

REPORT OF FACTUAL FINDINGS

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To the Board of DBNGP (WA) Transmission Pty Ltd ("DBP")

Report of Factual Findings

We have performed the procedures agreed with you as outlined in our engagement letter dated 9 September 2014 and to report factual findings for the purpose of assisting you in providing capital and operating expenditure information included in DBP's "Submission 6 with the Economic Regulation Authority of Western Australia ("ERA"), based on information contained within the DBNGP Trust Special Purpose Financial Reports ("SPFR"), half-year DUET reporting packs and other internal worksheets provided by management. The procedures performed are detailed in the terms of the engagement and described below.

Those Charged with Governance's Responsibility for the Procedures Agreed

Those Charged with Governance are responsible for the adequacy or otherwise of the procedures agreed to be performed by us. You are responsible for determining whether the factual findings provided by us, in combination with any other information obtained, provide a reasonable basis for any conclusions which you or other intended users wish to draw on the subject matter.

Assurance Practitioner's Responsibility

Our responsibility is to report factual findings obtained from conducting the procedures agreed. We conducted the engagement in accordance with Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*.

Because the agreed-upon procedures do not constitute either a reasonable or limited assurance engagement in accordance with Standards issued by the Auditing and Assurance Standards Board, we do not express any conclusion and provide no assurance on the Submission 6. Had we performed additional procedures or had we performed an audit or a review of the Submission 6 in accordance with Standards issued by the Auditing and Assurance Standards Board, other matters might have come to our attention that would have been reported to you.

Independence

We have complied with ethical requirements equivalent to those applicable to Other Assurance Engagements, including independence.

Factual Findings

The procedures were performed solely to assist you in providing capital and operating expenditure information included in DBP's Submission 6 with the ERA. The procedures performed and the factual findings obtained are as follows:

Verification of actual capital expenditure

Step 1 - Special purpose financial reports

Procedures Performed	Factual Findings	Errors or Exceptions Identified	Management Comments
1. Agree the 'Additions' and 'Transfers between class of assets' for 'Construction Work in Progress' ("CWIP") for the financial years ended 30 June 2011, 2012 and 2013 to the audited SPFR for the respective years as disclosed in Figure 2, 3 and 4 and Table 1 of Submission 6.	We agreed the 'Additions' and 'Transfers between class of assets' for 'Construction Work in Progress' ("CWIP") for the financial years ended 30 June 2011, 2012 and 2013 to the audited SFPR for the respective years as disclosed in Figure 2, 3 and 4 and Table 1 of Submission 6.	No errors or exceptions identified.	

Step 2 - Total regulatory capital expenditure by calendar year

Procedures Performed	Factual Findings	Errors or Exceptions Identified	Management Comments
2. Agree the total capital expenditure split between 'Expansion', 'Stay in Business', 'GEA/Turbines' and 'Capital Contributions' categories, to internal work sheets provided by DBP management for each 6 month period beginning 1 July 2010 and ending 31 December 2013 as disclosed in Table 2 of Submission 6.	We agreed the total capital expenditure split between 'Expansion', 'Stay in Business', 'GEA/Turbines' and 'Capital Contributions' categories, to internal work sheets provided by DBP management for each 6 month period beginning 1 July 2010 and ending 31 December 2013 as disclosed in Table 2 of Submission 6.	<p>No procedures were performed on the internal work sheets provided by DBP.</p> <p>No errors or exceptions identified.</p>	

Procedures Performed	Factual Findings	Errors or Exceptions Identified	Management Comments
3. Agree the 'Addition of CWIP at 31 December (SIB & Expansion)' as disclosed in Table 3 of Submission 6 to internal work sheets provided by DBP for '2010 capital expenditure'.	We agreed the 'Addition of CWIP at 31 December (SIB & Expansion)' as disclosed in Table 3 of Submission 6 to internal work sheets provided by DBP for '2010 capital expenditure'.	No procedures were performed on the internal work sheets provided by DBP No errors or exceptions identified.	
4. Test the mathematical accuracy of Table 1, 2 and 3 of Submission 6.	We tested the mathematical accuracy of Table 1, 2 and 3 of Submission 6.	No errors or exceptions identified.	
Step 3 - Asset additions by regulatory category			
Procedures Performed	Factual Findings	Errors or Exceptions Identified	Management Comments
5. Test the mathematical accuracy of Table 4, 5 and 6 of Submission 6.	We tested the mathematical accuracy of Table 4, 5 and 6 of Submission 6.	No errors or exceptions identified.	
Verification of actual operating expenditure			
Step 1 - Special purpose financial reports			
Procedures Performed	Factual Findings	Errors or Exceptions Identified	Management Comments
6. Agree the income statement balances included in Table 7 of Submission 6 for the financial years ended 30 June 2011, 2012 and 2013 to the audited SPFR for the respective years.	We agreed the income statement balances included in Table 7 of Submission 6 for the financial years ended 30 June 2011, 2012 and 2013 to the audited SPFR for the respective years.	No errors or exceptions identified.	

Step 2 – Excluded SPFR reporting lines and other costs

Procedures Performed	Factual Findings	Errors or Exceptions Identified	Management Comments
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7. No agreed upon procedures have been performed in relation to this step of the submission. We have included this for completeness purposes only.

Step 3 – Financial year to calendar year

Procedures Performed	Factual Findings	Errors or Exceptions Identified	Management Comments
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8. Agree the income statement balances included in Table 9 of Submission 6 for the half year ended 31 December 2010, 2011, 2012 and 2013 to the income statement breakdown provided within the 'half year reviewed DUET reporting pack' for the respective years.
- The 'half year reviewed DUET reporting pack' represents half year financial information provided to DUET for the purposes of consolidation into the DUET half year financial statements. We provide a review conclusion in relation to the financial information contained within the DUET reporting package.
- We agreed the income statement balances included in Table 9 of Submission 6 for the half year ended 31 December 2010, 2011, 2012 and 2013 to the income statement breakdown provided within the reviewed reporting pack for the respective years and have noted the following exceptions.
- The following exceptions were noted:
- ▶ 31 December 2010 'Operations and maintenance expense' included in Table 9 of Submission 6 of \$15.65 million compares to \$13.22 million as reported in the 'half year reviewed 31 December 2010 DUET reporting pack'. This is a difference of \$2.43 million
 - ▶ 31 December 2010 'Employee benefits expense' included in Table 9 of Submission 6 of \$12.05 million compares to \$14.48 million as reported in the 'half year reviewed 31 December 2010 DUET reporting pack'. This is a difference of (\$2.43) million
 - ▶ 31 December 2010 'Other expenses' included in Table 9 of Submission 6 of \$0.31 million (originating for SPFR) compares to 'Other expenses' of Nil as reported in the 'half year reviewed 31 December 2010 DUET reporting pack'. The difference of \$0.31 million is due to the following reclassifications of certain amounts to 'Other expenses':
- DBP notes that all exceptions noted by EY are due to different mapping used for SPFR and DUET reporting packs and in aggregate are consistent.*
- Refer to above exception noted.*
- Noted 2010 variances are due to there not being an 'Other expenses' reporting category in DUET reporting packs. However, the following costs can be agreed to DUET reporting packs.*

Procedures Performed	Factual Findings	Errors or Exceptions Identified	Management Comments
		<ul style="list-style-type: none"> ▶ 'Remuneration of auditors' \$0.18 million which was previously classified within the 'half year reviewed 31 December 2010 DUET reporting pack' as 'Management and administration expenses' ▶ 'Revaluation of FVTPL instruments' \$0.15 million which was previously classified within the 'half year reviewed 31 December 2010 DUET reporting pack' as 'Finance costs' ▶ 'Foreign exchange gains' (\$0.015) million which was previously classified with the 'half year reviewed 31 December 2010 DUET reporting pack' as 'Other income' ▶ We note that (\$0.037) million has been reclassified from 'Finance costs' to 'Other expenses' ▶ We note \$0.032 million has been reclassified from 'Other expenses' to 'Other revenue' 	
		<ul style="list-style-type: none"> ▶ 31 December 2011 'Operations and maintenance expense' included in Table 9 of Submission 6 of \$16.19 million compares to \$15.96 million as reported in the 'half year reviewed 31 December 2011 DUET reporting pack'. This is a difference of \$0.23 million 	<i>DBP, for the purpose of aligning SPFR with DUET packs amounts have been shifted to 'Other expenses'.</i>
		<ul style="list-style-type: none"> ▶ 31 December 2011, 'Employee benefits expense included in Table 9 of Submission 6 of \$13.69 million compares to \$14.04 million as reported in the 'half year reviewed 31 December 2011 DUET reporting pack'. This is a difference of (\$0.35) million 	<i>As above, noting that \$0.23m from "Operations and maintenance expense" and (\$0.35)m from 'Employee benefits' are referred to in the last two sub-points below.</i>

Procedures Performed	Factual Findings	Errors or Exceptions Identified	Management Comments
		<ul style="list-style-type: none"> ▶ 31 December 2011 'Other expenses' included in Table 9 of Submission 6 of \$0.27 million compares to 'Other expenses' of Nil as reported in the 'half year reviewed 31 December 2011 DUET reporting pack'. The difference of \$0.27 million is due to the following reclassifications of certain amounts to 'Other expenses': <ul style="list-style-type: none"> ▶ 'Remuneration of auditors' \$0.13 million which was previously classified within the 'half year reviewed 31 December 2011 DUET reporting pack' as 'Management and administration expenses' ▶ 'Other' of \$0.01 million which was previously classified within the 'half year reviewed 31 December 2011 DUET reporting pack' as 'Finance costs' ▶ We note that \$0.006 million relating to 'Foreign exchange gains' has been reclassified from 'Other expenses' to 'Other revenue' ▶ We note \$(0.23) million has been reclassified from 'Other expenses' to 'Operations and maintenance expense' ▶ We note \$0.35 million has been reclassified from 'Employee expenses' to 'Other expenses' ▶ 31 December 2012 'Operations and maintenance expense' included in Table 9 of Submission 6 of \$14.59 million compares to \$23.38 million as reported in the 'half year reviewed 31 December 2012 DUET reporting pack'. The difference of (\$8.79) million is due to the following reclassifications: 	<p><i>Noted 2011 variances are due to there not being an 'Other expenses' reporting category in DUET reporting packs. However, the following costs can be verified against DUET reporting packs.</i></p> <p><i>Variances are due to all expenses being reported as 'Operating and maintenance expense' and not 'Other expenses' or 'Cost of Goods Sold as per SPFR reporting.</i></p>

Procedures Performed	Factual Findings	Errors or Exceptions Identified	Management Comments
		<ul style="list-style-type: none"> ▶ We note \$3.43 million has been reclassified from 'Operations and maintenance expense' to 'Other expenses' ▶ We note \$2.87 million has been reclassified from 'Operations and maintenance expense' to 'Carbon tax' which is included within 'Other expenses' ▶ We note \$2.49 million has been reclassified from 'Operations and maintenance expense' to 'Cost of goods sold' 	
		<p>▶ 31 December 2012 'Other expenses' included in Table 9 of Submission 6 of \$6.46 million compares to 'Other expenses' of \$0.01 million as reported in the half year reviewed 31 December 2012 DUET reporting pack. The difference of \$6.45 million is due to the following reclassifications of certain amounts to 'Other expenses':</p> <ul style="list-style-type: none"> ▶ 'Remuneration of auditors' of \$0.15 million which was previously classified within the 'half year reviewed 31 December 2012 DUET reporting pack' as 'Management and administration expenses' ▶ We note \$3.43 million has been reclassified from 'Operations and maintenance expense' <p>We note \$2.87 million has been reclassified from 'Operations and maintenance expense' to 'Carbon tax' within 'Other expenses'</p>	<p><i>Variances are due to there not being an 'Other expenses' reporting category in DUET reporting packs. However, the following costs can be verified against DUET reporting packs.</i></p>

Procedures Performed	Factual Findings	Errors or Exceptions Identified	Management Comments
		<ul style="list-style-type: none"> ▶ 31 December 2013 'Operations and maintenance expense' included in Table 9 of Submission 6 of \$14.02 million compares to \$14.20 million as reported in the 'half year reviewed 31 December 2013 DUET reporting pack'. This is a difference of (\$0.18) million. ▶ 31 December 2013 'Other expenses' included in Table 9 of Submission 6 of \$4.06 million compares to 'Other expenses' of \$3.74 million as reported in the 'half year reviewed 31 December 2013 DUET reporting pack'. The difference of \$0.32 million is due to the following reclassifications of certain amounts to 'Other expenses' ▶ 'Remuneration of auditors' of \$0.14 million which was previously classified within the 'half year reviewed 31 December 2013 DUET reporting pack' as 'Management and administration expenses' ▶ We note \$0.18 million has been reclassified from 'Operations and maintenance expense' 	<p><i>DBP, for the purpose of aligning SPFR with DUET packs; amounts were shifted to 'Other expenses'. Note that \$0.18m relates to the last sub-point below.</i></p>
9. Agree the income statement balances included in Table 9 of Submission 6 for the year ended 30 June 2011, 2012 and 2013 to the audited SPFR for the respective years.	We agreed the income statement balances included in Table 9 of Submission 6 for the year ended 30 June 2011, 2012 and 2013 to the audited SPFR for the respective years and have noted the following exception.	<p>The following exception was noted:</p> <ul style="list-style-type: none"> ▶ 30 June 2011 'Other expenses' included in Table 7 of Submission 6 of \$1.02 million compares to 'Other expenses' of \$0.30 million included in Table 9 of Submission 6. The difference of \$0.72 million relates to disposals of assets which have been excluded from 'Other expenses' in Table 9 for regulatory purposes. 	<p><i>Disposals have been excluded from regulatory accounts. DBP's approach dealing with disposals for regulatory purposes is outlined in Section 5 of Submission 6.</i></p>

Procedures Performed	Factual Findings	Errors or Exceptions Identified	Management Comments
10. Test the mathematical accuracy of Table 9 and 10 of Submission 6.	We tested the mathematical accuracy of Table 9 and 10 of Submission 6.	No errors or exceptions identified.	
Step 4 - Excluded costs			
Procedures Performed	Factual Findings	Errors or Exceptions Identified	Management Comments
11. Test the mathematical accuracy of the removal of 'Cost Centre 50642' costs as set out in Table 11 from 'Regulatory Operating Expenditure' as set out in Table 10, as disclosed in Table 12 of Submission 6.	We tested the mathematical accuracy of the removal of 'Cost Centre 50642' costs as set out in Table 11 from 'Regulatory Operating Expenditure' as set out in Table 10, as disclosed in Table 12 of Submission 6.	<p>The removal of Cost Centre 50642 is based on mapping provided by DBP management. The appropriateness of the mapping was not subject to any procedures.</p> <p>No errors or exceptions identified.</p>	
12. Test the mathematical accuracy of Table 13 and 14 of Submission 6.	We tested the mathematical accuracy of Table 13 and 14 of Submission 6.	No errors or exceptions identified.	
Disposals			
Procedures Performed	Factual Findings	Errors or Exceptions Identified	Management Comments
13. Agree the 'Property, plant and equipment' 'Disposals' for the financial years ended 30 June 2011, 2012 and 2013 to the audited SPFR for the respective years as disclosed in Table 20 of Submission 6.	We agreed the 'Property, plant and equipment' 'Disposals' for the financial years ended 30 June 2011, 2012 and 2013 to audited SPFR for the respective years as disclosed in Table 20 of Submission 6 and have noted the following exception.	<p>The following exceptions was noted:</p> <ul style="list-style-type: none"> ► 30 June 2011 'Disposal listings' included in Table 20 of Submission 6 of \$30.83 million compares to 'Property, plant and equipment' 'Disposals' of \$28.87 million as reported in the 30 June 2011 audited SPFR. The difference of \$1.96 million is due to disposals relating to 'Information systems' which were classified as 'Non-current assets - Intangible assets' within the 30 June 2011 audited SPFR which have been included within 'Disposal listings' for the purposes of regulatory reporting. 	<i>DBP regulatory disposals reports is a combination of those reported in SPFR for both tangible and intangible assets.</i>

Procedures Performed	Factual Findings	Errors or Exceptions Identified	Management Comments
		<ul style="list-style-type: none"> ► 30 June 2012 'Disposal listings' included in Table 20 of Submission 6 of \$0.146 million compares to 'Property, plant and equipment' 'Disposals' of \$5.64 million as reported in the 30 June 2011 audited SPFR. The difference of \$5.49 million is due to 'Disposals' relating to the 'Gas linepack'. 	
14. Test the mathematical accuracy of Table 20 of Submission 6.	We tested the mathematical accuracy of Table 20.	No errors or exceptions identified.	
Gas Linepack			
Procedures Performed	Factual Findings	Errors or Exceptions Identified	Management Comments
15. Agree the 'Property, plant and equipment' 'Gas linepack' closing net book amount for the financial years ended 30 June 2011, 2012 and 2013 to the audited SPFR for the respective years as disclosed in Table 21 of Submission 6.	We agreed the 'Property, plant and equipment' 'Gas linepack' closing net book amount for the financial years ended 30 June 2011, 2012 and 2013 to audited SPFR for the respective years as disclosed in Table 20 of Submission 6.	No errors or exceptions identified.	

Restriction on Use of Report

This report is intended solely for the use of DBP and intended users identified in the terms of the engagement for the purpose set out above. As the intended user of our report, it is for you and other intended users to assess both the procedures and our factual findings to determine whether they provide, in combination with any other information you have obtained, a reasonable basis for any conclusions which you wish to draw on the subject matter. As required by ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*, use of this report is restricted to those parties that have agreed the procedures to be performed with us and other intended users identified in the terms of the engagement (since others, unaware of the reasons for the procedures, may misinterpret the results).

Our report may be relied upon by DBNGP (WA) Transmission Pty Ltd for the purpose set out above only pursuant to the terms of our engagement letter dated.

We disclaim all responsibility to any other party for any loss or liability that the other party may suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party or the reliance upon our report by the other party.

Ernst & Young
Perth
26 November 2014