

HORIZON ENERGY DISTRIBUTION LIMITED

THRESHOLD COMPLIANCE STATEMENT

FOR THE ASSESSMENT DATE, 31 MARCH 2009

Pursuant to the Commerce Act (Electricity Distribution Thresholds)

Notice 2004 and Amendment Notice 2006

20 May 2009

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1. Disclosure of Information Required (Clause 7(1)(a)(i) – The Price Path Threshold)

Horizon Energy Distribution Limited (“Horizon Energy”) has not complied with the requirements of the price path threshold at 31 March 2009, as specified in the Commerce Act (Electricity Distribution Thresholds) Gazette Notice 2004 and 2006 Amendment (“Gazette Notices”).

1.1 Clause 5 (1) (a) Notional Revenue Test

Clause 5 (1) (a) Notional Revenue (“NR₂₀₀₉”) at 31 March 2009 should not exceed Allowable Notional Revenue (“R₂₀₀₉”) at 31 March 2009.

Test:	$\frac{NR_{2009}}{R_{2009}} \leq 1$
Result:	\$17,872,188 / \$16,301,878 > 1
Result:	1.0963 > 1
Result:	Threshold is breached by \$1,570,311

Notional Revenue at 31 March 2009 does exceed allowable Notional Revenue under the CPI-X price path at 31 March 2009.

Supporting evidence is presented in Appendices A and B.

Explanation of Unintentional Price Path Breach 2008/09

Horizon Energy has breached its price path for the year ending 31 March 2009. The breach is due to two reasons as highlighted below.

1. A part plant closure and subsequent load reduction of one of Horizon Energy's major customers.

The reason stated above has caused Horizon Energy's actual volumes to be less than the 2002-03 base volumes. Because of the anomaly in the price path formula, this has caused Horizon Energy to technically breach by \$1,170,880.

2. Higher Than Anticipated Rebates

The remainder of the breach being \$399,431 is due to a higher than anticipated rebate received for transmission from Transpower. The Transpower rebate has occurred due to the high fluctuation in nodal spot prices over the year driven in part by the energy shortage last winter.

The breach is also due to higher than anticipated penalty fees received from embedded generators for undersupply of transmission.

Horizon Energy's Board of Directors has agreed to refund the proportion of the breach attributable to the higher than anticipated rebates, of \$399,431, directly to major customers and retailers in a manner that is fair and representative of their demand/usage on the network.

1.2 Clause 5 (1) (b) Notional Revenue Test

Clause 5 (1) (b) Notional Revenue at any time during the assessment period 1 April 2008 to 31 March 2009 should not exceed the greater of Allowable Notional Revenue at 31 March 2008 and 31 March 2009.

Test:	$\frac{NR_{Max}}{Max(R_{2008}, R_{2009})}$	≤ 1
Result:	\$17,872,188 / \$16,301,878	> 1
Result:	1.0963	> 1
Result:	Threshold is breached by \$1,570,311	

Revenue at any time during the assessment period ending 31 March 2009 exceeded the greater of Allowable Notional Revenue at 31 March 2008 and 31 March 2009.

1.3 Notional Revenue:

In accordance with the Gazette Notice, the following source of revenue has been included in the calculation of Notional Revenue:

- The sale of electricity conveyance services to electricity retailers and customers.

1.4 Excluded Services:

In accordance with the Gazette Notice the following sources of revenue have been excluded from the calculation of Notional Revenue:

- Rent and interest income because this revenue has not been derived from electricity conveyance services.
- The sale of electricity conveyance services to three major customers because there was effective competition for the provision of these services at the time the sales were agreed. Explanation and supporting evidence for excluding revenue from these customers was presented in Appendix F of the Threshold Compliance Statement at the first assessment date (6 September 2003). During the assessment period additional services have been provided which are presented in Appendix C.

1.5 Pass Through Costs - Transmission Charges

In accordance with the Gazette Notice, the following components of transmission charges have been included in pass through costs:

- connection charges
- interconnection charges
- notional embedding charges
- loss constraint excess payments (rental rebates)
- provision of system operator services
- avoided transmission charges and associated costs

1.6 Pass Through Costs – Local Body Rates

Local body rates applying to system fixed assets (electricity lines, cables, equipment, substation land and substation buildings) have been passed through in accordance with the Gazette Notice.

1.7 Pass Through Costs – Electricity Commission Levies

Electricity Commission levies incurred during the year ending 31 March 2009 have been passed through in accordance with the Gazette Notice.

2. Disclosure of Information Required (Clause 7(1)(a)(ii) – The Quality Threshold)

This section contains Horizon Energy’s performance against the quality thresholds as specified in the Gazette Notice.

Clause 6 (1) (a) Interruption Duration (Class B & C)

Test:	$SAIDI_{2009} \leq \left(\frac{SAIDI_{1999} + SAIDI_{2000} + SAIDI_{2001} + SAIDI_{2002} + SAIDI_{2003}}{5} \right)$		
Result:	133.26	<	160.60
Result:	SAIDI does not breach the threshold		

Clause 6 (1) (b) Interruption Frequency (Class B & C)

Test:	$SAIFI_{2009} \leq \left(\frac{SAIFI_{1999} + SAIFI_{2000} + SAIFI_{2001} + SAIFI_{2002} + SAIFI_{2003}}{5} \right)$		
Result:	2.22	>	1.87
Result:	SAIFI breaches the threshold by 0.35 interruptions		

Supporting evidence underpinning the derivation of SAIDI and SAIFI is presented in Appendix D.

Explanation of the SAIFI Breach 2008/09

An analysis has been undertaken on the outage data in order to assess the reason for the SAIFI breach.

The SAIDI impact has been good and below the threshold level driven by the low number of outages for the year and their cumulative short duration. A number of the outages however involved a large number of customers resulting in the frequency index exceeding the threshold.

The exact cause of the breach is hard to define but appears to be primarily influenced by the occurrence of more short duration outages that affected a larger number of customers.

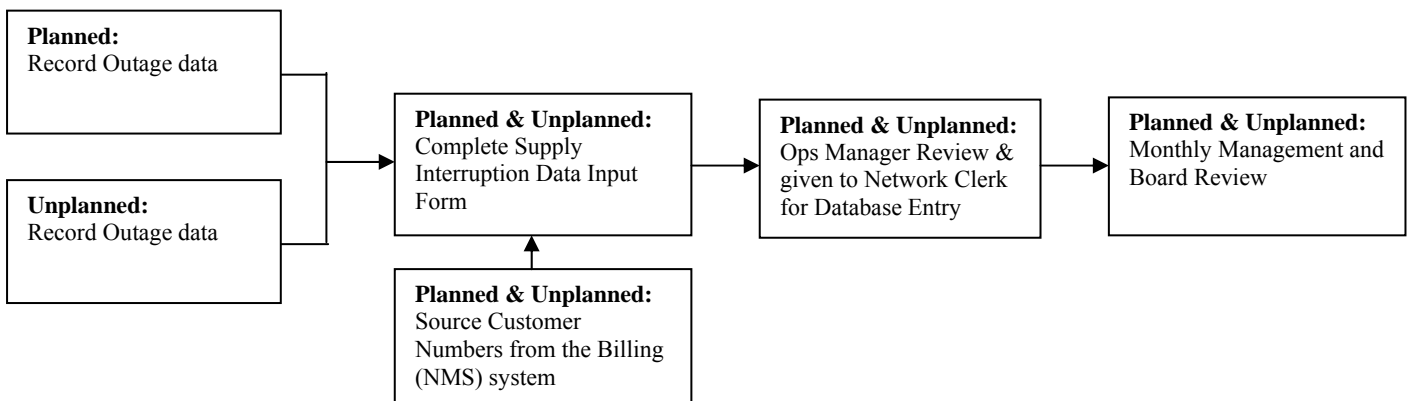
3. Disclosure of Information Required (Clause 7(1)(a)(iii) – Policies & Procedures for recording SAIFI & SAIDI statistics)

Policies and Procedures Used To Record SAIDI and SAIFI Statistics

Horizon Energy does not have an automated system for the capture of outage data. Control Room staff, by means of a written procedure, record network outage data.

Capture of Statistical Information

The procedure that is followed to capture statistical information for planned and unplanned outages, (less than 24 hours notice), are the same except for the initial recording of outage data. The following diagram sets out the procedural flow for the recording of planned and unplanned outage data. Each flow is also discussed in detail below.



Planned Outages – Initial Recording of Outage Data

All planned outage data must be recorded on the Network Switching Schedule. (refer Appendix E).

This schedule records the proposed:

- outage dates
- outage location and equipment
- outage type
- switching instructions
- mechanism for notification of outages
- issuing of permits
- the exact time of each operation from the SCADA screen

Unplanned Outages – Initial Recording of Outage Data

During the operating process for the restoration of supply all switching steps that are undertaken are recorded on a form that is structured for this purpose (sample attached in Appendix E).

Planned and Unplanned Outages – Supply Interruption Data Input Form

Following the initial recording of planned or unplanned outage data, information is transferred to a Supply Interruption Data Input Form. In the case of planned outages the actual time of the outage is used rather than that proposed. This is required to account for over runs or the project being undertaken in less time than originally proposed. Individual line switching operations are completed, including customer numbers (discussed below) and length of time before restoration.

The Supply Interruption Data Input Form is an Excel spread sheet form that is structured to undertake the calculation of the Customer Minutes.

Once the form is completed it is printed, checked and signed by the Controller responsible for the outage management. It is then checked by the Control Room Supervisor and the Operations Manager before it is given to the Network Clerk for entry into the Interruption data base. The data base also holds the number of customers connected to the network in each month of the year. From this information monthly reporting can be undertaken of the SAIDI and SAIFI indices. This information is also used for the reporting of yearly performance and for the generation of location and cause statistics for the Asset Management Plan.

Planned and Unplanned Outages – Customer Numbers

Customer numbers for both planned and unplanned outages are sourced from the Billing (NMS) database. Customer numbers can be sourced between nodes or at an individual transformer level. The database is kept up to date through the day to day management of customer connections and disconnections. This data is reconciled to the MARIA Registry on a monthly basis.

Planned and Unplanned Outages – Management and Board Review

From the database, a monthly report is generated containing rolling 12-monthly outage statistics (including outage type, duration and impact on SAIDI and SAIFI statistics) and is provided to management and the Board of Directors for review and discussion.

Disclaimer

The information presented in this Threshold Compliance Statement has been prepared solely for the purpose of complying with the requirements of the Commerce Act (Electricity Distribution Thresholds) Notice 2004 and Amendment Notice 2006. This statement has not been prepared for any other purpose and Horizon Energy Distribution Limited expressly disclaims any liability to any other party who may rely on this statement for any other purpose.

4. Auditor's Report on the Threshold Compliance Statement



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AUDITORS' REPORT ON THRESHOLD COMPLIANCE STATEMENT

To the readers of the threshold compliance statement of Horizon Energy Distribution Limited for the assessment period ended on 31 March 2009

We have examined the attached statement, which is a threshold compliance statement in respect of the price path threshold and the quality threshold prepared by Horizon Energy Distribution Limited for assessment as at 31 March 2009 and dated 20 May 2009 for the purposes of information requirements set out in clause 7 of the Commerce Act (Electricity Lines Thresholds) Notice 2004 ("the Notice"). In this report the attached statement is called "the threshold compliance statement".

Directors' Responsibilities

Directors of Horizon Energy Distribution Limited are responsible for the certification, confirming the compliance or otherwise, of the threshold compliance statement in accordance with the Notice.

Auditors' Responsibilities

It is our responsibility to express an independent opinion (in the form prescribed in the Notice) on the threshold compliance statement and report our opinion to you.

We conducted our audit in accordance with the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand.

Basis of Opinion - Price Path Threshold; Quality Threshold: SAIDI and SAIFI Statistics for the Assessment Period ended 31 March 2009

Our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 2 to 10 and Appendices A to E of the threshold compliance statement and which relate to:

- the price path threshold set out in clause 5 of the Notice
- the SAIDI and SAIFI statistics for the assessment period ended on 31 March 2009 which are relevant to those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice.

It also included an assessment of the significant estimates and judgements, if any, made by Horizon Energy Distribution Limited in the preparation of the threshold compliance statement and an assessment of whether the basis of preparation has been adequately disclosed.

We planned and performed our audit of the threshold compliance statement so as to obtain all the information and explanation which we considered necessary, including for the purpose of obtaining sufficient evidence to give reasonable assurance that the threshold compliance statement is free from material misstatements (whether caused by fraud or error), except that our work was limited in respect of the quality threshold: SAIDI and SAIFI statistics as explained below. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the threshold compliance statement.

Basis of Opinion - Quality Threshold: SAIDI and SAIFI Statistics for the Years Ended 31 March 1999, 2000, 2001, 2002 and 2003

In relation to the SAIDI and SAIFI statistics for the years ended 31 March 1999, 2000, 2001, 2002 and 2003 which are relevant to those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice, we have undertaken procedures to provide reasonable assurance that:

- The amounts and disclosures in the threshold compliance statement relating to those statistics have been correctly taken from the information disclosed by Horizon Energy Distribution Limited in accordance with the Electricity (Information Disclosure) Regulations 1999; and
- Those statistics have been calculated based on the source data provided to us. We have not performed audit procedures on the source data.

Relationship and Interests

We have no relationship with or interests in Horizon Energy Distribution Limited other than in our capacities as auditors of the threshold compliance statements, auditors pursuant to the Electricity Distribution (Information Disclosure) Requirements 2008 and under the Companies Act 1993, and in the provision of other professional advisory services. We are not aware of any relationships between our firm and Horizon Energy Distribution Limited that, in our professional judgment, may reasonably be thought to impair our independence.

Opinions

Unqualified Opinion

We have obtained all the information and explanations we have required.

Price Path Threshold

In our opinion, having made all reasonable enquiry, to the best of our knowledge the amounts or details set out in the threshold compliance statement relating to the price path threshold set out in clause 5 of the Notice and related information have been prepared in accordance with the Notice, and give a true and fair view of the performance of Horizon Energy Distribution Limited against that threshold for the assessment period ended on 31 March 2009.

Quality Threshold: SAIDI and SAIFI statistics

In our opinion, having made all reasonable enquiry, to the best of our knowledge:

- a) The SAIDI and SAIFI statistics for the assessment period ended on 31 March 2009 which are relevant to those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice and related information have been calculated or prepared in accordance with Horizon Energy Distribution Limited's policies and procedures for recording SAIDI and SAIFI statistics as disclosed in the threshold compliance statement, and fairly represent the performance of Horizon Energy Distribution Limited for the assessment period ended on 31 March 2009;
- b) The SAIDI and SAIFI statistics for the years ended 31 March 1999, 2000, 2001, 2002 and 2003, which are relevant to those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice, have been correctly taken from the information disclosed by Horizon Energy Distribution Limited in accordance with the Electricity (Information Disclosure) Regulations 1999. Those statistics have been properly calculated based on the unaudited source data provided to us by Horizon Energy Distribution Limited.

Qualified Opinion

Our opinion is qualified as follows:

Quality Threshold: SAIDI and SAIFI statistics

The scope of our audit was subject to the following limitations:

- There is no independent evidence available for the period to support the completeness and accuracy of recorded faults; and
- Control over the completeness and accuracy of ICP data included in the SAIDI and SAIFI calculations is limited throughout the period.

Because of these limitations, there are no practical audit procedures that we could adopt to confirm independently that all outage and ICP data was properly recorded for the purposes of inclusion in the amounts or details set out in the quality threshold: SAIDI and SAIFI statistics.

In these respects alone we have not obtained all the information and explanations that we have required.

Because of the potential effect of the limitations in the evidence available to us, we are unable to form an opinion as to whether the amounts or details set out in the quality threshold: SAIDI and SAIFI statistics for the assessment period ended on 31 March 2009, together with the SAIDI and SAIFI statistics for the years ended 31 March 1999, 2000, 2001, 2002 and 2003, give a true and fair view of the performance of Horizon Energy Distribution Limited against those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice for the assessment period ended on 31 March 2009.

Our audit was completed on 21 May 2009 and our qualified and unqualified opinions are expressed as at that date.



PricewaterhouseCoopers
Auckland
21 May 2009

5. Directors' Certificate on Threshold Compliance Statement (Clause 7(1)(c))

We, Robert Tait and John McDonald, being directors of Horizon Energy Distribution Limited certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached Threshold Compliance Statement of Horizon Energy Distribution Limited, and related information, prepared for the purposes of the Commerce Act (Electricity Distribution Thresholds) Notice 2004 complies with the requirements of this notice except for clauses 5(1)(a), 5(1)(b) and 6(1)(b).



Robert Tait



John McDonald

20 May 2009

Appendix A – Notional Revenue at 31 March 2009 – Assessment Date

This appendix details the calculations underpinning the compliance with the Price Path Threshold at 31 March 2009. Details of prices and quantities are contained in Appendix B.

Clause 5 (1) (a)

- **Notional Revenue at 31 March 2009 (NR₂₀₀₉)**

Notional Revenue for the year ending 31 March 2009		
Term	Description	(\$)
$\Sigma P_{i,2009} Q_i$	Prices at 31 March 2009 multiplied by 31 March 2003 Base Quantities	25,009,419
K_{2009}	Transmission Charges for year ending 31 March 2009	6,983,784
	Rates for year ending 31 March 2009	106,337
	Electricity Commission Levies for year ending 31 March 2009	47,110
$NR_{2009} = \Sigma P_{i,2009} Q_i - K_{2009}$	Notional Revenue for the year ending 31 March 2009	17,872,188

Refer Appendix B for details of prices and quantities.

- **Allowable Notional Revenue at 31 March 2009 (R_{2009}) and Performance Against the Threshold**

Allowable Notional Revenue under CPI -X price path		
Term	Description	(\$)
X	X Factor	1%
R_{2004}	Maximum Revenue at 31 March 2004 that would not have caused a breach under the Initial Notice	14,849,570
$(I + \Delta CPI_{2005})$	Average change in Consumer Price Index over 2004	1.0229
$(I-X)$	1-X Factor	0.99
R_{2005}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2005	15,037,766
$(I + \Delta CPI_{2006})$	Average change in Consumer Price Index over 2005	1.0304
$(I-X)$	1-X Factor	0.99
R_{2006}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2006	15,339,521
$(I + \Delta CPI_{2007})$	Average change in Consumer Price Index over 2006	1.0337
$(I-X)$	1-X Factor	0.99
R_{2007}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2007	15,697,200
$(I + \Delta CPI_{2008})$	Average change in Consumer Price Index over 2007	1.0238
$(I-X)$	1-X Factor	0.99
$R_{2008 (unadjusted)}$	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2008 prior to adjustments	15,909,486
<i>Revenue Adjustment</i>	Allowable Notional Revenue reduction associated with removal of load control function from distribution services and prices at 1/04/07.	(70,019)
R_{2008}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2008	15,839,467
$(I + \Delta CPI_{2009})$	Average change in Consumer Price Index over 2008	1.0396
$(I-X)$	1-X Factor	0.99
R_{2009}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2009	16,301,878
NR_{2009} / R_{2009}	Expression must be less than or equal to 1 to avoid breaching 5(1)(a)	1.0963
$R_{2009} - NR_{2009 (unadjusted)}$	Value of Compliance or (Breach) prior to adjustments	(1,570,311)
<i>Adjustment</i>	Transmission shortfall due to reduction in demand of major customer and changes in the Transpower pricing methodology.	1,170,880
$R_{2009} - NR_{2009}$	Value of Compliance or (Breach)	(399,431)

For presentation purposes, the CPI Index has been presented to four decimal places, however, for the calculation of R_{2009} , the full index (with no rounding) has been applied.

- **Change in CPI**

ΔCPI_{2005}			
Numerator		Denominator	
<i>CPI</i> _{Q1,2004}	928	<i>CPI</i> _{Q1,2003}	913
<i>CPI</i> _{Q2,2004}	935	<i>CPI</i> _{Q2,2003}	913
<i>CPI</i> _{Q3,2004}	941	<i>CPI</i> _{Q3,2003}	918
<i>CPI</i> _{Q4,2004}	949	<i>CPI</i> _{Q4,2003}	924
Total	3753	Total	3669
ΔCPI_{2005}		2.29%	

Source: Statistics New Zealand All Groups SE9A Index (Note this index was rebased to June 2006 -Consumers Price Index Review information paper published on 28 September 2006. The 2006 September quarter CPI was the first index published using the new base)

ΔCPI_{2006}			
Numerator		Denominator	
<i>CPI</i> _{Q1,2005}	953	<i>CPI</i> _{Q1,2004}	928
<i>CPI</i> _{Q2,2005}	962	<i>CPI</i> _{Q2,2004}	935
<i>CPI</i> _{Q3,2005}	973	<i>CPI</i> _{Q3,2004}	941
<i>CPI</i> _{Q4,2005}	979	<i>CPI</i> _{Q4,2004}	949
Total	3867	Total	3753
ΔCPI_{2006}		3.04%	

Source: Statistics New Zealand All Groups SE9A Index (Note this index was rebased to June 2006 -Consumers Price Index Review information paper published on 28 September 2006. The 2006 September quarter CPI was the first index published using the new base)

ΔCPI_{2007}			
Numerator		Denominator	
<i>CPI</i> _{Q1,2006}	985	<i>CPI</i> _{Q1,2005}	953
<i>CPI</i> _{Q2,2006}	1000	<i>CPI</i> _{Q2,2005}	962
<i>CPI</i> _{Q3,2006}	1007	<i>CPI</i> _{Q3,2005}	973
<i>CPI</i> _{Q4,2006}	1005	<i>CPI</i> _{Q4,2005}	979
Total	3997	Total	3867
ΔCPI_{2007}		3.37%	

Source: Statistics New Zealand All Groups SE9A Index (Note this index was rebased to June 2006 -Consumers Price Index Review information paper published on 28 September 2006. The 2006 September quarter CPI was the first index published using the new base)

ΔCPI_{2008}			
Numerator		Denominator	
<i>CPI</i> _{Q1,2007}	1010	<i>CPI</i> _{Q1,2006}	985
<i>CPI</i> _{Q2,2007}	1020	<i>CPI</i> _{Q2,2006}	1000
<i>CPI</i> _{Q3,2007}	1025	<i>CPI</i> _{Q3,2006}	1007
<i>CPI</i> _{Q4,2007}	1037	<i>CPI</i> _{Q4,2006}	1005
Total	4092	Total	3997
ΔCPI_{2008}		2.38%	

Source: Statistics New Zealand All Groups SE9A Index (Note this index was rebased to June 2006 -Consumers Price Index Review information paper published on 28 September 2006. The 2006 September quarter CPI was the first index published using the new base)

ΔCPI_{2009}			
Numerator		Denominator	
<i>CPI</i> _{Q1,2008}	1044	<i>CPI</i> _{Q1,2007}	1010
<i>CPI</i> _{Q2,2008}	1061	<i>CPI</i> _{Q2,2007}	1020
<i>CPI</i> _{Q3,2008}	1077	<i>CPI</i> _{Q3,2007}	1025
<i>CPI</i> _{Q4,2008}	1072	<i>CPI</i> _{Q4,2007}	1037
Total	4254	Total	4092
ΔCPI_{2009}		3.96%	

Source: Statistics New Zealand All Groups SE9A Index (Note this index was rebased to June 2006 -Consumers Price Index Review information paper published on 28 September 2006. The 2006 September quarter CPI was the first index published using the new base)

Clause 5 (1) (b)

- **Maximum Notional Revenue during the period 1 April 2008 to 31 March 2009**
(R_{max})

Maximum Notional Revenue for the period 1 April 2008 to 31 March 2009. P x Q using 31 March 2009 Prices and 31 March 2003 Base Quantities if there has been no change in prices over this period, otherwise the prices which generate the maximum notional revenue over the period when using 31 March 2003 quantities		
Term	Description	(\$)
$\Sigma P_{Max} Q_i$	Maximum Price Between 1 April 2008 and 31 March 2009 multiplied by 31 March 2003 Base Quantities	25,009,419
K_{2009}	Transmission Charges for year ending 31 March 2009	6,983,784
	Rates Charges for year ending 31 March 2009	106,337
	Electricity Commission Levies for year ending 31 March 2009	47,110
NR_{Max}	Maximum Notional Revenue for 1 April 2008 to 31 March 2009	17,872,188

- **Clause 5 (1) (b) Compliance Summary**

Notional Revenue during the period is not to exceed the maximum of the Allowable Notional Revenue at the end of the assessment period and the Allowable Notional Revenue at the end of the previous assessment period		
Term	Description	(\$)
NR_{Max}	Maximum Notional Revenue for 1 April 2008 to 31 March 2009	17,872,188
R_{2008}	Allowable Notional Revenue at 31 March 2008	15,839,467
R_{2009}	Allowable Notional Revenue at 31 March 2009	16,301,878
$Max(R_{2008}, R_{2009})$	Maximum of the Allowable Notional Revenue at 31 March 2008 and the Allowable Notional Revenue at 31 March 2009	16,301,878
$NR_{Max} / Max(R_{2008}, R_{2009})$	If expression is greater than 1, Clause 5 (1) (b) is breached	1.0963
$Max(R_{2008}, R_{2009}) - NR_{Max (unadjusted)}$	Value of Compliance or (Breach) prior to adjustments	(1,570,311)
<i>Adjustment</i>	Transmission shortfall due to reduction in demand of major customer and changes in the Transpower pricing methodology.	1,170,880
$Max(R_{2008}, R_{2009}) - NR_{Max}$	Value of Compliance or (Breach)	(399,431)

Appendix B – Schedule of Prices and Quantities 5(1)(a) and 5(1)(b)

Horizon Line Revenue

For the Financial Year Yended 31 March 2009

Period: Annual

365 Days

Consumer Groups	BASE QUANTITIES 31 March 2003			2008/09 Tariffs			2008/09 Line Revenue						
	ICPs	Ave Capacity/ MD per ICP	kWh	Line Charges		Pass Through	Line Charges		Pass Through	Total			
				Fixed	Variable	Charge	Fixed	Variable	Revenue	Revenue			
				\$ per day	c/kWh	c/kWh	(\$)	(\$)	(\$)	(\$)			
RETAIL													
DOMESTIC (Low Fixed Charge)													
DU	11,550	-	75,134,823	0.1500	6.5416	2.2310	632,363	4,915,037	1,676,252	7,223,651			
DU C	5	-	-	0.1500	6.5416	2.2310	274	-	-	274			
DR	7,029	-	51,312,821	0.1500	6.5416	2.2310	384,838	3,356,691	1,144,785	4,886,314			
DR C	74	-	-	0.1500	6.5416	2.2310	4,052	-	-	4,052			
TOTAL DOMESTIC	18,658		126,447,644				1,021,526	8,271,728	2,821,037	12,114,291			
GENERAL													
Specials													
U/Verandah Lights	126		45,990	\$0.0880/day	-	\$0.0383/day	4,048	-	1,761	5,809			
Electric Fence	33		24,090	\$0.1986/day	-	\$0.0901/day	2,392	-	1,085	3,477			
Lanark	1		-	\$260.00/mth	-	(\$303.42)/mth	3,120	-	(3,641)	(521)			
Street Lights	27		1,969,726	-	7.3296	2.2310	-	144,373	43,944	188,317			
Telecom - PCM 24 hour	78		341,640	\$28.303/mth	-	\$8.19/mth	26,492	-	7,667	34,158			
Telecom - controlled	18		32,850	\$10.902/mth	-	\$3.40/mth	2,355	-	735	3,090			
Total Specials	283		2,414,296				38,406	144,373	51,551	234,330			
Capacity Groups													
N1U	417	-	2,556,081	1.1432	4.2595	2.2310	174,004	108,876	57,026	339,906			
N1R	684	-	3,035,034	1.1944	4.3800	2.2310	298,193	132,934	67,711	498,838			
N2U	695	-	11,343,042	1.3510	3.8011	2.2310	342,712	431,165	253,062	1,026,940			
N2R	1,810	-	24,464,191	1.4544	4.0518	2.2310	960,823	991,246	545,794	2,497,863			
N3U	237	-	7,173,788	1.7665	3.8011	2.2310	152,813	272,686	160,047	585,545			
N3R	196	-	7,071,497	1.9743	4.0518	2.2310	141,240	286,525	157,765	585,530			
N4U	66	-	3,299,002	2.2854	3.8011	2.2310	55,056	125,400	73,600	254,056			
N4R	45	-	2,508,399	2.5976	4.0518	2.2310	42,665	101,636	55,962	200,263			
N5U	48	158 kVA	3,521,012	1.694c/kVA/day	3.6043	2.2310	46,839	126,906	78,554	252,299			
N5R	42	140 kVA	1,996,191	1.829c/kVA/day	3.9206	2.2310	39,139	78,262	44,535	161,936			
UCC	13	-	-	(0.6653)	-	-	(3,157)	-	-	(3,157)			
RCC	137	-	-	(0.7164)	-	-	(35,825)	-	-	(35,825)			
Total Capacity Groups	4,390		66,968,238				2,214,504	2,655,634	1,494,056	6,364,194			
Network Maximum Demand (NMD)													
NMD- Variable	99	-	34,785,794	-	0.9540	2.2310	-	331,860	776,068	1,107,928			
NMD - Capacity	99	242 kVA	-	\$0.623/kVA/mth	-	-	179,420	-	-	179,420			
NMD - Maximum Demand	99	133 kW	-	\$6.130/kW/mth	-	-	965,161	-	-	965,161			
Total NMD	99		34,785,794				1,144,581	331,860	776,068	2,252,509			
TOTAL GENERAL	4,772		104,168,328				3,397,491	3,131,867	2,321,675	8,851,034			
TOTAL RETAIL	23,430		230,615,972				4,419,017	11,403,595	5,142,713	20,965,324			
MAJORS - REGULATED		Total MD \$63.74 kW											
Customers													
Fonterra (BoPE)		-	36,428,890	\$0.00/mth	-	0.2957	-	-	107,720	107,720			
SCA Hygiene (TP)	1	22,497	154,878,840	\$5,290.44/mth	-	0.1247	63,485	-	1,627,154	1,690,639			
CHH Whakatane (TP)	1	20,000	107,800,385	\$14,702.45/mth	-	0.1701	176,429	-	1,458,194	1,634,624			
Kaingaroa Timberlands (TP)	2	1,030	6,041,474	\$0.00/mth	-	0.2533	-	-	80,958	80,958			
CHH - Kawerau (TP)	1	3,342	19,306,030	\$4,937.95/mth	-	0.1684	59,255	-	245,522	304,778			
Norske Skog Oxidation Ponds (TP)	1	2,259	21,240,699	\$3,698.03/mth	-	0.1330	44,376	-	172,239	216,616			
TG2 (BoPE)	1	-	3,168,825	\$730.00/mth	-	-	8,760	-	-	8,760			
TOTAL MAJORS - REGULATED	7		348,865,144				352,306	-	3,691,788	4,044,094			
GRAND TOTAL	23,437		579,481,116				4,771,323	11,403,595	8,834,501	25,009,419			

Appendix C

Explanation of Excluded Services

All excluded services are the same as previously disclosed in prior Threshold Statements with the addition of the following:

1. **Sequal Investments Limited – Sequal**

Excluded services for this customer relate to asset management charges, and operation and maintenance and administration charges for electricity distribution assets such as transformers, switchgear and associated equipment owned by Horizon Energy but installed on Sequal's premises.

At the time of installing the assets, Sequal had the option of owning and maintaining the assets itself or having an external party purchase, install, own and maintain them. Sequal chose the latter option and negotiated an appropriate charge for this with Horizon Energy.


Assets installed on an industrial site such as Sequal's are typically owned by the customer. Amongst Horizon Energy's major customers, only NZMP and Sequal have chosen to allow a third party to own equipment installed on their site.

Appendix D – SAIDI and SAIFI Statistics

SAIDI and SAIFI (Class B and Class C) for Years Ended 31 March 1999 – 2003 and the Year Ended 31 March 2009

Year	SAIDI (Interruption Duration)			SAIFI (Interruption Frequency)		
	Class B	Class C	Total	Class B	Class C	Total
1999	81.00	172.00	253.00	0.50	2.71	3.21
2000	49.00	72.00	121.00	0.36	1.54	1.90
2001	41.00	77.00	118.00	0.31	1.24	1.55
2002	35.00	179.00	214.00	0.22	1.43	1.65
2003	20.00	77.00	97.00	0.18	0.88	1.06
	Five Year Average SAIDI		160.60	Five Year Average SAIFI		1.87
2009	11.03	122.24	133.26	0.06	2.16	2.22

Appendix E – Outage Schedules

			Switching Schedule			
			Number			
Day:	Thursday	Date:		Times:		
Substation:						
Feeder:						
Reason for Switching:						
Area Affected:						
Customers Notified by:			Retailer	Network Req#		
Arranged By			Checked By		Contractor Check	
Time req.	Time Comp.		SWITCHING SEQUENCE			
		1				
		2				
		3				
		4				
		5				
		6				
		7				
		8				
		9				
		10				
		11				
		12				
		13				
		14				
		15				
		16				

SUPPLY INTERRUPTION DATA INPUT FORM							REPORT NUMBER
ZONE SUBSTATION			VOLTAGE <input type="checkbox"/> 110kv <input type="checkbox"/> 50kv <input type="checkbox"/> 33kv <input type="checkbox"/> 11kv <input type="checkbox"/> 400v	FAULT TYPE <input type="checkbox"/> EF <input type="checkbox"/> OC <input type="checkbox"/> Overhead <input type="checkbox"/> Underground		DATE	
FEEDER NAME					<input type="checkbox"/> Rural <input type="checkbox"/> Urban	FILE ONLY? <input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Planned <input type="checkbox"/> Unplanned
FEEDER NUMBER							
TRANSFORMER NUMBER							
AREA AFFECTED						GENERATOR AVOIDED CUSTOMER MINUTES Cus # Minutes Generated	
MAJOR CUSTOMERS AFFECTED (tick)							0
CHHP Wtk <input type="checkbox"/>							
CHHP Wtk Pumps <input type="checkbox"/>			Isolation Mechanis				
SCA Hygiene P&P <input type="checkbox"/>							
KPP Mill Kaingaroa <input type="checkbox"/>							
Fonterra Edgecumbe <input type="checkbox"/>			Clearance Breake				
Norske Scog Ox Ponds <input type="checkbox"/>							
CHH Sawmill Kawerau <input type="checkbox"/>							
CONTRACTOR						LIVE LINE AVOIDED CUSTOMER MINUTES Cus # Minutes OFF Avoided	
FAULTMAN			Time Called			0	0
DUTY CONTROLLER							0
			Planned Times	14:00-15:00			
From Iso No.	To Iso No.	ICPs' Section	Time off	Time on	Time off (mins)	Cust Mins	TO BE COMPLETED WHERE MAJOR CUSTOMERS ARE AFFECTED AND/OR SIGNIFICANT OUTAGES OCCUR (including all 33KV and above)
					00	00	Customer Contacted
					00	00	Person Contacted
					00	00	Time
					00	00	
					00	00	
					00	00	
					00	00	
					00	00	
					00	00	
					00	00	
Total # ICP's					100% min	00	
Total Number Customers							
SAIFI Impact					SAIDI Impact		
FOLLOW UP REQUIRED?	DETAILS: Phase in new 11kV Underground cable		LOCATION: Part Brights Rd			Weather: Checked by	
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