



HORIZON NETWORKS

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

For the Year Ended 31 March 2020

CONTENTS

REPORTS	DESCRIPTION
1	ANALYTICAL RATIOS
2	REPORT ON RETURN ON INVESTMENT
3	REPORT ON REGULATORY PROFIT
4	REPORT ON VALUE OF THE REGULATORY ASSET BASE (ROLLED FORWARD)
5a	REPORT ON REGULATORY TAX ALLOWANCE
5b	REPORT ON RELATED PARTY TRANSACTIONS
5c	REPORT ON TERM CREDIT SPREAD DIFFERENTIAL ALLOWANCE
5d	REPORT ON COST ALLOCATIONS
5e	REPORT ON ASSET ALLOCATIONS
6a	REPORT ON CAPITAL EXPENDITURE FOR THE DISCLOSURE YEAR
6b	REPORT ON OPERATIONAL EXPENDITURE FOR THE DISCLOSURE YEAR
7	COMPARISON OF FORECASTS TO ACTUAL EXPENDITURE
8	REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES
9a	ASSET REGISTER
9b	ASSET AGE PROFILE
9c	REPORT ON OVERHEAD LINES
9d	REPORT ON EMBEDDED NETWORKS
9e	REPORT ON DEMAND
10	REPORT ON NETWORK RELIABILITY
14	MANDATORY EXPLANATORY NOTES
15	VOLUNTARY EXPLANATORY NOTES
DIRECTOR'S CERTIFICATE	
INDEPENDENT AUDITOR'S ASSURANCE REPORT	

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.

Reports

1 Analytical Ratios

		Company Name		Horizon Networks Limited	
		For Year Ended		31 March 2020	
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.					
sch ref					
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)
9					Expenditure per MVA of capacity from EDB-owned distribution transformers (\$/MVA)
10	Operational expenditure	18,776	407	108,225	3,962
11	Network	6,855	149	39,513	1,446
12	Non-network	11,921	259	68,712	2,515
13	Expenditure on assets	14,612	317	84,223	3,083
14	Network	11,992	260	69,118	2,530
15	Non-network	2,621	57	15,104	553
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	60,706	1,317		
20	Standard consumer line charge revenue	107,374	1,151		
21	Non-standard consumer line charge revenue	15,203	177,603		
22					
23	1(iii): Service intensity measures				
24					
25	Demand density	37		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	21,701		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			10,290	30.09%
33	Pass-through and recoverable costs excluding financial incentives and wash-ups			9,357	27.36%
34	Total depreciation			6,540	19.12%
35	Total revaluations			3,337	9.76%
36	Regulatory tax allowance			-	-
37	Regulatory profit/(loss) including financial incentives and wash-ups			11,351	33.19%
38	Total regulatory income			34,200	
39					
40	1(v): Reliability				
41					
42	Interruption rate			13.90	Interruptions per 100 circuit km



2 Report on Return on Investment

Company Name **Horizon Networks Limited**
 For Year Ended **31 March 2020**

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 18	31 Mar 19	31 Mar 20
		%	%	%
ROI – comparable to a post tax WACC				
	Reflecting all revenue earned	6.11%	6.81%	8.51%
	Excluding revenue earned from financial incentives	6.10%	6.74%	8.09%
	Excluding revenue earned from financial incentives and wash-ups	6.24%	6.88%	8.24%
Mid-point estimate of post tax WACC				
	25th percentile estimate	5.04%	4.75%	4.27%
	75th percentile estimate	4.36%	4.07%	3.59%
		5.72%	5.43%	4.95%
ROI – comparable to a vanilla WACC				
	Reflecting all revenue earned	6.11%	6.81%	8.51%
	Excluding revenue earned from financial incentives	6.10%	6.74%	8.09%
	Excluding revenue earned from financial incentives and wash-ups	6.24%	6.88%	8.24%
WACC rate used to set regulatory price path				
		7.19%	7.19%	7.19%
Mid-point estimate of vanilla WACC				
	25th percentile estimate	5.60%	5.26%	4.69%
	75th percentile estimate	4.92%	4.58%	4.01%
		6.29%	5.94%	5.37%
2(ii): Information Supporting the ROI		(\$'000)		
	Total opening RAB value	133,086		
	plus Opening deferred tax	-		
	Opening RIV		133,086	
	Line charge revenue		33,269	
	Expenses cash outflow	19,647		
	add Assets commissioned	9,826		
	less Asset disposals	1,136		
	add Tax payments	-		
	less Other regulated income	931		
	Mid-year net cash outflows		27,406	
	Term credit spread differential allowance		-	
	Total closing RAB value	138,573		
	less Adjustment resulting from asset allocation	(0)		
	less Lost and found assets adjustment	-		
	plus Closing deferred tax	-		
	Closing RIV		138,573	
	ROI – comparable to a vanilla WACC			8.51%
	Leverage (%)			42%
	Cost of debt assumption (%)			3.61%
	Corporate tax rate (%)			-
	ROI – comparable to a post tax WACC			8.51%



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

60	2(iii): Information Supporting the Monthly ROI						
61							
62							
63	Opening RIV						N/A
64							
65		Line charge revenue	Expenses cash outflow	Assets commissioned	Asset disposals	Other regulated income	Monthly net cash outflows
66							
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
91							
92	2(iv): Year-End ROI Rates for Comparison Purposes						
93							
94	Year-end ROI – comparable to a vanilla WACC						7.97%
95							
96	Year-end ROI – comparable to a post tax WACC						7.97%
97							
98	* 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.						
99							
100	2(v): Financial Incentives and Wash-Ups						
101							
102	Net recoverable costs allowed under incremental rolling incentive scheme						-
103	Purchased assets – avoided transmission charge						785
104	Energy efficiency and demand incentive allowance						
105	Quality incentive adjustment						(234)
106	Other financial incentives						
107	Financial incentives						551
108							
109	Impact of financial incentives on ROI						0.43%
110							
111	Input methodology claw-back						
112	CPP application recoverable costs						
113	Catastrophic event allowance						
114	Capex wash-up adjustment						(192)
115	Transmission asset wash-up adjustment						
116	2013–15 NPV wash-up allowance						
117	Reconsideration event allowance						
118	Other wash-ups						
119	Wash-up costs						(192)
120							
121	Impact of wash-up costs on ROI						-0.15%



3 Report on Regulatory Profit

Company Name **Horizon Networks Limited**
 For Year Ended **31 March 2020**

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

3(i): Regulatory Profit		(\$000)
7	Income	
8	Line charge revenue	33,269
10	plus Gains / (losses) on asset disposals	706
11	plus Other regulated income (other than gains / (losses) on asset disposals)	225
12		
13	Total regulatory income	34,200
14	Expenses	
15	less Operational expenditure	10,290
16		
17	less Pass-through and recoverable costs excluding financial incentives and wash-ups	9,357
18		
19	Operating surplus / (deficit)	14,554
20		
21	less Total depreciation	6,540
22		
23	plus Total revaluations	3,337
24		
25	Regulatory profit / (loss) before tax	11,351
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	11,351
32		
33	3(ii): Pass-through and Recoverable Costs excluding Financial Incentives and Wash-Ups	(\$000)
34	Pass through costs	
35	Rates	216
36	Commerce Act levies	65
37	Industry levies	111
38	CPP specified pass through costs	-
39	Recoverable costs excluding financial incentives and wash-ups	
40	Electricity lines service charge payable to Transpower	5,278
41	Transpower new investment contract charges	-
42	System operator services	-
43	Distributed generation allowance	3,687
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	9,357
47		



Company Name **Horizon Networks Limited**
 For Year Ended **31 March 2020**

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 19	31 Mar 20
48	3(iii): Incremental Rolling Incentive Scheme		
49			
50			
51	Allowed controllable opex	-	-
52	Actual controllable opex	-	-
53			
54	Incremental change in year		-
55			
			Previous years' incremental change
			adjusted for inflation
56		Previous years' incremental change	
57	CY-5 31 Mar 15	-	-
58	CY-4 31 Mar 16	-	-
59	CY-3 31 Mar 17	-	-
60	CY-2 31 Mar 18	-	-
61	CY-1 31 Mar 19	-	-
62	Net incremental rolling incentive scheme		-
63			
64	Net recoverable costs allowed under incremental rolling incentive scheme		-
65	3(iv): Merger and Acquisition Expenditure		
70			(\$000)
66	Merger and acquisition expenditure		-
67			
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 Networks Limited**
For Year Ended **31 March 2020**

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

		for year ended					
		RAB 31 Mar 16 (\$000)	RAB 31 Mar 17 (\$000)	RAB 31 Mar 18 (\$000)	RAB 31 Mar 19 (\$000)	RAB 31 Mar 20 (\$000)	
7	4(i): Regulatory Asset Base Value (Rolled Forward)						
10	Total opening RAB value	113,283	114,857	119,846	124,950	133,086	
12	less Total depreciation	5,526	5,524	5,671	6,456	6,540	
14	plus Total revaluations	663	2,480	1,309	1,851	3,337	
16	plus Assets commissioned	6,488	8,349	10,144	12,884	9,826	
17	less Asset disposals	51	316	678	142	1,136	
20	plus Lost and found assets adjustment	-	-	-	-	-	
22	plus Adjustment resulting from asset allocation	0	(0)	0	0	(0)	
25	Total closing RAB value	114,857	119,846	124,950	133,086	138,573	
26	4(ii): Unallocated Regulatory Asset Base						
29	Total opening RAB value		Unallocated RAB * (\$000)		RAB (\$000)		
30	less Total depreciation			6,540		6,540	
33	plus Total revaluations			3,337		3,337	
35	Assets commissioned (other than below)		362		362		
36	Assets acquired from a regulated supplier						
37	Assets acquired from a related party		9,464		9,464		
38	Assets commissioned			9,826		9,826	
39	less Asset disposals (other than below)		1,136		1,136		
41	Asset disposals to a regulated supplier						
42	Asset disposals to a related party						
43	Asset disposals			1,136		1,136	
45	plus Lost and found assets adjustment						
47	plus Adjustment resulting from asset allocation					(0)	
49	Total closing RAB value			138,573		138,573	
50	* 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.						
52	4(iii): Calculation of Revaluation Rate and Revaluation of Assets						
54	CPI _t					1,052	
55	CPI _{t-1}					1,026	
56	Revaluation rate (%)					2.53%	
60	Total opening RAB value	133,086		133,086			
61	less Opening value of fully depreciated, disposed and lost assets	1,386		1,386			
63	Total opening RAB value subject to revaluation	131,700		131,700			
64	plus Total revaluations			3,337		3,337	
66	4(iv): Roll Forward of Works Under Construction						
68	Works under construction—preceding disclosure year		2,616		2,616		
69	plus Capital expenditure	8,067		8,067			
70	less Assets commissioned	9,826		9,826			
71	plus Adjustment resulting from asset allocation						
72	Works under construction - current disclosure year		857		857		
74	Highest rate of capitalised finance applied					1.30%	



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(v): Regulatory Depreciation

	Unallocated RAB *		RAB	
	(\$000)	(\$000)	(\$000)	(\$000)
Depreciation - standard	5,922		5,922	
Depreciation - no standard life assets	618		618	
Depreciation - modified life assets				
Depreciation - alternative depreciation in accordance with CPP				
Total depreciation		6,540		6,540

4(vi): Disclosure of Changes to Depreciation Profiles

(\$000 unless otherwise specified)

Asset or assets with changes to depreciation*	Reason for non-standard depreciation (text entry)	Depreciation charge for the period (RAB)	Closing RAB value under 'non-standard' depreciation	Closing RAB value under 'standard' depreciation

* include additional rows if needed

4(vii): Disclosure by Asset Category

(\$000 unless otherwise specified)

	Subtransmission lines	Subtransmission cables	Zone substations	Distribution and LV lines	Distribution and LV cables	Distribution substations and transformers	Distribution switchgear	Other network assets	Non-network assets	Total
Total opening RAB value	7,265	884	10,996	23,473	33,620	26,992	17,244	9,410	3,202	133,086
less Total depreciation	307	32	397	1,274	1,273	866	713	1,072	607	6,540
plus Total revaluations	184	22	278	595	852	680	436	227	63	3,337
plus Assets commissioned	-	426	803	461	2,978	1,229	1,875	519	1,536	9,826
less Asset disposals	-	-	3	-	-	147	12	60	914	1,136
plus Lost and found assets adjustment										-
plus Adjustment resulting from asset allocation										-
plus Asset category transfers										-
Total closing RAB value	7,142	1,301	11,677	23,255	36,177	27,889	18,830	9,023	3,280	138,573
Asset Life										
Weighted average remaining asset life	32.7	38.3	38.4	25.5	36.0	36.2	31.8	16.9	6.9	(years)
Weighted average expected total asset life	53.9	51.1	49.5	58.6	51.3	50.4	39.4	27.2	11.1	(years)



5a Report on Regulatory Tax Allowance

Company Name **Horizon Networks Limited**
 For Year Ended **31 March 2020**

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		11,351
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	(243) *
12		Amortisation of initial differences in asset values	4,219
13		Amortisation of revaluations	1,351
14			5,327
15			
16	<i>less</i>	Total revaluations	3,337
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	1,982
21			5,320
22			
23		Regulatory taxable income	11,358
24			
25	<i>less</i>	Utilised tax losses	–
26		Regulatory net taxable income	11,358
27			
28		Corporate tax rate (%)	–
29		Regulatory tax allowance	–
30			
31		* Workings to be provided in Schedule 14	
32	5a(ii): Disclosure of Permanent Differences		
33		In Schedule 14, Box 5, provide descriptions and workings of items recorded in the asterisked categories in Schedule 5a(i).	
34	5a(iii): Amortisation of Initial Difference in Asset Values		(\$000)
35			
36		Opening unamortised initial differences in asset values	35,777
37	<i>less</i>	Amortisation of initial differences in asset values	4,219
38	<i>plus</i>	Adjustment for unamortised initial differences in assets acquired	–
39	<i>less</i>	Adjustment for unamortised initial differences in assets disposed	–
40		Closing unamortised initial differences in asset values	31,558
41			
42		Opening weighted average remaining useful life of relevant assets (years)	8
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	122,192	
47			
48	Adjusted depreciation	5,189	
49	Total depreciation	6,540	
50	Amortisation of revaluations		1,351
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		(\$000)
82			
83	Opening sum of regulatory tax asset values	58,561	
84	less Tax depreciation	5,630	
85	plus Regulatory tax asset value of assets commissioned	9,714	
86	less Regulatory tax asset value of asset disposals	1,023	
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		61,622



5b Report on Related Party Transactions

Company Name **Horizon Networks Limited**
 For Year Ended **31 March 2020**

SCHEDULE 5b: REPORT ON RELATED PARTY TRANSACTIONS

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

sch ref

		(\$000)	(\$000)
7	5b(i): Summary—Related Party Transactions		
8	Total regulatory income		-
9			
10	Market value of asset disposals		-
11			
12	Service interruptions and emergencies	1,054	
13	Vegetation management	684	
14	Routine and corrective maintenance and inspection	514	
15	Asset replacement and renewal (opex)	1,130	
16	Network opex		3,382
17	Business support	-	
18	System operations and network support	77	
19	Operational expenditure		3,459
20	Consumer connection	153	
21	System growth	1,034	
22	Asset replacement and renewal (capex)	4,581	
23	Asset relocations	97	
24	Quality of supply	961	
25	Legislative and regulatory	67	
26	Other reliability, safety and environment	38	
27	Expenditure on non-network assets		-
28	Expenditure on assets		6,932
29	Cost of financing	-	
30	Value of capital contributions	-	
31	Value of vested assets	-	
32	Capital Expenditure		6,932
33	Total expenditure		10,391
34			
35	Other related party transactions		-

5b(iii): Total Opex and Capex Related Party Transactions

	Name of related party	Nature of opex or capex service provided	Total value of transactions (\$000)
37			
38	Horizon Services Limited	Service interruptions and emergencies	1,054
39	Horizon Services Limited	Vegetation management	684
40	Horizon Services Limited	Routine and corrective maintenance and inspection	514
41	Horizon Services Limited	Asset replacement and renewal (opex)	1,130
42	Horizon Services Limited	Consumer connection	153
43	Horizon Services Limited	System growth	1,034
44	Horizon Services Limited	Asset replacement and renewal (capex)	4,581
45	Horizon Services Limited	Asset relocations	97
46	Horizon Services Limited	Quality of supply	961
47	Horizon Services Limited	Legislative and regulatory	67
48	Horizon Services Limited	Other reliability, safety and environment	38
49	Horizon Services Limited	Expenditure on non-network assets	-
50	Horizon Services Limited	System operations and network support	60
51	Eastern Bay Energy Trust	System operations and network support	17
52			
53	Total value of related party transactions		10,391

* include additional rows if needed



5c Report on Term Credit Spread Differential Allowance

Company Name **Horizon Networks Limited**
 For Year Ended **31 March 2020**

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

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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	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	42%	
Average opening and closing RAB values		
Attribution Rate (%)		-
Term credit spread differential allowance		-



5d Report on Cost Allocations

Company Name **Horizon Networks Limited**
 For Year Ended **31 March 2020**

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

5d(i): Operating Cost Allocations		Value allocated (\$000s)				
		Arm's length deduction	Electricity distribution services	Non-electricity distribution services	Total	OVABAA allocation increase (\$000s)
Service interruptions and emergencies						
	Directly attributable		1,095			
	Not directly attributable					
	Total attributable to regulated service		1,095			
Vegetation management						
	Directly attributable		654			
	Not directly attributable					
	Total attributable to regulated service		654			
Routine and corrective maintenance and inspection						
	Directly attributable		870			
	Not directly attributable					
	Total attributable to regulated service		870			
Asset replacement and renewal						
	Directly attributable		1,138			
	Not directly attributable					
	Total attributable to regulated service		1,138			
System operations and network support						
	Directly attributable		2,564			
	Not directly attributable					
	Total attributable to regulated service		2,564			
Business support						
	Directly attributable		3,596			
	Not directly attributable		373	229	602	
	Total attributable to regulated service		3,969			
	Operating costs directly attributable		9,917			
	Operating costs not directly attributable		373	229	602	
	Operational expenditure		10,290			

5d(ii): Other Cost Allocations		(\$000)	
Pass through and recoverable costs			
Pass through costs			
	Directly attributable	392	
	Not directly attributable		
	Total attributable to regulated service	392	
Recoverable costs			
	Directly attributable	8,965	
	Not directly attributable		
	Total attributable to regulated service	8,965	

5d(iii): Changes in Cost Allocations* †		(\$000)	
		CY-1	Current Year (CY)
Change in cost allocation 1			
Cost category		Original allocation	
Original allocator or line items		New allocation	
New allocator or line items		Difference	
Rationale for change			
Change in cost allocation 2			
Cost category		Original allocation	
Original allocator or line items		New allocation	
New allocator or line items		Difference	
Rationale for change			
Change in cost allocation 3			
Cost category		Original allocation	
Original allocator or line items		New allocation	
New allocator or line items		Difference	
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 Networks Limited**
 For Year Ended **31 March 2020**

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
Subtransmission lines	
Directly attributable	7,142
Not directly attributable	
Total attributable to regulated service	7,142
Subtransmission cables	
Directly attributable	1,301
Not directly attributable	
Total attributable to regulated service	1,301
Zone substations	
Directly attributable	11,677
Not directly attributable	
Total attributable to regulated service	11,677
Distribution and LV lines	
Directly attributable	23,255
Not directly attributable	
Total attributable to regulated service	23,255
Distribution and LV cables	
Directly attributable	36,177
Not directly attributable	
Total attributable to regulated service	36,177
Distribution substations and transformers	
Directly attributable	27,889
Not directly attributable	
Total attributable to regulated service	27,889
Distribution switchgear	
Directly attributable	18,830
Not directly attributable	
Total attributable to regulated service	18,830
Other network assets	
Directly attributable	9,023
Not directly attributable	
Total attributable to regulated service	9,023
Non-network assets	
Directly attributable	
Not directly attributable	3,280
Total attributable to regulated service	3,280
Regulated service asset value directly attributable	135,293
Regulated service asset value not directly attributable	3,280
Total closing RAB value	138,573

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

			(\$000)	
			CY-1	Current Year (CY)
Change in asset value allocation 1				
Asset category		Original allocation		
Original allocator or line items		New allocation		
New allocator or line items		Difference	-	-
Rationale for change				
Change in asset value allocation 2				
Asset category		Original allocation		
Original allocator or line items		New allocation		
New allocator or line items		Difference	-	-
Rationale for change				
Change in asset value allocation 3				
Asset category		Original allocation		
Original allocator or line items		New allocation		
New allocator or line items		Difference	-	-
Rationale for change				

* 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 component.
 † include additional rows if needed



6a Report on Capital Expenditure for the Disclosure Year

Company Name **Horizon Networks Limited**
 For Year Ended **31 March 2020**

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

7	6a(i): Expenditure on Assets		(\$000)	(\$000)
8	Consumer connection			170
9	System growth			1,424
10	Asset replacement and renewal			3,672
11	Asset relocations			95
12	Reliability, safety and environment:			
13	Quality of supply	1,096		
14	Legislative and regulatory	68		
15	Other reliability, safety and environment	47		
16	Total reliability, safety and environment			1,210
17	Expenditure on network assets			6,572
18	Expenditure on non-network assets			1,436
19				
20	Expenditure on assets			8,008
21	plus Cost of financing			77
22	less Value of capital contributions			18
23	plus Value of vested assets			-
24				
25	Capital expenditure			8,067
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			-
29	Research and development			-
30	6a(iii): Consumer Connection			
31	<i>Consumer types defined by EDB*</i>		(\$000)	(\$000)
32	130 Customer Connections		170	
33			-	
34			-	
35			-	
36			-	
37	<i>* include additional rows if needed</i>			
38	Consumer connection expenditure			170
39				
40	less Capital contributions funding consumer connection expenditure		18	
41	Consumer connection less capital contributions			152
42	6a(iv): System Growth and Asset Replacement and Renewal			
43			System Growth	Asset Replacement and Renewal
44			(\$000)	(\$000)
45	Subtransmission		17	-
46	Zone substations		316	32
47	Distribution and LV lines		-	192
48	Distribution and LV cables		633	1,626
49	Distribution substations and transformers		195	634
50	Distribution switchgear		201	1,074
51	Other network assets		63	115
52	System growth and asset replacement and renewal expenditure		1,424	3,672
53	less Capital contributions funding system growth and asset replacement and renewal		-	-
54	System growth and asset replacement and renewal less capital contributions		1,424	3,672
55				
56	6a(v): Asset Relocations			
57	<i>Project or programme*</i>		(\$000)	(\$000)
58	170 Asset Relocations		95	
59			-	
60			-	
61			-	
62			-	
63	<i>* include additional rows if needed</i>			
64	All other projects or programmes - asset relocations		-	
65	Asset relocations expenditure			95
66	less Capital contributions funding asset relocations		-	
67	Asset relocations less capital contributions			95
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	Kope Substation	1,096	
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	-	
78	Quality of supply expenditure		1,096
79	less Capital contributions funding quality of supply	-	
80	Quality of supply less capital contributions		1,096
81	6a(vii): Legislative and Regulatory		
82	<i>Project or programme*</i>	(\$000)	(\$000)
83	152 Legislative and Regulatory	68	
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		68
91	less Capital contributions funding legislative and regulatory	-	
92	Legislative and regulatory less capital contributions		68
93	6a(viii): Other Reliability, Safety and Environment		
94	<i>Project or programme*</i>	(\$000)	(\$000)
95	153 Other Reliability, Safety and Environment	47	
96	[Description of material project or programme]	-	
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	-	
102	Other reliability, safety and environment expenditure		47
103	less Capital contributions funding other reliability, safety and environment	-	
104	Other reliability, safety and environment less capital contributions		47
105			
106	6a(ix): Non-Network Assets		
107	Routine expenditure		
108	<i>Project or programme*</i>	(\$000)	(\$000)
109	Land Improvements	563	
110	Building Improvements	438	
111	Leasehold Improvements	20	
112	Other Information Technology	25	
113	Plant & Equipment	26	
114	Intangible - Software	104	
115	Plant & Equipment	-	
116	<i>* include additional rows if needed</i>		
117	All other projects or programmes - routine expenditure	-	
118	Routine expenditure		1,176
119	Atypical expenditure		
120	<i>Project or programme*</i>	(\$000)	(\$000)
121	Lease Right of Use	260	
122	[Description of material project or programme]	-	
123	[Description of material project or programme]	-	
124	[Description of material project or programme]	-	
125	[Description of material project or programme]	-	
126	<i>* include additional rows if needed</i>		
127	All other projects or programmes - atypical expenditure	-	
128	Atypical expenditure		260
129	Expenditure on non-network assets		1,436

6b Report on Operational Expenditure for the Disclosure Year

Company Name **Horizon Networks Limited**
 For Year Ended **31 March 2020**

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	1,095		
9	Vegetation management	654		
10	Routine and corrective maintenance and inspection	870		
11	Asset replacement and renewal	1,138		
12	Network opex		3,757	
13	System operations and network support	2,564		
14	Business support	3,969		
15	Non-network opex		6,533	
16				
17	Operational expenditure		10,290	
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 Networks Limited**
 For Year Ended **31 March 2020**

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	33,305	33,269	(0%)

9	7(ii): Expenditure on Assets	Forecast (\$000) ²	Actual (\$000)	% variance
10	Consumer connection	410	170	(58%)
11	System growth	537	1,424	165%
12	Asset replacement and renewal	6,145	3,672	(40%)
13	Asset relocations	51	95	87%
14	Reliability, safety and environment:			
15	Quality of supply	283	1,096	287%
16	Legislative and regulatory	236	68	(71%)
17	Other reliability, safety and environment	476	47	(90%)
18	Total reliability, safety and environment	995	1,210	22%
19	Expenditure on network assets	8,138	6,572	(19%)
20	Expenditure on non-network assets	448	1,436	221%
21	Expenditure on assets	8,586	8,008	(7%)

22	7(iii): Operational Expenditure			
23	Service interruptions and emergencies	858	1,095	28%
24	Vegetation management	710	654	(8%)
25	Routine and corrective maintenance and inspection	1,412	870	(38%)
26	Asset replacement and renewal	773	1,138	47%
27	Network opex	3,753	3,757	0%
28	System operations and network support	2,699	2,564	(5%)
29	Business support	3,596	3,969	10%
30	Non-network opex	6,295	6,533	4%
31	Operational expenditure	10,048	10,290	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	906	-	(100%)
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	Horizon Networks Limited
For Year Ended	31 March 2020
Network / Sub-Network Name	

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

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)	Unit charging basis (eg. days, kW of demand, kVA of capacity, etc.)	Billed quantities by price component						
						Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Variable
						Days	kVA/Day	kVA/Month	kW/Month	Light/Month	Month	kWh
LUDU	Domestic	Standard	8,537	44,785		3,115,988						44,784,557
LUDR	Domestic	Standard	4,051	22,516		1,478,719						22,516,477
NDU	Standard	Standard	4,725	37,388		1,724,596						37,388,176
NDR	Standard	Standard	4,467	34,331		1,630,467						34,330,752
LIV	Non-Domestic	Standard	17	-		6,205						-
EF	Non-Domestic	Standard	13	-		4,745						-
SL	Non-Domestic	Standard	15	2,235						57,833		2,235,463
PCM24	Non-Domestic	Standard	69	-							12	-
PCMN	Non-Domestic	Standard	3	-							12	-
N2U	Non-Domestic	Standard	816	14,479		297,979						14,479,032
N2R	Non-Domestic	Standard	1,645	24,223		600,286						24,222,807
N3U	Non-Domestic	Standard	274	10,937		99,884						10,937,486
N3R	Non-Domestic	Standard	322	17,465		117,692						17,464,577
M1U	Non-Domestic	Standard	35	2,231		12,809						2,231,268
M1R	Non-Domestic	Standard	33	2,207		11,923						2,207,042
NSU	Non-Domestic	Standard	25	2,310			1,572,968					2,309,730
NSR	Non-Domestic	Standard	22	1,497			1,482,052					1,497,397
NMD	Non-Domestic	Standard	162	53,952				534,951	355,595			53,951,882
MADORS	Industrial	Non-standard	24	277,485							13	277,485,158
Add extra rows for additional consumer groups or price category codes as necessary												
Standard consumer total			25,231	270,557		9,101,294	3,055,020	534,951	355,595	57,833	24	270,556,647
Non-standard consumer total			24	277,485		-	-	-	-	-	13	277,485,158
Total for all consumers			25,255	548,042		9,101,294	3,055,020	534,951	355,595	57,833	37	548,041,805

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

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

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.)	Price component						
								Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Variable
								Days	kVA/Day	kVA/Month	kW/Month	Light/Month	Month	kWh
LUDU	Domestic	Standard	\$4,913		\$1,805	\$1,109								\$4,444
LUDR	Domestic	Standard	\$2,472		\$1,925	\$546		\$222						\$2,249
NDU	Standard	Standard	\$4,123		\$3,256	\$866		\$3,622						\$501
NDR	Standard	Standard	\$3,888		\$3,068	\$819		\$3,425						\$463
LJV	Non-Domestic	Standard	\$5		\$5	\$0		\$5						
EF	Non-Domestic	Standard	\$4		\$4	\$0		\$4						
SL	Non-Domestic	Standard	\$324		\$292	\$32						\$324		
PCM24	Non-Domestic	Standard	\$50		\$42	\$8		\$50						
PCMN	Non-Domestic	Standard	\$1		\$1	\$0		\$1						
N2U	Non-Domestic	Standard	\$1,280		\$901	\$379		\$697						\$583
N2R	Non-Domestic	Standard	\$3,789		\$3,026	\$763		\$2,043						\$1,747
N3U	Non-Domestic	Standard	\$980		\$659	\$321		\$552						\$427
N3R	Non-Domestic	Standard	\$1,629		\$1,451	\$178		\$959						\$669
N4U	Non-Domestic	Standard	\$284		\$209	\$75		\$158						\$127
N4R	Non-Domestic	Standard	\$310		\$240	\$70		\$152						\$158
N5U	Non-Domestic	Standard	\$274		\$198	\$76				\$161				\$113
N5R	Non-Domestic	Standard	\$312		\$241	\$71				\$164				\$148
NMD	Non-Domestic	Standard	\$4,215		\$3,073	\$1,142				\$1,070	\$1,920			\$1,225
MAJORS	Industrial	Non-standard	\$4,219		\$1,197	\$3,022							\$4,219	
Standard consumer totals			\$29,051	-	\$22,395	\$6,655		\$12,358	-	\$1,395	\$1,920	\$324		\$13,054
Non-standard consumer totals			\$4,219	-	\$1,197	\$3,022		-	-	-	-	-		-
Total for all consumers			\$33,269	-	\$23,592	\$9,677		\$12,358	-	\$1,395	\$1,920	\$324		\$13,054

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

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

Check

9a Asset Register

Company Name **Horizon Networks Limited**

For Year Ended **31 March 2020**

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

					Items at start of year (quantity)	Items at end of year (quantity)	Net change	Data accuracy (1-4)
8	Voltage	Asset category	Asset class	Units				
9	All	Overhead Line	Concrete poles / steel structure	No.	18,675	18,597	(78)	2
10	All	Overhead Line	Wood poles	No.	1,862	1,806	(56)	2
11	All	Overhead Line	Other pole types	No.	35	31	(4)	2
12	HV	Subtransmission Line	Subtransmission OH up to 66kV conductor	km	245	245	(0)	2
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.	12	12	-	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.	1	1	-	2
27	HV	Zone substation switchgear	33kV Switch (Ground Mounted)	No.	6	6	-	4
28	HV	Zone substation switchgear	33kV Switch (Pole Mounted)	No.	12	8	(4)	1
29	HV	Zone substation switchgear	33kV RMU	No.	-	-	-	N/A
30	HV	Zone substation switchgear	22/33kV CB (Indoor)	No.	10	15	5	2
31	HV	Zone substation switchgear	22/33kV CB (Outdoor)	No.	12	10	(2)	2
32	HV	Zone substation switchgear	3.3/6.6/11/22kV CB (ground mounted)	No.	63	65	2	4
33	HV	Zone substation switchgear	3.3/6.6/11/22kV CB (pole mounted)	No.	5	3	(2)	4
34	HV	Zone Substation Transformer	Zone Substation Transformers	No.	14	14	-	4
35	HV	Distribution Line	Distribution OH Open Wire Conductor	km	1,440	1,434	(6)	3
36	HV	Distribution Line	Distribution OH Aerial Cable Conductor	km	-	-	-	N/A
37	HV	Distribution Line	SWER conductor	km	64	64	0	3
38	HV	Distribution Cable	Distribution UG XLPE or PVC	km	173	184	10	3
39	HV	Distribution Cable	Distribution UG PILC	km	31	31	(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.	101	100	(1)	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.	4,153	4,202	49	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.	275	290	15	3
46	HV	Distribution Transformer	Pole Mounted Transformer	No.	2,527	2,585	58	3
47	HV	Distribution Transformer	Ground Mounted Transformer	No.	785	827	42	3
48	HV	Distribution Transformer	Voltage regulators	No.	1	1	-	4
49	HV	Distribution Substations	Ground Mounted Substation Housing	No.	797	824	27	2
50	LV	LV Line	LV OH Conductor	km	266	261	(5)	2
51	LV	LV Cable	LV UG Cable	km	365	375	9	2
52	LV	LV Street lighting	LV OH/UG Streetlight circuit	km	244	244	0	2
53	LV	Connections	OH/UG consumer service connections	No.	25,168	25,325	157	3
54	All	Protection	Protection relays (electromechanical, solid state and numeric)	No.	111	112	1	3
55	All	SCADA and communications	SCADA and communications equipment operating as a single system	Lot	1	1	-	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 Networks Limited	
		For Year Ended	31 March 2020	
		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		Total circuit length (km)		
		Overhead (km)	Underground (km)	(km)
9				
10	Circuit length by operating voltage (at year end)			
11	> 66kV	–	–	–
12	50kV & 66kV	66	–	66
13	33kV	178	4	182
14	SWER (all SWER voltages)	64	–	64
15	22kV (other than SWER)	–	–	–
16	6.6kV to 11kV (inclusive—other than SWER)	1,434	215	1,650
17	Low voltage (< 1kV)	261	375	636
18	Total circuit length (for supply)	2,004	594	2,597
19				
20	Dedicated street lighting circuit length (km)	–	21	21
21	Circuit in sensitive areas (conservation areas, iwi territory etc) (km)			496
22				
23	Overhead circuit length by terrain (at year end)			
24	Urban	202		10%
25	Rural	1,011		50%
26	Remote only	177		9%
27	Rugged only	368		18%
28	Remote and rugged	134		7%
29	Unallocated overhead lines	113		6%
30	Total overhead length	2,004		100%
31				
32				
33	Length of circuit within 10km of coastline or geothermal areas (where known)	1,958		75%
34				
35	Overhead circuit requiring vegetation management	2,004		100%

9d Report on Embedded Networks

		Company Name	Horizon Networks Limited	
		For Year Ended	31 March 2020	

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 *	Line charge revenue (\$000)	
		Number of ICPS served	
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
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 Networks Limited**

For Year Ended **31 March 2020**

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	<i>Consumer types defined by EDB*</i>	Number of connections (ICPs)	
11	Domestic	178	
12	General	16	
13	Demand	2	
14	Majors	2	
15	Other	-	
16	<i>* include additional rows if needed</i>		
17	Connections total	198	
18			
19	Distributed generation		
20	Number of connections made in year	50	connections
21	Capacity of distributed generation installed in year	0.28	MVA
22	9e(ii): System Demand		
23			
24		Demand at time of maximum coincident demand (MW)	
25	Maximum coincident system demand		
26	GXP demand	65	
27	plus Distributed generation output at HV and above	30	
28	Maximum coincident system demand	95	
29	less Net transfers to (from) other EDBs at HV and above	-	
30	Demand on system for supply to consumers' connection points	95	
31	Electricity volumes carried	Energy (GWh)	
32	Electricity supplied from GXPs	278	
33	less Electricity exports to GXPs	-	
34	plus Electricity supplied from distributed generation	288	
35	less Net electricity supplied to (from) other EDBs	-	
36	Electricity entering system for supply to consumers' connection points	566	
37	less Total energy delivered to ICPs	548	
38	Electricity losses (loss ratio)	18	3.2%
39			
40	Load factor	0.68	
41	9e(iii): Transformer Capacity		
42		(MVA)	
43	Distribution transformer capacity (EDB owned)	260	
44	Distribution transformer capacity (Non-EDB owned, estimated)	82	
45	Total distribution transformer capacity	342	
46			
47	Zone substation transformer capacity	98	

10 Report on Network Reliability

Company Name **Horizon Networks Limited**

For Year Ended **31 March 2020**

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)	2
11 Class B (planned interruptions on the network)	190
12 Class C (unplanned interruptions on the network)	164
13 Class D (unplanned interruptions by Transpower)	3
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)	2
19 Total	361

21 Interruption restoration

	≤3Hrs	>3hrs
22 Class C interruptions restored within	135	29

24 SAIFI and SAIDI by class

	SAIFI	SAIDI
25 Class A (planned interruptions by Transpower)	0.23	119.2
26 Class B (planned interruptions on the network)	0.72	107.9
27 Class C (unplanned interruptions on the network)	1.72	160.2
28 Class D (unplanned interruptions by Transpower)	0.30	15.2
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)	0.01	0.4
34 Total	2.98	403.0

36 Normalised SAIFI and SAIDI

	Normalised SAIFI	Normalised SAIDI
37 Classes B & C (interruptions on the network)	2.44	268.1



Company Name	Horizon Networks Limited
For Year Ended	31 March 2020
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

39 10(ii): Class C Interruptions and Duration by Cause

40

41

42

43

44

45

46

47

48

49

50

51

Cause

Lightning
Vegetation
Adverse weather
Adverse environment
Third party interference
Wildlife
Human error
Defective equipment
Cause unknown

SAIFI	SAIDI
0.14	5.0
0.13	20.3
0.11	20.2
0.01	1.1
0.19	20.7
0.10	5.1
0.21	7.4
0.65	62.7
0.18	17.8

52 10(iii): Class B Interruptions and Duration by Main Equipment Involved

53

54

55

56

57

58

59

60

Main equipment involved

Subtransmission lines
Subtransmission cables
Subtransmission other
Distribution lines (excluding LV)
Distribution cables (excluding LV)
Distribution other (excluding LV)

SAIFI	SAIDI
–	–
–	–
–	–
0.68	100.5
0.05	7.3
–	–

61 10(iv): Class C Interruptions and Duration by Main Equipment Involved

62

63

64

65

66

67

68

69

70

Main equipment involved

Subtransmission lines
Subtransmission cables
Subtransmission other
Distribution lines (excluding LV)
Distribution cables (excluding LV)
Distribution other (excluding LV)

SAIFI	SAIDI
0.12	6.4
–	–
–	–
1.39	147.2
0.22	6.7
–	–

70 10(v): Fault Rate

71

72

73

74

75

76

77

78

Main equipment involved

Subtransmission lines
Subtransmission cables
Subtransmission other
Distribution lines (excluding LV)
Distribution cables (excluding LV)
Distribution other (excluding LV)

Number of Faults	Circuit length (km)	Fault rate (faults per 100km)
3	245	1.23
–	4	–
–	–	–
153	1,498	10.21
8	215	3.72
–	–	–
164	–	–



14 Mandatory Explanatory Notes

Company Name	<u>Horizon Energy Limited</u>
For Year Ended	<u>31 March 2020</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 subclauses 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 11 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

\$130,623	Application Fees
\$86,954	Miscellaneous Network service Income
\$7,384	Bad Debts Recovered
<u>\$ 3,805</u>	Other Recoveries
\$224,961	



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.

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:

\$ -2,000 Entertainment Non-Deductible
\$ 11,000 Professional Fees Non-Deductible
\$ -3,000 Provision for Doubtful Debts
\$ 28,000 Provisions Relating to Employee Costs
\$-300,000 Transpower Te Kaha Provision Released
\$ 23,000 Movement in Bonus Provision
\$-243,000 Total

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

Nil

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 2020 Financial Statements which are prepared in accordance with the New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

Cost allocation (Schedule 5d)

10. 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 7: Cost allocation

Cost Allocations have been calculated using the ABAA approach as per the IM Determination. All operating costs are directly attributable to regulated services.
No items have been reclassified during the disclosure year.



Asset allocation (Schedule 5e)

11. 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 8: 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)

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

Box 9: 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)

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



Box 10: Explanation of operational expenditure for the disclosure year

OPEX- Service Interruptions and Emergencies: Higher than forecast with more general, 11kV faults and 400V faults than forecast (more expensive to resolve)

OPEX- Vegetation management: Expenditure is lower than the forecast due to drop in the close approach work from Q3 FY20.

OPEX- Routine and corrective maintenance and inspection operational expenditure: Expenditure is lower than the forecast due to some 6 yearly and 10 yearly maintenance activities pushed into FY21.

OPEX- Asset replacement and renewal: Higher than forecast due to pole hardware replacements on the backbone network treatment as OPEX rather than CAPEX.

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)

14. 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 subclause 2.7.1(2).



Box 11: Explanatory comment on variance in actual to forecast expenditure

CAPEX- Customer Connection: Recent consumer connections are requiring less directly attributable network augmentation than in the past, and the work and therefore the expenditure is lower than the forecast.

CAPEX- System Growth: This category is higher than the forecast due to spill over of a few major underground and zone substation projects worth \$1.14M from previous financial years and new projects worth \$0.3M. However, this was reduced by \$0.53M with deferment of some projects to FY21.

CAPEX- Asset Replacement and Renewal: This category expenditure is lower than forecast due to the deferment of a few low risk projects worth \$1.51M from FY20 to FY21.

CAPEX- Asset Relocations: Higher than forecast due to a misclassification of a relocation project as Replacement and Renewal in budget planning. The misclassification was rectified. Hence, the higher actuals in this category.

CAPEX- Reliability, Safety and Environment(RSE): Within this category, the QoS expenditure was higher than the forecast due to spill over of few major overhead reconductoring projects from previous financial years, \$0.58M and addition of a new generator set-up project at \$0.27M.

CAPEX- RSE - Legislative and regulatory, RSE-other categories - Few low risk zone substation projects worth \$0.57M were deferred to FY21 and hence the expenditure here is lower than forecast.

Information relating to revenues and quantities for the disclosure year



15. In the box below provide-

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

Box 12: 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)

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

Box 13: 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

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

Box 14: Explanation of insurance cover

Property insurance coverage for 2019-20 includes Material Damage and Business Interruption with an insured value of \$85.7M. Other insurance lines include Motor Vehicle insurance with third party coverage at \$20.0M.

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

Amendments to previously disclosed information

18. 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:
- 18.1 a description of each error; and
- 18.2 for each error, reference to the web address where the disclosure made in accordance with clause 2.12.1 is publicly disclosed.

Box 15: 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 2020

Schedule 15 Voluntary Explanatory Notes

(In this Schedule, clause references are to the Electricity Distribution Information Disclosure Determination 2012 – as amended and consolidated 3 April 2018.)

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 2019 Financial Statements which are prepared in accordance with the New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

Certification for Year-end Disclosures

Clause 2.9.2

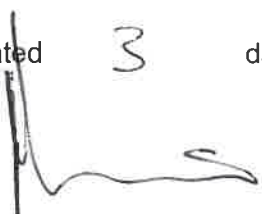
We, ANTHONY DE FARIAS and LORRAINE WITTEN being directors of HORIZON ENERGY DISTRIBUTION LIMITED certify that, having made all reasonable enquiry, to the best of our knowledge-

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

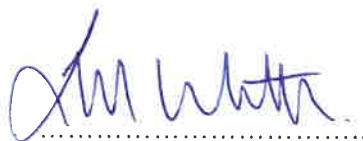
b) the historical information used in the preparation of Schedules 8, 9a, 9b, 9c, 9d, 9e, 10, and 14 has been properly extracted from the HORIZON ENERGY DISTRIBUTION LIMITED'S accounting and other records sourced from its financial and non-financial systems, and that sufficient appropriate records have 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 3 day of August 2020



.....
ANTHONY DE FARIAS



.....
LORRAINE WITTEN



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

Opinion

In our opinion, in all material respects, Schedules 1, 2, 3, 4, 5 (a-g), 6 (a-b), 7, 10 ((i)-(v)) and 14 (boxes 1 – 11) of the Horizon Energy Distribution Limited Electricity Distribution Information Disclosure Requirements Information Templates (the 'Annual Disclosure Statement') have been prepared in accordance with the Commerce Commission Electricity Distribution Information Disclosure Determination 2012 (amended as of 3 April 2018) and the related Reasons Paper and Input Methodologies (together 'the determination') for the year ended 31 March 2020.

Also in our opinion, Horizon Energy Distribution Limited's basis for valuation of related party transactions in the year ended 31 March 2020 has complied, in all material respects, with clause 2.3.6 of the Electricity Distribution Information Disclosure Determination 2012 (amended as of 3 April 2018) and clauses 2.2.11(1)(g) and 2.2.11(5) of the related Input Methodologies.

Also in our opinion, as far as appears from an examination of them:

- Proper records to enable the complete and accurate compilation of the Annual Disclosure Statement as at 31 March 2020 have been kept by Horizon Energy Distribution Limited; and
- The information used in the preparation of the Annual Disclosure Statement as at 31 March 2020 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 Annual Disclosure Statement for the year ended 31 March 2020.

Criteria

The criteria we have assessed the Annual Disclosure Statement against is the determination.

Key Assurance Matters

Key assurance matters are those matters that, in our professional judgement, were of most significance in our reasonable assurance engagement in relation to Horizon Energy Distribution Limited's Annual Disclosure Statement in the current regulatory period. We summarise below those matters and our key procedures to address those matters in order that the directors and the New Zealand Commerce Commission may better understand the process by which we arrived at our opinion. Our procedures were undertaken in the context of and solely for the purpose of our opinion on the Annual Disclosure Statement as a whole and we do not express discrete opinions on separate elements of the Annual Disclosure Statement.



The key assurance matter

How the matter was addressed in our assurance

1. Capitalisation of assets into the regulatory assets base ('RAB'). Refer to Schedule 4 and Schedule 6a.

Capitalisation of assets into the RAB (capital expenditure during the year of \$8.07 million and asset commissions of \$9.8 million) is a key assurance matter due to the following significant judgements involved:

- Assessment whether an asset meets the definition of network or non-network asset; and
- Allocation of non-directly attributable assets to the electricity business. Specifically this judgement relates to the selection of allocators which appropriately align to the cause of the expenditure.

Our procedures included, amongst others:

- Examining the effectiveness of controls related to the approval of capital expenditure;
- Checking a sample of costs to invoice to determine whether the description of the expenditure met the capitalisation criteria in the determination and is consistent with their presentation as either network or non-network assets;
- Comparing RAB assets commissioned to those commissioned for financial reporting purposes and obtaining explanation for any significant differences; and
- Examining and challenging the allocators used to allocate non-directly attributable assets into the RAB. This includes an assessment of whether the allocator is an appropriate reflection of the cause of the expenditure.

2. Completeness and accuracy of SAIDI and SAIFI. Refer to Schedule 10(i).

The accuracy and completeness of SAIDI and SAIFI (361 interruptions in the period resulting in SAIDI and SAIFI of 403.0 and 2.98 respectively) is a key assurance matter due to the following factors:

- The reliance on manual data entry to collect the interruption information coupled with the large volume of interruptions inherent in a large network of over 25,000 electricity connection points; and
- There are differences in the method of calculating normalised SAIDI and SAIFI between the Electricity Default-Price-Quality Path determination and Electricity Information Disclosure determination, there is ambiguity as to which methodology should be used for calculating these statistics and included within the Annual Disclosure Statement and Horizon have elected to include both.

The procedures we performed to evaluate accuracy of the dataset used to calculate SAIDI and SAIFI included amongst others:

- Examining the effectiveness of controls related to Horizon Energy Distribution Limited's quality assurance program over data entry;
- Testing a sample of events by comparing the facts surrounding the events such as start time, number of customers affected, and end time were consistent with the responding engineer's records and the electricity network design; and
- Recalculating SAIDI and SAIFI according to both the methodology of the Electricity Default-Price-Quality Path determination and Electricity Information Disclosure determination.

The procedures we performed to evaluate completeness of the dataset used to calculate SAIDI and SAIFI included amongst others:

- Checking whether, on a sample basis, major storm and outage events recorded in the media were appropriately recorded in the dataset;
- Assessing whether the correct data is extracted from the underlying systems in order to prepare the Annual Disclosure Statement; and
- Challenging the dataset where no interruptions were recorded on a specific date, or where interruptions were recorded with zero SAIDI/SAIFI impact.



The key assurance matter

How the matter was addressed in our assurance

3. Allocation of shared and other costs into operating expenditure. Refer to Schedule 5d and Schedule 6b.

The allocation of shared and other costs (\$372,887 of not directly attributable expenditure within the total of \$10.3 million of operating expenditure) into operating expenditure is a key assurance matter due to:

- The fact that Horizon Energy Distribution Limited operates across a number of businesses, both regulated services (energy distribution) and non-regulated services. A number of operating costs can therefore be shared across these businesses; and
- Allocation of shared and other costs into the electricity distribution business requires judgement. Specifically this judgement relates to the selection of allocators which appropriately align to the cause of the expenditure.

The procedures we performed to evaluate the allocation of non-directly attributable costs included, among others:

- Examining and challenging the allocators used to record shared and other costs into operating expenditure. This included assessing whether the allocator is an appropriate reflection of the cause of the expenditure;
- Comparing the total amount of shared and other costs to that recorded for financial reporting purposes and assessing any significant differences; and
- Comparing shared and other costs to historic levels and our understanding of the current business model and strategy.

4. Valuation and identification of related party transactions. Refer to Schedule 5b.

The valuation of transactions with related parties (\$3.5 million of purchases from related parties included in operating expenditures and \$6.9 million of assets acquired from related parties included into RAB in the period) is a key assurance matter due to the significant judgement in forming a view of related party pricing in the absence, or insufficiency, of publicly available information about pricing and terms of certain services.

The identification of transactions with related parties is a key assurance matter because Horizon Energy Distribution Limited operate in a number of business areas and hold's certain investments which may give rise to related party transactions with the electricity distribution business.

The procedures we performed to evaluate valuation of related parties transactions included:

- Comparison of the related party expenditure recorded by Horizon Energy Distribution Limited to the price paid by Horizon Services Limited (i.e. without margin as the Consolidation Regime is applied).

The procedures we performed to evaluate completeness of related parties transactions included:

- Challenging whether all related party transactions had been included by comparing to our understanding of Horizon Energy Distribution Limited's operating model; and
- Assessing whether all related party transactions recorded for financial reporting purposes had been correctly identified and disclosed.

Standards we followed

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information* and Standard on Assurance Engagements 3100 (Revised) *Assurance Engagement on Compliance*. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. In accordance with those standards 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 Annual Disclosure Statement 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 an opinion 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 Annual Disclosure Statement 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 Annual Disclosure Statement.

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 New Zealand Commerce Commission for any purpose or in any context. Any party other than Horizon Energy Distribution Limited and the New Zealand 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 New Zealand Commerce Commission for our work, for this independent reasonable assurance report, or for the opinions 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 (save for Horizon Energy Distribution Limited's own internal purposes) or in part, without our prior written consent.

Director's responsibility for the Annual Disclosure Statement

The directors are responsible for the preparation and fair presentation of the Annual Disclosure Statement in accordance with the Determination. This responsibility includes such internal control as the director's determine is necessary to enable the preparation of the Annual Disclosure Statement that is free from material misstatement whether due to fraud or error.

Our responsibility

Our responsibility is to express an opinion to the directors and the New Zealand Commerce Commission on whether the preparation and presentation of the Annual Disclosure Statement is, in all material respects, in accordance with the Determination.

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 Limited such as the annual audit of the financial statements, regulatory assurance services, taxation compliance and other assurance services. Partners and employees of our firm may also deal with Horizon Energy Distribution Limited on normal terms within the ordinary course of trading activities of the business of Horizon Energy Distribution Limited. These matters have not impaired our independence as assurance providers of Horizon Energy Distribution Limited for this engagement. The firm has no other relationship with, or interest in, Horizon Energy Distribution Limited.

A handwritten signature in black ink, appearing to read 'KPMG.' with a period at the end.

KPMG
Auckland
3 August 2020