

Electricity Networks Access Code 2004

Guidelines for Access Arrangement Information

26 June 2008

Economic Regulation Authority



WESTERN AUSTRALIA

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1 Introduction

1.1 Requirement for access arrangement information

Under sections 4.1 and 4.48 of the *Electricity Networks Access Code 2004* (**Access Code**) a service provider of a covered network must when submitting any proposed access arrangement, or proposed revisions to an access arrangement to the Economic Regulation Authority (**Authority**), also submit access arrangement information.

The purpose of access arrangement information is specified in section 4.2 of the Access Code, being that access arrangement information must enable the Authority, users and applicants to:

- understand how the service provider derived the elements of the proposed access arrangement; and
- form an opinion as to whether the proposed access arrangement complies with the Access Code.

The required content of access arrangement information is specified in section 4.3 of the Access Code as:

- information detailing and supporting the price control in the access arrangement; and
- information detailing and supporting the pricing methods in the access arrangement; and
- if applicable, information detailing and supporting the measurement of the components of approved total costs in the access arrangement; and
- information detailing and supporting the service provider's system capacity and volume assumptions.

1.2 Provision for the preparation of guidelines

Section 4.5 of the Access Code provides for the Authority to publish guidelines setting out in further detail what information must be included in access arrangement information in order for the access arrangement information to comply with sections 4.2 and 4.3, either generally or in relation to a particular matter or circumstance.

Section 4.6 of the Access Code requires that, subject to sections 4.2 and 4.3, access arrangement information submitted more than three months after the publication of guidelines under section 4.5 must comply with the guidelines.

Section 4.7 of the Access Code provides for the Authority to waive the requirement for a service provider to comply with one or more guidelines published under section 4.5, if the Authority is satisfied that doing so will better achieve the (Access) Code objective.

1.3 Nature of these guidelines

These guidelines have been written to reflect the current arrangements in Western Australia for the provision of electricity-network services that are covered services under the Access Code. At the time of publication, Western Power is the only service provider in Western Australia who owns and operates a covered network – the South West interconnected network (**SWIN**) within the South West interconnected system (**SWIS**).

Western Power's first access arrangement was approved by the Authority in April 2007 and became effective on 1 July 2007. Western Power is due to submit proposed revisions to its access arrangement to the Authority by 1 October 2008, together with revised access arrangement information.

2 General Principles

2.1 Compliance

Subject to sections 4.2 and 4.3 of the Access Code, access arrangement information to be submitted by a service provider must comply with these guidelines, unless the Authority determines under section 4.7 of the Access Code to waive the requirement to comply with one or more guidelines.

These guidelines specify certain information that must be included in access arrangement information. These guidelines are not exhaustive in the requirements for access arrangement information and compliance with these guidelines does not represent full compliance with the requirements of section 4.3 of the Access Code.

2.2 Derivation of access arrangement elements

In accordance with section 4.5 of the Access Code, these guidelines set out in further detail what information must be included in access arrangement information in order for the information to comply with sections 4.2 and 4.3, either generally or in relation to a particular matter or circumstance.

While these guidelines currently concentrate on the reporting of financial (quantitative) information, in access arrangement information, to help the Authority assess the price control and pricing methods in a service provider's access arrangement, service providers must still provide qualitative information to the extent necessary for the Authority, users and applicants to:

- understand how the service provider derived the elements of its access arrangement; and
- form an opinion as to whether the access arrangement complies with the Access Code.

Such qualitative information may include, for example, information detailing the individual policies that the service provider has implemented, or will implement, to meet its service standard and quality benchmarks.

The Authority may, from time to time, amend the guidelines to incorporate particular requirements for the reporting of qualitative information.

2.3 Accounting principles and policies

The accounting principles and policies applied in compiling financial information that forms part of the access arrangement information must:

- have a recognisable and rational economic basis;
- satisfy accounting concepts of relevance and reliability; and
- accord with applicable Australian accounting standards.

The access arrangement information must include full and detailed documentation of the regulatory accounting principles and policies adopted.

The access arrangement information must include descriptions of any changes to the accounting principles and policies from those previously applied by the service provider, together with the rationale for the changes and a quantitative assessment of the effect of the changes on regulatory information.

2.4 Substance of transactions and events

Where access arrangement information includes information on a transaction or event, the information must report both the substance and detail of the transaction or event.

Where the commercial substance of a transaction or event differs from the legal form, the commercial substance must be reported.

In determining the substance of a transaction or event, a group of transactions or events that achieves, or is designed to achieve, an overall commercial effect shall be viewed together.

2.5 Materiality

These guidelines apply to all material information provided in access arrangement information. Information is material if its omission, misstatement or non-disclosure has the potential to prejudice the understanding of the derivation of elements of the access arrangement.

2.6 Information provided shall be verifiable

All financial information provided in access arrangement information must be verifiable.

For the purposes of these guidelines, “verifiable” means that information can be traced to a source document or an assumption by an independent party or auditor.

2.7 Audit assurance

Access arrangement information must include an audit report for financial information that is included in regulatory financial statements. The auditor must be objective and independent of the service provider.

The audit report must cover, at a minimum, assurance of:

- veracity of the regulatory financial statements;
- consistency with stated accounting policies, principles and methods; and
- arithmetic accuracy.

2.8 Confidentiality

Sections 14.12 to 14.15 of the Access Code establish general rights and obligations of persons, including a service provider and the Authority, in the disclosure or receipt of information claimed by the disclosing person to be confidential.

With respect to access arrangement information, however, the Authority is required by section 4.54 of the Access Code to publish access arrangement information provided to it pursuant to the requirements of the Access Code on its public register, despite any claim of confidentiality by the disclosing person with respect to the whole or any part of the access arrangement information.

2.9 Format of information

Service providers should provide access arrangement information to the Authority in both print and electronic form.

As a minimum, the service provider must provide one original submission in print form, with relevant signatures and an electronic version on compact disc, or a similar medium. The service provider should also provide an unbound copy of the submission to assist the Authority in reproducing the original submission in full, when required.

Service providers should, prior to submitting any electronic information, confirm with the Authority that the electronic information is compatible with the Authority's information technology systems.

3 Regulatory Financial Statements

3.1 Requirement

Where revised access arrangement information is being submitted to the Authority together with proposed revisions to an access arrangement, the access arrangement information must include regulatory financial statements for the current access arrangement period.

Regulatory financial statements should be presented separately for each component of the service provider's business and include for each component and for each accounting period:

- an income (profit and loss) statement;
- a cash flow statement;
- a balance sheet;
- a statement of capital expenditure;
- a statement of operating expenditure; and
- a statement of contributions.

3.2 Purpose

Regulatory financial statements are required to provide the Authority with information that assists in the understanding of a proposed access arrangement, including providing auditable information for:

- verifying the actual costs of the service provider in the current access arrangement period;
- understanding the allocation of costs between regulated and unregulated components of the service provider's total business;
- verifying the actual revenue of the service provider and assessing compliance with the price control under the access arrangement;
- ensuring that past expenditure is not included in forecast expenditure;
- understanding the regulated business of the service provider and the effects of regulation on the financial performance of the business; and
- identifying trends in costs.

3.3 Method of preparation

Regulatory financial statements are to be prepared by disaggregating and adjusting base accounts. Base accounts are the general purpose financial statements that:

- contain the entirety of the activities of the service provider;
- are consolidated or aggregated where appropriate; and
- are prepared in accordance with (as relevant),
 - Australian Corporations Law;
 - the *Electricity Corporations Act 2005*; and

- Australian Accounting Standards.

The base accounts may comprise the statutory accounts of the service provider's business or general-purpose financial statements from the general ledger of the service provider's business.

The preparation of regulatory financial statements from base accounts is to be undertaken by:

- preparing disaggregated statements from the base accounts and the accounting records that underlie the base accounts; and
- applying, where necessary, adjustments to the disaggregated statements to derive the regulatory financial statements.

3.4 Regulatory accounting periods

Regulatory financial statements shall be prepared for regulatory accounting periods that correspond to the periods of the base accounts.

3.5 Cost allocation

The preparation of disaggregated statements shall be undertaken by an allocation of revenue and costs between the various regulated and unregulated components of the service provider's business.

The allocation of revenue and cost items shall be based on the following principles.

- Items that are directly attributable to a business component are allocated accordingly.
- Items that are not directly attributable to a business component are to be allocated, where practicable, on a causation basis.
- Items that are not directly attributable and cannot be practicably allocated on a causation basis shall be allocated by a method determined by the service provider. In such cases, the access arrangement information must include a supporting note for each item thus allocated indicating:
 - the basis for allocation;
 - the reason for choosing that basis; and
 - an explanation for why no causal relationship could be established.

3.6 Regulatory adjustments

In preparing regulatory financial statements, a service provider will apply regulatory adjustments to the disaggregated statements to account for:

- costs and revenues associated with the supply of services other than covered services; and
- differences in accounting methods and assumptions between the base accounts and regulatory financial statements.

The access arrangement information should include explanation of the nature and amount of each regulatory adjustment.

3.7 *Pro forma regulatory financial statements*

The regulatory financial statements must be prepared in accordance with the pro forma statements provided in Appendix A of these guidelines.

The service provider may apply discretionary headings in regulatory financial statements. Any discretionary headings must agree with, or be traceable to, account headings in the service provider's general ledger of the chart of accounts that underlies the base accounts.

3.8 *Requirements for specific regulatory financial statements*

3.8.1 *Capital expenditure*

The capital expenditure recorded for the service provider's business as a whole must reconcile to the relevant entries in the service provider's balance sheet.

The accounting adjustments made in the preparation of regulatory financial statements must be consistent with ensuring that the capital expenditure:

- reflects the total amount associated with capital assets that have been installed or passed to the control of the service provider's business within each accounting period, including the cost of assets that have been the subject of a capital contribution from any party; and
- is recorded on an "as incurred" basis, and includes expenditure on capital assets that did not enter into service during the year, but excludes any amount for the interest (or like allowance) incurred during construction.

Asset revaluations or adjustments for impairment (whether the adjustments would have the effect of increasing or decreasing asset values) are not permitted in regulatory financial statements unless they are made in accordance with the provisions for redundant capital under sections 6.61 to 6.63 of the Access Code. Asset revaluations must be eliminated as an adjustment between the base accounts and regulatory financial statements.

Goodwill and any related impairments are not permitted in regulatory financial statements. They must be eliminated as an adjustment between the base accounts and regulatory financial statements.

Capital expenditure must be disaggregated and allocated to business segments, being:

- covered transmission services;
- excluded transmission services;
- covered distribution services;
- excluded distribution services; and
- other business and services.

Within each business segment, capital expenditure must be disaggregated by asset category and reason for the expenditure:

- growth – capital expenditure for the purposes of increasing the capacity of assets or construction of new assets to meet growth in demand;
- asset replacement and renewal – capital expenditure for the purposes of replacing assets and maintaining service levels;

- improvement in service – capital expenditure for the purposes of improving service levels and reliability to meet customer preferences;
- compliance – capital expenditure for the purposes of meeting regulatory obligations; and
- corporate – capital expenditure for corporate activities.

3.8.2 Operating expenditure

Operating expenditure must be disaggregated and allocated to business segments, being:

- covered transmission services;
- excluded transmission services;
- covered distribution services;
- excluded distribution services; and
- other business and services.

Within each business segment, operating expenditure must be further disaggregated into the following categories:

- operations;
- maintenance;
- customer service and billing;
- corporate;
- other operating expenditure.

3.8.3 Revenue

Revenue must be disaggregated and allocated to business segments, being:

- covered transmission services;
- excluded transmission services;
- covered distribution services;
- excluded distribution services; and
- other business and services.

Within each business segment, revenue must be further disaggregated into the following categories:

- tariff revenue;
- capital contributions (including gifted assets);
- proceeds from asset disposals;
- other revenue.

3.8.4 Contributions

Where a service provider receives contributions from any party (including any government or government body) for the financial year, the service provider must disclose the value of the contributions at an appropriate level of disaggregation that does not compromise the commercial operations of the service provider and/or its customers.

The service provider should note that the Authority might require that the service provider supply, as additional information to access arrangement information, more detailed information on contributions. Specifically, where a service provider receives contributions from any party (including any government or government body) for the financial year, the service provider might be required to disclose, in a format to be advised by the Authority:

- the reason for the contribution;
- whether the contribution was received from a customer or a government body (where that government body is not a customer);
- the accounting treatment used to record the contribution in the base accounts (revenue or equity);
- whether the contribution was made in respect of operating or capital expenditures;
- whether the contribution was made in respect of a covered service, an excluded service or some other service; and
- the value of the contribution.

4 Information Supporting a Target Revenue Proposal

4.1 Requirement

Access arrangement information must include information to support a service provider's proposal for target revenue under Subchapter 6.1 of the Access Code.

Section 6.2 of the Access Code provides for target revenue to be set:

- a) by reference to the service provider's approved total costs; or
- b) by an amount implied by setting tariffs with reference to tariffs in previous access arrangement periods and to changes in costs and productivity in the electricity industry; or
- c) by a combination of these two methods.

Where target revenue is set in whole or in part by the first of these methods, the information supporting the proposal for target revenue must include forecasts of costs and information in support of these forecasts.

Where target revenue is set in whole or in part by the second of these methods, the information supporting the proposal for target revenue must include information on the analysis and financial calculations used to establish the changes in costs and productivity in the electricity industry as a whole and the application of these changes to the service provider's business.

4.2 Purpose

Information supporting a target revenue proposal is required to assist in understanding of the determination of the amount of target revenue and an assessment of whether the amount of target revenue complies with the requirements of the Access Code.

4.3 Time periods

Information supporting a target revenue proposal shall be prepared for the purposes of supporting an amount of target revenue in each year of the access arrangement period.

4.4 Information in support of forecasts of costs

4.4.1 Underlying assumptions

Information supporting forecasts of costs must include:

- the assumptions on which forecasts are based; and
- a full and detailed explanation of the basis of preparation of the forecasts.

4.4.2 Cost allocation

The preparation of forecasts of costs shall entail an allocation of costs between the various regulated and unregulated components of the service provider's business.

The allocation of cost items shall be based on the following principles.

- Items that are directly attributable to a business component are allocated accordingly.

- Items that are not directly attributable to a business component are to be allocated, where practicable, on a causation basis.
- Items that are not directly attributable and cannot be practicably allocated on a causation basis shall be allocated by a method determined by the service provider. In such cases, the access arrangement information must include a supporting note for each item thus allocated indicating:
 - the basis for allocation;
 - the reason for choosing that basis; and
 - an explanation for why no causal relationship could be established.

4.4.3 Pro forma forecast statements

The forecasts of costs, and information in support of these forecasts, must be presented in accordance with the pro forma statements provided in Appendix B of these guidelines.

The service provider may apply discretionary headings in forecasts of costs. Any discretionary headings must be consistent with discretionary headings used in the service provider's regulatory financial statements.

4.4.4 Requirements for specific forecasts of costs

4.4.4.1 Capital base

Forecasts of costs must include a value of the capital base for each year of the forthcoming access arrangement period.

The capital base must be calculated separately for covered transmission services and covered distribution services.

If the capital base is calculated by a roll-forward calculation described in the note to section 6.48 of the Access Code, the access arrangement information must include an explanation of the method of calculation and details of all amounts, values and other parameters used by the service provider in the calculation.

If the capital base is calculated by any method other than a roll-forward calculation, the access arrangement information must include:

- an explanation of the method of calculation details of all amounts, values and other parameters used by the service provider in the calculation; and
- the justification and reasons for the consideration of the service provider that the method of calculation is consistent with the (Access) Code objective.

4.4.4.2 Capital expenditure

Statements of the amounts of capital expenditure taken into account in determining a proposal for target revenue must separately indicate:

- any amount of actual capital expenditure relating to assets constructed in the current access arrangement period and brought to account in the proposal for target revenue, as an adjustment to target revenue, for unforeseen events under section 6.6 of the Access Code;
- any amount of actual capital expenditure relating to assets constructed in the current access arrangement period and brought to account in the proposal for target revenue, as an adjustment to target revenue, for changes in the technical rules under section 6.9 of the Access Code;

- any amount of actual capital expenditure relating to assets constructed in the current access arrangement period and bought to account in the proposal for target revenue under an investment adjustment mechanism, under sections 6.13 and 6.14 of the Access Code; and
- any amount of forecast capital expenditure comprising the estimated or known cost of assets anticipated to be constructed in the forthcoming access arrangement period.

Forecasts of capital expenditure must be disaggregated and allocated to business segments, being:

- covered transmission services;
- excluded transmission services;
- covered distribution services;
- excluded distribution services; and
- other business and services.

Within each business segment, forecast capital expenditure must be disaggregated by the reason for the expenditure:

- growth – capital expenditure for the purposes of increasing the capacity of assets or construction of new assets to meet growth in demand;
- asset replacement and renewal – capital expenditure for the purposes of replacing assets and maintaining service levels;
- improvement in service – capital expenditure for the purposes of improving service levels and reliability to meet regulatory requirements and customer preferences;
- compliance – capital expenditure for the purposes of meeting regulatory obligations; and
- corporate – capital expenditure for corporate activities.

The service provider should note that the Authority might require that the service provider supply, as additional information to access arrangement information, more detailed information on capital expenditure. Specifically, the service provider might be required to disclose, in a format to be advised by the Authority, forecast capital expenditure in each business segment disaggregated by capital projects, consistent with the definition and delineation of projects used for the purposes of the regulatory test and new facilities investment test.

Forecasts of capital expenditure must be accompanied by, at least:

- details of the methods used to develop the forecasts;
- the forecasts of load growth relied upon to derive the forecasts and details of the methods and assumptions used to develop the forecasts of capital expenditure from the forecasts of load growth;
- a description of asset management plans relied upon to derive the forecasts of capital expenditure for the purposes of replacing assets and maintaining service levels; and details of the methods and assumptions used to develop the forecasts of capital expenditure in accordance with the asset management plans;

- a description of any regulatory obligations in service standards that have given rise to forecast capital expenditure and details of the methods and assumptions used to develop the forecasts of capital expenditure from the regulatory obligations;
- a description of any consideration of consumer preferences that have given rise to forecast capital expenditure and details of the methods and assumptions used to develop the forecasts of capital expenditure from considerations of consumer preferences;
- an explanation of material variations in the forecast of capital expenditure from historic levels of, and trends in, amounts of capital expenditure; and
- the justification and reasons for the consideration of the service provider that the capital expenditure is reasonably expected to meet either the new facilities investment test under section 6.52 of the Access Code, or the test for being added to the capital base under section 6.56 of the Access Code.

4.4.4.3 Depreciation

Statements of depreciation allowances taken into account in determining a proposal for target revenue must be based on depreciation schedules for categories of assets.

Statements of depreciation allowances must be accompanied by:

- details of the method of calculation of the allowances for each category of assets, and all values of parameters used in the calculation; and
- identification of, and reasons for, any accelerated depreciation of an asset.

4.4.4.4 Operating expenditure

Statements of the amounts of operating expenditure taken into account in determining a proposal for target revenue must separately indicate:

- any amount of actual operating expenditure in the current access arrangement period and brought to account in the proposal for target revenue, as an adjustment to target revenue, for unforeseen events under section 6.6 of the Access Code;
- any amount of actual operating expenditure brought to account in the proposal for target revenue, as an adjustment to target revenue, for changes in the technical rules under section 6.9 of the Access Code;
- any amount of forecast operating expenditure for the forthcoming access arrangement period.

Operating expenditure must be disaggregated and allocated to business segments, being:

- covered transmission services;
- excluded transmission services;
- covered distribution services;
- excluded distribution services; and
- other business and services.

Within each business segment, forecasts of operating expenditure must be further disaggregated into the activity categories consistent with at least the following broad activity classifications, but with other discretionary classifications as determined by the service provider:

- operations;
- maintenance;

- customer service and billing;
- corporate;
- other operating expenditure.

Forecasts of operating expenditure must be accompanied by, at least:

- details of the methods used to develop the forecasts;
- the forecasts of parameters relied upon to derive the forecasts and details of the methods and assumptions used to develop the forecasts of operating expenditure from these parameters;
- a description of asset maintenance plans relied upon to derive the forecasts of operating expenditure for the purposes of maintaining service levels, and details of the methods and assumptions used to develop the forecasts of operating expenditure in accordance with the asset maintenance plans;
- a description of any regulatory obligations in service standards that have given rise to forecast operating expenditure and details of the methods and assumptions used to develop the forecasts of operating expenditure from the regulatory obligations;
- a description of any consideration of consumer preferences that have given rise to forecast operating expenditure and details of the methods and assumptions used to develop the forecasts of operating expenditure from considerations of consumer preferences; and
- an explanation of material variations in the forecast of operating expenditure from historic levels of, and trends in, amounts of operating expenditure.

4.4.4.5 Interactions between capital and operating expenditure

A proposal for target revenue must contain identification and explanation of any significant interactions between the service provider's forecast capital expenditure and forecast operating expenditure.

4.5 Adjustments to target revenue

4.5.1 Unforeseen events

Where an adjustment to target revenue is to be made under section 6.6 of the Access Code, the access arrangement information must include:

- description of relevant force majeure events;
- for each force majeure event, description and justification that the service provider held relevant insurance to the standard of a reasonable and prudent person;
- for each force majeure event amount, or forecast amount, of unrecovered costs sought to be recovered through an adjustment to target revenue;
- evidence that the amount to be recovered through an adjustment to target revenue is an amount that does not exceed the costs which would have been incurred by a service provider efficiently minimising costs; and
- evidence that the amount to be recovered through an adjustment to target revenue is an amount in addition to any amount that is recoverable through a claim on an insurance policy.

4.5.2 Technical rule changes

Where an adjustment to target revenue is to be made under section 6.9 of the Access Code, the access arrangement information must include:

- description of relevant changes to the technical rules;
- for changes to the technical rules that gave rise to costs to the service provider,
 - the amount of costs;
 - evidence that the service provider made no allowance for costs arising from the changes to technical rules in the current access arrangement, and
 - reasons why the service provider could not have reasonably foreseen the costs of complying with the changes to the technical rules at the time that the current access arrangement was approved;
- for changes to the technical rules that gave rise to savings of costs to the service provider, the amount of cost savings; and
- evidence that the amount to be recovered through an adjustment to target revenue does not exceed the costs which would have been incurred by a service provider efficiently minimising costs.

Appendix A: Pro Forma Regulatory Financial Statements

1. Profit and loss (disaggregated)
2. Profit and loss (regulatory financial statement)
3. Cash flow statement (disaggregated)
4. Cash flow statement (regulatory financial statement)
5. Balance sheet (disaggregated)
6. Balance sheet (regulatory financial statement)
7. Capital expenditure (disaggregated)
8. Capital expenditure (regulatory financial statement)
9. Operating expenditure (disaggregated)
10. Contributions

Note: These pro forma regulatory financial statements are available in Microsoft Excel (.xls) format from the Authority's web site.

1. Profit and loss (disaggregated)

Profit and loss for period ended

[period end]

A/c Code	Description	Base A/c	Covered transmission	Excluded transmission	Covered distribution	Excluded distribution	Other
	Network charges						
	Contributions						
	Gross proceeds from sale of assets						
	Other revenue						
	Total revenue						
	Operating expenditure costs						
	<i>Operations</i>						
	<i>Maintenance</i>						
	<i>Customer service and billing</i>						
	<i>Corporate</i>						
	<i>Other operating expenditure</i>						
	Depreciation						
	Bad debts						
	Borrowing costs						
	Book value of assets disposed						
	Earnings before interest and taxation						
	Taxation						
	Profit after taxation						

2. Profit and loss (regulatory financial statement)

Profit and loss for period ended
Covered transmission

[period end]

A/c Code	Description	Base A/c	Adjustment	Reg A/c	Support Ref.
	Network charges				
	Contributions				
	Gross proceeds from sale of assets				
	Other revenue				
	Total revenue				
	Operating expenditure costs				
	<i>Operations</i>				
	<i>Maintenance</i>				
	<i>Customer service and billing</i>				
	<i>Corporate</i>				
	<i>Other operating expenditure</i>				
	Depreciation				
	Bad debts				
	Borrowing costs				
	Book value of assets disposed				
	Earnings before interest and taxation				
	Taxation				
	Profit after taxation				

Profit and loss for period ended
Covered distribution

[period end]

A/c Code	Description	Base A/c	Adjustment	Reg A/c	Support Ref.
	Network charges				
	Contributions				
	Gross proceeds from sale of assets				
	Other revenue				
	Total revenue				
	Operating expenditure costs				
	<i>Operations</i>				
	<i>Maintenance</i>				
	<i>Customer service and billing</i>				
	<i>Corporate</i>				
	<i>Other operating expenditure</i>				
	Depreciation				
	Bad debts				
	Borrowing costs				
	Book value of assets disposed				
	Earnings before interest and taxation				
	Taxation				
	Profit after taxation				

3. Cash flow statement (disaggregated)

Cash flow for period ended

[period end]

A/c Code	Description	Base A/c	Covered transmission	Excluded transmission	Covered distribution	Excluded distribution	Other
	Operating activities						
	<i>Receipts</i>						
	<i>Payments</i>						
	Net operating cash flow						
	Investing activities						
	<i>Receipts</i>						
	<i>Payments</i>						
	Net investing cash flow						
	Financing activities						
	<i>Receipts</i>						
	<i>Payments</i>						
	Net financing cash flow						
	Net increase (decrease) in cash held						
	Cash at beginning of period						
	Cash at end of period						

4. Cash flow statement (regulatory financial statement)

Cash flow for period ended [period end]
Covered transmission

A/c Code	Description	Base A/c	Adjustment	Reg A/c	Support Ref.
	Operating activities				
	<i>Receipts</i>				
	<i>Payments</i>				
	Net operating cash flow				
	Investing activities				
	<i>Receipts</i>				
	<i>Payments</i>				
	Net investing cash flow				
	Financing activities				
	<i>Receipts</i>				
	<i>Payments</i>				
	Net financing cash flow				
	Net increase (decrease) in cash held				
	Cash at beginning of period				
	Cash at end of period				

Cash flow for period ended [period end]
Covered distribution

A/c Code	Description	Base A/c	Adjustment	Reg A/c	Support Ref.
	Operating activities				
	<i>Receipts</i>				
	<i>Payments</i>				
	Net operating cash flow				
	Investing activities				
	<i>Receipts</i>				
	<i>Payments</i>				
	Net investing cash flow				
	Financing activities				
	<i>Receipts</i>				
	<i>Payments</i>				
	Net financing cash flow				
	Net increase (decrease) in cash held				
	Cash at beginning of period				
	Cash at end of period				

5. Balance sheet (disaggregated)

Balance sheet for period ended

[period end]

A/c Code	Description	Base A/c	Covered transmission	Excluded transmission	Covered distribution	Excluded distribution	Other
	Current assets						
	Cash						
	Receivables						
	Investments						
	Prepayments						
	Accrued revenue						
	Inventories						
	Total current assets						
	Non-current assets						
	Property plant and equipment						
	Receivables						
	Investments						
	Other						
	Total non-current assets						
	Total Assets						
	Current liabilities						
	Trade creditors and accruals						
	Loans						
	Customer deposits						
	Bank overdraft						
	Provisions						
	Total current liabilities						
	Non-current liabilities						
	Provisions						
	Total liabilities						
	Net assets / (liabilities)						
	Equity						
	Share capital						
	Accumulated profits/losses						
	Total equity / deficiency						
	Accumulated profits & losses						
	At start of period						
	Profit / loss retained						
	At end of period						

6. Balance sheet (regulatory financial statement)

Balance sheet for period ended
Covered transmission

[period end]

A/c Code	Description	Base A/c	Adjustment	Reg A/c	Support Ref.
	Current assets				
	<i>Cash</i>				
	<i>Receivables</i>				
	<i>Investments</i>				
	<i>Prepayments</i>				
	<i>Accrued revenue</i>				
	<i>Inventories</i>				
	Total current assets				
	Non-current assets				
	<i>Property plant and equipment</i>				
	<i>Receivables</i>				
	<i>Investments</i>				
	<i>Other</i>				
	Total non-current assets				
	Total Assets				
	Current liabilities				
	<i>Trade creditors and accruals</i>				
	<i>Loans</i>				
	<i>Customer deposits</i>				
	<i>Bank overdraft</i>				
	<i>Provisions</i>				
	Total current liabilities				
	Non-current liabilities				
	<i>Provisions</i>				
	Total liabilities				
	Net assets / (liabilities)				
	Equity				
	<i>Share capital</i>				
	<i>Accumulated profits/losses</i>				
	Total equity / deficiency				
	Accumulated profits & losses				
	<i>At start of period</i>				
	<i>Profit / loss retained</i>				
	<i>At end of period</i>				

[6. Balance sheet (regulatory financial statement) continued]

Balance sheet for period ended
Covered distribution

[period end]

A/c Code	Description	Base A/c	Adjustment	Reg A/c	Support Ref.
	Current assets				
	Cash				
	Receivables				
	Investments				
	Prepayments				
	Accrued revenue				
	Inventories				
	Total current assets				
	Non-current assets				
	Property plant and equipment				
	Receivables				
	Investments				
	Other				
	Total non-current assets				
	Total Assets				
	Current liabilities				
	Trade creditors and accruals				
	Loans				
	Customer deposits				
	Bank overdraft				
	Provisions				
	Total current liabilities				
	Non-current liabilities				
	Provisions				
	Total liabilities				
	Net assets / (liabilities)				
	Equity				
	Share capital				
	Accumulated profits/losses				
	Total equity / deficiency				
	Accumulated profits & losses				
	At start of period				
	Profit / loss retained				
	At end of period				

7. Capital expenditure (disaggregated)

Capital expenditure for period ended [period end]

A/c Code	Description	Base A/c	Covered transmission	Excluded transmission	Covered distribution	Excluded distribution	Other
	Capital additions						
	[Discretionary headings]						
	[Discretionary headings]						
	[Discretionary headings]						
	[Discretionary headings]						
	[Discretionary headings]						
	Total additions						

8. Capital expenditure (regulatory financial statement)

Capital expenditure for period ended [period end]
Covered transmission

A/c Code	Description	Base A/c	Adjustment	Reg A/c	Support Ref.
	Asset categories				
	<i>[Discretionary headings]</i>				
	<i>[Discretionary headings]</i>				
	<i>[Discretionary headings]</i>				
	<i>[Discretionary headings]</i>				
	<i>[Discretionary headings]</i>				
	<i>[Discretionary headings]</i>				
	Total capex				
	Asset reason				
	<i>Growth</i>				
	<i>Replacement and renewal</i>				
	<i>Improvement in service</i>				
	<i>Compliance</i>				
	<i>Corporate</i>				
	Total capex				

Capital expenditure for period ended [period end]
Covered distribution

A/c Code	Description	Base A/c	Adjustment	Reg A/c	Support Ref.
	Asset categories				
	<i>[Discretionary headings]</i>				
	<i>[Discretionary headings]</i>				
	<i>[Discretionary headings]</i>				
	<i>[Discretionary headings]</i>				
	<i>[Discretionary headings]</i>				
	<i>[Discretionary headings]</i>				
	Total capex				
	Asset reason				
	<i>Growth</i>				
	<i>Replacement and renewal</i>				
	<i>Improvement in service</i>				
	<i>Compliance</i>				
	<i>Corporate</i>				
	Total capex				

9. Operating expenditure (disaggregated)

Operating expenditure for period ended [period end]

A/c Code	Description	Covered transmission	Excluded transmission	Covered distribution	Excluded distribution	Other	Total
	Directly attributed costs						
	<i>Operations</i>						
	<i>Maintenance</i>						
	<i>Customer service and billing</i>						
	<i>Corporate</i>						
	<i>Other operating expenditure</i>						
	Total directly attributed costs						
	Causally allocated costs						
	<i>Operations</i>						
	<i>Maintenance</i>						
	<i>Customer service and billing</i>						
	<i>Corporate</i>						
	<i>Other operating expenditure</i>						
	Total causally allocated costs						
	Other allocated costs						
	<i>Operations</i>						
	<i>Maintenance</i>						
	<i>Customer service and billing</i>						
	<i>Corporate</i>						
	<i>Other operating expenditure</i>						
	Total other allocated costs						
	Total						

10. Contributions

Contributions for period ended
Covered transmission

[period end]

A/c Code	Reason for contribution	Contribution amount
	<i>[Discretionary headings]</i>	
	<i>[Discretionary headings]</i>	
	<i>[Discretionary headings]</i>	
	<i>[Discretionary headings]</i>	
	<i>[Discretionary headings]</i>	
	<i>[Discretionary headings]</i>	
	<i>[Discretionary headings]</i>	
	<i>[Discretionary headings]</i>	
	Total contribution	

Contributions for period ended
Covered distribution

[period end]

A/c Code	Reason for contribution	Contribution amount
	<i>[Discretionary headings]</i>	
	<i>[Discretionary headings]</i>	
	<i>[Discretionary headings]</i>	
	<i>[Discretionary headings]</i>	
	<i>[Discretionary headings]</i>	
	<i>[Discretionary headings]</i>	
	<i>[Discretionary headings]</i>	
	<i>[Discretionary headings]</i>	
	Total contribution	

Appendix B: Pro Forma Forecast Statements

1. Historic capital expenditure by asset class
2. Historic capital expenditure by reason
3. Forecast capital expenditure by asset class
4. Forecast capital expenditure by reason
5. Historic non-capital costs by activity category
6. Forecast non-capital costs by activity category

Note: These pro forma regulatory financial statements are available in Microsoft Excel (.xls) format from the Authority's web site.

1. Historic capital expenditure by asset class

Description	Expenditure			
	[Period 2006/07 to 2008/09]			Total
	Year 1	Year 2	Year 3	
Covered transmission services				
<i>Asset class 1</i>				
<i>Asset class 2</i>				
...				
<i>Asset class n</i>				
Total				
Excluded transmission services				
<i>Asset class 1</i>				
<i>Asset class 2</i>				
...				
<i>Asset class n</i>				
Total				
Covered distribution services				
<i>Asset class 1</i>				
<i>Asset class 2</i>				
...				
<i>Asset class n</i>				
Total				
Excluded distribution services				
<i>Asset class 1</i>				
<i>Asset class 2</i>				
...				
<i>Asset class n</i>				
Total				
Other business and services				
<i>Asset class 1</i>				
<i>Asset class 2</i>				
...				
<i>Asset class n</i>				
Total				

2. Historic capital expenditure by reason

Description	Expenditure			
	[Period 2006/07 to 2008/09]			Total
	Year 1	Year 2	Year 3	
Covered transmission services				
<i>Growth</i>				
<i>Asset replacement and renewal</i>				
<i>Improvement in service</i>				
<i>Compliance</i>				
<i>Corporate</i>				
Total				
Excluded transmission services				
<i>Growth</i>				
<i>Asset replacement and renewal</i>				
<i>Improvement in service</i>				
<i>Compliance</i>				
<i>Corporate</i>				
Total				
Covered distribution services				
<i>Growth</i>				
<i>Asset replacement and renewal</i>				
<i>Improvement in service</i>				
<i>Compliance</i>				
<i>Corporate</i>				
Total				
Excluded distribution services				
<i>Growth</i>				
<i>Asset replacement and renewal</i>				
<i>Improvement in service</i>				
<i>Compliance</i>				
<i>Corporate</i>				
Total				

3. Forecast capital expenditure by asset class

Description	Expenditure				
	[Period beginning 2009/10]				
	Year 1	Year 2	...	Year n	Total
Covered transmission services					
<i>Asset class 1</i>					
<i>Asset class 2</i>					
...					
<i>Asset class n</i>					
Total					
Excluded transmission services					
<i>Asset class 1</i>					
<i>Asset class 2</i>					
...					
<i>Asset class n</i>					
Total					
Covered distribution services					
<i>Asset class 1</i>					
<i>Asset class 2</i>					
...					
<i>Asset class n</i>					
Total					
Excluded distribution services					
<i>Asset class 1</i>					
<i>Asset class 2</i>					
...					
<i>Asset class n</i>					
Total					
Other business and services					
<i>Asset class 1</i>					
<i>Asset class 2</i>					
...					
<i>Asset class n</i>					
Total					

4. Forecast capital expenditure by reason

Description	Expenditure				
	[Period beginning 2009/10]				
	Year 1	Year 2	...	Year n	Total
Covered transmission services					
<i>Growth</i>					
<i>Asset replacement and renewal</i>					
<i>Improvement in service</i>					
<i>Compliance</i>					
<i>Corporate</i>					
Total					
Excluded transmission services					
<i>Growth</i>					
<i>Asset replacement and renewal</i>					
<i>Improvement in service</i>					
<i>Compliance</i>					
<i>Corporate</i>					
Total					
Covered distribution services					
<i>Growth</i>					
<i>Asset replacement and renewal</i>					
<i>Improvement in service</i>					
<i>Compliance</i>					
<i>Corporate</i>					
Total					
Excluded distribution services					
<i>Growth</i>					
<i>Asset replacement and renewal</i>					
<i>Improvement in service</i>					
<i>Compliance</i>					
<i>Corporate</i>					
Total					

5. Historic non-capital costs by business category and activity

	Cost			
	[Period 2006/07 to 2008/09]			
Description	Year 1	Year 2	Year 3	Total
<i>[Subject to use of discretionary activity classifications of the service provider]</i>				
Covered transmission services				
<i>Operations</i>				
<i>Maintenance</i>				
<i>Customer service and billing</i>				
<i>Corporate</i>				
<i>Other</i>				
Total				
Excluded transmission services				
<i>Operations</i>				
<i>Maintenance</i>				
<i>Customer service and billing</i>				
<i>Corporate</i>				
<i>Other</i>				
Total				
Covered distribution services				
<i>Operations</i>				
<i>Maintenance</i>				
<i>Customer service and billing</i>				
<i>Corporate</i>				
<i>Other</i>				
Total				
Excluded distribution services				
<i>Operations</i>				
<i>Maintenance</i>				
<i>Customer service and billing</i>				
<i>Corporate</i>				
<i>Other</i>				
Total				

6. Forecast non-capital costs by business category and activity

Description	Cost				
	[Period beginning 2009/10]				
	Year 1	Year 2	...	Year n	Total
<i>[Subject to use of discretionary activity classifications of the service provider]</i>					
Covered transmission services					
<i>Operations</i>					
<i>Maintenance</i>					
<i>Customer service and billing</i>					
<i>Corporate</i>					
<i>Other</i>					
Total					
Excluded transmission services					
<i>Operations</i>					
<i>Maintenance</i>					
<i>Customer service and billing</i>					
<i>Corporate</i>					
<i>Other</i>					
Total					
Covered distribution services					
<i>Operations</i>					
<i>Maintenance</i>					
<i>Customer service and billing</i>					
<i>Corporate</i>					
<i>Other</i>					
Total					
Excluded distribution services					
<i>Operations</i>					
<i>Maintenance</i>					
<i>Customer service and billing</i>					
<i>Corporate</i>					
<i>Other</i>					
Total					