



# Information disclosure for the gas distribution business

Year ending 30 September 2018



## Introduction

First Gas operates 2,500km of gas transmission pipelines (including the Maui pipeline), and more than 4,700km of gas distribution pipelines across the North Island. These gas infrastructure assets transport gas from Taranaki to major industrial gas users, electricity generators, businesses and homes, and transport around 20 percent of New Zealand's primary energy supply.

For further information on First Gas, please visit our website [www.firstgas.co.nz](http://www.firstgas.co.nz).

## Information disclosure

This document contains First Gas' annual information disclosure for the gas distribution business, for the year ending on 30 September 2018, as required by the *Gas Distribution Information Disclosure Determination (No. 1) 2017* consolidating all amendments as of 14 June 2017 ("the Determination") issued by the Commerce Commission.

The following documents are provided with this information disclosure:

- Schedules 1 – 10: Financial and technical schedules
- Schedules 14 – 15: Mandatory and voluntary explanatory notes
- Schedule 19: Director certification
- KPMG assurance report

This information disclosure was prepared on 28 February 2019.

## Further information

For further information regarding this information disclosure, please contact:

Karen Collins  
Regulatory Policy Manager  
First Gas Limited  
[Karen.Collins@firstgas.co.nz](mailto:Karen.Collins@firstgas.co.nz)  
04 979 5368

## Disclaimer

For presentation purposes, some numbers in the information disclosure schedules have been rounded. This may cause small discrepancies or rounding inconsistencies when aggregating some of the information presented in the information disclosure schedules. These discrepancies do not affect the overall compliance calculations which are based on the more detailed information.



**GDB Information Disclosure Requirements**  
**Information Templates**  
**for**  
**Schedules 1–10**

Company Name

First Gas Limited (Distribution)

Disclosure Date

31 March 2019

Disclosure Year (year ended)

30 September 2018

Templates for Schedules 1–10 excluding 5f–5g  
Template Version 4.1. Prepared 24 March 2015

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Company Name **First Gas Limited (Distribution)**  
For Year Ended **30 September 2018**

## SCHEDULE 1: ANALYTICAL RATIOS

This schedule calculates expenditure, revenue and service ratios from the information disclosed. The disclosed ratios may vary for reasons that are company specific and, as a result, must be interpreted with care. The Commerce Commission will publish a summary and analysis of information disclosed in accordance with the ID determination. This will include information disclosed in accordance with this and other schedules, and information disclosed under the other requirements of the determination.

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

### 1(i): Expenditure Metrics

|                                | Expenditure per TJ<br>energy delivered<br>to ICPs<br>(\$/TJ) | Expenditure per<br>average no. of ICPs<br>(\$/ICP) | Ratio of<br>expenditure to<br>maximum monthly<br>load<br>(\$ per GJ/month) | Expenditure per<br>km of pipeline for<br>supply<br>(\$/km) |
|--------------------------------|--|--|--|--|
| <b>Operational expenditure</b> | 1,122  | 158  | 9  | 2,119  |
| Network                        | 436  | 61   | 4  | 823  |
| Non-network                    | 686  | 97   | 6  | 1,296  |
| <b>Expenditure on assets</b>   | 1,526  | 215  | 13   | 2,882  |
| Network                        | 1,504  | 212  | 12   | 2,841  |
| Non-network                    | 22   | 3  | 0  | 41   |

### 1(ii): Revenue Metrics

|   | Revenue per TJ<br>energy delivered<br>to ICPs<br>(\$/TJ) | Revenue per<br>average no. of ICPs<br>(\$/ICP) |
|---|--|--|
| <b>Total line charge revenue</b>          | 2,640  | 372  |
| Standard consumer line charge revenue     | 4,913  | 363  |
| Non-standard consumer line charge revenue | 142  | 37,561   |

### 1(iii): Service Intensity Measures

|                          |     |  |
|--------------------------|-----|--|
| Demand density           | 228 | Maximum monthly load (GJ per month) per system length                    |
| Volume density           | 2   | Quantity of gas delivered per km of system length (TJ/km)                |
| Connection point density | 13  | Average number of ICPs in disclosure year per system length              |
| Energy intensity         | 141 | Total GJ delivered to ICPs per average number of ICPs in disclosure year |

### 1(iv): Composition of Revenue Requirement

|  | (\$000)       | % of revenue |
|--|---------------|--------------|
| Operational expenditure  | 9,996         | 42.50%       |
| Pass-through and recoverable costs excluding financial incentives and wash-ups | 484           | 2.06%        |
| Total depreciation   | 5,970         | 25.38%       |
| Total revaluations   | 2,811         | 11.95%       |
| Regulatory tax allowance   | 3,061         | 13.02%       |
| Regulatory profit/(loss) including financial incentives and wash-ups           | 6,819         | 28.99%       |
| <b>Total regulatory income</b>   | <b>23,519</b> |              |

### 1(v): Reliability

|                   |      |  |
|-------------------|------|--|
| Interruption rate | 5.11 | Interruptions per 100km of system length |
|-------------------|------|--|

Company Name **First Gas Limited (Distribution)**  
 For Year Ended **30 September 2018**

## SCHEDULE 2: REPORT ON RETURN ON INVESTMENT

This schedule requires information on the Return on Investment (ROI) for the GDB relative to the Commerce Commission's estimates of post tax WACC and vanilla WACC. GDBs must calculate their ROI based on a monthly basis if required by clause 2.3.3 of the ID Determination or if they elect to. If a GDB makes this election, information supporting this calculation must be provided in 2(iii).

GDBs must provide explanatory comment on their ROI in Schedule 14 (Mandatory Explanatory Notes).

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### 2(i): Return on Investment

#### ROI – comparable to a post tax WACC

Reflecting all revenue earned  
 Excluding revenue earned from financial incentives  
 Excluding revenue earned from financial incentives and wash-ups

#### Mid-point estimate of post tax WACC

25th percentile estimate  
 75th percentile estimate

#### ROI – comparable to a vanilla WACC

Reflecting all revenue earned  
 Excluding revenue earned from financial incentives  
 Excluding revenue earned from financial incentives and wash-ups

#### WACC rate used to set regulatory price path

#### Mid-point estimate of vanilla WACC

25th percentile estimate  
 75th percentile estimate

|   | CY-2<br>30 Sep 16 | CY-1<br>30 Sep 17 | Current Year CY<br>30 Sep 18 |
|---|-------------------|-------------------|------------------------------|
|   | %                 | %                 | %                            |
| Reflecting all revenue earned                                   | 7.89%             | 10.04%            | 4.23%                        |
| Excluding revenue earned from financial incentives              | 7.89%             | 10.04%            | 4.23%                        |
| Excluding revenue earned from financial incentives and wash-ups | 7.89%             | 10.04%            | 4.23%                        |
| Mid-point estimate of post tax WACC                             | 6.02%             | 5.45%             | 5.18%                        |
| 25th percentile estimate  | 5.21%             | 4.64%             | 4.47%                        |
| 75th percentile estimate  | 6.83%             | 6.26%             | 5.89%                        |
| ROI – comparable to a vanilla WACC                              |                   |                   |                              |
| Reflecting all revenue earned                                   | 8.52%             | 10.58%            | 4.75%                        |
| Excluding revenue earned from financial incentives              | 8.52%             | 10.58%            | 4.75%                        |
| Excluding revenue earned from financial incentives and wash-ups | 8.52%             | 10.58%            | 4.75%                        |
| WACC rate used to set regulatory price path                     | 7.44%             | 7.44%             | 6.41%                        |
| Mid-point estimate of vanilla WACC                              | 6.65%             | 5.99%             | 5.71%                        |
| 25th percentile estimate  | 5.84%             | 5.18%             | 5.00%                        |
| 75th percentile estimate  | 7.46%             | 6.80%             | 6.41%                        |

### 2(ii): Information Supporting the ROI

(\$000)

|  |         |         |
|--|---------|---------|
| Total opening RAB value                          | 147,907 |         |
| plus Opening deferred tax                        | (5,546) |         |
| <b>Opening RIV</b>                               |         | 142,361 |
| <b>Line charge revenue</b>                       |         | 23,521  |
| Expenses cash outflow                            | 10,480  |         |
| plus Assets commissioned                         | 8,561   |         |
| less Asset disposals                             | 2       |         |
| plus Tax payments                                | 2,302   |         |
| less Other regulated income                      | (2)     |         |
| <b>Mid-year net cash flows</b>                   |         | 21,342  |
| <b>Term credit spread differential allowance</b> |         | -       |
| Total closing RAB value                          | 153,499 |         |
| less Adjustment resulting from asset allocation  | 192     |         |
| less Lost and found assets adjustment            | -       |         |
| plus Closing deferred tax                        | (6,306) |         |
| <b>Closing RIV</b>                               |         | 147,002 |
| <b>ROI – comparable to a vanilla WACC</b>        |         | 4.75%   |
| Leverage (%)                                     |         | 42%     |
| Cost of debt assumption (%)                      |         | 4.47%   |
| Corporate tax rate (%)                           |         | 28%     |
| <b>ROI – comparable to a post tax WACC</b>       |         | 4.23%   |

Company Name

First Gas Limited (Distribution)

For Year Ended

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**SCHEDULE 2: REPORT ON RETURN ON INVESTMENT**

This schedule requires information on the Return on Investment (ROI) for the GDB relative to the Commerce Commission's estimates of post tax WACC and vanilla WACC. GDBs must calculate their ROI based on a monthly basis if required by clause 2.3.3 of the ID Determination or if they elect to. If a GDB makes this election, information supporting this calculation must be provided in 2(iii).

GDBs must provide explanatory comment on their ROI in Schedule 14 (Mandatory Explanatory Notes).

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**2(iii): Information Supporting the Monthly ROI**

Opening RIV

N/A

|          |                     | (\$000)               |                     |                 |                        |                           |
|----------|---------------------|-----------------------|---------------------|-----------------|------------------------|---------------------------|
|          | Line charge revenue | Expenses cash outflow | Assets commissioned | Asset disposals | Other regulated income | Monthly net cash outflows |
| Month 1  |                     |                       |                     |                 |                        | -                         |
| Month 2  |                     |                       |                     |                 |                        | -                         |
| Month 3  |                     |                       |                     |                 |                        | -                         |
| Month 4  |                     |                       |                     |                 |                        | -                         |
| Month 5  |                     |                       |                     |                 |                        | -                         |
| Month 6  |                     |                       |                     |                 |                        | -                         |
| Month 7  |                     |                       |                     |                 |                        | -                         |
| Month 8  |                     |                       |                     |                 |                        | -                         |
| Month 9  |                     |                       |                     |                 |                        | -                         |
| Month 10 |                     |                       |                     |                 |                        | -                         |
| Month 11 |                     |                       |                     |                 |                        | -                         |
| Month 12 |                     |                       |                     |                 |                        | -                         |
| Total    | -                   | -                     | -                   | -               | -                      | -                         |

Tax Payments

N/A

Term credit spread differential allowance

N/A

Closing RIV

N/A

Monthly ROI – comparable to a vanilla WACC

N/A

Monthly ROI – comparable to a post tax WACC

N/A

**2(iv): Year-End ROI Rates for Comparison Purposes**

Year-end ROI – comparable to a vanilla WACC

4.65%

Year-end ROI – comparable to a post tax WACC

4.12%

\* these year-end ROI values are comparable to the ROI reported in pre 2012 disclosures by GDBs and do not represent the Commission's current view on ROI.

**2(v): Financial Incentives and Wash-Ups**

Net recoverable costs allowed under incremental rolling incentive scheme

-

Other financial incentives

-

Financial incentives

-

Impact of financial incentives on ROI

-

Input methodology claw-back

-

Recoverable customised price-quality path costs

-

Other wash-ups

-

Wash-up costs

-

Impact of wash-up costs on ROIs

-

Company Name **First Gas Limited (Distribution)**  
For Year Ended **30 September 2018**

**SCHEDULE 3: REPORT ON REGULATORY PROFIT**

This schedule requires information on the calculation of regulatory profit for the GDB for the disclosure year. GDBs must complete all sections and must provide explanatory comment on their regulatory profit in Schedule 14 (Mandatory Explanatory Notes).

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

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|    |   |   |                                    |   |
|----|---|---|------------------------------------|---|
| 7  | <b>3(i): Regulatory Profit</b>  |   | (\$000)                            |   |
| 8  | <b>Income</b>   |   |                                    |   |
| 9  |   | Line charge revenue   |                                    | 23,521  |
| 10 | plus  | Gains / (losses) on asset disposals   |                                    | (2)   |
| 11 | plus  | Other regulated income (other than gains / (losses) on asset disposals)               |                                    | -   |
| 12 |   |   |                                    |   |
| 13 |   | <b>Total regulatory income</b>  |                                    | <b>23,519</b>   |
| 14 | <b>Expenses</b>   |   |                                    |   |
| 15 | less  | Operational expenditure   |                                    | 9,996   |
| 16 |   |   |                                    |   |
| 17 | less  | Pass-through and recoverable costs excluding financial incentives and wash-ups        |                                    | 484   |
| 18 |   |   |                                    |   |
| 19 |   | <b>Operating surplus / (deficit)</b>  |                                    | <b>13,039</b>   |
| 20 |   |   |                                    |   |
| 21 | less  | Total depreciation  |                                    | 5,970   |
| 22 |   |   |                                    |   |
| 23 | plus  | Total revaluations  |                                    | 2,811   |
| 24 |   |   |                                    |   |
| 25 |   | <b>Regulatory profit / (loss) before tax</b>  |                                    | <b>9,881</b>  |
| 26 |   |   |                                    |   |
| 27 | less  | Term credit spread differential allowance   |                                    | -   |
| 28 |   |   |                                    |   |
| 29 | less  | Regulatory tax allowance  |                                    | 3,061   |
| 30 |   |   |                                    |   |
| 31 |   | <b>Regulatory profit/(loss) including financial incentives and wash-ups</b>           |                                    | <b>6,819</b>  |
| 32 |   |   |                                    |   |
| 33 | <b>3(ii): Pass-through and recoverable costs excluding financial incentives and wash-ups</b>  |   | (\$000)                            |   |
| 34 | <b>Pass through costs</b>   |   |                                    |   |
| 35 |   | Rates   |                                    | 362   |
| 36 |   | Commerce Act levies   |                                    | 89  |
| 37 |   | Industry Levies   |                                    | 33  |
| 38 |   | CPP specified pass through costs  |                                    | -   |
| 39 | <b>Recoverable costs excluding financial incentives and wash-ups</b>  |   |                                    |   |
| 40 |   | Other recoverable costs excluding financial incentives and wash-ups                   |                                    |   |
| 41 |   | <b>Pass-through and recoverable costs excluding financial incentives and wash-ups</b> |                                    | <b>484</b>  |
| 42 |   |   |                                    |   |
| 43 |   |   |                                    |   |
| 44 | <b>3(iii): Incremental Rolling Incentive Scheme</b>   |   | (\$000)                            |   |
| 45 |   |   | CY-1                               | CY  |
| 46 |   |   | 30 Sep 17                          | 30 Sep 18   |
| 47 |   | Allowed controllable opex   |                                    |   |
| 48 |   | Actual controllable opex  |                                    |   |
| 49 |   |   |                                    |   |
| 50 |   | <b>Incremental change in year</b>   |                                    |   |
| 51 |   |   |                                    |   |
| 52 |   |   | Previous years' incremental change | Previous years' incremental change adjusted for inflation |
| 53 | CY-5  | 30 Sep 13   |                                    |   |
| 54 | CY-4  | 30 Sep 14   |                                    |   |
| 55 | CY-3  | 30 Sep 15   |                                    |   |
| 56 | CY-2  | 30 Sep 16   |                                    |   |
| 57 | CY-1  | 30 Sep 17   |                                    |   |
| 58 |   | <b>Net incremental rolling incentive scheme</b>                                       |                                    |   |
| 59 |   |   |                                    |   |
| 60 |   | <b>Net recoverable costs allowed under incremental rolling incentive scheme</b>       |                                    |   |
| 61 |   |   |                                    |   |
| 62 | <b>3(iv): Merger and Acquisition Expenditure</b>  |   | (\$000)                            |   |
| 63 |   |   |                                    |   |
| 64 |   | Merger and acquisition expenditure  |                                    |   |
| 65 |   |   |                                    |   |
| 66 | <i>Provide commentary on the benefits of merger and acquisition expenditure to the gas distribution business, including required disclosures in accordance with section 2.7, in Schedule 14 (Mandatory Explanatory Notes)</i> |   |                                    |   |
| 67 |   |   |                                    |   |
| 68 | <b>3(v): Other Disclosures</b>  |   | (\$000)                            |   |
| 69 |   |   |                                    |   |
| 70 |   | Self-insurance allowance  |                                    |   |





Company Name **First Gas Limited (Distribution)**  
 For Year Ended **30 September 2018**

#### SCHEDULE 4: REPORT ON VALUE OF THE REGULATORY ASSET BASE (ROLLED FORWARD)

This schedule requires information on the calculation of the Regulatory Asset Base (RAB) value to the end of this disclosure year. This informs the ROI calculation in Schedule 2. GDBs must provide explanatory comment on the value of their RAB in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

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##### 4(i): Regulatory Asset Base Value (Rolled Forward)

|   | for year ended | RAB<br>30 Jun 14<br>(\$000) | RAB<br>30 Jun 15<br>(\$000) | RAB<br>30 Jun 16<br>(\$000) | RAB<br>30 Sep 17<br>(\$000) | RAB<br>30 Sep 18<br>(\$000) |
|---|----------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Total opening RAB value                         |                | -                           | -                           | 131,352                     | 131,884                     | 147,907                     |
| less Total depreciation                         |                | -                           | -                           | 5,041                       | 6,328                       | 5,970                       |
| plus Total revaluations                         |                | -                           | -                           | 547                         | 2,958                       | 2,811                       |
| plus Assets commissioned                        |                | -                           | -                           | 5,820                       | 19,132                      | 8,561                       |
| less Asset disposals                            |                | -                           | -                           | 9                           | 24                          | 2                           |
| plus Lost and found assets adjustment           |                | -                           | -                           | -                           | -                           | -                           |
| plus Adjustment resulting from asset allocation |                | -                           | -                           | (786)                       | 285                         | 192                         |
| Total closing RAB value                         |                | -                           | -                           | 131,884                     | 147,907                     | 153,499                     |

##### 4(ii): Unallocated Regulatory Asset Base

|   | Unallocated RAB * | RAB     |
|---|-------------------|---------|
|   | (\$000)           | (\$000) |
| Total opening RAB value                         | 156,441           | 147,907 |
| less Total depreciation                         | 7,903             | 5,970   |
| plus Total revaluations                         | 2,973             | 2,811   |
| plus Assets commissioned (other than below)     | 2,170             | 152     |
| Assets acquired from a regulated supplier       | -                 | -       |
| Assets acquired from a related party            | 8,409             | 8,409   |
| Assets commissioned                             | 10,578            | 8,561   |
| less Asset disposals (other than below)         | 28                | 2       |
| Asset disposals to a regulated supplier         | -                 | -       |
| Asset disposals to a related party              | -                 | -       |
| Asset disposals                                 | 28                | 2       |
| plus Lost and found assets adjustment           | -                 | -       |
| plus Adjustment resulting from asset allocation | -                 | 192     |
| Total closing RAB value                         | 162,062           | 153,499 |

\* The 'unallocated RAB' is the total value of those assets used wholly or partially to provide gas distribution services without any allowance being made for the allocation of costs to services provided by the supplier that are not gas distribution services. The RAB value represents the value of these assets after applying this cost allocation. Neither value includes works under construction.



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#### SCHEDULE 4: REPORT ON VALUE OF THE REGULATORY ASSET BASE (ROLLED FORWARD)

This schedule requires information on the calculation of the Regulatory Asset Base (RAB) value to the end of this disclosure year. This informs the ROI calculation in Schedule 2. GDBs must provide explanatory comment on the value of their RAB in Schedule 14 (Mandatory Explanatory Notes). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

#### 4(iii): Calculation of Revaluation Rate and Revaluation of Assets

|                      |       |
|----------------------|-------|
| CPI <sub>t</sub>     | 1,024 |
| CPI <sub>t-4</sub>   | 1,005 |
| Revaluation rate (%) | 1.90% |

|   | Unallocated RAB * |         | RAB     |         |
|---|-------------------|---------|---------|---------|
|   | (\$000)           | (\$000) | (\$000) | (\$000) |
| Total opening RAB value   | 156,441           |         | 147,907 |         |
| less Opening value of fully depreciated, disposed and lost assets | 77                |         | 77      |         |
| Total opening RAB value subject to revaluation                    | 156,364           |         | 147,831 |         |
| Total revaluations  |                   | 2,973   |         | 2,811   |

#### 4(iv): Roll Forward of Works Under Construction

|  | Unallocated works under construction |       | Allocated works under construction |       |
|--|--------------------------------------|-------|------------------------------------|-------|
|  |                                      |       |                                    |       |
| Works under construction—preceding disclosure year |                                      | 2,110 |                                    | 979   |
| plus Capital expenditure                           | 14,855                               |       | 11,463                             |       |
| less Assets commissioned                           | 10,578                               |       | 8,561                              |       |
| plus Adjustment resulting from asset allocation    |                                      |       |                                    |       |
| Works under construction - current disclosure year |                                      | 6,386 |                                    | 3,882 |
| Highest rate of capitalised finance applied        |                                      |       |                                    | 4.25% |



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#### SCHEDULE 4: REPORT ON VALUE OF THE REGULATORY ASSET BASE (ROLLED FORWARD)

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#### 4(v): Regulatory Depreciation

Depreciation - standard  
 Depreciation - no standard life assets  
 Depreciation - modified life assets  
 Depreciation - alternative depreciation in accordance with CPP  
**Total depreciation**

| Unallocated RAB *<br>(\$000) | (\$000) | RAB<br>(\$000) | (\$000) |
|------------------------------|---------|----------------|---------|
| 5,188                        |         | 5,188          |         |
| 2,715                        |         | 782            |         |
| -                            |         | -              |         |
| -                            |         | -              |         |
|                              | 7,903   |                | 5,970   |

(\$000 unless otherwise specified)

#### 4(vi): Disclosure of Changes to Depreciation Profiles

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

\* include additional rows if needed

#### 4(vii): Disclosure by Asset Category

(\$000 unless otherwise specified)

|   | Intermediate pressure main pipelines | Medium pressure main pipelines | Low pressure main pipelines | Service pipe | Stations | Line valve | Special crossings | Other network assets | Non-network assets | Total   |
|---|--------------------------------------|--------------------------------|-----------------------------|--------------|----------|------------|-------------------|----------------------|--------------------|---------|
| <b>Total opening RAB value</b>                  | 20,555                               | 84,221                         | 1,434                       | 25,157       | 4,879    | 1,417      | 3,531             | 3,986                | 2,727              | 147,907 |
| less Total depreciation                         | 531                                  | 2,702                          | 34                          | 1,328        | 168      | 34         | 136               | 319                  | 717                | 5,970   |
| plus Total revaluations                         | 391                                  | 1,601                          | 27                          | 478          | 93       | 27         | 67                | 75                   | 55                 | 2,814 * |
| plus Assets commissioned                        | 1,102                                | 4,055                          | 25                          | 2,125        | 830      | 80         | -                 | 192                  | 152                | 8,561   |
| less Asset disposals                            | -                                    | -                              | -                           | -            | -        | -          | -                 | -                    | 2                  | 2       |
| plus Lost and found assets adjustment           | -                                    | -                              | -                           | -            | -        | -          | -                 | -                    | -                  | -       |
| plus Adjustment resulting from asset allocation | -                                    | -                              | -                           | -            | -        | -          | -                 | -                    | 189                | 189 *   |
| plus Asset category transfers                   | -                                    | -                              | -                           | -            | -        | -          | -                 | -                    | -                  | -       |
| <b>Total closing RAB value</b>                  | 21,517                               | 87,175                         | 1,452                       | 26,432       | 5,634    | 1,490      | 3,462             | 3,935                | 2,404              | 153,499 |
| <b>Asset Life</b>                               |                                      |                                |                             |              |          |            |                   |                      |                    |         |
| Weighted average remaining asset life           | 45.2                                 | 35.2                           | 47.0                        | 34.3         | 29.7     | 53.4       | 27.9              | 24.1                 | 20.4               | (years) |
| Weighted average expected total asset life      | 70.2                                 | 60.0                           | 60.0                        | 64.9         | 35.0     | 58.6       | 60.0              | 37.6                 | 50.0               | (years) |

\* Results may vary slightly to those in section 4(v1) as a result of the more disaggregated results in 4(viii) rounding to a slightly different value when added together.



This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section

| 5a(i): Regulatory Tax Allowance |   |       | (\$'000) |
|---------------------------------|---|-------|----------|
| 8                               | Regulatory profit / (loss) before tax   |       | 9,881    |
| 9                               |   |       |          |
| 10                              | plus Income not included in regulatory profit / (loss) before tax but taxable   | -     | *        |
| 11                              | Expenditure or loss in regulatory profit / (loss) before tax but not deductible | 3,418 | *        |
| 12                              | Amortisation of initial differences in asset values                             | 1,683 |          |
| 13                              | Amortisation of revaluations  | 1,378 |          |
| 14                              |   |       | 6,479    |
| 15                              |   |       |          |
| 16                              | less Total revaluations   | 2,811 |          |
| 17                              | Income included in regulatory profit / (loss) before tax but not taxable        | -     | *        |
| 18                              | Expenditure or loss deductible but not in regulatory profit / (loss) before tax | -     | *        |
| 19                              | Notional deductible interest  | 2,615 |          |
| 20                              |   |       | 5,426    |
| 21                              |   |       |          |
| 22                              | Regulatory taxable income   |       | 10,934   |
| 23                              |   |       |          |
| 24                              | less Utilised tax losses  | -     |          |
| 25                              | Regulatory net taxable income   |       | 10,934   |
| 26                              |   |       |          |
| 27                              | Corporate tax rate (%)  | 28%   |          |
| 28                              | Regulatory tax allowance  |       | 3,066    |

In Schedule 14, Box 5, provide descriptions and workings of items recorded in the asterisked categories in Schedule 5a(i).

## (\$000)

|             |   |        |        |
|-------------|---|--------|--------|
|             | Opening unamortised initial differences in asset values                   | 58,892 |        |
| <i>less</i> | Amortisation of initial differences in asset values                       | 1,683  |        |
| <i>plus</i> | Adjustment for unamortised initial differences in assets acquired         | -      |        |
| <i>less</i> | Adjustment for unamortised initial differences in assets disposed         | -      |        |
|             | Closing unamortised initial differences in asset values                   |        | 57,209 |
|             | Opening weighted average remaining useful life of relevant assets (years) |        | 35     |

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section

| 5a(iv): Amortisation of Revaluations           |         | (\$'000) |
|--|---------|----------|
| Opening sum of RAB values without revaluations | 144,100 |          |
| Adjusted depreciation                          | 4,592   |          |
| Total depreciation                             | 5,970   |          |
| Amortisation of revaluations                   |         | 1,378    |

|    |                                       |  |   |  |
|----|---------------------------------------|--|---|--|
| 54 | <b>Opening tax losses</b>             |  | - |  |
| 55 | <i>plus</i> Current period tax losses |  | - |  |
| 56 | <i>less</i> Utilised tax losses       |  | - |  |
| 57 | <b>Closing tax losses</b>             |  |   |  |

|    |                      |   |         |
|----|----------------------|---|---------|
| 60 | Opening deferred tax |   | (5,546) |
| 61 |                      |   |         |
| 62 | plus                 | Tax effect of adjusted depreciation                                     | 1,286   |
| 63 |                      |   |         |
| 64 | less                 | Tax effect of tax depreciation  | 1,830   |
| 65 |                      |   |         |
| 66 | plus                 | Tax effect of other temporary differences*                              | (18)    |
| 67 |                      |   |         |
| 68 | less                 | Tax effect of amortisation of initial differences in asset values       | 471     |
| 69 |                      |   |         |
| 70 | plus                 | Deferred tax balance relating to assets acquired in the disclosure year | -       |
| 71 |                      |   |         |
| 72 | less                 | Deferred tax balance relating to assets disposed in the disclosure year | (1)     |
| 73 |                      |   |         |
| 74 | plus                 | Deferred tax cost allocation adjustment                                 | 274     |
| 75 |                      |   |         |
| 76 | Closing deferred tax |   | (6,306) |

## 80

|    |   |               |               |
|----|---|---------------|---------------|
|    |   |               | (\$'000)      |
| 82 |   |               |               |
| 83 | <b>Opening sum of regulatory tax asset values</b>             | <b>56,225</b> |               |
| 84 | <i>less</i> Tax depreciation                                  | <i>6,535</i>  |               |
| 85 | <i>plus</i> Regulatory tax asset value of assets commissioned | <i>8,552</i>  |               |
| 86 | <i>less</i> Regulatory tax asset value of asset disposals     | <i>0</i>      |               |
| 87 | <i>plus</i> Lost and found assets adjustment                  | <i>-</i>      |               |
| 88 | <i>plus</i> Adjustments resulting from asset allocation       | <i>1,169</i>  |               |
| 89 | <i>plus</i> Other adjustments to the RAB tax value            |               |               |
| 90 | <b>Closing sum of regulatory tax asset values</b>             |               | <b>59,411</b> |

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## SCHEDULE 5b: REPORT ON RELATED PARTY TRANSACTIONS

This schedule provides information on the valuation of related party transactions, in accordance with section 2.3.6 and 2.3.7 of the ID determination.

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

### 5b(i): Summary—Related Party Transactions

(\$000)

|                                  |        |
|----------------------------------|--------|
| Total regulatory income          | -      |
| Operational expenditure          | 5,024  |
| Capital expenditure              | 13,399 |
| Market value of asset disposals  | -      |
| Other related party transactions | -      |

### 5b(ii): Entities Involved in Related Party Transactions

| Name of related party        | Related party relationship  |
|------------------------------|---|
| Gas Services (Joint Venture) | Gas Services Joint Venture and First Gas Limited have some common ultimate owners |
|                              |   |
|                              |   |
|                              |   |

\* include additional rows if needed

### 5b(iii): Related Party Transactions

| Name of related party        | Related party transaction type | Description of transaction | Value of transaction (\$000) | Basis for determining value |
|------------------------------|--------------------------------|----------------------------|------------------------------|-----------------------------|
| Gas Services (Joint Venture) | Opex                           | Gas Contracting Services   | 5,024                        | ID clause 2.3.6(2)(b)       |
| Gas Services (Joint Venture) | Capex                          | Gas Contracting Services   | 13,399                       | IM clause 2.2.11(5)(e)      |
|                              |                                |                            |                              |                             |
|                              |                                |                            |                              |                             |
|                              |                                |                            |                              |                             |
|                              |                                |                            |                              |                             |
|                              |                                |                            |                              |                             |
|                              |                                |                            |                              |                             |
|                              |                                |                            |                              |                             |
|                              |                                |                            |                              |                             |
|                              |                                |                            |                              |                             |
|                              |                                |                            |                              |                             |
|                              |                                |                            |                              |                             |
|                              |                                |                            |                              |                             |
|                              |                                |                            |                              |                             |
|                              |                                |                            |                              |                             |

\* include additional rows if needed



Company Name **First Gas Limited (Distribution)**  
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### SCHEDULE 5c: REPORT ON TERM CREDIT SPREAD DIFFERENTIAL ALLOWANCE

This schedule is only to be completed if, as at the date of the most recently published financial statements, the weighted average original tenor of the debt portfolio (both qualifying debt and non-qualifying debt) is greater than five years. This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

#### 5c(i): Qualifying Debt (may be Commission only)

| Issuing party                       | Issue date | Pricing date | Original tenor (in years) | Coupon rate (%) | Book value at issue date (NZD) | Book value at date of financial statements (NZD) | Term Credit Spread Difference | Cost of executing an interest rate swap | Debt issue cost readjustment |
|-------------------------------------|------------|--------------|---------------------------|-----------------|--------------------------------|--|-------------------------------|---|------------------------------|
|                                     |            |              |                           |                 |                                |  |                               |   |                              |
|                                     |            |              |                           |                 |                                |  |                               |   |                              |
|                                     |            |              |                           |                 |                                |  |                               |   |                              |
|                                     |            |              |                           |                 |                                |  |                               |   |                              |
|                                     |            |              |                           |                 |                                |  |                               |   |                              |
| * include additional rows if needed |            |              |                           |                 |                                | -  | -                             | -                                       | -                            |

#### 5c(ii): Attribution of Term Credit Spread Differential

Gross term credit spread differential

Total book value of interest bearing debt

Leverage

42%

Average opening and closing RAB values

Attribution Rate (%)

-

Term credit spread differential allowance

-



Company Name **First Gas Limited (Distribution)**  
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## SCHEDULE 5d: REPORT ON COST ALLOCATIONS

This schedule provides information on the allocation of operational costs. GDBs must provide explanatory comment on their cost allocation in Schedule 14 (Mandatory Explanatory Notes), including on the impact of any reclassifications. This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

### 5d(i): Operating Cost Allocations

|    |  | Value allocated (\$000s)  |                              |                                     |        | OVABAA allocation<br>increase (\$000s) |
|----|--|---------------------------|------------------------------|-------------------------------------|--------|--|
|    |  | Arm's length<br>deduction | Gas distribution<br>services | Non-gas<br>distribution<br>services | Total  |  |
| 7  | <b>Service interruptions, incidents and emergencies</b>  |                           |                              |                                     |        |  |
| 8  | Directly attributable                                    |                           | 2,384                        |                                     |        |  |
| 9  | Not directly attributable                                | -                         | -                            | -                                   | -      | -                                      |
| 10 | <b>Total attributable to regulated service</b>           |                           | 2,384                        |                                     |        |  |
| 11 | <b>Routine and corrective maintenance and inspection</b> |                           |                              |                                     |        |  |
| 12 | Directly attributable                                    |                           | 1,500                        |                                     |        |  |
| 13 | Not directly attributable                                | -                         | -                            | -                                   | -      | -                                      |
| 14 | <b>Total attributable to regulated service</b>           |                           | 1,500                        |                                     |        |  |
| 15 | <b>Asset replacement and renewal</b>                     |                           |                              |                                     |        |  |
| 16 | Directly attributable                                    |                           | -                            |                                     |        |  |
| 17 | Not directly attributable                                | -                         | -                            | -                                   | -      | -                                      |
| 18 | <b>Total attributable to regulated service</b>           |                           | -                            |                                     |        |  |
| 19 | <b>System operations and network support</b>             |                           |                              |                                     |        |  |
| 20 | Directly attributable                                    |                           | 1,140                        |                                     |        |  |
| 21 | Not directly attributable                                | -                         | -                            | -                                   | -      | -                                      |
| 22 | <b>Total attributable to regulated service</b>           |                           | 1,140                        |                                     |        |  |
| 23 | <b>Business support</b>                                  |                           |                              |                                     |        |  |
| 24 | Directly attributable                                    |                           | 3,546                        |                                     |        |  |
| 25 | Not directly attributable                                | -                         | 1,425                        | 14,130                              | 15,555 | -                                      |
| 26 | <b>Total attributable to regulated service</b>           |                           | 4,971                        |                                     |        |  |
| 27 | <b>Operating costs directly attributable</b>             |                           | 8,570                        |                                     |        |  |
| 28 | <b>Operating costs not directly attributable</b>         | -                         | 1,425                        | 14,130                              | 15,555 | -                                      |
| 29 | <b>Operational expenditure</b>                           |                           | 9,996                        |                                     |        |  |





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## SCHEDULE 5d: REPORT ON COST ALLOCATIONS

This schedule provides information on the allocation of operational costs. GDBs must provide explanatory comment on their cost allocation in Schedule 14 (Mandatory Explanatory Notes), including on the impact of any reclassifications. This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

### 5d(ii): Other Cost Allocations

#### Pass through and recoverable costs

##### Pass through costs

Directly attributable

Not directly attributable

Total attributable to regulated service

##### Recoverable costs

Directly attributable

Not directly attributable

Total attributable to regulated service

| Value allocated (\$000s) |                           |                               |       |                                     |
|--------------------------|---------------------------|-------------------------------|-------|-------------------------------------|
| Arm's length deduction   | Gas distribution services | Non-gas distribution services | Total | OVABAA allocation increase (\$000s) |
|                          | 395                       |                               |       |                                     |
| -                        | 89                        | 507                           | 596   | -                                   |
|                          | 484                       |                               |       |                                     |
|                          | -                         |                               |       |                                     |
| -                        | -                         | -                             | -     | -                                   |
|                          | -                         |                               |       |                                     |

### 5d(iii): Changes in Cost Allocations\* †

#### Change in cost allocation 1

Cost category

Original allocator or line items

New allocator or line items

Rationale for change

IT, General Expenses

RAB

Headcount

More appropriate to allocate based on headcount as people are the driver of the expense categories, e.g. IT Hardware and Software expenses would increase in line with headcount. General Expenses are mainly staff related e.g. office supplies, non-entertainment catering

| (\$000)             |      |                   |
|---------------------|------|-------------------|
|                     | CY-1 | Current Year (CY) |
| Original allocation | 324  | 347               |
| New allocation      | 151  | 162               |
| Difference          | 173  | 185               |

#### Change in cost allocation 2

Cost category

Original allocator or line items

New allocator or line items

Rationale for change

Advertising - People &amp; Performance

RAB

Headcount

Specific advertising costs relating to recruitment

| (\$000)             |      |                   |
|---------------------|------|-------------------|
|                     | CY-1 | Current Year (CY) |
| Original allocation | 1    | 1                 |
| New allocation      | 0    | 1                 |
| Difference          | 0    | 1                 |

#### Change in cost allocation 3

Cost category

Original allocator or line items

New allocator or line items

Rationale for change

Centres

RAB &amp; Headcount

100% directly attributable

Business Support employees who are employed specifically for either GTB or GDB

| (\$000)             |      |                   |
|---------------------|------|-------------------|
|                     | CY-1 | Current Year (CY) |
| Original allocation | 15   | 27                |
| New allocation      | 112  | 195               |
| Difference          | (97) | (169)             |

#### Change in cost allocation 4

Cost category

Original allocator or line items

New allocator or line items

Telephones

RAB

| (\$000)             |      |                   |
|---------------------|------|-------------------|
|                     | CY-1 | Current Year (CY) |
| Original allocation | 163  | 144               |
| New allocation      | 36   | 31                |



Company Name **First Gas Limited (Distribution)**  
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### SCHEDULE 5d: REPORT ON COST ALLOCATIONS

This schedule provides information on the allocation of operational costs. GDBs must provide explanatory comment on their cost allocation in Schedule 14 (Mandatory Explanatory Notes), including on the impact of any reclassifications. This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

|    |   |   |            |     |     |
|----|---|---|------------|-----|-----|
| 68 | New allocator or line items   | Headcount/100% Attributable   | Difference | 127 | 113 |
| 69 |   |   |            |     |     |
| 70 | Rationale for change  | Scada costs are directly allocated to Transmission, other Telephone costs to Headcount as this is a people driven expense |            |     |     |
| 71 |   |   |            |     |     |
| 73 | * a change in cost allocation must be completed for each cost allocator change that has occurred in the disclosure year. A movement in an allocator metric is not a change in allocator or component. |   |            |     |     |
| 74 | † include additional rows if needed   |   |            |     |     |



Company Name **First Gas Limited (Distribution)**  
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### SCHEDULE 5e: REPORT ON ASSET ALLOCATIONS

This schedule requires information on the allocation of asset values. This information supports the calculation of the RAB value in Schedule 4. GDBs must provide explanatory comment on their cost allocation in Schedule 14 (Mandatory Explanatory Notes), including on the impact of any changes in asset allocations. This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

#### 5e(i): Regulated Service Asset Values

|  | Value allocated<br>(\$000s)<br>Gas distribution<br>services |
|--|---|
| <b>Main pipe</b>   |   |
| Directly attributable  | 110,143   |
| Not directly attributable                                      | -   |
| <b>Total attributable to regulated service</b>                 | 110,143   |
| <b>Service pipe</b>  |   |
| Directly attributable  | 26,432  |
| Not directly attributable                                      | -   |
| <b>Total attributable to regulated service</b>                 | 26,432  |
| <b>Stations</b>  |   |
| Directly attributable  | 5,634   |
| Not directly attributable                                      | -   |
| <b>Total attributable to regulated service</b>                 | 5,634   |
| <b>Line valve</b>  |   |
| Directly attributable  | 1,490   |
| Not directly attributable                                      | -   |
| <b>Total attributable to regulated service</b>                 | 1,490   |
| <b>Special crossings</b>                                       |   |
| Directly attributable  | 3,462   |
| Not directly attributable                                      | -   |
| <b>Total attributable to regulated service</b>                 | 3,462   |
| <b>Other network assets</b>                                    |   |
| Directly attributable  | 3,935   |
| Not directly attributable                                      | -   |
| <b>Total attributable to regulated service</b>                 | 3,935   |
| <b>Non-network assets</b>                                      |   |
| Directly attributable  | 1,759   |
| Not directly attributable                                      | 644   |
| <b>Total attributable to regulated service</b>                 | 2,404   |
| <b>Regulated service asset value directly attributable</b>     | 152,855   |
| <b>Regulated service asset value not directly attributable</b> | 644   |
| <b>Total closing RAB value</b>                                 | 153,499   |

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

##### Change in asset value allocation 1

(\$000)

|                                  |  |                     | CY-1 | Current Year (CY) |
|----------------------------------|--|---------------------|------|-------------------|
| Asset category                   |  | Original allocation |      |                   |
| Original allocator or line items |  | New allocation      |      |                   |
| New allocator or line items      |  | Difference          | -    | -                 |

Rationale for change

##### Change in asset value allocation 2

(\$000)

|                                  |  |                     | CY-1 | Current Year (CY) |
|----------------------------------|--|---------------------|------|-------------------|
| Asset category                   |  | Original allocation |      |                   |
| Original allocator or line items |  | New allocation      |      |                   |
| New allocator or line items      |  | Difference          | -    | -                 |

Rationale for change

##### Change in asset value allocation 3

(\$000)

|                                  |  |                     | CY-1 | Current Year (CY) |
|----------------------------------|--|---------------------|------|-------------------|
| Asset category                   |  | Original allocation |      |                   |
| Original allocator or line items |  | New allocation      |      |                   |
| New allocator or line items      |  | Difference          | -    | -                 |

Rationale for change

component.

† include additional rows if needed

Company Name

First Gas Limited (Distribution)

For Year Ended

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**SCHEDULE 6a: REPORT ON CAPITAL EXPENDITURE FOR THE DISCLOSURE YEAR**

This schedule requires a breakdown of capital expenditure on assets incurred in the disclosure year, including any assets in respect of which capital contributions are received, but excluding assets that are vested assets. Information on expenditure on assets must be provided on an accounting accruals basis and must exclude finance costs. GDBs must provide explanatory comment on their expenditure on assets in Schedule 14 (Explanatory notes to templates).

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

|    |   |  |         |         |
|----|---|--|---------|---------|
| 7  | <b>6a(i): Expenditure on Assets</b>                                 |  | (\$000) | (\$000) |
| 8  | Consumer connection   |  |         | 7,126   |
| 9  | System growth   |  |         | 2,018   |
| 10 | Asset replacement and renewal                                       |  |         | 2,066   |
| 11 | Asset relocations   |  |         | 2,146   |
| 12 | Reliability, safety and environment:                                |  |         |         |
| 13 | Quality of supply   |  | -       |         |
| 14 | Legislative and regulatory  |  | -       |         |
| 15 | Other reliability, safety and environment                           |  | 43      |         |
| 16 | <b>Total reliability, safety and environment</b>                    |  |         | 43      |
| 17 | <b>Expenditure on network assets</b>                                |  |         | 13,399  |
| 18 | Expenditure on non-network assets                                   |  |         | 194     |
| 19 |   |  |         |         |
| 20 | <b>Expenditure on assets</b>  |  |         | 13,593  |
| 21 | plus Cost of financing  |  |         | 13      |
| 22 | less Value of capital contributions                                 |  |         | 2,142   |
| 23 | plus Value of vested assets   |  |         | -       |
| 24 |   |  |         |         |
| 25 | <b>Capital expenditure</b>  |  |         | 11,463  |
| 26 | <b>6a(ii): Subcomponents of Expenditure on Assets (where known)</b> |  |         | (\$000) |
| 27 | Research and development  |  |         | -       |
| 28 | <b>6a(iii): Consumer Connection</b>                                 |  |         |         |
| 29 | Consumer types defined by GDB*                                      |  | (\$000) | (\$000) |
| 30 | Mains Extensions/Subdivisions                                       |  | 2,113   |         |
| 31 | Service Connections - Residential                                   |  | 3,616   |         |
| 32 | Service Connections - Commercial                                    |  | 1,397   |         |
| 33 |   |  |         |         |
| 34 |   |  |         |         |
| 35 | * include additional rows if needed                                 |  |         |         |
| 36 | <b>Consumer connection expenditure</b>                              |  |         | 7,126   |
| 37 |   |  |         |         |
| 38 | less Capital contributions funding consumer connection expenditure  |  | 326     |         |
| 39 | <b>Consumer connection less capital contributions</b>               |  |         | 6,800   |

Company Name

First Gas Limited (Distribution)

For Year Ended

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**SCHEDULE 6a: REPORT ON CAPITAL EXPENDITURE FOR THE DISCLOSURE YEAR**

This schedule requires a breakdown of capital expenditure on assets incurred in the disclosure year, including any assets in respect of which capital contributions are received, but excluding assets that are vested assets. Information on expenditure on assets must be provided on an accounting accruals basis and must exclude finance costs.

GDBs must provide explanatory comment on their expenditure on assets in Schedule 14 (Explanatory notes to templates).

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

|    |  |                      |                                      |
|----|--|----------------------|--------------------------------------|
| 40 |  |                      |                                      |
| 41 | <b>6a(iv): System Growth and Asset Replacement and Renewal</b>                     |                      |                                      |
| 42 |  | <b>System Growth</b> | <b>Asset Replacement and Renewal</b> |
| 43 |  | <b>(\$000)</b>       | <b>(\$000)</b>                       |
| 44 | <b>Intermediate pressure</b>   |                      |                                      |
| 45 | Main pipe  | 292                  | 234                                  |
| 46 | Service pipe   | -                    | 123                                  |
| 47 | Stations   | -                    | -                                    |
| 48 | Line valve   | -                    | -                                    |
| 49 | Special crossings  | -                    | 158                                  |
| 50 | <b>Intermediate pressure - total</b>   | 292                  | 514                                  |
| 51 | <b>Medium pressure</b>   |                      |                                      |
| 52 | Main pipe  | 1,740                | 682                                  |
| 53 | Service pipe   | -                    | 2                                    |
| 54 | Stations   | -                    | -                                    |
| 55 | Line valve   | -                    | -                                    |
| 56 | Special crossings  | -                    | -                                    |
| 57 | <b>Medium pressure - total</b>   | 1,740                | 684                                  |
| 58 | <b>Low pressure</b>  |                      |                                      |
| 59 | Main pipe  | (3)                  | -                                    |
| 60 | Service pipe   | -                    | -                                    |
| 61 | Line valve   | -                    | -                                    |
| 62 | Special crossings  | -                    | -                                    |
| 63 | <b>Low pressure - total</b>  | (3)                  | -                                    |
| 64 | <b>Other network assets</b>  |                      |                                      |
| 65 | Monitoring and control systems   | 6                    | -                                    |
| 66 | Cathodic protection systems  | -                    | 121                                  |
| 67 | Other assets (other than above)  | (16)                 | 747                                  |
| 68 | <b>Other network assets - total</b>  | (10)                 | 868                                  |
| 69 |  |                      |                                      |
| 70 | <b>System growth and asset replacement and renewal expenditure</b>                 | 2,018                | 2,066                                |
| 71 | less Capital contributions funding system growth and asset replacement and renewal | -                    | -                                    |
| 72 | <b>System growth and asset replacement and renewal less capital contributions</b>  | 2,018                | 2,066                                |
| 73 | <b>6a(v): Asset Relocations</b>  |                      |                                      |
| 74 | <i>Project or programme*</i>   | <b>(\$000)</b>       | <b>(\$000)</b>                       |
| 75 | Waikato Expressway, Matangi-Hamilton Section                                       | 108                  |                                      |
| 76 | Mt Maunganui - NZTA (DX) B2B Road Relocation                                       | 1,658                |                                      |
| 77 |  |                      |                                      |
| 78 |  |                      |                                      |
| 79 |  |                      |                                      |
| 80 | <i>* include additional rows if needed</i>   |                      |                                      |
| 81 | All other projects or programmes - asset relocations                               | 380                  |                                      |
| 82 | <b>Asset relocations expenditure</b>   |                      | 2,146                                |
| 83 | less Capital contributions funding asset relocations                               | 1,816                |                                      |
| 84 | <b>Asset relocations less capital contributions</b>                                |                      | 330                                  |

This schedule requires a breakdown of capital expenditure on assets incurred in the disclosure year, including any assets in respect of which capital contributions are received, but excluding assets that are vested assets. Information on expenditure on assets must be provided on an accounting accruals basis and must exclude finance costs. GDBs must provide explanatory comment on their expenditure on assets in Schedule 14 (Explanatory notes to templates). This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

### 6a(vi): Quality of Supply

| Project or programme*                                | (\$000) | (\$000) |
|--|---------|---------|
| Nil  | -       |         |
|  |         |         |
|  |         |         |
|  |         |         |
|  |         |         |
| * include additional rows if needed                  |         |         |
| All other projects or programmes - quality of supply |         |         |
| <b>quality of supply expenditure</b>                 |         | -       |
| Capital contributions funding quality of supply      |         |         |
| <b>quality of supply less capital contributions</b>  |         |         |

| Project or programme*   | (\$000) | (\$000) |
|---|---------|---------|
| Nil   |         |         |
|   |         |         |
|   |         |         |
|   |         |         |
|   |         |         |
| * include additional rows if needed                           |         |         |
| All other projects or programmes - legislative and regulatory |         |         |
| <b>legislative and regulatory expenditure</b>                 |         |         |
| Capital contributions funding legislative and regulatory      |         |         |
| <b>legislative and regulatory less capital contributions</b>  |         |         |

| Project or programme*  | (\$000) | (\$000)   |
|--|---------|-----------|
| Nil  |         |           |
|  |         |           |
|  |         |           |
|  |         |           |
|  |         |           |
| * include additional rows if needed  |         |           |
| All other projects or programmes - other reliability, safety and environment | 43      |           |
| <b>Other reliability, safety and environment expenditure</b>                 |         | <b>43</b> |
| Capital contributions funding other reliability, safety and environment      | -       |           |
| <b>Other reliability, safety and environment less capital contributions</b>  |         | <b>43</b> |

| Routine expenditure                                    |  | (\$000) | (\$000) |
|--|--|---------|---------|
| Project or programme*                                  |  |         |         |
| ICT  |  | 117     |         |
| Vehicles   |  | 35      |         |
| Building Refurbishment                                 |  | 42      |         |
|  |  |         |         |
|  |  |         |         |
| * include additional rows if needed                    |  |         |         |
| All other projects or programmes - routine expenditure |  |         |         |
| <b>Routine expenditure</b>                             |  |         | 194     |

| Project or programme*                                   | (\$000) | (\$000) |
|---|---------|---------|
|   |         |         |
|   |         |         |
|   |         |         |
|   |         |         |
|   |         |         |
| * include additional rows if needed                     |         |         |
| All other projects or programmes - atypical expenditure |         |         |
| typical expenditure                                     |         |         |
| expenditure on non-network assets                       |         |         |

Company Name

First Gas Limited (Distribution)

For Year Ended

30 September 2018

**SCHEDULE 6b: REPORT ON OPERATIONAL EXPENDITURE FOR THE DISCLOSURE YEAR**

This schedule requires a breakdown of operational expenditure incurred in the current disclosure year. GDBs must provide explanatory comment on their operational expenditure in Schedule 14 (Explanatory notes to templates). This includes explanatory comment on any atypical operational expenditure and assets replaced or renewed as part of asset replacement and renewal operational expenditure, and additional information on insurance.

This information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

|    |   | (\$000) | (\$000) |
|----|---|---------|---------|
| 7  | <b>6b(i): Operational Expenditure</b>                                 |         |         |
| 8  | Service interruptions, incidents and emergencies                      | 2,384   |         |
| 9  | Routine and corrective maintenance and inspection                     | 1,500   |         |
| 10 | Asset replacement and renewal   | -       |         |
| 11 | <b>Network opex</b>   |         | 3,884   |
| 12 | System operations and network support                                 | 1,140   |         |
| 13 | Business support  | 4,971   |         |
| 14 | <b>Non-network opex</b>   |         | 6,112   |
| 15 |   |         |         |
| 16 | <b>Operational expenditure</b>  |         | 9,996   |
| 17 | <b>6b(ii): Subcomponents of Operational Expenditure (where known)</b> |         |         |
| 18 | Research and development  |         | N/A     |
| 19 | Insurance   |         | 314     |



Company Name **First Gas Limited (Distribution)**  
 For Year Ended **30 September 2018**

## SCHEDULE 7: COMPARISON OF FORECASTS TO ACTUAL EXPENDITURE

This schedule compares actual revenue and expenditure to the previous forecasts that were made for the disclosure year. Accordingly, this schedule requires the forecast revenue and expenditure information from previous disclosures to be inserted.

GDBs must provide explanatory comment on the variance between actual and target revenue and forecast expenditure in Schedule 14 (Mandatory Explanatory Notes). This information is part of the audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8. For the purpose of this audit, target revenue and forecast expenditures only need to be verified back to previous disclosures.

sch ref

|    |   |                                      |                       |                   |
|----|---|--------------------------------------|-----------------------|-------------------|
| 8  | <b>7(i): Revenue</b>  | <b>Target (\$000) <sup>1</sup></b>   | <b>Actual (\$000)</b> | <b>% variance</b> |
| 9  | Line charge revenue   | 21,727                               | 23,521                | 8%                |
| 10 | <b>7(ii): Expenditure on Assets</b>   | <b>Forecast (\$000) <sup>2</sup></b> | <b>Actual (\$000)</b> | <b>% variance</b> |
| 11 | Consumer connection   | 4,369                                | 7,126                 | 63%               |
| 12 | System growth   | 5,687                                | 2,018                 | -65%              |
| 13 | Asset replacement and renewal   | 3,632                                | 2,066                 | -43%              |
| 14 | Asset relocations   | 2,304                                | 2,146                 | -7%               |
| 15 | Reliability, safety and environment:  |                                      |                       |                   |
| 16 | Quality of supply   | -                                    | -                     | 0%                |
| 17 | Legislative and regulatory  | -                                    | -                     | 0%                |
| 18 | Other reliability, safety and environment   | -                                    | 43                    | 0%                |
| 19 | <b>Total reliability, safety and environment</b>  | -                                    | 43                    | 0%                |
| 20 | <b>Expenditure on network assets</b>  | 15,992                               | 13,399                | -16%              |
| 21 | Expenditure on non-network assets   | 456                                  | 194                   | -58%              |
| 22 | <b>Expenditure on assets</b>  | 16,448                               | 13,593                | -17%              |
| 23 | <b>7(iii): Operational Expenditure</b>  |                                      |                       |                   |
| 24 | Service interruptions, incidents and emergencies  | 2,972                                | 2,384                 | -20%              |
| 25 | Routine and corrective maintenance and inspection   | 1,877                                | 1,500                 | -20%              |
| 26 | Asset replacement and renewal   | -                                    | -                     | 0%                |
| 27 | <b>Network opex</b>   | 4,849                                | 3,884                 | -20%              |
| 28 | System operations and network support   | 1,585                                | 1,140                 | -28%              |
| 29 | Business support  | 1,730                                | 4,971                 | 187%              |
| 30 | <b>Non-network opex</b>   | 3,315                                | 6,112                 | 84%               |
| 31 | <b>Operational expenditure</b>  | 8,164                                | 9,996                 | 22%               |
| 32 | <b>7(iv): Subcomponents of Expenditure on Assets (where known)</b>  |                                      |                       |                   |
| 33 | Research and development  | -                                    | -                     | -                 |
| 34 | <b>7(v): Subcomponents of Operational Expenditure (where known)</b>   |                                      |                       |                   |
| 35 | Research and development  | -                                    | N/A                   | -                 |
| 36 | Insurance   | -                                    | 314                   | -                 |
| 37 | <i>1 From the nominal dollar target revenue for the pricing year disclosed under clause 2.4.3(3) of this determination</i>  |                                      |                       |                   |
| 38 | <i>2 From the CY+1 nominal dollar expenditure forecasts disclosed in accordance with clause 2.6.6 for the forecast period starting at the beginning of the disclosure year (the second to last disclosure of Schedules 11a and 11b)</i> |                                      |                       |                   |



Company Name **First Gas Limited (Distribution)**For Year Ended **30 September 2018**Network / Sub-Network Name **North Island Network****SCHEDULE 8: REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES**

This schedule requires the billed quantities and associated line charge revenues for the disclosure year for each consumer group or price category code used by the GDB in its pricing schedules. Information is also required on the number of ICPs that are included in each consumer group or price category code, and the energy delivered to these ICPs.

sch ref

**8(i): Billed quantities by price component****Billed quantities by price component**

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

Price component

Unit charging basis  
(eg, days, GJ, etc.)

| Consumer group name or price category code   | Consumer type or types (eg, residential, commercial, etc.) | Standard or non-standard consumer group (specify) | Average no. of ICPs in disclosure year | Quantity of gas delivered (TJ) |
|--|--|---|--|--------------------------------|
| GNOR   | Residential  | Standard  | 59,042                                 | 1,307                          |
| GN0V   | Residential  | Standard  | -                                      | -                              |
| GN01   | Business/Commercial  | Standard  | 2,090                                  | 184                            |
| GN02   | Commercial   | Standard  | 1,431                                  | 481                            |
| GN03   | Commercial   | Standard  | 505                                    | 931                            |
| GN04   | Commercial/Industrial                                      | Standard  | 66                                     | 757                            |
| GN05   | Large Industrial   | Standard  | 9                                      | 1,005                          |
| Non-Standard (NG60)  | Large Industrial   | Non-standard                                      | 16                                     | 4,243                          |
|  |  |   |  |                                |
|  |  |   |  |                                |
|  |  |   |  |                                |
|  |  |   |  |                                |
| Add extra rows for additional consumer groups or price category codes as necessary |  |   |  |                                |
| Standard consumer totals   |  |   | 63,143                                 | 4,665                          |
| Non-standard consumer totals   |  |   | 16                                     | 4,243                          |
| Total for all consumers  |  |   | 63,159                                 | 8,908                          |

| Fixed      | Variable      |   |   |   |
|------------|---------------|---|---|---|
| Days       | kWh           |   |   |   |
| 21,485,154 | 363,086,381   |   |   |   |
| -          | -             |   |   |   |
| 762,384    | 51,142,997    |   |   |   |
| 522,447    | 133,578,487   |   |   |   |
| 184,370    | 258,541,325   |   |   |   |
| 24,025     | 210,278,322   |   |   |   |
| 3,254      | 279,193,331   |   |   |   |
| 5,111      | 1,178,717,212 |   |   |   |
|            |               |   |   |   |
|            |               |   |   |   |
|            |               |   |   |   |
|            |               |   |   |   |
|            |               |   |   |   |
| 22,981,634 | 1,295,820,843 | - | - | - |
| 5,111      | 1,178,717,212 | - | - | - |
| 22,986,745 | 2,474,538,055 | - | - | - |

Company Name **First Gas Limited (Distribution)**For Year Ended **30 September 2018**Network / Sub-Network Name **North Island Network****SCHEDULE 8: REPORT ON BILLED QUANTITIES AND LINE CHARGE REVENUES**

This schedule requires the billed quantities and associated line charge revenues for the disclosure year for each consumer group or price category code used by the GDB in its pricing schedules. Information is also required on the number of ICPs that are included in each consumer group or price category code, and the energy delivered to these ICPs.

**8(ii): Line charge revenues (\$000) by price component**

|  |   |  |  |   | Price component                           | Line charge revenues (\$000) by price component |          |   |   |   | Add extra columns<br>for additional line<br>charge revenues<br>by price<br>component as<br>necessary |
|--|---|--|--|---|---|---|----------|---|---|---|--|
| Consumer group name or price<br>category code                                      | Consumer type or types (eg, residential,<br>commercial, etc.) | Standard or non-standard<br>consumer group (specify) | Total line charge<br>revenue in disclosure<br>year | Notional revenue<br>foregone from posted<br>discounts (if applicable) | Rate (eg, \$ per<br>day, \$ per GJ, etc.) | Fixed   | Variable |   |   |   |  |
|  |   |  |  |   |   | \$/day  | \$/kWh   |   |   |   |  |
| GN0R   | Residential   | Standard   | \$14,985   | -   |   | 7,305   | 7,680    |   |   |   |  |
| GN0V   | Residential   | Standard   | -  | -   |   | -   | -        |   |   |   |  |
| GN01   | Business/Commercial   | Standard   | \$852  | -   |   | 473   | 379      |   |   |   |  |
| GN02   | Commercial  | Standard   | \$1,586  | -   |   | 564   | 1,022    |   |   |   |  |
| GN03   | Commercial  | Standard   | \$2,706  | -   |   | 883   | 1,823    |   |   |   |  |
| GN04   | Commercial/Industrial   | Standard   | \$1,684  | -   |   | 337   | 1,346    |   |   |   |  |
| GN05   | Large Industrial  | Standard   | \$1,107  | -   |   | 716   | 391      |   |   |   |  |
| Non-Standard (NG60)  | Large Industrial  | Non-standard   | \$601  | -   |   | \$535   | \$66     |   |   |   |  |
|  |   |  | -  | -   |   |   |          |   |   |   |  |
|  |   |  | -  | -   |   |   |          |   |   |   |  |
|  |   |  | -  | -   |   |   |          |   |   |   |  |
|  |   |  | -  | -   |   |   |          |   |   |   |  |
| Add extra rows for additional consumer groups or price category codes as necessary |   |  |  |   |   |   |          |   |   |   |  |
| Standard consumer totals   |   |  | \$22,920   | -   |   | \$10,279  | \$12,642 | - | - | - |  |
| Non-standard consumer totals   |   |  | \$601  | -   |   | \$535   | \$66     | - | - | - |  |
| Total for all consumers  |   |  | \$23,521   | -   |   | \$10,813  | \$12,708 | - | - | - |  |

Company Name

First Gas Limited (Distribution)

For Year Ended

30 September 2018

Network / Sub-network Name

North Island Network

**SCHEDULE 9a: ASSET REGISTER**

This schedule requires a summary of the quantity of assets that make up the network, by asset category and asset class.

sch ref

|    |                       |                                |                           |       | Items at start of<br>year (quantity) | Items at end of<br>year (quantity) | Net change | Data accuracy<br>(1-4) |
|----|-----------------------|--------------------------------|---------------------------|-------|--------------------------------------|------------------------------------|------------|------------------------|
| 8  | Operating Pressure    | Asset Category                 | Asset Class               | Units |                                      |                                    |            |                        |
| 9  | Intermediate Pressure | Main pipe                      | IP PE main pipe           | km    | -                                    | -                                  | -          | N/A                    |
| 10 | Intermediate Pressure | Main pipe                      | IP steel main pipe        | km    | 175                                  | 196                                | 21         | 3                      |
| 11 | Intermediate Pressure | Main pipe                      | IP other main pipe        | km    | -                                    | -                                  | -          | N/A                    |
| 12 | Intermediate Pressure | Service pipe                   | IP PE service pipe        | km    | -                                    | -                                  | -          | N/A                    |
| 13 | Intermediate Pressure | Service pipe                   | IP steel service pipe     | km    | 2                                    | 2                                  | -          | 3                      |
| 14 | Intermediate Pressure | Service pipe                   | IP other service pipe     | km    | -                                    | -                                  | -          | N/A                    |
| 15 | Intermediate Pressure | Stations                       | Intermediate pressure DRS | No.   | 102                                  | 102                                | -          | 3                      |
| 16 | Intermediate Pressure | Line valve                     | IP line valves            | No.   | 232                                  | 238                                | 6          | 3                      |
| 17 | Intermediate Pressure | Special crossings              | IP crossings              | No.   | 17                                   | 17                                 | -          | 2                      |
| 18 | Medium Pressure       | Main pipe                      | MP PE main pipe           | km    | 2,927                                | 2,977                              | 50         | 3                      |
| 19 | Medium Pressure       | Main pipe                      | MP steel main pipe        | km    | 132                                  | 130                                | (2)        | 3                      |
| 20 | Medium Pressure       | Main pipe                      | MP other main pipe        | km    | -                                    | -                                  | -          | 3                      |
| 21 | Medium Pressure       | Service pipe                   | MP PE service pipe        | km    | 1,315                                | 1,328                              | 13         | 3                      |
| 22 | Medium Pressure       | Service pipe                   | MP steel service pipe     | km    | 14                                   | 12                                 | (2)        | 3                      |
| 23 | Medium Pressure       | Service pipe                   | MP other service pipe     | km    | 1                                    | 1                                  | -          | 3                      |
| 24 | Medium Pressure       | Stations                       | Medium pressure DRS       | No.   | 24                                   | 24                                 | -          | 4                      |
| 25 | Medium Pressure       | Line valve                     | MP line valves            | No.   | 959                                  | 1,038                              | 79         | 4                      |
| 26 | Medium Pressure       | Special crossings              | MP special crossings      | No.   | 70                                   | 73                                 | 3          | 2                      |
| 27 | Low Pressure          | Main pipe                      | LP PE main pipe           | km    | 41                                   | 41                                 | -          | 3                      |
| 28 | Low Pressure          | Main pipe                      | LP steel main pipe        | km    | -                                    | -                                  | -          | 3                      |
| 29 | Low Pressure          | Main pipe                      | LP other main pipe        | km    | -                                    | -                                  | -          | N/A                    |
| 30 | Low Pressure          | Service pipe                   | LP PE service pipe        | km    | 31                                   | 30                                 | (1)        | 3                      |
| 31 | Low Pressure          | Service pipe                   | LP steel service pipe     | km    | -                                    | -                                  | -          | 3                      |
| 32 | Low Pressure          | Service pipe                   | LP other service pipe     | km    | -                                    | -                                  | -          | 3                      |
| 33 | Low Pressure          | Line valve                     | LP line valves            | No.   | 12                                   | 11                                 | (1)        | 4                      |
| 34 | Low Pressure          | Special crossings              | LP special crossings      | No.   | -                                    | -                                  | -          | N/A                    |
| 35 | All                   | Monitoring and control systems | Remote terminal units     | No.   | -                                    | -                                  | -          | 3                      |
| 36 | All                   | Cathodic protection systems    | Cathodic protection       | No.   | 39                                   | 42                                 | 3          | 2                      |

Company Name

First Gas Limited (Distribution)

For Year Ended

30 September 2018

Network / Sub-network Name

## North Island Network

### SCHEDULE 9b: ASSET AGE PROFILE

This schedule requires a summary of the age profile (based on year of installation) of the assets that make up the network, by asset category and asset class.

sch ref

8

Disclosure Year (year ended)

30 September 2018

**Number of assets at disclosure year end by installation date**

|    |                       |                               |                           | Year     |           |           |           |           |           |           |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | Items at end of year |                        |                     |       |     |
|----|-----------------------|-------------------------------|---------------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|----------------------|------------------------|---------------------|-------|-----|
|    |                       |                               |                           | 2018     |           |           |           |           |           |           |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | No. with age unknown | No. with default dates | Data accuracy (1-4) |       |     |
|    |                       |                               |                           | pre-1970 | 1970-1974 | 1975-1979 | 1980-1984 | 1985-1989 | 1990-1994 | 1995-1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018                 |                        |                     |       |     |
| 9  | Operating Pressure    | Asset Category                | Asset Class               | Units    |           |           |           |           |           |           |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |                      |                        |                     |       |     |
| 10 | Intermediate Pressure | Main pipe                     | IP PE main pipe           | km       | -         | -         | -         | -         | -         | -         | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -                    | -                      | -                   | N/A   |     |
| 11 | Intermediate Pressure | Main pipe                     | IP steel main pipe        | km       | 1         | 16        | 1         | 105       | 38        | 8         | 0    | -    | 0    | 0    | 0    | 1    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 1    | 0    | 1    | 0    | 1    | 0                    | 21                     | -                   | 196   | 3   |
| 12 | Intermediate Pressure | Main pipe                     | IP other main pipe        | km       | -         | -         | -         | -         | -         | -         | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -                    | -                      | -                   | N/A   |     |
| 13 | Intermediate Pressure | Service pipe                  | IP PE service pipe        | km       | -         | -         | -         | -         | -         | -         | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -                    | -                      | -                   | N/A   |     |
| 14 | Intermediate Pressure | Service pipe                  | IP steel service pipe     | km       | -         | 0         | -         | 1         | 1         | 0         | 0    | -    | -    | -    | -    | -    | -    | 0    | -    | -    | -    | 0    | -    | -    | -    | -    | -    | -    | 0                    | -                      | 2                   | 3     |     |
| 15 | Intermediate Pressure | Service pipe                  | IP other service pipe     | km       | -         | -         | -         | -         | -         | -         | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -                    | -                      | -                   | N/A   |     |
| 16 | Intermediate Pressure | Stations                      | Intermediate pressure DRS | No.      | -         | 1         | -         | 42        | 24        | 8         | 1    | -    | 3    | 1    | 2    | 2    | 1    | -    | -    | 1    | 1    | 3    | 1    | -    | 2    | 2    | 5    | -    | 2                    | -                      | 102                 | 3     |     |
| 17 | Intermediate Pressure | Line valve                    | IP line valves            | No.      | -         | 12        | 4         | 42        | 63        | 18        | 6    | 1    | 2    | 1    | 1    | 6    | 6    | 2    | 5    | 4    | 1    | 2    | 5    | 11   | 4    | 11   | 9    | 6    | 10                   | 6                      | -                   | 238   | 3   |
| 18 | Intermediate Pressure | Special crossings             | IP crossings              | No.      | -         | 1         | -         | 8         | 7         | 1         | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -                    | -                      | 17                  | 3     |     |
| 19 | Medium Pressure       | Main pipe                     | MP PE main pipe           | km       | 26        | 39        | 141       | 204       | 726       | 516       | 428  | 59   | 53   | 52   | 73   | 87   | 76   | 66   | 56   | 46   | 24   | 15   | 14   | 15   | 36   | 47   | 32   | 40   | 54                   | 50                     | -                   | 2,977 | 3   |
| 20 | Medium Pressure       | Main pipe                     | MP steel main pipe        | km       | 9         | 80        | 26        | 15        | 2         | 0         | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0                    | (2)                    | -                   | 130   | 3   |
| 21 | Medium Pressure       | Main pipe                     | MP other main pipe        | km       | -         | -         | -         | -         | -         | -         | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -                    | -                      | -                   | 3     |     |
| 22 | Medium Pressure       | Service pipe                  | MP PE service pipe        | km       | 0         | 27        | 91        | 64        | 178       | 226       | 243  | 43   | 43   | 38   | 44   | 39   | 37   | 35   | 33   | 27   | 14   | 18   | 15   | 14   | 18   | 22   | 14   | 16   | 17                   | 13                     | -                   | 1,328 | 3   |
| 23 | Medium Pressure       | Service pipe                  | MP steel service pipe     | km       | 0         | 11        | 1         | 1         | 0         | 0         | 0    | -    | -    | -    | 0    | -    | -    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0                    | (2)                    | -                   | 12    | 3   |
| 24 | Medium Pressure       | Service pipe                  | MP other service pipe     | km       | -         | 1         | 0         | -         | 0         | -         | -    | -    | 0    | -    | -    | -    | -    | -    | -    | -    | -    | 0    | -    | -    | 0    | -    | -    | -    | -                    | -                      | -                   | 1     | 3   |
| 25 | Medium Pressure       | Stations                      | Medium pressure DRS       | No.      | -         | 3         | 1         | 2         | 1         | 1         | 2    | -    | -    | -    | -    | -    | 1    | -    | -    | -    | 1    | 2    | -    | 2    | 6    | 1    | 1    | -    | -                    | -                      | -                   | 24    | 3   |
| 26 | Medium Pressure       | Line valve                    | MP line valves            | No.      | 9         | 140       | 97        | 208       | 127       | 42        | 39   | 7    | 8    | 4    | 11   | 14   | 23   | 2    | 10   | 8    | 14   | 11   | 13   | 26   | 18   | 23   | 51   | 30   | 24                   | 79                     | -                   | 1,038 | 3   |
| 27 | Medium Pressure       | Special crossings             | MP special crossings      | No.      | -         | -         | -         | 8         | 26        | 8         | 6    | 1    | 1    | -    | -    | -    | 1    | -    | -    | 1    | -    | -    | -    | -    | 1    | 2    | -    | 3    | 3                    | 12                     | -                   | 73    | 3   |
| 28 | Low Pressure          | Main pipe                     | LP PE main pipe           | km       | -         | 2         | 20        | 2         | 3         | 3         | 2    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 5    | 0    | 0    | 0    | 0                    | -                      | 41                  | -     | 3   |
| 29 | Low Pressure          | Main pipe                     | LP steel main pipe        | km       | -         | 0         | -         | -         | -         | -         | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -                    | -                      | -                   | -     | 3   |
| 30 | Low Pressure          | Main pipe                     | LP other main pipe        | km       | -         | -         | -         | -         | -         | -         | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -                    | -                      | -                   | N/A   |     |
| 31 | Low Pressure          | Service pipe                  | LP PE service pipe        | km       | 0         | 2         | 8         | 4         | 3         | 4         | 3    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 1    | 0    | 0    | 0    | 0    | 1    | 2    | 1    | 0    | 0    | 0                    | (1)                    | -                   | 30    | 3   |
| 32 | Low Pressure          | Service pipe                  | LP steel service pipe     | km       | 0         | 0         | 0         | 0         | -         | -         | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -                    | -                      | -                   | -     | 3   |
| 33 | Low Pressure          | Service pipe                  | LP other service pipe     | km       | -         | -         | -         | -         | -         | -         | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -                    | -                      | -                   | -     | N/A |
| 34 | Low Pressure          | Line valve                    | LP line valves            | No.      | -         | -         | -         | -         | 1         | -         | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | 4    | 3    | -    | -    | 1    | -    | (1)                  | 3                      | -                   | 11    | 3   |
| 35 | Low Pressure          | Special crossings             | LP special crossings      | No.      | -         | -         | -         | -         | -         | -         | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -                    | -                      | -                   | -     | N/A |
| 36 | All                   | Monitoring and control system | Remote terminal units     | No.      | -         | -         | -         | -         | -         | -         | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -                    | -                      | -                   | -     | 3   |
| 37 | All                   | Cathodic protection systems   | Cathodic protection       | No.      | -         | 1         | -         | 6         | 18        | 8         | -    | 1    | 1    | -    | -    | -    | -    | -    | -    | -    | 1    | -    | -    | 1    | 2    | -    | -    | -    | 3                    | -                      | 42                  | -     |     |

Company Name

First Gas Limited (Distribution)

For Year Ended

30 September 2018

Network / Sub-network Name

North Island Network

**SCHEDULE 9c: REPORT ON PIPELINE DATA**

This schedule requires a summary of the key characteristics of the pipeline network.

sch ref

**Network Information (end of year)****System length by material (defined by GDB)****Length (km)****%**

|                      |              |                |
|----------------------|--------------|----------------|
| Steel                | 340          | 7.21%          |
| PE                   | 4,376        | 92.77%         |
| Other                | 1            | 0.02%          |
|                      |              | -              |
|                      |              | -              |
|                      |              | -              |
| <b>System length</b> | <b>4,717</b> | <b>100.00%</b> |

**By operating pressure:**

Intermediate pressure

Medium pressure

Low pressure

**Total**

| <b>System length<br/>(km) (at year end)</b> | <b>Weighted average<br/>pipe diameter<br/>(mm)</b> | <b>Number of ICPs<br/>(at year end)</b> | <b>Gas conveyed for<br/>Persons not<br/>involved in the<br/>GDB (TJ)</b> |
|---|--|---|--|
| 198   | 72   | 38                                      | 5,661  |
| 4,448                                       | 23   | 61,953                                  | 4,438  |
| 71  | 31   | 1,561                                   | 42   |
| <b>4,717</b>                                | <b>25</b>  | <b>63,552</b>                           | <b>10,141</b>  |

Company Name

First Gas Limited (Distribution)

For Year Ended

30 September 2018

Network / Sub-network Name

North Island Network

**SCHEDULE 9d: REPORT ON DEMAND**

This schedule requires a summary of the key measures of network demand for the disclosure year (number of new connections including, maximum monthly loads and total gas conveyed)

sch ref

8

9

**9d(i): Consumer Connections**

Number of ICPs connected in year by consumer type

10

11

12

Consumer types defined by GDB

Number of  
connections (ICPs)

13

Residential

1,261

14

Commercial

124

15

16

17

18

Total

1,385

19

**9d(ii): Gas Delivered**

20

21

Number of ICPs at year end

63,552

connections

22

Maximum daily load

39,840

(GJ per day)

23

Maximum monthly load

1,074,813

(GJ per month)

24

Number of directly billed ICPs

-

(at year end)

25

Total gas conveyed

10,141,734

(GJ per annum)

26

Average daily delivery

27,786

(GJ per day)

27

28

Load factor

78.63%

|                            |                                  |
|----------------------------|----------------------------------|
| Company Name               | First Gas Limited (Distribution) |
| For Year Ended             | 30 September 2018                |
| Network / Sub-network Name | North Island Network             |

**SCHEDULE 10a: REPORT ON NETWORK RELIABILITY AND INTERRUPTIONS**

This schedule requires a summary of the key measures of network reliability (interruptions, SAIDI, SAIFI and CAIDI) for the disclosure year. GDBs must provide explanatory comment on their network reliability for the disclosure year in Schedule 14 (Explanatory Notes to Templates). The SAIDI and SAIFI information is part of audited disclosure information (as defined in section 1.4 of the ID determination), and so is subject to the assurance report required by section 2.8.

sch ref

**10a(i): Interruptions****Interruptions by class**

|  | Actual     |
|--|------------|
| Class A (planned interruptions by GTB)                         | -          |
| Class B (planned interruptions on the network)                 | 85         |
| Class C (unplanned interruptions on the network)               | 38         |
| Class D (unplanned interruptions by GTB)                       | -          |
| Class I (unplanned interruptions caused by third party damage) | 118        |
| <b>Total</b>   | <b>241</b> |

**Number of unplanned outage events (interruptions that affect more than 5 ICPs)**

|                      | Actual |
|----------------------|--------|
| North Island regions | 1      |
|                      |        |
|                      |        |
|                      |        |
|                      |        |

**Number of unplanned outage events caused by third party damage (interruptions that affect more than 5 ICPs)**

|                      | Actual |
|----------------------|--------|
| North Island regions | 1      |
|                      |        |
|                      |        |
|                      |        |
|                      |        |

**10a(ii): Reliability****Overall reliability**

|  | SAIDI | SAIFI | CAIDI  |
|--|-------|-------|--------|
| Based on the total number of interruptions                     | 664   | 4.64  | 143.21 |
| Class I (unplanned interruptions caused by third party damage) | 182   | 2.45  | 74.23  |

**Class B (planned interruptions on the network)**

|                      | SAIDI | SAIFI | CAIDI  |
|----------------------|-------|-------|--------|
| North Island regions | 402   | 1.49  | 269.91 |
|                      |       |       | -      |
|                      |       |       | -      |
|                      |       |       | -      |
|                      |       |       | -      |

**Class C (unplanned interruptions on the network)**

|                      | SAIDI | SAIFI | CAIDI  |
|----------------------|-------|-------|--------|
| North Island regions | 80    | 0.70  | 115.50 |
|                      |       |       | -      |
|                      |       |       | -      |
|                      |       |       | -      |
|                      |       |       | -      |

Company Name

First Gas Limited (Distribution)

For Year Ended

30 September 2018

Network / Sub-network Name

North Island Network

**SCHEDULE 10b: REPORT ON NETWORK INTEGRITY AND CONSUMER SERVICE**

This schedule requires a summary of the key measures of network Integrity (gas escapes, response time to emergencies etc) for the disclosure year.

sch ref

**10b(i): System Condition and Integrity****Number of confirmed public reported gas escapes per system length  
(escapes/1000 km)**

Actual

|                   |    |
|-------------------|----|
| First Gas Regions | 32 |
|                   |    |
|                   |    |
|                   |    |
|                   |    |

**Number of leaks detected by routine survey per system length  
(leaks/1000 km)**

Actual

|                   |   |
|-------------------|---|
| First Gas Regions | 3 |
|                   |   |
|                   |   |
|                   |   |
|                   |   |

**Number of third party damage events per system length  
(events/1000 km)**

Actual

|                   |    |
|-------------------|----|
| First Gas Regions | 25 |
|                   |    |
|                   |    |
|                   |    |
|                   |    |

**Number of poor pressure events due to network causes**

Actual

|                   |   |
|-------------------|---|
| First Gas Regions | 5 |
|                   |   |
|                   |   |
|                   |   |
|                   |   |

**Number of telephone calls to emergency numbers answered within 30 seconds per  
total number of calls**

Actual

|                   |        |
|-------------------|--------|
| First Gas Regions | 70.69% |
|                   |        |
|                   |        |
|                   |        |
|                   |        |

**Product control—safety of distribution gas**

Actual

Number of non-compliant odour tests

2

**10b(ii): Consumer Service****Response time to emergencies (RTE)**Proportion of  
emergencies  
responded to  
within 1 hour (%)Proportion of  
emergencies  
responded to  
within 3 hours (%)Average call  
response time  
(hours)Number of  
emergencies

|                   |        |         |      |    |
|-------------------|--------|---------|------|----|
| First Gas Regions | 88.89% | 100.00% | 0.62 | 54 |
|                   |        |         |      |    |
|                   |        |         |      |    |
|                   |        |         |      |    |
|                   |        |         |      |    |

**Number of complaints**

Actual

Number of complaints per average total consumer numbers

-



|                |                                  |
|----------------|----------------------------------|
| Company        | First Gas Limited (Distribution) |
| For Year Ended | 30 September 2018                |

#### **Schedule 14: Mandatory Explanatory Notes**

1. This schedule requires GDBs to provide explanatory notes to information provided in accordance with clauses 2.3.1, 2.4.21, 2.4.22, and sub-clauses 2.5.1(1)(e) and 2.5.2(1)(e).
2. This schedule is mandatory—GDBs must provide the explanatory comment specified below, in accordance with clause 2.7.1. Information provided in boxes 1 to 12 of this schedule is part of the audited disclosure information, and so is subject to the assurance requirements specified in section 2.8.
3. Schedule 15 (Voluntary Explanatory Notes to Schedules) provides for GDBs to give additional explanation of disclosed information should they elect to do so.

#### *Return on Investment (Schedule 2)*

4. In the box below, comment on return on investment as disclosed in Schedule 2. This comment must include information on reclassified items in accordance with sub-clause 2.7.1(2).

##### **Box 1: Explanatory comment on return on investment**

The vanilla return on investment (ROI) for our Distribution business of 4.75% is lower than the 2017 result of 10.58%.

This decrease in ROI is primarily due to the decrease in revenue between the two disclosure years and an increase in operational expenditure in 2018. The 2017 DPP reset for gas distribution businesses (GDBs) resulted in a decrease in prices and associated revenue for First Gas (Distribution) from 1 October 2017. First Gas' operational expenditure increased in 2018 due to a provision for settlement of claims brought by the Commerce Commission under sections 47 and 27 of the Commerce Act 1986 in relation to First Gas' acquisition of GasNet's Bay of Plenty gas distribution pipelines.

Further, the ROI for 2017 was higher than normal due to the irregular disclosure period of 15 months. Whilst the ROI calculation was adjusted to reflect the period, the revenue component of the calculation was high as the winter months of July, August and September from both 2016 and 2017 were included in the disclosure period. These winter months see higher revenues than other months, with colder temperatures leading to an increase in the use of gas.

There has been no re-classification of items in the disclosure year.

#### *Regulatory Profit (Schedule 3)*

5. In the box below, comment on regulatory profit for the disclosure year as disclosed in Schedule 3. This comment must include-
  - 5.1 a description of material items included in other regulated income (other than gains / (losses) on asset disposals), as disclosed in 3(l) of Schedule 3
  - 5.2 information on reclassified items in accordance with sub-clause 2.7.1(2).

**Box 2: Explanatory comment on regulatory profit**

There are no items of other regulated income and accordingly no reclassified items.

*Merger and acquisition expenses (3(iv) of Schedule 3)*

6. If the GDB incurred merger and acquisitions expenditure during the disclosure year, provide the following information in the box below:
- 6.1 information on reclassified items in accordance with sub-clause 2.7.1(2)
  - 6.2 any other commentary on the benefits of the merger and acquisition expenditure to the GDB.

**Box 3: Explanatory comment on merger and acquisition expenditure**

No merger and acquisition expenditure has been included during the disclosure year.

*Value of the Regulatory Asset Base (Schedule 4)*

7. In the box below, comment on the value of the regulatory asset base (rolled forward) in Schedule 4. This comment must include information on reclassified items in accordance with sub-clause 2.7.1(2).

**Box 4: Explanatory comment on the value of the regulatory asset based (rolled forward)**

The value of the regulated asset base (RAB) has been determined by rolling forward the initial RAB with adjustments made for additions, disposals, depreciation and revaluation in accordance with the applicable Input Methodologies.

Exemptions applied to RAB

In 2017, the Commerce Commission exempted First Gas Limited (Distribution) from completing the historic information in Schedule 4(1) Regulatory Asset Base Value (Rolled Forward) relating to periods prior to First Gas ownership. First Gas purchased the non-Auckland gas distribution network on 20 April 2016; historical disclosures were made by Vector Limited. We have continued to apply this exemption in the 2018 disclosures.

Amendment to opening unallocated RAB

In 2018, we reviewed the not-directly attributable assets for our distribution and transmission businesses.

In Schedule 4(ii), the opening unallocated RAB value is different to the closing unallocated RAB value that was disclosed in 2017. This is because in 2017 a small number of assets directly attributable to our transmission business were included in the closing unallocated RAB value for our distribution business. These transmission assets have been removed from the unallocated RAB value for our distribution network in 2018. The closing unallocated RAB balance in 2017 was \$156.571 million. After removing the directly attributable transmission assets, the opening unallocated RAB for 2018 is \$156.441 million.

Calculation of revaluation rate and revaluation of assets

Following a change in the base year by Statistics New Zealand, the opening CPI value (CPI<sub>4</sub><sup>-4</sup>) does not agree to closing CPI value disclosed in 2017. The opening CPI value disclosed in 2018 of 1005 reflects the Statistics New Zealand revision to the All Groups Index SE9A.

*Regulatory tax allowance: disclosure of permanent differences (5a(a) of Schedule 5a)*

8. In the box below, provide descriptions and workings of the material items recorded in the following asterisked categories of 5a(i) of Schedule 5a-

- 8.1 Income not included in regulatory profit / (loss) before tax but taxable
- 8.2 Expenditure or loss in regulatory profit / (loss) before tax but not deductible
- 8.3 Income included in regulatory profit / (loss) before tax but not taxable
- 8.4 Expenditure or loss deductible but not in regulatory profit / (loss) before tax

**Box 5: Regulatory tax allowance: permanent differences**

Permanent differences consist largely of a provisional non-deductible payment to settle claims brought by the Commerce Commission under sections 47 and 27 of the Commerce Act 1986 in relation to First Gas' acquisition of GasNet's Bay of Plenty gas pipelines.<sup>1</sup> There are also immaterial amounts of non-deductible professional fees and entertainment expenses.

*Regulatory tax allowance: disclosure of temporary differences (5a(vi) of Schedule 5a)*

9. In the box below, provide descriptions and workings of material items recorded in the asterisked category 'Tax effect of other temporary differences' in 5a(vi) of Schedule 5a.

**Box 6: Tax effect of other temporary differences (current disclosure year)**

Temporary differences include immaterial movements in provisions and accruals.

*Related party transactions: disclosure of related party transactions (Schedule 5b)*

10. In the box below, provide descriptions of related party transactions beyond those disclosed on Schedule 5b including identification and descriptions as to the nature of directly attributable costs disclosed under sub-clause 2.3.6(2)(b).

**Box 7: Related party transactions**

A description of all related party transactions has been disclosed in Schedule 5b.

*Cost allocation (Schedule 5d)*

11. In the box below, comment on cost allocation as disclosed in Schedule 5d. This comment must include information on reclassified items in accordance with sub-clause 2.7.1(2).

<sup>1</sup> First Gas has accepted the claims brought by the Commerce Commission. The provisional amount included in the 2018 disclosure accounts is in line with the final settlement determined by the courts in February 2019.

**Box 8: Cost allocation**

All operating costs disclosed in Schedule 5d (except some specified business support costs and pass-through costs), are directly attributable to either the First Gas distribution or transmission business. First Gas has applied the avoided cost allocation methodology (ACAM) in accordance with the applicable Input Methodologies.

Approach to cost allocation

The accounting-based allocation approach (ABAA) has been applied in accordance with the applicable Input Methodologies determination to allocate not directly attributable costs (shared costs) between First Gas' distribution and transmission businesses. Causal cost allocators have been used where a cost driver has led to the cost being incurred.

Where a single causal allocator cannot be established for a shared cost, a proxy allocator has been used. The rationale behind the use of each proxy allocator is based on an analysis of each cost item that is not directly attributable. The key allocator that can be used as a proxy is determined by management. This is based on management's experience and knowledge, and an analysis of each of the cost areas.

Treatment of costs

Business support costs that are not directly attributable arise in the areas of:

- Legal and consulting fees, which has a causal cost allocator of management's estimate of time spent;
- Employee related costs such as mobile phones, stationery, travel, information technology hardware and software, and advertising for positions, which have a causal cost allocator of employee numbers;
- General expenses such as telephones, sponsorship and professional fees for audit, tax, information and technology and treasury functions which have a proxy cost allocator of the Regulatory Asset Base (RAB);
- Directors fees which has a proxy cost allocator of RAB;
- Insurance costs which has a proxy cost allocator of RAB; and
- Commerce Act levies which have a causal cost allocator of RAB.

Only one allocation method is used for each area.

First Gas has refined the cost allocators applied to its information disclosure accounts this year. Where possible, we have allocated the shared costs at a greater level of disaggregation than in previous years. Further information on the effect of this refinement to allocators is available in Schedule 5d of this disclosure document.

*Asset allocation (Schedule 5e)*

12. In the box below, comment on asset allocation as disclosed in Schedule 5e. This comment must include information on reclassified items in accordance with sub-clause 2.7.1(2).

**Box 9: Commentary on asset allocation**

Non-network assets that are not directly attributable have been allocated across all First Gas regulated businesses based on head count.

In 2018, we reviewed the not-directly attributable assets for our distribution business. This review identified a number of directly attributable non-network assets that had been previously considered not directly attributable.

During the 2018 disclosure period, these assets were re-classified from “Not directly attributable” to “directly attributable.”

*Capital Expenditure for the Disclosure Year (Schedule 6a)*

13. In the box below, comment on expenditure on assets for the disclosure year, as disclosed in Schedule 6a. This comment must include-

- 13.1 a description of the materiality threshold applied to identify material projects and programmes described in Schedule 6a;
- 13.2 information on reclassified items in accordance with sub-clause 2.7.1(2).

**Box 10: Explanation of capital expenditure for the disclosure year**

A project or programme is considered material if the estimated total project cost is equal to or exceeds \$0.5 million.

There have been no re-classified items.

Focus for capital expenditure

First Gas remains focused on building and maintaining a safe and resilient gas distribution for our customers, whilst actively pursuing growth across our network. This focus is reflected in the work programme that was undertaken this year:

- Integrity upgrades to mains pipes;
- Upgrades to District Regulating Station and metering equipment;
- Mains extensions for subdivisions;
- New residential connections; and
- Open Country Dairy Horotiu expansion

Further detail on our expenditure during this period, and our future work programme is available in our 2018 Asset Management Plan published on the First Gas website here:  
<http://firstgas.co.nz/about-us/regulatory/distribution/>

*Operational Expenditure for the Disclosure Year (Schedule 6b)*

14. In the box below, comment on operational expenditure for the disclosure year, as disclosed in Schedule 6b. This comment must include-

- 14.1 Commentary on assets replaced or renewed with asset replacement and renewal operational expenditure, as reported in 6b(i) of Schedule 6b
- 14.2 Information on reclassified items in accordance with sub-clause 2.7.1(2)
- 14.3 Commentary on any material atypical expenditure included in operational expenditure disclosed in Schedule 6b, including the value of the expenditure, the purpose of the expenditure, and the operational expenditure categories the expenditure relates to.

**Box 11: Explanation of operational expenditure for the disclosure year**

There has been no operational expenditure on asset replacement and renewal.

There have been no re-classified items.

First Gas has incurred atypical expenditure in 2018. The business support category includes the provision for settlement of the claims brought by the Commerce Commission under sections 47 and 27 of the Commerce Act 1986 in relation to First Gas' acquisition of GasNet's Bay of Plenty gas distribution pipelines.

*Variance between forecast and actual expenditure (Schedule 7)*

15. In the box below, comment on variance in actual to forecast expenditure for the disclosure year, as reported in Schedule 7. This comment must include information on reclassified items in accordance with sub-clause 2.7.1(2).

**Box 12: Explanation of the variance between forecast and actual expenditure**

Capital expenditure

Overall, our capital expenditure on network assets was \$2.6 million (16%) lower than that forecast in our Asset Management Plan for this period. This lower expenditure reflects a deferral of projects as we complete further investigation or manage work plans to minimise the impact of construction on customers. Major variances in expenditure over the year relate to:

- The deferral of the IP20 Cambridge reinforcement project until the 2019 disclosure year. This project was deferred so our work could be aligned with the Waipa District Council relocation of approximately 650 metres of the South Waikato Expressway (\$1.7 million);
- A delay in the work programme to replace pre-1985 pipelines, as a strategy review is currently underway to determine the priority areas to address first (\$2 million); and
- Rescheduling the execution of the Hamilton DRS 100 upgrade to limit the impact on customers in the area, to predominantly FY2019 (\$0.5 million).

Operational expenditure

Total operating expenditure is \$1.8 million (22%) above that forecast for the period. This increase is driven by the unexpected investigation by the Commission under sections 27 and 47 of the Commerce Act 1986. A provision for settlement is included in the 2018 disclosure accounts.

Excluding this one-off provisional payment, our operating expenditure over the past year is \$1.6 million (19%) below forecast. This reflects efficiency gains we have achieved by optimising our business systems and processes, including efficiencies achieved through our updated contract with our primary service provider.

Further detail on our expenditure for this period, and future work programme is available in our 2018 Asset Management Plan published on the First Gas website here: <http://firstgas.co.nz/about-us/regulatory/distribution/>

*Information relating to revenues and quantities for the disclosure year*

16. In the box below, please explain reasons for any material differences between target revenue disclosed before the start of the pricing year in accordance with clause 2.4.1 and sub-clause 2.4.3(3), and total billed line charge revenue for the disclosure year as disclosed in Schedule 8.

**Box 13: Explanatory comment relating to revenue for the disclosure year**

Our line charge revenue of \$23.5 million is \$1.8 million above the target revenue forecast in our pricing methodology for the period.

Target revenue was determined using the allowable notional revenue calculated in accordance with the 2017 DPP Determination for gas distribution services, adjusted for a forecast volume growth of approximately 1%. This forecast was based on historic growth in volumes and consumer connections.

In 2018, the growth in our consumer connections and volume exceeded our forecast as:

- Continued efforts to make gas more accessible saw an increase in consumer connections and gas use above that forecast; and
- The historic data used in our forecast was based on consumption from two years prior which was an abnormally dry and warm year with low gas use.

17. If price category codes or consumer groups (as applicable) have been changed in a disclosure year, please explain in the box below the effect of this on the allocation of ICPs, quantities and revenues between consumer groups disclosed in Schedule 8.

**Box 14: Explanatory comment relating to changed price category codes or consumer groups**

First Gas introduced a new price category on 1 October 2017. The GN0V tariff is a fully variable tariff available to new residential connections and compliments the existing GN0R tariff which includes a fixed component. Joining this pricing plan is optional for new consumers and there was no uptake of the GN0V pricing plan in this disclosure period. This category has had no effect on the allocation of ICPs, quantities and revenues between consumer groups.

*Network Reliability for the Disclosure Year (Schedule 10a)*

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

**Box 15: Commentary on network reliability for the disclosure year**

A total of 241 interruptions were experienced on the network in 2018. This is a decrease from the 395 interruptions experienced in 2017,<sup>2</sup> and is largely due to a decrease in planned interruptions.

The number of planned interruptions reflects the mix of work undertaken during the period. Typically, growth projects such as new subdivision or connection work will see lower planned interruptions to consumers, in comparison to asset replacement and renewal work on existing connected assets, which may see greater planned interruptions. In previous years we have had larger work programmes to replace cast iron pipes and sections of pre-1985 polyethylene (PE) pipelines. As per box 12, we have delayed the work programme to replace the pre-1985 PE pipe due to a review of the replacement strategy. This programme of work is expected to restart in 2019.

Unplanned interruptions caused by third parties have decreased slightly this year. First Gas has continued to advertise and educate developers and contractors on the need to check the area before they commence works and dig. We are members of the “before u dig” service and actively promote its use.

Unplanned SAIDI not caused by third party damage (Class C) has also decreased this disclosure period, from 1,308 minutes in the 2017 disclosure period to 80 minutes this year. Whilst lower interruption numbers affect this result, the main driver of the lower SAIDI is the reduction in temporary disconnections and their duration. In 2017 there were 12 temporary disconnection events accounting for 1,172 minutes compared to 3 events this year accounting for only 39 SAIDI minutes.

Temporary disconnections occur when First Gas is unable to restore supply when we respond to the event. Typically, this will happen if the interruption occurs in the evening and it is unsafe or too disruptive for works to continue, or the consumer requests that we leave the supply disconnected for a specified period. In these cases, the site is made safe and First Gas will return to reinstate supply the following day or at the time requested. Any period of disconnection is undertaken with the customer’s agreement.

*Insurance cover*

19. In the box below, provide details of any insurance cover for the assets used to provide gas pipeline services, including-
20. The GDB’s approaches and practices in regard to the insurance of assets, including the level of insurance;
21. In respect of any self-insurance, the level of reserves, details of how reserves are managed and invested, and details of any reinsurance.

**Box 16: Explanation of insurance cover**

Insurance cover is in place for a large number of group assets, excluding distribution pipeline assets. These policies cover material damage, business interruption and contract works insurance.

Insurance costs are allocated to the Distribution business based on the businesses share of total RAB forecasts.

*Amendments to previously disclosed information*

22. In the box below, provide information about amendments to previously disclosed information disclosed in accordance with clause 2.12.1 in the last 7 years, including:

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<sup>2</sup> 494 interruptions were incurred in the 15-month 2017 disclosure period. This is pro-rated to 395 interruptions to reflect a comparative 12-month period.



GAS DISTRIBUTION INFORMATION DISCLOSURE DETERMINATION 2012 – (CONSOLIDATED IN 2015) –  
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- 22.1 a description of each error; and
- 22.2 for each error, reference to the web address where the disclosure made in accordance with clause 2.12.1 is publicly disclosed.

**Box 17: Disclosure of amendment to previously disclosed information**

No amendments are required.

|                |                                  |
|----------------|----------------------------------|
| Company        | First Gas Limited (Distribution) |
| For Year Ended | 30 September 2018                |

### Schedule 15: Voluntary Explanatory Notes

1. This schedule enables GDBs to provide, should they wish to:
  - 1.1 additional explanatory comment to reports prepared in accordance with clauses 2.3.1, 2.4.21, 2.4.22, 2.5.1, and 2.5.2.
  - 1.2 information on any substantial changes to information disclosed in relation to a prior disclosure year, as a result of final wash-ups.
2. Information in this schedule is not part of the audited disclosure information, and so is not subject to the assurance requirements specified in section 2.8.
3. Provide additional explanatory comment in the box below.

#### Box 1: Voluntary explanatory comment on disclosed information

In completing this disclosure, First Gas has made two minor amendments to information after discussion with the Commerce Commission. These amendments are:

- **Schedule 4.** Adjusting the opening Unallocated RAB balance disclosed in Schedule 4 as discussed in box 4 of the mandatory notes; and
- **Schedule 5d.** When comparing the change in cost allocations in Schedule 5d(iii) the CY-1 result is based on a 12-month period (October 2016 – September 2017) rather than the 2017 disclosure period. The 2017 disclosure period for First Gas covered the 15 months from July 2016 to September 2017.

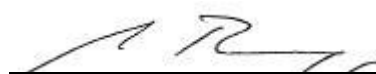
In 2017 we received an exemption for schedule 4(i): Regulatory Asset Base (rolled forward). The exemption applies from the 2017 to 2019 disclosures and exempts First Gas from completing the roll forward information relating to periods prior to the 2016 disclosure. First Gas purchased its distribution network in April 2016. This exemption was applied in the 2018 disclosure.

**Schedule 19 Certification for Year-end Disclosures**

## Clause 2.9.3

We, Philippa Jane Dunphy and Euan Richard Krogh, being directors of First Gas Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:

- a) the information prepared for the purposes of clauses 2.3.1, 2.3.2, 2.4.21, 2.4.22, 2.5.1, 2.5.2 and 2.7.1 of the *Gas Distribution Information Disclosure Determination 2012* in all material respects complies with that determination; and
- b) the historical information used in the preparation of Schedules 8, 9a, 9b, 9c, 9d, 10a, 10b and 14 has been properly extracted from the First Gas Limited's accounting and other records sourced from the applicable financial and non-financial systems, and that sufficient appropriate records have been retained.

  
\_\_\_\_\_  
Director  
Philippa Jane Dunphy  
\_\_\_\_\_  
Director  
Euan Richard Krogh\_\_\_\_\_  
Date 28 February 2019\_\_\_\_\_  
Date 28 February 2019



# Independent Reasonable Assurance Report to the Directors of First Gas Limited and to the New Zealand Commerce Commission

## Conclusion

We have concluded that, in all material respects, Schedules 1, 2, 3, 4, 5 (a-g), 6 (a-b), 7, 10(a)(ii) and 14 (boxes 1 – 12) of the First Gas Limited Gas Distribution Information Disclosure Requirements Information Templates (the 'schedules'), have been prepared, in accordance with the Commerce Commission Gas Distribution Information Disclosure Amendments Determination (No. 1) 2017 – 14 June 2017 and the related Reasons Paper and Input Methodologies (together 'the determination') for the 12 months ended 30 September 2018.

As far as appears from an examination of them, proper records to enable the complete and accurate compilation of the schedules as at 30 September 2018 have been kept by First Gas Limited for the 12 months ended 30 September 2018.

As far as appears from examination, the information used in the preparation of the schedules as at 30 September 2018 has been properly extracted from First Gas Limited's accounting and other records and has been sourced, where appropriate, from First Gas Limited's financial and non-financial systems.

## Information subject to assurance

We have performed an engagement to provide reasonable assurance in relation to First Gas Limited's schedules for the 12 months ended 30 September 2018.

## Criteria

We have performed an engagement to provide reasonable assurance in relation to the Schedules 1, 2, 3, 4, 5 (a-g), 6 (a-b), 7, 10(a)(ii) and 14 (boxes 1 – 12) prepared in accordance with the determination for the 12 months ended 30 September 2018.

## Standards we followed

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

- used our professional judgement to assess the risk of material misstatement and plan and perform the engagement to obtain reasonable assurance that the schedules are free from material misstatement, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on the effectiveness of these controls; and
- ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies.



## How to interpret reasonable assurance and material misstatement

Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material misstatement when it exists.

Misstatements, including omissions, within the schedules are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the schedules.

## Use of this assurance Report

Our report should not be regarded as suitable to be used or relied on by any parties other than First Gas Limited and the New Zealand Commerce Commission in relation to section 2.8.1 of the determination for any purpose or in any context. Any party other than First Gas Limited or the New Zealand Commerce Commission who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than First Gas Limited and the New Zealand Commerce Commission for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

Our report is released to First Gas Limited and the New Zealand Commerce Commission on the basis that it shall not be copied, referred to or disclosed, in whole (save for First Gas Limited's own internal purposes) or in part, without our prior written consent.

## Directors' responsibility for the schedules

The directors of the company are responsible for the preparation and fair presentation of the schedules in accordance with the determination. This responsibility includes such internal control as the directors determine is necessary to enable the preparation of the schedules that is free from material misstatement whether due to fraud or error.

## Our responsibility

Our responsibility is to express a conclusion to the directors on the preparation and presentation of the schedules in accordance with the determination.

## Our independence and quality control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 (Revised) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 (Amended) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has also provided audit, other assurance and non-audit services to First Gas Limited. Partners and employees of our firm may also deal with First Gas Limited on normal terms within the ordinary course of trading activities of the business of First Gas Limited. These matters have not impaired our independence as assurance practitioners for this assurance engagement. The firm has no other relationship with, or interest in, First Gas Limited.

A handwritten signature in black ink that reads 'KPMG.' The signature is stylized and appears to be written by a person.

KPMG  
Auckland

28 February 2019