

Network Tasman Limited

52 Main Road Hope
PO Box 3005
Richmond 7031
Nelson, New Zealand

Tel: 64-03-989-3600
Toll-free: 0800 508 098
Fax: 64-3-989-3631
E-mail: info@networktasman.co.nz
Website: www.networktasman.co.nz

NETWORK TASMAN LIMITED THRESHOLD COMPLIANCE STATEMENT

For Assessment Date 31 March 2009

**Pursuant to the
Commerce Act (Electricity Distribution Thresholds) Notice 2004
and the
Amendment Notice 2006**

Dated 20th May 2009

INDEX

1. Directors Certification of Threshold Compliance Statement

2. Price Path Threshold Compliance Statement

3. Quality Threshold Compliance Statement

4. Disclaimer

5. Auditors Report on Threshold Compliance Statement

6. Appendices:

Appendix 1:	Price Path Inputs and Calculations
Appendix 2:	Notional Revenue as at assessment date 31 March 2009
Appendix 3:	Schedule of NTL Prices at 31 March 2009
Appendix 4:	Schedule of Base Quantities as at 31 March 2003
Appendix 5:	Direct Pass Through Revenue from Major Customers
Appendix 6:	Summary of Transmission Costs
Appendix 7:	Local Authority Rates and Electricity Commission Levy Summary
Appendix 8:	SAIDI & SAIFI Threshold Input Data
Appendix 9:	Policies and Procedures for Compiling SAIDI & SAIFI Statistics

Network Tasman Limited

52 Main Road, Hope 7020
PO Box 3005
Richmond 7050
Nelson, New Zealand

Tel: 64 3 989 3600
Freephone: 0800 508 098
Fax: 64 3 989 3631
Email: info@networktasman.co.nz
Website: www.networktasman.co.nz

1. DIRECTORS CERTIFICATION OF THRESHOLD COMPLIANCE

**IN ACCORDANCE WITH
THE COMMERCE ACT
(ELECTRICITY DISTRIBUTION THRESHOLDS)
NOTICE 2004**

Section 57H(a)

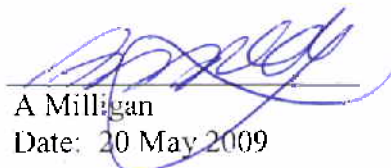
CERTIFICATION OF THRESHOLD COMPLIANCE STATEMENTS

We, Christopher Ian Turner and Annette Margaret Milligan, being Directors of Network Tasman Limited, certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached threshold compliance statement of Network Tasman Limited and related information, prepared for the purposes of the Commerce Act (Electricity Distribution Thresholds) Notice 2004, complies with all requirements of that notice except for clause 6(1) (a) concerning the SAIDI quality threshold.

SIGNATURES OF DIRECTORS



CIM Turner
Date: 20 May 2009



A Milligan
Date: 20 May 2009

2. PRICE PATH THRESHOLD COMPLIANCE STATEMENT

Network Tasman Limited certifies that:

a). Information

The audited information attached, including the:

- price path inputs and calculations (Appendix 1)
- network revenue and pricing information (Appendices 2, 3 & 5)
- network base quantity information (Appendix 4)
- transmission cost information (Appendix 6)
- Local Authority rates and Electricity Commission levy information (Appendix 7)

has been prepared for the purposes of, and complies with, the requirements of Section 5 of the Commerce Act (Electricity Distribution Thresholds) Notice 2004, the Amendment Notice 2006 and Sections 57G and 57T of the Commerce Act 1986.

b). Compliance

Network Tasman Limited **complies with the price path threshold requirements** specified in Sections 5(1)(a) and 5 (1)(b) of the Commerce Act (Electricity Distribution Thresholds) Notice 2004 and the Amendment Notice 2006 at the assessment date of 31 March 2009. The test below confirm NTL's compliance:

Test 1: Clause 5(1) (a)

The Notional Revenue (NR) of a distribution business at each assessment date (calculated in accordance with the numerator of the left-hand side of the following expression) is not to exceed the allowable notional revenue (R) of the distribution business under the CPI-X price path at that assessment date (calculated in accordance with the denominator of the left-hand side of the following expression):

Test:	$\frac{NR_{2009}}{R_{2009}}$	≤ 1
Result:	\$19,622,834 / \$19,704,332	< 1
	0.9959	< 1
Result:	Threshold is not breached	

The test above demonstrates Network Tasman Limited has complied with the price threshold; actual notional revenue was \$81,498 less than the allowable notional revenue for the assessment period ending 31 March 2009.

Test 2: Clause 5(1) (b)

The notional revenue of a distribution business at any time during an assessment period is not to exceed the greater of the Allowable Notional Revenue of the distribution business at the assessment date on which that assessment period ends and the Allowable Notional Revenue of the distribution business at the previous assessment date under this clause (or, if the previous assessment date is the reference date, under clause 5 of the Initial Notice).

Test:	$\frac{NR_{Max}}{Max(R_{2008}, R_{2009})}$	≤ 1
Result:	\$19,622,834 / \$19,704,332	< 1
	0.9959	< 1
Result:	Threshold is not breached	

The supporting evidence for Tests 1 & 2 above is provided in Appendices 1-7

c). Notional Revenue

Notional Revenue for the price path calculations includes all revenue NTL derives from the supply of the following specified, non-contestable line function services:

- Electricity conveyance services provided under Use of Systems Agreements with electricity retailers
- Electricity conveyance services provided under Direct Connection Agreements with major electricity consumers and electricity generators
- Access to capacity charges levied directly on new electrical loads at the time of their connection to Network Tasman Limited's distribution network.

d). Pass Through Costs

For the purpose of the price path calculations, pass through costs include:

i) Transmission

- Connection charges
- Interconnection charges
- EVA Adjustments (if any)
- Interim rebates (if any)
- New Investment charges
- Common quality service charges (if any)
- Loss and constraint rental credits
- Avoided transmission charges paid to embedded generators

ii) Rates & Electricity Commission Levies

- Local authority rates levied on systems fixed assets including lines, cables, electrical equipment and substation land and buildings.
- Electricity Commission regulatory costs allocated to lines companies under the current industry levy formula determined by government.

e). Excluded Revenue

The following items of line business revenue, derived from non specified and non conveyancing line business activities, are excluded Notional Revenue in the price threshold assessment:

- Interest income
- Profit on sale of assets
- Value of assets vested with Network Tasman Limited by consumers
- Other miscellaneous income unrelated to the sale of electricity conveyancing services

f). Contestable Electrical Contracting Environment

Network Tasman Limited does not own or operate electrical contracting facilities nor does it provide any electrical contracting services to electricity consumers or electricity retailers on a non-contestable basis. Any charges directly borne by electricity consumers or retailers for network extensions, reinforcements, repairs, maintenance and connection and disconnection services within NTL's geographical area are determined in a contestable environment and all work is carried out and billed by independent third parties.

3. QUALITY THRESHOLD COMPLIANCE STATEMENT

Network Tasman Limited certifies that:

a) Information

The audited information attached including the:

- Interruption duration index (SAIDI) assessment (Appendix 8)
 - Interruption frequency index (SAIFI) assessment (Appendix 8)
- was prepared for the purposes of, and complies with, the requirements of Section 6 of the Commerce Act (Electricity Distribution Thresholds) Notice 2004, the Amendment Notice 2006 and Sections 57G and 57T of the Commerce Act 1986.

b) Compliance

The quality threshold assessments for SAIDI and SAIFI below demonstrate that, for the year ended 31 March 2009, **Network Tasman Limited breached the SAIDI threshold but has complied with the SAIFI requirements** of Section 6 of the Commerce Act (Electricity Distribution Thresholds) Notice 2004.

Clause 6 (1) (a) Interruption Duration (SAIDI Classes B&C)

Test:	$SAIDI_{2008} \leq \left(\frac{SAIDI_{1999} + SAIDI_{2000} + SAIDI_{2001} + SAIDI_{2002} + SAIDI_{2003}}{5} \right)$		
Result:	246.44	>	147.45
Result:	SAIDI breaches the threshold by 98.99 minutes		

Clause 6 (1) (b) Interruption Frequency (SAIFI Classes B&C)

Test:	$SAIFI_{2008} \leq \left(\frac{SAIFI_{1999} + SAIFI_{2000} + SAIFI_{2001} + SAIFI_{2002} + SAIFI_{2003}}{5} \right)$		
Result:	1.67	<	2.12
Result:	SAIFI does not breach the threshold		

The supporting evidence for the SAIDI and SAIFI threshold tests above is provided in Appendix 8.

c) Explanation of NTL’s Breach of the SAIDI Quality Threshold in 2008-09.

NTL breached the SAIDI Quality threshold by 98.99 minutes as a result of two unrelated major weather events that, when combined, contributed a total of 141.3 SAIDI minutes to NTL’s 2008/9 SAIDI total of 246.44 minutes.

In July 2008 a wind storm event contributed 78.5 SAIDI minutes and a snow storm event contributed 62.8 minutes in August 2008.

Summary SAIDI Data for Year to 31 March 2009

Class B&C SAIDI	SAIDI Minutes
Total Class B&C	246.4
<i>Less</i>	
Wind and Snow events Class C	<u>141.3</u>
Residual Class B&C	105.1
Threshold Class B&C	147.5
NTL Budgeted Class B&C	106.0
Class C SAIDI	
Total Class C	215.9
<i>Less</i>	
Wind event - 30 July 2008	78.5
Snow event - 14 August 2008	<u>62.8</u>
Residual Class C	74.6
Total NTL Budgeted Class C	81.0

As a measure of their magnitude, the wind and snow events were respectively 77% and 62% of NTL's average annual Class C SAIDI minutes recorded over the 10 years to 31 March 2008. Combined they were 139% of NTL's 10 year average figure. The significance of the events ensured they made national news headlines at the time.

Wind Event

On the 30th July Nelson was hit by a severe easterly wind storm which uprooted trees, damaged buildings and caused extensive damage in multiple locations on our network.

The local council reported recorded maximum wind gusts of 151 kph on the Port Hills and 102 kph in the relatively protected area of Tahunanui. Media commentators claimed that this was the most damaging wind event in the area since cyclone Alison in 1975.

NTL consumers supplied from the Stoke GXP were affected from Brightwater in the south, through Richmond, Stoke and on into the Nelson North areas of Atawhai, Hira and Kokoroa at the north eastern extremity of our network. At one point NTL had 10,000 consumers without power due to tree damage to major feeders.

Consumers in the Nelson North areas were most severely affected due to a three day long supply interruption to the Founders 33kV zone substation and extensive damage to 11kV distribution assets and low voltage lines in the North Nelson north area.

All network damage was caused by trees being blown onto our lines, breaking conductors and poles. To restore supply, NTL found it necessary to employ the services of all electrical contractors in the region as well as most arboriculture specialists.

Snow Event

From the 14th to the 22nd August 2008 supply to Kikiwa and Murchison area consumers was affected by a significant and prolonged snow storm.

In some places locals reported snow to depths that had not been previously experienced and anecdotal reports suggested the storm was a one in thirty year event however there is no data to substantiate these claims.

The damage to NTL's network was severe; dozens of poles were broken at the head due to torsional loads arising from conductors breaking under the weight of the snow. The snow was unusually wet which promoted large build ups on conductors until weights exceeded design limits and caused the network to fail. Network damage was also sustained from snow laden trees collapsing over pole lines.

Repair attempts were hampered by local accessibility issues and the general remoteness of the area and this lengthened the outage duration. Helicopters, tracked and 4 wheel drive vehicles were fundamental to resolving access difficulties.

NTL employed all available electrical contracting resource in the region and additional contractors were brought down from the North Island to assist. Helicopters were initially employed to assess the damage and were then used to aid pole replacement and conductor restringing activities in areas where access was limited.

Setting these two events aside, NTL's residual Class B&C SAIDI was 42 minutes below the SAIDI threshold boundary and very close to budgeted levels.

d) Customer Communication and Consultation

The requirements for customer communication & consultation in Section 6.1(c) of the Commerce Act (Electricity Line Thresholds) Notice 2004 are set out in the table below.

Test: At least once during the period of 2 years ending 31 March 2006, and at least once during the period of 2 years ending 31 March 2008, a distribution business is to —

- (i) properly advise (or ensure that another person properly advises on its behalf) its customers (or another person that accurately reflects the interests of those customers) about the price-quality trade offs available to them in relation to the goods and services provided by the distribution business; and
- (ii) consult (or ensure that another person consults on its behalf) with its customers (or another person that accurately reflects the interests of those customers) about the quality of goods and services that they require, with reference to the prices of those goods and services; and
- (iii) properly consider the views expressed by customers during and after that consultation; and
- (iv) adequately take these views into account when making its asset management decisions.

Result: Network Tasman has met the requirements for customer communication

The biannual customer communication requirements of Section 6 of the Commerce Act (Electricity Distribution Thresholds) Notice 2004 were undertaken during the year ended 31 March 2008. Therefore no additional customer communication was necessary to satisfy these regulatory requirements in the year to 31 March 2009.

e) Network Tasman SAIDI & SAFI Policies and Procedures

Network Tasman is required under Section 7(1) (a) (iii) of the Notice to describe the policies and procedures used to record the SAIDI and SAIFI statistics for the assessment period to 31 March 2009. This information is provided in Appendix 9.

4. DISCLAIMER

The information disclosed by Network Tasman Limited in this Threshold Compliance Statement has been prepared solely for the purposes of complying with the requirements of the Commerce Act (Electricity Distribution Thresholds) Notice 2004 and Amendment Notice 2006.

The information disclosed relates only to the lines business activities described in the Notice. There are other activities of the Company that are not required to be reported on under the Notice.

The information has not been prepared for any other purpose than that intended under the Notice and Network Tasman Limited expressly disclaims any liability to any party who may rely on this information for any other purpose.

Dated the 20th Day of May 2009

AUDITORS' REPORT ON THRESHOLD COMPLIANCE STATEMENT

To the readers of the Threshold Compliance Statement of Network Tasman 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 Network Tasman 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 Network Tasman 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 and Quality Threshold: SAIDI and SAIFI Statistics for the Assessment Period ended 31 March 2009; and Quality Threshold: Customer Communication

Our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 3 to 8 and Appendices 1 to 9 of the Threshold Compliance Statement and which relate to:

- the price path threshold set out in clause 5 of the Notice; and
- 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 Network Tasman 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.

AUDITORS' REPORT ON THRESHOLD COMPLIANCE STATEMENT
Network Tasman Limited

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 Network Tasman 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 Network Tasman Limited other than in our capacities as auditors of the threshold compliance statements and in the provision of other professional advisory services. We are not aware of any relationships between our firm and Network Tasman 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 Network Tasman 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 Network Tasman Limited's policies and procedures for recording SAIDI and SAIFI statistics as disclosed in the threshold compliance statement, and fairly represent the performance of Network Tasman 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 Network Tasman 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 Network Tasman Limited.

AUDITORS' REPORT ON THRESHOLD COMPLIANCE STATEMENT
Network Tasman 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 Network Tasman 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

6. APPENDICES

Appendix 1.

PRICE PATH INPUTS AND CALCULATIONS

Clause 5 (1) (a)

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	29,122,273
K_{2009}	Transmission Charges for year ending 31 March 2009	9,425,096
	Rates for year ending 31 March 2009	22,284
	Electricity Commission Levies for year ending 31 March 2009	52,058
$NR_{2009} = \Sigma P_{i,2009} Q_i - K_{2009}$	Notional Revenue for the year ending 31 March 2009	19,622,834

NR₂₀₀₈

Notional Revenue for the year ending 31 March 2008		
Term	Description	(\$)
$\Sigma P_{i,2008} Q_i$	Prices at 31 March 2008 multiplied by 31 March 2003 Base Quantities	27,368,756
K_{2008}	Transmission Charges for year ending 31 March 2008	8,858,026
	Rates for year ending 31 March 2008	18,000
	Electricity Commission Levies for year ending 31 March 2008	94,724
$NR_{2008} = \Sigma P_{i,2008} Q_i - K_{2008}$	Notional Revenue for the year ending 31 March 2008	18,398,007

R₂₀₀₄

Maximum Notional Revenue at the reference date which would not have caused the distribution business to breach the price path under the Initial Notice		
Term	Description	(\$)
$\Sigma P_{i,0} x Q_{i,0}$	Prices at 6 September 2003 multiplied by 31 March 2003 Base Quantities	25,067,980
C_{T2003}	Budget Transmission Charges for year ending 31 March 2004	7,192,569
C_{R2003}	Budget Rates for year ending 31 March 2004	5,500
R_{2004}	Maximum Revenue at 31 March 2004 that would not have caused a breach under the Initial Notice	17,869,911

Note: All notation in the table above except R₂₀₀₄ comes from the Initial Notice.

Appendix 1 Continued

Test for 5 (1) (a) - ($NR_{2009} / R_{2009} \leq 1$)

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	17,869,911
$(1 + \Delta CPI_{2005})$	Average change in Consumer Price Index over 2004	1.0229
$(1-X)$	1-X Factor	0.99
R_{2005}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2005	18,096,384
$(1 + \Delta CPI_{2006})$	Average change in Consumer Price Index over 2005	1.0304
$(1-X)$	1-X Factor	0.99
R_{2006}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2006	18,459,516
$(1 + \Delta CPI_{2007})$	Average change in Consumer Price Index over 2006	1.0337
$(1-X)$	1-X Factor	0.99
R_{2007}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2007	18,889,945
$(1 + \Delta CPI_{2008})$	Average change in Consumer Price Index over 2007	1.0238
$(1-X)$	1-X Factor	0.99
R_{2008}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2008	19,145,410
$(1 + \Delta CPI_{2009})$	Average change in Consumer Price Index over 2008	1.0396
$(1-X)$	1-X Factor	0.99
R_{2009}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2009	19,704,332
NR_{2009} / R_{2009}	Expression must be less than or equal to 1 to avoid breaching 5(1)(a)	0.9959
$R_{2009} - NR_{2009}$	Value of Compliance or (Breach)	81,498

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.

Appendix 1 Continued

Clause 5 (1) (b)

NR_{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	29,122,273
K_{2009}	Transmission Charges for year ending 31 March 2009	9,425,096
	Rates Charges for year ending 31 March 2009	22,284
	Electricity Commission Levies for year ending 31 March 2009	52,058
NR_{Max}	Maximum Notional Revenue for 1 April 2008 to 31 March 2009	19,622,834

Test for 5 (1) (b) - $(NR_{Max} / \text{Max}(R_{2008}, R_{2009})) \leq 1$

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	19,622,834
R_{2008}	Allowable Notional Revenue at 31 March 2008	19,145,410
R_{2009}	Allowable Notional Revenue at 31 March 2009	19,704,332
$\text{Max}(R_{2008}, R_{2009})$	Maximum of the Allowable Notional Revenue at 31 March 2008 and the Allowable Notional Revenue at 31 March 2009	19,704,332
$NR_{Max} / \text{Max}(R_{2008}, R_{2009})$	If expression is greater than 1, Clause 5 (1) (b) is breached	0.9959
$\text{Max}(R_{2008}, R_{2009}) - NR_{Max}$	Value of Compliance or (Breach)	81,498

Appendix 2.

NOTIONAL REVENUE ($P_{2009} \times Q_{2003}$) AT ASSESSMENT DATE 31 MARCH 2009

Group/Category		NTL Code	$P_{i2009}Q_{i0}$ 01/04/2008 to 31/03/2009
VARIABLE CHARGES	1&2	ANY	14,414,106
		DAY	1,049,509
		WSR	2,441,430
		NIT	372,710
		OPK	32,579
	2LLFC	2LANY	1,033
		2LDAY	0
		2LWSR	207
		2LNIT	0
		2LOPK	0
	2HLFC	2HANY	0
		2HDAY	0
		2HWSR	0
2HNIT		0	
2HOPK		0	
3.1	Summer Day	14,434	
	Summer Night	3,080	
	Winter Day	20,193	
	Winter Night	2,467	
3.3 & 3.4	Summer Day	407,523	
	Summer Night	81,150	
	Winter Day	788,265	
	Winter Night	58,219	
3.5	Summer Day	23,648	
	Summer Night	6,855	
	Winter Day	50,033	
	Winter Night	4,329	
FIXED CHARGES	0	0UNM	12,111
		CHD	0
		0STL	174,143
		0TBX	53,115
	1	1	1,656,516
	2	2	1,246,165
		2LLFC	164
		2HLFC	0
	3.1	Anytime	76,270
	3.3 & 3.5	Anytime	208,324
	3.4	Anytime	1,301,653
	3 All Cats	Winter	1,054,399
	All	Power Factor	0
G6		1,577,683	
NEL		1,871,262	
New Connections	CC	118,701	
Total Revenue by period - $\Sigma(PQ_{i0})$			29,122,273

Appendix 3

SCHEDULE of NTL PRICES as at 31 MARCH 2009

Group/Category	NTL Code	Price P ₂₀₀₉ 31/03/2009	Unit
VARIABLE CHARGES	1&2	ANY	7.25 c/kWh
		DAY	7.98 c/kWh
		WSR	3.35 c/kWh
		NIT	2.43 c/kWh
		OPK	5.65 c/kWh
	2LLFC	2LANY	10.25 c/kWh
		2LDAY	10.98 c/kWh
		2LWSR	6.35 c/kWh
		2LNIT	5.43 c/kWh
		2LOPK	8.65 c/kWh
	2HLFC	2HANY	13.25 c/kWh
		2HDAY	13.98 c/kWh
		2HWSR	9.35 c/kWh
		2HNIT	8.43 c/kWh
		2HOPK	11.65 c/kWh
	3.1	Summer Day	0.38 c/kWh
		Summer Night	0.21 c/kWh
		Winter Day	0.70 c/kWh
		Winter Night	0.21 c/kWh
	3.3 & 3.4	Summer Day	1.21 c/kWh
		Summer Night	0.64 c/kWh
		Winter Day	3.26 c/kWh
		Winter Night	0.64 c/kWh
	3.5	Summer Day	0.83 c/kWh
Summer Night		0.51 c/kWh	
Winter Day		2.79 c/kWh	
Winter Night		0.51 c/kWh	
FIXED CHARGES	0	0UNM	42.0 c/day
		CHD	
		0STL	0.093 c/day
		0TBX	107.0 c/day
	1	1	15.0 c/day
	2	2	4.05 c/kVA/day
		2LLFC	15.0 c/day
		2HLFC	15.0 c/day
	3.1	Anytime	9.71 c/kVA/day
	3.3 & 3.5	Anytime	12.47 c/kVA/day
	3.4	Anytime	13.17 c/kVA/day
	3 All Cats	Winter	21.97 c/kVA/day
	All	Power Factor	22.850 c/kVAr/day
	G6		1,577,683 Annual Charge
NEL		1,871,262 Annual Charge	
New Connections	CC	5.17 \$/kVA-km	

Appendix 4.

BASE QUANTITIES (Q₂₀₀₃) as at 31 MARCH 2003

Fixed/ Variable	Group/Category	NTL Code/ description	Quantity Qi0	Quantity Unit
VARIABLE CHARGES	1&2	ANY	198,815,249	kWh
		DAY	13,151,736	kWh
		WSR	72,878,505	kWh
		NIT	15,337,858	kWh
		OPK	576,614	kWh
	2LLFC	2LANY	10,078	kWh
		2LDAY	0	kWh
		2LWSR	3,264	kWh
		2LNIT	0	kWh
		2LOPK	0	kWh
	2HLFC	2HANY	0	kWh
		2HDAY	0	kWh
		2HWSR	0	kWh
		2HNIT	0	kWh
		2HOPK	0	kWh
	3.1	Summer Day	3,798,540	kWh
		Summer Night	1,466,453	kWh
		Winter Day	2,884,687	kWh
		Winter Night	1,174,881	kWh
	3.3 & 3.4	Summer Day	33,679,549	kWh
		Summer Night	12,679,678	kWh
Winter Day		24,179,912	kWh	
Winter Night		9,096,718	kWh	
3.5	Summer Day	2,849,108	kWh	
	Summer Night	1,344,024	kWh	
	Winter Day	1,793,286	kWh	
	Winter Night	848,882	kWh	
FIXED CHARGES	0	0UNM	79	icp
		CHD	59	icp
		0STL	513,014	W
		0TBX	136	icp
	1	1	30,256	icp
	2	2	84,300	kVA
		2LLFC	3	icp
	2HLFC	0	icp	
	3.1	Anytime	2,152	kVA
	3.3 & 3.5	Anytime	4,577	kVA
	3.4	Anytime	27,078	kVA
	3 All Cats	Winter	13,149	kVA
	All	Power Factor	0	kVAr
	G6		1	Annual Fixed Charge
NEL		1	Annual Fixed Charge	
New Connections	CC	22,960	kVA-km	

Appendix 5.

DIRECT PASS THROUGH REVENUE FROM CUSTOMERS

Year 2008-09	Pass through Revenue				TOTAL REVENUE
	Transmission	EC Levy	Invoiced	LR Rebates	
All P'thru customers	4,088,263	25,472	4,113,735	(1,068,044)	3,045,691

Appendix 6.

SUMMARY OF TRANSMISSION COSTS

TRANSMISSION COSTS 2008-09	
1. Payments to Transpower NZ for Transmission	9,112,056
2. Avoided Transmission Costs - Payments to Embedded Generators	31,417
3. Avoided Transmission Costs Motupipi substation purchase	281,623
4. Avoided Transmission Costs - NTL Diesel Generator	0
5. Voltage Support Charges	0
Total Transmission Cost for YE 31 March 2009	9,425,096

Appendix 7.

RATES AND ELECTRICITY COMMISSION LEVIES

Pass Through Cost (ex gst) 2008-09	
Electricity Commission Levies	52,058
Local Body Rates incl Water	22,284
Total for Year to 31 March 2009	74,342

Appendix 8.

QUALITY INPUTS AND CALCULATIONS

Year	SAIDI (Interruption Duration)			SAIFI (Interruption Frequency)		
	Class B	Class C	Total	Class B	Class C	Total
1999	80.45	188.39	268.84	0.57	3.22	3.79
2000	62.31	121.06	183.37	0.65	2.01	2.67
2001	34.90	70.24	105.14	0.29	1.34	1.63
2002	21.43	49.45	70.87	0.13	0.87	1.01
2003	16.97	92.03	109.01	0.20	1.32	1.51
	Five Year Average SAIDI		147.45	Five Year Average SAIFI		2.12
2009	30.58	215.86	246.44	0.13	1.54	1.67

Appendix 9.

RELIABILITY RECORDING POLICIES and PROCEDURES

For the purposes of compiling annual SAIDI and SAIFI data:

- a high voltage outage on the distribution network is defined as an event resulting in loss of supply to any number of consumers for a duration of more than one minute
- only high voltage outages (6.6kV and above) resulting from de-energisation of any high voltage feeder or conductor are included in SAIDI & SAIFI statistics
- both planned and unplanned events are included within high voltage outage statistics
- all high voltage outages are managed through Network Tasman's control room by a qualified Network Tasman system operator
- the faults and maintenance contract between the company and its faults contractor, United Group, obligates both parties to manage all outage events centrally through the control room.
- All HV fault switching operations are recorded by the system operator in the control room log at the time the activity takes place. This provides a detailed record of the switching events for future reference.

Customers affected by operation of a distribution system high voltage protection device can be divided into:

1. Those within the core fault area (i.e. who won't have supply restored until the necessary line repairs are completed)
2. Those outside the immediate fault area (i.e. who can have power restored through co-ordinated switching activity)

To calculate the customer minutes lost under each fault event, each event is approximated as a maximum two step restoration process. This is in keeping with the philosophy of fault restoration which relies on the following a sequential process for supply restoration:

1. Identification, isolation and minimisation of the core fault area.
2. Restoration, through switching, of supply to areas not immediately within the core fault area
3. Making repairs and restoration of the core fault area.

The switching and recording process is managed by a NTL system operator using NTL's Geographical Information System (GIS). To record outage data the operator draws geographical selection polygons around all sections of the high voltage line affected by the fault event. The software is then used to select and identify all the distribution transformers within the fault area. A query is then made into NTL's customer connection database to find and list all customers connected to those transformers affected by the fault event.

This data is then used in the following formula to calculate the total customer minutes for a fault event:

$$\begin{aligned} & \text{Total No. of customers initially affected} \times (\text{Time Unfaulted Area restored} - \text{Time of Initial Interruption}) \\ & + \\ & \text{No. of Fault area customers} \times (\text{Time Fault Area restored} - \text{Time Unfaulted Area restored}) \end{aligned}$$

Planned and unplanned events use essentially the same recording process however by nature, planned interruptions can be identified to a set of consumers and a known area in advance. The total customer minutes for a planned interruption are thus calculated using the following formula:

Total No. of customers interrupted \times (Time Interrupted Area restored – Time of Initial Interruption)

The system operator records details of all outage events in the NTL Outage Database. This is an access database that remains on line in the control room. Each planned or unplanned event forms a one record entry into the database. The Outages Database is subject to NTL's normal electronic file backup and security protocols.

The Outage Database records the following data fields for each event:

1. Date
2. ID number of the protective device that has operated (allows identification of the HV feeder and area affected)
3. Area: (Text description of area affected)
4. Description; (Text description of fault cause and type – recorded once known)
5. Outage type (Shutdown or Fault)
6. Area Class (Urban or Rural)
7. Fault Class (Overhead or Underground)
8. Fault Voltage (6.6, 11, 33kV)
9. Outage Region (Stoke, Motueka, Golden Bay, Kikiwa, Murchison)
10. Time of Initial Interruption
11. Time Unfaulted Area Restored
12. Time Fault area restored
13. Customers (ICP's) in Total Area (recorded post event)
14. Customers (ICP's) in Fault area (recorded post event)

Unless otherwise stated all data is recorded on line by the NTL system operator at the time of the event.

The outage database is queried on an as needed basis by NTL's Network and Operations Managers and summary outage statistics are prepared and provided to NTL's CEO and Board of Directors on a monthly basis. Annual outage statistics are prepared and independently audited for regulatory reporting purposes. The summary statistics are recorded on a cumulative basis and are used for comparative analysis and form a key input into NTL annual Asset Management Planning process. Annual data is also reported against NTL's SCI reliability targets. These targets are negotiated annually with the Network Tasman Trust.