

THRESHOLD COMPLIANCE STATEMENT

AT THE ASSESSMENT DATE, 31 MARCH 2009

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

21 May 2009

Contents

- 1) Disclosure of Information Required (Clause 5(1)(a) – The Price Path Threshold)
- 2) Disclosure of Information Required (Clause 6(1)(a)) and Clause 6(1)(b) – The Quality Threshold)
- 3) Auditor’s Report on the Threshold Compliance Statement (Clause 7(1)(b))
- 4) Certification of the Threshold Compliance Statement (Clause 7(1)(c))

Appendix A – Information Supporting Clause 5(1)(a)

Appendix B – Information Supporting Clause 5(1)(b)

Appendix C – SAIDI and SAIFI Statistics

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 the Amendment Notice 2006. This statement has not been prepared for any other purpose and Marlborough Lines expressly disclaims any liability to any other party who may rely on this statement for any other purpose.

1. Disclosure of Information Required (Clause 5(1) – The Price Path Threshold)

Marlborough Lines Limited does not comply with all requirements of the price path threshold at the assessment date 31 March 2009, as specified in the Commerce Act (Electricity Distribution Thresholds) 2004 and the Amendment Notice 2006.

Clause 5 (1) (a) The Notional Revenue of a distribution business at each assessment (calculated in accordance with the numerator of the left-hand side of the following expression) is not to exceed the Allowable Notional Revenue 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:	\$17,661,966 / \$13,794,573	> 1
Result:	1.2804	> 1
Result:	Threshold is breached by \$3,867,393	

The company introduced 'posted discounts' from 1 April 2007. Whilst the company had in previous years paid discounts to consumers connected to the Network on a specific date in March of each year, the quantum of those discounts had not been published prior to the commencement of that year.

Discount payments, based on the posted discount values were made to electricity retailers for crediting to individual consumers' accounts on 31 March 2009. The prices used in the above calculation are based on the post-discount prices.

The discount structure provides for discounts to be paid to consumers located in non-remote areas supplied by the company's network. No discount is payable to consumers located in remote areas.

An explanation of the method used to adjust the base quantities of volumes and customer numbers in these two geographic regions was provided in the March 2008 Threshold Compliance Statement.

Marlborough Lines increased line charge prices on 1 April 2002, 1 April 2003, 1 June 2004, 1 May 2005, 1 April 2007 and 1 April 2008. Prices effective 1 April 2008 are those in effect on the assessment date 31 March 2009. These price increases followed an overall 24% reduction in prices effective 1 April 2001.

Post discount prices at 31 March 2009 are, on average, 7.6% higher than pre discount prices applying as at 31 March 2001.

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:	\$17,661,966 / \$13,794,573	> 1
Result:	1.2804	> 1
Result:	Threshold is breached by \$3,867,393	

Supporting evidence is presented in Appendices A and B.

Marlborough Lines has breached the price path thresholds on each assessment date, primarily as a consequence of the 24% reduction in line prices effective 1 April 2001, with the introduction of the price path thresholds being based on prices at 8 August 2001. The company has made three administrative settlement offers to the Commerce Commission, in February 2005, July 2006 and June 2007. In March 2009, the Commission advised it had *discontinued its post-breach enquiry into Marlborough Lines' 2007/2008 breach of the thresholds set out under part 4A of the Commerce Act 1986.*

The quantum of the Threshold breach was also impacted by very high Loss Rental Rebates received during 2008/09, a consequence of very high market prices for electricity during the 2008 winter. The quantum of these Loss Rental Rebates is totally beyond the control of Distributors. Actual Rebates of \$1,323,112 were received during 2008/09, which compares to the long term medium Rebates of \$393,000 per annum.

Notional Revenue:

In accordance with the Gazette Notice, the following sources of revenue have been included in the calculation of notional revenue:

Revenue from line charges
Revenue for load control fees paid by Retailers
Power Factor charges

Excluded Services:

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

Connection of New Installations

This service is fully contestable. There are at least three other organisations offering this service to electricity Retailers on a district wide basis, and others offering the service in specific areas, eg. Marlborough Sounds. Based on ICP's connected during 2008/09, Marlborough Lines market share is approximately 80% (an approximation based on the best records available), compared to a market share of 100% in 1999/2000.

Disconnection and Reconnection

Where consumers request disconnection and reconnection for safety reasons, e.g. house painting in vicinity of service main entry point, this service is provided free of charge by the network, provided reasonable notice is given.

Disconnections and reconnections at the request of a Retailer because of non-payment of electricity accounts, and/or for non registration of new consumers are generally carried out by contractors external to MLL.

Inspection Services

Inspection services are fully contestable and effective competition from at least three other organisations offering this service is available to consumers. Marlborough Lines' market share has fallen from close to 100% in 1999 to approximately 80% in 2008/09.

Meter and Control Relay Installation

There are at least four other organisations offering a service to electricity Retailers for the installation of new and replacement of existing meters and ripple control relays.

As Retailers do not provide MLL with any information on the quantum of meter and relay replacement programmes, it is not possible to provide any comment on market share.

Other Miscellaneous Income

Miscellaneous revenue such as rent, interest on temporary investments, gain on sale of surplus non-system assets, purchasing discounts from suppliers and sale of scrap are excluded as they are Non Conveyance revenue.

Pass Through Costs:

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

Connection charges
Interconnection charges
New investment charges
Loss Rental Rebates
Avoided Transmission charges

Local body rates applying to system fixed assets: lines, cables, equipment, substation land and substation buildings, have also been passed through in accordance with the Gazette Notice, as have Electricity Commission levies.

2. Disclosure of Information Required (Clause 6(1)(a) and (b)– The Quality Threshold)

Marlborough Lines Limited does not comply with all requirements of the quality threshold at the assessment date 31 March 2009, as specified in the Commerce Act (Electricity Distribution Thresholds) Notice 2004 and the Amendment Notice 2006.

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

Supporting evidence is presented in Appendix C.

Test:	$SAIDI_{2009} \leq \left(\frac{SAIDI_{1999} + SAIDI_{2000} + SAIDI_{2001} + SAIDI_{2002} + SAIDI_{2003}}{5} \right)$		
Result:	249.88	>	196.30
Result:	SAIDI breaches the threshold by 53.58 minutes		

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

Test:	$SAIFI_{2009} \leq \left(\frac{SAIFI_{1999} + SAIFI_{2000} + SAIFI_{2001} + SAIFI_{2002} + SAIFI_{2003}}{5} \right)$		
Result:	1.98	>	1.93
Result:	SAIFI breaches the threshold by 0.05 interruptions		

Supporting evidence is presented in Appendix C.

Policies and Procedures

Marlborough Lines operates a quality management system which meets the requirements of ISO9001:2000. Various ISO policies detail the procedures to be followed in establishing and recording for each interruption to supply: the number of consumers affected, the length of time and other information required for operational and regulatory uses.

Planned outages are recorded on a shutdown form and the regulatory data is recorded with the switching and other operational data. Marlborough Lines has approximately 70 phone in devices located at strategic points on the network that which place a telephone call to a central processor each time the power supply state changes. Telephone or other messages direct from consumers regarding supply outages are recorded.

All of the above can represent the initial awareness of an outage. A fault job is created to account for the outage and the necessary corrective action undertaken. Upon completion a fault sheet or the original shutdown form is completed and reviewed within the fault and contracting teams.

Shutdown and fault sheets are sent to the Network Operations Manager for review before being entered to the outage database. Marlborough Lines maintains a 'connectivity model' from the grid exit point to each individual ICP. ICP's are 'attached' to distribution transformers and these transformers segmented into line sections between network switching points. The outage database accesses this model to calculate the number of consumers and therefore the consumer minutes associated with each outage. At the same time the financial job is updated and closed.

The regulatory and operational information is then available for review, use and reporting. Power alarms and telephone records and open fault jobs are reviewed to ensure all fault and shutdown forms have been captured.

Breach of SAIDI Threshold in 2009

The SAIDI threshold, based on the average SAIDI over the five years to March 2003, was breached by 53.58 minutes in the year to March 2009 (67.94 minutes - March 2008).

The total SAIDI for 2009 can be split into:

Interruption Type	SAIDI 2009	SAIDI Average 1999 - 2003	2009 Increase over Average
Class B – planned outages	96.32	62.37	54.45%
Class C – unplanned outages	153.56	133.93	14.65%
Total	249.88	196.30	27.29%

The increase in planned outages when compared to the historic five year average reflects the increased number of new connections, capacity upgrades and old asset replacements carried out during the 2009 year, compared to activity in these areas over the five year period 1999 to 2003. Approximately half the total planned outage SAIDI minutes are a result of such activities.

During the 5 days 30 July to 3 August 2008 an exceptional storm struck the Marlborough area, with heavy rainfall causing major flooding and high winds resulting in damage to property and vegetation over a wide area. Total SAIDI minutes of unplanned outages related to this storm were 54.84 minutes.

Application of the Commerce Commission’s Extreme Event criteria would result in this SAIDI total being reduced by 20.76 minutes, with the Beta Method Boundary calculated at 34.08 minutes. The Post MED calculation for combined Planned and Unplanned SAIDI is 229.12 minutes, being still in breach of the five year average of 196.30 minutes.

The company has a large diesel generator which it uses to reduce the number of consumers affected by planned shutdowns. When a planned shutdown is needed for work on a spur line with no alternative means of supply, the generator is installed down-stream of the work

area. The work area is then isolated on each side of that work area, and the generator run to provide supply to the consumers who would otherwise have their supply interrupted for the duration of the shutdown. In this way, only the consumers located in the immediate work area have supply off during the shutdown.

During 2008/09, the generator was installed on 24 occasions, running for a total of 173 hours. In this way, total consumer-minutes SAIDI for planned outages were reduced by approximately 68.6 minutes.

4. Auditor's Report on the Threshold Compliance Statement



PricewaterhouseCoopers
PricewaterhouseCoopers Tower
188 Quay Street
Level 22 Reception
Level 8 Mail Centre
Private Bag 92162
Auckland
New Zealand
Telephone +64 9 355 8000
Facsimile +64 9 355 8001

AUDITORS' REPORT ON THRESHOLD COMPLIANCE STATEMENT

To the readers of the Threshold Compliance Statement of
Marlborough Lines 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 Marlborough Lines Limited for assessment as at 31 March 2009 and dated 21 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 Marlborough Lines 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

Our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 2 to 8 and Appendices A to C 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 Marlborough Lines 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
Marlborough Lines 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 Marlborough Lines 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 Marlborough Lines 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 Marlborough Lines 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 Marlborough Lines 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 Marlborough Lines Limited's policies and procedures for recording SAIDI and SAIFI statistics as disclosed in the Threshold Compliance Statement, and fairly represent the performance of Marlborough Lines 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 Marlborough Lines 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 Marlborough Lines Limited.

AUDITORS' REPORT ON THRESHOLD COMPLIANCE STATEMENT

Marlborough Lines 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 Marlborough Lines 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. Certification of Threshold Compliance Statement

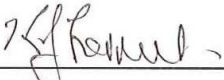
We, David William Richard Dew and Kenneth John Forrest, being directors of Marlborough Lines Ltd certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached threshold compliance statement of Marlborough Lines Ltd, and related information, prepared for the purposes of the Commerce Act (Electricity Distribution Thresholds) Notice 2004 complies with the requirements of that notice, except in the following respects:

Clause 5(1)(a) is breached by \$3,867,393


Clause 5(1)(b) is breached by \$3,867,393

Clause 6(1)(a) is breached by 53.58 minutes

Clause 6(1)(b) is breached by 0.05 interruptions



KJ Forrest
21 May 2009



DWR Dew
21 May 2009

Appendix A

Marlborough Lines increased line charge prices on 1-April-2002, 1-April-2003, 1-June-2004, 1-May-2005, 1 April 2007 and 1-April-2008. Prices effective 1 April 2008 are those in effect on the assessment date 31 March 2009.

The table below summarises the net notional revenue at the assessment date 31 March 2009:

	Year to 31 March 2009
Line charge revenue	\$21,155,726
Less transmission charges	\$4,684,064
Less avoided transmission charges	\$49,296
Plus transmission loss rental rebates	\$1,323,112
Less local authority rates on system assets	\$47,590
Less Electricity Commission levies	\$35,922
Net Notional Revenue	\$17,661,966

R_{2004}

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	(\$)
$\square P_{i,0} \times Q_{i,0}$	Prices at 6 September 2003 multiplied by 31 March 2003 Base Quantities	16,231,631
C_{T2003}	Budget Transmission Charges for year ending 31 March 2004	3,036,854
C_{R2003}	Budget Rates for year ending 31 March 2004	33,000
R_{2004}	Maximum Revenue at 31 March 2004 that would not have caused a breach under the Initial Notice	13,161,777

Note: All notation in the table above except R_{2004} comes from the Initial Notice.

Calculation of NR2009

Calculation of R2009

VARIABLE CHARGES		Price Code	Area Type	Post Discount Prices Apr-08	Adjusted Base Volume 2003.04	Revenue at March 08-09 Prices
Domestic Uncontrolled with Standard Fixed Charge		01	Non-Remote	4.996	78,521,187	3,922,918.50
Domestic Uncontrolled with Standard Fixed Charge		R01	Remote	6.298	7,215,373	454,424.19
Domestic Uncontrolled with Low Fixed Charge up to 20kVA		11	Non-Remote	7.537	748,012	56,377.66
Domestic Uncontrolled with Low Fixed Charge above 20kVA		08	Non-Remote	10.603	14,069	1,491.74
Domestic 13hr Water & Space Heat Standard Fixed Charge		12	Non-Remote	2.921	41,707,223	1,218,267.98
Domestic 13hr Water & Space Heat Standard Fixed Charge		R12	Remote	3.682	2,352,634	86,623.98
Domestic 13hr Water & Space Heat Low Fixed Charge up to 20kVA		16	Non-Remote	5.462	1,137,566	62,133.85
Domestic 13hr Water & Space Heat Low Fixed Charge above 20kVA		13	Non-Remote	8.528	640	54.58
Domestic 8hr Water & Space Heat Standard Fixed Charge		18	Non-Remote	1.266	8,565,622	108,440.77
Domestic 8hr Water & Space Heat Standard Fixed Charge		R18	Remote	1.596	237,063	3,783.53
Domestic 8hr Water & Space Heat Low Fixed Charge up to 20kVA		17	Non-Remote	3.807	198,283	7,548.63
Domestic 8hr Water & Space Heat Low Fixed Charge above 20kVA		19	Non-Remote	6.873	-	-
Cashpower - CP3		01	Non-Remote	4.996	605,530	30,252.28
Domestic Pre-payment With Controlled Loads		Discontinued Formula Driven	Non-Remote	4.166	374,665	15,608.54
Non-Domestic Uncontrolled - up to 46kVA		02	Non-Remote	4.996	28,471,832	1,422,452.73
Non-Domestic Uncontrolled - up to 46kVA		R02	Remote	6.298	1,815,255	114,324.76
Non-Domestic Uncontrolled - 47 to 70kVA		03	Non-Remote	3.982	15,692,198	624,863.32
Non-Domestic Uncontrolled - 47 to 70kVA		R03	Remote	5.019	620,899	31,162.92
Non-Domestic Uncontrolled - 71 to 140kVA		04	Non-Remote	3.590	17,494,248	628,043.50
Non-Domestic Uncontrolled - 71 to 140kVA		R04	Remote	4.525	588,484	26,628.90
Non-Domestic 13hr Water & Space Heat		22	Non-Remote	2.921	2,688,555	78,532.69
Non-Domestic 13hr Water & Space Heat		R22	Remote	3.682	247,469	9,111.81
Non-Domestic 8hr Water & Space Heat		28	Non-Remote	1.266	746,013	9,444.52
Non-Domestic 8hr Water & Space Heat		R28	Remote	1.596	26,276	419.36
Non-Domestic 20hr Non-Storage Space Heat - up to 46kVA		20	Non-Remote	3.982	247,920	9,872.17
Non-Domestic 20hr Non-Storage Space Heat - up to 46kVA		R20	Remote	5.019	172,439	8,654.71
Non-Domestic 20hr Non-Storage Space Heat - 47 to 70kVA		30	Non-Remote	3.590	120,109	4,311.91
Non-Domestic 20hr Non-Storage Space Heat - 47 to 70kVA		R30	Remote	4.525	-	-
Non-Domestic 20hr Irrigation Summer		96	Non-Remote	1.689	7,494,951	126,589.72
Non-Domestic 20hr Irrigation Summer		R96	Remote	2.129	889,723	18,942.20
Non-Domestic 20hr Dryers May & Sept		01	Non-Remote	4.996	105,991	5,295.31
Non-Domestic 20hr Dryers May & Sept		R02	Remote	6.298	-	-
Non-Domestic 20hr Dryers June to August		03	Non-Remote	3.982	117,317	4,671.56
Non-Domestic 20hr Dryers June to August		R04	Remote	4.525	-	-
Non-Domestic 20hr Irrigation Winter		97	Non-Remote	14.026	665,669	93,366.73
Non-Domestic 20hr Irrigation Winter		R97	Remote	17.680	26,815	4,740.89
Non-Domestic Above 140kVA LV Supply - Winter Day		05/1	Non-Remote	1.564	17,799,844	278,389.56
Non-Domestic Above 140kVA LV Supply - Winter Day		R05/1	Remote	1.971	55,328	1,090.51
Non-Domestic Above 140kVA LV Supply - Winter Night		05/2	Non-Remote	0.247	6,739,844	16,647.41
Non-Domestic Above 140kVA LV Supply - Winter Night		R05/2	Remote	0.311	20,198	62.82
Non-Domestic Above 140kVA LV Supply - Summer Day		06/1	Non-Remote	1.109	25,542,620	283,267.66
Non-Domestic Above 140kVA LV Supply - Summer Day		R06/1	Remote	1.398	103,737	1,450.24
Non-Domestic Above 140kVA LV Supply - Summer Night		06/2	Non-Remote	0.247	9,161,806	22,629.66
Non-Domestic Above 140kVA LV Supply - Summer Night		R06/2	Remote	0.311	30,776	95.71
Non-Domestic Above 140kVA HV by Consumer - Winter Day		65/1	Non-Remote	1.513	3,482,249	52,686.43
Non-Domestic Above 140kVA HV by Consumer - Winter Night		65/2	Non-Remote	0.241	1,261,480	3,040.17
Non-Domestic Above 140kVA HV by Consumer - Summer Day		66/1	Non-Remote	1.070	4,094,648	43,812.73
Non-Domestic Above 140kVA HV by Consumer - Summer Night		66/2	Non-Remote	0.241	1,341,555	3,233.15
Non-Domestic Above 140kVA HV MLL Owned - Winter Day		65/1	Non-Remote	1.513	2,692,454	40,736.83
Non-Domestic Above 140kVA HV MLL Owned - Winter Night		65/2	Non-Remote	0.241	1,146,842	2,763.89
Non-Domestic Above 140kVA HV MLL Owned - Summer Day		66/1	Non-Remote	1.070	5,467,633	58,503.67
Non-Domestic Above 140kVA HV MLL Owned - Summer Night		66/2	Non-Remote	0.241	2,458,866	5,925.87
Non-Domestic Unmetered Supplies		03	Non-Remote	3.982	253,973	10,113.20
Non-Domestic Unmetered Supplies		R04	Remote	4.525	-	-
Street Lighting Local Authority Winter Day		81	Non-Remote	1.564	364,861	5,706.43
Street Lighting Local Authority Winter Night		82	Non-Remote	0.247	477,020	1,178.24
Street Lighting Local Authority Summer Day		83	Non-Remote	1.109	313,824	3,480.31
Street Lighting Local Authority Summer Night		84	Non-Remote	0.247	579,167	1,430.54
Street Lighting Private		85	Non-Remote	6.298	68,859	4,336.74
Total Energy					303,367,614	10,029,937.78
DEMAND CHARGES						
Non-Domestic Above 140kVA LV Supply - Winter Demand	WL	Non-Remote	19.074	86,183.56	1,643,865.22	
Non-Domestic Above 140kVA LV Supply - Winter Demand	RWL	Remote	24.043	500.00	12,021.50	
Non-Domestic Above 140kVA HV by Consumer - Winter Demand	WH	Non-Remote	17.488	12,926.74	226,062.83	
Non-Domestic Above 140kVA HV MLL Owned - Winter Demand	WM	Non-Remote	18.409	9,882.80	181,932.47	
Non-Domestic Above 140kVA LV Supply - Capacity Charge	AL	Non-Remote	3.512	24,772.00	1,044,065.48	
Non-Domestic Above 140kVA LV Supply - Capacity Charge	RAL	Remote	4.427	150.00	7,969.05	
Non-Domestic Above 140kVA HV by Consumer - Capacity Charge	AH	Non-Remote	3.222	3,165.00	122,362.07	
Non-Domestic Above 140kVA HV MLL Owned - Capacity Charge	AM	Non-Remote	3.391	2,900.00	118,018.40	
Total Demand Charges					140,480.10	3,356,297.02

Calculation of NR₂₀₀₉ Continued

FIXED CHARGES					
Domestic up to 20kVA	DS	Non-Remote	0.676	15,491	3,822,249.34
Domestic up to 20kVA	RDSNL	Remote	0.852	1,834	570,337.32
Domestic Low Fixed Charge Option up to 20kVA	DL	Non-Remote	0.119	235	10,207.23
Domestic above 20kVA	DT	Non-Remote	1.348	377	185,491.54
Domestic above 20kVA	RDTNL	Remote	1.699	49	30,386.62
Domestic Low Fixed Charge Option above 20kVA	DM	Non-Remote	0.119	5	217.18
Cashpower pre-payment Supplies	DS	Non-Remote	0.676	15	3,701.10
Non-Domestic up to 15kVA	NS	Non-Remote	0.994	1,027	372,605.87
Non-Domestic up to 15kVA	RNS	Remote	1.253	215	98,329.18
Non-Domestic 16 to 30kVA	NH	Non-Remote	1.335	1	487.28
Non-Domestic 16 to 30kVA	RNH	Remote	1.683	9	5,528.66
Non-Domestic 31 to 46kVA	NT	Non-Remote	2.002	1,297	947,756.81
Non-Domestic 31 to 46kVA	RNT	Remote	2.524	41	37,771.66
Non-Domestic 47 to 70kVA	RT	Non-Remote	5.460	229	456,374.10
Non-Domestic 47 to 70kVA	RRT	Remote	6.883	9	22,610.66
Non-Domestic 71 to 105kVA	RV	Non-Remote	9.698	64	226,545.28
Non-Domestic 71 to 105kVA	RRV	Remote	12.225	1	4,462.13
Non-Domestic 106 to 140kVA	RX	Non-Remote	12.930	39	184,058.55
Non-Domestic 106 to 140kVA	RRX	Remote	16.299	1	5,949.14
Non-Domestic 1 phase up to 140kVA	RRF	Remote	12.266	1	4,477.09
Irrigation Capacity Charge - Customer Numbers	PK	Non-Remote	0.074	109	2,944.09
Irrigation Capacity Charge - Customer Numbers	RPK	Remote	0.093	7	237.62
Irrigation Capacity Charge - Connected kW	PK	Non-Remote	0.074	6,800	183,668.00
Irrigation Capacity Charge - Connected kW	RPK	Remote	0.093	481	16,327.55
Irrigation Capacity Charge - per kVA Supplied	PH	Non-Remote	0.047		-
Irrigation Capacity Charge Minimum	PM	Non-Remote	1.670	140	85,337.00
Irrigation Capacity Charge Minimum	RPM	Remote	2.105	1	768.33
Local Authority Streetlighting	ST	Non-Remote	277.912	1	101,437.88
Non Domestic above 140kVA	BF	Non-Remote	4.304	77	120,963.92
Non Domestic above 140kVA	RBF	Remote	5.425	1	1,980.13
Unmetered Supplies up to 8kWh per day	US	Non-Remote	1.394	19	9,666.28
Unmetered Supplies up to 8kWh per day	RUS	Remote	1.757	6	3,847.48
Unmetered Supplies above 8kWh per day	UL	Non-Remote	2.144	19	14,865.45
Unmetered Supplies above 8kWh per day	RUL	Remote	2.702	6	5,916.37
Kaikoura Unmetered Supplies up to 8kWh per day	RUT	Remote	1.764	2	1,287.60
Kaikoura Unmetered Supplies above 8kWh per day	RUK	Remote	2.709	1	988.62
Kaikoura Domestic up to 20kVA	RDK	Remote	0.941	82	28,164.13
Kaikoura Domestic Above 20kVA	RDU	Remote	1.705	3	1,866.98
Kaikoura Non-Domestic up to 15kVA	RNK	Remote	1.260	22	10,117.80
Kaikoura Non-Domestic 31 to 46kVA	RNU	Remote	2.548	10	9,300.20
Kaikoura Non-Domestic 47 to 70kVA	RRU	Remote	6.894	1	2,516.31
Kaikoura Irrigation Minimum Charge	RPN	Remote	2.107		-
Kaikoura Irrigation Capacity Charge - Customer Numbers	RPS	Remote	0.099	1	36.14
Kaikoura Irrigation Capacity Charge - Connected kW	RPS	Remote	0.099	55	1,987.43
Power Factor Charges ToU Installations	PFT		8.168	11,573	94,528.26
Power Factor Charges Non-ToU Installations	PFI		0.269	10,007	2,691.75
Load Control Fees - Fixed Fee			1,200.000	4	4,800.00
Load Control Fees - Variable Fee			1.200	18,385	22,062.00
Waihopai Generation Line Charge			51,637.560	1	51,637.56
Total Fixed Charges				21,448	7,769,491.55
Total Fixed, Variable & Demand				-	21,155,726.34
Less Transmission Costs					3,410,248.41
Less Local Authority Rates					47,590.28
Less Electricity Commission Levies					35,921.68
Net Notional Revenue					17,661,966

Calculation of R2004

	Code	Area Type	Line Price 1 April 2003	Adjusted Base Volume 2003/04	Revenue at 31 March 04 Prices
VARIABLE CHARGES					
Domestic Uncontrolled with Standard Fixed Charge	01	Non-Remote	3.663	78,521,187	2,876,231
Domestic Uncontrolled with Standard Fixed Charge	01	Remote	3.663	7,215,373	264,299
Domestic Uncontrolled with Low Fixed Charge up to 20kVA	11	Non-Remote	6.826	748,012	51,059
Domestic Uncontrolled with Low Fixed Charge above 20kVA	08	Non-Remote	3.663	14,069	515
Domestic 13hr Water & Space Heat Standard Fixed Charge	12	Non-Remote	2.275	41,707,223	948,839
Domestic 13hr Water & Space Heat Standard Fixed Charge	12	Remote	2.275	2,352,634	53,522
Domestic 13hr Water & Space Heat Low Fixed Charge up to 20kVA	16	Non-Remote	2.275	1,137,566	25,880
Domestic 13hr Water & Space Heat Low Fixed Charge above 20kVA	13	Non-Remote	2.275	640	15
Domestic 8hr Water & Space Heat Standard Fixed Charge	18	Non-Remote	0.964	8,565,622	82,573
Domestic 8hr Water & Space Heat Standard Fixed Charge	18	Remote	0.964	237,063	2,285
Domestic 8hr Water & Space Heat Low Fixed Charge up to 20kVA	17	Non-Remote	0.964	198,283	1,911
Domestic 8hr Water & Space Heat Low Fixed Charge above 20kVA	19	Non-Remote	0.964	-	-
Cashpower - CP3		Non-Remote	10.425	605,530	63,127
Domestic Pre-payment With Controlled Loads		Non-Remote	3.108	374,665	11,645
Non-Domestic Uncontrolled - up to 46kVA	02	Non-Remote	4.450	28,471,832	1,266,997
Non-Domestic Uncontrolled - up to 46kVA	02	Remote	4.450	1,815,255	80,779
Non-Domestic Uncontrolled - 47 to 70kVA	03	Non-Remote	3.115	15,692,198	488,812
Non-Domestic Uncontrolled - 47 to 70kVA	03	Remote	3.115	620,899	19,341
Non-Domestic Uncontrolled - 71 to 140kVA	04	Non-Remote	2.804	17,494,248	490,539
Non-Domestic Uncontrolled - 71 to 140kVA	04	Remote	2.804	588,484	16,501
Non-Domestic 13hr Water & Space Heat	22	Non-Remote	2.275	2,688,555	61,165
Non-Domestic 13hr Water & Space Heat	22	Remote	2.275	247,469	5,630
Non-Domestic 8hr Water & Space Heat	28	Non-Remote	0.964	746,013	7,192
Non-Domestic 8hr Water & Space Heat	28	Remote	0.964	26,276	253
Non-Domestic 20hr Non-Storage Space Heat - up to 46kVA	20	Non-Remote	3.115	247,920	7,723
Non-Domestic 20hr Non-Storage Space Heat - up to 46kVA	20	Remote	3.115	172,439	5,371
Non-Domestic 20hr Non-Storage Space Heat - 47 to 70kVA	30	Non-Remote	2.804	120,109	3,368
Non-Domestic 20hr Non-Storage Space Heat - 47 to 70kVA	30	Remote	2.804	-	-
Non-Domestic 20hr Irrigation Summer	96	Non-Remote	1.300	7,494,951	97,434
Non-Domestic 20hr Irrigation Summer	96	Remote	1.300	889,723	11,566
Non-Domestic 20hr Dryers May & Sept		Non-Remote	3.115	105,991	3,302
Non-Domestic 20hr Dryers May & Sept		Remote	3.115	-	-
Non-Domestic 20hr Dryers June to August		Non-Remote	4.450	117,317	5,221
Non-Domestic 20hr Dryers June to August		Remote	4.450	-	-
Non-Domestic 20hr Irrigation Winter	97	Non-Remote	11.066	665,669	73,663
Non-Domestic 20hr Irrigation Winter	97	Remote	11.066	26,815	2,967
Non-Domestic Above 140kVA LV Supply - Winter Day	05/1	Non-Remote	1.200	17,799,844	213,598
Non-Domestic Above 140kVA LV Supply - Winter Day	05/1	Remote	1.200	55,328	664
Non-Domestic Above 140kVA LV Supply - Winter Night	05/2	Non-Remote	0.158	6,739,844	10,649
Non-Domestic Above 140kVA LV Supply - Winter Night	05/2	Remote	0.158	20,198	32
Non-Domestic Above 140kVA LV Supply - Summer Day	06/1	Non-Remote	0.840	25,542,620	214,558
Non-Domestic Above 140kVA LV Supply - Summer Day	06/1	Remote	0.840	103,737	871
Non-Domestic Above 140kVA LV Supply - Summer Night	06/2	Non-Remote	0.158	9,161,806	14,476
Non-Domestic Above 140kVA LV Supply - Summer Night	06/2	Remote	0.158	30,776	49
Non-Domestic Above 140kVA HV by Consumer - Winter Day	45/1	Non-Remote	1.160	3,482,249	40,394
Non-Domestic Above 140kVA HV by Consumer - Winter Night	45/2	Non-Remote	0.153	1,261,480	1,930
Non-Domestic Above 140kVA HV by Consumer - Summer Day	46/1	Non-Remote	0.810	4,094,648	33,167
Non-Domestic Above 140kVA HV by Consumer - Summer Night	46/2	Non-Remote	0.153	1,341,555	2,053
Non-Domestic Above 140kVA HV MLL Owned - Winter Day	65/1	Non-Remote	1.160	2,692,454	31,232
Non-Domestic Above 140kVA HV MLL Owned - Winter Night	65/2	Non-Remote	0.153	1,146,842	1,755
Non-Domestic Above 140kVA HV MLL Owned - Summer Day	66/1	Non-Remote	0.810	5,467,633	44,288
Non-Domestic Above 140kVA HV MLL Owned - Summer Night	66/2	Non-Remote	0.153	2,458,866	3,762
Non-Domestic Unmetered Supplies		Non-Remote	-	253,973	-
Non-Domestic Unmetered Supplies		Remote	-	-	-
Street Lighting Local Authority Winter Day	81	Non-Remote	1.200	364,861	4,378
Street Lighting Local Authority Winter Night	82	Non-Remote	0.158	477,020	754
Street Lighting Local Authority Summer Day	83	Non-Remote	0.840	313,824	2,636
Street Lighting Local Authority Summer Night	84	Non-Remote	0.158	579,167	915
Street Lighting Private	85	Non-Remote	3.663	68,859	2,522
Total Energy				303,367,614	7,654,407
DEMAND CHARGES					
Non-Domestic Above 140kVA LV Supply - Winter Demand	WL	Non-Remote	14.575	86,183.56	1,256,125
Non-Domestic Above 140kVA LV Supply - Winter Demand	WL	Remote	14.575	500.00	7,288
Non-Domestic Above 140kVA LV Supply - Capacity Charge	AL	Non-Remote	2.662	24,772.00	791,317
Non-Domestic Above 140kVA LV Supply - Capacity Charge	AL	Remote	2.662	150.00	4,792
Non-Domestic Above 140kVA HV by Consumer - Winter Demand	WH	Non-Remote	13.363	12,926.74	172,740
Non-Domestic Above 140kVA HV by Consumer - Capacity Charge	AH	Non-Remote	2.441	3,165.00	92,709
Non-Domestic Above 140kVA HV MLL Owned - Winter Demand	WM	Non-Remote	14.067	9,882.80	139,021
Non-Domestic Above 140kVA HV MLL Owned - Capacity Charge	AM	Non-Remote	2.570	2,900.00	89,436
Total Demand Charges				140,480.10	2,553,428

Calculation of R₂₀₀₄ Continued

FIXED CHARGES

Domestic up to 20kVA	DS	Non-Remote	0.566	15,491	3,200,286
Domestic up to 20kVA	DS	Remote	0.566	1,834	378,886
Domestic Low Fixed Charge Option up to 20kVA	DL	Non-Remote	0.150	235	12,866
Domestic above 20kVA	DT	Non-Remote	1.000	377	137,605
Domestic above 20kVA	DT	Remote	1.000	49	17,885
Domestic Low Fixed Charge Option above 20kVA	DM	Non-Remote	1.000	5	1,825
Cashpower pre-payment Supplies	CP	Non-Remote	0.566	15	3,099
Non-Domestic up to 15kVA	NS	Non-Remote	0.750	1,027	281,141
Non-Domestic up to 15kVA	NS	Remote	0.750	215	58,856
Non-Domestic 16 to 30kVA	NH	Non-Remote	1.000	1	365
Non-Domestic 16 to 30kVA	NH	Remote	1.000	9	3,285
Non-Domestic 31 to 46kVA	NT	Non-Remote	1.500	1,297	710,108
Non-Domestic 31 to 46kVA	NT	Remote	1.500	41	22,448
Non-Domestic 47 to 70kVA	RT	Non-Remote	4.123	229	344,621
Non-Domestic 47 to 70kVA	RT	Remote	4.123	9	13,544
Non-Domestic 71 to 105kVA	RV	Non-Remote	7.336	64	171,369
Non-Domestic 71 to 105kVA	RV	Remote	7.336	1	2,678
Non-Domestic 106 to 140kVA	RX	Non-Remote	9.781	39	139,233
Non-Domestic 106 to 140kVA	RX	Remote	9.781	1	3,570
Non-Domestic 1 phase up to 140kVA	RF	Remote	7.336	1	2,678
Irrigation Capacity Charge - Customer Numbers	PK	Non-Remote		109	-
Irrigation Capacity Charge - Customer Numbers	PK	Remote		7	-
Irrigation Capacity Charge - Connected kW	PK kW	Non-Remote	0.055	6,800	136,510
Irrigation Capacity Charge - Connected kW	PK kW	Remote	0.055	481	9,656
Irrigation Capacity Charge - per kVA Supplied	PH kVA	Non-Remote	0.055	-	-
Irrigation Capacity Charge Minimum	PM	Non-Remote	1.265	140	64,642
Irrigation Capacity Charge Minimum	PM	Remote	1.265	1	462
Local Authority Streetlighting	ST	Non-Remote	210.931	1	76,990
Non Domestic above 140kVA	BF	Non-Remote	3.288	77	92,409
Non Domestic above 140kVA	BF	Remote	3.288	1	1,200
Unmetered Supplies up to 8kWh per day	US	Non-Remote	1.106	19	7,670
Unmetered Supplies up to 8kWh per day	US	Remote	1.106	6	2,422
Unmetered Supplies above 8kWh per day	UL	Non-Remote	1.774	19	12,303
Unmetered Supplies above 8kWh per day	UL	Remote	1.774	6	3,885
Kaikoura Unmetered Supplies up to 8kWh per day	UT	Remote	1.358	2	991
Kaikoura Unmetered Supplies above 8kWh per day	UK	Remote	2.026	1	739
Kaikoura Domestic up to 20kVA	DK	Remote	0.720	82	21,550
Kaikoura Domestic Above 20kVA	DU	Remote	1.218	3	1,334
Kaikoura Non-Domestic up to 15kVA	NK	Remote	1.002	22	8,046
Kaikoura Non-Domestic 31 to 46kVA	NU	Remote	1.778	10	6,490
Kaikoura Non-Domestic 47 to 70kVA	RU	Remote	5.163	1	1,884
Kaikoura Irrigation Minimum Charge	PN	Remote	1.610	-	-
Kaikoura Irrigation Capacity Charge - Customer Numbers	PS	Remote		1	-
Kaikoura Irrigation Capacity Charge - Connected kW	PS kW	Remote	0.070	55	1,405
Power Factor Charges ToU Installations			-	11,573	-
Power Factor Charges Non-ToU Installations			-	10,007	-
Load Control Fees - Fixed Fee			1,200.00	4	4,800
Load Control Fees - Variable Fee			1.20	18,385	22,062
Waihopai Generation Line Charge			40,000	1	40,000
Total Fixed Charges				21,448	6,023,796
Total Fixed, Variable & Demand					16,231,630.74
Less Transmission Costs					3,036,854
Less Local Authority Rates					33,000
Less Electricity Commission Levies					
Net Notional Revenue					13,161,777

R2009

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

Allowable Notional Revenue under CPI -X price path		
Term	Description	(\$)
X	X Factor	2%
R_{2004}	Maximum Revenue at 31 March 2004 that would not have caused a breach under the Initial Notice	13,161,777
$(1 + \Delta CPI_{2005})$	Average change in Consumer Price Index over 2004	1.0229
$(1 - X)$	1-X Factor	0.98
R_{2005}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2005	13,193,950
$(1 + \Delta CPI_{2006})$	Average change in Consumer Price Index over 2005	1.0304
$(1 - X)$	1-X Factor	0.98
R_{2006}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2006	13,322,760
$(1 + \Delta CPI_{2007})$	Average change in Consumer Price Index over 2006	1.0337
$(1 - X)$	1-X Factor	0.98
R_{2007}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2007	13,495,702
$(1 + \Delta CPI_{2008})$	Average change in Consumer Price Index over 2007	1.0238
$(1 - X)$	1-X Factor	0.98
R_{2008}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2008	13,540,052
$(1 + \Delta CPI_{2009})$	Average change in Consumer Price Index over 2008	1.0396
$(1 - X)$	1-X Factor	0.98
R_{2009}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2009	13,794,573
NR_{2009} / R_{2009}	Expression must be less than or equal to 1 to avoid breaching 5(1)(a)	1.2804
$R_{2009} - NR_{2009}$	Value of Compliance or (Breach)	(3,867,393)

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

ΔCPI_{2005}			
Numerator		Denominator	
$CPI_{Q1,2004}$	928	$CPI_{Q1,2003}$	913
$CPI_{Q2,2004}$	935	$CPI_{Q2,2003}$	913
$CPI_{Q3,2004}$	941	$CPI_{Q3,2003}$	918
$CPI_{Q4,2004}$	949	$CPI_{Q4,2003}$	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	
$CPI_{Q1,2005}$	953	$CPI_{Q1,2004}$	928
$CPI_{Q2,2005}$	962	$CPI_{Q2,2004}$	935
$CPI_{Q3,2005}$	973	$CPI_{Q3,2004}$	941
$CPI_{Q4,2005}$	979	$CPI_{Q4,2004}$	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	
$CPI_{Q1,2006}$	985	$CPI_{Q1,2005}$	953
$CPI_{Q2,2006}$	1000	$CPI_{Q2,2005}$	962
$CPI_{Q3,2006}$	1007	$CPI_{Q3,2005}$	973
$CPI_{Q4,2006}$	1005	$CPI_{Q4,2005}$	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	
$CPI_{Q1,2007}$	1010	$CPI_{Q1,2006}$	985
$CPI_{Q2,2007}$	1020	$CPI_{Q2,2006}$	1000
$CPI_{Q3,2007}$	1025	$CPI_{Q3,2006}$	1007
$CPI_{Q4,2007}$	1037	$CPI_{Q4,2006}$	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	
$CPI_{Q1,2008}$	1044	$CPI_{Q1,2007}$	1010
$CPI_{Q2,2008}$	1061	$CPI_{Q2,2007}$	1020
$CPI_{Q3,2008}$	1077	$CPI_{Q3,2007}$	1025
$CPI_{Q4,2008}$	1072	$CPI_{Q4,2007}$	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)

Appendix B

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	(\$)
$\sum P_{Max} Q_i$	Maximum Price Between 1 April 2008 and 31 March 2009 multiplied by 31 March 2003 Base Quantities	21,155,726
K_{2009}	Transmission Charges for year ending 31 March 2009	3,410,248
	Rates Charges for year ending 31 March 2009	47,590
	Electricity Commission Levies for year ending 31 March 2009	35,922
NR_{Max}	Maximum Notional Revenue for 1 April 2008 to 31 March 2009	17,661,966

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	17,661,966
R_{2008}	Allowable Notional Revenue at 31 March 2008	13,540,052
R_{2009}	Allowable Notional Revenue at 31 March 2009	13,794,573
$\text{Max}(R_{2008}, R_{2009})$	Maximum of the Allowable Notional Revenue at 31 March 2008 and the Allowable Notional Revenue at 31 March 2009	13,794,573
$NR_{Max} / \text{Max}(R_{2008}, R_{2009})$	If expression is greater than 1, Clause 5 (1) (b) is breached	1.2804
$\text{Max}(R_{2008}, R_{2009}) - NR_{Max}$	Value of Compliance or (Breach)	(3,867,393)

Appendix C

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

Commerce Act (Electricity Distribution Thresholds) Notice 2004 and Amendment Notice 2006 Quality Inputs and Calculations for the Assessment Date 31 March 2009

Year	SAIDI (Interruption Duration)			SAIFI (Interruption Frequency)		
	Class B	Class C	Total	Class B	Class C	Total
1999	72.30	171.41	243.71	0.42	1.83	2.25
2000	69.83	103.56	173.39	0.31	1.22	1.53
2001	57.71	121.03	178.74	0.35	1.82	2.17
2002	37.88	148.01	185.89	0.24	1.63	1.87
2003	74.11	125.66	199.77	0.32	1.51	1.83
	Five Year Average SAIDI		196.30	Five Year Average SAIFI		1.93
2009	96.32	153.56	249.88	0.35	1.64	1.98

The historic 1999 to 2003 data in the above table differs from that publicly gazetted by Marlborough Lines during those years. The Electricity (Information Disclosure) Regulations 1999 repealed the Electricity (Information Disclosure) Regulations 1994. The 1994 Regulations defined total consumers as average number of consumers at the start and end of the year. However the 1999 Regulations merely defined “total consumers” as the number of network connection points, and were silent as to the time at which the total consumers was to be established.

For Information Disclosure for the 1999 to 2003 years, Marlborough Lines based total consumers on the total number at the end of each financial year, on the basis that had the legislature intent to retain the averaging process used in the 1994 Regulations, that same requirement would have been included in the 1999 Regulations.

However, the Commerce Act (Electricity Distribution Threshold) Notice 2004 and the Amendment Notice 2006 requires the use of historic data based on average consumer numbers at the start and end of each financial year. Since the information disclosed in those years was inconsistent with the requirement, the figures in the above table have been recalculated to reflect average consumer numbers.