



Information prepared in accordance with the
Electricity Distribution (Information Disclosure)
Requirements
Report Schedules

Schedules 2 to 13

WEL Networks Limited

Year ended 31 March 2012

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FS1 Regulatory Profit Statement

ref	Electricity Distribution Business:	WEL NETWORKS	
		For Year Ended	2012
5			
6	Income		
7			
8			(\$000)
9	Net Line Charge Revenue Received	75,961	
10	plus Discretionary Discounts and Customer Rebates	7,408	FS1a
11	Gross Line Charge Income		83,369
12			
13	Capital Contributions	5,694	
14	plus Net Value of Vested Assets	-	
15	Total Capital Contributions and Vested Assets		5,694
16			
17	AC Loss Rental Rebates Received	2,594	
18	less AC Loss Rental Rebates Passed On	1,556	
19	Net AC loss rental income (deficit)		1,038
20			
21			
22	Other Income	4,138	
23			4,138
24			
25	Total regulatory income		94,240
26			
27			
28	Expenses		
29			
30	Transmission Charges - Payments to Transpower	19,683	
31	plus Avoided Transmission Charges - payments to parties other than Transpower	1,504	
32	Total Transmission Costs		21,187
33			
34	Operational Expenditure:		
35	General Management, Administration and Overheads	5,835	
36	System Management and Operations	3,745	
37	Routine and Preventative Maintenance	2,738	to AM1
38	Refurbishment and Renewal Maintenance	1,630	to AM1
39	Fault and Emergency Maintenance	2,578	to AM1
40	Pass-through Costs	629	
41	Other	1,367	
42	Total Operational Expenditure		18,521 to MP2
43			
44			
45	Operational earnings		54,532
46			
47			
48	Regulatory Depreciation of System Fixed Assets (incl. value of assets decommissioned)	13,092	from AV1
49	plus Depreciation of Non-System Fixed Assets (incl. value of assets decommissioned)	2,828	from AV1
50	Total Regulatory Depreciation		15,920 to FS3
51			
52			
53	Earnings before interest and tax (EBIT)		38,612 to FS3
54			
55	less Regulatory Tax Allowance		4,866 from FS3
56			
57	plus Indexed Revaluation (of System Fixed Assets)	5,766	from AV1
58	plus Revaluations of Non-System Fixed Assets	-	from AV1
59			
60	Regulatory profit / loss (pre-financing and distributions)		39,512 to MP2

FS1 Regulatory Profit Statement (continued)

Notes to Regulatory Profit Statement

69	FS1a: Discretionary Discounts: Customer Rebates and other line charge adjustments		(\$000)
70	Customer Rebates		
71	Line Charge Holidays and other Discretionary Discounts	7,408	
72	Total Discretionary Discounts and Customer Rebates		7,408

75	FS1b: Related party expenditure - summary		(\$000)
76	Avoided Transmission Charges		
77	Operational Expenditure	6,945	
78	Subvention Payment		
79	Other related party expenditure	27,591	
80	Total Related Party Expenditure		34,536
81			
82	<i>N.B.: The additional Related Party information that is required to be disclosed in accordance with Section 3 of the Information Disclosure Handbook is to be disclosed by way of a separate note to this Schedule and forms part of this Schedule.</i>		
83			
84			

87	FS1c: Operational Expenditure notes		(\$000)
88			
89	Merger and Acquisition Expenses		
90	Merger and Acquisition Expenses (not to be included in Operational Expenditure)		
91			
92	Material items (if greater than 10% of the Operational Expenditure line item)		
93	Material item amount 1	2,385	Notes to be provided separately
94	within expenditure category:	General Management, Administration	
95			
96	Material item amount 2	1,903	Notes to be provided separately
97	within expenditure category:	System Management and Operation	
98			
99	Material item amount 3	2,521	Notes to be provided separately
100	within expenditure category:	Fault and Emergency Maintenance	
101			
102			(further disclosures to be provided on separate page if required)
103			

106	FS1d: Vested Assets		(\$000)
107	Consideration Paid for Vested Assets		

110	FS1e: Reclassified items in Operational Expenditure		(\$000)
111	Value of items which have been reclassified since previous disclosure (if greater than 10% of any affected line item)		
112	Previous classification:	Select one	
113	New classification:	Select one	
114			
115			(\$000)
116	Value of items which have been reclassified since previous disclosure (if greater than 10% of any affected line item)		
117	Previous classification:	Select one	
118	New classification:	Select one	
119			
120			(\$000)
121	Value of items which have been reclassified since previous disclosure (if greater than 10% of any affected line item)		
122	Previous classification:	Select one	
123	New classification:	Select one	
124			
	<i>to be repeated as required for multiple reclassifications</i>		

FS2 Regulatory Asset and Financing Statement

ref	Electricity Distribution Business:	WEL NETWORKS	
5		For Year Ended	2012
6			
7	Capital Expenditure on System Fixed Assets (by primary purpose)		(\$000)
8	Customer Connection	7,109	to AM1
9	System Growth	11,847	to AM1
10	Reliability, Safety and Environment	2,495	to AM1
11	Asset Replacement and Renewal	8,255	to AM1
12	Asset Relocations	3,720	to AM1
13	Total Capital Expenditure on System Fixed Assets	33,425	to AM1
14			
15			
16	Capital Expenditure on Non-System Fixed Assets	5,033	from AV1
17			
18			
19	Capital works roll-forward (for System Fixed Assets)		
20	Works Under Construction at Beginning of Year	20,811	
21	plus Total Capital Expenditure on System Fixed Assets	33,425	
22	less Assets Commissioned in Year	30,013	from AV1
23	Works under construction at year end	24,222	
24			
25			
26	Regulatory Investment Value calculation		
27	System Fixed Assets: regulatory value at end of Previous Year	367,099	from AV1
28	Non-System Fixed Assets: regulatory value at end of Previous Year	12,242	from AV1
29	Finance During Construction Allowance (on System Fixed assets)	8,994	2.45%
30	Total Regulatory Asset Base value at beginning of Current Financial Year	388,335	
31			
32	plus System Fixed Assets Commissioned in Year	30,013	from AV1
33	System Fixed Assets Acquired From (Sold to) a Non-EDB in Year	-	from AV1
34	Non-System Fixed Assets: Asset Additions	5,033	from AV1
35	Regulatory Asset Base investment in Current Financial Year - total	35,046	
36	Regulatory Asset Base investment in Current Financial Year - average	17,523	
37			
38	plus (minus) where a merger or acquisition has taken place within the year		
39	Adjustment for merger, acquisition or sale to another EDB	-	from AV4
40			
41	Regulatory Investment Value	405,858	to MP2

FS3 Regulatory Tax Allowance Calculation

ref	Electricity Distribution Business:		WEL NETWORKS	
			For Year Ended	2012
5				
6				
7				(\$000)
8		Earnings before interest and tax (EBIT)	38,612	from FS1
9				
10	add	Total Regulatory Depreciation	15,920	from FS1
11		Other Permanent Differences - not deductible	(32)	
12		Other Temporary Adjustments - Current Period	2,745	
13			18,632	
15	less	Non Taxable Capital Contributions and Vested Assets	29	
16		Tax Depreciation	20,379	
17		Deductible Discretionary Discounts and Customer Rebates	7,408	
18		Deductible Interest	9,448	from row 53
19		Other Permanent Differences - Non Taxable	-	
20		Other Temporary Adjustments - Prior Period	2,601	
21			39,866	
22				
23		Regulatory taxable income for Year	17,379	
24				
25	less	Tax Losses Available at Start of Year	-	
26		Net taxable income	17,379	
27				
28		Statutory Tax Rate	28%	
29		Regulatory Tax Allowance	4,866	to FS1

Notes to Regulatory Tax Allowance Calculation

36	FS3a: Description of adjustments classified as "other"
37	
38	The Electricity Distribution Business is to provide descriptions of items recorded in the four "other" categories above (explanatory
39	notes can be provided in a separate note if necessary).
40	
41	This includes changes in Provision for Annual leave, Provision for Bad Debts, Retirement Gratuity, Impaired Assets, Entertainment expenditure and
42	Consulting fees not deductible
43	
44	
45	

48	FS3b: Financing assumptions (for Deductible Interest and Interest Tax Shield calculation)				
49					
50	Standard Debt Leverage Assumption (debt/total assets)	40%	%		
51					
52	Standard Cost of Debt Assumption	5.82%	%		
53					
54	Deductible Interest	9,448	\$000		to row 18
55					
56	Interest Tax Shield Adjustment	2,646	\$000		to MP2

FS1b: Related Party Expenditure Notes

WEL Networks has a business unit who provides maintenance and capital expenditure. Under the disclosure rules this business unit is treated as 'other business' and charges the 'lines business'.	
	2012
Services provided were in the following categories:	(\$000)
Capital Expenditure: Customer Connection	6,520
Capital Expenditure: System Growth	6,871
Capital Expenditure: Reliability, Safety and Environment	2,351
Capital Expenditure: Asset Replacement and Renewal	8,381
Capital Expenditure: Asset Relocations	3,468
Expenses: Routine and Preventative Maintenance	2,738
Expenses: Refurbishment and Renewal Maintenance	1,630
Expenses: Fault and Emergency Maintenance	2,578
Total related party expenditure	34,536
Services were provided throughout the financial year.	
WEL Networks is 100% owned by WEL Energy Trust. WEL Energy Trust paid a grant for \$250,000 which is recorded as a capital contribution.	
Capital Contributions	255
There are no outstanding trade balances owing at year end. There were also no debts arising from related party transactions that have been written off or forgiven during the year.	
No transactions were undertaken at a nil or nominal value.	

FS1c: Operational Expenditure Notes

Material items (if greater than 10% of the Operational Expenditure line item)	2012 (\$000)
General Management, Administration and Overheads	
Wages and salaries	2,385
System Management and Operations	
Wages and salaries	1,903
Computer system maintenance contracts	394
Routine and Preventative Maintenance	
Lines routine and preventative maintenance	1,127
Vegetation management	1,124
Zone substation routine and preventative maintenance	403
Refurbishment and Renewal Maintenance	
Lines refurbishment and renewal	1,127
Zone substations refurbishment and renewal	217
Fault and Emergency Maintenance	
Faults	2,521
Pass-through Costs	
Electricity commission charges	311
Local body rates	318
Other	
Network asset disposal costs	1,104
Bad Debt Provision movement	263

AV1 Annual Regulatory Valuation Roll-Forward Report

ref	Electricity Distribution Business:						WEL NETWORKS	
5							For Year Ended:	2012
6							Year of most recent ODV	2004
7								
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								(\$000)
	ODV Year	ODV Year	ODV Year	ODV Year	ODV Year	ODV Year	ODV Year	ODV Year
	+ 1	+ 2	+ 3	+ 4	+ 5	+ 6	+ 7	+ 8
For Year Ending:	2005	2006	2007	2008	2009	2010	2011	2012
System Fixed Assets								
Regulatory Value at End of Previous Year*	189,495	202,162	224,523	250,254	278,980	301,186	315,919	367,099
plus								
Assets Commissioned	14,837	23,831	29,365	30,200	26,791	21,488	37,951	30,013
Gross Value of Vested Assets								
Assets Acquired from (Sold to) a Non-EDB							10,694	
Asset Additions	14,837	23,831	29,365	30,200	26,791	21,488	48,645	30,013
plus								
Indexed Revaluation	5,105	6,788	5,699	8,424	8,284	6,164	14,111	5,766
less								
Depreciation of System Fixed Assets	6,585	7,054	7,693	8,398	9,093	9,930	10,216	11,499
Regulatory Value of Assets Decommissioned	690	1,204	1,640	1,500	2,797	2,989	1,360	1,592
Regulatory Depreciation (incl. value of assets decommissioned)	7,275	8,258	9,333	9,898	11,890	12,919	11,576	13,092
plus (minus)								
Acquisition of System Fixed Assets from another EDB	-	-	-	-	-	-	-	-
less Sale of System Fixed Assets to another EDB	-	-	-	-	979	-	-	-
Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-	-	-	-	(979)	-	-	-
plus (minus)								
Net Increase (Decrease) Due to Changes in Asset Register Information								
Regulatory Value of System Fixed Assets at Year End	202,162	224,523	250,254	278,980	301,186	315,919	367,099	389,786
Non-System Fixed Assets								
Regulatory value at end of previous year	2,849	2,802	3,112	4,396	5,119	7,084	8,225	12,242
plus Asset Additions	962	1,497	3,001	2,439	4,787	2,467	6,402	5,033
plus Revaluations								
less Depreciation (incl. value of assets decommissioned)	1,009	1,187	1,717	1,716	2,822	1,326	2,385	2,828
plus Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB	-	-	-	-	-	-	-	-
Regulatory Value of Non-System Fixed Assets at Year end	2,802	3,112	4,396	5,119	7,084	8,225	12,242	14,447
Total Regulatory Asset Base Value (excluding FDC)	204,964	227,635	254,650	284,099	308,270	324,144	379,341	404,233

* The commencing figure for completing this schedule is the most recent ODV value
Note: Additional columns to be added if required

Notes to Annual Regulatory Valuation Roll-forward Report

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AV1a: Calculation of Revaluation Rate and Indexed Revaluation of System Fixed Assets									
CPI as at date of ODV 928									
For Year Ended									
CPI at CPI reference date									
Revaluation Rate									
System Fixed Assets: Regulatory Value at End of Previous Year									
Indexed Revaluation of System Fixed Assets									
2005	2006	2007	2008	2009	2010	2011	2012		
953	985	1010	1044	1075	1097	1146	1164		
2.69%	3.36%	2.54%	3.37%	2.97%	2.05%	4.47%	1.57%		
189,495	202,162	224,523	250,254	278,980	301,186	315,919	367,099		
5,105	6,788	5,699	8,424	8,284	6,164	14,111	5,766	to FS1, AV1	

AV1b: Input for prior year Acquisitions (Sales) of Assets to (from) another ELB (0000)									
For Year Ended									
Acquisition of System Fixed Assets from another EDB									
Sale of System Fixed Assets to another EDB									
Net Acquisitions (Sales) of Non-System Fixed Assets from (to) an EDB									
2005	2006	2007	2008	2009	2010	2011	2012		
				979					

AV2 Regulatory Valuation Disclosure by Asset Class

(for system fixed assets)

ref	Electricity Distribution Business:							WEL NETWORKS
	For Year Ended:							2012
6								
7								
8								
9								
10	Subtotals by Asset Class (for System Fixed Assets)							
								(\$000)
11	System Fixed Assets							
12								
13	Regulatory Value of System Fixed Assets (as per most recent ODV)	18,447	20,081	49,849	47,961	29,803	11,621	11,733
14								
15	Cumulative roll-forward since most recent ODV:							
16	Asset Additions							225,170
17	Indexed Revaluation (of System Fixed Assets)							60,341
18	less Regulatory Depreciation (of System Fixed Assets)							84,241
19	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB							(979)
20	Net Increase (Decrease) Due to Changes in Asset Register Information							-
21	Regulatory Value of System Fixed Assets at Year End							389,786

AV3 System Fixed Assets Replacement Cost Roll-Forward Report

ref	Electricity Distribution Business: WEL NETWORKS	
5		For Year Ended: 2012
6	System Fixed Assets - Replacement Cost	
7		(\$000)
8	Replacement cost at end of previous year	602,569
9		
10	Asset Additions	30,013
11	Indexed Revaluation (of System Fixed Assets)	9,464
12	less Replacement Cost of Assets Decommissioned	3,514
13	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-
14	Net Increase (Decrease) Due to Changes in Asset Register Information	
15	Replacement cost of System Fixed Assets at year end	638,532
16		
17		
18	System Fixed Assets - Depreciated Replacement Cost	
19		
20	Depreciated Replacement Cost at end of previous year	365,899
21		
22	Asset Additions	30,013
23	Indexed Revaluation (of System Fixed Assets)	5,747
24	less Depreciation of Replacement Cost	11,515
25	less Depreciated Replacement Cost of Assets Decommissioned	1,592
26	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB	-
27	Net Increase (Decrease) Due to Changes in Asset Register Information	
28	Depreciated replacement cost of System Fixed Assets at year end	388,551

REPORT AV3: SYSTEM FIXED ASSETS REPLACEMENT COST ROLL-FORWARD REPORT (c

Notes to Price and Quality Measures

36	AV3a: New Asset Additions	
37		
38	Asset Additions - Depreciated Replacement Cost	30,013
39	plus Difference in Replacement Cost and Depreciated Replacement Cost values of Asset Additions	
40		
41	Asset Additions - Replacement Cost	30,013
42		

AV4 Business Merger, Acquisition or Sale – Regulatory Asset Base Disclosure

Electricity Distribution Business:		WEL NETWORKS							
ref									
6	Disclosure required? (YES or NIL DISCLOSURE):	NO DISCLOSURE REQUIRED							
7									
8		As at (date):							
9		Proportion of year following transfer of assets							
10		0%							
11									
12	PART 1: Most recent ODV valuation of System Fixed Assets transferred	(\$000)							
		Subtransmission	Zone substations	Distribution & LV Lines	Distribution & LV Cables	Distribution substations and transformers	Distribution switchgear	Other System Fixed Assets	Total for System Fixed Assets
13									
14	Replacement Cost (RC)								-
15	less Depreciation								-
16	Depreciated Replacement Cost (DRC)	-	-	-	-	-	-	-	-
17									
18	less Optimisation adjustment								-
19	Optimised Depreciated Replacement Cost (ODRC)	-	-	-	-	-	-	-	-
20									
21	less Economic Value Adjustment (EVA)								-
22	Most recent ODV value	-	-	-	-	-	-	-	-
23									
24									
25									
26	PART 2: Valuation disclosure for transferred assets by Asset Class (at transfer date)	(\$000)							
		Total for System Fixed Assets	Non-System Fixed Assets	Total RAB value (excl. FDC)					
27									
28	Regulatory Value of System Fixed Assets (as per most recent ODV)	-							
29									
30	Cumulative roll-forward since most recent ODV:								
31	Asset Additions								
32	Indexed Revaluation (of System Fixed Assets)								
33	less Regulatory Depreciation (of System Fixed Assets)								
34	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB								
35	Net Increase (Decrease) due to Changes in Asset Register Information								
36	RAB Value of Transferred Assets at Transfer Date	-		-					
37									
38	Acquisition of Assets from Another EDB	-	-	to AV1					
39	Sale of Assets to Another EDB	-	-	to AV1					
40									
41									
42	RAB Value of Transferred Assets at Transfer Date	-							
43	"p" factor (proportion of year following transfer of assets)	0%							
44	Adjustment for merger, acquisition or sale to another EDB		-	to FS2					
45									
46									
47	PART 3: Rolled-forward Replacement Cost values for System Fixed Assets transferred	(\$000)							
		RC & DRC values of System Fixed Assets at transfer date	RAB value of acquired/(sold) assets						
48									
49	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - RC		-	to AV3					
50	Net Acquisitions (Sales) of System Fixed Assets from (to) an EDB - DRC		-	to AV3					
51									
52									
53	Signed by:	Selling Entity							
54									
55									
56		Acquiring Entity							
57									

MP1 Network Information

ref	Electricity Distribution Business:		WEL NETWORKS
6			For Year Ended: 2012
7	Network Name:	WEL Networks	(enter "Total Business" or name of network)
9	Disclosure:	Annual Disclosure - Requirement 6(1)	
10	Circuit Length by Operating Line Voltage (at year end)		
11		Overhead (km)	Underground (km)
12	> 66kV		
13	50kV & 66kV		
14	33kV	198	223
15	SWER (all SWER voltages)		
16	22kV (other than SWER)		
17	6.6kV to 11kV (inclusive - other than SWER)	1,929	610
18	Low Voltage (< 1kV)	1,113	1,153
19	Total circuit length (for Supply)	3,240	1,986
20			
21	Dedicated Street Lighting Circuit Length	262	868
22			
23	Overhead Circuit Length by Terrain (at year end)		
24		(km)	(%)
25	Urban (only)	603	19%
26	Rural (only)	2,101	65%
27	Remote (only)		0%
28	Rugged (only)	4	0%
29	Rural & rugged (only)	532	16%
30	Remote & rugged (only)		0%
31	Unallocated overhead lines		0%
32	Total overhead length	3,240	100%
33			
34	Transformer capacity (at year end)		
35	Distribution Transformer Capacity (EDB Owned)	752 MVA	Previous Year 719
36	Distribution Transformer Capacity (Non-EDB Owned, Estimated)	19 MVA	21
37	Total Distribution Transformer Capacity	771 MVA (to MP2)	740
38			
39	Zone Substation Transformer Capacity	770 MVA	678
40			
41	System Fixed Assets age (at year end)		
42	Average Age of System Fixed Assets	21 Years	
43	Average Expected Total Life of System Fixed Assets	49 Years	
44	Average Age as a Proportion of Average Expected Total Life	43%	
45			
46	Estimated Proportion of Assets (by Replacement Cost) within 10 years of Total Life	16%	
47			
48			
49			
50			
51	Electricity demand		
52		Maximum coincident system demand (MW)	Non-coincident Sum of maximum demands (MW)
53	GXP Demand	247	273
54	plus Embedded Generation Output at HV and Above	4	
55	Maximum System Demand	251	
56	less Net Transfers to (from) Other EDBs at HV and Above	-	
57	Demand on system for supply to customers' Connection Points	251	
58	less Subtransmission Customers' Connection Point Demand	-	-
59	Maximum Distribution Transformer Demand	251	
60			
61	GXP Demand not Supplied at Subtransmission Level	-	
62	Embedded Generation Output - Connected to Subtransmission System	4	113
63	Net Transfers to (from) Other EDBs at Subtransmission Level Only	-	-
64			
65	Estimated Controlled Load Shed at Time of Maximum System Demand (MW)	22	
66			
67	Five-Year System Maximum Demand Growth Forecast	2.0 % p.a.	
68			
69	Electricity volumes carried		
70		(GWh)	
71	Electricity Supplied from GXPs	904	
72	less Electricity Exports to GXPs	126	
73	plus Electricity Supplied from Embedded Generators	453	
74	less Net Electricity Supplied to (from) Other EDBs	(13)	
75	Electricity entering system for supply to customers' Connection Points	1,244	
76	less Electricity Supplied to Customers' Connection Points	1,183	
77	Electricity Losses (loss ratio)	60	4.9%
78			
79	Electricity Supplied to Customers' Connection Points	1,183	
80	less Electricity Supplied to Largest 5 Connection Points	81	
81	Electricity supplied other than to Largest 5 Connection Points	1,102	93%
82			
83	Load Factor	57%	
84			
85	Number of Connection Points (at year end)	84,291 ICPs	
86			
87	Intensity of service requirements		
88	Demand Density (Maximum Distribution Transformer Demand / Total circuit length)	48	kW/km
89	Volume Density (Electricity Supplied to Customers' Connection Points / Total circuit length)	226	MWh/km
90	Connection Point Density (ICPs / Total circuit length)	16	ICP/km
91	Energy Intensity (Electricity Supplied to Customers' Connection Points / ICP)	14,040	kWh/ICP

MP2 Performance Measures

ref

Electricity Distribution Business:WEL NETWORKS

For Year Ended:2012

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49

Performance comparators

Previous Years:

Current Financial Year

Current Yr - 3Current Yr - 2Current Yr - 1

Operational expenditure ratio

Total Operational Expenditure16171819\$mfrom FS1

Replacement Cost of System Fixed Assets (at year end*)508533603639\$mfrom AV3

Ratio (%)3.17%3.17%2.95%2.90%

Capital expenditure ratio

Total Capital Expenditure on System Fixed Assets32294433\$mfrom FS2

Replacement Cost of System Fixed Assets (at year end*)508533603639\$mfrom AV3

Ratio (%)6.33%5.41%7.29%5.23%

Capital expenditure growth ratio

Capital Expenditure: Customer Connection and System Growth-203419\$mfrom FS2

Change in Total Distribution Transformer Capacity39292831MVAfrom MP1

\$/kVA-6961,203611\$/kVA

Renewal expenditure ratio

Capital & Operational Expenditure: Asset Replacement, Refurbishment and Renewal-7710\$mfrom FS1 & 2

Regulatory Depreciation of System Fixed Assets12131213\$mfrom AV1

Ratio (%)0%51%61%76%

Distribution Transformer Capacity Utilisation

Maximum Distribution Transformer Demand214263249251MWfrom MP1

Total Distribution Transformer Capacity (at year end*)680709737771kVAfrom MP1

Ratio (%)31.5%37.1%33.8%32.6%

Return on Investment

Regulatory Profit / Loss (pre-financing and distributions)40384640\$mfrom FS1

less Interest Tax Shield Adjustment3233\$mfrom FS3

Adjusted Regulatory Profit37364337\$m

Regulatory Investment Value306328359406\$mfrom FS2

Ratio (%)12.22%10.95%12.03%9.08%

* If a Merger or Asset Transfer with another EDB was entered into during the year, the denominators are calculated as time-weighted averages.

Expenditure comparison table

Expenditure metrics (\$ per):

Total circuit length (for Supply) (\$/km)

Electricity Supplied to Customers' Connection Points (\$/MWh)

Maximum coincident system demand (\$/MW)

Connection Point (\$/ICP)

Distribution Transformer Capacity (EDB-Owned) (\$/MVA)

Capital Expenditure (\$ per)

Operational Expenditure (\$ per)

7,35932153,13945651,140from FS2 & MP1

3,5441673,75122024,629from FS1 & MP1

MP3 Price and Quality Measures

ref	Electricity Distribution Business:		WEL NETWORKS				
6			For Year Ended: 2012				
7	Network Name:	WEL Networks					
	Disclosure:	Annual Disclosure - Requirement 6(1)					
9							
10	QUALITY						
11							
12	Interruptions						
13	Interruptions by class						
14	Class A		planned interruptions by Transpower:				
15	Class B	283	planned interruptions on the network				
16	Class C	433	unplanned interruptions on the network				
17	Class D		unplanned interruptions by Transpower				
18	Class E		unplanned interruptions of network owned generation				
19	Class F		unplanned interruptions of generation (non-network)				
20	Class G		unplanned interruptions caused by other electricity industry participant				
21	Class H		planned interruptions caused by other electricity industry participant				
22	Total	716	Total of above				
23							
24	Interruption targets for Forecast Year		2013	Current Financial Year +1			
25	Class B		290	planned interruptions on the network			
26	Class C		525	unplanned interruptions on the network			
27							
28	Average interruption targets for 5 Forecast Years		2013-2017	Current Financial Year +1 to +5			
29	Class B		338	planned interruptions on the network			
30	Class C		525	unplanned interruptions on the network			
31							
32	Class C interruptions restored within		≤3Hrs	>3hrs			
33			302	131			
34							
35	Faults						
36	Faults per 100 circuit kilometres						
37	The total number of faults for Current Financial Year		14.63	in year 2012			
38	The total number of faults forecast for the Forecast Year		17.59	in year 2013			
39	The average annual number of faults forecast for the 5 Forecast Years		17.30	average over years 2013-2017			
40							
41	Fault Information per 100 circuit kilometres by Voltage and Type						
42		6.6kV & 11kV non-SWER	22kV non-SWER	SWER	33kV	50kV & 66kV	>66kV
43	Is this voltage part of the EDB system?	Yes	No	No	Yes	No	No
44	Current Financial Year	16.98			0.48		
45	Forecast Year	20.24			1.43		
46	Average annual for 5 Forecast Years	19.85			1.43		
47							
48	Fault Information per 100 circuit kilometres by Voltage and Type						
49		6.6kV & 11kV non-SWER	22kV non-SWER	SWER	33kV	50kV & 66kV	>66kV
50	Underground	4.76			-		
51	Overhead	20.84			1.01		
52							
53	Reliability						
54	Overall reliability		SAIDI	SAIFI	CAIDI		
55	Based on the total number of interruptions		69.01	1.05	65.82		
56							
57	Reliability by interruption class		SAIDI	SAIFI	CAIDI		
58	Class B		8.78	0.10	91.19		
59	Class C		60.24	0.95	63.26		
60							
61	Targets for Forecast Year		SAIDI	SAIFI	CAIDI		
62	Class B		9.00	0.09	100.00		
63	Class C		61.00	0.95	64.28		
64							
65	Average targets for 5 Forecast Years		SAIDI	SAIFI	CAIDI		
66	Class B		10.60	0.11	100.00		
67	Class C		59.40	0.95	62.59		

MP3 Price and Quality Measures (continued)

70	PRICES						
71							
72	Price information by Connection Point Class						
73							
74			Connection Point Class				
			Small	Medium	Large	Largest 5	
			Connection	Connection	Connection	Connection	
			Points	Points	Points	Points	
75							Total
76	Gross line charge income (\$000)	59,526	1,871	18,861	3,111	83,369	Error (FS1)
77	Electricity Supplied to Customers' Connection Points (MWh)	723,160	28,053	350,851	81,413	1,183,477	from MP1
78	Number of Connection Points (ICPs) at year end	83,668	198	420	5	84,291	from MP1
79	Unit Price (cents/kWh)	8.2	6.7	5.4	3.8	7.0	
80	Relative Unit Price Index	1.00	0.81	0.65	0.46	0.86	
81							

Notes to Price and Quality Measures

89	MP3a: Connection Point Class breakpoints	
90		
91	Connection Point Class breakpoints methodology	kVA based breakpoints
92		
93	kVA based breakpoints - additional disclosure	
94	Breakpoint between small and medium classes	25 kVA
95	Breakpoint between large and medium classes	69 kVA
96		

AM1 Expenditure Forecasts and Reconciliation

ref	Electricity Distribution Business: WEL NETWORKS							
	For Year Ended 2012 (\$000)							
5	A) Five year forecasts of expenditure							
6	From most recent Asset Management Plan							
7			Forecast Years					
8		Actual for Current Financial Year	year 1	year 2	year 3	year 4	year 5	
9	for year ended	2012	2013	2014	2015	2016	2017	
10	Capital Expenditure: Customer Connection	7,109	7,109	5,709	5,923	5,423	5,423	from FS2
11	Capital Expenditure: System Growth	11,847	16,617	21,564	21,126	11,938	15,650	from FS2
12	Capital Expenditure: Reliability, Safety and Environment	2,495	3,440	2,175	1,008	898	884	from FS2
13	Capital Expenditure: Asset Replacement and Renewal	8,255	8,990	9,710	10,470	10,220	10,960	from FS2
14	Capital Expenditure: Asset Relocations	3,720	4,075	4,075	4,075	3,050	3,050	from FS2
15	Subtotal - Capital Expenditure on asset management	33,425	40,231	43,233	42,602	31,529	35,967	
16								
17	Operational Expenditure: Routine and Preventative Maintenance	2,738	3,068	3,127	3,190	3,190	3,194	from FS1
18	Operational Expenditure: Refurbishment and Renewal Maintenance	1,630	1,720	1,720	1,720	1,720	1,720	from FS1
19	Operational Expenditure: Fault and Emergency Maintenance	2,578	2,425	2,431	2,438	2,438	2,439	from FS1
20	Subtotal - Operational Expenditure on asset management	6,945	7,213	7,278	7,348	7,348	7,353	
21								
22	Total direct expenditure on distribution network	40,370	47,444	50,511	49,950	38,877	43,320	
23								
24	Overhead to Underground Conversion Expenditure	1,536	1,000	1,000	1,000	1,000	1,000	
25								
26	The Electricity Distribution Business is to provide the amount of Overhead to Underground Conversion Expenditure included in each of the above Expenditure Categories (explanatory notes can be provided in a separate note if necessary).	Overhead to underground conversion expenditure is included in Asset Relocations for each of the forecasted years.						
27								
28								
30								
32	B) Variance between Previous Forecast for the Current Financial Year, and Actual Expenditure							
33		Actual for Current Financial Year (a)	Previous forecast for Current Financial Year (b)	% Variance (a)/(b)-1				
34	Capital Expenditure: Customer Connection	7,109	6,505	9.3%		from row 10		
35	Capital Expenditure: System Growth	11,847	19,616	-39.6%		from row 11		
36	Capital Expenditure: Reliability, Safety and Environment	2,495	1,348	85.1%		from row 12		
37	Capital Expenditure: Asset Replacement and Renewal	8,255	8,601	-4.0%		from row 13		
38	Capital Expenditure: Asset Relocations	3,720	4,000	-7.0%		from row 14		
39	Subtotal - Capital Expenditure on asset management	33,425	40,069	-16.6%				
40								
41	Operational Expenditure: Routine and Preventative Maintenance	2,738	3,011	-9.1%		from row 17		
42	Operational Expenditure: Refurbishment and Renewal Maintenance	1,630	1,752	-7.0%		from row 18		
43	Operational Expenditure: Fault and Emergency Maintenance	2,578	2,399	7.5%		from row 19		
44	Subtotal - Operational Expenditure on asset management	6,945	7,162	-3.0%				
45								
46	Total direct expenditure on distribution network	40,370	47,231	-14.5%				
47								
48								
49	Explanation of variances							
50	Distribution Business must provide a brief explanation for any line item variance of more than 10%							
51								
52	Explanatory notes (can be provided in a separate note if necessary):	Cost saving for system growth was mainly due to delay of smart box project. Overspent on reliability, safety and environment was mainly due to projects undertaken for voltage issues identified in the year and seismic strengthening projects completed noting experience from Christchurch earthquake						
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