sourced, where appropriate, from Horizon Energy Distribution Limited's financial and non-financial systems.

Information subject to assurance

We have performed an engagement to provide reasonable assurance in relation to Horizon Energy Distribution Limited's Electricity Distribution Information Disclosure Requirements Information Templates comprising the following; Schedules 1, 2, 3, 4, 5 (a-g), 6 (a-b), 7, 10 ((i)-(iv)) and 14 (boxes 1-12) for the period ended 31 March 2017.

Criteria

We have performed an engagement to provide reasonable assurance in relation to the attached statement, which is a set of Schedules in respect of the Limited's Electricity Distribution Information Disclosure Requirements Information Templates comprising the following; Schedules 1, 2, 3, 4, 5 (a-g), 6 (a-b), 7, 10 ((i)-(iv)) and 14 (boxes 1-12) prepared by Horizon Energy Distribution Limited for the period ended on 31 March 2017 and dated 7 August 2017 for the purposes of section 2.8.1 of the Electricity Distribution Information Disclosure Determination 2012 ("the Determination"). Our procedures include obtaining an understanding of the Schedules and examination, on a test basis, of evidence supporting the Schedules.

Standards we followed

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information* (ISAE (NZ) 3000) and Standard on Assurance Engagements SAE 3100 *Compliance Engagements*. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In accordance with ISAE (NZ) 3000 we have:

- used our professional judgement to assess the risk of material misstatement and plan and perform the engagement to obtain reasonable assurance that the [information subject to assurance] is free from material misstatement, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on the effectiveness of these controls; and



— ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies.

How to interpret reasonable assurance and material misstatement

Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material misstatement when it exists.

Misstatements, including omissions, within the Schedules are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the Schedules.

Use of this assurance Report

Our report should not be regarded as suitable to be used or relied on by any party other than Horizon Energy Distribution Limited and the Commerce Commission in relation to section 2.8.1 of the Electricity Distribution Information Disclosure Determination 2012 for any purpose or in any context. Any party other than Horizon Energy Distribution Limited and the Commerce Commission who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Horizon Energy Distribution Limited and the Commerce Commission for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

Our report is released to Horizon Energy Distribution Limited and the New Zealand Commerce Commission on the basis that it shall not be copied, referred to or disclosed, in whole (except for Horizon's own internal purposes) or in part, without our prior written consent.

Directors' responsibility for the Schedules

The directors of Horizon Energy Distribution Limited are responsible for the preparation and fair presentation of the Schedules in accordance with the Determination. This responsibility includes such internal control as the directors determine is necessary to enable the preparation of Schedules that are free from material misstatement whether due to fraud or error.

Our responsibility

Our responsibility is to express a conclusion to the directors and the New Zealand Commerce Commission on the preparation and presentation of the schedules in compliance with the Determination.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our reasonable assurance conclusion.

Our independence and quality control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 (Revised) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 (Amended) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has also provided other services to Horizon Energy Distribution such as the annual audit and half-yearly review of the financial statements, regulatory assurance services, and other assurance services and have provided short-term corporate finance support. Partners and employees of our firm may also deal with Horizon Energy Distribution on normal terms within the ordinary course of trading activities of the business of Horizon Energy Distribution. These matters have not impaired our independence as auditors of Horizon Energy Distribution for this engagement. The firm has no other relationship with, or interest in, Horizon Energy Distribution Limited.


KPMG

Auckland

7 August 2017