



THRESHOLD COMPLIANCE STATEMENT

**For the Assessment Period
ending 31 March 2006**

Pursuant to the Commerce Act
(Electricity Distribution Thresholds) Notice 2004

Unison Networks Limited
23 May 2006

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1. Assessment against Clause 5, the Price Path Threshold

1.1. Clause 5(1)(a) Notional Revenue at each Assessment Date

Unison does not comply with Clause 5(1)(a) of the Price Path Threshold for the Assessment Period ending on 31 March 2006 as specified by the Commerce Act (Electricity Distribution Thresholds) Notice 2004.

In accordance with the Commerce Act (Electricity Distribution Thresholds) Notice 2004 (the Gazette Notice) the Notional Revenue of Unison at each assessment date (the numerator of the left-hand side of the following expression) is not to exceed the allowable Notional Revenue of Unison under the CPI-X price path at that assessment date (the denominator of the left-hand side of the following expression):

$$\frac{NR_{2006}}{R_{2006}} \leq 1$$

$$\frac{53,677,419}{48,448,667} > 1$$

$$1.1079 > 1$$

Threshold is breached by \$5,228,752, supporting evidence is provided in appendices A, B, D, F and H.

1.2. Clause 5(1)(b) Notional Revenue during each Assessment Period

Unison does comply with Clause 5(1)(b) of the Price Path Threshold for the Assessment Period ending on 31 March 2006 as specified by the Commerce Act (Electricity Distribution Thresholds) Notice 2004.

In accordance with the Gazette Notice the Notional Revenue of Unison at any time during an Assessment Period is not to exceed the greater of the Notional Revenue of Unison at the assessment date on which that Assessment Period ends and the Notional Revenue of Unison at the previous assessment date under this clause (or, if the previous assessment date is the reference date, under clause 5 of the Commerce Act (Electricity Lines Thresholds) Notice (the Initial Notice)).

$$\frac{NR_{Max\ 1/4/05 - 31/3/06}}{Max(NR_{2005}, NR_{2006})} \leq 1$$

$$\frac{\$54,919,011}{\$55,135,324} < 1$$

$$0.9961 < 1$$

NR is less than maximum of NR at the beginning and the end of the assessment period, threshold is not breached. Supporting evidence is provided in appendices A, C, D, E, F, G, H and I.

1.3. Sources of Revenue

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

- Line Revenue from distribution network charges.

1.4. Excluded Services

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

- Losses and constraint excess payments, these are passed back transparently to retailers on all of Unison's distribution networks,
- Revenue from dedicated assets, where these are used by a single customer and charged to that customer. There is effective competition for the provision of these assets as some customers have elected to purchase their own transformer and avoid Unison's charge,
- Management services provided to other lines businesses, as these are non conveyance services,
- Value of assets vested in Unison on behalf of customers,
- Disconnection and reconnection income because Use of System Agreements across Unison's distribution network allow for suitably trained and authorised service providers to undertake disconnection and reconnection services on behalf of retailers,
- Instantaneous reserves revenue as this income is derived as a result of a competitive tendering process and forms non-conveyance services not directly related to the provision of electricity distribution,

- Fault related recoveries, as these are recoveries of costs not related to the conveyance of electricity and
- Miscellaneous other revenue, for example interest, rent, profit on sale of assets. These income sources are derived from non conveyance services.

1.5. Transmission Costs

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

- Connection charges,
- Interconnection charges,
- New investment agreement charges,
- Avoided transmission charges,
- Notional embedding charges,
- Economic Value Adjustment (EVA) credits,

1.6. Local Authority Rates

In accordance with the Gazette Notice, local authority rates applying to system fixed assets: lines, cables, equipment, and substation land and buildings, have been included in pass through costs.

1.7. Electricity Commission Levies

In accordance with the Gazette Notice, Electricity Commission levies paid during the Assessment Period have been included in pass through costs.

2. Assessment against Clause 6, the Quality Threshold

2.1. Clause 6(1) (a) Interruption Duration

Unison complies with Clause 6(1) (a) of the Quality Threshold for the Assessment Period ending on 31 March 2006 as specified by the Commerce Act (Electricity Distribution Thresholds) Notice 2004.

In accordance with the Gazette Notice, the System Average Interruption Duration Index (SAIDI) of Unison for each Assessment Period is not to exceed the five-year average SAIDI of Unison to 31 March 2003 (the right-hand side of the following expression):

$$SAIDI_{2006} \leq \frac{SAIDI_{1999} + SAIDI_{2000} + SAIDI_{2001} + SAIDI_{2002} + SAIDI_{2003}}{5}$$

$$132.1 < 152.70$$

SAIDI is under the threshold by 20.6 and does not breach the target, supporting evidence is provided in appendices J and K.

2.2. Clause 6(1) (b) Interruption Frequency

Unison does not comply with Clause 6(1) (b) of the Quality Threshold for the Assessment Period ending on 31 March 2006 as specified by the Commerce Act (Electricity Distribution Thresholds) Notice 2004.

In accordance with the Gazette Notice, the System Average Interruption Frequency Index (SAIFI) of Unison for each Assessment Period is not to exceed the five-year average SAIFI of Unison to 31 March 2003 (the right-hand side of the following expression):

$$SAIFI_{2006} \leq \frac{SAIFI_{1999} + SAIFI_{2000} + SAIFI_{2001} + SAIFI_{2002} + SAIFI_{2003}}{5}$$

$$2.82 > 2.39$$

SAIFI breaches the threshold by 0.43 interruptions, supporting evidence is provided in appendices J and L. This is a significant improvement in the network performance as compared to 2005, which had a SAIFI of 3.21.

2.3. Clause 6(1)(c) Customer Communication

The customer communication criteria at least once during the period of 2 years ending 31 March 2006 are to:

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

Consultation with customers about the quality of goods and services that they require has been achieved through negotiation of service levels in contracts with retailers trading on Unison's network, pricing negotiations with retailers, interaction with the HBPCT, feedback received on the AMP, customer surveys and meetings with industrial customers.

Unison has therefore complied with Clause 6(1)(c) of the Gazette Notice

Supporting information is presented in appendix M.

3. Disclaimer

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

4. Auditors report



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AUDITORS' REPORT ON THRESHOLD COMPLIANCE STATEMENT

To the readers of the threshold compliance statement of Unison Networks Limited for the assessment period ended on 31 March 2006.

We have examined the attached statement, which is a threshold compliance statement in respect of the price path threshold and the quality threshold prepared by Unison Networks Limited for assessment as at 31 March 2006 and dated 19 May 2006 for the purposes of information requirements set out in clause 7 of the Commerce Act (Electricity Lines Thresholds) Notice 2004 ("the Notice"). In this report the attached statement is called "the threshold compliance statement".

Directors' Responsibilities

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

Auditors' Responsibilities

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

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

Basis of Opinion - Price Path Threshold; Quality Threshold: SAIDI and SAIFI Statistics for the Assessment Period ended 31 March 2006; and Quality Threshold: Customer Communication

Our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 4 to 9 and Appendices A to M of the threshold compliance statement and which relate to:

- the price path threshold set out in clause 5 of the Notice;
- the SAIDI and SAIFI statistics for the assessment period ended on 31 March 2006 which are relevant to those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice, and
- the customer communication part of the quality threshold set out in clause 6(1)(c) of the Notice.

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

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

AUDITORS' REPORT ON THRESHOLD COMPLIANCE STATEMENT

Unison Networks Limited

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

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

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

Relationship and Interests

We have no relationship with or interests in Unison Networks Limited other than in our capacities as auditors of the threshold compliance statements and in the provision of other professional advisory services. We are not aware of any relationships between our firm and Unison Networks Limited that, in our professional judgment, may reasonably be thought to impair our independence.

Opinions

Unqualified Opinion

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

Price Path Threshold

In our opinion, having made all reasonable enquiry, to the best of our knowledge the amounts or details set out in the threshold compliance statement relating to the price path threshold set out in clause 5 of the Notice and related information have been prepared in accordance with the Notice, and give a true and fair view of the performance of Unison Networks Limited against that threshold for the assessment period ended on 31 March 2006.

Quality Threshold: SAIDI and SAIFI statistics

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

- a) The SAIDI and SAIFI statistics for the assessment period ended on 31 March 2006 which are relevant to those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice and related information have been calculated or prepared in accordance with Unison Networks Limited's policies and procedures for recording SAIDI and SAIFI statistics as disclosed in the threshold compliance statement, and fairly represent the performance of Unison Networks Limited for the assessment period ended on 31 March 2006;
- b) The SAIDI and SAIFI statistics for the years ended 31 March 1999, 2000, 2001, 2002 and 2003, which are relevant to those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice have been correctly taken from the information disclosed by Unison Networks Limited in accordance with the Electricity (Information Disclosure) Regulations 1999. Those statistics have been properly calculated based on the unaudited source data provided to us by Unison Networks Limited. The SAIDI and SAIFI statistics in the threshold compliance statement include information relating to periods when Unison Networks Limited did not own the Rotorua and Taupo Networks which were acquired from UnitedNetworks Limited on 1 November 2002.

AUDITORS' REPORT ON THRESHOLD COMPLIANCE STATEMENT
Unison Networks Limited

Quality Threshold: Customer Communication

In our opinion, having made all reasonable enquiry, to the best of our knowledge the information set out in the threshold compliance statement relating to that part of the quality threshold that is set out in clause 6(1)(c) of the Notice has been prepared in accordance with the Notice, and gives a true and fair view of the performance of Unison Networks Limited against that part of the quality threshold for the assessment period ended on 31 March 2006.

Qualified Opinion

Our opinion is qualified as follows:

Quality Threshold: SAIDI and SAIFI statistics

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

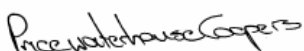
- As detailed in Appendix J to the threshold compliance statement, outage records are not available for the entire period;
- Prior to the implementation of a fault management system in 1999 control over the completeness and accuracy of outage records was limited;
- Interconnection point (ICP) records for the Rotorua and Taupo networks are not available prior to their acquisition by Unison Networks Limited in 2002; and
- Control over the completeness and accuracy of ICP data included in the SAIDI and SAIFI calculations is limited throughout the period.

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

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

Because of the potential effect of the limitations in the evidence available to us, we are unable to form an opinion as to whether the amounts or details set out in the quality threshold: SAIDI and SAIFI statistics for the assessment period ended on 31 March 2006, together with the SAIDI and SAIFI statistics for the years ended 31 March 1999, 2000, 2001, 2002 and 2003, give a true and fair view of the performance of Unison Networks Limited against those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice for the assessment period ended on 31 March 2006.

Our audit was completed on 23 May 2006 and our qualified and unqualified opinions are expressed as at that date.



PricewaterhouseCoopers
Auckland
23 May 2006

5. Certification of Threshold Compliance Statement

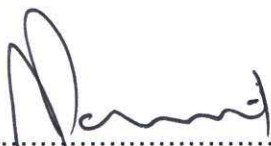
We, Brian Joseph Martin and John Richard Palairt, being Directors of Unison Networks Limited certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached Threshold Compliance Statement of Unison Networks Limited, and related information, prepared for the purposes of the Commerce Act (Electricity Distribution Thresholds) Notice 2004 complies with the requirements of that notice except in the following respects:

With regard to Clause 5(1)(a) of the Commerce Act (Electricity Distribution Thresholds) Notice 2004:

- Notional Revenue of Unison Networks Limited for the Assessment Period ending 31 March 2006 exceeds the allowable Notional Revenue of Unison Networks Limited under the CPI-X price path during that Assessment Period and

With regard to Clause 6(1) (b) of the Commerce Act (Electricity Distribution Thresholds) Notice 2004:

- The SAIFI of Unison Networks Limited for the Assessment Period ending 31 March 2006 exceeds the five year average SAIFI of Unison Networks Limited to 31 March 2003



John Richard Palairt
Chairman of Audit Committee
Director
Unison Networks Limited



Brian Joseph Martin
Chairman of Board of Directors
Unison Networks Limited

23 May 2006

Appendix A, Price Path Threshold – Explanatory Information

Despite breaching the price path threshold Clause 5(1)(a), Unison has not changed pricing methodology during the current Assessment Period and has only adjusted Mass Market tariffs to be compliant with the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004. The effect of these changes to tariffs resulted in a decrease in notional revenue. Therefore the derivation of Notional Revenue for the Assessment Period ending on 31 March 2006 under the Gazette Notice is below the derivation of Notional Revenue at 31 March 2005. Despite reducing tariffs, Unison's pass through costs have increased over the Assessment Period; likewise there has been an increase in the allowable Notional Revenue under the CPI-X price path at the assessment date ending 31 March 2006 due to the CPI being above 0%, whilst Unison's X factor is set at 0%.

The reason Unison has breached Clause 5(1)(a) of the Gazette Notice despite reducing tariffs over the Assessment Period is due to an anomaly in the price path formula in the Gazette Notice. This occurs because the price path formula in the Gazette Notice compares the revenue during the current Assessment Period under the Gazette Notice with the Notional Revenue under the Initial Notice that would not have breached the price path threshold. Unison put its line charges up on 1 March 2004 which led to a breach of clause 5(1)(c) of the price path threshold under the Initial Notice. Unison has already disclosed the breach of the Initial Notice in the Threshold Compliance Statement for the second assessment date, however the nature of the price path threshold 5(1)(a) under the Gazette Notice means that Unison has effectively restated its earlier breach (with revised cost inputs and CPI adjustments) in this Threshold Compliance Statement.

Unison is in discussions with the Commerce Commission regarding the breach(s) of the thresholds under the Initial Notice, however as yet these remain unresolved. Unison believes it has complied with the intent of the price path thresholds under the Gazette Notice.

A.1. Price

Unison has elected not to undertake any pricing and tariff methodology changes during the current Assessment Period. This has put on hold planned changes to tariff methodologies that would have delivered both administrative and investment signalling incentives.

Other than a minor adjustment to the Mass Market tariff rates on 1st October 2005 to make the tariffs compliant with the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004, the last price change that occurred on Unison's network was

the significant review of tariff levels and methodologies on the Hawke's Bay Network and refinement of pricing methodologies and levels on the Rotorua and Taupo networks that occurred on 1 March 2004. As there have been no changes to tariff methodologies the pricing assumptions presented under earlier Threshold Compliance Statements remain relevant as follows;

- Un-metered. The basis for the calculation of the un-metered supplies requires the input wattage of all un-metered supplies to be multiplied by 'on hours', load factor and quantity, this then produces an assumed consumption figure in kWh. The assumed consumption is multiplied by a variable tariff to determine monthly charges. The required information to undertake this calculation was acquired from asset databases and product specifications and has formed the base quantities used under both the Initial Notice and the Gazette Notice.
- Mass market (less than single phase 60 amps or three phase 20 amps) generally have some load (generally a relay on the hot water cylinder) that is available for Unison to interrupt or control. As this produces benefits for Unison in reducing load during constrained high demands or on constrained assets, financial incentives are provided to consumers.
- Large commercial consumers in Hawke's Bay are placed into pricing categories based on assessed demand, made up of the average of the three highest monthly kVA demands in the previous calendar year. The assessed demands used for the year ending 31 March 2003 have been used as base quantities. This means despite the annual movement of customers between pricing categories due to the change in their assessed demands, this has not been reflected in the calculation of Notional Revenue. Since the Third Reference date under the Initial Notice, demand (using kW) and consumption charges for this consumer group were introduced. As base quantities for these new amounts were not previously available, base quantities for these consumers were derived by assuming an average power factor of 0.95 and a load factor of 80%. This tariff mapping has formed the base quantities used under both the price path at the Third Reference date under the Initial Notice and the Gazette Notice.
- The tariffs for industrial customers greater than 1 MVA are published as Price On Application (POA). Over the Assessment Period no charges have been changed for industrial consumers on the Rotorua and Taupo networks. On the Hawke's Bay Network tariffs for industrial consumers are determined by using an annual fixed charge

determined by using assessed kVA, made up of the average of the three highest monthly kVA demands in the previous calendar year and a combination of assessed demand and consumption multiplied by tariffs to determine an annual revenue figure. These annual figures are combined and charged on a daily basis. The tariffs or base quantities used in price path at the Third Reference date under the Initial Notice have been applied under the Gazette Notice.

The criteria used to classify consumers into pricing categories has not changed since those stated in the Threshold Compliance Statement under the Initial Notice. Unison's full pricing policy can be viewed on Unison's website <http://www.Unison.co.nz>

A.2. Quantity

Base quantities have been used to calculate Notional Revenue at the reference date consistent with Clause 5(1)(a) and 5(1)(b) of the Gazette Notice. The base quantities used are identical to those used for the calculation of Notional Revenue under clause 5(1)(c) of the Initial Notice. The full derivation and justification of base quantities has not been supplied in this Threshold Compliance Statement and reference should be made to the Threshold Compliance Statement for the first assessment date, 6th September 2003 by Unison Networks Limited for this information.

As no tariff or methodology changes have been made over the current Assessment Period, no mapping of base quantities between tariffs has been required. The base quantities used at the Third Reference date of the Initial Notice are the same as those used in this Threshold Compliance Statement.

A.3. Transmission

In December 2004 Transpower notified Unison of an increase in revenue requirement. The effect of this was offset by decisions taken by the Transpower Board in relation to reversing last year's HVAC operating capital adjustment, and reinstating the Economic Value Adjustment Charge for HVAC customers. This EVA charge was bundled into Unison's tariffs to offset the increase in Transpower's revenue requirement so that Unison's tariffs could remain unchanged.

Unison has passed through Loss Constraint Excess Payments (LCEP) transparently to retailers over the entire regulatory period on the Hawke's Bay network and on the Rotorua

and Taupo distribution networks since it acquired them on 1 November 2002. Unison has not changed the treatment of LCEP over the current Assessment Period.

Consistent with the Commerce Act (Electricity Distribution Thresholds) Notice 2004 all other transmission costs have been treated as a pass through cost in the modelling. Avoided transmission charges from embedded generators have been included on all distribution networks. All transmission and avoided transmission information is readily available over the Assessment Period from invoice information.

A.4. Local Authority Rates

The District and Regional Councils on the distribution networks that Unison owns and operates have a different financial year for rating purposes than the Assessment Period. In order to determine the actual rates paid over the Assessment Period Unison has variabilised the annual rates (determined from Council invoices) for each District or Regional Council into a daily charge and applied that charge for the portion of days that the charge overlapped the Assessment Period.

A.5. Electricity Commission Levies

Under Section 172ZC of the Electricity Amendment Act 2001, the Crown is authorised to recover the cost of the Electricity Commission via levies. These levies, payable during the assessment period have been passed through in accordance with the Gazette Notice.

Appendix B, Price Path Threshold 5(1)(a)

B.1. Calculating NR_{2006}

NR_{2006} is calculated by multiplying prices at 31 March 2006 by 31 March 2003 base quantities less the pass through costs incurred during the Assessment Period ending on 31 March 2006.

Notional Revenue for the year ending 31 March 2006		
Term	Description	(\$)
$\sum P_{i,2006} Q_i$	Prices at 31 March 2006 multiplied by 31 March 2003 Base Quantities	74,357,373
K_{2006}	Transmission Charges for year ending 31 March 2006	20,430,026
	Rates for year ending 31 March 2006	70,449
	Electricity Commission Levies for year ending 31 March 2006	179,479
$NR_{2006} = \sum P_{i,2006} Q_i - K_{2006}$	Notional Revenue for the year ending 31 March 2006	53,677,419

B.2. Calculating R_{2004}

R_{2004} is the maximum Notional Revenue at the reference date which would not have caused Unison to breach the price path under the Initial Notice. These values have previously been disclosed by Unison in the Threshold Compliance Statement for the second assessment date.

Term	Description	(\$)
$\sum P_{i,0} Q_{i,0}$	Prices at 6 September 2003 multiplied by 31 March 2003 Base Quantities	65,182,154
C_{T2003}	Budget Transmission Charges for year ending 31 March 2004	19,185,539
C_{R2003}	Budget Rates for year ending 31 March 2004	28,754
R_{2004}	Maximum Revenue at 31 March 2004 that would not have caused a breach under the Initial Notice	45,967,861

B.3. Calculating R_{2006}

Allowable Notional Revenue under CPI -X price path

Allowable Notional Revenue under CPI -X price path		
Term	Description	(\$)
X	X Factor	0%
R_{2004}	Maximum Revenue at 31 March 2004 that would not have caused a breach under the Initial Notice	45,967,861
$(I + \Delta CPI_{2005})$	Average change in Consumer Price Index over 2004	1.0229
$(1-X)$	1-X Factor	1.00
R_{2005}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2005	47,020,640
$(I + \Delta CPI_{2006})$	Average change in Consumer Price Index over 2005	1.0304
$(1-X)$	1-X Factor	1.00
R_{2006}	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2006	48,448,667
NR_{2006} / R_{2006}	Expression must be less than or equal to 1 to avoid breaching 5(1)(a)	1.1079
$R_{2006} - NR_{2006}$	Value of Compliance or (Breach)	(5,228,752)

For presentation purposes, the CPI Index has been shown to four decimal places; however for the calculation of R_{2006} , the full index (with no rounding) has been applied.

B.4. Calculating ΔCPI_{2005}

The Consumer Price Index (CPI) information has been obtained from information available from Statistics New Zealand on their website based on the All Groups Index, SE9A figure. The relevant quarterly figures were put into the appropriate formula to determine the average change in the CPI.

ΔCPI_{2005}			
Numerator		Denominator	
$CPI_{Q1,2004}$	1115	$CPI_{Q1,2003}$	1098
$CPI_{Q2,2004}$	1124	$CPI_{Q2,2003}$	1098
$CPI_{Q3,2004}$	1131	$CPI_{Q3,2003}$	1103
$CPI_{Q4,2004}$	1141	$CPI_{Q4,2003}$	1111
Total	4511	Total	4410
ΔCPI_{2005}	2.29%		

B.5. Calculating ΔCPI_{2006}

The Consumer Price Index (CPI) information has been obtained from information available from Statistics New Zealand on their website based on the All Groups Index, SE9A figure. The relevant quarterly figures were put into the appropriate formula to determine the average change in the CPI.

ΔCPI_{2006}			
Numerator		Denominator	
$CPI_{Q1,2005}$	1146	$CPI_{Q1,2004}$	1115
$CPI_{Q2,2005}$	1156	$CPI_{Q2,2004}$	1124
$CPI_{Q3,2005}$	1169	$CPI_{Q3,2004}$	1131
$CPI_{Q4,2005}$	1177	$CPI_{Q4,2004}$	1141
Total	4648	Total	4511
ΔCPI_{2006}	3.04%		

Appendix C, Price Path Threshold 5(1)(b)

C.1. Determining R_{Max}

The maximum Notional Revenue during the Assessment Period from 1 April 2005 to 31 March 2006.

Maximum Notional Revenue for the period 1 April 2005 to 31 March 2006. Enter P x Q using 31 March 2006 Prices and 31 March 2003 Base Quantities if there has been no change in prices over this period, otherwise use prices which generate the maximum notional revenue over the period when using 31 March 2003 quantities		
Term	Description	(\$)
$\Sigma P_{Max} Q_i$	Maximum Price Between 1 April 2005 and 31 March 2006 multiplied by 31 March 2003 Base Quantities	75,598,965
K_{2006}	Transmission Charges for year ending 31 March 2006	20,430,026
	Rates Charges for year ending 31 March 2006	70,449
	Electricity Commission Levies for year ending 31 March 2006	179,479
NR_{Max}	Maximum Notional Revenue for 1 April 2005 to 31 March 2006	54,919,011

C.2. Comparing R_{max} With NR_{2006} And NR_{2005}

The table below shows calculations for NR_{2005} . The calculations for NR_{2006} can be found in section B1 of appendix B.

Notional Revenue for the year ending 31 March 2005 as disclosed in the 31 March 2005 Threshold Statement		
Term	Description	(\$)
$\sum P_{i,2005} Q_i$	Prices at 31 March 2005 multiplied by 31 March 2003 Base Quantities	75,598,965
K_{2005}	Transmission Charges for year ending 31 March 2005	20,219,964
	Rates for year ending 31 March 2005	70,323
	Electricity Commission Levies for year ending 31 March 2005	173,354
$NR_{2005} = \sum P_{i,2005} Q_i - K_{2005}$	Notional Revenue for the year ending 31 March 2005	55,135,324

The Notional Revenue during the period is not to exceed the maximum of the starting and ending Notional Revenue for the period.

Notional Revenue during the period is not to exceed the maximum of the Notional Revenue at the end of the assessment period and the Notional Revenue at the end of the previous assessment period		
Term	Description	(\$)
NR_{Max}	Maximum Notional Revenue for 1 April 2005 to 31 March 2006	54,919,011
NR_{2005}	Notional Revenue at 31 March 2005	55,135,324
NR_{2006}	Notional Revenue at 31 March 2006	53,677,419
$Max(NR_{2005}, NR_{2006})$	Maximum of the Notional Revenue at 31 March 2005 and the Notional Revenue at 31 March 2006	55,135,324
$NR_{Max} / Max(NR_{2005}, NR_{2006})$	If expression is greater than 1, Clause 5 (1) (b) is breached	0.9961
$Max(NR_{2005}, NR_{2006}) - NR_{Max}$	Value of Compliance or (Breach)	216,313

Appendix F, Notional Revenue at 31 March 2006 - Rotorua

Total Tariff ($\sum P_{i,2006} Q_i$)														
CONSUMER GROUP	LOAD GROUP	PATTERN CLASS	CODE	$P_{i,2006}$ FIXED TARIFF (\$/day)	$P_{i,2006}$ CAPACITY TARIFF (\$/kVA capacity/day)	$P_{i,2006}$ DEMAND TARIFF (\$/kW AMD/month)	$P_{i,2006}$ VARIABLE TARIFF (c/kWh)	Q_i CONSUMPTION (kWh)	Q_i DEDICATED ASSET (#)	Q_i DEMAND (kW)	Q_i CUSTOMER NUMBERS (#)	Q_i DAYS (#)	$\sum P_{i,2006} Q_i$ REVENUE (\$)	
Unmetered														
Unmetered	U01	UNMT	E-R-U01-UNMT	\$ -	\$ -	\$ -	7.74	3,206,376	-	-	-	365	248,174	
Unmetered	U02	UNMT	E-R-U02-UNMT	\$ -	\$ -	\$ -	7.74	-	-	-	-	365	-	
Unmetered	U08		F-R-U08	\$ 1,7100	\$ -	\$ -	0	-	-	-	-	365	-	
Unmetered	U09		F-R-U09	\$ 3,6000	\$ -	\$ -	0	-	-	-	-	365	-	
Total								3,206,376					248,174	
Mass market														
Mass market	M11		F-R-M11	\$ 0.1500	\$ -	\$ -	0	-	-	-	15,143	365	829,076	
Mass market	M11	AICO	E-R-M11-AICO	\$ -	\$ -	\$ -	6.43	79,242,067	-	-	-	365	5,095,265	
Mass market	M11	CTRL	E-R-M11-CTRL	\$ -	\$ -	\$ -	4.28	411,770	-	-	-	365	17,624	
Mass market	M11	NITE	E-R-M11-NITE	\$ -	\$ -	\$ -	4.28	257,495	-	-	-	365	11,021	
Mass market	M12		F-R-M12	\$ 0.5500	\$ -	\$ -	0	-	-	-	11,183	365	2,245,001	
Mass market	M12	AICO	E-R-M12-AICO	\$ -	\$ -	\$ -	4.62	104,690,841	-	-	-	365	4,836,717	
Mass market	M12	CTRL	E-R-M12-CTRL	\$ -	\$ -	\$ -	2.44	1,962,587	-	-	-	365	47,887	
Mass market	M12	NITE	E-R-M12-NITE	\$ -	\$ -	\$ -	2.44	1,392,675	-	-	-	365	33,981	
Total								187,957,435			26,326		13,116,572	
Small commercial														
Small commercial	S20		F-R-S20	\$ 1,5900	\$ -	\$ -	0	-	-	-	3,308	365	1,919,920	
Small commercial	S20	AICO	E-R-S20-AICO	\$ -	\$ -	\$ -	5.36	70,105,192	-	-	-	365	3,757,638	
Small commercial	S20	CTRL	E-R-S20-CTRL	\$ -	\$ -	\$ -	3.77	1,270,930	-	-	-	365	47,914	
Small commercial	S20	NITE	E-R-S20-NITE	\$ -	\$ -	\$ -	1.56	1,297,945	-	-	-	365	20,248	
Small commercial	S22		F-R-S22	\$ 10,8700	\$ -	\$ -	0	-	-	-	130	365	515,373	
Small commercial	S22	AICO	E-R-S22-AICO	\$ -	\$ -	\$ -	2.73	16,484,120	-	-	-	365	450,016	
Small commercial	S22	CTRL	E-R-S22-CTRL	\$ -	\$ -	\$ -	1.91	192,581	-	-	-	365	3,678	
Small commercial	S22	NITE	E-R-S22-NITE	\$ -	\$ -	\$ -	0.81	155,848	-	-	-	365	1,262	
Small commercial	S22	T010	F-R-S22-T010	\$ -	\$ 3,0600	\$ -	0	-	-	-	-	365	-	
Small commercial	S24		F-R-S24	\$ 22,6900	\$ -	\$ -	0	-	-	-	11	365	88,355	
Small commercial	S24	AICO	E-R-S24-AICO	\$ -	\$ -	\$ -	2.47	824,326	-	-	-	365	20,361	
Small commercial	S24	CTRL	E-R-S24-CTRL	\$ -	\$ -	\$ -	1.73	2,184	-	-	-	365	38	
Small commercial	S24	T020	F-R-S24-T020	\$ -	\$ 4,3700	\$ -	0	-	-	-	-	365	-	
Small commercial	S26		F-R-S26	\$ 28,0900	\$ -	\$ -	0	-	-	-	5	365	55,562	
Small commercial	S26	AICO	E-R-S26-AICO	\$ -	\$ -	\$ -	2.47	957,135	-	-	-	365	23,641	
Small commercial	S26	CTRL	E-R-S26-CTRL	\$ -	\$ -	\$ -	1.73	-	-	-	-	365	-	
Small commercial	S26	T030	F-R-S26-T030	\$ -	\$ 5,5100	\$ -	0	-	-	-	-	365	-	
Total								91,285,891			3,454		6,903,931	
Large Commercial														
Commercial	L40		F-R-L40	\$ 8,6300	\$ -	\$ -	0	-	-	-	117	365	370,029	
Commercial	L40	SAAD	E-R-L40-SAAD	\$ -	\$ -	\$ -	1.33	39,705,508	-	-	-	365	528,083	
Commercial	L40	WAAD	E-R-L40-WAAD	\$ -	\$ -	\$ -	2.37	28,655,390	-	-	-	365	679,133	
Commercial	L40	AAAN	E-R-L40-AAAN	\$ -	\$ -	\$ -	0.81	34,180,449	-	-	-	365	276,862	
Commercial	L40	DMND	E-R-L40-DMND	\$ -	\$ -	\$ 5,2000	0	-	-	357,624	-	365	1,859,644	
Commercial	L40	T010	F-R-L40-T010	\$ -	\$ 3,0600	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T020	F-R-L40-T020	\$ -	\$ 4,3700	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T030	F-R-L40-T030	\$ -	\$ 5,5100	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T050	F-R-L40-T050	\$ -	\$ 7,4700	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T075	F-R-L40-T075	\$ -	\$ 9,4400	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T100	F-R-L40-T100	\$ -	\$ 10,1800	\$ -	0	-	-	-	-	365	-	
Commercial	L40	RGMU	F-R-L40-RGMU	\$ -	\$ 10,4800	\$ -	0	-	-	-	-	365	-	
Commercial	L40	ABSW	F-R-L40-ABSW	\$ -	\$ 0,5900	\$ -	0	-	-	-	-	365	-	
Commercial	L40	OLSW	F-R-L40-OLSW	\$ -	\$ 3,5300	\$ -	0	-	-	-	-	365	-	
Commercial	L40	FSSW	F-R-L40-FSSW	\$ -	\$ 3,2600	\$ -	0	-	-	-	-	365	-	
Commercial	L40	CRBK	F-R-L40-CRBK	\$ -	\$ 13,7900	\$ -	0	-	-	-	-	365	-	
Total								102,541,347		357,624	117		3,713,751	
Industrial														
Industrial	I60		E-R-I60-TAIC	\$ 782,0000	\$ -	\$ -	0.001	15,413,205	-	-	1	365	285,714	
Total								15,413,205			1		285,714	
All groups														
Grand total								400,404,254		357,624	29,899		24,268,141	

Appendix G, Max Notional Revenue between 1 April 2005 and 31 March 2006 - Rotorua

Total Tariff ($\sum P_{i,2004} Q_{i0}$)														
CONSUMER GROUP	LOAD GROUP	PATTERN CLASS	CODE	$P_{i,2004}$ FIXED TARIFF (\$/day)	$P_{i,2004}$ CAPACITY TARIFF (\$/kVA capacity/day)	$P_{i,2004}$ DEMAND TARIFF (\$/kW AMD/month)	$P_{i,2004}$ VARIABLE TARIFF (c/kWh)	Q_{i0} CONSUMPTION (kWh)	Q_{i0} DEDICATED ASSET (#)	Q_{i0} DEMAND (kW)	Q_{i0} CUSTOMER NUMBERS (#)	Q_{i0} DAYS (#)	$\sum P_{i,2004} Q_{i0}$ REVENUE (\$)	
Unmetered														
Unmetered	U01	UNMT	E-R-U01-UNMT	\$ -	\$ -	\$ -	7.74	3,206,376	-	-	-	365	248,174	
Unmetered	U02	UNMT	E-R-U02-UNMT	\$ -	\$ -	\$ -	7.74	-	-	-	-	365	-	
Unmetered	U08		F-R-U08	\$ 1,7100	\$ -	\$ -	0	-	-	-	-	365	-	
Unmetered	U09		F-R-U09	\$ 3,6000	\$ -	\$ -	0	-	-	-	-	365	-	
Total								3,206,376	-	-	-		248,174	
Mass market														
Mass market	M11		F-R-M11	\$ 0.1500	\$ -	\$ -	0	-	-	-	15,143	365	829,076	
Mass market	M11	AICO	E-R-M11-AICO	\$ -	\$ -	\$ -	6.64	79,242,067	-	-	-	365	5,261,673	
Mass market	M11	CTRL	E-R-M11-CTRL	\$ -	\$ -	\$ -	4.6	411,770	-	-	-	365	18,941	
Mass market	M11	NITE	E-R-M11-NITE	\$ -	\$ -	\$ -	2.32	257,495	-	-	-	365	5,974	
Mass market	M12		F-R-M12	\$ 0.5500	\$ -	\$ -	0	-	-	-	11,183	365	2,245,001	
Mass market	M12	AICO	E-R-M12-AICO	\$ -	\$ -	\$ -	4.56	104,690,841	-	-	-	365	4,773,902	
Mass market	M12	CTRL	E-R-M12-CTRL	\$ -	\$ -	\$ -	3.2	1,962,587	-	-	-	365	62,803	
Mass market	M12	NITE	E-R-M12-NITE	\$ -	\$ -	\$ -	1.6	1,392,675	-	-	-	365	22,283	
Total								187,957,435	-	-	26,326		13,219,654	
Small commercial														
Small commercial	S20		F-R-S20	\$ 1.5900	\$ -	\$ -	0	-	-	-	3,308	365	1,919,920	
Small commercial	S20	AICO	E-R-S20-AICO	\$ -	\$ -	\$ -	5.36	70,105,192	-	-	-	365	3,757,638	
Small commercial	S20	CTRL	E-R-S20-CTRL	\$ -	\$ -	\$ -	3.77	1,270,930	-	-	-	365	47,914	
Small commercial	S20	NITE	E-R-S20-NITE	\$ -	\$ -	\$ -	1.56	1,297,945	-	-	-	365	20,248	
Small commercial	S22		F-R-S22	\$ 10.8700	\$ -	\$ -	0	-	-	-	130	365	515,373	
Small commercial	S22	AICO	E-R-S22-AICO	\$ -	\$ -	\$ -	2.73	16,484,120	-	-	-	365	450,016	
Small commercial	S22	CTRL	E-R-S22-CTRL	\$ -	\$ -	\$ -	1.91	192,581	-	-	-	365	3,678	
Small commercial	S22	NITE	E-R-S22-NITE	\$ -	\$ -	\$ -	0.81	155,848	-	-	-	365	1,262	
Small commercial	S22	T010	F-R-S22-T010	\$ -	\$ 3.0600	\$ -	0	-	-	-	-	365	-	
Small commercial	S24		F-R-S24	\$ 22.6900	\$ -	\$ -	0	-	-	-	11	365	88,355	
Small commercial	S24	AICO	E-R-S24-AICO	\$ -	\$ -	\$ -	2.47	824,326	-	-	-	365	20,361	
Small commercial	S24	CTRL	E-R-S24-CTRL	\$ -	\$ -	\$ -	1.73	2,184	-	-	-	365	38	
Small commercial	S24	T020	F-R-S24-T020	\$ -	\$ 4.3700	\$ -	0	-	-	-	-	365	-	
Small commercial	S26		F-R-S26	\$ 28.0900	\$ -	\$ -	0	-	-	-	5	365	55,562	
Small commercial	S26	AICO	E-R-S26-AICO	\$ -	\$ -	\$ -	2.47	957,135	-	-	-	365	23,641	
Small commercial	S26	CTRL	E-R-S26-CTRL	\$ -	\$ -	\$ -	1.73	-	-	-	-	365	-	
Small commercial	S26	T030	F-R-S26-T030	\$ -	\$ 5.5100	\$ -	0	-	-	-	-	365	-	
Total								91,285,891	-	-	3,454		6,903,931	
Large Commercial														
Commercial	L40		F-R-L40	\$ 8.6300	\$ -	\$ -	0	-	-	-	117	365	370,029	
Commercial	L40	SAAD	E-R-L40-SAAD	\$ -	\$ -	\$ -	1.33	39,705,508	-	-	-	365	528,083	
Commercial	L40	WAAD	E-R-L40-WAAD	\$ -	\$ -	\$ -	2.37	28,655,390	-	-	-	365	679,133	
Commercial	L40	AAAN	E-R-L40-AAAN	\$ -	\$ -	\$ -	0.81	34,180,449	-	-	-	365	276,862	
Commercial	L40	DMND	E-R-L40-DMND	\$ -	\$ -	\$ 5.2000	0	-	-	357,624	-	365	1,859,644	
Commercial	L40	T010	F-R-L40-T010	\$ -	\$ 3.0600	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T020	F-R-L40-T020	\$ -	\$ 4.3700	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T030	F-R-L40-T030	\$ -	\$ 5.5100	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T050	F-R-L40-T050	\$ -	\$ 7.4700	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T075	F-R-L40-T075	\$ -	\$ 9.4400	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T100	F-R-L40-T100	\$ -	\$ 10.1800	\$ -	0	-	-	-	-	365	-	
Commercial	L40	RGMU	F-R-L40-RGMU	\$ -	\$ 10.4800	\$ -	0	-	-	-	-	365	-	
Commercial	L40	ABSW	F-R-L40-ABSW	\$ -	\$ 0.5900	\$ -	0	-	-	-	-	365	-	
Commercial	L40	OLSW	F-R-L40-OLSW	\$ -	\$ 3.5300	\$ -	0	-	-	-	-	365	-	
Commercial	L40	FSSW	F-R-L40-FSSW	\$ -	\$ 3.2600	\$ -	0	-	-	-	-	365	-	
Commercial	L40	CRBK	F-R-L40-CRBK	\$ -	\$ 13.7900	\$ -	0	-	-	-	-	365	-	
Total								102,541,347	-	357,624	117		3,713,751	
Industrial														
Industrial	I60		E-R-I60-TAIC	\$ 782.0000			0.001	15,413,205	-	-	1	365	285,714	
Total								15,413,205	-	-	1		285,714	
All groups														
Grand total								400,404,254	-	357,624	29,899		24,371,222	

Appendix H, Notional Revenue at 31 March 2006 - Taupo

Total Tariff ($\sum P_{i,2006} Q_i$)														
CONSUMER GROUP	LOAD GROUP	PATTERN CLASS	CODE	$P_{i,2006}$ FIXED TARIFF (\$/day)	$P_{i,2006}$ CAPACITY TARIFF (\$/kVA capacity/day)	$P_{i,2006}$ DEMAND TARIFF (\$/kW AMD/month)	$P_{i,2006}$ VARIABLE TARIFF (c/kWh)	Q_i CONSUMPTION (kWh)	Q_i DEDICATED ASSET (#)	Q_i DEMAND (kW)	Q_i CUSTOMER NUMBERS (#)	Q_i DAYS (#)	$\sum P_{i,2006} Q_i$ REVENUE (\$)	
Unmetered														
Unmetered	U01	UNMT	E-T-U01-UNMT	\$ -	\$ -	\$ -	7.74	1,125,973	-	-	-	365	87,150	
Unmetered	U02	UNMT	E-T-U02-UNMT	\$ -	\$ -	\$ -	7.74	-	-	-	-	365	-	
Unmetered	U08		F-T-U08	\$ 1.7100	\$ -	\$ -	0	-	-	-	-	365	-	
Unmetered	U09		F-T-U09	\$ 3.6000	\$ -	\$ -	0	-	-	-	-	365	-	
Total								1,125,973					\$ 87,150	
Mass market														
Mass market	M11		F-T-M11	\$ 0.1500	\$ -	\$ -	0	-	-	-	5,555	365	304,113	
Mass market	M11	AICO	E-T-M11-AICO	\$ -	\$ -	\$ -	6.43	22,554,650	-	-	-	365	1,450,264	
Mass market	M11	CTRL	E-T-M11-CTRL	\$ -	\$ -	\$ -	4.28	1,327,289	-	-	-	365	56,808	
Mass market	M11	NITE	E-T-M11-NITE	\$ -	\$ -	\$ -	4.28	129,457	-	-	-	365	5,541	
Mass market	M12		F-T-M12	\$ 0.5500	\$ -	\$ -	0	-	-	-	6,902	365	1,385,675	
Mass market	M12	AICO	E-T-M12-AICO	\$ -	\$ -	\$ -	4.62	71,461,601	-	-	-	365	3,301,526	
Mass market	M12	CTRL	E-T-M12-CTRL	\$ -	\$ -	\$ -	2.44	3,904,499	-	-	-	365	95,270	
Mass market	M12	NITE	E-T-M12-NITE	\$ -	\$ -	\$ -	2.44	1,916,724	-	-	-	365	46,768	
Total								101,294,219			12,457		\$ 6,645,965	
Small Commercial														
Small commercial	S20		F-T-S20	\$ 1.5900	\$ -	\$ -	0	-	-	-	266	365	154,148	
Small commercial	S20	AICO	E-T-S20-AICO	\$ -	\$ -	\$ -	5.36	12,330,314	-	-	-	365	660,905	
Small commercial	S20	CTRL	E-T-S20-CTRL	\$ -	\$ -	\$ -	3.77	159,056	-	-	-	365	5,996	
Small commercial	S20	NITE	E-T-S20-NITE	\$ -	\$ -	\$ -	1.56	177,880	-	-	-	365	2,775	
Small commercial	S22		F-T-S22	\$ 10.8700	\$ -	\$ -	0	-	-	-	21	365	82,413	
Small commercial	S22	AICO	E-T-S22-AICO	\$ -	\$ -	\$ -	2.73	4,922,389	-	-	-	365	134,381	
Small commercial	S22	CTRL	E-T-S22-CTRL	\$ -	\$ -	\$ -	1.91	27,159	-	-	-	365	519	
Small commercial	S22	NITE	E-T-S22-NITE	\$ -	\$ -	\$ -	0.81	-	-	-	-	365	-	
Small commercial	S22	T010	F-T-S22-T010	\$ -	\$ 3.0600	\$ -	0	-	-	-	-	365	-	
Small commercial	S24		F-T-S24	\$ 22.6900	\$ -	\$ -	0	-	-	-	4	365	31,073	
Small commercial	S24	AICO	E-T-S24-AICO	\$ -	\$ -	\$ -	2.47	463,298	-	-	-	365	11,443	
Small commercial	S24	CTRL	E-T-S24-CTRL	\$ -	\$ -	\$ -	1.73	-	-	-	-	365	-	
Small commercial	S24	T020	F-T-S24-T020	\$ -	\$ 4.3700	\$ -	0	-	-	-	-	365	-	
Small commercial	S26		F-T-S26	\$ 28.0900	\$ -	\$ -	0	-	-	-	2	365	19,684	
Small commercial	S26	AICO	E-T-S26-AICO	\$ -	\$ -	\$ -	2.47	328,823	-	-	-	365	8,122	
Small commercial	S26	CTRL	E-T-S26-CTRL	\$ -	\$ -	\$ -	1.73	-	-	-	-	365	-	
Small commercial	S26	T030	F-T-S26-T030	\$ -	\$ 5.5100	\$ -	0	-	-	-	-	365	-	
Total								18,408,919			292		\$ 1,111,460	
Large Commercial														
Commercial	L40		F-T-L40	\$ 8.6300	\$ -	\$ -	0	-	-	-	30	365	95,348	
Commercial	L40	SAAD	E-T-L40-SAAD	\$ -	\$ -	\$ -	1.33	7,363,919	-	-	-	365	97,940	
Commercial	L40	WAAD	E-T-L40-WAAD	\$ -	\$ -	\$ -	2.37	5,314,527	-	-	-	365	125,954	
Commercial	L40	AAAN	E-T-L40-AAAN	\$ -	\$ -	\$ -	0.81	6,339,223	-	-	-	365	51,348	
Commercial	L40	DMND	E-T-L40-DMND	\$ -	\$ -	\$ 5.2000	0	-	-	76,821	-	365	399,469	
Commercial	L40	T010	F-T-L40-T010	\$ -	\$ 3.0600	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T020	F-T-L40-T020	\$ -	\$ 4.3700	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T030	F-T-L40-T030	\$ -	\$ 5.5100	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T050	F-T-L40-T050	\$ -	\$ 7.4700	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T075	F-T-L40-T075	\$ -	\$ 9.4400	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T100	F-T-L40-T100	\$ -	\$ 10.1800	\$ -	0	-	-	-	-	365	-	
Commercial	L40	RGMU	F-T-L40-RGMU	\$ -	\$ 10.4800	\$ -	0	-	-	-	-	365	-	
Commercial	L40	ABSW	F-T-L40-ABSW	\$ -	\$ 0.5900	\$ -	0	-	-	-	-	365	-	
Commercial	L40	OLSW	F-T-L40-OLSW	\$ -	\$ 3.5300	\$ -	0	-	-	-	-	365	-	
Commercial	L40	FSSW	F-T-L40-FSSW	\$ -	\$ 3.2600	\$ -	0	-	-	-	-	365	-	
Commercial	L40	CRBK	F-T-L40-CRBK	\$ -	\$ 13.7900	\$ -	0	-	-	-	-	365	-	
Total								19,017,669		76,821	30		\$ 770,059	
Industrial														
Industrial	I60		E-T-I60-TAIC	\$ 4,939				104,296,680				1	365	1,802,647
Total								104,296,680				1		\$ 1,802,647
All groups														
Grand total								244,143,459		76,821	12,780		\$ 10,417,281	

Appendix I, Max Notional Revenue between 1 April 2005 and 31 March 2006 - Taupo

Total Tariff ($\sum P_{i,2004} Q_{i0}$)														
CONSUMER GROUP	LOAD GROUP	PATTERN CLASS	CODE	$P_{i,2004}$ FIXED TARIFF (\$/day)	$P_{i,2004}$ CAPACITY TARIFF (\$/kVA capacity/day)	$P_{i,2004}$ DEMAND TARIFF (\$/kW AMD/month)	$P_{i,2004}$ VARIABLE TARIFF (c/kWh)	Q_{i0} CONSUMPTION (kWh)	Q_{i0} DEDICATED ASSET (#)	Q_{i0} DEMAND (kW)	Q_{i0} CUSTOMER NUMBERS (#)	Q_{i0} DAYS (#)	$\sum P_{i,2004} Q_{i0}$ REVENUE (\$)	
Unmetered														
Unmetered	U01	UNMT	E-T-U01-UNMT	\$ -	\$ -	\$ -	7.74	1,125,973	-	-	-	365	87,150	
Unmetered	U02	UNMT	E-T-U02-UNMT	\$ -	\$ -	\$ -	7.74	-	-	-	-	365	-	
Unmetered	U08		F-T-U08	\$ 1,7100	\$ -	\$ -	0	-	-	-	-	365	-	
Unmetered	U09		F-T-U09	\$ 3,6000	\$ -	\$ -	0	-	-	-	-	365	-	
Total								1,125,973	-	-	-	365	\$ 87,150	
Mass market														
Mass market	M11		F-T-M11	\$ 0.1500	\$ -	\$ -	0	-	-	-	5,555	365	304,113	
Mass market	M11	AICO	E-T-M11-AICO	\$ -	\$ -	\$ -	6.64	22,554,650	-	-	-	365	1,497,629	
Mass market	M11	CTRL	E-T-M11-CTRL	\$ -	\$ -	\$ -	4.6	1,327,289	-	-	-	365	61,055	
Mass market	M11	NITE	E-T-M11-NITE	\$ -	\$ -	\$ -	2.32	129,457	-	-	-	365	3,003	
Mass market	M12		F-T-M12	\$ 0.5500	\$ -	\$ -	0	-	-	-	6,902	365	1,385,675	
Mass market	M12	AICO	E-T-M12-AICO	\$ -	\$ -	\$ -	4.56	71,461,601	-	-	-	365	3,258,649	
Mass market	M12	CTRL	E-T-M12-CTRL	\$ -	\$ -	\$ -	3.2	3,904,499	-	-	-	365	124,944	
Mass market	M12	NITE	E-T-M12-NITE	\$ -	\$ -	\$ -	1.6	1,916,724	-	-	-	365	30,668	
Total								101,294,219	-	-	12,457	365	\$ 6,665,736	
Small Commercial														
Small commercial	S20		F-T-S20	\$ 1,5900	\$ -	\$ -	0	-	-	-	266	365	154,148	
Small commercial	S20	AICO	E-T-S20-AICO	\$ -	\$ -	\$ -	5.36	12,330,314	-	-	-	365	660,905	
Small commercial	S20	CTRL	E-T-S20-CTRL	\$ -	\$ -	\$ -	3.77	159,056	-	-	-	365	5,996	
Small commercial	S20	NITE	E-T-S20-NITE	\$ -	\$ -	\$ -	1.56	177,880	-	-	-	365	2,775	
Small commercial	S22		F-T-S22	\$ 10,8700	\$ -	\$ -	0	-	-	-	21	365	82,413	
Small commercial	S22	AICO	E-T-S22-AICO	\$ -	\$ -	\$ -	2.73	4,922,389	-	-	-	365	134,381	
Small commercial	S22	CTRL	E-T-S22-CTRL	\$ -	\$ -	\$ -	1.91	27,159	-	-	-	365	519	
Small commercial	S22	NITE	E-T-S22-NITE	\$ -	\$ -	\$ -	0.81	-	-	-	-	365	-	
Small commercial	S22	T010	F-T-S22-T010	\$ -	\$ 3,0600	\$ -	0	-	-	-	-	365	-	
Small commercial	S24		F-T-S24	\$ 22,6900	\$ -	\$ -	0	-	-	-	4	365	31,073	
Small commercial	S24	AICO	E-T-S24-AICO	\$ -	\$ -	\$ -	2.47	463,298	-	-	-	365	11,443	
Small commercial	S24	CTRL	E-T-S24-CTRL	\$ -	\$ -	\$ -	1.73	-	-	-	-	365	-	
Small commercial	S24	T020	F-T-S24-T020	\$ -	\$ 4,3700	\$ -	0	-	-	-	-	365	-	
Small commercial	S26		F-T-S26	\$ 28,0900	\$ -	\$ -	0	-	-	-	2	365	19,684	
Small commercial	S26	AICO	E-T-S26-AICO	\$ -	\$ -	\$ -	2.47	328,823	-	-	-	365	8,122	
Small commercial	S26	CTRL	E-T-S26-CTRL	\$ -	\$ -	\$ -	1.73	-	-	-	-	365	-	
Small commercial	S26	T030	F-T-S26-T030	\$ -	\$ 5,5100	\$ -	0	-	-	-	-	365	-	
Total								18,408,919	-	-	292	365	\$ 1,111,460	
Large Commercial														
Commercial	L40		F-T-L40	\$ 8,6300	\$ -	\$ -	0	-	-	-	30	365	95,348	
Commercial	L40	SAAD	E-T-L40-SAAD	\$ -	\$ -	\$ -	1.33	7,363,919	-	-	-	365	97,940	
Commercial	L40	WAAD	E-T-L40-WAAD	\$ -	\$ -	\$ -	2.37	5,314,527	-	-	-	365	125,954	
Commercial	L40	AAAN	E-T-L40-AAAN	\$ -	\$ -	\$ -	0.81	6,339,223	-	-	-	365	51,348	
Commercial	L40	DMND	E-T-L40-DMND	\$ -	\$ -	\$ 5,2000	0	-	-	76,821	-	365	399,469	
Commercial	L40	T010	F-T-L40-T010	\$ -	\$ 3,0600	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T020	F-T-L40-T020	\$ -	\$ 4,3700	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T030	F-T-L40-T030	\$ -	\$ 5,5100	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T050	F-T-L40-T050	\$ -	\$ 7,4700	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T075	F-T-L40-T075	\$ -	\$ 9,4400	\$ -	0	-	-	-	-	365	-	
Commercial	L40	T100	F-T-L40-T100	\$ -	\$ 10,1800	\$ -	0	-	-	-	-	365	-	
Commercial	L40	RGMU	F-T-L40-RGMU	\$ -	\$ 10,4800	\$ -	0	-	-	-	-	365	-	
Commercial	L40	ABSW	F-T-L40-ABSW	\$ -	\$ 0,5900	\$ -	0	-	-	-	-	365	-	
Commercial	L40	OLSW	F-T-L40-OLSW	\$ -	\$ 3,5300	\$ -	0	-	-	-	-	365	-	
Commercial	L40	FSSW	F-T-L40-FSSW	\$ -	\$ 3,2600	\$ -	0	-	-	-	-	365	-	
Commercial	L40	CRBK	F-T-L40-CRBK	\$ -	\$ 13,7900	\$ -	0	-	-	-	-	365	-	
Total								19,017,669	-	76,821	30	365	\$ 770,059	
Industrial														
Industrial	I60		E-T-I60-TAIC	\$ 4,939				104,296,680			1	365	1,802,647	
Total								104,296,680	-	-	1	365	\$ 1,802,647	
All groups														
Grand total								244,143,459	-	76,821	12,780	365	\$ 10,437,053	

Appendix J, Quality Threshold – Explanatory Information

J.1. Assumptions used in Quality calculations

The formulae as specified in clauses 6(1)(a) and 6(1)(b) of the Gazette Notice for the calculation of SAIDI and SAIFI uses the five-year average SAIDI and SAIFI of Unison to 31 March 2003 as disclosed under clauses 6(1)(a) and 6(1)(b) of the Initial Notice. The issues associated with the five-year average SAIDI and SAIFI as previously disclosed by Unison in the Threshold Compliance Statement for the second assessment date and outlined below are still relevant.

The calculation of the quality threshold requires SAIDI and SAIFI information relating to periods when Unison did not own the Rotorua and Taupo distribution networks as these were acquired from United Networks Limited on 1 November 2002. Although information on these networks relating to periods prior to acquisition exists, there are gaps in some of this information over the required period. On the Hawke's Bay distribution network, data is readily available for most of the reporting period; however there are two months where data is unavailable in the 1999 year as Unison changed fault recording systems during this period.

The availability of outage data for each of the distribution networks is as follows:

- Hawke's Bay, June 1998 to present
- Rotorua and Taupo, July 2000 to October 2002 using data provided by United Network Limited (UNL)
- Rotorua and Taupo, November 2002 to present (Unison Networks Limited data)

Where outage data is unavailable and a figure has been required, Unison has extrapolated from the ten months of data in the 1998/1999 financial year on the Hawke's Bay distribution network, and has used an average figure from the three subsequent financial year's data on the Rotorua and Taupo distribution networks. However, one of the major challenges has been to extract performance data for Rotorua and Taupo from the data available for UNL. The main reason for this is the fact that Rotorua and Taupo formed part of the Eastern Region of UNL. As a result data had to be extracted from the Eastern' Regions data and a number of assumptions had to be made in this process.

In addition to problems sourcing historical outage information similar problems have been encountered with sourcing historical customer numbers. Customer numbers used in the historical SAIDI and SAIFI calculations have been sourced from disclosure information on the

Hawke's Bay distribution network and from information supplied during the acquisition process for the Rotorua and Taupo distribution networks.

J.2. Policies and Procedures for Recording Outages

Unison's policies and procedures for recording outages are contained within the Unison Control Centre documents. Unison's SCADA system time stamps and records every switching event that occurs on the system. Some of Unison's field assets (such as switches) communicate directly with the SCADA control system showing real time changes in status. Unison has some field assets that do not communicate directly with the SCADA control system. The status of this equipment is communicated to a system operator by radio from either a fault person or line mechanic who operates the remote equipment. The system operator updates the status of the equipment in the SCADA system manually based on this information which in turn is time stamped and logged.

The SCADA system reports outages to a Fault Management System (FMS). The FMS determines the number of customers that are affected by the outage, outage time and the customer minutes lost during the outage. The information required to complete this calculation is retrieved from a combination of spreadsheet and database systems that record customer numbers between switchable elements on the network. The customer numbers within the FMS are updated automatically from both Unison's asset database and geospatial information system which in turn is linked to Unison's billing and customer database.

Customer numbers on the entire distribution network are maintained and updated both in an internal database that is used for billing purposes and externally on a national database (the MARIA registry). Through the billing process third party verification of customer numbers is audited by external parties (retailers) who maintain independent customer databases.

In order to determine SAIDI the total customer minutes lost over the Assessment Period is divided by the average customer numbers, calculated by taking the average customer numbers between the beginning and end of the Assessment Period. SAIFI is calculated by dividing the total cumulative number of customers off over the Assessment Period by the average customer numbers as used in the SAIDI calculation.

Appendix K, Quality Threshold 6(1)(a)

The five year average SAIDI as previously disclosed by Unison compared with the 2006 result is tabulated below;

Year	SAIDI (Interruption Duration)		
	Class B	Class C	Total
1999	82.46	93.03	175.49
2000	75.62	72.74	148.36
2001	89.35	97.03	186.38
2002	52.75	67.85	120.60
2003	40.84	91.84	132.68
	Five Year Average SAIDI		152.70
2006	26.16	105.84	132.10

Appendix L, Quality Threshold 6(1)(b)

The five year average SAIFI as previously disclosed by Unison compared with the 2006 result is tabulated below;

Year	SAIFI (Interruption Frequency)		
	Class B	Class C	Total
1999	0.83	1.65	2.48
2000	0.81	1.29	2.11
2001	0.98	1.92	2.89
2002	0.60	1.64	2.24
2003	0.53	1.69	2.23
	Five Year Average SAIFI		2.39
2006	0.16	2.65	2.82

L.1. Explanatory Notes

Unison's approach to network performance during 2005/6 was very proactive. It came down to three key aspects:

1. Identify the main causes of faults on the network
2. Improve the management of causes that are under our control
3. Manage the impact of faults on Unison's customers

The excellent SAIDI outcome is a result of this approach; and was helped by an average year from an adverse weather perspective.

Unison's SAIFI result for the year is not compliant with the five year threshold. However, based on our current understanding of the network and given the past design, architecture and investment practices for Hawke's Bay, Rotorua and Taupo, Unison believes it is appropriate.

The main causes of faults on Unison's network

The strategy to improve our understanding of the causes of faults of our network delivered good results. The table below illustrate these results; and reflect the impact of the main, known fault causes on SAIFI for 2005/6:

Cause Category	Explanation	Contribution to SAIFI 05/06
Equipment Failure	Equipment failure that resulted in outage	15%
Animal Contact	Bird strikes and animals/possums	15%
Environmental	Corrosion, wind and lightning	9%
Planned	Planned maintenance	6%
Vegetation	Vegetation growing into lines; or ending up in lines as a result of weather or 3 rd parties	11%
External Influence	Motor accidents and vandalism	17%

The management of causes that, within reason, are under Unison's control

The controllability of these causes varies significantly. As an example, "Planned maintenance" is, to high degree, under Unison's control, whereas "External influence" is not. Unison has improved the management of the controllable component of fault causes, during the past year, as follows:

- Equipment failure

Unison's asset renewal strategy is a key component of managing asset failure. Unison has developed and implemented strategies for the efficient renewal of all assets. This includes strategies for the repair, refurbishment or replacement of assets. Asset management strategies are based on a total life cycle cost approach, which includes the impact on customers if asset failure could result in an outage.

A key component of the asset management strategy is Unison's inspection programme. The inspection programme forms a large part of the condition monitoring of assets, which help to identify and prioritise renewal work. Field inspections were accelerated in 2005/6 by making use of aerial surveys, which use aerial photography to help identify defects on assets.

Unison has also increased the asset renewal budget for 2005/6 compared to previous years. A major focus of the increased expenditure is to proactively replace poor performing 11kV cables, as identified in the 2005 AMP. While these activities increase customer outages in the short term while Unison performs the installations, they are essential projects to ensure long term sustainable performance of the network.

Renewals during 2005/6 also included an increased rate of replacement of certain types of 11kV switchgear which have proved to be increasingly unreliable. Customer outages resulting from these activities are also necessary, but will improve long term performance of the network.

- Animal contact

Unison can not totally prevent birds and possums from ending up in its lines and other assets. However, during the past year, Unison has continued down the track of altering the design of existing assets to make it more difficult for such animals to make contact with the assets. This included projects to change copper lines to aluminium, which helps to prevent ducks from flying into the lines, conversion of high risk lines to delta construction and the installation of "Bird B Gone" devices, which prevent birds from perching on poles.

- Environmental

A key aspect of Unison's approach to managing this cause category has been the review of design standards. This initiative has only started in 2005/6 and will continue for a few years due to magnitude of the task. It involves the evaluation of existing design standards to determine whether they are suitable for the operational environment. As a

result of this initiative, we have identified the need to install more surge arrestors on our lines, which will limit the impact of lightning on our assets and customers.

- **Planned maintenance**

The impact of planned maintenance on our customers is minimised by the use of live line techniques and by using portable generation as a stand-by supply, where feasible. This proactive approach comes at a considerable cost, but assists in keeping the inconvenience to customers, as a result of our asset renewal programme, to a minimum.

- **Vegetation**

Unison's strategy for vegetation control, as developed the past year, will result in a "first cut" for the whole network over a period of three years. This has resulted in a considerable increase to our operational costs, but also contributed to the excellent SAIDI result.

- **External influence**

This cause is not within Unison's control. Motor accidents as a cause has again been a large contributor to the 2005/6 SAIFI result. In an attempt to manage this trend Unison is investigating the feasibility of using "day time" reflectors on poles and changing the design of poles used in exposed locations.

Manage the impact of faults on Unison's customers

As stated before, different faults causes have different degrees of controllability. However, Unison can manage the impact of faults on customers. This is achieved by limiting the number of customers impacted by a single event through reconfiguring the network; and by restoring the network quicker through automation. The degree to which these two strategies are successful depends on the historical approach to the development of the network. During 2005/6 Unison has initiated several projects to reconfigure and automate the network, especially in the Taupo and Rotorua regions.

In addition to the specific strategies discussed, Unison does the following to ensure its asset management approach supports the delivery of appropriate network performance to customers:

- Unison actively monitors network performance with regular meetings to review outages on a fortnightly basis. These meetings are attended by representatives from the wider business and cover the investigation of the failures, review of response times to outages, suitability of operational restoration procedures and options to

improve network configuration to minimise recurrence and support improvements in future restoration.

- Network performance is a standard agenda item for the monthly meetings with contractors on Unison's network
- Regular reviews by external experts to ensure Unison has adopted sound asset management practices. A recent review by Dellwind (Australia) confirmed that Unison's practices are aligned with world best practice. Unison's asset management approach has also received positive feedback from the Commerce Commission's reviewers (Parsons Brinkerhoff).

Unison is cognisant that quality can be a lagging indicator of expenditure on the network. We are also aware that we have only monitored the performance of the three regions for a relative short period of time; and as a result there is a real risk of a statistical variation arising from random events in the future. Despite these concerns, we are confident that the strategies put in place in 2005/6 will have a positive influence on SAIFI in future reporting periods.

Appendix M, Quality Threshold 6(1)(c) Customer Communication

1. Preface

Clause 6(1)(c) of the Commerce Act (Electricity Distribution Thresholds) Notice 2004 requires lines businesses to demonstrate they have advised and consulted customers on the line function service/quality trade off and then considered and included customer views when making asset management decisions. In reviewing Unison's compliance with this clause it is necessary to look both at historical practices and planned future initiatives outside of the reporting period to give perspective to these price-quality initiatives.

Unison acknowledges the importance of price-quality consultation with customers and that consultation is fundamental to effective long term asset management planning. Unison has been proactive in communicating and consulting with customers in the period since the previous Quality (Consumer Communication) review contained in the Compliance Statement of 31 March 2004.

During this period Unison can demonstrate numerous initiatives undertaken such as:

- Consultation with consumer trusts (aimed primarily at mass market customers);
- Customer surveys (both generic and targeted);
- Electricity retailer interaction;
- Industrial customer communication; and
- Commercial customer communication.

Notwithstanding the regulatory requirements to consult, these initiatives are important for Unison as a business and are considered important for the long term success of the Company.

2. What does price quality mean?

Unison recognises that reliability of supply is a key determinant of the quality of its service and has used standard industry protocols such as SAIDI and SAIFI for reporting quality across its network. Whilst reliability of supply is an important objective for any electricity lines business, it must be rendered down from an averaged concept across the business to meaningful levels for customers.

Unison is moving towards more sophisticated levels of segmented SAIDI and SAIFI reporting based on geographic and network specific criteria. Unison's Asset Management Plan (AMP)

from 2006 will begin this process by setting reliability targets based on segmented (primarily geographical) criteria. It is expected this will provide a platform for improved customer communication and understanding of reliability as it relates to customer demographics.

Quality of goods and services delivered to customers by a lines business could be interpreted in many ways such as reliability, restoration times, network design, billing, account management, quality of supply, communication and interaction with Unison. The process of customer communication must provide information to customers that allow them to understand what services they can expect to receive for the price they pay. A lines business should take a methodical approach to customer communication and use pricing signals, information campaigns and benchmarking to implement effective customer communication criterion within an interposed contract. Without a measured approach to understanding and communicating the key drivers behind price-quality decisions the risk of perverse outcomes increases.

3. Unison customer communication

3.1 Customer surveys

The Hawke's Bay Power Consumers' Trust (HBPCT) is an elected body that represents and acts on behalf of the consumers served by the Hawke's Bay distribution network. Unison has consulted with the HBPCT through the Board of Directors and directly, on issues that affect both customers and owners. This has included presentations outlining the key elements of the asset management plan including targeted spend programmes aimed at improving system performance.

Unison generally has no direct contractual relationship with end use consumers and only a contractual relationship with energy retailers who are interposed between Unison and consumers. Retailers re-bundle Unison's pricing into their own tariff structures and also reflect connection obligations contained in interposed agreements in their contracts with customers (such as 'Customer Service Agreements'). The retailer is acting on the customer's behalf through its dealings with Unison, so that consultation with retailers is an important process in the price quality relationship.

3.2 Customer surveys

Unison conducted Customer Satisfaction and Perceptions Research surveys in 2003, 2004 and 2005. The purpose of these reports were to identify key result areas in overall customer satisfaction, image attributes, deliverables, outages and communication.

Several areas of the survey dealt with price-quality issues and showed that Unison customers do consider quality (through reliability) as the most important attribute for an electricity lines business. Most customers indicated they do not want to pay any more for a greater reliability and that they are satisfied with existing quality levels, although some rural customers who had experienced several outages (resulting primarily from vegetation issues) indicated they would be prepared to pay more for improved quality. Most industrial customers indicated that quick fault restoration is a service that they value.

The 2005 Unison survey was modified to capture additional information to that collated in 2003 and 2004. This process is described in an extract from the executive summary:

Executive Summary

Unison Networks Ltd (trading as Unison) is the fourth largest Electricity distribution Company in New Zealand with more than 103,000 customer connections in Hawke's Bay, Taupo and Rotorua.

In late 2005 Unisons third annual customer satisfaction survey was conducted. This research measured Unisons overall customer satisfaction, image attributes, deliverables and power cuts (outages). At the same time as this telephone survey was underway; a postal survey of Unisons rural customers was also in progress.

Telephone Respondents were sampled from the three geographical areas Unison operates in. A random sample of 300 residential customers and 100 commercial customers was selected and stratified by region and customer group (commercial and residential) to ensure a representative geographical spread of Unison Customers. 8238 questionnaires were posted to rural customers within Unison network of which 662 were returned.

Key outcomes from the survey include:

Rating deliverables: With the exception of minor fluctuations, overall Unison has continued to achieve a satisfactory level of performance in all key deliverables across all customer groups and regions.

Better/worse perceptions: Most respondents perceive only a minor improvement in their power quality over the past 12 months. This is an important indicator to maintain should current quality levels change in future years. Little difference exists between rural and urban better/worse perceptions

Fault information: Although an increase in name recall for Unison as a fault organisation was recorded, customers still typically make contact with their Electricity retailer in the event of an Electricity fault. Most customers DO NOT contact Unison in the event of an Electricity fault.

Number of power cuts: Overall, less outages were recalled over the past 12 months. Rural customers experience more frequent and longer outages than urban customers

Outage satisfaction level: Most customers are more satisfied with the number of outages experienced throughout 2005 than in the previous year. Positive changes in satisfaction levels are in line with decreased outages recalled by customer groups and regions. Significant differences exist between satisfaction levels of rural and urban customers.

Time without power: Time without power reduced within commercial, residential, Hawke's Bay and Rotorua, Taupo experienced an increase in the duration of time without power. Rural respondents are typically without power longer than urban customers.

Restoration time satisfaction: Most respondents are satisfied with the time taken to restore power. Rural customers are less satisfied with the restoration response time than urban customers.

Willingness to pay for improved response time: Service delivery is already perceived as good, there is little frame of reference from which respondent can make a willingness to pay judgement call. Although rural outages are more frequent and last longer, the majority of rural customers are not willing to pay more of an improved service.

Unison will be hosting focus groups with customers to explain the role of electricity lines businesses and the prices, services and corresponding quality levels that the Company is currently providing. This will then provide a platform from which to consider future options which may include pricing modifications to better reflect customer expectations. Unison is seeking to clarify the relationship between customers, retailers and lines businesses so that customers are aware of Unison's key service functions and are able to make decisions in relation to quality, service and price.

Notwithstanding the proposal to conduct focus group meetings, Unison has continued to analyse the technical performance of its feeders and in particular those which are performing below expectation. Better reporting of the comments received in the latest customer surveys provided Unison with another dimension of analyses and the Company has paid particular attention to those customers whose SAIFI and SAIDI performance deviate significantly from the regional average. The spend programme in the latter half of the 2005/6 fiscal period has been reprioritised/re-focussed more towards vegetation control and automation programmes on these poorer performing feeders.

Unison also uses its membership of the Hawke's Bay, Rotorua and Taupo Chambers of Commerce to receive feedback on both industry and mass market perceptions of Unison's standards of reliability and quality of service for all services offered.

3.3 Retailer consultation

At least once per annum Unison consults with each of the electricity retailers trading on its network to discuss issues such as fault response co-ordination, communicating annual kVA pricing reviews and use of system agreements and their operational effectiveness. As virtually all of Unison's customers are interposed through a retailer, they remain an essential source of information in relation to customer's perceptions about quality (as many consumers continue to contact their retailer for all queries) and price.

An example of this co-operation saw Unison present to a retailer training forum held in Hawke's Bay in November 2005 where personnel from the two organisations were able to discuss their perspectives on effective ways to collate customers concerns about price and quality. This was a particularly useful exercise as Unison was able to provide the front line staff of this particular retailer with the detail (for their customer care staff) associated with line pricing and the historical levels of quality across the network.

3.4 Industrial account management

Unison has held discussions with a number of industrial customers (representing significant load on the network) in relation to quality and price. These discussions have shown that major industrial customers are interested in firstly better understanding the Unison pricing methodology and secondly to understand what the baseline of quality expectation should be. Benchmarking shows Unison's tariffs to be on or about the national average, as is the Companies quality as reported by SAIDI. Customers, when made aware of this, often then do not want to pay additional sums for potentially enhanced security or markedly improved power quality. This allows sensible investment or retrenchment of the network, and security of supply decisions related to price that meet customer expectations.

Unison has engaged in several projects with industrial customers over specific price-quality options including undergrounding site supplies to improve security, asset utilisation studies and increasing supply to a site to deliver required security of supply. These are continually being investigated on commercial terms in conjunction with the relevant customers.

4. Asset Management Plan

The AMP lays the foundation for the operation of the network. It is circulated to retailers for comment, is approved by Directors, forms the cornerstone document for strategic network operations and lays the framework for asset management decisions. Unison has published and consulted over its AMP since 1999 which has outlined its investment projections over a ten year period. This document has been available for customers to view either from Unison's offices or as a download from Unison's website. In the 2006 AMP (to be released in November 2006) Unison will publish segmented SAIDI and SAIFI figures.

In addition Unison expects to publish service levels segmented in the same manner, also enabling customers to determine their existing fault restoration service target from Unison. It is anticipated these will be incorporated into contractual obligations with retailers and provide a basis to move forward with mass market customers fostering better customer communication in relation to price-quality in the future.

Unison has a service level standard in its contracts with retailers that require a charter payment to customers where a fault is not restored within a defined time period. These charter payments have been negotiated with retailers as an outcome of a mutually agreed service level package and reinforce the commitment Unison has to reliability and supply restoration. The payments act as an incentive for Unison to ensure that supply restoration remains a priority and reflect price-quality concerns. The charter payments are small compared to annual capital expenditure and support the current asset management strategy by adjusting the customer's price if Unison does not deliver on the agreed quality requirements.

5. Future Initiatives

The refinement of customer communication criteria so that a lines business can demonstrate that it has advised and consulted customers on the price-quality trade off and then considered and included customer views when making asset management decisions is best achieved over time within the boundaries of current contractual relationships, such as interposed use of system agreements. Unison recognises the significance of customer consultation and is building on the initiatives already implemented and is moving towards more widespread and interactive customer price-quality communication.

6. Summary

Consultation with customers about the quality of goods and services that they are prepared to pay for has been achieved through negotiation of service levels in contracts with retailers trading on Unison's network, pricing negotiations with retailers, interaction with the HBPCT, feedback received on the AMP, customer surveys and meetings with industrial customers.

Unison has considered and included the views expressed by customers when making asset management decisions. This has been shown by the significant investment in vegetation expenditure, investment in automation equipment and a significant increase in renewal expenditure in line with the aging profile of the network, aimed at maintaining the level of service quality at current levels.



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This research was undertaken to the highest possible standards and in accord with the principles detailed in the MRSNZ Code of Practice, which is based on the ESOMAR Code of Conduct for Market Research.

All methodologies and findings in this report are provided solely for use by Unison Networks Ltd. Unison has agreed to allow this research to be used as a case study in partial completion of the authors (Virgil Troy) Doctor of Philosophy.